

Infrastructural Investment and Economic Growth in Indian States: A Panel Data Analysis

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Abstract : The study is focused to find out the impact of infrastructural investment on economic development in Indian states. The study uses panel data analysis to measure the impact of infrastructural investment on Real Gross Domestic Product in Indian States. Panel data analysis incorporates Unit Root Test, Cointegration Teat, Pooled Ordinary Least Squares, Fixed Effect Approach, Random Effect Approach, Hausman Test. The study analyzes panel data (annual in frequency) ranging from 1991 to 2012 and concludes that infrastructural investment has a desirable impact on economic development in Indian. Finally, the study reveals that the infrastructural investment significantly explains the variation of economic indicator.

Keywords : infrastructural investment, real GDP, unit root test, cointegration teat, pooled ordinary least squares, fixed effect approach, random effect approach, Hausman test

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