

**OUTPUT PERFORMANCE OF INDIAN STATES:
A STOCHASTIC FRONTIER APPROACH**

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ABSTRACT

In this study an attempt has been made to measure the efficiency of 15 major states in producing Gross State Domestic Product (GSDP). It specifies a production frontier and employ's a stochastic frontier approach for a panel data from 1993 to 2002. The results indicate that mean efficiency of states increases year by year. Their efficiency values of the states indicate that there is a scope for increasing GSDP by employing existing resources effectively. The share of non primary sector in GSDP, literacy rate and infrastructure variables are positively influencing efficiency.