CHAPTER VII- SUMMARY, CONCLUSION AND SUGGESTIONS
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7.1 Introduction:

Chhattisgarh state is carved out from Madhya Pradesh on 1st November 2002 as 26th state of the Indian state of the Indian Republic. The state covers a geographical area of 135000 sq. KM. It has 27 districts at present. The state has 2.55 crore people as per census 2011. It has 76.76 percent rural population which indicates that state. As per census 2001, the state has 31.8 percent scheduled Tribes and 11.6 percent scheduled castes people and over 50 percent belong to OBC. Most of the ST, SC and OBC people are living below the poverty line. 48.7 percent people of the state are living below the poverty line as per 66th round of NSS Report 2009-10. The state has abundance of natural resources specially the minerals, forest and water resources. 41.33 percent area of Chhattisgarh covered by forest is an extremely valuable asset of the state. Nearly one-third of the forests comprise Sal forest produce which provide livelihood to large number of our population. Timber wood has an important place among the major forest produce. It contributes about 40% of the total forest revenue. Nearly ten thousand industrial units depend on forest for their raw material base. The state is also well known for its rich cultural heritage as
for its abundant deposits of natural resources. A variety of mineral resources are found in the state: diamond, gold, iron-ore, coal, corundum, bauxite, dolomite, limestone, tin, granite to name a new. Deposits of cumberlite pipe found in Pailikhand and Deobhog area and gold deposits in Sonakhan area of Raipur district have evoked investor's interest. High quality iron-ore deposits are found here. Abundant deposits of lime stone are found here, it produces 20% of the country's total cement produce. It ranks third in the nation for coal production and second in reserves, second in iron ore production and first in tin production.

Agriculture is the main economic occupation of the people of Chhattisgarh state. Paddy is the chief crop of the state. It occupies nearly 2/3\textsuperscript{rd} of the total cropped area: however the productivity of rice 17 quintal per hectare is very low as compared to Punjab, Andhra Pradesh and Haryana and All India. The basic cause is the low potential of nearly 32 percent of irrigation which is protective in nature. Hence, agriculture is a means of livelihood for the people. Although the state is rich in mineral and forest resources, the incidence of poverty in Chhattisgarh is very high but is better than Orissa and Bihar states respectively. Around 43.4 per cent of the state's population comprises of STs and SCs, the high incidence of income poverty among them is a matter of serious concern in the state. This indicates that the good economic performance in recent years has not percolated to this socially deprived
group, which is reflected in their poor performance in human development indicators. Hence, it is concluded that the economic growth is the most critical factor for reduction of incidence of poverty in the state and to make development as inclusive.

The gross domestic product/ gross state domestic product or GDP/GSDP is the main indicator of economic growth and development. GDP/GSDP is defined as the total value of all goods and services produced within that territory during a specified period generally one year. The GDP is an interesting statistic to study for several reasons. First, it is the single best indicator of the general state of the economy, as well as the underlying trend of the economy. Additionally, the GDP/GSDP can be used to forecast trends within sectors of the economy, future employment levels, housing starts (Davis and Heathcote, 2003), corporate profitability (Kim, Miller, and Ozanne, 2003). Further, the GDP can also be used in monetary policy. If the growth in the GDP is deemed to be inflationary, the money supply can be cut back to reign in inflation, and vice versa. Policymakers depend heavily on GDP/GSDP statistics and forecasts to decide which course to take with economic, fiscal and investment policy. At the beginning of the process of development, most of the countries start shifting their factors toward manufacturing sector from agricultural sector. Growth rates of those countries are favored by manufacturing growth at the
very first stage of their development process. Finally, after a particular period countries go through the industrialization process.

Following the conventional classification, the state economy is divided into three sectors, i.e. agricultural (or primary), manufacturing (or secondary) and service (or tertiary) sectors. The primary sector consists of agriculture and animal husbandry, forestry, fishery and mining and quarrying. The secondary sector is composed of manufacturing, electricity, water and gas supply and construction. All other economic activities which are not covered by the primary and secondary sectors are broadly defined as services and hence belong to the service sector. They include services of hotel and restaurants, real estate, transport and communications, wholesale and retail trade, insurance, and community and social services.

The changes in the contribution of the primary, secondary and the tertiary sector affect employment opportunities. Though the contribution of the primary sector to the Gross State Domestic Product comes down, the proportion of people employed in this sector comes down only negligibly. Majority of the people still depend on the primary sector for their livelihood. The primary sector is not able to utilize properly all the persons engaged in that sector. Even when some of them are withdrawn from this sector, the total production will not be affected. So it’s necessary to shift the overpopulation engaged in the primary sector to the industrial or secondary sector
by increasing opportunities in these sectors so that the burden on primary sector be reduced and productivity can be increased.

The above analysis of the main economic drivers of Chhattisgarh reveals that the state has very high growth potential in near future. The state has successfully carved out a formidable position in industrial and manufacturing sector together with service sector. However the main drawback is its poor performance in agricultural sector and regional imbalance in development.

The progress in economic diversification however doesn't seem to be sustainable as the primary sector has lagged far behind distorting the agriculture industry linkages. Along with this the rapid industrialization has affected environment also. The limited achievement of the state in the field of employment and poverty as well as human development are closely linked to the macro development path. So the state needs a corrective path to make it equitable and sustainable. The alternative is to broaden the base of development through environment friendly and employment intensive development path. Only an inclusive model can make economic growth and development sustainable.
7.2 The basic objectives of the study are given below:-

(1) To find out the growth of GSDP of Chhattisgarh during the study period.

(2) To find out the impact of different components on growth of GSDP during the study period.

(3) To find out the structure of GSDP of Chhattisgarh and the changes in their components during the study period.

(4) To analyze the growth of per capita income of Chhattisgarh state during the study period.

(5) To compare the growth rates of GSDP of Chhattisgarh state with neighbouring states, some major states of India and All India during the period 1993-94 to 2009-2010.

(6) To find out the weaknesses of the economy of the state and also suggest appropriate measures to accelerate the economic growth and per capita income of the state.
7.3 Hypothesis to be tested:

- The growth rate achieved during the period 2001-02 to 2009-10 after the emergence of Chhattisgarh state was higher than the growth rate achieved during the period 1993-94 to 2000-01 before the emergence of Chhattisgarh state.

- The growth rate of Chhattisgarh state is more influenced by the performance of primary sector as compared to secondary and tertiary sector during the period 2001-02 to 2009-10.

- The growth rate achieved in Chhattisgarh state is higher than the growth of the India during the period 2001-02 to 2009-10.

7.4 Data base and Methodology:

The present study is based on secondary data of GSDP of Chhattisgarh for the period 1993-2010. The present study intends to analyze the Gross State Domestic Product of Chhattisgarh and its components for the period 1993-94 to 2009-10. The government of Madhya Pradesh collected the domestic product district wise and so the data of GSDP (for the period 1993-94 to 2000-01) of Chhattisgarh region is available with the government of Chhattisgarh. The data related to GSDP of Chhattisgarh for the period 1993-94 to 2000-01 is published by Directorate of

The base year is now changed to 2004-05, so the comparision of growth rates of neighbouring states and some major states has been done taking 2004-05 as the base year.

For analyzing the data the arithmetic means, standard deviation, coefficient of variation are used. Percentage method is used to calculate the growth rates of GSDP. Trends have been analyzed using the linear trend method. To find out the impact of various components on growth of GSDP, A straight line represents a constant rate of growth. The growth behaviour of the state domestic product is the single most important indicator available for measuring overall performance of the state economy for the short and long time periods. We have used simple growth rate namely the average of annual percentage change to calculate the growth rates. To analyze the significance of growth of gross state domestic product, we have formulated three hypotheses in our study and we have used student’s ‘t’ test to
measure the significance of growth of Gross state domestic products. To make data more attractive bar graphs. Line graphs and pie diagrams have been null hypothesis was formed. To test the significance of growth of gross state domestic product, student’s ‘t’ test is used. To find the impact of forming of new state on economic growth the whole study has been divided into two periods, 1993-94 to 2000-01 i.e. the period before the emergence of Chhattisgarh state and 2001-02 i.e. the period after the emergence of Chhattisgarh state.

7.5 Main Findings:

1) The value of GSDP of Chhattisgarh state was Rs. 2,302,867 lakh in the year 1993-94 which had increased to Rs. 2,584,036 lakh in the year 2000-01. It indicates a rise of 12.20 percent during the period 1993-94 to 2000-2001.

2) The average annual growth of GSDP of Chhattisgarh was 1.71 percent which is a very sluggish growth rate during the period 1993-94 to 2000-01. The GSDP of Chhattisgarh state has a decreasing trend; the value of ‘a’ is -0.834 and value of ‘b’ is 0.273 during the study period.

3) The primary sector registered an average annual growth of -0.29 percent, secondary sectors -0.35 percent and 7.26 percent in tertiary sector, respectively during the period of 1993-94 to 2000-01. Thus, tertiary sector had increased the
growth rate of GSDP to 1.71 percent annually tertiary and it was the leading sector of the economy during this period.

4) under the structure of GSDP of Chhattisgarh, the share of primary sector has reduced from 40.33 percent in 1993-94 to 33.96 percent in 2000-01, The contribution of secondary sector is 30.23 percent in the year 1993-94 which declined sharply to 23.69 percent during 2000-01 Tertiary sector had a share of 29.44 percent in year 1993-94 and it became the leading contributor in GSDP of Chhattisgarh in 2000-01 with a 42.35 percent share in the GSDP.

5) In Chhattisgarh Region the contribution of primary and secondary sector’s contribution both have declined by 6.37 percent and 6.54 percent, respectively and tertiary sector’s contribution has increased by 12.91 percent which is remarkable and significant.

6) The per capita income in Chhattisgarh before the emergence of Chhattisgarh state was Rs.12, 381 in the year 1993-94 which increased to Rs 12,483 in the year 2000-01 with an average growth rate of 0.16 percent during the study period.
7) The average annual growth of All India was 6.21 percent while it was 1.71 percent in Chhattisgarh Region during the period 1993-94 to 2000-01. Hence, the performance of the Chhattisgarh Region was sluggish as compared to all India.

8) The average annual growth in the primary sector was 3.02 percent as compared to an average annual growth of −0.29 percent in Chhattisgarh, the secondary sector of Indian economy registered an average annual growth of 6.81 percent which was higher than the growth of secondary sector of Chhattisgarh. The tertiary sector of India registered an average annual growth of 7.97 percent during the study period.

9) The value of GSDP of Chhattisgarh was Rs 2,925,046 lakh in the year 2001-02 which had increased to Rs 60,07,990 lakh in the year 2009-10. It indicates a rise of 105.29 percent during the period **2001-02 to 2009-10**.

10) The average annual growth of GSDP of Chhattisgarh state was 9.96 percent which is a very impressive growth rate during the period 2001-02 to 2009-10. The GSDP of Chhattisgarh state has an increasing trend; the value of ‘a’ is 0.268 and value of ‘b’ is 8.6 during the study period.
11) The primary sector registered an average annual growth of 8.21 percent, secondary sector 14.93 percent and 8.8 percent in tertiary sector, respectively during the period of 2001-02 to 2009-10. Thus, secondary sector is the leading sector of the state economy.

12) The primary sector contribution in GSDP was 38.19 percent in 2001-02 which decreased to 27.58 percent in 2009-10. The secondary sector contribution in GSDP was 21.10 percent in 2001-02 which increased to 33.44 percent in 2009-10, whereas the tertiary sector contribution in GSDP was 40.71 percent in 2001-02 which increased to 38.99 percent in 2009-10.

13) In Chhattisgarh state the contribution of primary and tertiary sectors both have been declined by 10.62 percent and 1.72 percent, respectively and secondary sector’s contribution has increased by 12.34 percent which is remarkable and significant.

14) Per Capita Income of Chhattisgarh state was Rs. 13,995 in 2001-02 when the state came in to existence, it increased to Rs. 24,522 in the year 2009-10, an increase of 75.21 percent in per capita income.

15) The average annual growth of All India was 7.73 percent while it was 9.96 percent in Chhattisgarh state during the period 2001-02 to 2009-10. Hence, the
The performance of the Chhattisgarh state is better than India.

### TABLE 7.1 COMPARISON BETWEEN TWO PERIODS

<table>
<thead>
<tr>
<th>Growth rate</th>
<th>Pre-period: 1993-94 to 2000-01</th>
<th>Post-period: 2001-02 to 2002-10</th>
</tr>
</thead>
<tbody>
<tr>
<td>GSDP</td>
<td>1.71 %</td>
<td>9.96 %</td>
</tr>
<tr>
<td>Primary sector</td>
<td>-0.29 %</td>
<td>8.21 %</td>
</tr>
<tr>
<td>Secondary sector</td>
<td>-0.35 %</td>
<td>14.93 %</td>
</tr>
<tr>
<td>Tertiary sector</td>
<td>7.26 %</td>
<td>8.8 %</td>
</tr>
</tbody>
</table>

**CONTRIBUTION OF VARIOUS SECTORS IN GSDP**

<table>
<thead>
<tr>
<th>Sector</th>
<th>Pre-period: 1993-94 to 2000-01</th>
<th>Post-period: 2001-02 to 2002-10</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary sector</td>
<td>40.33 to 33.96 = -6.37%</td>
<td>38.19 to 27.58 = -10.61%</td>
</tr>
<tr>
<td>Secondary sector</td>
<td>30.23 to 23.69 = -6.54%</td>
<td>21.10 to 33.44 = +12.34%</td>
</tr>
<tr>
<td>Tertiary sector</td>
<td>29.44 to 42.35 = +12.91%</td>
<td>40.71 to 38.99 = -1.72%</td>
</tr>
</tbody>
</table>

**IMPACT OF TERTIARY SECTOR:** TERTIARY SECTOR WAS THE LEADING SECTOR IN CONTRIBUTING 1.71% GROWTH RATE OF GSDP OF THE STATE.

**IMPACT OF SECONDARY SECTOR:** LEADING SECTOR IN CONTRIBUTING HIGHER 9.96% GROWTH RATE OF GSDP OF THE STATE.
16) It may be seen from the table 7.1 that the Chhattisgarh state has achieved a higher growth rate 9.96 of GSDP percent during the period post-period i.e. 2001-02 to 2009-10 as compared to 1.71 percent annual growth rate during the pre-period i.e. 1993-94 to 2000-01. It witnesses that the performance in growth rate is excellence in the post-period.

17) In the pre-period of 1993-94 to 2000-01, the growth rate of GSDP of Chhattisgarh has dismal growth rates. The primary and secondary sectors both have negative growth rates of 0.29 percent and 0.35 percent annually, respectively, although the tertiary sector has recorded 7.26 percent growth. On the contrary, all the three sectors have recorded very good growth rates of GSDP during the post-period of 2001-02 to 2009-10.

18) It is witnessed that the average growth rate of Chhattisgarh Region was 2.88 percent in the period 1994-95 to 1999-00, which is the lowest among all the neighbouring states and lowest among the Indian states also.

19) The growth rate of GSDP of Chhattisgarh at 2004-05 prices is 7.98 percent during the period 2000-01 to 2009-10, and it is more than the neighbouring states except Maharashtra.
20) Only three states Haryana with growth rate 8.95 percent, Gujarat with growth rate 8.68 percent and Bihar with growth rate 8.02 percent have higher growth rates to Chhattisgarh’s growth rate of 7.98 percent.

**7.6 Conclusion:**

1) The annual growth rate of GSDP Chhattisgarh state in pre-period is 1.71 percent while it is 9.96 percent annually during the post-period to emerging of Chhattisgarh state. It indicates that the performance in growth rate is excellence in post-period.

2) Under the pre-period the annual average growth rates in primary and secondary sectors are negative while it is positive 7.26 percent annually in tertiary sector. It shows that the growth rate of 1.71 percent annual is result of the growth of tertiary sector. On the contrary, under the post –period all sectors namely primary, secondary and tertiary sectors have positive growth rates, however, the excellence growth rate of 9.96 percent annually is the result of growth rate achieved in secondary sector during the period.

3) During the pre-period, the contributions of primary and secondary sectors in GSDP have declined by 6.37 and 6.54 percent respectively. Only the tertiary sector’s contribution has increased and the growth rate of this sector is 7.26 percent
annually. It is also witnessed that the tertiary sector is leading sector for achieving positive 1.71% growth during the pre-period of 1993-94 to 2000-01. On the contrary, under the post period, the contribution of primary and tertiary sectors both have been declined by 10.62 percent and 1.72 percent, respectively and secondary sector’s contribution has increased by 12.34 percent which is remarkable and significant. Although all the three sectors have and good growth rates of GSDP during the post period; however, the higher growth rate of 14.93 percent annually recorded in the period is the important and major cause of excellence growth rate in the post-period in Chhattisgarh state.

4) On comparing the growth rates of GSDP of major states of India, neighbouring states and growth rate GDP of All India to Chhattisgarh state during 2001-02 to 2009-10, we find that only three states namely Haryana with growth rate 8.95 percent, Gujarat 8.68 percent and Bihar 8.02 percent have higher growth rates to Chhattisgarh’s growth rate of 7.98 percent. Among neighbouring states, only Maharashtra state has recorded higher growth rate to Chhattisgarh state. The basic cause is that Maharashtra is far more developed in industrial sector and service sector as compared to Chhattisgarh state.
7.7 Hypothesis Tested:

1) Our first hypothesis “the growth rate of 9.96% achieved during the period 2001-02 to 2009-10 after the emergence of Chhattisgarh state is higher than the growth rate achieved during the period 1993-94 to 2000-01 and found significant at 5 percent significance level. Hence, it is proved and accepted under the statistical test.

2) Our second Hypothesis” the growth rate of Chhattisgarh state is more influenced by the performance of primary sector as compared to secondary and tertiary sector during the period 2001-02 to 2009-10 is found insignificant. It is observed from the analysis that the annual growth rate 1.71 percent in pre-period is achieved due to better performance of tertiary sector and the growth rate 9.96 percent annually during the post-period is achieved through the best performance of the secondary sector. Hence, our hypothesis is not found significant at 5 percent level and is rejected.

3) Our third Hypothesis “the growth rate of Chhattisgarh state is recorded higher than growth rate of all India during the period 2001-02 to 2009-10” is found significant at 5 percent level. Hence the hypothesis is also found correct and it is proved and accepted.
7.8 Weaknesses of the economy:

After the emergence of new Chhattisgarh state, it has achieved 9.96 percent annual growth at 1999-2000 prices during the period 2001-02 to 2009-10. It can also accelerate the economic growth rate in double digits if the draw backs of the economy may be solved. Following are the major drawbacks/ weaknesses of the economy:

1) Growth rate of agriculture is erratic in nature. It has jumped after drought years.

2) Agriculture in Chhattisgarh is fully dependant on monsoon rainfall. Though the state has created 32 percent potential of the total cropped area, however, the irrigation facilities are provided to 15 to 20 percent of the total cropped area. The irrigation facilities are protective in nature. The cropping intensity is 119 only. It means only 19 percent cropped area is brought under double crops.

3) Paddy is the major crops of the state but its productivity/ yield is very low. It is half of the Punjab and Andhra Pradesh and Haryana states of India.

4) There is lack of crop-diversification in the state. Cash /money crops are sown in a very small cropped area of the state.
5) Agriculture is a means of livelihood; it is not a profitable occupation.

6) Due to lack of agricultural labourers, the medium and large farmers are doing cultivation through contract. They have no paying capacity to higher wages as fixed by the government under Mahatma Gandhi National Rural Employment Guarantee Programme.

7) In Chhattisgarh, 43 percent of the total cropped area is covered by forest, however, the contribution of forest in GSDP is less than 1 percent and the annual average growth rate is very low 0.37 percent only.

8) Chhattisgarh is rich in mineral resources and the growth rate is also positive and 8.59 percent annually, however, the state gets only royalty for the minerals. The contribution and growth rates have increased the royalty rates but they are still very low.

9) In secondary sector, the average annual growth rate 14.93 percent is excellence and it is leading sector to achieve 9.96 percent growth in the state. However, it is achieved through highest growth rate of 23.77 percent achieved in the construction sector but in core sector specially electricity, gas and water supply the average annual growth is only 7.1 percent while Chhattisgarh is known as the "Power Hub "state.
10) Under tertiary sector, the growth rates in banking, insurance and real estate, railway sectors have low growth rates. It is witnessed that there is lack of banking and insurance and railway facilities in the state.
7.9 Suggestions:

The vision of Chhattisgarh is to develop Chhattisgarh to bring it in the first three developed states of Indian Republic up to year 2020. Chhattisgarh Government has declared its first Agricultural Policy and also presented a separate Agriculture Budget in its Budget 2012-13.\(^1\) However, there is need of drastic change in agricultural and industrial policies to transform Chhattisgarh as developing state to a developed state.

The following strategies are suggested to transform the economy and make it a developed state:

1) 50 percent of the total cropped should under assured irrigation. It will not only increase the cropping intensity, crop-diversification but will also increase the production, productivity and growth rate in the agriculture sector.

2) In Chhattisgarh, there is a wide variation in irrigation facilities in various districts of the state; specially in tribal districts the irrigation potential is very meagre. Pond and tank irrigation will be beneficial for the forest and hilly areas. Tank irrigation is found very beneficial in southern states of India.

\(^1\) The government has reduced the interest rate at 1 percent for agricultural credit and also prepared the strategy to manage seed, fertilizers and insecticides in the state.
3) It tribal districts, the cultivation of pulses, oilseeds and medicinal plants and millets would be given priority to increase the income and growth rates of these regions.

4) Horticulture, dairy, fishing, floriculture needs to be strengthen to raise the agricultural growth in the state.

5) Chhattisgarh is rich in mineral and forest resources. However, there are no large industries established in the forest areas. Most of the large industries running in the state are established before the emergence of the new state. Hence, industries based on forest produce and minerals will be established near the resource-centers and markets.

6) In its industrial policy, Chhattisgarh state sate has declared to establish ‘Food Processing Park, Herbal and Medicinal plants, Gems and Jewellery SEZ. Metal Park, Engineering Park. Apparel park. Policy Park etc’ in the state, but most of these industries are in the first stage. There is need to develop them in a priority basis.

7) The infrastructural facilities are also poor in the state which is one of the biggest hindrances of rapid industrial development. Cold storage, ware houses, rural roads, electrification, minor irrigation will be developed under RIDFS scheme and also taking loans from NABARD in the state. Under the transport- pucca roads, railways, aerodrum -civil aviation facilities need to be
developed in the state so that the industrialists and foreign investors may be attracted to use the vast mineral and forest resources of the state.

At last but not the least the good governance is also essential to make industrial friendly atmosphere in the state to raise the economic growth rates.

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