

Impact of Infrastructural Development on Socio-Economic Growth: An Empirical Investigation in India

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Abstract : The study attempts to find out the impact of infrastructural investment on state economic growth in India. It further tries to determine the magnitude of the impact of infrastructural investment on economic indicator, i.e., per-capita income (PCI) in Indian States. The study uses panel regression technique to measure the impact of infrastructural investment on per-capita income (PCI) in Indian States. Panel regression technique helps incorporate both the cross-section and time-series aspects of the dataset. In order to analyze the difference in impact of the explanatory variables on the explained variables across states, the study uses Fixed Effect Panel Regression Model. The conclusions of the study are that infrastructural investment has a desirable impact on economic development and that the impact is different for different states in India. We analyze time series data (annual frequency) ranging from 1991 to 2010. The study reveals that the infrastructural investment significantly explains the variation of economic indicators.

Keywords : infrastructural investment, multiple regression, panel regression techniques, economic development, fixed effect dummy variable model

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