

Growth of Himachal Pradesh Economy

1. State Income is the single most common and comprehensive economic indicator used to measure the economic health of a State economy. In Himachal Pradesh, first estimates of State Income were released in the year 1963 covering the period 1950-51 to 1960-61. Since Himachal Pradesh underwent many territorial changes after independence and emerged as a full-fledged State in the year 1971, a new series of State Domestic Product was developed for the year 1966-67 to 1969-70 with the base year 1960-61. The third series of State domestic product prepared in the State was based on 1970-71 prices, which consisted of the estimates up to 1986-87. After the release of the new series of National Accounts Statistics by Central Statistical Organization in February 1989, Himachal Pradesh also brought out a new series of estimates based on 1980-81 prices.

2 A new series of quick estimates were brought out during 1999-2000 based on 1993-94 prices. The National Accounts Statistics have mostly been revised decennially changing the base to a year synchronizing with the year of decennial population census. It was primarily because in the base year estimates, the information on work force has played an important role and workforce estimates were obtained from the population census which is conducted decennially in the years ending with 1. As a sequel, the previous series of National Accounts Statistics should have been with the base year 1990-91. At that time, it was observed that the data on worker participation rate (WPR), captured by the National Sample Survey Organization (NSSO) was better than the one estimated through the population census. Accordingly, the CSO used the workforce estimates based on National Sample Survey (NSS) workforce participation rates from the NSS 1993-94 (50th Round) survey results, and revised the base year of National Accounts to 1993-94. In continuation with this practice, the new series of national accounts released on 31st January, 2006 adopted 1999-2000 as the base year, as it has used the data on WPR from the NSS 55th round Quinquennial survey on Employment and Unemployment, conducted in 1999-2000. In the new series, the WPR data has been used in conjunction with population data of the population census, 2001. After a detailed analysis of all these sources and with the approval of the Advisory Committee on National Accounts Statistics, it was decided to adopt, at 1-digit level of the National Industrial Classification (NIC) work force.

3 The quick estimates of State Income for the year 1999-2000 to 2007-08 at current and constant 1999-2000 prices and per capita income alongwith percentage changes over the previous year at 1999-2000 prices are given in the following table: -

Movement of Net State Domestic Product and Per Capita Income

Year	State Income		Per Capita Income		%age Change Over the Previous Years At 1999-2000 Prices	
	At Constant Prices (Rs. in Crore)	At Current Prices (Rs.in Crore)	At Constant Prices (In Rs.)	At Current Prices (In Rs.)	Net State Domestic Product	Per Capita Income
1.	2.	3.	4.	5.	6.	7.
1999-2000	12467	12467	20806	20806		
2000-2001	13262	13852	21824	22795	6.04	4.9
2001-2002	13938	15215	22543	24608	5.1	3.3
2002-2003	14617	16751	23234	26627	4.9	3.1
2003-2004	15596	18127	24377	28333	6.7	4.9
2004-2005	17099	20300	26278	31198	9.6	7.8
2005-06 (R)	18176	22488	27443	33954	6.3	4.4
2006-07 (P)	19308	24797	28639	36781	6.2	4.4
2007-08 (Q)	20990	27542	30586	40134	8.7	6.8
2008-09 (A)	22439	31107	32319	44803	6.9	5.7

(R) – Revised , (P) – Provisional , (Q)- Quick , (A) – Advanced

4 According to these estimates, the State Income increased from Rs. 12467 crore to Rs. 22439 crore during 1999-2000 to 2008-09 period at constant prices and to Rs. 31107 crore at current prices. The per capita income at constant prices increased from Rs. 20806 in 1999-2000 to Rs. 32319 in 2008-09 while at current prices, it rose to Rs. 44803.

5 The growth rate of State Economy recorded during the Five Year Plan periods beginning from the 1st Five Year plan, 1951-56 onwards alongwith comparison with the National Economy is given in the following table :-

Comparative Growth Rate of H.P. and National Economy Recorded During Five Year and Annual Plan Periods

Plan Period	Average Annual Growth Rate of Economy At Constant Prices	
	Himachal Pradesh	All India
1.	2.	3.
First Plan (1951-56)	(+) 1.6	(+) 3.6
Second Plan (1956-61)	(+) 4.4	(+) 4.1
Third Plan (1961-66)	(+) 3.0	(+) 2.4
Annual Plans (1966-67) to (1968-69)	(+) 3.0	(+) 4.1
Fourth Plan (1969-74)	(+) 3.0	(+) 3.4
Fifth Plan (1974-78)	(+) 4.6	(+) 5.2
Annual Plans (1978-79) to (1979-80)	(-) 3.6	(+) 0.2
Sixth Plan (1980-85)	(+) 3.0	(+) 5.3
Seventh Plan (1985-90)	(+) 8.8	(+) 6.0
Annual Plan (1990-91)	(+) 3.9	(+) 5.4
Annual Plan (1991-92)	(+) 0.4	(+) 0.8
Eighth Plan (1992-97)	(+) 6.3	(+) 6.2
Ninth Plan (1997-02)	(+) 6.4	(+) 5.6
Annual Plan (1997-98)	(+) 6.4	(+) 5.0
Annual Plan (1998-99)	(+) 7.2	(+) 6.6
Annual Plan (1999-2000)	(+) 6.6	(+) 6.6
Annual Plan (2000-01)	(+) 6.3	(+) 4.4
Annual Plan (2001-02)	(+) 5.2	(+) 5.8
Annual Plan (2002-03)	(+) 5.1	(+) 3.8
Annual Plan (2003-04)	(+) 8.1	(+) 8.5
Annual Plan (2004-05)	(+) 7.6	(+) 7.5
Annual Plan (2005-06) (R) - Revised	(+) 8.5	(+) 9.5
Annual Plan (2006-07) (P)- Provisional	(+) 9.2	(+) 9.7
Annual Plan (2007-08) (Q)- Quick	(+) 8.6	(+) 9.0
Annual Plan (2008-09) (A)- Advanced	(+) 7.7	(+) 6.7

6 The growth analysis presented in the above table reveals that Himachal Pradesh achieved an annual average growth rate of 1.6% in the First Five Year Plan period 1951-56. After Second Five-Year Plan, 1956-61 onwards and upto Fifth Five-Year Plan period 1974-78, the State achieved a growth rate of about 3 to 4.6 percent. During the two Annual Plans of 1978-79 and 1979-80 the economy revealed a negative growth rate of (-) 3.6 percent but again showed a recovery during the Sixth Plan period 1980-85. During Seventh Plan period 1985-90, State achieved all time high growth rate of 8.8 percent.

7. During Eighth Five-Year Plan period 1992-97, an annual average growth rate of 6.3 percent was achieved against the envisaged target of 6 percent for the State Economy. The National Economy attained an average growth rate of 6.2 percent against the target of 5.6 percent for this period. During Annual Plan 1997-98, the State economy achieved a growth of 6.4 percent whereas a growth rate of 5.0 percent was recorded at the national level. During the Ninth Five-Year Plan 1997-2002, the State economy achieved a growth rate of 6.4 percent.

8. In the first year 2002-03 of the 10th Plan 2002-07, State economy achieved a growth of 5.1 percent which continued rising in subsequent annual plans. As per quick estimates, during the 10th Plan period the State's economy has achieved an average growth rate of 7.7 percent as against 7.8 percent achieved at all India level.

9. During the first two Annual Plans 2007-08 and 2008-09 of 11th Five Year Plan 2007-12 a growth rate of 8.6 percent and 7.7 percent has been achieved despite world wide slow down.

10. The following table presents decadal and sector-wise movement of the State Domestic Product: -

Percentage Contribution of Sectoral State Domestic Product at Current Prices

Sl. No	Sectors	1950-51	1960-61	1970-71	1980-81	1990-91	2001-02	2002-03	2003-04	2004-05	2005-06 (R)	2006-07 (P)	2007-08 (Q)	2008-09 (A)
1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	13.	14.	15.
1.	Primary	71.01	63.14	58.56	50.35	35.1	25.90	24.63	25.07	25.20	24.57	21.40	21.81	21.34
2.	Secondary	9.50	9.71	16.73	18.69	26.5	35.54	36.32	36.04	36.42	37.80	40.48	41.67	42.11
3.	Tertiary	19.49	27.15	24.71	30.96	38.4	38.56	39.05	38.89	38.38	37.63	38.12	36.52	36.55

11. The above table reveals that Primary Sector contributed 71.01 percent of the SDP in 1950-51, which declined to 21.34 percent in the year 2008-09. The contribution of secondary sector has increased year after year and has reached 42.11 percent in the year 2008-09 from the level of 9.5 percent in the year 1950-51. The tertiary sector showed a steep rise in the first decade but experienced a slow down of 2.44 percent in the decade 1970-71. Thereafter, it showed a continuous rise upto 2002-03. Since then it has slightly shifted either to primary or secondary sector. This structural shift from Primary to Secondary and Tertiary Sectors is a healthy sign of growing economy.

12 Movement of per Capita Income at current prices indicating its level at the beginning of each Five Year Plan/ Annual Plan period in respect of Himachal Pradesh vis-a-vis All- India is given in the following table: -

Comparative Statement of Per Capita Income of Himachal Pradesh and All India
(In Rs.)

Plan Period	Year	Per Capita Income at Current Prices	
		Himachal Pradesh	All India
1.	2.	3.	4.
First Plan	1951-1952	240	239
Second Plan	1956-1957	286	274
Third Plan	1961-1962	398	337
Annual Plan	1966-1967	440	509
Annual Plan	1967-1968	532	588
Annual Plan	1968-1969	576	604
Fourth Plan	1969-1970	586	651
Fifth Plan	1974-1975	1020	1034
Annual Plan	1978-1979	1249	1316
Annual Plan	1979-1980	1258	1390
Sixth Plan	1980-1985	1704	1630
Seventh Plan	1985-1990	2649	2730
Annual Plan	1990-1991	4910	4983
Annual Plan	1991-1992	5691	5603
Annual plan	1992-1993	6390	6262
Annual Plan	1993-1994	7870	7698
Annual Plan	1994-1995	9451	8844
Annual Plan	1995-1996	10607	10103
Annual Plan	1996-1997	11960	11554
Annual Plan	1997-1998	13488	12729
Annual Plan	1998-1999	16144	14682
Annual Plan	1999-2000	20806	15881
Annual Plan	2000-2001	22795	16688
Annual Plan	2001-2002	24608	17782
Annual Plan	2002-2003	26627	18885
Annual Plan	2003-2004	28333	20871
Annual Plan	2004-2005	31198	23198
Annual Plan	2005-2006 (R)	33954	26003
Annual Plan	2006-2007 (P)	36781	29524
Annual Plan	2007-2008 (Q)	40134	33283
Annual Plan	2008-2009 (A)	44803	38084

(R) – Revised , (P) – Provisional , (Q)- Quick , (A) – Advanced

13 The per capita income of Himachal Pradesh and All India increased almost at the same pace from the period 1951-52 to 1996-97 but thereafter Himachal Pradesh leaped forward and reached upto a level of Rs. 44803 by March, 2009 as against the All India per capita income of Rs. 38084.