Inequality, Decomposition of Inequality and Stationarity of State Domestic Product: An Empirical Evidence from Twenty Indian States

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In this paper an attempt has been made to detect stationarity and inequality of the State Domestic Product among twenty states of Indian Federal System. For the purpose, time series and panel data has been utilised. Inequality in SDP and per capita SDP among states has been estimated with the help of Gini coefficient, generalized entropy indices and Atkinsion indices. An attempt has been made to decompose inequality by using panel data. Indices of inequality are higher for SDP in comparison with per capita SDP. All the indices of within group inequality are higher than between group for SDP while it is vice ~ versa for per capita SDP. Percentile Ratios', Generalized Entropy Indices and Atkison Indices reveal the presence of unit root at level and zero lag which shows the inequality among states are not stationary during the period under study.