

Random Thoughts : 7

What ails Uttarakhand's Economic Development ?

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The other day I received an article on 'Growth, Poverty and Employment in Uttarakhand' which appeared in the Journal of Labour and Development by Dr. R.P. Mamgain for my suggestions (Labour and Development, Vol. 13, No.2 &1, June 2008). Covering the first five years of its existence (Nov.2000 - Mar 2006) this paper addresses various issues related to growth, poverty and employment in Uttarakhand and in my opinion this article must be read by our policy planners and development practitioners and the various issue raised in it need to be discussed in depth. It would not be bad idea if the Uttarakhand Chapter of the Indian Institute of Public Administration, in limbo since its inception, takes up the issues raised in this paper and kick-starts a productive and purposive series of dialogues amongst all stake-holders. It may also be observed in passing that Dr. Rajendra P. Mamgain had completed his Ph.D. Thesis on the topic of 'Employment, Migration and Livelihoods in the Hill Economy of Uttarakhand', in 2004 from Jawaharlal Nehru University, New Delhi and it would be beneficial for Uttarakhand to invite him to make a presentation of his up-dated conclusions and insights.

A Comparative Overview

Mamgain observes that while nearly three-fourths of Uttarakhand's population lives in rural areas the state has a comparative higher ratio of urban population as compared to its neighbouring states like Himachal Pradesh and Jammu & Kashmir (2001 Census). The population growth rate of the state has decelerated since the 1980s and is now lower than the national average. While Uttarakhand has achieved commendable success in attaining relatively high level of literacy in comparison to many regions of the country (72 % literacy rate) it is

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ninth worst state in the country, when it comes to gender gap in literacy (60% female literacy as compared to 84% male), and this gap is more pronounced in the hill districts of the state. The state also has relatively better social indicators, such as low infant mortality rate, Dr. Mamgain points out.

As regards economic indicators the paper points out, such as per capita gross state domestic product (PCGSDP), Uttarakhand has relatively higher income than the national average as well as states like Jammu & Kashmir and Uttar Pradesh. However, PCGSDP for the state is substantively lower than Himachal Pradesh which has almost similar geographical features. The percentage of economically active population is much lower in Uttarakhand as compared to Himachal Pradesh, and what is more, this is true both for males and females as well as for rural areas of the state. Rate of unemployment is relatively low in Uttarakhand in comparison to national average.

Impressive increase in GSDP

It has been pointed out that since its inception Uttarakhand has witnessed an impressive increase of over 11.6 per cent per annum in its gross state domestic product (GSDP) during the first five years and this growth is largely the outcome in the secondary and tertiary sectors of the economy of Uttarakhand. In article covering the subjects related to economic development, replete with statistical tables, it would suffice to reproduce just two to compare the ‘growth of GSDP’ inter-state and inter-sectoral, covering the period under discussion :

Table : I Growth of Per capita GSDP, 1993-94 to 2004-05 (At 1993-94 Prices)					
State	Per capita GSDP (Rs)			Growth rate	
	1993-94	1999-00	2004-05	1994-00	2000-05
Uttarakhand	7674	12967	22425	9.14	11.58
Himachal	8857	20410	30880	14.93	8.63
J & K	7545	14180	18768	11.09	5.77
UP	5745	10287	13179	10.20	7.84

These are tell-tale statistics indicating that separation from Uttar Pradesh has certainly catapulted Uttarakhand on an upward growth trajectory and within a short period of five years the secondary sector has registered a high compound annual growth rate of over 14 % in the new state. The registered organized manufacturing has proved to be the major river of growth in the GSDP as it registered highest annual increase of over 17 % during this period. The annual growth of GSDP in service sector, similarly, doubled to 10% during this period, as has been pointed out in this study.

The second table produced below now provides as another clinching evidence of a definitive impact of the policies of the new state, when we compare the growth of GSDP in the state with that of the period 1993-94 to 1999-00 viz. prior to formation of the state.

Annual Compound Growth of GSDP by Industry (At 1993-94)

Industry	Growth Rate	
	1993-94 to 99-00	99-00 to 2004-05
Agriculture & allied activities	2.33	1.81
Mining & quarrying	3.75	29.18
Manufacturing	- 4.52	13.99
Electricity, gas & water supply	8.46	19.23
Construction	2.00	20.42
Trade, Hotels & restaurants	1.19	10.39
Transport, storage & communication	5.39	16.28
Banking & insurance	6.92	7.87
Community and social services	6.01	12.81
All	3.17	10.03

For these figures of growth we do not have to rely on the Central Statistical Organization alone, on whose 2006 stats these are based. We all who joined Dehra Dun in October 2000 in the wake of announcement

of the formation of the state have been eye-witness to all this so-called 'growth'. The Rajpur Road of October 2000 and the present frenetic economic hubbub along it, the complete make-over during the past 8 years, over and on all the arterial roads converging on Dehra Dun, the snarling long queues of motorized vans of all shapes and sizes on almost all turns, and now ubiquitous beggars on all cross-roads are but the most visible manifestations of this phenomenal growth-story. And, this phenomenon, mind you is not limited to Dehra Dun alone; as a 'frequent traveler' of montane hinterlands this writer has seen the changes which have taken place even deep inside Uttarakhand, including in far off places like Munsyari ! The 'Change' is palpable and everywhere, more of less.

All Change, not Development

It has been said that while all 'development' is 'change', all 'change' is not necessarily 'development'. And this phenomenon, we all have seen in Dehra Dun also, which has 'changed' considerably but not for the better (development) always, in each case or everywhere. Dr Mamgain brings home this realization to us very forcefully when he points out that while the economy of Uttarakhand has followed a path of higher economic growth since its formation, this growth process has been limited to three plain districts of the state only. Since most of the manufacturing units are located in these districts, the hill districts, have almost remained isolated from this high growth. These districts continue to remain deprived in terms of credit flows where about 53 per cent of population of the state resides. Low yield agriculture is a predominant sector of employment especially in the hill districts of the state.

Very High Poverty Levels

Dr Mamgain draws our attention towards the fact that the 61 Round Survey results of NSSO have given an estimate of nearly 40 per cent of population in the state living below poverty line, which is very high (about 12 per centage points) as compared to the national average. This gives to the state the dubious distinction of being the fifth largest

state in India in terms of poverty. In comparison the percentage of poor is as low as 10 per cent in Himachal and only 5.4 per cent in J&K ! According to Dr Mamgain Uttarakhand is encountering 'a problem of working poor', a phenomenon which does not appear either in Himachal or J&K; and which can be seen from a relatively low rate of unemployment and a higher incidence of poverty in Uttarakhand, as compared to the other two hill states.

Dr. Mamgain in his analysis comes to the following major conclusions; (i) the pattern of growth in employment has been disappointing as it appears to be largely distress-driven, particularly in the hill districts, (ii) agriculture still remains a last resort by absorbing the major share of additions in the workforce, (iii) though the structure of employment has been shifting in favour of the non-agriculture sector over the years, this has been mainly in the case of male workforce, (iv) there has been hardly any shift in the structure of female employment, particularly in the rural areas, where they continue to remain the back bone of agriculture in the state, particularly in the hill region, (v) first hand field experience in rural areas and discussions with various line departments indicate that there is a big gap between the productive employment needs of the rural households and the efforts that are being made by the government towards this end.

'Green' Economics and Development

In Bhabur-Turai belts and the Doon, stretching from Kali in the east to the Yamuna in the extreme west, the remarkable transformation and resurgence in the economic scenario has already been acknowledged and now stand validated by Dr. Mamgain's research findings. The 'double digit' growth in GSDPD, mentioned by Mamgain relates to this only. For the rest, however, while his diagnosis is apt the recommendations he has made require to be debated further and the approach adopted hitherto by the policy planners for the hill parts of the state reviewed and re-visited.

The hill districts and the hill-region, which continues to remain an economically depressed region notwithstanding bifurcation of

Uttarakhand from erstwhile UP, comes out as the burden of the entire analysis. In one word, for the solution of the hill-region the approach, has got to be 'green' and it necessitates restructuring of the entire delivery systems with a 'green-centric' mind-set. In less than a decade Uttarakhand has again been made to realize that the 'poor carbon copy' of plains, as prescriptions for its economic backwardness, will simply not do and the mountain regions will have to have their own specific policy, programmes and a different delivery system which has been designed and crafted accordingly.

It is therefore no wonder that the industries department of Uttarakhand while generally succeeded in realizing the 'rapid industrialization' goals facilitated through the 7th January, 2003 Concessional Industrial dispensation in the plain districts but it failed miserably in pushing through the 18 items listed under Annexure II of the same Package, primarily meant for the hill regions. These were all 'green' industries, requiring no 'plot notification', and which could be facilitated anywhere in the state but the results remained far less than satisfactory. The same conclusions have also been drawn by Dr. Mamgain in respect of 'agriculture'. What Dr. Mamgain omits to appreciate is that 'agriculture' in the plains need not be confused or mixed up with the agriculture in the hills region, which is mostly rainfed and single crop. Perhaps more than 'diversification from the existing subsistence cereal based production to market oriented enterprise' recommendation, which is a rather stereotype prescription for plains agriculture, much more relevant approach would have been to 'effect a paradigm-shift in mountain agriculture' by aggressively promoting 'organic farming', complete ban on use of chemical-base nutrients and other crop support systems. Such a bold and up-front shift in mountain agriculture would also imply a whole-sale change in the mind-set and agenda of both, the agriculture research and education institutions like the GBP Agriculture University, Vivekanand Parvatiya Krishi Anusandhan Kendra, Almora and the 'agriculture and allied sectors' extension agencies

As regards education and training of the people, particularly females in the hill districts, it is about time that the well known phenomenon of 'drudgery of rural women' is figured out and interventions mounted to provide rural hill women some time for leisure and care of their health.

Studies have shown that in the montane mixed-farming system, the agriculture system cannot stand on its own, without inputs from forest and animals. A strong livestock-farming-forest linkage makes animal husbandry not simply an activity that is supplementary to agriculture, but an intrinsic part and complementary to montane agriculture. And, women play a central and predominant role in linking these systems to make for a viable agriculture system. Training and education of hill rural women have to factor in insights such as these.

A Green Agenda for Uttarakhand

Using some of these insights, the ‘agriculture policy’ enunciated after formation of the new state had mooted a two-pronged approach namely, (i) ‘organic farming’ in the mountain districts and (ii) an option for the plains districts, in favour of the ‘organic farming’. In pursuance of this approach and the overall strategy followed for the development of the mountain regions institutions like the Organic Commodities Development Board, Organic Certification Agency etc were constituted and whatever worthwhile has happened hitherto can be simply ascribed to their achievements. Realizing the dominant role of ‘forests’ in the rural areas, in the same vein, rural development was made ‘forest-centric’, as against an ‘agriculture-centric’ organizational model followed in plains districts of Uttar Pradesh and elsewhere. The genesis of the ‘FRDC Branch’ in Uttarakhand and creation of various ‘green’ Boards like the Bamboo and Fiber Development Board, Bio-fuel Board, Tea Board etc. were the obvious corollary and these institutions also have their firm links to such an approach.

To sum up, an answer to Dr Mamgain’s diagnosis of what ails Uttarakhand’s economic development has to be essentially found in a generic prescription which has a ‘green pre-fix’, both for the primary and secondary sectors in Uttarakhand, especially in its mountain regions. Admittedly, this paradigm shift in agriculture, as well as in industry, is necessarily time-consuming and painful, as all ‘changes’ definitionally are. Tertiary sector growth obviously will automatically be dominantly ‘green’ if the primary and secondary sectors are so; it just cannot be otherwise. Uttarakhand will have to have a radically different delivery

mechanism, frequently resort to out-of-box solutions and craft a suitable agenda for its teaching and training institutions to mainstream such a major paradigm-shift in agriculture and other important sectors of its economy. Business as usual mind-set will lead us nowhere. This approach also makes tremendous sense in the light of what is emerging as a package of 'adaptation activities' to off set the ill effects of Climate Change.

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