

## REGIONAL DIVERGENCE AMONG INDIAN STATES: A SECTORAL DECOMPOSITION

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### **ABSTRACT**

*Various studies have examined the interregional disparities for the Indian regions from different perspectives and for time zones. Sectoral composition of output and rate of growth of sectors for states play a major role in deciding the extent of convergence/divergence. Following to the foreign exchange crisis of 1991, India adopted the LPG Policy of 1991 where the Indian economy opened up and liberated itself from various private & international restrictions. Recently, in 2016 our economy faced a major change of the events after the adoption of the demonetization policy in 2016. Between this time frame, what has been the extent of regional divergence in India, specially from the perspective of sectoral divergence will be explored in this study. The methodology used in the study is similar to that which is used by Kar and Sakhtivel 2006. As per Kar and Sakhtivel, the framework adopted by them facilitates them to decompose the rate of regional divergence into contribution made by various sectors. This paper has analyzed the regional disparity between 16 main Indian states using panel data analysis to examine the contribution of various sectors to the rate of regional divergence across the states.*

**KEYWORDS:** *Regional Divergence in India*