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REVIEWER'S REPORT

Manuscript No.: IJAR- 59894

Title: Structural Change in Nominal State Domestic Product in India: A Segmented-Trend Analysis, 2012-13 to 2023-24.

Recommendation:

Accept after minor revision.

Rating	Excel.	Good	Fair	Poor
Originality	✓			
Techn. Quality	✓			
Clarity	✓			
Significance	✓			

Reviewer Name: Dr. Bishwajit Rout

Reviewer's Comment for Publication.

(*To be published with the manuscript in the journal*)

The reviewer is requested to provide a brief comment (3-4 lines) highlighting the significance, strengths, or key insights of the manuscript. This comment will be Displayed in the journal publication alongside with the reviewers name.

1. **Significance**: The study is significant because it questions whether nominal growth represents regional economic recovery. By comparing pre- and post-2020–21 trends across states and distinguishing nominal GSDP from real output, it highlights how inflation can make recovery appear stronger than production performance. This perspective is relevant to regional development assessment, economic monitoring, and evaluation of state-level growth trajectories in India.

2. **Strength**: A strength is the integration of fixed-date segmented regression with an unknown-break search and cross-state comparisons. The manuscript distinguishes changes in average growth from changes in the underlying trend, a useful distinction. Its comparison of nominal GSDP, real GSDP, and the implicit deflator adds depth, while the authors acknowledge the exploratory nature of inference based on limited annual observations.

3. **Key Insight**: The central insight is that aggregate nominal GSDP can approach its earlier trend even when real output remains below that benchmark. The reported divergence suggests that price movements account for a part of the recovery. Moreover, unchanged aggregate average growth can coexist with weaker average performance across individual states, demonstrating why national indicators alone may conceal regional economic disparities.

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Reviewer's Comment / Report

The paper titled *"Structural Change in Nominal State Domestic Product in India: A Segmented-Trend Analysis, 2012-13 to 2023-24."* analyses structural change in India's nominal Gross State Domestic Product from 2012-13 to 2023-24 using a log-linear segmented-trend model with a break at 2020-21. Drawing on MoSPI data for 30 states and union territories, it finds a statistically significant level drop of about 12% followed by a steeper post-break slope, producing a V-shaped recovery. Mean growth rates remained nearly unchanged, yet the trend break is confirmed by Chow and sup-F tests. Real GSDP shows a similar pattern but remains below its pre-break path, indicating that much of the nominal catch-up reflects price effects rather than real output gains.

Suggestions for Improvement:

1. Strengthen the motivation with recent state-level economic evidence.
2. Clearly distinguish structural change from temporary economic fluctuations.
3. Justify the selected econometric specification more comprehensively.
4. Explain the implications of estimating four parameters using only twelve observations, particularly regarding statistical power, coefficient stability, and inference reliability.
5. Report the exact critical values and inference procedure used for the sup-F test, including appropriate corrections for searching across candidate break dates.
6. Explain the economic significance of observed growth fluctuations.
7. Explain why the sharp rebound in 2021–22 should be interpreted cautiously, considering the unusually depressed economic base during pandemic disruptions.
8. Discuss whether the observed growth differences reflect variations in industrial composition, services-sector exposure, fiscal capacity, or regional economic resilience.
9. Provide confidence intervals for the estimated coefficients and trend deviations to demonstrate the precision and uncertainty surrounding the reported structural changes.
10. Explain why the unchanged aggregate average growth rate does not contradict the statistically significant level and slope shifts.
11. Present the complete sup-F statistics for all candidate years to demonstrate transparently how strongly 2020-21 dominates alternative break dates.
12. Include a comprehensive state-wise comparison of estimated level shifts, slope changes, break dates, and statistical significance to strengthen cross-regional interpretation.

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The manuscript examines an important question concerning structural changes in Indian state-level economic performance and offers useful evidence distinguishing nominal recovery from real output recovery. Its segmented-trend approach and cross-state comparisons have potential. However, substantial revisions are necessary, particularly regarding small-sample inference, unknown-break critical values, data coverage, coefficient interpretation, and regional explanations. I recommend minor revision at present, with publication reconsidered after methodological clarification, additional robustness analysis, and improved discussion. I therefore recommend minor revision before further publication consideration. Addressing the identified weaknesses will make it suitable for publication in IJAR.

I recommend this paper for publication after minor revision.