

ECONOMIC DEVELOPMENT AND GOVERNANCE: A PREREQUISITE CONDITION FOR INDUSTRIAL DEVELOPMENT IN TRIPURA, INDIA

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ABSTRACT

Economic development and good governance of any developing country positively affect internal security and economic stability of that country, which is one of the pre-requisite conditions of sustainable industrial development and ensure employment generation. Industrial development in return speed-up economic development and improves the quality of governance. Under such circumstances, the present study using Auto-regressive Distributed Lag (ARDL) model based on thirty-seven years (1983-84 to 2020-21) time series data of the state of Tripura, a tiny north-eastern state of India, to empirically find out the relationship between economic development and governance so that the basis of industrial development may be built-up or not. The study finds that there is positive and bidirectional causal relationship between economic development and governance in the long run. In the short-run, no relationship is found between them. This study may be an example that the practice of good governance and economic development in the long run can create and improve a primary base of industrial development of Tripura and other north-eastern states of India, where the progress and growth of industrial sector are lagging behind.

KEYWORDS: ARDL Model, Economic Development, Governance, Industrial Development

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