



States' Ranking
2023



BACKGROUND

When assessing any state, more often than not we end up looking at its relative economic performance. However, in the contemporary world, other attributes such as social development, environmental conditions and governance related aspects also assume significant importance. All these factors are crucial for holistic development of any state.

In this first edition of State Ranking 2023, we have attempted to come up with a comprehensive score covering seven pillars (Economic, Fiscal, Social, Infrastructure, Financial Inclusion, Environment and Governance) and 46 indicators to rank the states. The ranking not only gives an understanding of top performing states at the aggregate level but also delves further to give the top performers for each of the above listed pillars. The ranking provides a comparative picture among the states to facilitate competitive spirit.

The selection of 46 indicators has been done ensuring that they are easy to understand and have applicability across the states. This ranking is flexible for improvement and revisions depending on the availability of latest data and addition of new indicators to the existing set.



AIM

To quantitatively assess the comparative performance of states on various parameters.



SCOPE

This study evaluates the states on parameters related to social, economic, infrastructure, environment, governance, government finances, financial inclusion and covers 46 indicators.



OBJECTIVITY

Ensures that ranking decisions are free from bias or subjective judgments.

COMPOSITE RANKING



COMPOSITE SCORES

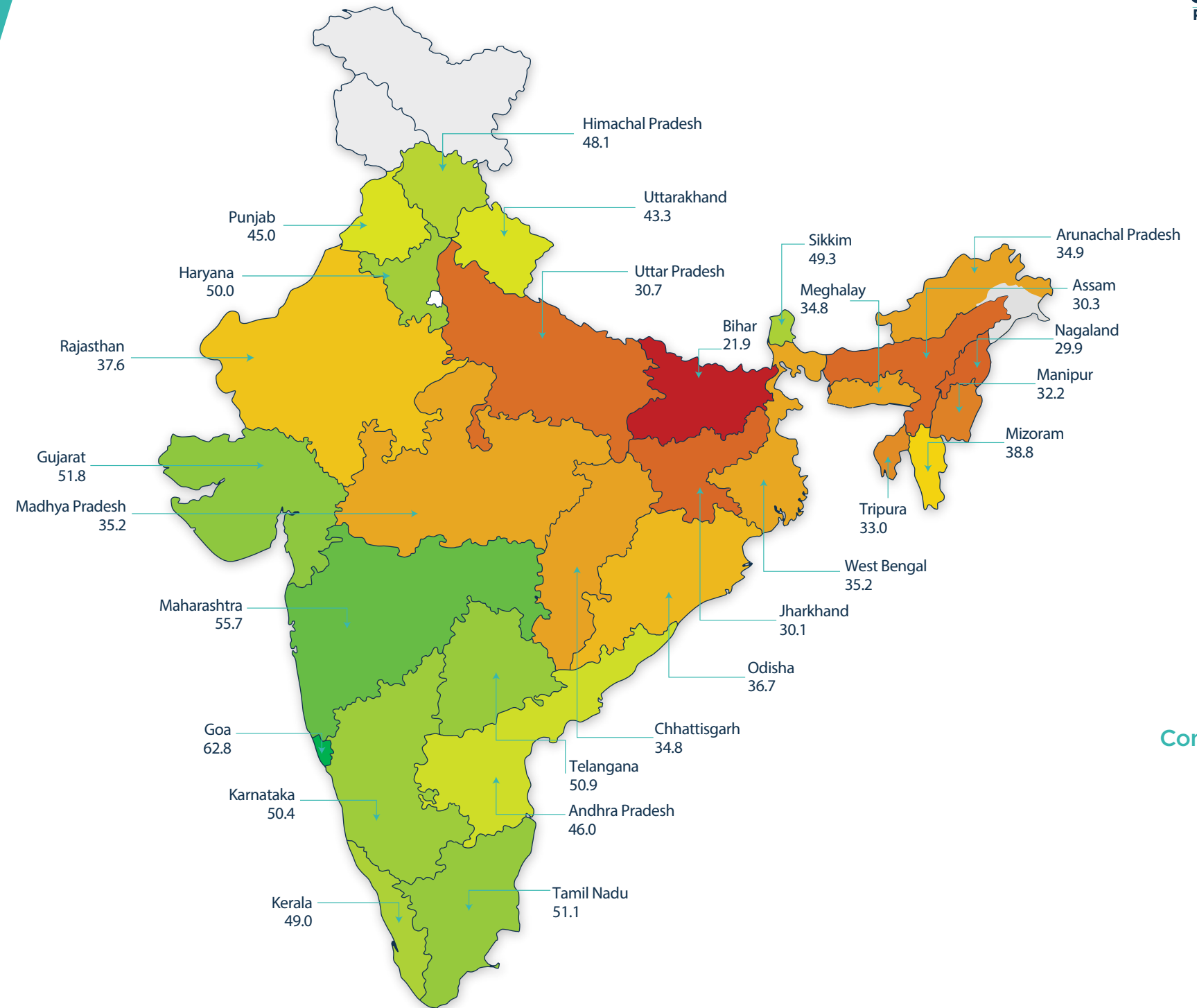
Top Three Rankers

Large States (Group A)

1. Maharashtra
2. Gujarat
3. Tamil Nadu

North-East, Hilly & Small States (Group B)

1. Goa
2. Sikkim
3. Himachal Pradesh



Note: The colour scale is Green to Yellow to Red with the highest score getting the green colour and the lowest score getting the red colour

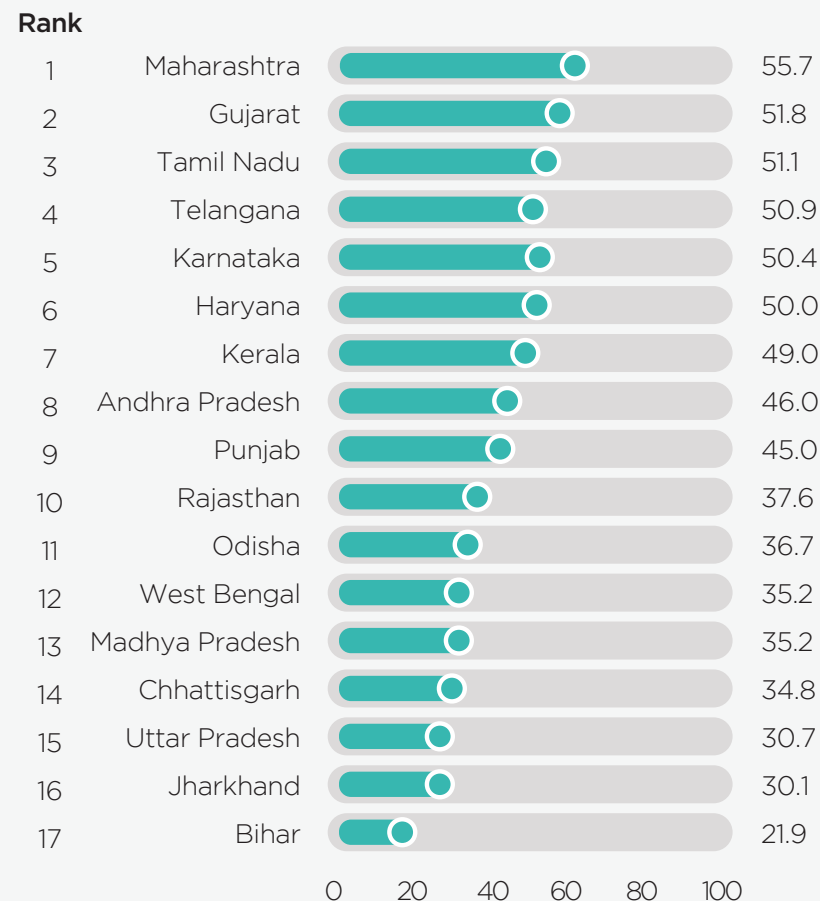
COMPOSITE SCORES

Categories (Pillars) Weight

Categories (Pillars)	Weight
Economic	0.20
Fiscal	0.15
Financial Inclusion	0.15
Social	0.15
Infrastructure	0.15
Governance	0.10
Environment	0.10

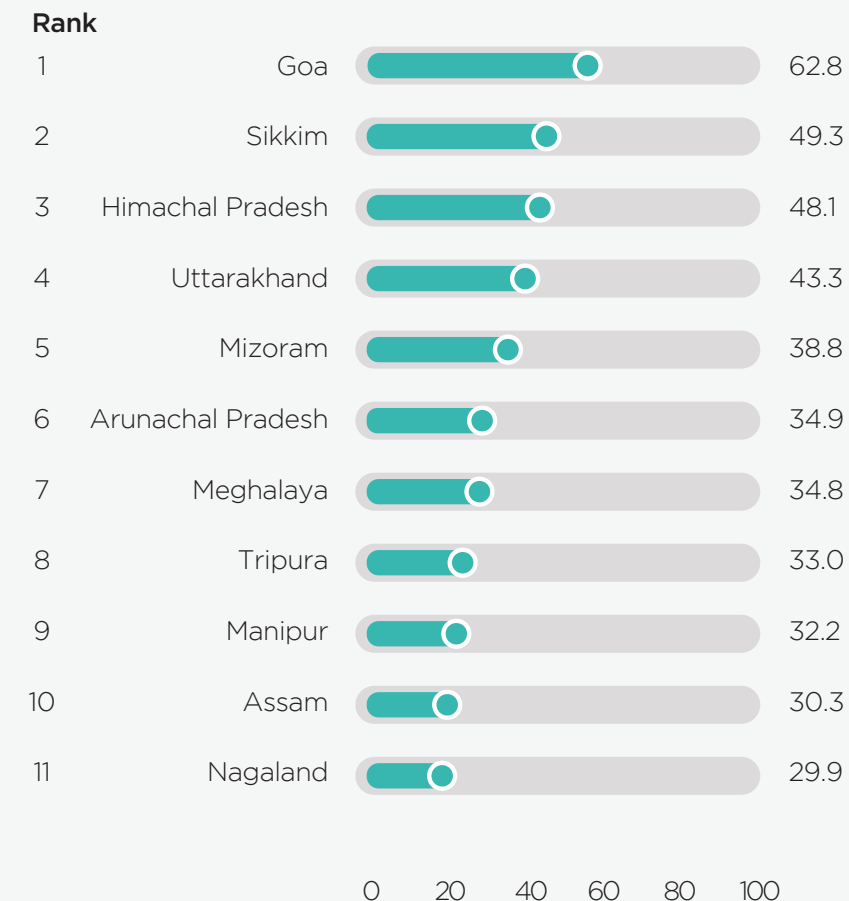
The overall rank of states has been arrived at by evaluating their performance across the above listed seven pillars. A higher weight has been assigned to the 'Economic' category as a sound economic performance has a trickle down effect on the rest of these categories.

Large States (Group A)



Source: CareEdge Research

North-East, Hilly & Small States (Group B)



Source: CareEdge Research

- Maharashtra tops the overall ranking of all states, with a favourable score in social, financial inclusion and fiscal categories. Gujarat ranks second and fares well in economic and fiscal categories, while Tamil Nadu ranks third with an edge in social and governance categories.
- The top five spots are occupied by the Western and Southern states. While higher fiscal and economic scores were the strong points for the western states, the southern states outperformed in the social and environment categories.
- In Group B, Goa tops in overall ranking and was a front-runner in social, infrastructure, financial inclusion and fiscal categories. Among the north-eastern states, Sikkim leads due to better score in economic, social, infrastructure and environment categories.

CATEGORY-WISE RANKING



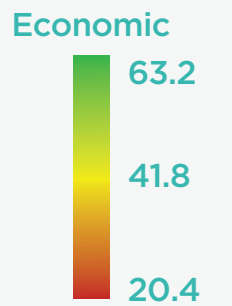
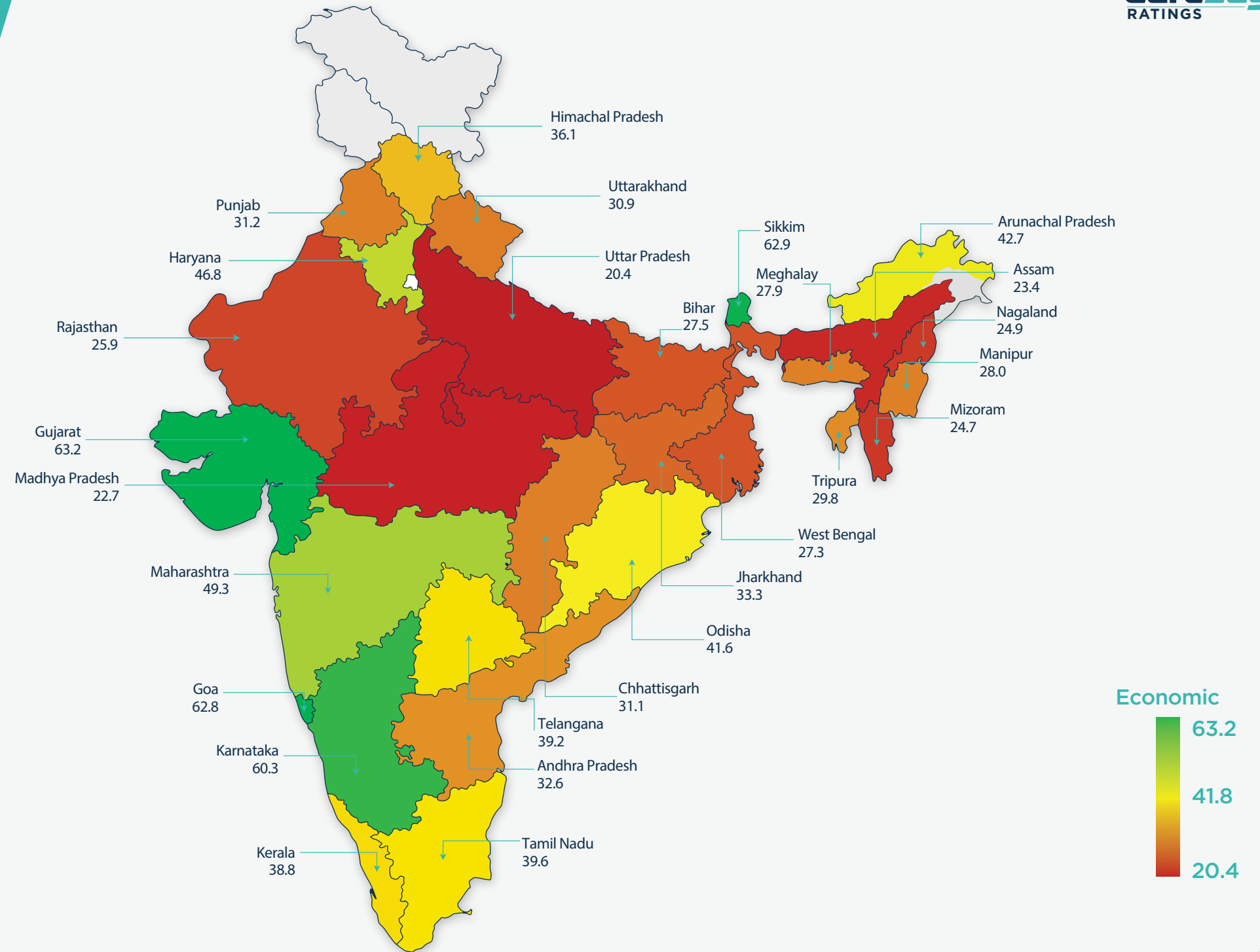
Top Three Rankers

Large States

1. Gujarat
2. Karnataka
3. Maharashtra

North-East, Hilly & Small States

1. Sikkim
2. Goa
3. Arunachal Pradesh



Note: The colour scale is Green to Yellow to Red with the highest score getting the green colour and the lowest score getting the red colour

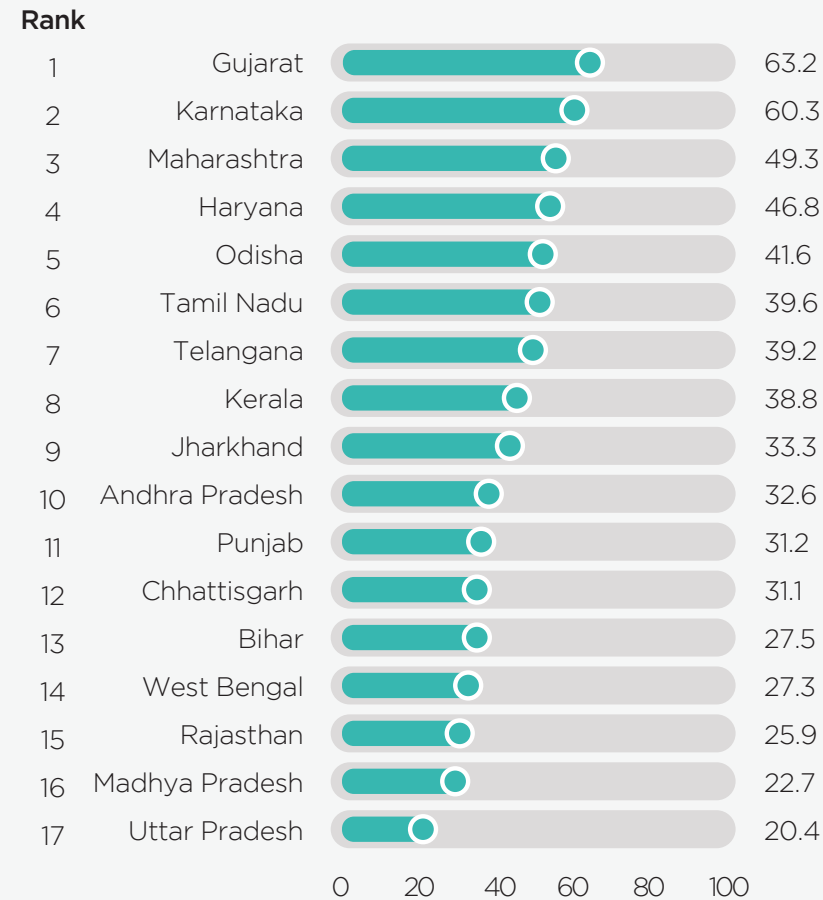
ECONOMIC

Indicators	Weight
Per Capita GSDP	0.30
GSDP Growth	0.10
Industry & Services (% Share in GSVA)	0.10
Inflation	0.10
FDI	0.20
IEMs Filed	0.10
Gross Capital Formation/Gross Value Added	0.10

The indicators and the respective weights have been selected to capture the overall economic growth and also if the growth is inclusive in nature. Investment has a major role to play in propelling the growth trajectory. This is reflected in higher weight for investment related indicators.

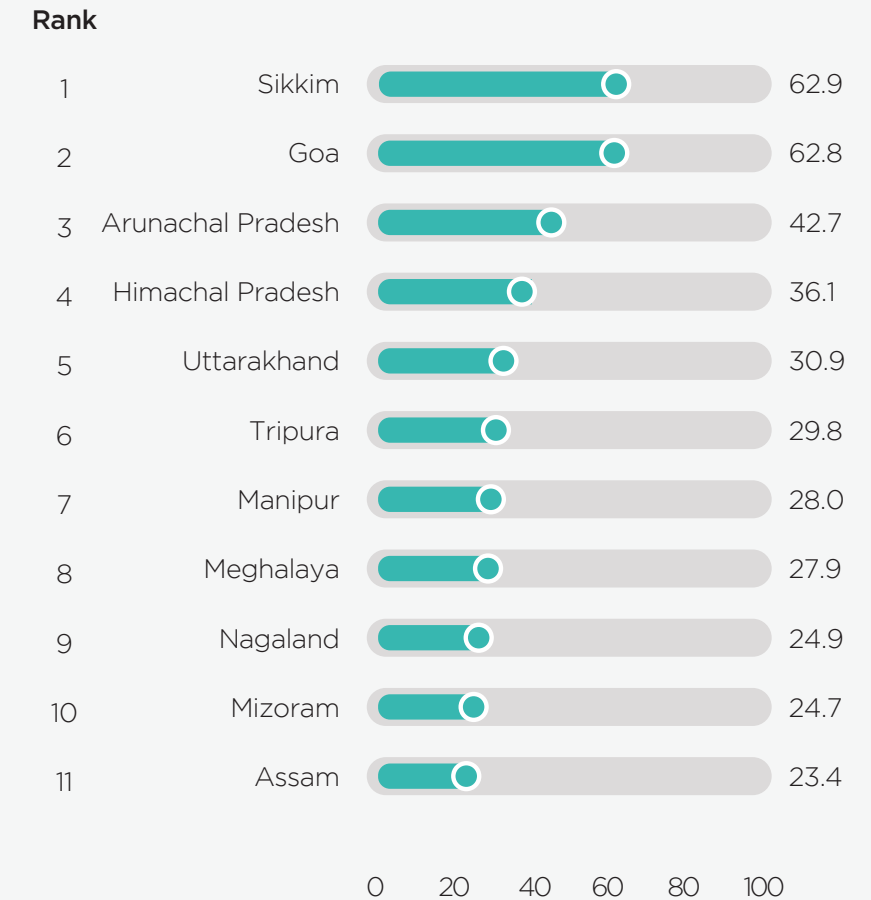
Note:
 GSDP: Gross State Domestic Product;
 GSVA: Gross State Value Added; FDI: Foreign Direct Investment; IEM: Industrial Entrepreneur Memorandum

Large States (Group A)



Source: CareEdge Research

North-East, Hilly & Small States (Group B)



Source: CareEdge Research

- Gujarat tops the ranking in Economic category with healthy data on per capita GSDP, GSDP growth, FDI flows and high share of industry and services in GSVA.
- Karnataka and Maharashtra follow Gujarat to occupy second and third place again benefitting from relatively high per capita GSDP, share of industry and services in GSVA and strong FDI flows.
- Southern and Western states have broadly outperformed the remaining counterparts.
- Sikkim and Goa are the top two performing states in Group B. Both these states have relatively high per capita GSDP and higher share of industry and services in GSVA.

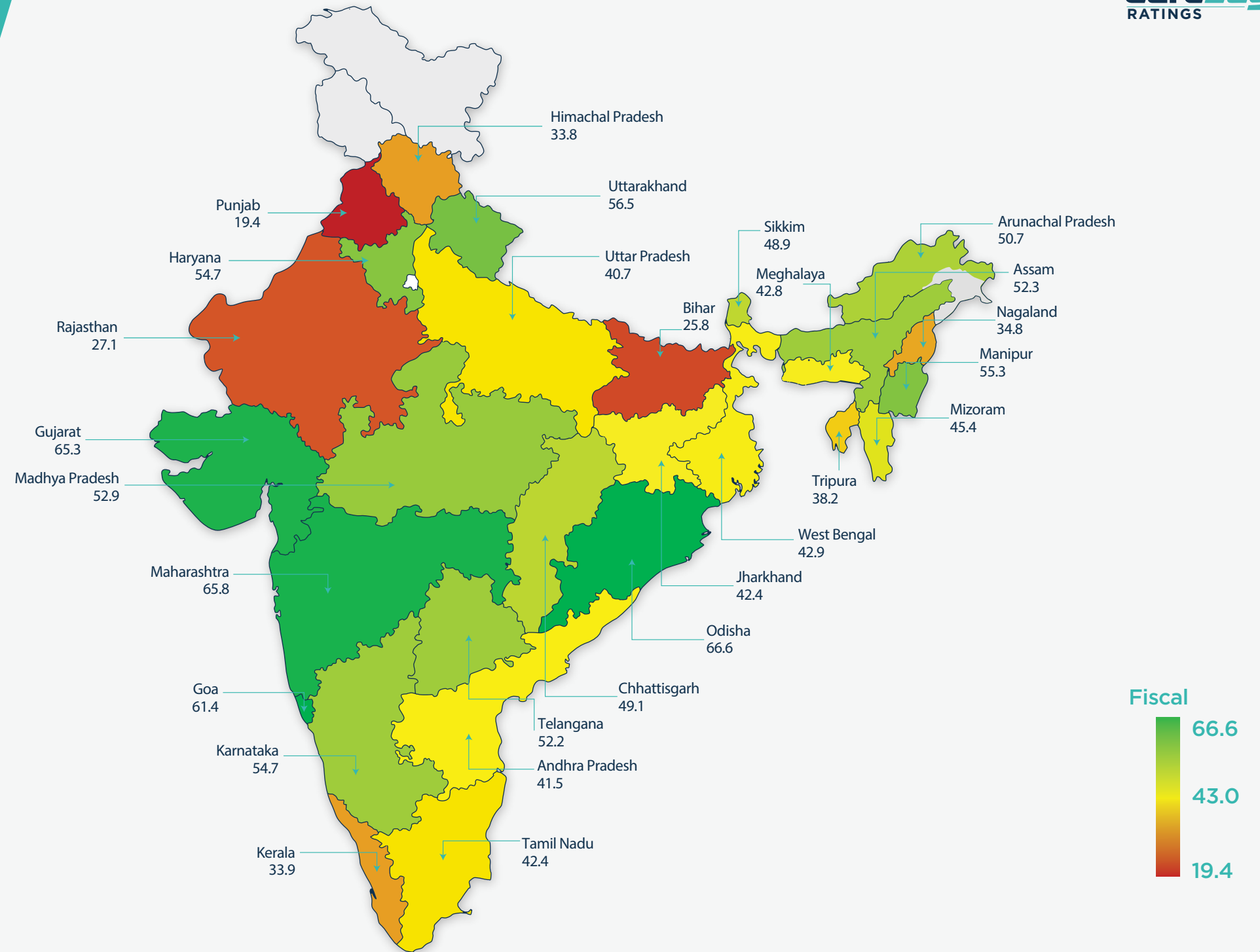
Top Three Rankers

Large States

1. Odisha
2. Maharashtra
3. Gujarat

North-East, Hilly & Small States

1. Goa
2. Uttarakhand
3. Manipur



Note: The colour scale is Green to Yellow to Red with the highest score getting the green colour and the lowest score getting the red colour

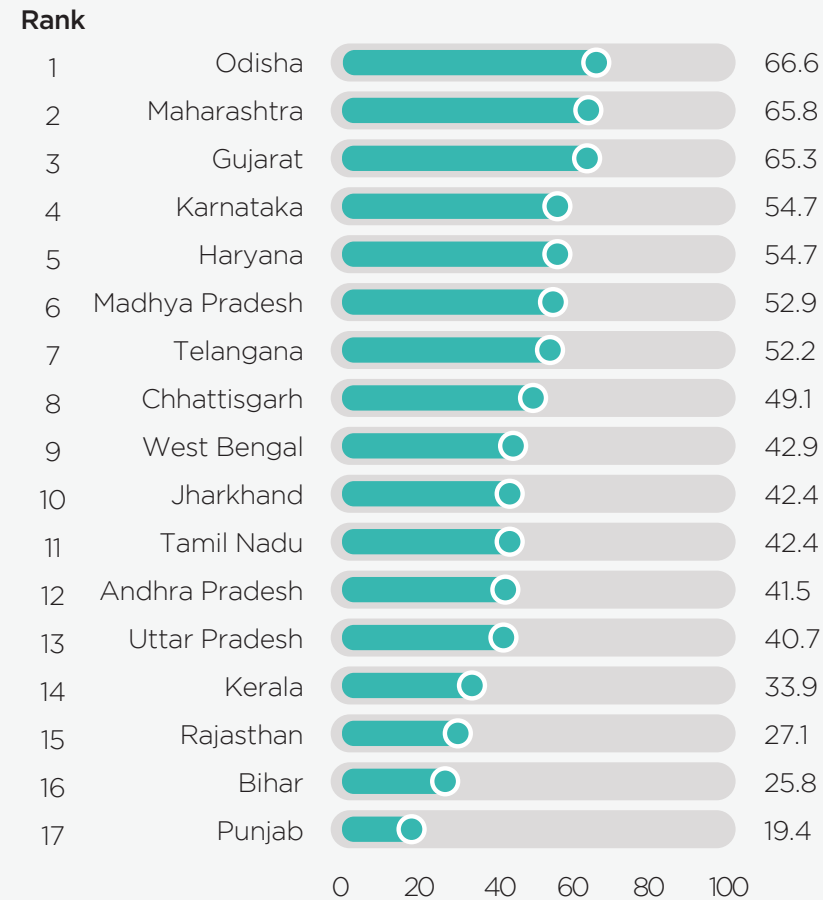
FISCAL

Indicators	Weight
Debt/GSDP	0.30
Fiscal Deficit /GSDP	0.20
Revenue Deficit /GSDP	0.10
Education Expenditure / Total Expenditure	0.05
Health Expenditure / Total Expenditure	0.05
Capex / Total Expenditure	0.20
Maintenance of GRF	0.05
CSF (As % of outstanding liabilities)	0.05

The indicators are selected to cover three aspects: Debt and deficit sustainability, quality of expenditure and debt management

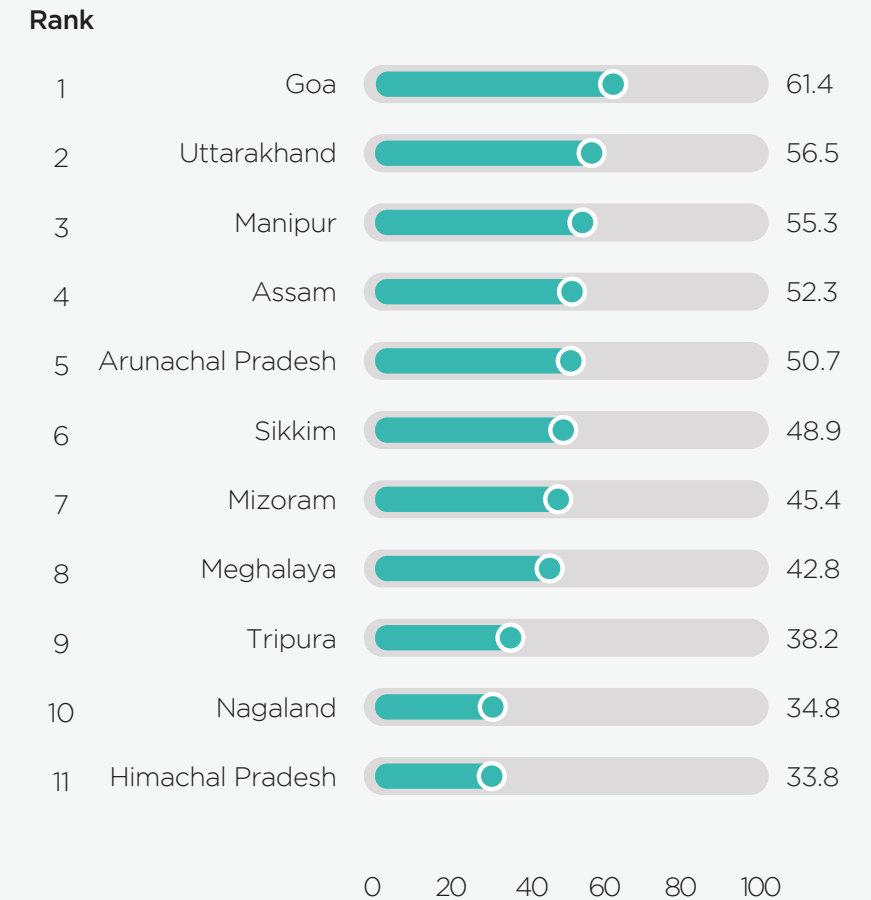
Note:
GRF: Guarantee Redemption Fund;
CSF: Consolidated Sinking Fund

Large States (Group A)



Source: CareEdge Research

North-East, Hilly & Small States (Group B)



Source: CareEdge Research

- Better score on revenue and fiscal deficit and healthy debt management indicators (CSF & GRF) translated into Odisha topping the ranking in the fiscal category.
- Maharashtra and Gujarat, ranking second and third, enjoy lower debt/GSDP and relatively lower fiscal deficit. Maharashtra also fares well in the debt management indicators.
- Punjab ranks the lowest in Group A as the state performs poorly in debt sustainability as well as debt management.
- In Group B, Goa outperforms other states due to relatively lower fiscal deficit and debt levels. The state also does well in terms of expenditure on health and capital formation.

FINANCIAL INCLUSION

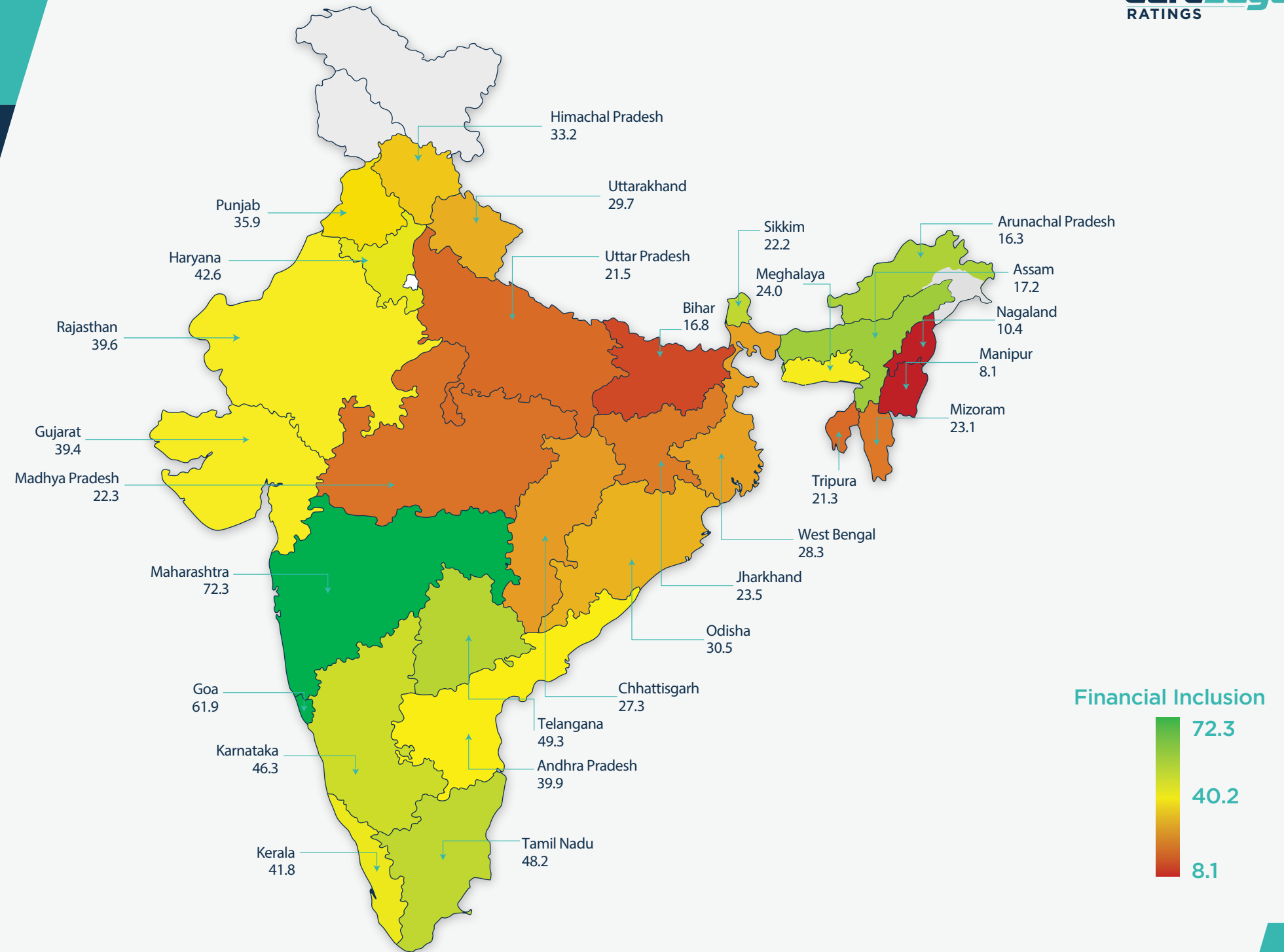
Top Three Rankers

Large States

1. Maharashtra
2. Telangana
3. Tamil Nadu

North-East, Hilly & Small States

1. Goa
2. Himachal Pradesh
3. Uttarakhand



Note: The colour scale is Green to Yellow to Red with the highest score getting the green colour and the lowest score getting the red colour

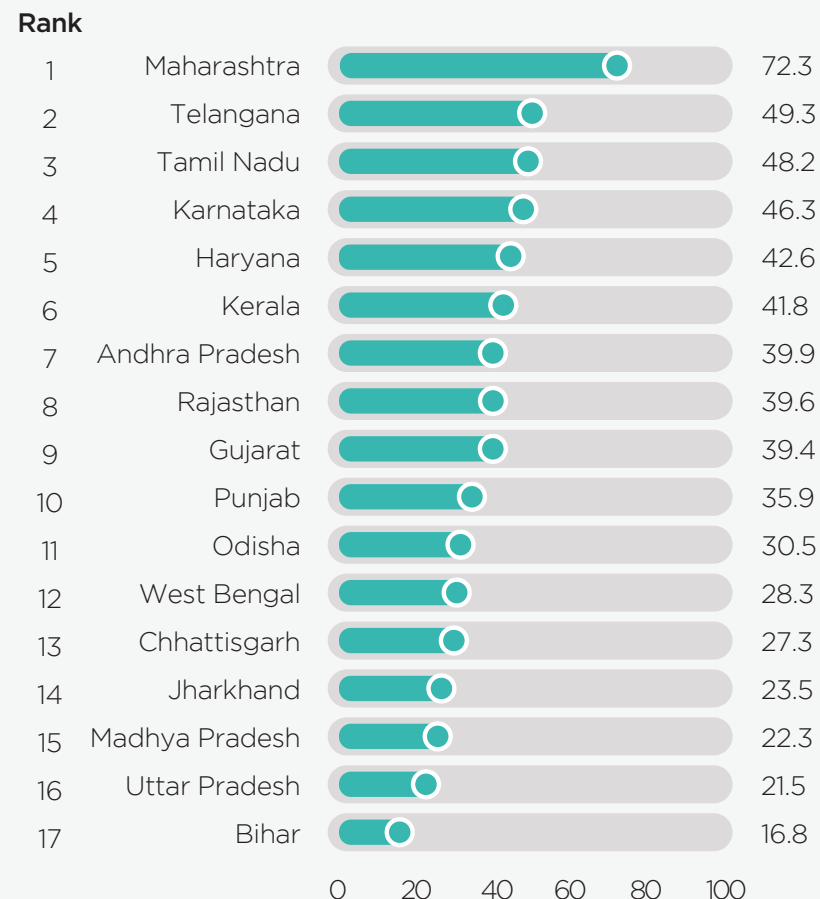
FINANCIAL INCLUSION

Indicators	Weight
Credit/GSDP	0.20
Population/No. of Bank Branches	0.10
NBFC Sanctions (As % of GSDP)	0.20
Mutual Fund Penetration	0.10
Life Insurance Penetration	0.10
Health Insurance Penetration	0.10
Balance in PMJDY Account Per Beneficiary	0.10
Average Loans Disbursed by (SHGs) during the Year	0.10

Access to financial services, especially for low-income households is not only crucial for their economic wellbeing but also for their social upliftment. We have attempted to select indicators which represent availability of funds as well as the extent of participation by the households to avail these financial services.

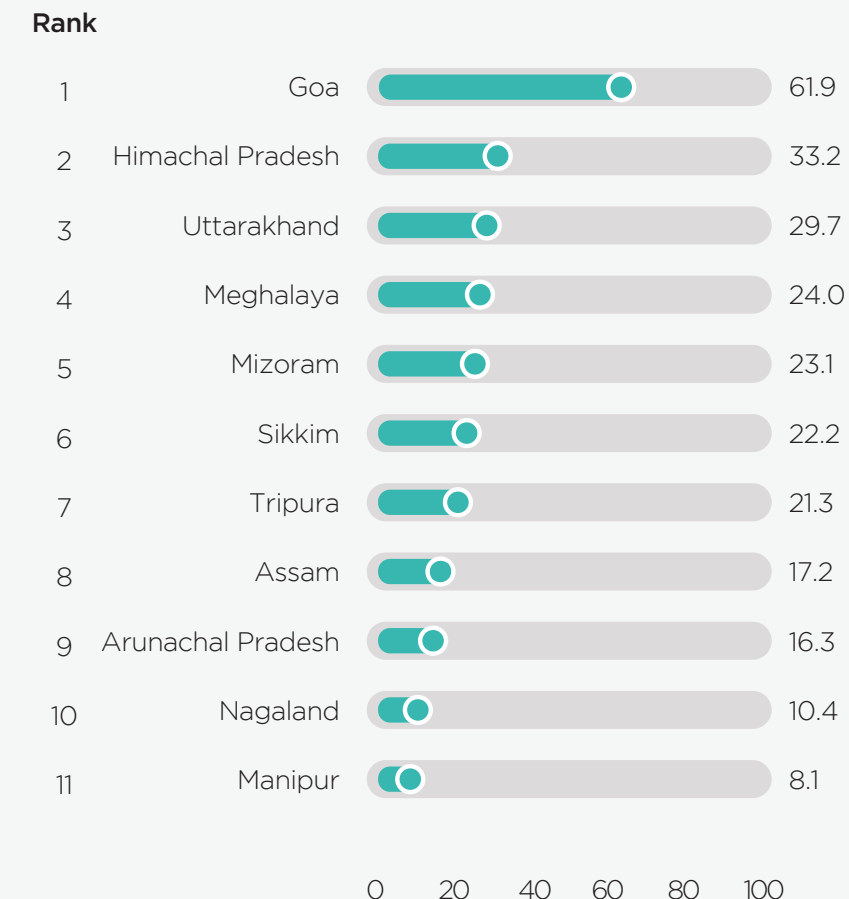
Note:
PMJDY: Pradhan Mantri Jan Dhan Yojana; SHGs: Self-Help Groups

Large States (Group A)



Source: CareEdge Research

North-East, Hilly & Small States (Group B)



Source: CareEdge Research

- Maharashtra topped in financial inclusion with best performance in credit/GSDP ratio, NBFC sanctions and health insurance penetration. It also fared relatively well in mutual fund penetration.
- Southern states also ranked relatively well due to high credit /GSDP ratio, accessibility to bank branches and loans disbursed by Self Help Groups. States in Central and East India were the laggards.
- Goa topped in Group B, with a huge gap in score compared with the other states. The state was highest scorer across indicators (except NBFC sanctions). North-Eastern states were at the bottom of the ladder.

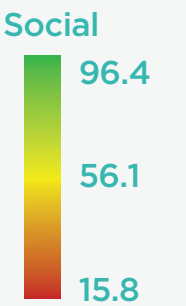
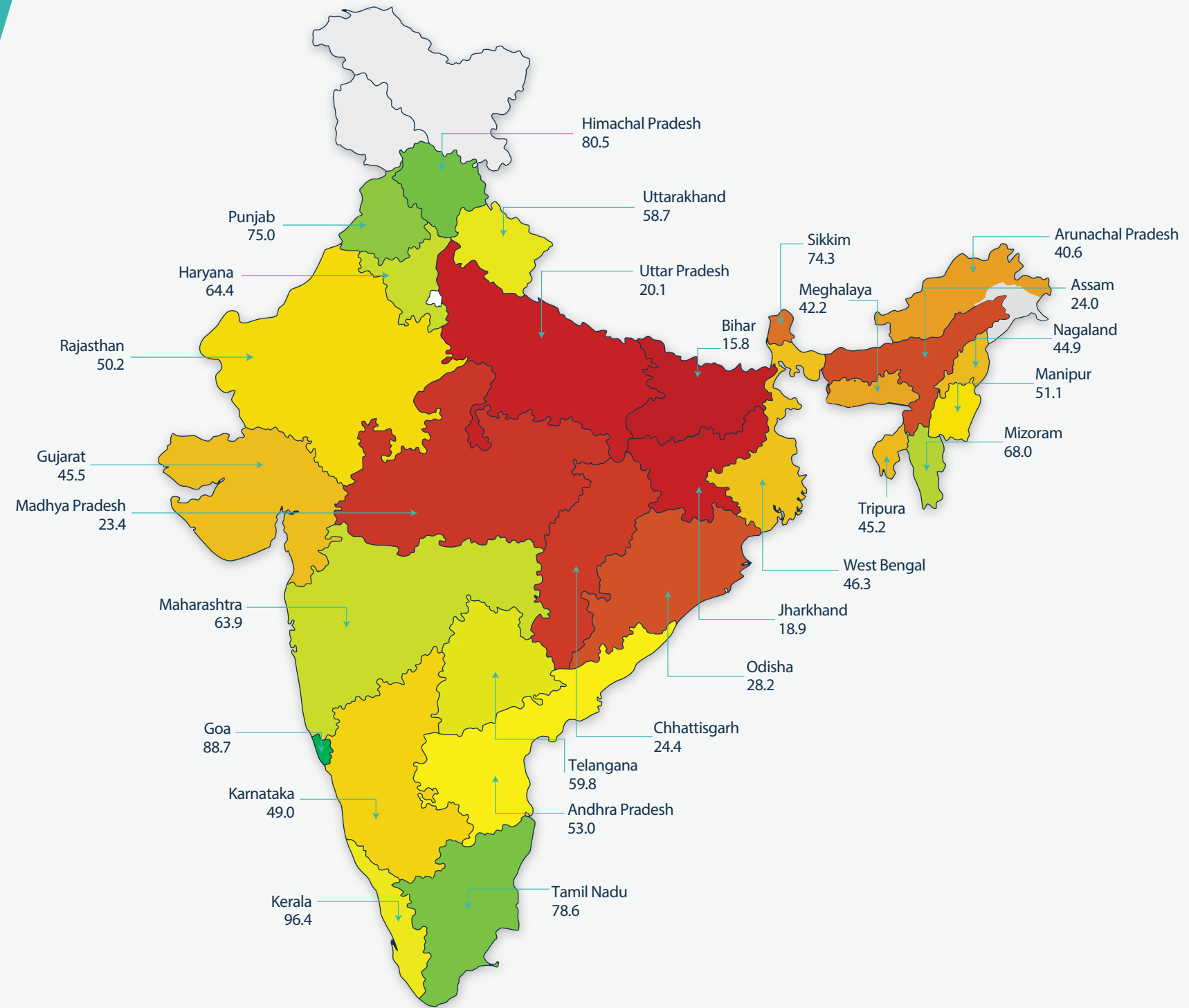
Top Three Rankers

Large States

1. Kerala
2. Tamil Nadu
3. Punjab

North-East, Hilly & Small States

1. Goa
2. Himachal Pradesh
3. Sikkim



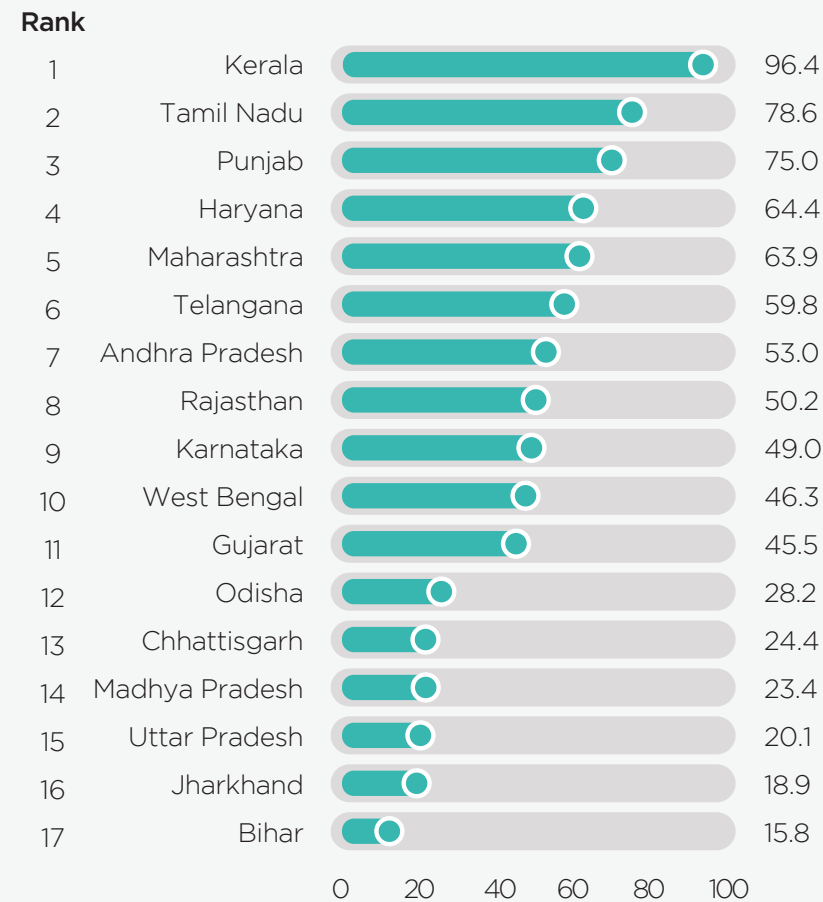
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SOCIAL

Indicators	Weight
Gross Enrolment Ratio	0.17
Percentage Literate	0.17
Poverty Rate	0.17
Gini Coefficient	0.17
Infant Mortality Rate	0.17
Life Expectancy	0.17

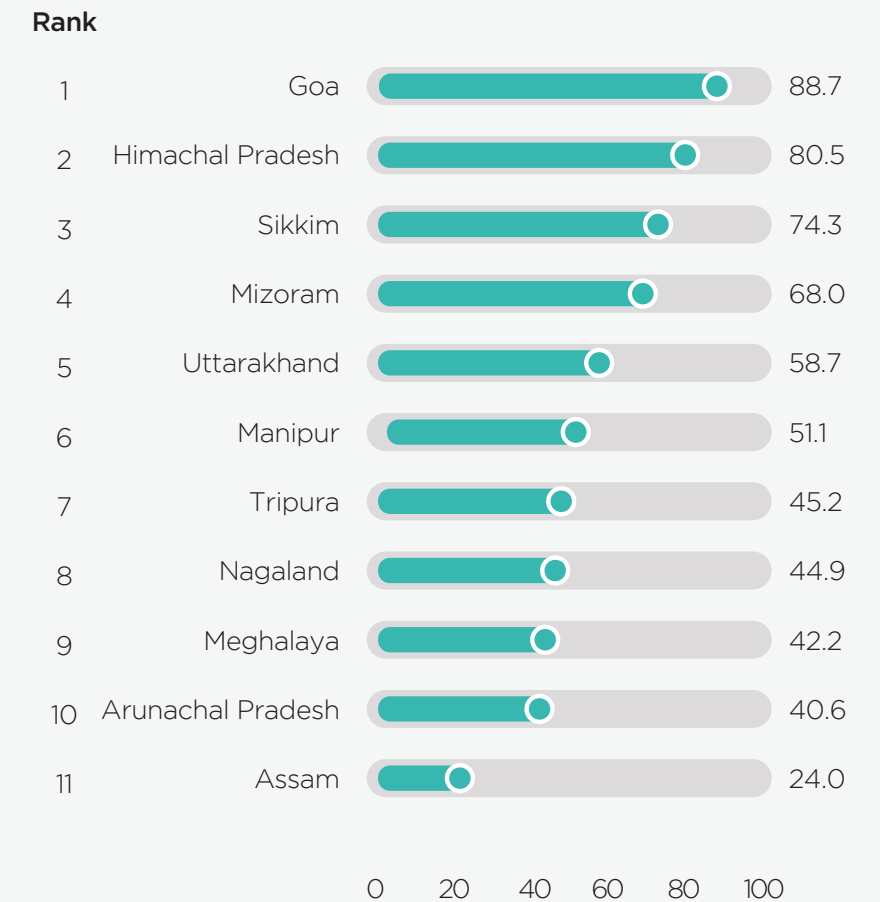
Investment in human capital has gained significant importance in recent times to attain sustainable and inclusive growth. Indicators have been selected to represent income equality, education and health related aspects.

Large States (Group A)



Source: CareEdge Research

North-East, Hilly & Small States (Group B)



Source: CareEdge Research

- Kerala emerged as the clear winner in this category with highest score in all the social indicators.
- Broadly, Southern states have outperformed in this category occupying five spots among the top ten due to lower poverty and relatively better income distribution.
- In Group B, Goa was the top performer primarily due to lowest poverty and infant mortality, and high income equality. Sikkim is highest ranker among the north eastern states due to better scores in health, poverty and equality related indicators.

INFRASTRUCTURE

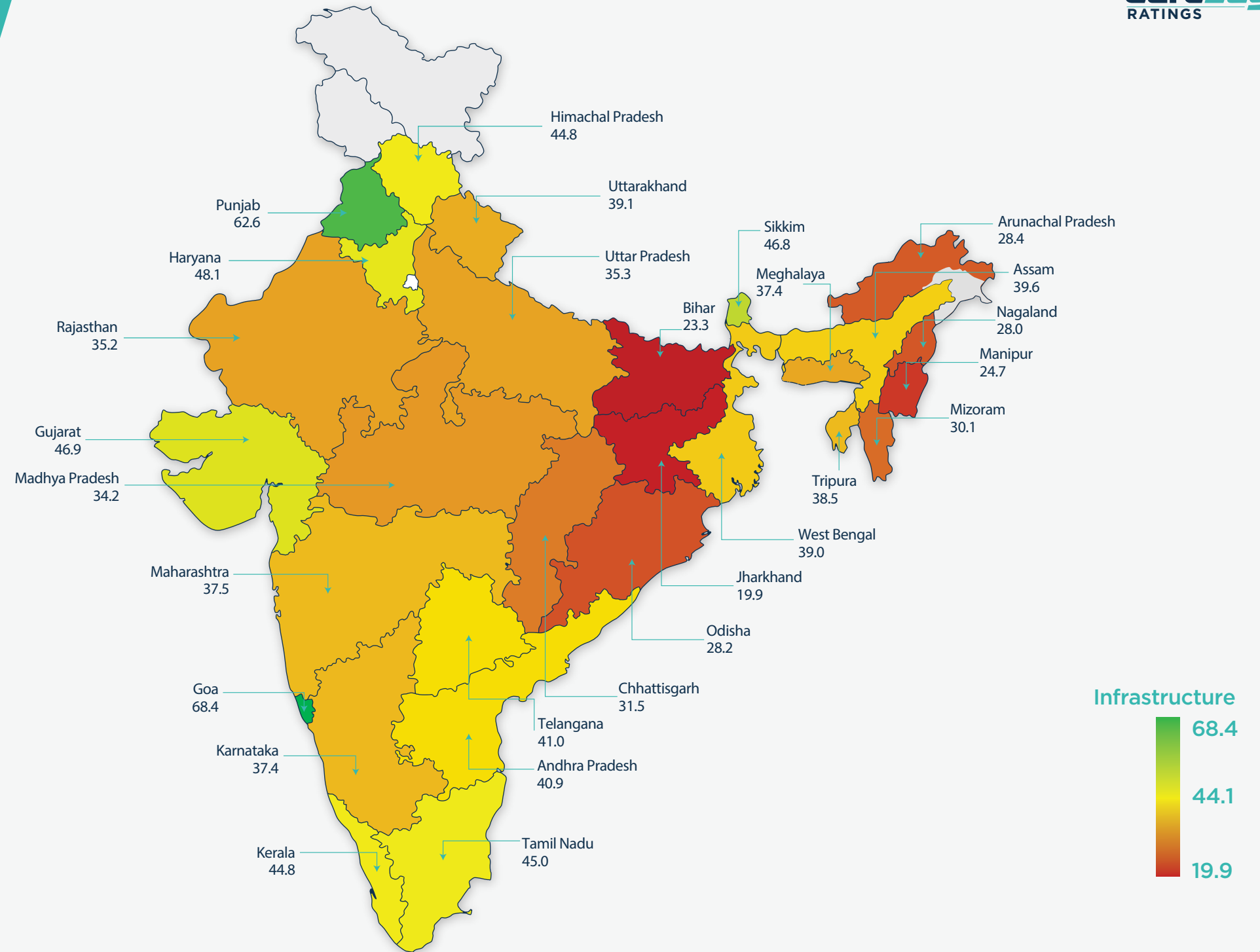
Top Three Rankers

Large States

1. Punjab
2. Haryana
3. Gujarat

North-East, Hilly & Small States

1. Goa
2. Sikkim
3. Himachal Pradesh



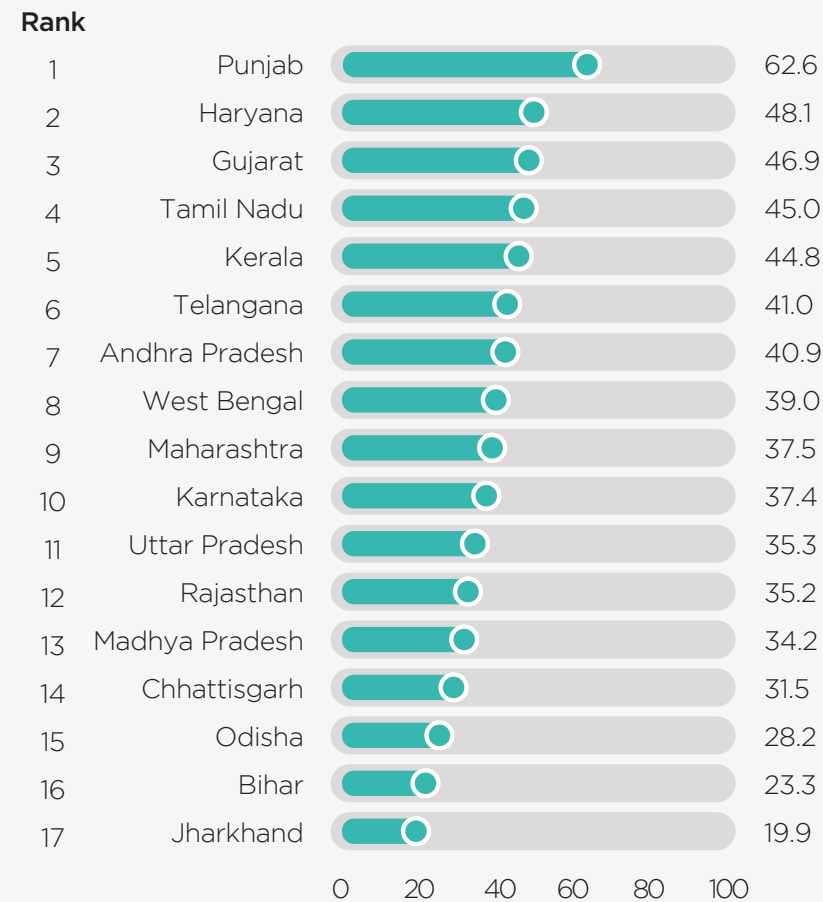
Note: The colour scale is Green to Yellow to Red with the highest score getting the green colour and the lowest score getting the red colour

INFRASTRUCTURE

Indicators	Weight
Per Capita Power Availability	0.30
Total Population / No. of Airports	0.15
Road Density	0.15
Railway Density	0.15
Irrigated Area	0.05
Beds in Government Hospitals / Total Population	0.10
No. of Schools / Total Population	0.10

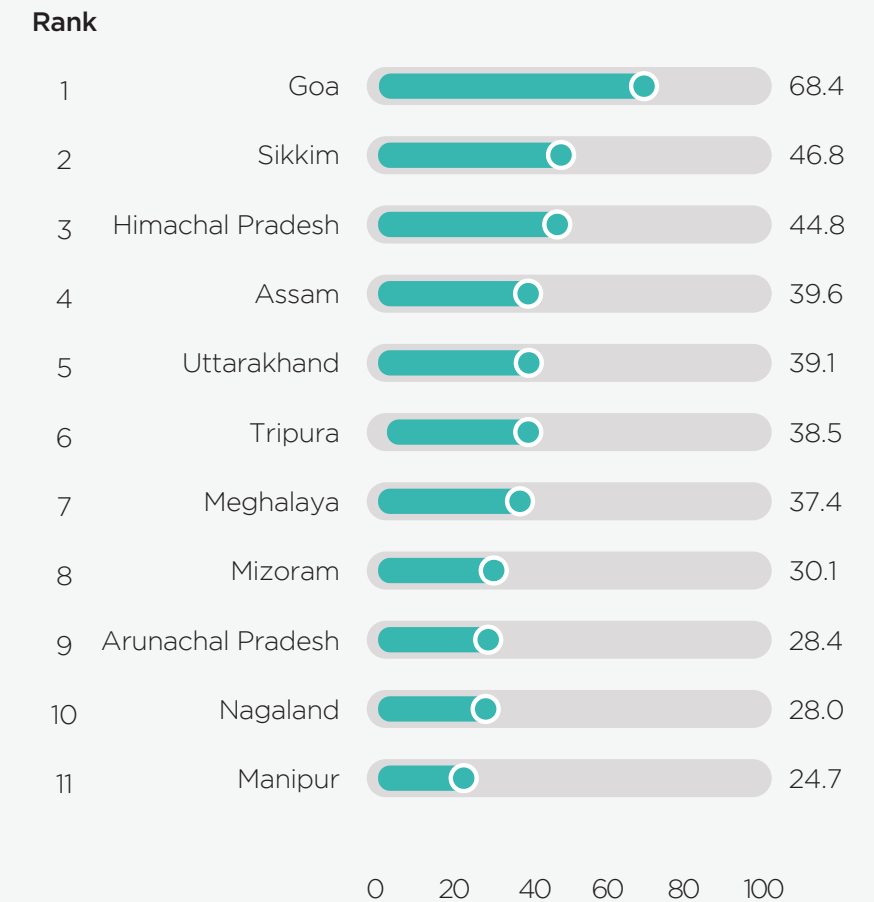
We have selected indicators to measure the strength of both physical as well as social infrastructure. Social infrastructure assumes greater importance in the post-pandemic world .

Large States (Group A)



Source: CareEdge Research

North-East, Hilly & Small Sates (Group B)



Source: CareEdge Research

- Punjab and Haryana topped on Infrastructure ranking, mainly due to high power availability, railway density and greater irrigated area. Both lagged in terms of social infrastructure (Hospital Beds & Schools).
- Most Southern states fared relatively well in health infrastructure captured by the number of beds in government hospitals. States in Eastern and Central India were the lowest scorers.
- Goa topped in Group B due to better physical infrastructure while Sikkim was at the second spot primarily due to better score for social infrastructure.

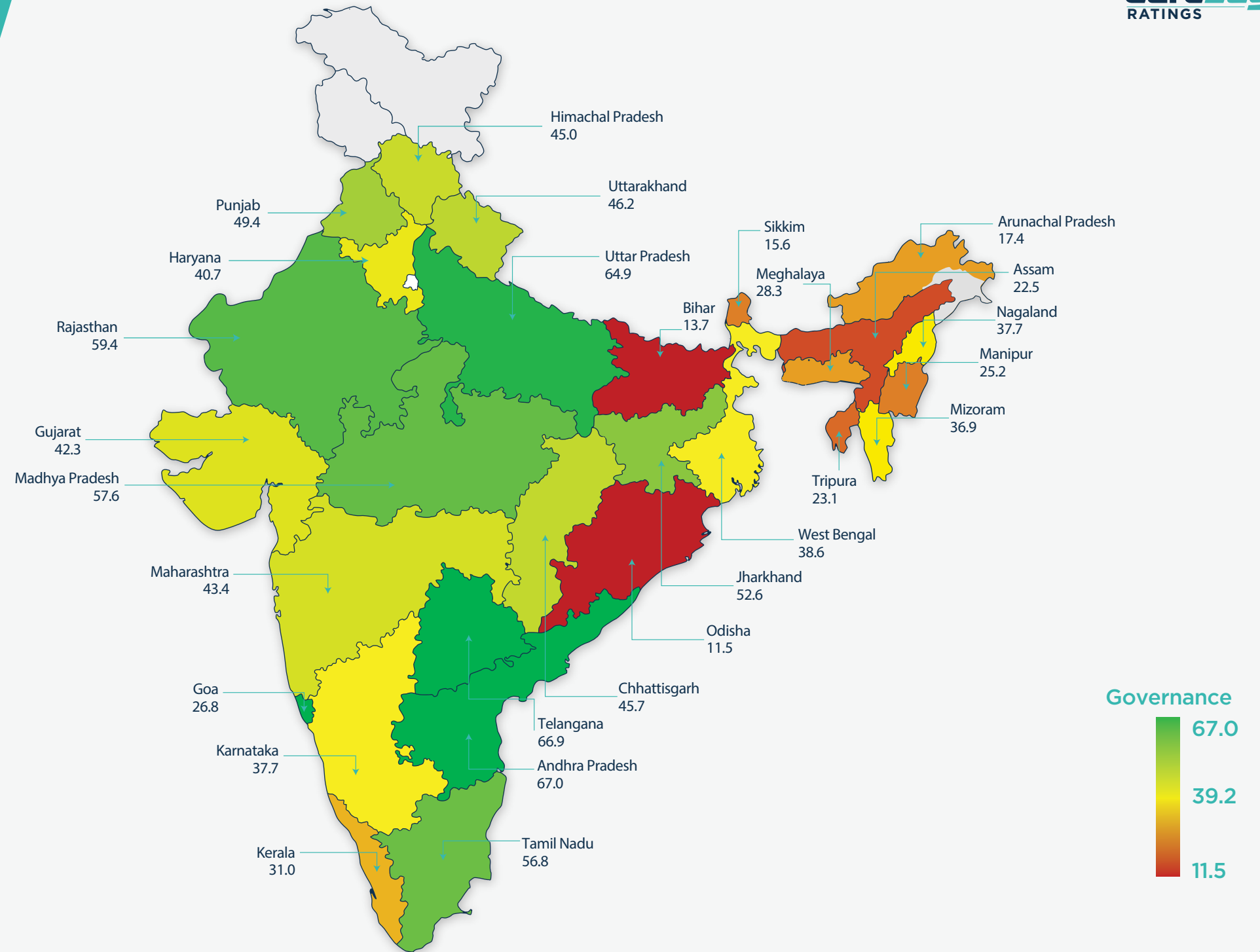
Top Three Rankers

Large States

1. Andhra Pradesh
2. Telangana
3. Uttar Pradesh

North-East, Hilly & Small States

1. Uttarakhand
2. Himachal Pradesh
3. Nagaland



Note: The colour scale is Green to Yellow to Red with the highest score getting the green colour and the lowest score getting the red colour

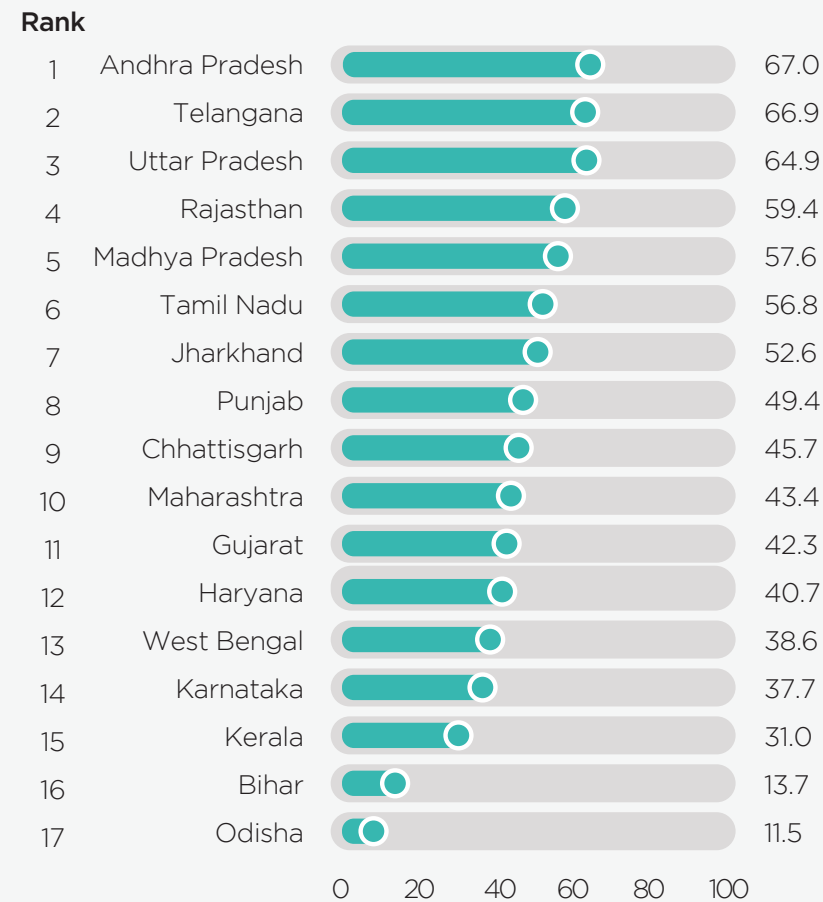
GOVERNANCE

Indicators	Weight
Ease of Doing Business	0.40
NeSDA Score- Service Portal	0.20
Court Conviction Rate	0.20
Police Strength	0.20

The selected indicators can be broadly classified into two categories viz., business friendly environment and public service delivery (law, police, e-service). A better governance leads to stability and foster trust which are crucial for unlocking new investment opportunities.

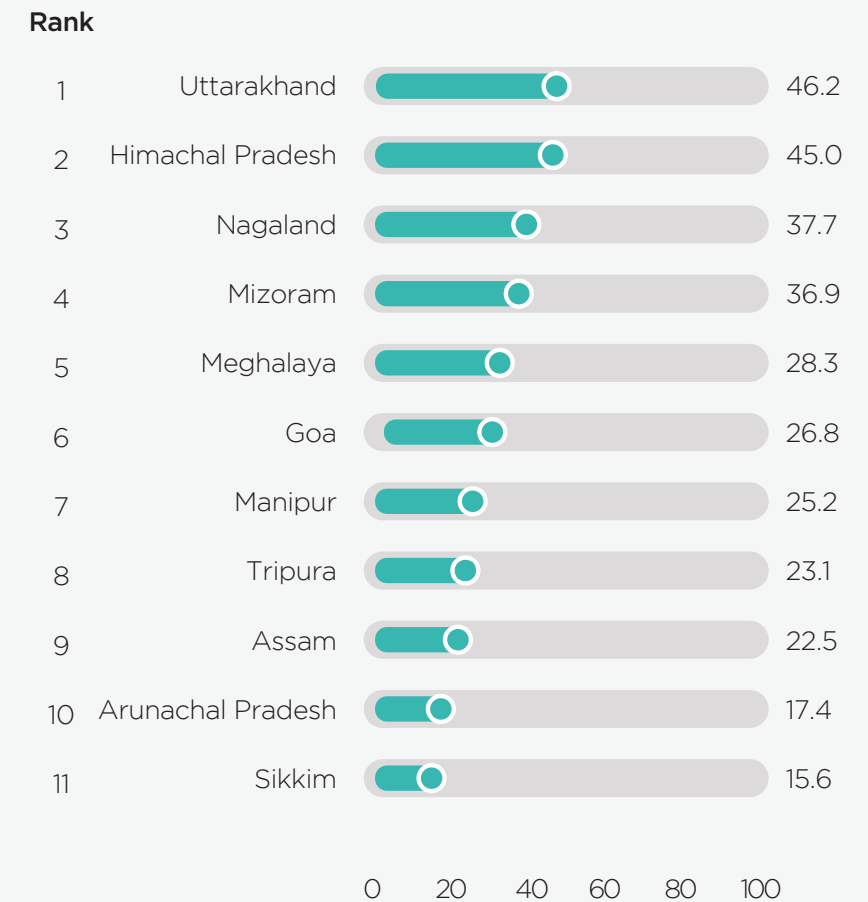
Note:
(NeSDA) Score: National e-Governance Service Delivery Assessment Score (Service Portal)

Large States (Group A)



Source: CareEdge Research

North-East, Hilly & Small States (Group B)



Source: CareEdge Research

- Andhra Pradesh and Telangana were at the top due to high Ease of Doing Business (EoDB) rank and better scores in the court conviction rate. Despite the higher rank of Andhra Pradesh and Telangana in the Ease of Doing Business, both states have shown a subdued performance in the IEMs filed and FDI flows.
- Overall, Eastern states (except for Jharkhand) were the bottom rankers. Jharkhand has performed better due to its better ease of doing business rank. Northern states of Punjab, Rajasthan, Haryana & Uttar Pradesh have shown a superior score in the e-service delivery assessment score. Southern states have better court conviction rate.
- Uttarakhand topped in the Group B of states while Goa slipped to the 6th rank due to low ease of doing business rank.

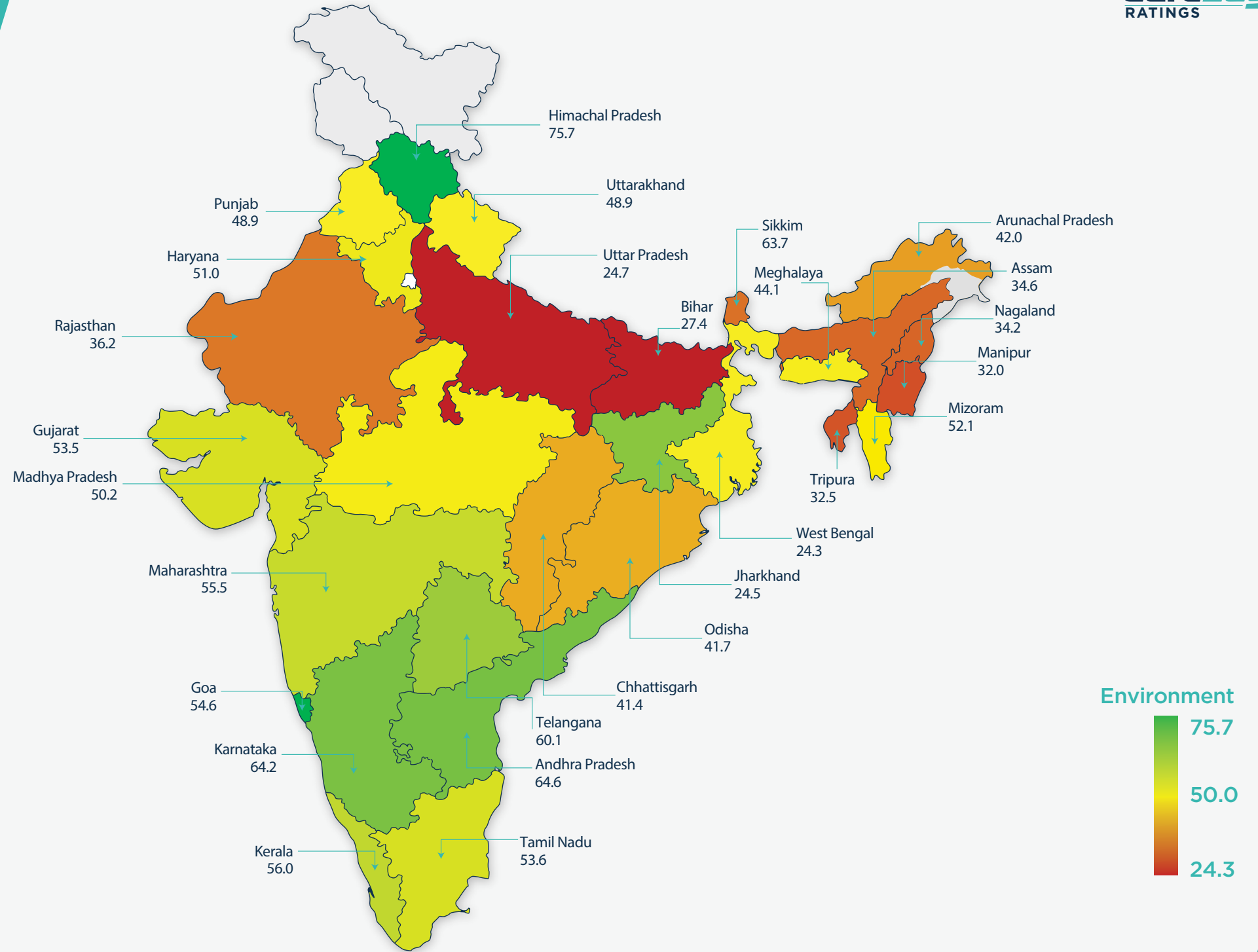
Top Three Rankers

Large States

1. Andhra Pradesh
2. Karnataka
3. Telangana

North-East, Hilly & Small States

1. Himachal Pradesh
2. Sikkim
3. Goa



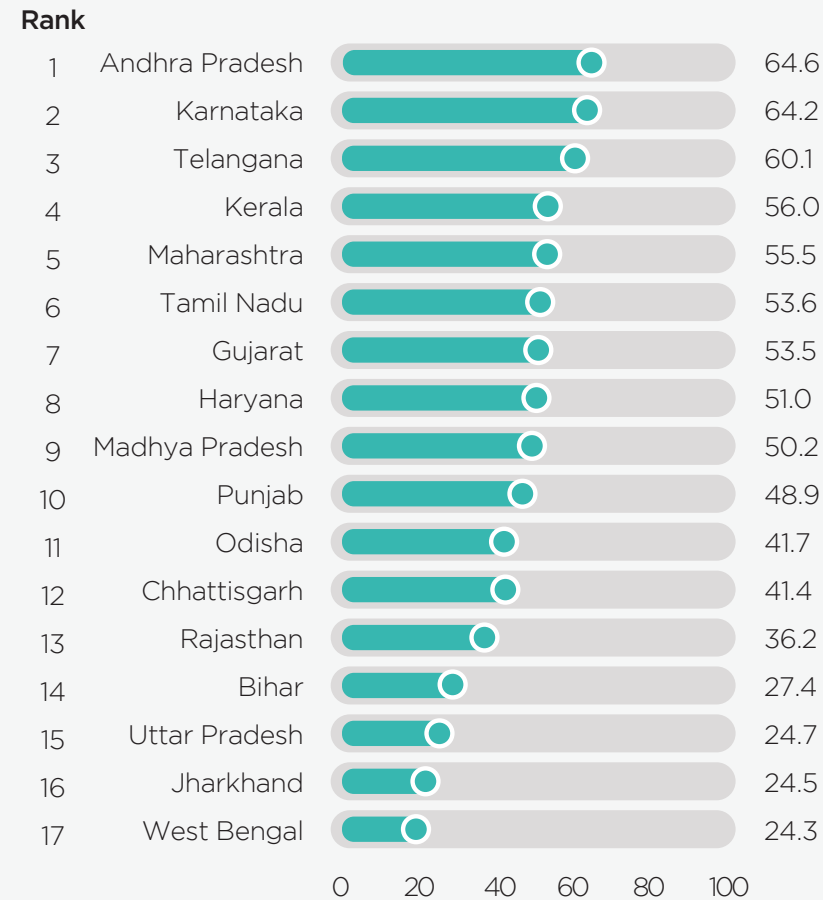
Note: The colour scale is Green to Yellow to Red with the highest score getting the green colour and the lowest score getting the red colour

ENVIRONMENT

Indicators	Weight
Air Quality	0.20
Solid Waste Management Score	0.20
Change in Forest Cover	0.20
Renewable Installed Capacity	0.20
Sewage Management	0.10
Access to Potable Water	0.10

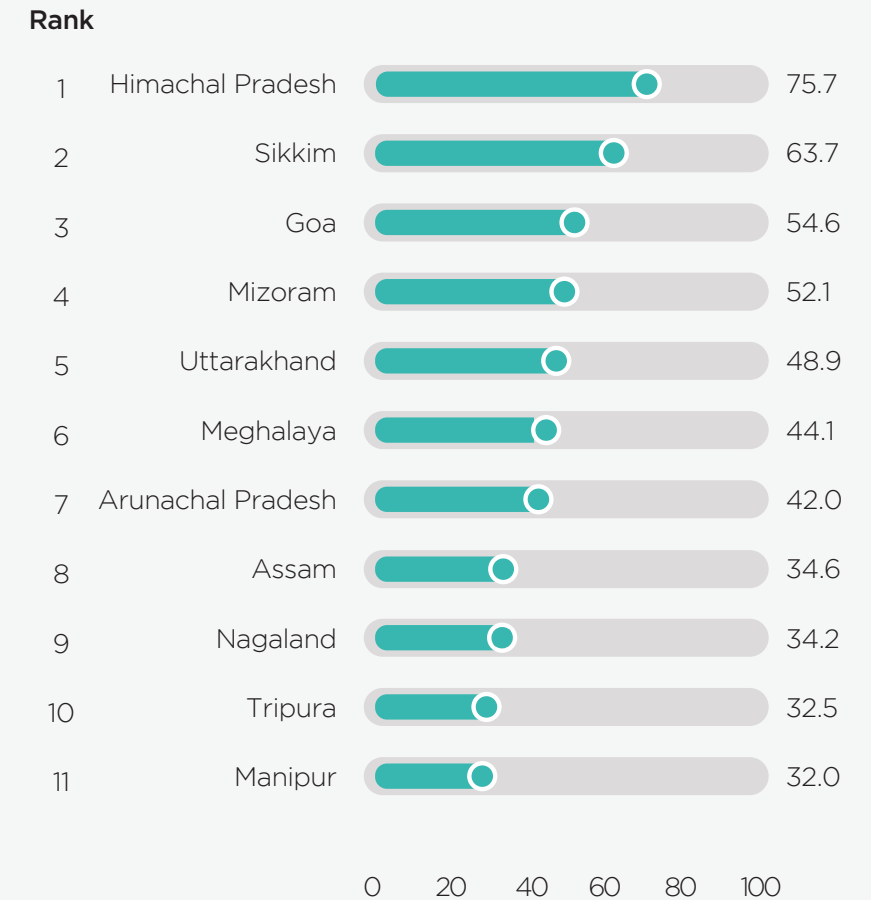
We have looked at quality of natural resources as well as waste management efforts taken by each state. The quality of environment has a direct bearing on social well-being and is crucial for long-term economic development.

Large States (Group A)



Source: CareEdge Research

North-East, Hilly & Small States (Group B)



Source: CareEdge Research

- Southern and Western states have outperformed in the environment category. Most Southern states have shown relatively favourable performance in terms of air quality, solid waste management, forest cover and renewable installed capacity.
- Northern states have shown a poor score in air quality whereas Eastern states have performed poorly in solid waste management.
- Himachal Pradesh tops in Group B due to the highest renewable installed capacity, the largest increase in forest cover and best sewage management capacity.

HEAT MAP

Note: The colour scheme for these heat maps ranges from green (for the highest score) to yellow to Red (for the lowest score) for each category. For example, Kerala has the highest score (highlighted in green) in the Social category whereas, Bihar scores the lowest hence the score is highlighted in red.

Score (Group A)	Social	Infrastructure	Financial Inclusion	Economic	Fiscal	Governance	Environment	Composite Score
Maharashtra	63.9	37.5	72.3	49.3	65.8	43.4	55.5	55.7
Gujarat	45.5	46.9	39.4	63.2	65.3	42.3	53.5	51.8
Tamil Nadu	78.6	45.0	48.2	39.6	42.4	56.8	53.6	51.1
Telangana	59.8	41.0	49.3	39.2	52.2	66.9	60.1	50.9
Karnataka	49.0	37.4	46.3	60.3	54.7	37.7	64.2	50.4
Haryana	64.4	48.1	42.6	46.8	54.7	40.7	51.0	50.0
Kerala	96.4	44.8	41.8	38.8	33.9	31.0	56.0	49.0
Andhra Pradesh	53.0	40.9	39.9	32.6	41.5	67.0	64.6	46.0
Punjab	75.0	62.6	35.9	31.2	19.4	49.4	48.9	45.0
Rajasthan	50.2	35.2	39.6	25.9	27.1	59.4	36.2	37.6
Odisha	28.2	28.2	30.5	41.6	66.6	11.5	41.7	36.7
West Bengal	46.3	39.0	28.3	27.3	42.9	38.6	24.3	35.2
Madhya Pradesh	23.4	34.2	22.3	22.7	52.9	57.6	50.2	35.2
Chhattisgarh	24.4	31.5	27.3	31.1	49.1	45.7	41.4	34.8
Uttar Pradesh	20.1	35.3	21.5	20.4	40.7	64.9	24.7	30.7
Jharkhand	18.9	19.9	23.5	33.3	42.4	52.6	24.5	30.1
Bihar	15.8	23.3	16.8	27.5	25.8	13.7	27.4	21.9

Score (Group B)	Social	Infrastructure	Financial Inclusion	Economic	Fiscal	Governance	Environment	Composite Score
Goa	88.7	68.4	61.9	62.8	61.4	26.8	54.6	62.8
Sikkim	74.3	46.8	22.2	62.9	48.9	15.6	63.7	49.3
Himachal Pradesh	80.5	44.8	33.2	36.1	33.8	45.0	75.7	48.1
Uttarakhand	58.7	39.1	29.7	30.9	56.5	46.2	48.9	43.3
Mizoram	68.0	30.1	23.1	24.7	45.4	36.9	52.1	38.8
Arunachal Pradesh	40.6	28.4	16.3	42.7	50.7	17.4	42.0	34.9
Meghalaya	42.2	37.4	24.0	27.9	42.8	28.3	44.1	34.8
Tripura	45.2	38.5	21.3	29.8	38.2	23.1	32.5	33.0
Manipur	51.1	24.7	8.1	28.0	55.3	25.2	32.0	32.2
Assam	24.0	39.6	17.2	23.4	52.3	22.5	34.6	30.3
Nagaland	44.9	28.0	10.4	24.9	34.8	37.7	34.2	29.9

- Calculation of normalised score for each indicator is based on the min-max normalisation method. The normalisation places all indicators within the range of 0 to 100 to make the data comparable.

$$X_{normalised} = \frac{X - X_{minimum}}{X_{maximum} - X_{minimum}} * 100$$

- The normalised scores for some indicators are reversed to ensure that all scores have a consistent direction (higher scores represent better performance).
- Each indicator is assigned a weight and the category score is calculated based on the weighted average of these indicators.
- The composite score is calculated as the weighted average of the broad categories' scores.

INDICATOR LIST

Categories (Pillars)	Weight	Indicators	Weight	Period
Economic	0.20	Per Capita GSDP	0.30	FY21
		GSDP Growth	0.10	FY18-FY20 (Average)
		Industry & Services (% Share in GSVA)	0.10	FY21
		Inflation	0.10	FY20-FY22 (Average)
		FDI/GSDP	0.20	FY21-FY22 (Average)
		IEMs Filed/GSDP	0.10	FY21-FY22 (Average)
		Gross Capital Formation to Gross Value Added (GCF/GVA)	0.10	FY20
Fiscal	0.15	Debt/GSDP	0.30	FY21 (RE)
		Fiscal Deficit /GSDP	0.20	FY22 (RE)
		Revenue Deficit /GSDP	0.10	FY22 (RE)
		Education Expenditure /Total Expenditure	0.05	FY22 (RE)
		Health Expenditure / Total Expenditure	0.05	FY22 (RE)
		Capex / Total Expenditure	0.20	FY22 (RE)
		Maintenance of GRF	0.05	FY22
		CSF (as % of outstanding liabilities)	0.05	FY21 (RE)
Financial Inclusion	0.15	Credit/GSDP	0.20	FY21
		Population/No. of Bank Branches	0.10	FY22
		NBFC Sanctions (As % of GSDP)	0.20	FY21
		Mutual Fund Penetration - AAUM Per capita	0.10	As on September 2022
		Life Insurance Penetration - Number of individual life insurance policies in last 5 years as a % of total population	0.10	FY17 - FY21
		Health Insurance Penetration - Number of persons covered in the last 5 years as a percentage of total population	0.10	FY17 - FY21
		Balance in Pradhan Mantri Jan Dhan Yojana (PMJDY) Account Per Beneficiary	0.10	FY22
		Average Loans Disbursed by Self Help Group (SHGs) during the Year	0.10	FY22

INDICATOR LIST

Categories (Pillars)	Weight	Indicators	Weight	Period
Social	0.15	Gross Enrolment Ratio (Higher Secondary)	0.17	FY22
		Percentage Literate	0.17	FY21
		Poverty Rate	0.17	FY12
		Gini Coefficient	0.17	FY21
		Infant Mortality Rate	0.17	FY21
		Life Expectancy	0.17	2015-19
Infrastructure	0.15	Per Capita Power Availability	0.30	FY22
		Total Population/No. of Airports	0.15	2022
		Road Density	0.15	FY19
		Railways Density	0.15	FY21
		Irrigated Area (Net Irrigated Area/Net Area Sown)	0.05	FY19
		Beds in Government Hospitals / Total Population	0.10	FY20
		No. of Schools / Total Population	0.10	FY22
Governance	0.10	Ease of Doing Business	0.40	2019
		NeSDA Score- Service Portal	0.20	2021
		Court Conviction Rate	0.20	2021
		Police Strength (Total Police Per Lakh of Population)	0.20	2021
Environment	0.10	Air Quality	0.20	2021
		Solid Waste Management Score	0.20	FY21
		Change in Forest Cover	0.20	FY15-FY21
		Renewable Installed Capacity (% in Total)	0.20	As on December 2021
		Sewage Management (Capacity/Generated)	0.10	2020
		Access to Potable Water	0.10	As on November 2022

Note: The time period for each indicator is chosen as per the nature of the variable and data availability

Data Sources: RBI Handbook of Statistics on Indian States, RBI State Finances Report, State Budget Documents, RBI Database on Indian Economy, Department for Promotion of Industry and Internal Trade, Finance Industry Development Council, Association of Mutual Funds of India, Insurance Regulatory and Development Authority of India, National Family Health Survey, Unified District Information System for Education Plus (UDISE+), Airports Authority of India, Department of Administrative Reforms and Public Grievances, Bureau of Police Research & Development, Jal Jeevan Mission Dashboard, Central Pollution Control Board, Ministry of Power, Ministry of Statistics and Programme Implementation, States of India (CMIE), CEIC.

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ABOUT US

CareEdge is a knowledge-based analytical group that aims to provide superior insights based on technology, data analytics and detailed research. CARE Ratings Ltd, the parent company in the group, is one of the leading credit rating agencies in India. Established in 1993, it has a credible track record of rating companies across multiple sectors and has played a pivotal role in developing the corporate debt market in India. The wholly-owned subsidiaries of CARE Ratings are (I) CARE Advisory, Research & Training Ltd, which offers customised advisory services, credible business research and analytical services (II) CARE Risk Solutions Private Ltd, which provides risk management solutions.

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