



Chapter 1

Himachal Pradesh: A Profile

A brief overview of the evolution of Himachal Pradesh as a state, its geographical location and economy, can provide the background to issues discussed in the *State Development Report of Himachal Pradesh*. This chapter places the state in the national context and also deals with the problems of its intra-regional disparities, resources and the physical, social and economic infrastructures necessary for its all round development.

The history of human settlement in Himachal Pradesh goes back to the palaeolithic period of which stone tools and flakes have been discovered in the valleys of the Sutlej and Beas rivers and also in the foothill zone of the Shivalik hills. Numerous tribes settled in different parts of the region. The recorded history begins with effect from the Maurya period, that is 4th Century B.C., when this part of India was an outlier of Chandragupta's kingdom. Throughout its history, the present territory of Himachal Pradesh remained segmented into a number of principalities, usually under the hegemony of an empire centered at Delhi. The area has also been a refuge for several freedom-loving population groups/castes, particularly *Rajputs* and *Brahmins* who refused to live under the imperial authority centered at Delhi. They settled in specific parts of this region, which took the form of small/tiny states under the chieftdom of *Rajput* princes. The colonial empire brought them under the hegemony of the British Crown in 1859. They continued enjoying a degree of autonomy but were essentially in the nature of feudatory states. On the eve of Independence of India, half of the present territory of Himachal Pradesh was divided into 30 princely states and the other half was a part of the Punjab province of the British Empire. Himachal Pradesh acquired its present disposition in phases over time after independence.

Himachal now is one of the most dynamic hill states of India. It scores significantly high on indicators of

human development. Its resources of forests, fruits, minerals, health resorts, and hydel power hold the promise of great progress. Natural assets for tourism in the state are ideal. It has its own rich culture, physiography suited to almost all types of crops and fruits, and an independent administrative identity. Its notable accomplishments have been in literacy, agriculture, horticulture, roads, forests, hydel power generation and tourism. The state is called 'the apple belt' of India. Its vast potential for hydel power generation, because of its locational advantage, has attracted the attention of the entire nation, as a major resource awaiting full exploitation. Its physical diversity, its climate and its peaceful environment can derive high economic value from the development of the tourist industry.

Himachal Pradesh in the National Context

Himachal Pradesh with an area of 55,673 sq. km. is one of the smaller states of India (Table 1.1). It ranks 17th among the States and Union Territories in terms of area, which is one-sixth of the largest state - Rajasthan. With a population of 60.8 lakh, Himachal Pradesh ranks 21st among the States and Union Territories. That its population is 27 times below that of the most populous state, Uttar Pradesh, is an indicator of its smallness.

The state accounted for 1.7 per cent of the total area of the country and 0.59 per cent of the total population in 2001. With a density of 109 persons per sq. km., it ranks 28th among the states and Union Territories which is much below the all-India average of 324 persons per sq. km.

The urban population constitutes 9.79 per cent of the total population of the state, the lowest among all States and Union Territories. Almost eight out of every

TABLE 1.1
Status of Himachal Pradesh on Selected Parameters in India, 1999-2001

States/Union Territories	Area* (in sq. km.)	Population#	Density# (persons per sq. km.)	Urban Population# (in per cent)	Literate# (in per cent)	Per Capita Income## (Rs.) 2000-01 (P) at 1993-94 Base
India	32,87,263	102,70,15,247	324	27.78	65.38	10306
<i>States</i>						
Andhra Pradesh	2,75,069	7,57,27,541	275	28.08	61.11	9697
Arunachal Pradesh	83,743	10,91,117	13	20.41	54.74	—
Assam	78,438	2,66,38,407	340	12.72	64.28	6157
Bihar	94,163	8,28,78,798	880	10.47	47.53	4345
Chhattisgarh	1,35,133	2,07,95,956	154	20.08	65.18	*
Goa	3,702	13,43,998	363	47.77	82.32	26106
Gujarat	1,96,024	5,05,96,992	258	37.35	69.97	12975
Haryana	44,212	2,1,082,989	477	29	68.59	14331
Himachal Pradesh	55,673	60,77,248	109	9.79	77.13	10942
Jammu and Kashmir	2,22,236	1,00,69,917	99	24.88	54.46	7383
Jharkhand	79,714	2,69,09,428	338	22.25	54.13	*
Karnataka	1,91,791	5,27,33,958	275	33.98	67.04	11910
Kerala	38,863	3,18,38,619	819	25.97	90.92	10712
Madhya Pradesh	3,08,000	6,03,85,118	196	26.67	64.11	7003
Maharashtra	3,07,713	9,67,52,247	314	42.4	77.27	15,172
Manipur	22,429	23,88,634	107	23.88	68.87	—
Meghalaya	22,429	23,06,069	103	19.63	63.31	8460
Mizoram	21,087	8,91,058	42	49.5	88.49	—
Nagaland	16,579	19,88,636	120	17.74	67.11	—
Orissa	1,55,707	3,67,06,920	236	14.97	63.61	5187
Punjab	50,362	2,42,89,296	482	33.95	69.95	14916
Rajasthan	3,42,239	5,64,73,122	165	23.38	61.03	7932
Sikkim	7,096	5,40,493	76	11.1	69.98	—
Tamil Nadu	1,30,058	6,21,10,839	478	43.86	73.47	—
Tripura	10,491	31,91,168	304	17.02	73.66	9372
Uttar Pradesh	2,38,566	16,60,52,859	689	20.78	57.36	5770
Uttaranchal	53,484	84,79,562	159	25.59	72.28	*
West Bengal	88,752	8,02,21,171	904	28.03	69.22	9778
<i>Union Territories</i>						
Andaman and Nicobar Islands	8,249	3,56,265	43	32.67	81.18	*
Chandigarh	114	9,00,914	7903	89.78	81.76	29208
Dadra and Nagar Haveli	491	2,20,451	449	22.89	60.03	*
Daman and Diu	112	1,58,059	1411	36.26	81.09	*
Delhi	1,483	1,37,82,976	9294	93.01	81.82	*
Lakshadweep	32	60,595	1894	44.47	87.52	*
Pondicherry	492	9,73,829	2029	66.57	81.49	*

Source: # - Census of India, 2001, Provisional Population Totals, Paper-1 of 2001, DCO, Punjab.

- Statistical Abstract of Punjab, 2002, Economic Advisor to Government of Punjab, Chandigarh.

* - Ministry of Information and Broadcasting (2003): India 2002, A Reference Annual, Publication Division, Government of India, New Delhi.

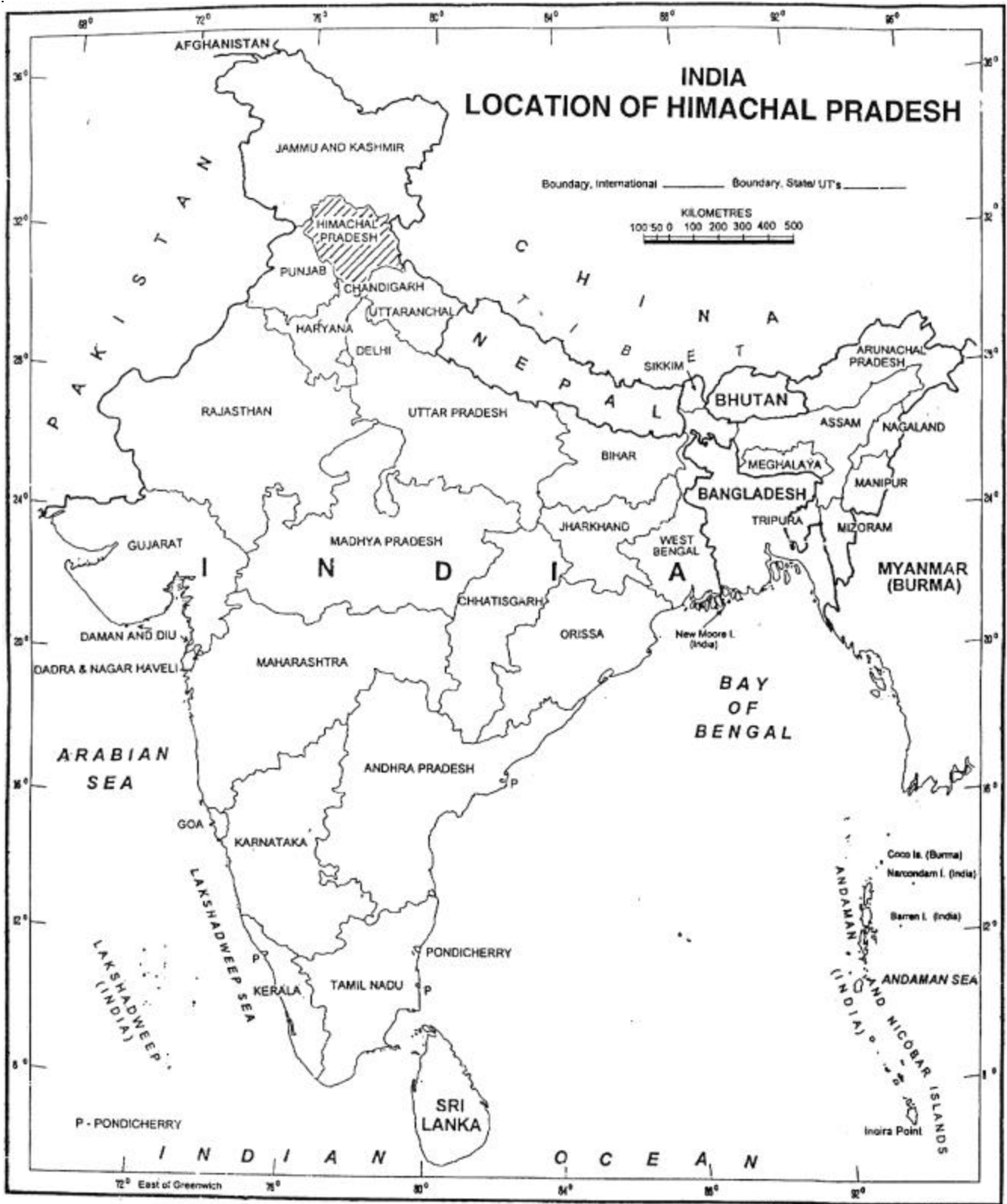
ten persons in the state are literate, and it ranks 11th in terms of literacy.

Evolution of the State

Historically, Himachal Pradesh has not only experienced different stages of social transformation, but has also seen many changes in its size and administrative structure. Comprising 30 princely states, it came into existence as a Chief Commissioners

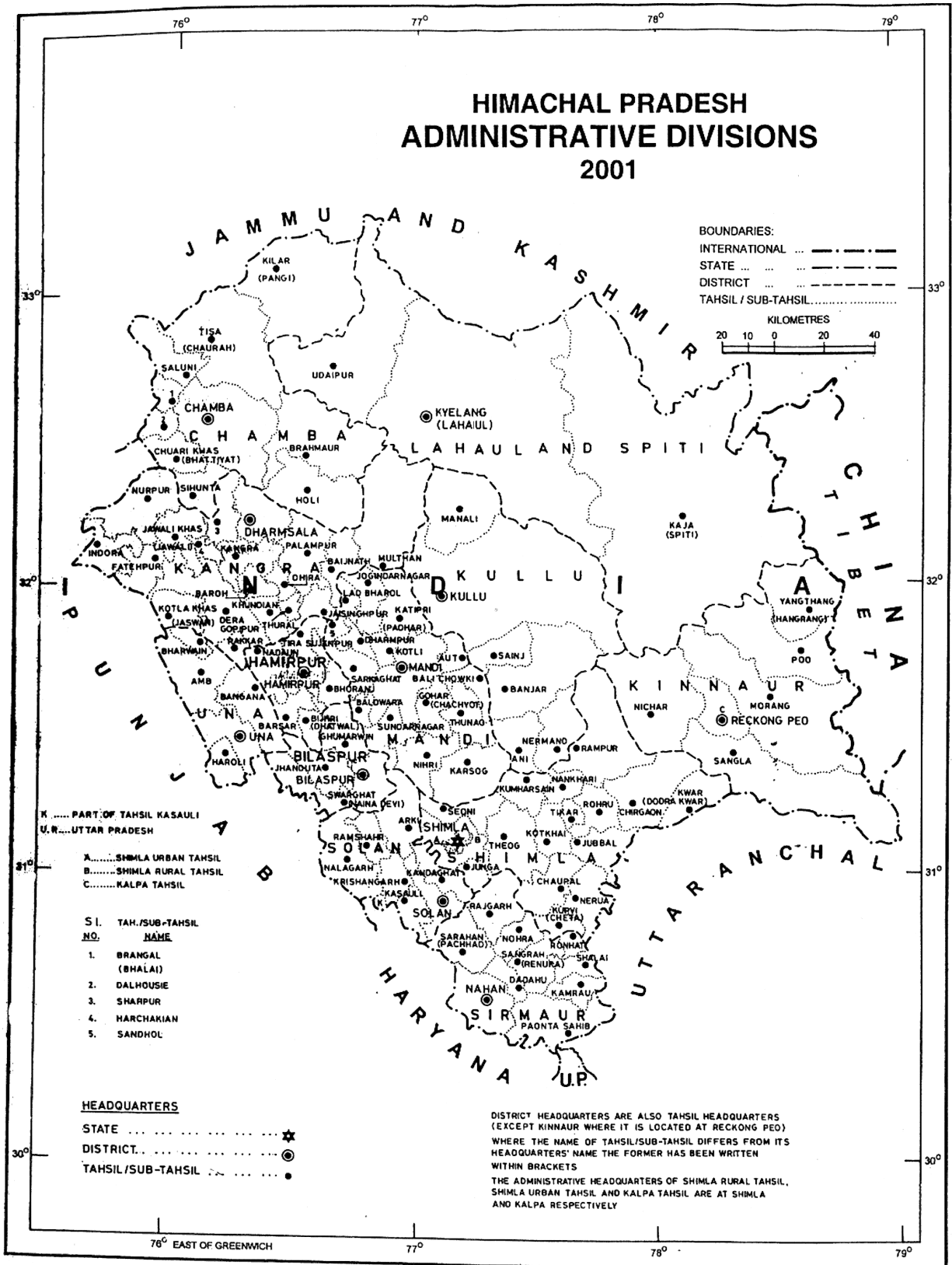
Province in 1948, and graduated through a number of stages of administrative transformation to a full-fledged state of the Indian Union in 1971. To start with, it consisted of four districts — Chamba, Mahasu, Mandi and Sirmour. Under the rule of the princes, this region suffered from the worst kind of feudal exploitation. The rulers did not consider it necessary to develop their territories, by utilising the available wealth of natural resources (M.G. Singh, 1985). Since its formation

MAP 1.1



Source: Census of India, 2001, Provisional Population Totals, Paper 1 of 2001, Himachal Pradesh, Directorate of Census Operations Himachal Pradesh.

MAP 1.2



Source: Census of India, 2001, Provisional Population Totals, Paper 1 of 2001, Himachal Pradesh, Directorate of Census Operations, Himachal Pradesh.

Himachal has, however, attained a high level of overall development.

The changes in size and the administrative structure that the state has gone through between 1948 and 1971 have influenced the level and pace of its development. Himachal inherited a primitive economic system from its feudal structure, and an inadequate institutional framework, which constituted a weak base for socio-economic development. Thus, at the initial stages the state was at a disadvantage in relation to the rest of the country in pursuing the process of development. In this context, the institutional task of setting up an integrated administration, transforming a feudal system into a modern democratic one, necessitating the abolition of all feudal practices and laws, was certainly fairly difficult (L.R. Sharma, 1985).

The merger of the princely state of Bilaspur in 1954 enlarged the geographical area of Himachal Pradesh and increased the number of its districts to five. In 1960, a new district of Kinnaur was carved out of Mahasu district.

The states reorganisation of 1966 transferred parts of Punjab (Ambala, Hoshiarpur and Gurdaspur) to Himachal Pradesh, adding three more districts, namely, Kangra, Kullu, and Lahaul and Spiti. These areas were under the direct administration of the British Government before independence and were far behind the other progressive regions of Punjab and failed to achieve substantial economic development, until their integration with Himachal Pradesh (M.G. Singh, 1985).

On 25 January 1971, the state was granted full-fledged statehood. Una and Hamirpur districts were carved out of Kangra district and Mahasu district was divided into Shimla and Solan districts on September 1, 1972. The people of the state classify themselves into two sub-regional identities: the old Himachal Pradesh and the new Himachal Pradesh. The erstwhile princely states constitute the old Himachal and territories that were earlier part of Punjab, form the new areas. The former is less developed than the latter.

There has been no change in the number of districts since 1972, even though there are substantial variations in area and population of the districts. Lahaul and Spiti, with an area of 13,835 sq. km. is the largest district. It contains 24.85 per cent of the state's area followed by Chamba with 11.72 per cent (Table 1.2). Hamirpur with 2.01 per cent of the area of the state is at the bottom with Bilaspur (2.1 per cent) coming next. However, these rankings become totally different, once the population is taken into account. Lahaul and Spiti,

which occupies the first place in terms of area, is relegated to the last position with a population of 33,224, Kinnaur with 83,950 coming next. Chamba, the second largest in area, occupies the fifth position in terms of population. Almost half the population lives in three districts — Kangra, Mandi and Shimla and the bottom three districts of Lahaul and Spiti, Kinnaur and Bilaspur, share 7.54 per cent of the state's population. These variations in the land-man ratio are reflected in the density of population. The low density of population in the larger districts is due to the limited arable land, unfavorable physio-geographical conditions, poor means of transport and communication, hostile climate and the low level of economic development.

TABLE 1.2
District-wise Status of Selected Parameters
in Himachal Pradesh, 2001

District	Area (in 000 sq. km.)	Population	Density (persons per sq. km.)	Urban Population (in per cent)	Literates (in per cent)
Kangra	5,739	13,38,536	233	5.39	80.68
Mandi	3,950	9,00,987	228	6.77	75.86
Shimla	5,131	7,21,745	141	23.12	79.68
Solan	1,936	4,99,380	258	18.26	77.16
Chamba	6,528	4,60,499	71	7.50	63.73
Sirmaur	2,825	4,58,351	162	10.38	70.85
Una	1,540	4,47,967	291	8.80	81.09
Hamirpur	1,118	4,12,009	369	7.32	83.16
Kullu	5503	3,79,865	69	7.92	73.36
Bilaspur	1,167	3,40,735	292	6.44	78.80
Kinnaur**	6,401	8,3,950	13	—	NA
Lahaul and Spiti	13,835	33,224	2	—	73.17

Source: Census of India, 2001, Provisional Population Totals, Paper 1 of 2001, Himachal Pradesh, Directorate of Census Operations Himachal Pradesh.

Note: ** - Based on projected population, N.A. - Not available

Shimla with a population of 1,44,578 is the only class 1 town (with a population of more than 1,00,000) in the state. Lahaul and Spiti and Kinnaur districts have no urban centres. The pattern of urbanisation in Himachal Pradesh is different from that of the neighbouring states of Punjab and Haryana. Its undulating topography prevents the development of big towns and is more conducive to smaller towns. One-fourth of the state's urban population lives in Shimla and 31 per cent in Class V and Class VI towns. Shimla, Solan and Kangra districts together share half the urban population of the state.

Hamirpur district with 83 per cent of literates is at the top of the literacy chart, closely followed by Una

(81.1 per cent) and Kangra (80.1 per cent) while Chamba with 64 per cent literates is at the bottom.

The state is a linguistic unit inhabited by Hindi speaking people. It had a population of 60.7 lakh in 2001 distributed in 20,729 villages and 57 towns. Administratively, it is divided into 12 districts, 75 *tehsils* and 75 blocks. The city of Shimla is the capital of the state.

Physical Setting

The state took its name Himachal from the Himalayas. Himachal Pradesh is a hilly and mountainous state situated between 30° 22' and 33° 12' north latitude and 75° 47' and 79° 4' east longitude. Its neighbours are Jammu and Kashmir in the north, Punjab in the west and southwest, Haryana and Uttar Pradesh in the south and Tibet in the east. The territory of the state is mountainous, except for a few pockets bordering Punjab and Haryana, which have a sub-mountainous topography. Altitude in different areas ranges from 350 to 7000 metres above the mean sea level. Wide differences in geo-physical features account for considerable variation in the climate and rainfall of different sub-regions of the state. Physiographically, the state is part of the Himalayan system. From south to north it can be topographically divided into three zones:

- 1) The Shivaliks or outer Himalayas,
- 2) Inner Himalayas or mid-mountains, and
- 3) Alpine zone or the greater Himalayas.

The lower hills of Kangra, Hamirpur, Una, Bilaspur and the lower parts of Mandi, Solan and Sirmaur districts are part of the Shivalik range. The altitude of this zone varies from 350 metres to 1500 metres above the mean sea level. The annual rainfall varies from 1500 mm. to 1800 mm. Since it is made up of consolidated deposits, which can erode easily, the zone experiences deforestation and a high rate of soil erosion. It is suitable for the cultivation of maize, wheat, ginger, sugarcane, paddy, table potatoes and citrus fruits.

The altitude of the inner Himalayas or the mid-mountains ranges between 1500 metres and 4500 metres above mean sea level. This zone includes areas such as the upper parts of Pachhad and Renuka in Sirmaur district, Chachiot and Karsog *tehsil* of Mandi district, and upper parts of Churah *tehsil* of Chamba district. The quality of soil in these areas ranges from silty loam to clay loam to dark brown colour and is useful for seed potatoes and temperate fruits. From the

horticultural point of view, this area is suitable for stone and soft fruits.

The greater Himalayas or the Alpine zone has an altitude of 4500 metres above mean sea level. This area comprises Kinnaur district, Pangi *tehsil* of Chamba district and some areas of Lahaul and Spiti. Rainfall is scanty in this zone. The soil has high texture with variable fertility. The climate is temperate and semi-arctic in winter. The climate and the soil are best suited to the cultivation of dry fruits. From October to March-April, this zone remains cut off from the rest of the world.

The climate of Himachal Pradesh varies from semi-tropical to the semi-arctic depending on the altitude. It has three seasons, which have an impact on its economic development. The rainy season lasts from July to September, winter from October to March and summer from April to June. During summer, there is an influx of tourists to the state both from within the country and abroad.

Five perennial rivers — Sutlej, Beas, Ravi, Chenab and Yamuna — flow through the state. The river system in the Himalayas cannot be exploited for irrigation as fully as in the plains, but it is the source of water for the Indus river basin. The undulating terrain limits the utility of these rivers for irrigation. During the rains, the flow in the rivers is heavy and in winter, with snowfall and the water frozen at higher altitudes, they shrink into narrow streams. These rivers, however, provide ample scope for the generation of hydel power.

The diversity of altitude and climate has given Himachal Pradesh a rich variety of flora. Covering nearly two-thirds of the total area of the state, forests form an important source of income, providing raw material for industries, fodder and nutritious grasses for livestock and resources to meet the needs of agriculturists and other people. They are also a source of herbs and drugs. The physiography of the state also determines its economic potential. Agriculture in general is handicapped by the steep and hilly terrain, hazards of climate, small and scattered holdings, thin stony soil, limited irrigation and a limited cultivated area, only about 10 per cent. There is little scope for expanding the cultivated area. However, the state has overcome absence of adequate land, by resort to horticulture and optimal use of the cultivated area.

Despite sufficient resources in particular areas, Himachal's industrial potential is one of the least in India. Only a small proportion of the population is

engaged in industry. Its remote location, geographic conditions, such as difficult terrain and severe winter, lack of transport facilities and other infrastructure, have thwarted industrial development. However, industry is gradually picking up, even in these difficult conditions.

There are some additional constraints, associated with the geographical features and climate of a hilly region. These are for instance, shorter productive man-years and lower physical productivity at high altitudes, and the difficulty in developing alternative means of transport and communication with the existing technology.

Economic Development

In this section we have tried to explain the long-term economic development trends through such indicators as income-growth, structural composition of the income, per capita income and poverty.

It is important to have an understanding of the socio-economic base of the state at the time of its formation and even before that. Himachal Pradesh requires a different kind of approach for its economic development. The hill areas, because of their peripheral location have been neglected in the past. Himachal Pradesh was no exception and the state started with the disadvantage of a weak economic and institutional base, and a low level of catalytic skills of the people to provide services such as roads and transport, banking, medical and health, which can create conditions for modern development. In fact, Himachal's surfaced road-length per one lakh population (8.5 km.) in 1950-51 was the lowest in India. Per capita consumption of electricity in 1948 was 0.99 kwh as against the national average of 17.8 kwh (L. R. Sharma, 1987). It was only after the formation of Himachal Pradesh that the people and government of this hilly region began to make concerted efforts to improve their own economic condition and that of the state (M.G. Singh, 1985).

The planning process at the national and the state level aimed at achieving a more balanced growth. The attempt through the five year plans has been to give a boost to economies of states by investing in relatively backward areas. Himachal Pradesh is one of the eleven special category states in the country, eligible for such special assistance.

During the First Five Year Plan, Himachal grew at an annual rate of 1.6 per cent as against the national average of 3.6 per cent (Table 1.3). In the Third Plan, the growth rate was slightly higher at the national level.

TABLE 1.3
Growth Rate of Himachal Pradesh and National Economy
During Five Year Plans

Plan Period	Himachal Pradesh	All India	H.P./India Ratio
First Plan (1951-56)	1.6	3.6	0.44
Second Plan (1956-61)	4.4	4.1	1.07
Third Plan (1961-66)	3.0	2.4	1.25
Annual Plans	-	4.1	
Fourth Plan (1969-74)	3.0	3.4	0.88
Fifth Plan (1974-78)	4.6	5.2	0.88
Annual Plans (1978-79 to 1979-80)	3.6	0.2	18.00
Sixth Plan (1980-85)	3.0	5.3	0.57
Seventh Plan (1985-90)	8.8	6.0	1.47
Annual Plan (1990-91)	3.9	5.4	0.72
Annual Plan (1991-92)	0.4	0.8	0.50
Eighth Plan (1992-97)	6.3	6.2	1.02
Ninth Plan (1997-2002)	6.2	5.4	1.15
1997-98	6.4	5.0	1.28
1998-99	7.2	6.6	1.09
1999-00	6.6	6.6	1.00
2000-01 (revised)	6.2	4.4	1.41
2001-02 (quick)	5.1	5.6	0.91

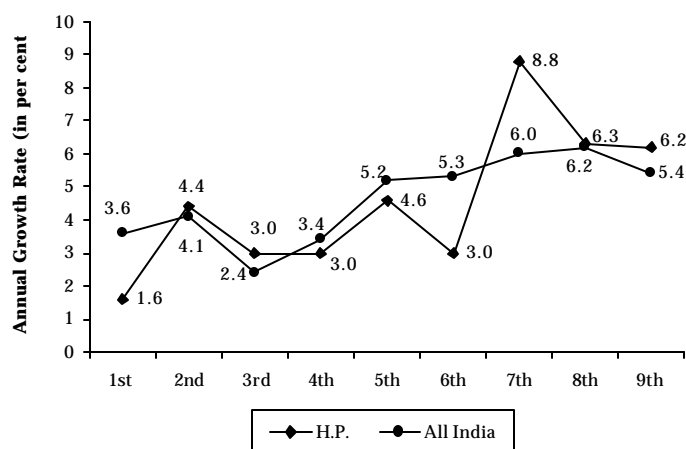
Source: *Economic Survey, 2002-03*, Department of Economics and Statistics, Himachal Pradesh.

Its recognition as a full-fledged state of the Indian Union in 1971 gave a new direction to the pace of development in Himachal Pradesh. So far the Union Government had treated it as any other Union Territory, from each one of which Himachal differed greatly in many respects. (Planning Commission, H.P., Fourth Plan). The rate of economic growth was slower than that of the national economy, because the development of Himachal Pradesh in its initial stages, required heavy investments in certain fields without considerations of immediate results. It was visualised that if those fields were fully developed, the rest would follow. In the post-1971 period up to the Sixth Plan (1980-85), the state economy grew at a slower pace than the national. Then, as visualised, it picked up and grew at a rate faster than the national average. In the Sixth Plan, the rate of growth of the state's economy was almost half the national average. By the Seventh Plan, the scenario had reversed. Economic growth of the state was almost 1.5 times that of the national average. In the Ninth Plan, the state's economy grew at an annual rate of 6.4 per cent as against 5.4 per cent at the national level (Figure 1.1).

A comparison of the economic growth with neighbouring Haryana and Punjab indicated that the

FIGURE 1.1

**Growth Rate of Himachal Pradesh and Indian Economy
During Five Year Plans**



Source: *Economic Survey, 2002-03*, Department of Economics and Statistics, Himachal Pradesh.

economy of Himachal grew at a relatively faster rate during the decade of the nineties (Table 1.4) than in the eighties. In the eighties, the state's economy grew at an annual rate of five per cent per annum, which increased to 6.7 per cent by the nineties. The corresponding figures at the national level were 5.6 per cent and 6.8 per cent. During the same decade, the growth rate in the neighbouring hilly state of Jammu and Kashmir was lower than that of Himachal Pradesh.

TABLE 1.4

**Trends in the Rate of Growth in Gross Domestic Product
in Himachal Pradesh, Neighbouring States and India
During the Eighties and Nineties**

States	1980-81 to 1990-91	1993-94 to 1998-99
Himachal Pradesh	5.0	6.7
Haryana	6.2	5.8
Punjab	5.4	5.0
Jammu and Kashmir	2.2	4.7
India	5.6	6.8

Source: *Tenth Five Year Plan*, Planning Commission, Government of India, New Delhi.

State Domestic Product

The growth of a state's domestic product (SDP) is considered the single most important indicator of economic development. For want of comparable data on a single base since 1950-51, a detailed analysis has been done only for the period after the formation of the state. However, on the 1950-51 base, the average

annual growth rate of the Himachal Pradesh income during 1950-51 to 1965-66 was 3.4 per cent as against 3.9 per cent at the all-India level.

The new series data on the 1993-94 base indicate that during the last three decades, since the formation of the state (1970-71 to 2000-01), the SDP has grown at an annual rate of 4.27 per cent (Table 1.5). A breakdown of the SDP growth reveals that the annual rate has been the highest (6.39%) between 1985-86 and 1990-91 as against lowest of 2.44 per cent between 1975-76 and 1980-81.

The primary sector has grown at an annual rate of 1.56 per cent, the secondary at 6.11 per cent and the tertiary at 6.17 per cent during the last three-decades. The growth of the state's economy has depended mostly on the performance of the agricultural sector. The state's economic growth was the highest (6.4%) between 1985-86 and 1990-91. This was the time when the growth of the agricultural sector was also the highest (4.72%). Similarly, between 1975-76 and 1980-81, the annual rate of growth was the lowest (2.44%). This was the period when the agricultural sector experienced a negative growth (-0.34%).

The rate of growth of real estate, ownership of dwellings and business services (2.83%) and agricultural and animal husbandry (1.89%) has been below the state average during the last three decades. Forestry and logging experienced a negative growth (-0.15%), because of the state policy of conservation. The mid-eighties marked a significant turning point in the management of forests in the state. Conservation assumed importance and green felling for commercial purposes was banned. From 1980-81 to 1985-86, this sector experienced a negative growth of -8.23 per cent.

Sectors that recorded a rate of growth higher than the state average were electricity, gas and water supply (21%), mining and quarrying (13.46%), banking and insurance (11.69%), fishing (8.72%), trade, hotels and restaurants (7.93%), manufacturing (6.91%), public administration (6.52%), transport, storage and communication (4.89%) and construction (4.74%) (Figure 1.2).

The production structure of the state in 1950-51 was highly unbalanced, even more than what it was at the national level. Agriculture, industry and services contributed 69.4 per cent, 17.3 per cent and 13.2 per cent respectively to the state domestic product. The corresponding figures at the national level were 51.3 per cent, 33.1 per cent and 15.8 per cent respectively.

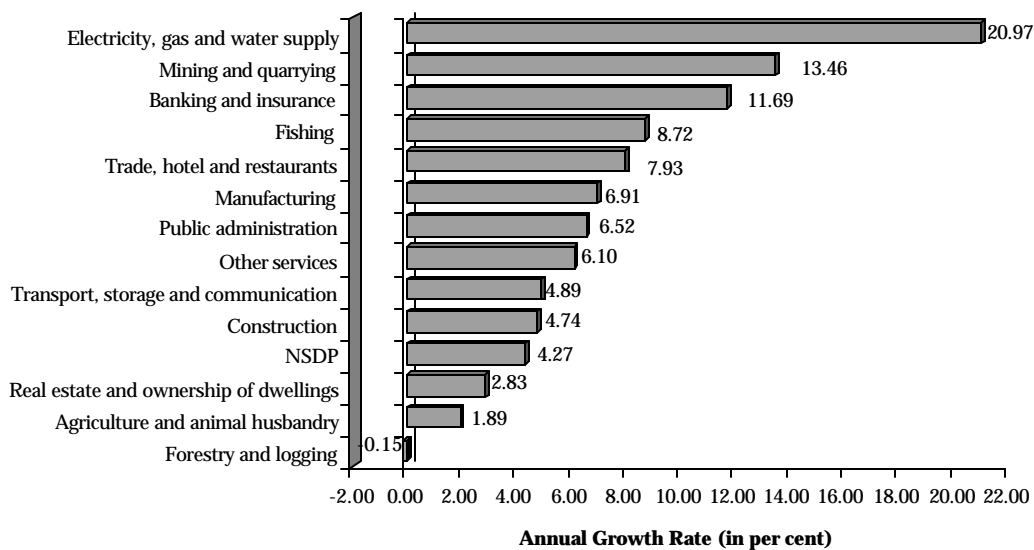
TABLE 1.5
Sectoral Rates of Growth in Himachal Pradesh, 1970-71 to 2000-01

(At 1993-94 Constant Prices)

	1970-71 to 1975-76	1975-76 to 1980-81	1980-81 to 1985-86	1985-86 to 1990-91	1990-91 to 1995-96	1995-96 to 2000-01	1970-71 to 2000-01
A. Primary							
Agriculture and animal husbandry	4.63	-1.10	2.70	4.37	-0.75	1.67	1.89
Forestry and logging	-1.87	0.56	-8.23	5.52	4.40	-0.63	-0.15
Fishing	7.78	33.02	4.87	10.30	0.67	-1.10	8.72
Mining and quarrying	15.56	41.04	15.65	8.12	-4.64	9.77	13.46
Total (A)	2.85	-0.34	0.68	4.72	0.06	1.47	1.56
B. Secondary							
Manufacturing	-1.59	-9.36	15.07	15.59	15.82	8.69	6.91
Registered	-5.91	-4.28	22.48	19.46	16.39	9.17	8.97
Unregistered	1.39	-12.72	6.54	7.20	14.02	7.03	3.56
Construction	4.11	7.75	-0.85	2.83	8.63	6.28	4.74
Electricity, gas and water supply	26.01	15.79	48.22	13.54	16.89	3.47	20.97
Total (B)	2.75	4.16	4.35	6.99	12.10	6.58	6.11
C. Tertiary							
Transport, storage and communication	3.57	-0.17	5.31	-3.62	9.48	15.93	4.89
Railways	5.51	1.71	2.21	0.00	-4.36	17.04	3.48
Transport by other means and storage	2.24	-11.14	3.82	4.93	14.82	15.88	4.70
Communication	6.78	14.95	6.51	-10.77	2.56	15.91	5.60
Trade, hotel and restaurants	8.05	17.24	4.33	7.74	5.03	5.73	7.93
Banking and insurance	11.46	12.27	13.94	17.29	5.10	10.44	11.69
Real estate and ownership of dwellings and business services	2.73	3.55	2.20	3.11	2.98	2.42	2.83
Public administration	6.17	3.45	5.87	9.28	0.76	14.10	6.52
Other services	2.93	4.59	3.22	9.55	4.99	11.60	6.10
Total (C)	4.52	6.40	4.49	7.99	4.05	9.68	6.17
Total net state domestic product at factor cost	3.25	2.44	2.70	6.39	4.66	6.28	4.27

Source: Computed from different volumes of State Domestic Product, Department of Economics and Statistics, Himachal Pradesh.

FIGURE 1.2
Sectoral Rate of Growth in Himachal Pradesh, 1970-71 to 2001
(At 1993-94 Constant Prices)



Source: Computed from different volumes of State Domestic Product, Department of Economics and Statistics, Himachal Pradesh.

TABLE 1.6
Sectoral Distribution of SDP of Himachal Pradesh, 1970-71 to 2000-01

(At 1993-94 Constant Prices)

	1970-71	1975-76	1980-81	1985-86	1990-91	1995-96	2000-01
A. Primary							
Agriculture and animal husbandry	39.02	41.68	34.95	34.97	31.77	24.37	19.52
Forestry and logging	17.13	13.28	12.11	6.90	6.62	6.54	4.67
Fishing	0.06	0.07	0.27	0.30	0.36	0.30	0.21
Mining and quarrying	0.09	0.15	0.76	1.38	1.49	0.94	1.10
Total (A)	56.29	55.19	48.09	43.54	40.24	32.14	25.50
B. Secondary							
Manufacturing	5.30	4.17	2.26	3.99	6.05	10.04	11.23
Registered	2.36	1.48	1.05	2.54	4.54	7.73	8.84
Unregistered	2.95	2.69	1.21	1.45	1.51	2.31	2.40
Construction	13.58	14.16	18.23	15.29	12.90	15.54	15.54
Electricity, gas and water supply	0.06	0.16	-0.40	2.48	3.44	5.97	5.22
Total (B)	18.95	18.49	20.09	21.76	22.38	31.55	32.00
C. Tertiary							
Transport, storage and communication	2.01	2.04	1.79	2.03	1.24	1.55	2.40
Railways	0.09	0.10	0.10	0.10	0.07	0.05	0.07
Transport by other means and storage	1.43	1.36	0.67	0.71	0.66	1.05	1.61
Communication	0.49	0.58	1.02	1.23	0.51	0.46	0.71
Trade, hotel and restaurants	3.11	3.90	7.66	8.29	8.83	8.99	8.76
Banking and insurance	0.62	0.91	1.43	2.41	3.93	4.01	4.86
Real estate and ownership of dwellings and business services	6.41	6.25	6.60	6.44	5.51	5.08	4.22
Public administration	4.89	5.62	5.90	6.87	7.86	6.50	9.27
Other services	7.72	7.60	8.43	8.65	10.01	10.17	12.99
Total (C)	24.76	26.32	31.82	34.69	37.38	36.30	42.50

Source: Computed from different volumes of *State Domestic Product*, Department of Economics and Statistics, Himachal Pradesh.

The production structure of the state has since changed. The share of the primary sector in SDP declined sharply from 56.29 per cent in 1970-71 to 25.50 per cent in 2000-01, a decrease of 31 per cent points (Tables 1.6 & 1.7). Agriculture and animal husbandry declined from 39.02 per cent to 19.52 per cent, and forestry and logging from 17.13 per cent to 4.67 per cent. Within the primary sector, the share of mining and quarrying increased slightly, from 0.09 per cent to 1.1 per cent.

The share of the secondary sector in SDP increased from 18.95 per cent in 1970-71 to 32 per cent in 2000-01, an increase of 13 per cent points. The share of the manufacturing sector almost doubled during the same duration, from 5.3 per cent to 11.23 per cent. Four times increase in the share of registered industries from 2.36 per cent to 8.84 per cent was a positive trend. The proportion in the unregistered sector declined from 2.9 per cent in 1970-71 to 2.4 per cent in 2000-01. The share of the construction sector increased slightly from

13.58 per cent in 1970-71 to 15.54 per cent in 2000-2001. The corresponding figures for electricity, gas and water supply were 0.06 per cent and 5.22 per cent respectively.

The share of the tertiary sector in the SDP increased from 24.76 per cent in 1970-71 to 42.50 per cent in 2000-01, an increase of 18 per cent points (Figure 1.3). In the services sector, the share of transport, storage and communication and railways remained almost unchanged. The share of trade, hotels and restaurants increased from 3.11 per cent to 8.76 per cent. The corresponding figures for banking and insurance were 0.62 per cent and 4.86 per cent respectively. The share of real estate and ownership of dwellings and business services declined from 6.41 per cent to 4.22 per cent. In the decade of the 1990s, there has been a consistent decline in this sector. In 1984-85 its share increased to a maximum of 7.2 per cent of the total SDP. On the other hand, the share of public administration increased from 4.89 per cent to 9.27 per cent during the last

TABLE 1.7

Share of Primary, Secondary and Tertiary Sectors in the SDP of Himachal Pradesh, 1970-71 to 2000-01

(At 1993-94 Constant Prices)

Years	Primary	Secondary	Tertiary
1970-71	56.29	18.95	24.76
1971-72	54.88	19.55	25.56
1972-73	52.84	21.37	25.79
1973-74	53.69	20.25	26.05
1974-75	53.09	19.83	27.09
1975-76	55.19	18.49	26.32
1976-77	50.68	21.38	27.94
1977-78	52.04	21.82	26.14
1978-79	52.83	19.43	27.74
1979-80	46.65	20.50	32.85
1980-81	48.09	20.09	31.82
1981-82	49.24	19.46	31.30
1982-83	44.37	21.44	34.19
1983-84	47.59	18.68	33.74
1984-85	43.81	19.04	37.14
1985-86	43.54	21.76	34.69
1986-87	43.88	20.00	36.12
1987-88	37.98	22.86	39.16
1988-89	37.88	24.36	37.76
1989-90	41.99	18.85	39.17
1990-91	40.24	22.38	37.38
1991-92	38.53	22.70	38.76
1992-93	36.99	24.14	38.87
1993-94	35.99	25.29	38.72
1994-95	33.27	30.41	36.32
1995-96	32.14	31.55	36.30
1996-97	30.84	32.49	36.67
1997-98	29.23	32.21	38.56
1998-99	27.57	32.03	40.40
1999-00	24.61	32.49	42.90
2000-01	25.50	32.00	42.50

Source: Computed from different volumes of *State Domestic Product*, Department of Economics and Statistics, Himachal Pradesh.

three decades. The share of other services increased from 7.72 per cent to 12.99 per cent during the same period.

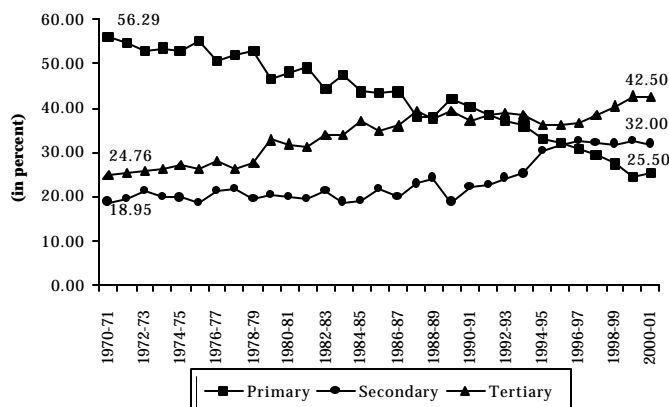
From a highly unbalanced structure of economy, the state is moving towards a more balanced one, which would help it to achieve a higher level of development.

Per Capita Income

The level and growth of per capita income is used to measure the economic development of a state. Himachal, in 2000-01, had a per capita income of Rs. 10,942, slightly higher than the national average of Rs. 10,306.

FIGURE 1.3

Net State Domestic Product at Factor Cost by Sectors in Himachal Pradesh: 1970-71 to 2000-01 (At 1993-94 Constant Prices)

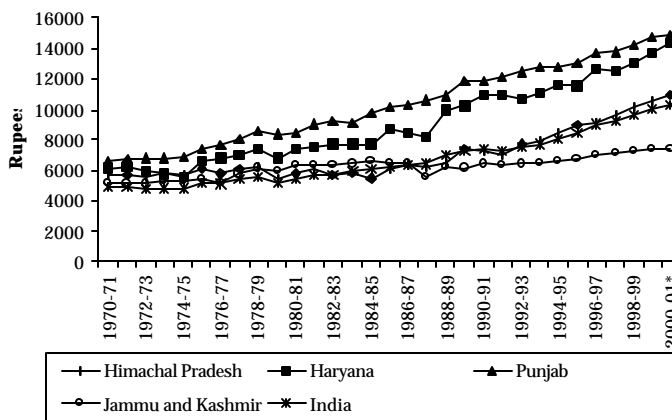


Source: Computed from different volumes of *State Domestic Product*, Department of Economics and Statistics, Himachal Pradesh.

Taking a longer-term view, during the last three decades, the per capita income of the state has nearly doubled and has continued to be higher than at the all-India level (Table 1.8 and Figure 1.4). However, there have been variations in the level of per capita income. Between 1970-71 and 1982-83, the per capita income of the state was higher than the all-India average, and lower in the period, 1983-84 to 1991-92. Since then, it has always been higher than the all-India average. In comparison, the per capita incomes of the neighbouring states of Punjab and Haryana, have always been higher than that of Himachal Pradesh. Jammu and Kashmir has always had a lower per capita income.

FIGURE 1.4

Per Capita Income of Selected States, 1970-71 to 2000-01 (At 1993-94 Prices)



Source: Computed from different volumes of *Statistical Abstracts of Punjab and Haryana*.

TABLE 1.8
Per Capita Income of Selected States,
1970-71 to 2000-2001

(At 1993-94 Constant Prices)

Year	Himachal Pradesh	Haryana	Punjab	Jammu and Kashmir	India
1970-71	5659	6141	6591	5165	4967
1971-72	5676	6267	6677	5155	4920
1972-73	5584	5923	6764	5071	4739
1973-74	5784	5734	6819	5269	4873
1974-75	5659	5608	6899	5335	4849
1975-76	6160	6575	7343	5401	5186
1976-77	5726	6834	7644	5212	5100
1977-78	6085	6939	8131	5759	5438
1978-79	6193	7450	8550	6107	5618
1979-80	5392	6757	8408	5966	5202
1980-81	5792	7429	8501	6343	5469
1981-82	6035	7510	9032	6329	5650
1982-83	5707	7758	9183	6364	5643
1983-84	5864	7702	9145	6407	5972
1984-85	5516	7720	9749	6561	6083
1985-86	6042	8708	10172	6543	6214
1986-87	6362	8507	10283	6461	6311
1987-88	6202	8144	10571	5611	6408
1988-89	6553	9915	10880	6200	6972
1989-90	7420	10200	11787	6179	7237
1990-91	7280	10999	11794	6379	7455
1991-92	6986	10968	12087	6339	7297
1992-93	7734	10723	12422	6443	7512
1993-94	7870	11090	12710	6543	7690
1994-95	8489	11617	12784	6619	8070
1995-96	8966	11570	12989	6732	8498
1996-97	9140	12664	13705	6978	9007
1997-98	9625	12544	13812	7128	9242
1998-99	10131	13003	14279	7296	9647
1999-00	10514	13709	14698	7384	10067
2000-01*	10942	14331	14916	7383	10306

Source: Computed from different volumes of *Statistical Abstracts of Punjab and Haryana*.

Note: Provisional

During the last three decades, 1970-71 to 2000-01, the per capita income of the state has grown at the rate of 2.22 per cent per annum, which is lower than the national average of 2.46 per cent (Table 1.9). Among the neighbouring states, Punjab grew at an annual rate of 2.87 per cent, Haryana at 2.76 per cent and Jammu and Kashmir at 1.20 per cent.

However, the rate of growth of the per capita income of the state has been the most impressive during the nineties. During the seventies, it grew at a slower pace than in the neighbouring states (0.23 per cent per annum) and by the nineties its rise was the highest, growing at an annual rate of 4.16 per cent as compared

to 3.29 per cent at the all-India level. The growth rate in the neighbouring states, Punjab (2.38%), Haryana (2.68%) and Jammu and Kashmir (1.47%) was lower than Himachal and the all-India average. The state's performance was even better during the period 1990-91 to 1995-96 (4.25%).

TABLE 1.9
Annual Rate of Growth of Per Capita Income in
Himachal Pradesh, Neighbouring States and India

States	1970-71 to 1980-81	1980-81 to 1990-91	1990-91 to 2000-2001	1970-71 to 2000-01
Himachal Pradesh	0.23	2.31	4.16	2.22
Haryana	1.92	4.00	2.68	2.87
Punjab	2.58	3.33	2.38	2.76
Jammu and Kashmir	2.08	0.06	1.47	1.20
India	0.97	3.15	3.29	2.46

Source: Computed from different volumes of *Statistical Abstracts of Punjab and Haryana*.

Further, from 1995-96 to 2000-01, the rate of growth in the per capita income of Punjab, Haryana and Jammu and Kashmir increased over the previous years, while in Himachal Pradesh it decreased slightly.

Poverty

Economic growth has crucial implications for poverty reduction. It is expected that the faster growing states would experience a rapid reduction in the proportion of their population below the poverty line. This section attempts to analyse the existing level of poverty and the performance of programmes for its alleviation in Himachal as compared to other states and Union Territories. Poverty has been a matter of national concern. Various agencies, both private and government, have been estimating poverty levels from time to time following different methodologies and drawing different conclusions. This has led to controversies over the reliability of the data. The Planning Commission, has been providing estimates on poverty from time to time. These too are not free from controversy, yet these have been accepted as official and hence are analysed in this section.

The proportion of Himachal's population below the poverty line declined from 26.39 per cent in 1973-74 to 7.63 per cent in 1999-2000, when the corresponding figures at the national level were 54.88 per cent and 26.1 per cent, 3.5 times higher than that of the state. Himachal was ranked sixth among the states and Union Territories during 1999-2000, after Jammu and Kashmir (3.48%), Goa (4.4%), Daman and Diu (4.44%), Chandigarh (5.75%) and Punjab (6.16%). The

neighbouring state of Haryana had a higher poverty ratio than Himachal Pradesh. Himachal Pradesh with 7.94 per cent of its rural population below the poverty line ranks seventh among the states and Union Territories, only below Delhi (0.4%), Goa (1.35%), Lakshadweep (1.35%), Jammu and Kashmir (3.93%), Chandigarh (5.75%) and Punjab (6.35%) and with 4.63 per cent of such population in the urban areas, it ranks second only below Jammu and Kashmir (1.98%).

TABLE 1.10
Poverty Alleviation Performance Index of States
and Union Territories, 1973-74 to 1999-2000

States/Union Territories	Values of Poverty Alleviation Performance Index*		
	Total	Rural	Urban
<i>States</i>			
Andhra Pradesh	0.67	0.77	0.47
Arunachal Pradesh	0.36	0.24	0.80
Assam	0.30	0.24	0.80
Bihar	0.31	0.30	0.38
Goa	0.90	0.97	0.80
Gujarat	0.71	0.72	0.70
Haryana	0.75	0.76	0.75
Himachal Pradesh	0.71	0.71	0.65
Jammu and Kashmir	0.91	0.91	0.91
Karnataka	0.63	0.68	0.52
Kerala	0.79	0.84	0.68
Madhya Pradesh	0.39	0.41	0.33
Maharashtra	0.53	0.59	0.39
Manipur	0.43	0.36	0.80
Meghalaya	0.33	0.36	0.80
Mizoram	0.61	0.24	0.80
Nagaland	0.36	0.24	0.80
Orissa	0.29	0.29	0.23
Punjab	0.78	0.77	0.79
Rajasthan	0.67	0.69	0.62
Sikkim	0.28	0.24	0.80
Tamil Nadu	0.62	0.64	0.55
Tripura	0.32	0.24	0.80
Uttar Pradesh	0.45	0.45	0.49
West Bengal	0.57	0.56	0.57
All India	0.52	0.52	0.52
<i>Union Territories</i>			
Delhi	0.83	0.98	0.82
A & N Islands	0.62	0.64	0.55
Chandigarh	0.79	0.79	0.79
Dadra and Nagar Haveli	0.63	0.62	0.64
Lakshadweep	0.74	0.98	0.68
Pondicherry	0.60	0.84	0.85
Daman and Diu			
All India	0.52	0.52	0.52

Source: Computed from the data provided by Government of India, Planning Commission, New Delhi.

Note: * Poverty Alleviation Performance Index = $\frac{\{1973-74 - 1999-00\}}{1973-74}$

Levels of poverty in the different states have declined at varying rates. Noteworthy are the cases of Jammu and Kashmir and Kerala, which beginning as high poverty-ratio states, have joined states with a low percentage of population below the poverty line. Himachal Pradesh has not lagged behind in alleviating poverty.

A poverty alleviation performance index has been formulated for measuring the rate of its decline (Krishan, G., 1999). It indicates that Jammu and Kashmir (0.91), Goa (0.90), Delhi (0.83), Kerala (0.79), Punjab (0.78) and Haryana (0.75) had achieved tremendous success in alleviating poverty in almost three decades (Table 1.10). Himachal Pradesh ranked 9th among the states and union territories in reducing poverty ratios, 12th in the rural areas and 19th in the urban areas.

The performance of poverty alleviation in the state has varied during different points of time. During the period 1973-74 and 1977-78 and 1987-88 to 1993-94, poverty in Himachal had increased (Table 1.11). From 1993-94 to 1999-2000, its pace of poverty reduction was the highest among the neighbouring states of Haryana and Punjab also as compared to the national level.

TABLE 1.11

Poverty Alleviation Performance Index of Himachal Pradesh,
Neighbouring States and India at Different Points of Time,
1973-74 to 1999-2000

States/India	1973-74 to 1977-78	1977-78 to 1983-84	1983-84 to 1987-88	1987-88 to 1993-94	1993-94 to 1999-2000
Himachal Pradesh	-0.23	0.49	0.06	-0.84	0.73
Haryana	0.16	0.28	0.22	-0.51	0.65
Punjab	0.32	0.16	0.18	0.11	0.48
Jammu and Kashmir	0.05	0.38	0.02	-0.06	0.86
All India	0.43	-0.42	0.13	0.07	0.27

Source: Computed from data provided by Planning Commission, New Delhi.

The growth-poverty reduction linkage holds true in Himachal Pradesh unlike the neighbouring states of Punjab and Haryana.

Expenditure Pattern

The state has implemented a series of development plans to create an infrastructure based on its requirements and potential. It initially focused on creating transportation and communication facilities, which were considered basic for the development of the

hilly areas. Emphasis was also laid on creating facilities for water, irrigation, power and agricultural growth. Over a period, the emphasis has shifted to creating and providing social services.

Plans-wise Expenditure: Spending on different sectors has had a direct bearing on the growth of the state's economy. In the First Plan, expenditure on transportation and communication was more than half the total. The power sector got a meagre share of 4.6 per cent in the First Plan. By Third Plan it had increased to seven per cent. Expenditure on agriculture and allied activities was 14.4 per cent in the First Plan and increased to 32 per cent in the Third Plan. Expenditure on social services was one-fifth of the total expenditure in the First and Third Plans.

Since the formation of the state, expenditure on agriculture and allied activities has decreased considerably from 24 per cent in the Fourth Plan to 11 per cent in Ninth Plan. Allocations made for this sector in the Tenth Plan are on a still lower side (9.6%). Expenditure on energy has decreased from 27 per cent in the Sixth Plan to 18.4 per cent in the Ninth Plan. The increased allocation in the Tenth Plan (24.2%) indicates the importance given to this sector. Expenditure on transportation and communication has decreased from 29 per cent in the Fourth Plan to 14 per cent in the Ninth Plan. The Tenth Plan has allocated 16 per cent to this sector.

The social sector has received top priority. Expenditure on this sector has more than doubled during the Fourth and Ninth Plans. During the Fourth Plan, expenditure on social services was 18 per cent, which by the Ninth Plan increased to 41.3 per cent. However, allocation to this sector has been slightly less (39%) in the Tenth Plan, but continues to be the most important sector.

Pattern of Expenditure: Budgetary expenditure by the government during the period 1970-71 to 2001-02 increased 73 times from Rs. 62 crore to 4,510 crore. At the time of the formation of the state, development expenditure was more than four-fifths of the total expenditure, which over the last three decades has decreased by almost 30 per cent points. During the period 1970-71 to 1975-76, the proportion of development expenditure consistently decreased and reached 65 per cent in 1975-76. Thereafter, it increased till 1980-81, reaching almost 80 per cent. During 2000-01 and 2001-02, the proportion of development expenditure decreased by nine per cent points. This is a worrisome phenomenon.

TABLE 1.12
Budgetary Expenditure in Himachal Pradesh,
1970-71 to 2001-02

(Rs. in Crore)

Year	Budgetary Expenditure	Development Expenditure	Non-development Expenditure
1970-71	62	51 (82.26)	11 (17.74)
1971-72	65	53 (81.54)	12 (18.46)
1972-73	68	53 (77.94)	15 (22.06)
1973-74	75	57 (76.00)	18 (24.00)
1974-75	80	55 (68.75)	25 (31.25)
1975-76	87	57 (65.52)	30 (34.48)
1976-77	96	65 (67.71)	31 (32.29)
1977-78	99	71 (71.72)	28 (28.28)
1978-79	126	94 (74.60)	32 (25.40)
1979-80	150	115 (76.67)	35 (23.33)
1980-81	188	149 (79.26)	39 (20.74)
1981-82	213	168 (78.87)	45 (21.13)
1982-83	264	191 (72.35)	72 (27.27)
1983-84	284	211 (74.30)	74 (26.06)
1984-85	344	251 (72.97)	93 (27.03)
1985-86	412	291 (70.63)	120 (29.13)
1986-87	464	321 (69.18)	143 (30.82)
1987-88	608	435 (71.55)	174 (28.62)
1988-89	768	560 (72.92)	208 (27.08)
1989-90	783	543 (69.35)	240 (30.65)
1990-91	902	617 (68.40)	284 (31.49)
1991-92	983	643 (65.41)	340 (34.59)
1992-93	1146	753 (67.71)	393 (34.29)
1993-94	1351	887 (65.66)	464 (34.34)
1994-95	1615	1105 (68.42)	509 (31.52)
1995-96	1904	1270 (66.70)	634 (33.30)
1996-97	2147	1456 (67.82)	691 (32.18)
1997-98	2699	1758 (65.14)	941 (34.86)
1998-99	3334	2157 (64.70)	1177 (35.30)
1999-00	3822	2240 (58.61)	1582 (41.39)
2000-01	4376	2704 (61.79)	1672 (38.21)
2001-02	4510	2372 (52.59)	2138 (47.41)

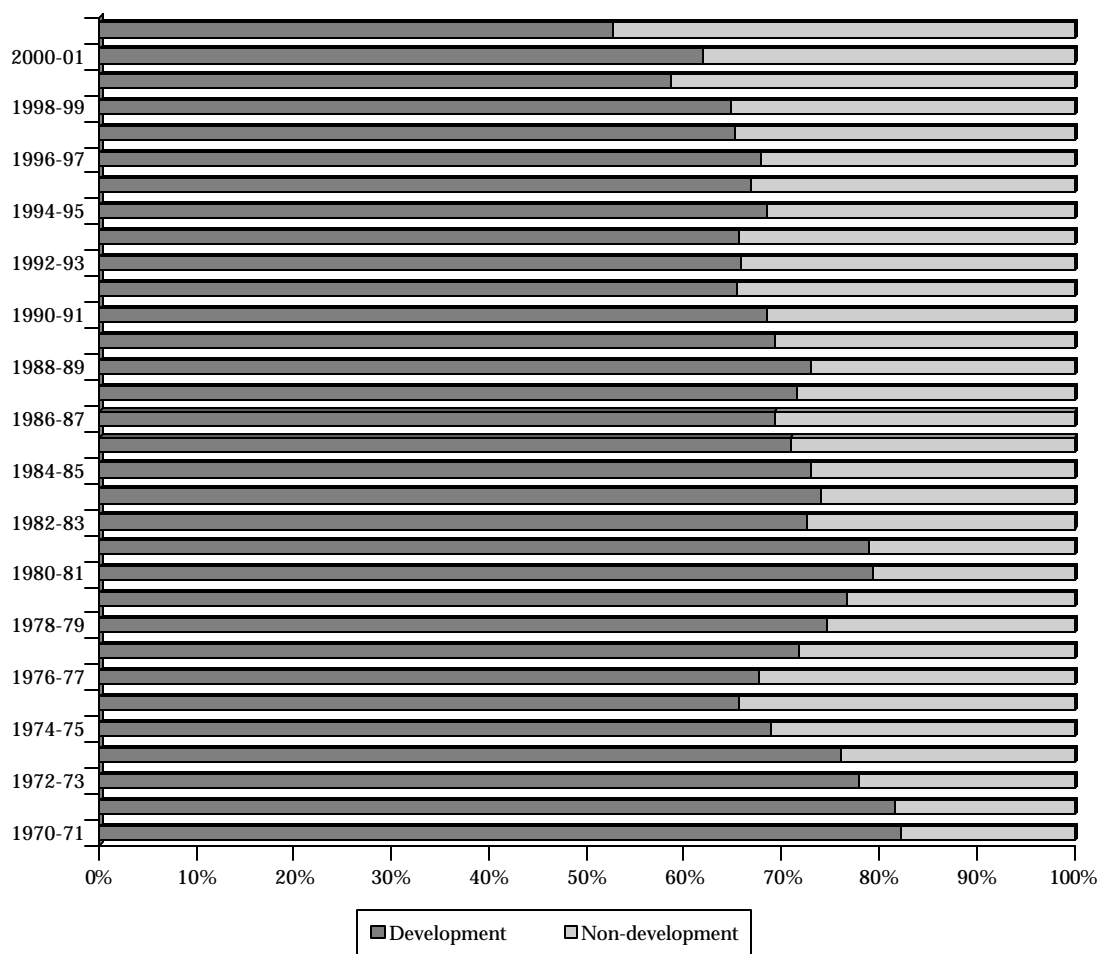
Source: Department of Finance (Budget), Government of Himachal Pradesh.

Note: The figures in parenthesis are in per cent.

Regional Disparities

The above sections have analysed variations in the development process of Himachal Pradesh in relation to other states and Union Territories. However, development within the state has not been homogeneous. Disparities exist between different districts. In this section, an effort has been made to understand these disparities in the context of the level and growth of infrastructural facilities in relation to population and area. This is important because efforts have been made to create physical facilities by investing

FIGURE 1.5
Budgetary Expenditure in Himachal Pradesh, 1970-71 to 2000-01



Source: Department of Finance (Budget), Government of Himachal Pradesh.

heavily in these sectors. The indicators discussed to measure the level of socio-economic development at the district level are:

- 1) per capita income
- 2) female literacy rate
- 3) credit-deposit ratio
- 4) number of industrial workers per thousand of population
- 5) medical and public health facilities
- 6) means of communication, and
- 7) banking sector

These indicators have been used to measure various dimensions of development. Economic development at the district level has been gauged through per capita income, and the state of social development through variations in female literacy rates. Credit-deposit ratio

signifies the enterprising nature of the local people. A relatively higher number of industrial workers in the population signifies a higher level of industrial development. Such indicators as percentage of villages with primary health centres, sub-centres, post-offices and banks within a distance of one kilometre, have been used to measure the level of infrastructure essential for social development.

The selection of the indicators was greatly hampered by lack of access, non-comparability and reliability of data at the district level. The data available on infant mortality rate at the district level were not reliable and hence were excluded from the analysis. However, the indicators discussed here represent a fairly balanced level of development. An exercise was undertaken to get a combined development index. It was assumed that these indicators would be positively correlated but the results were not in line with our hypothesis. This shows state-specific peculiarities in the pattern of

development. Per capita income, infrastructure and CD ratio were negatively correlated with the female literacy rate, whereas we had assumed that these would be positively correlated. Only the number of industrial workers per thousand of population and the CD ratio were significantly (.744) correlated. Per capita income and the number of industrial workers per thousand of population were also positively correlated, but not significantly. This prompted us to analyse these indicators separately.

Per Capita Income

Himachal had an average per capita income of Rs. 6,507 in 1999-2000 at 1990-91 constant prices (Table 1.13). The district of Lahaul and Spiti with Rs. 12,559 was at the top and Hamirpur with Rs. 4,243 at the bottom. Low density of population and high value-added cash crops in Lahaul and Spiti were the reasons for the high per capita income. The state average in 1990-91 was Rs. 4,618. Lahaul and Spiti was again at the top and Una was at the bottom. Shimla, the state capital, ranked third at both points of time. Solan, being the centre of industrial activity, ranked second in 1999-2000. During the nineties, the per capita income in the state as a whole increased by Rs. 1,889. The highest increase in quantitative terms was in Solan district (Rs. 5,179). In Kinnaur, it decreased by Rs. 816 during 1990-91 and 1999-00. In Kinnaur, because of the failure of rains and natural disasters the production of horticultural and agricultural crops was low, and that had an impact on its per capita income (HPHDR, 2002).

During the nineties, the per capita income in Himachal grew at an annual rate of 3.88 per cent. Every district, with the exception of Kinnaur (-1.08%) had a positive growth of per capita income. It was the highest in Una district (7.21%) closely followed by Solan (7.11%). The per capita income in Una district, which was almost at the bottom at both points of time was small, but even this small increase of Rs. 2,086 amounted to a faster growth. The per capita income of Solan district was 2.5 times that of Una in 1999-00. This was significant. The secondary sector has dominated the economy of Solan district and the tertiary sector in Una. The growth of per capita income in Lahaul and Spiti and Shimla, which otherwise ranked first and third respectively, was among the slowest among all districts (1.06% and 1.10% respectively).

Regional disparities in terms of per capita income in all districts decreased during the decade of the nineties

(Table 1.14). In 1990-91, the per capita income of the highest ranked district was almost five times that of the lowest ranked district, which came down to three times in 1999-2000. The values of coefficient of variability calculated separately for 1990-91 and 1999-2000, further confirm this.

TABLE 1.13
District-wise Per Capita Income, 1990-91 to 1999-2000 at 1990-91 Prices

Districts/State	1999-2000 (in Rupees)	Rank 2000	1990-1991 (in Rupees)	Rank 1991	Annual Growth Rate (1990-1991 to 1999-2000)
Una	4480	11	2394	12	7.21
Solan	11231	2	6052	4	7.11
Bilaspur	7547	5	4515	7	5.87
Mandi	5313	10	3394	10	5.11
Hamirpur	4243	12	2753	11	4.92
Sirmaur	5650	9	3934	9	4.10
Kangra	5736	8	4128	8	3.72
Chamba	6058	7	4822	6	2.57
Shimla	8304	3	7525	3	1.10
Lahaul and Spiti	12559	1	11417	1	1.06
Kullu	6098	6	6039	5	0.11
Kinnaur	7930	4	8746	2	-1.08
Himachal Pradesh	6507		4618		3.88

Source: Computed from Human Development Report of Himachal Pradesh, 2002.

Note: The districts are arranged in descending order of annual growth rate.

TABLE 1.14
Coefficient of Variability of Per Capita Income, 1990-91 and 1999-2000 At 1990-91 Prices

Year	Coefficient of Variability	Regional Disparity
1990-1991	48.51	↓
1999-2000	36.42	

Female Literacy

At the state level, almost seven out of every ten females were literate in 2001 as against five in every ten in 1991 (Table 1.15). The district of Hamirpur with three-fourths of its females being literate, was at the top and Chamba with only half was at the bottom at both points of time. The corresponding figures in 1991 were 66 per cent and 29 per cent. Female literacy rate in Lahaul and Spiti, Kullu, Sirmaur and Chamba districts have increased by more than 20 per cent points during the last decade. This has been attributed to the fact that these four were the lowest ranked districts in

TABLE 1.15

District-wise Female Literacy Rates in Himachal Pradesh, 1991 and 2001

Districts/State	Literacy Rate 2001 (in per cent)	Rank 2001	Literacy Rate 1991 (in per cent)	Rank 1991	Change in per cent Points During 1991-2001
Lahaul and Spiti	60.94	9	38.05	11	22.85
Kullu	61.24	8	38.53	9	22.71
Sirmaur	60.93	10	38.45	10	22.48
Chamba	49.7	11	28.57	12	21.13
Shimla	70.68	4	51.75	5	18.93
Solan	67.48	6	50.69	6	16.79
Mandi	65.36	7	49.12	7	16.24
Bilaspur	70.53	5	56.55	4	13.98
Una	73.85	2	61.01	3	12.84
Kangra	73.57	3	61.39	2	12.18
Hamirpur	76.41	1	65.9	1	10.51
Kinnaur	NA		42.04	8	-
Himachal Pradesh	68.08		52.13		15.95

Source: Census of India (2001) Provisional Population Totals, Paper-1 of 2001, Series-3, Directorate of Census Operations, Himachal Pradesh.

1991 and had greater scope for improving their female literacy rates.

A comparison of the values of the coefficient of variability at both points of time indicates a decrease in regional disparities (Table 1.16). The districts are moving towards homogeneity in terms of social development, as reflected in female literacy rates.

TABLE 1.16

Coefficient of Variability of Female Literacy Rates, 1991 and 2001

Year	Coefficient of Variability	Regional Disparity
1991	24.18	
2001	11.76	↓

Credit-Deposit Ratio

Credit-Deposit ratio in 2000 was 21.7 per cent as against 33.4 per cent in 1990 (Table 1.17). Solan district, with a CD ratio of 49.7 per cent, stood at the top and Lahaul and Spiti, with 11.6 per cent, was at the bottom. The district of Solan with a very high CD ratio of 87.1 per cent in 1990 was ranked at the top, and Hamirpur with 15.3 per cent at the bottom. There has been a sharp decline of almost 37 per cent points in the CD ratio between 1990 and 2000.

A comparison of the values of the coefficient of variability at both points of time indicates a decrease in regional disparities (Table 1.18). The districts are moving towards homogeneity but at a very slow pace. It is important to mention that this homogeneity is because of a fall in the CD ratio of the top-ranking districts, which is not a good sign. The situation would have been better had the lower-ranking districts moved upwards.

TABLE 1.17

District-wise Credit-Deposit Ratio in Himachal Pradesh, 1990-2000

Rank 2000	Districts/State	2000			1990			Rank 1990
		Credit	Deposit	CD Ratio	Credit	Deposit	CD Ratio	
1.	Solan	28332	57052	49.7	11203	12869	87.1	1
2.	Sirmaur	10373	23893	43.4	3296	5209	63.3	2
3.	Kullu	11416	32797	34.8	2838	7851	36.1	4
4.	Mandi	14904	66954	22.3	4644	13622	34.1	5
5.	Shimla	29287	162286	18.0	12486	36803	33.9	6
6.	Bilaspur	4951	27599	17.9	1410	5373	26.2	9
7.	Chamba	5393	30458	17.7	1564	5726	27.3	8
8.	Kangra	29085	170225	17.1	7484	37336	20.0	10
9.	Kinnaur	1228	7281	16.9	467	1256	37.2	3
10.	Una	8644	55270	15.6	3490	12736	27.4	7
11.	Hamirpur	7638	59853	12.8	2060	13468	15.3	12
12.	Lahaul and Spiti	536	4607	11.6	159	809	19.7	11
	Himachal Pradesh	151787	698275	21.7	51101	153056	33.4	

Source: Different issues of *Statistical Abstract of Himachal Pradesh*, Directorate of Economic and Statistics, Himachal Pradesh.

TABLE 1.18

Coefficient of Variability of Credit-Deposit Ratio, 1990-91 and 1999-2000

Year	Coefficient of Variability	Regional Disparity
1990-1991	57.14	↓
1999-2000	53.82	

Industrial Workers

The number of industrial workers per thousand of population has been used as an indicator to measure the level of industrial development. At the state level, almost 13 persons per thousand of population were working in factories in 2000, as against seven in 1991 (Table 1.19). Solan district ranked at the top and Lahaul and Spiti at the bottom at both points of time. In fact, the ranking of every district at both points of time remained almost the same, indicating hardly any dispersal of industrial activity in the state. These have been concentrating in Solan district.

TABLE 1.19

District-wise Number of Industrial Workers per 1000 of Population in Himachal Pradesh, 1991 and 2000

Districts/State	No. of Industrial Workers Per 1,000 of Population, 2000	Rank 2000	No. of Industrial Workers Per 1,000 of Population, 1991	Rank 1991
Solan	88.12	1	33.77	1
Sirmaur	17.32	2	14.01	2
Kinnaur	9.04	3	7.84	3
Una	7.86	4	6.51	4
Kangra	6.77	5	6.08	5
Shimla	5.31	6	3.77	7
Mandi	4.74	7	4.98	6
Bilaspur	3.09	8	2.16	8
Chamba	2.04	9	1.62	9
Kullu	1.60	10	1.56	10
Hamirpur	0.84	11	0.93	11
Lahaul and Spiti	0.00	12	0.00	12
Himachal Pradesh	12.56		7.09	

Source: Computed from different issues of *Statistical Abstract of Himachal Pradesh*, Directorate of Economic and Statistics, Himachal Pradesh, and *Census of India*.

Further, a comparison of the values of the coefficient of variability at both points of time indicates an increase in regional disparities (Table 1.20). The districts are moving towards heterogeneity.

Infrastructure

Such indicators as the percentage of villages with primary health centres, sub-centres, post-offices and

TABLE 1.20

Coefficient of Variability of Number of Industrial Workers, 1991 and 2000

Year	Coefficient of Variability	Regional Disparity
1991	134.05	█
2000	199.18	

banks within a distance of one kilometre, have been used to measure the level of infrastructure essential for social development. A combined picture of these indicates that almost one-fourth of the villages had at least one of these facilities available within a distance of one kilometre in 1999-2000. Kullu, with 45.93 per cent villages with these facilities within a distance of one kilometre, ranked at the top in 1999-2000, followed by Kangra (37.30%) and Bilaspur (35.37%), and Sirmaur with 11 per cent such villages, ranked at the bottom (Table 1.21). These districts had the same rankings in 1990-91. The corresponding figures were 41 per cent and 9 per cent.

The growth of medical and public health facilities reflects one dimension essential for development. The distance at which primary health centres and sub-centres are available in the village has been analysed for this purpose. By and large, medical and public health facilities in the state, as well as in the districts have improved. In all, 5.22 per cent of the villages in the state had primary health centres within a distance of one kilometre in 1999-2000 as against 3.41 per cent in 1991. Kullu with 13 per cent of such villages, ranked at the top in 1999-2000 and Chamba with 0.09 per cent ranked at the bottom. These districts have remained in the same position, the corresponding figures being 10.47 per cent and 0.05 per cent in 1990-91.

As regards access to health sub-centres, 36.3 per cent of the villages had such access within a distance of one kilometre in 1999-2000 as against 30.7 per cent in 1991. Kullu with 62 per cent of such villages ranked at the top in 1999-2000 and Kinnaur with 14 per cent was ranked at the bottom. There has been no change in their ranking since 1990-91, when the corresponding figures had been 58 per cent and 5 per cent.

Availability of postal services at a short distance has been taken as an indicator of the growth of means of communication. Kullu district, with almost 90 per cent of the villages with a post office within one kilometre in 1999-2000 stood at the top and Una with 11 per cent of such villages was at the bottom. The two districts had the same ranking in 1990-91.

TABLE 1.21

District-wise Ranking of Villages with Infrastructure in Himachal Pradesh, 1990-91 and 1998-99

Districts/State	Villages (in per cent)	Rank in 1999-2000	Villages (in per cent)	Rank in 1990-91
Kullu	45.93	1	41.28	1
Kangra	37.30	2	33.76	2
Bilaspur	35.37	3	31.37	3
Chamba	31.02	4	27.01	4
Shimla	25.57	5	23.68	5
Lahaul and Spiti	23.07	6	17.67	7
Solan	22.52	7	20.18	6
Una	17.19	8	15.53	8
Kinnaur	15.25	9	9.00	11
Hamirpur	13.58	10	12.33	9
Mandi	12.22	11	10.65	10
Sirmaur	10.67	12	8.99	12
Himachal Pradesh	24.14		20.76	

Source: Computed from data provided in *Human Development Report of Himachal Pradesh, 2002*.

Banking facilities are an important catalyst of economic growth. The presence of banks in particular areas can give a boost to the process of development. Bilaspur district, with 24 per cent of its villages with a bank within a distance of one kilometre, ranked at the top in 1999-2000 and Chamba, with three per cent of such villages was at the bottom. These districts had the same ranking in 1990-91 with corresponding figures of 24 per cent and two per cent.

TABLE 1.22

Coefficient of Variability of Infrastructure, 1991 and 2000

Year	Coefficient of Variability	Regional Disparity
1990-1991	50.60	↓
1999-2000	46.42	

A comparison of the combined value of the coefficient of variability at both points of time indicates a decrease in regional disparities (Table 1.22). The districts are moving towards homogeneity but at a very slow pace.

On the whole, regional disparities in the state have decreased during the nineties. This has laid the foundation of socio-economic development. However, the pace at which regional disparities are decreasing is quite slow, with the exception of female literacy. This

could be attributed to the varying topography in the districts, which makes creation of every type of infrastructure difficult.

Conclusion

The growth behaviour of the economy of Himachal Pradesh and that of India during 1971-2001 invites an interesting comparison with each other. For the first half, that is during 1971-85, the state's economy grew slower than that of the national economy while during the latter half, the trend reversed when the state's economy grew faster. During the Ninth Plan the annual rate of growth of Himachal's economy was 6.2 per cent as compared to 5.4 per cent of the national economy. The economy of the state, which had been growing at a slower pace than that of the neighbouring states of Punjab and Haryana during the 1980s marked a distinct departure from the previous trend during the 1990s, with a faster rate of growth. Per capita income of Himachal Pradesh in the seventies was higher than the national average; in the eighties it was lower; and in the nineties it was again consistently higher than the national average.

Taking a long-term view, the share of the primary sector decreased significantly from 56.3 per cent in 1970-71 to 25.5 per cent in 2000-2001. By contrast, the share of the secondary sector moved from 18 per cent to 32 per cent. The tertiary sector also got enlarged from 24.8 per cent to 42.5 per cent.

The state has been successful in alleviating poverty. The percentage of population below the poverty line declined from 26.4 in 1973-74 to 7.6 in 1999-2000. The corresponding figures at the national level were 54.88 per cent and 26.1 per cent. Reduction in poverty has been of a high order since 1993-94.

Agriculture and transport were the priorities during the earlier plans. The thrust gradually shifted to social services. Now power generation is receiving prime attention. There has been a drastic decline in the proportion of development expenditure in the state. In 1970-71, it was 83 per cent of the budgetary expenditure. This has come down to 52 per cent in 2000-01. This decline of 30 per cent points is highly worrisome.

An encouraging feature is that regional disparities in terms of per capita income, female literacy, credit-deposit ratio and access to infrastructure declined during the nineties. A greater spatial equity is being generated. Regional disparities in the proportion of industrial workers, however, have widened over time.

This signifies that industry is getting attracted to a few locations offering certain advantages.

Himachal Pradesh is distinguished by a higher level of social development than economic development. The emerging problems of the state, particularly unemployment, are distinctly economic in nature. A major challenge before the state is to deploy its human resources effectively for furtherance of economic well-being.

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