

ABSTRACT

The Indian political system has often emerged as the centre for conflicting opinions and yet regarded as one of the most powerful democracies in the world. In such a party diverse country like India it is quite obvious that political turmoil and vacillating ideologies play a key role in the growth of Indian states. This study investigates the role of politics in growth on an inter-state basis in India. The model adopted for the study is a fixed effects panel data model. Unlike the research done in the past, this study finds out that growth in states is positively related to political instability. A healthy democracy cushioned by large number of parties along with a powerful ruling party is beneficial to the state's growth. Thus the paper brings into limelight that when political complacency takes the better of political competitiveness, political stability may not be the most acceptable idea behind boosting growth.