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 NARAYAN LAKSHMAN

Maharashtra, Delhi, TN most economically competitive: report



The ACI ranked states based on the criteria of macroeconomic stability, financial, businesses and manpower conditions, quality of life and infrastructure development. File Photo

TOPICS

economy, business and finance

economy (general)

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Maharashtra, Delhi and Tamil Nadu again emerged as the most economically competitive Indian states in 2016 going by four varied criteria, according to the annual competitiveness report unveiled today by the Asian Competitiveness Institute here.

The three states broadly held the top positions relative to 32 other states and union territories, as they did in the 2015 and 2014 reports. No position was allocated to Telangana as the ACI used 2013 data for the study, which was the latest available on the chosen parameters.

Other states in the top 10 included Gujarat, Karnataka, Uttar Pradesh, Andhra Pradesh, West Bengal, and Kerala, with Haryana emerging as a surprise performer that improved its ranking from 14 in 2014 to 10 in 2016.

Uttar Pradesh managed to sustain its position within the top 10 states, which the researchers behind the study said it owed to better outcomes in the “governments and institutional setting” criterion.

The ACI, which is one of four research centres within the Lee Kuan Yew School of Public Policy in the National University of Singapore ranked states based on the criteria of macroeconomic stability, financial, businesses and manpower conditions, quality of life and infrastructure development, besides the government factor.

The Institute’s report also ranked five sub-national regions of India, namely Western, Northern, Southern, Eastern and North Eastern, which were ranked as first, second, third, fourth and fifth respectively.

Discussing the results with select media the researchers said, “India is one of the countries with the largest unfulfilled potential,” even as they added that they recognised that a ranking exercise was “nothing more than a beauty contest,” and they provided policy suggestions through a simulation study showing the potential improvement that each state could achieve in its rank through certain policies.

Among those states identified where the potential for improvement remained untapped, the worst performers in the overall competitiveness ranking were Jharkhand, Chhattisgarh and Uttarakhand at ranks 35, 34 and 33 respectively, although the authors of the report noted that Uttarakhand’s performance was impacted significantly by natural disasters such as the floods that ravaged that state in 2013.

The ACI piece works toward a goal similar to that of the World Bank’s Ease of Doing Business study, in terms of “focusing leaders’ minds” on desirable policy targets.

Commenting on the study Professor Pulapre Balakrishnan of Ashoka University said that it was timely given the current ministry’s election on the basis of promises of faster economic growth and development all round.

Professor Tan Kong Yam of ACI drew parallels between Indian Prime Minister Narendra Modi’s plan for increasing competitive federalism and former Chinese President Deng Xiaoping’s 30-year province-led development plan for China.