



# **JOKTA** Academy

**IAS/HAS**

# **AWSM**

*Answer Writing & Syllabus Mastery*



# **HIMACHAL PRADESH ECONOMY**

**SCO 22, Sector 15-C, Chandigarh | 97794-64470**

**Verma Niwas, ICICI Bank Building BCS Shimla | 86288-64475**

**[www.joktacademy.com](http://www.joktacademy.com)**



**ANALYSIS: SYLLABUS AND PREVIOUS YEAR QUESTIONS**

- 1. Sectoral Composition of Economy**
- 2. Sectoral distribution of Gross State Domestic Product (GSDP).**

1. Comment on the preposition that the economy of H.P. has constantly shown a shift from agricultural sector to industry and services sectors in terms of contribution to the state's Gross Domestic Product (GDP).(2016, 8 marks)
2. What has been the contribution of various sectors of state economy to the state gross domestic product (SGDP) in H.P.(in percentage terms) (2016-17 fiscal year) (2017, 8 marks)
3. Explain the importance of Tertiary sector in Himachal Pradesh in the recent past.(2020, 8 marks)
4. Explain the performance of Dhoodh Ganga Yojna in Himachal Pradesh(2018, 8 marks)

- 3. Diversification in Agriculture and allied activities,**
- 4. Land tenure and size of land holdings.**

1. How are farmers classified into various categories like marginal, small, medium and large etc. in Himachal Pradesh?(2016, 4 marks)
2. What is the average size of each of the various categories of land-holdings in HP, ranging from marginal to large (in hectares)?(2017, 4 marks)
3. Analyse the enactments made by the Himachal Pradesh Government for the protection and welfare of the interests of the Agrarian Society(2016, 20 marks)
4. What steps are being taken in H.P to ensure zero budget model of natural farming?(2017, 4 marks)
5. Explain the various programmes for the development of Horticulture in Himachal Pradesh.(2018, 8 marks)
6. What is Himachal Pradesh crop diversification promotion project(HPCDP).Discuss its objectives.(2022, 8 marks)

- 7. Industrialization in the state.**
- 8. Cottage and Small Scale Industries.**

1. What are the major impediments in the industrial growth of Himachal Pradesh and what way out would you suggest?(2017, 20 marks)
2. Explain the significant achievement in the field of industrialization in Himachal Pradesh.(2022, 8 marks)
3. Discuss the problems and prospects of Micro, Small & Medium Enterprises (MSME) sector in Himachal Pradesh.(2019, 8 marks)
4. Discuss the performance of Khadi and Village Industries in Himachal Pradesh.(2020,8 marks)

- 5. Demographic profile and Human resource**
- 6. Skilled / Unskilled labour.**

1. Discuss the need of labour reforms in Himachal Pradesh.(2019)(8 marks)
2. What is skill development allowance scheme in Himachal Pradesh.(2022)(8 marks)

- 3. Revenue generation with special reference to hydro potential, tourism, flora and fauna.**

1. What major considerations have led the H.P. government to forgo the harnessing of nearly 3436 MW harnessable hydro power in the state?(2016, 4 marks)
2. Comment on the preposition that hydel power generation in H.P needs to strike a balance between the need to protect environment ,on the one hand ,and the need to generate revenue and create employment, on the other. (2017, 8 marks)
3. What is H.P. Forest Eco-System Climate Proofing Project?(2016, 4 marks)
4. What is the concept of Important Bird Area (IBA)? Explain it's status in Himachal Pradesh.(2020, 4 marks)
5. Describe the key areas of environmental significance which need attention on a priority basis as per Himachal Environmental Policy guidelines.(2021, 4 marks)
6. Discuss the flora and fauna of Renuka Wetland of Himachal Pradesh.(2021, 4 marks)

#### **4. Tax base, Pros and Cons of Special Category status.**

1. Discuss the major tax and non tax revenue sources of Himachal Pradesh(2019, 8 marks)
2. Write a short note on H.P. state's non-tax revenue sources. What percentage of total revenue receipts did it contribute during 2016-17 fiscal?(2016, 8 marks)
3. What is the criteria for according special category status the Himachal Pradesh state.?(2017, 4 marks)

#### **5. Appraisal of education, Health, Physical and Financial Infrastructure Development.**

1. Discuss some financial inclusion initiatives taken in Himachal Pradesh(2020, 8 marks)
2. Discuss the measures taken to ensure food security in Himachal Pradesh.(2021, 8 marks)
3. What are the objectives of Elementary Education policies of the H.P. Govt.?(2016, 4 marks)
4. Discuss the Integrated Rural Development initiatives taken by NABARD in Himachal Pradesh.(2021, 8 marks)

**QUESTION BANK**

1. Describe the major Land Reform acts in HP since 1950-51.
2. In what way tax base in HP could be increased? 3. How flora and fauna could be a best source of revenue generation for Himalayan state HP?
3. What do you know about Special category status? discuss the benefits of this status for Himachal Pradesh.
4. What are the prospects and challenges of revenue generation potential of hydro power in Himachal Pradesh.
5. What do you understand by agricultural diversification and throw light on the agriculture diversification in HP?
6. HP stands amongst the top literate states of the India, but the state is lacking behind in skilled work force. What are the major reasons for this and what steps has been taken by State government for skill development in the state?
7. What do you know about demographic dividend? Give an account of demographic dividend of HP.
8. Village tourism is going to be a major source of revenue generation. Discuss in the light of new tourism policy of Himachal Pradesh.
9. What is the contribution of secondary sector in gross state domestic products and what steps has been taken by HP government to enhance the contribution of secondary sector in State GDP.
10. What is the current sectoral distribution of Gross State Domestic Production? State economy has constantly shifting from agriculture sector to industry and services in term of GDP. Comment
11. Himachal Pradesh is known as fruits bowl of India. Comment
12. Assess the policies and programs of Himachal Pradesh government in boosting the production, productivity, and income of horticulture farms. How far has it succeeded in increasing the income of farmers?
13. Discuss about Mukhyamantri Swavlamban Yojana in Himachal Pradesh.
14. Give a brief about tax and non-tax revenue sources of Himachal Pradesh.
15. What are major provisions of Himachal Pradesh tenancy and land reforms act – 1972?
16. What steps has been taken by Himachal Pradesh government in the field of employment generation for youth.
17. Explain the programmes and projects started in Himachal Pradesh for protection and preservation of forest.
18. What are the multifaceted advantages associated with promoting financial inclusion in the state? 41. What are the difficulties that commercial banks in Himachal Pradesh encounter?
19. What are the various concerns regarding food security? Explore the strategies adopted to uphold food security in Himachal Pradesh.
20. Give an account on the Social Progress Index, with special mention to Himachal
21. Comment on the per capita income in Himachal Pradesh.

**ECONOMY OF HIMACHAL PRADESH**

Himachal Pradesh's economy is characterized by its diversity, spanning agriculture, industry, and the service sector, and it has rapidly evolved into a dynamic and growing economy.

**The key economic aspects of the state's economy are:**

- **State GDP** - The state's real gross domestic product (GDP) or GDP at constant prices (2011-12) in the FY2023-24 is estimated to be ₹1,91,728 crore as against the provisional estimate of ₹1,72,162 crore for FY 2022-23.
- **Economic Growth** - According to the advance estimates, Himachal Pradesh's economy is expected to expand by 7.1 during the fiscal year 2023-24.
- **Sector Wise Contribution (Current Price)** - The tertiary sector contributed 44.08 to the state's GVA, with the secondary sector following closely at 41.98% and the primary sector at 13.57%.
- Himachal Pradesh had 58.71 of its workforce in agriculture and related sectors.
- **Per Capita Income** - The Per Capita Income at current prices for the FY 2023-24 is estimated at ₹2,35,199 showing a growth rate of 7.5%.
- **Inflation Rate** - The inflation trend remained fluctuating from 3.4 percent in January and peaking at 7.1% in July due to spike in vegetable prices.

**Employment Scenario:**

- **Labour Force Participation Rate (LFPR)** - According to the 2021-22 Periodic Labour Force Survey (PLFS), Himachal Pradesh's overall LFPR stands at (61.3) surpassing Uttarakhand (42.5) Punjab (42.3), Haryana (36.3%), and the national average (42.4%).
- **Worker Population Ratio** - The Worker Population Ratio (WPR) for all ages (15+) was 58.6 and notably, women (54.8%) had a higher participation rate in economic activities compared to men.
- **Unemployment Rate** - Himachal Pradesh boasts the lowest unemployment rate at 4.4 % in 2022-23

**Key Challenges to the Economy of Himachal Pradesh:**

- **Dependency on Agriculture** - Himachal Pradesh's economy is heavily reliant on agriculture, with a large portion of the population (around 57%) engaged in farming.
  - ❖ The agriculture sector is vulnerable to factors such as weather conditions, pests, and diseases, which can lead to fluctuations in agricultural production.
- **Seasonal Tourism** - Tourism is a significant contributor to the state's economy, but it is highly seasonal, with the bulk of tourists visiting during the summer and peak holiday seasons.
  - ❖ This seasonality can create challenges in terms of employment generation and revenue stability.
- **Limited Industrial Base** - Himachal Pradesh has a limited industrial base, and the establishment of industries is concentrated in mostly plain areas of Himachal, i.e., Baddi-Barotiwala-Nalagarh, Una, Kangra, etc.
  - ❖ **Transportation Infrastructure** - The state's rugged terrain and challenging topography make it difficult to develop and maintain transportation infrastructure.
- **Skill Development** - There is a need for skill development and training programs to enhance the employability of the state's workforce.
  - ❖ E.g., around 90% of Himachal Pradesh's workforce has not received any formal skill training.
- **Limited Access to Credit and Financial Services** - Many areas in Himachal Pradesh are remote and have limited access to banking and financial services. This can hinder economic growth and financial inclusion.
- **Dependence on Central Grants** - The state receives a significant portion of its revenue from central grants and subsidies.
- Over-dependence on such grants can make the state vulnerable to changes in central policies and funding allocations.

- **Vulnerability to Natural Disasters** - Himachal Pradesh is prone to natural disasters such as landslides, floods, and earthquakes. These events can damage infrastructure, disrupt economic activities, and impede recovery efforts.
  - ❖ E.g. Himachal Pradesh has suffered a cumulative loss of over Rs 648 crore during the ongoing monsoon season. According to the State Emergency Operations Centre (SEOC), the public works department (PWD) suffered the highest losses of Rs 301 crore, followed by Jal Shakti Vibhag with a loss of Rs 196 crore
- **Sustainability and Environment** - The state's economy heavily relies on its natural resources, and there is a growing concern about sustainability and environmental conservation.

Balancing economic development with environmental preservation is a challenge.

#### Way Forward:

- **Diversify Agriculture** - Promote diversification in agriculture and allied sectors to reduce dependency on a few crops.
  - ❖ E.g., pulses, millets, vegetables, fruits, aromatic plants, poultry, bee-keeping, pisciculture, etc.
- **Tourism Sector Enhancement** - Develop and promote alternative tourism niches and formulate a comprehensive tourism framework.
  - ❖ E.g., Himachal State Tourism Policy, which aimed to diversify the tourism industry of the state.
- **Industrial Growth** - Provide incentives for small and medium-scale enterprises to reduce the regional disparities of industrialization in the state.
  - ❖ E.g., Chief Minister's Startup/Innovation Projects/New Industries Schemes, Mukhya Mantri Swavalamban Yojana, etc.
- **Transport Infrastructure** - Explore innovative transport solutions like ropeways and funicular railways to ensure sustainable infrastructural development.
  - ❖ E.g., Parvatmala Program, etc.
- **Skill Development** - Establish vocational training centres to impart skills relevant to local industries and encourage entrepreneurship and self-employment through skill development.
  - ❖ E.g., the Government of Himachal Pradesh (GOHP) have taken a loan from ADB to implement the Himachal Pradesh Skill Development Project in the State.
- **Reducing Dependency on Central Grants** - Focus on alternative methods for revenue generation through tourism, agriculture, and industries, etc.
  - ❖ E.g., recently CM Sukhvinder Singh Sukhu emphasized reducing the dependency on central grants by seeking a larger share in power projects of Central PSUs and also conducted auctions for liquor vends.
- **Disaster Preparedness** - Invest in early warning systems and disaster management infrastructure. Also, promote community-based disaster risk reduction measures.
  - ❖ E.g., "Himachal Pradesh Disaster Risk Reduction and Preparedness Programme" aims to establish the State Institute for Disaster Management, with Rs 890 crore budgetary support.
- **Sustainability and Environment** - Implement strict environmental regulations and promote eco-friendly practices.
  - ❖ E.g., Organic Farming, promotion of renewable energy, eco-tourism, etc.

By fostering a more resilient and sustainable economy, Himachal Pradesh can secure a brighter and more prosperous future for all its citizens while preserving its natural beauty and resources.



## DIVERSIFICATION IN AGRICULTURE AND ALLIED ACTIVITIES

Diversification in agriculture and allied activities is a critical strategy for Himachal Pradesh, as it can help reduce the state's heavy dependence on traditional crops.

Himachal Pradesh is known for its hilly terrain, which poses unique challenges and opportunities for agricultural diversification.

### The Diversification in Agriculture and Allied Activities are:

- **Fruit Production** - Orange, guava, pomegranate, litchi, plum, pecan nut, persimmon, mango, and other fruits are produced in Himachal Pradesh.
  - ❖ Apples occupy 49% of the overall fruit crop area, contributing significantly to the state's fruit economy, which amounts to 83% of the total.
- **Vegetable Production** - The state is promoting vegetable cultivation, particularly off-season and high-value vegetables like peas, tomatoes, capsicum, Onion, Ginger, Cauliflower, etc. produced in the state.
  - ❖ Among different vegetables grown in the state, the greatest increase in the area, production and productivity was found in cauliflower followed by peas.
  - ❖ The peas dominated the cropping pattern with the maximum share in the area (27.53%) and tomatoes had the maximum share in production (27.80%).
- **Medicinal and Aromatic Plants** - Himachal Pradesh's diverse climate and topography make it suitable for the cultivation of medicinal and aromatic plants like lavender, rosemary, Saffron, amla, Giloye, Brahmi, Tulsi, Gucchi, etc.
  - ❖ This not only diversifies income sources but also supports the pharmaceutical and cosmetic industries.
  - ❖ E.g., the farmers of Chamba in Himachal Pradesh are gradually embracing cultivation of aromatic plants.
  - ❖ The agriculture department supplied 10 quintals of saffron corm in 2023 to the farmers to facilitate the diversification of agriculture in the area.
  - ❖ To promote flower cultivation, two Tissue Culture Laboratories have been established under Model Flower Cultivation Centres at Mahogbagh (Chail, District Solan) and Palampur.
- **Organic Farming** - Organic farming is gaining momentum in Himachal Pradesh, driven by increasing demand for organic produce.
  - ❖ The hill state of Himachal Pradesh has 24210 hectares of area under natural farming in the last three years.
  - ❖ Also, Nek Ram Sharma, a farmer from the Mandi district, was honoured with Padma Shri for outstanding work in organic farming.
- **Dairy Farming** - Dairy farming and milk production have been traditional allied activities. The state encourages the adoption of improved cattle breeds, better feeding practices, and value addition to dairy products.
  - ❖ Milk Production in the state has grown from 11.39 lakh tonnes in 2012-13 to 16.54 lakh tonnes in FY 2022-23.
  - ❖ Cow milk makes up 70% of total milk production, buffalo milk accounts for 27%, and goat milk contributes 3%.
- **Poultry** - Poultry farming emerging as a profitable venture. The state provides support for setting up poultry and fish farms, offering farmers an additional source of income.
  - ❖ E.g., Him Kukkut Palan Yojana, Backyard Poultry Project, etc.
- **Pisciculture** - Fishing has become an important sub-sector of the primary sector of the state economy. About 6,020 fisherman in the state are directly depends upon the reservoir fisheries.



- ❖ The state has framed the Himachal Pradesh Fisheries Rules 2020 for the promotion of pisciculture.
- ❖ Cumulative fish production was around 11 337,MT in the state during FY 2023-24.
- **Beekeeping** - Beekeeping is promoted as an allied activity to enhance pollination and increase fruit yields. It also generates income through honey production and other bee products.
- **Agro-Tourism** - Agro-tourism is another way to diversify income sources. Farmers can offer tourist experiences like farm stays, orchard tours, and traditional cuisine, generating income from tourism.
  - ❖ E.g., Tribal youths in Himachal's Lahaul are promoting agro-tourism to sustain the economy.
  - ❖ They have grown exotic vegetables on their land to attract tourists, which is purely organic produce.

**Various Schemes and Programs Initiated by the State Government to Facilitate Diversification in Agriculture and Allied Activities:**

- **Prakritik Kheti Kushal Kisan Yojana** – This initiative is introduced to promote Zero Budget Natural Farming to eliminate use of synthetic fertilizers and pesticides and reduce cultivation costs.
  - ❖ Around 1, 71,000 farmers in the state have opted for natural farming, spanning of area of 9464 hectares.
  - ❖ The state government has set the target to add an extra 20,000 hectares of area under natural farming in FY 2022-23.
- **The Mukhya Mantri Nutan Polyhouse Pariyojana** – It aims to establish 5000 polyhouses.
  - ❖ It will be executed in two phases, with the initial phase spanning from FY 2020-21 to 2022-23.
  - ❖ This initiative offers an 85% subsidy for polyhouse construction.
- **HIMCAD** - The state government of Himachal Pradesh has started a new scheme named 'HIMCAD', to provide irrigation facilities to farmers.
  - ❖ The scheme will provide end-to-end connectivity of farmers' fields for better water conservation, crop diversification and integrated farming.
- **Mukhyamantri Krishi Samvardhan Yojana** – This scheme subsumed the eight ongoing programs with similar goals to prevent activity duplication and arranged them into four components.

**These are:**

- ❖ Cluster Based Vegetable Production Scheme;
- ❖ Input Based Umbrella Scheme;
- ❖ Strengthening of Seed Multiplication Scheme;
- ❖ Strengthening of Laboratories.
- **Himachal Pushp Kranti Yojana** – HPKY is launched to promote commercial floriculture farming in the state and provide employment to skilled and unskilled unemployed youth.
- **Him Kukkut Palan Yojana** – Within the framework of the program, there is a provision for setting up 120 poultry units in the state.
  - ❖ The beneficiaries receive a 60% subsidy on both capital investment and recurring costs.
- **Him Unnati** - The "Him Unnati" initiative, commencing with an initial allocation of Rs. 150 crore, will primarily focus on elevating diverse agricultural clusters, encompassing areas related to milk production, pulses, millets, vegetables, fruits, flowers, cash crops, and natural farming.
  - ❖ Over the forthcoming five years (2023-28), more than 2600 such clusters will be created, promising substantial growth in the state's agricultural sector.
- **Trout Livestock Insurance Scheme** – The state government implemented this program for FY 2023-24 to offer insurance coverage for the livestock of cold-water fish producers in the state.
  - ❖ Under this scheme 65% of the premium is paid by the state government and 35% is paid by the recipient.

- **Uttam Pashu Puraskar Yojana** – During FY 2023-24, this scheme is being implemented with a provision of Rs 100 lakh for farmers who have milch cattle/buffaloes with an output of 15 litres or more per day.
  - ❖ This plan provides a Rs 1,000 reward per beneficiary per animal.
  - ❖ Challenges to diversification in agriculture and allied activities in Himachal Pradesh include:
- **Climate Change:** Erratic weather patterns due to climate change are affecting crop yields and horticulture, posing a significant challenge to agriculture-dependent livelihoods.
  - ❖ E.g., according to the State Agriculture Department report, the state has incurred the loss of crops of around Rs 20 crores due to erratic weather.
- **Natural Disasters** – Himachal Pradesh is prone to many types of natural disasters, which damage the suitable agricultural lands of the people.
  - ❖ E.g., the recent scenario is a live example of H.P.'s vulnerability to disasters. According to government estimates, around 9.4 lakh farmers have been affected in the state.
- **Rampant wildlife intrusion** – Wildlife intrusion is also a major cause of crop loss in the state. Even in many areas of Kasauli, people left agriculture due to the menace of the monkeys.
  - ❖ E.g., a survey titled “Economic assessment of crop damages by the animal menace in mid-hill regions of Himachal Pradesh” reported that out of the total sample area, 56% of the area is wildlife intrusion prone.
- **Limited Arable Land** - Himachal Pradesh's hilly terrain limits the availability of arable land, and expansion of agriculture is also a challenging factor.
- **Lack of Irrigation Facility** – In Himachal Pradesh, only 20% agricultural area has irrigation facilities, whereas 80% area is rainfed. This is also a major concern for the future of agriculture in the state.
- **Hilly Terrain and Topography:** Himachal Pradesh's hilly terrain poses unique challenges for infrastructure development, transportation, and the cultivation of certain crops.
  - ❖ It may require significant investment and innovation to make these areas suitable for diversification.
- **Storage and Infrastructure** - Proper storage and transportation infrastructure are essential for perishable products like fruits and vegetables. The lack of adequate infrastructure can lead to post-harvest losses, discouraging diversification efforts.
  - ❖ E.g., the post-harvest losses of apples alone account for more than 15% of total post-harvest losses in fruit production.
- **Market Access** - Access to markets, especially for high-value and niche products like medicinal plants and organic produce, can be a challenge.
- **Skill and Knowledge Gap** - Diversification often requires a shift in farming practices and techniques. Providing training and knowledge support to farmers for the successful cultivation of new crops and the adoption of new practices is essential.
- **Sustainability and Environmental Concerns:** Diversification should be pursued with a focus on sustainability. Overuse of resources or improper farming practices can have negative environmental impacts, and managing this balance is crucial.

**To address the challenges and promote diversification in agriculture and allied activities in Himachal Pradesh, the following strategies can be considered:**

- **Infrastructure Development** - Invest in road and transportation infrastructure to improve access to markets, especially in remote hilly areas.
  - ❖ E.g., construction of ropeways as an alternative transportation method as envisaged under the Parvatmala Program.
- **Research and Extension Services** - Strengthen agricultural research and extension services to provide farmers with the latest knowledge and best practices for diversified crops and activities.

- **Crop Insurance and Risk Mitigation** - Implement crop insurance schemes to protect farmers from weather-related risks and market volatility.
  - ❖ E.g., PM Fasal Bima Yojana.
- **Promote Sustainable Practices** - Encourage and educate farmers about sustainable and organic farming practices to protect the environment and enhance the quality of diversified products.
  - ❖ E.g., Prakritik Kheti Kushal Kisan Yojana.
- **Skill Development** - Provide training and capacity-building programs for farmers to acquire the necessary skills for new crops and activities.
  - ❖ E.g., Himachal Pradesh Kaushal Vikas Yojana.
- **Market Linkages** - Develop efficient market linkages and value chains for diversified products, connecting farmers with processors, retailers, and export markets.
  - ❖ E.g., H.P. State Agricultural Marketing Board and Agriculture Produce Marketing Committees (APMC) are formed to market agricultural products in the state.
- **Financial Support** - Offer financial incentives, subsidies, and easy access to credit for farmers diversifying into new crops and activities.
  - ❖ E.g., Mukhya Mantri Krishi Kosh Yojana, Trout Livestock Insurance Scheme, etc.
- **Research on Resilient Varieties** - Invest in research on crop varieties that are resilient to Himachal Pradesh's climatic conditions, reducing the risk associated with diversification.
  - ❖ E.g., Sub Mission of Seed and Planting Material.
- **Promote Agri-Entrepreneurship** - Support and incubate agri-entrepreneurs who can lead the way in diversification, value addition, and marketing of diversified products.
  - ❖ E.g., Him Ganga Scheme, Mukhya Mantri Swavlamban Yojana, etc.

With a holistic approach and continued government support, Himachal Pradesh can achieve its goal of diversified and resilient agriculture in the face of evolving challenges.

## SKILLED/UNSKILLED LABOUR IN HIMACHAL PRADESH

### Skilled Labor:

- Skilled labour refers to workers who possess specialised training, education, or experience in a particular field or trade.
- These individuals typically have a higher level of expertise and can perform complex tasks or jobs that require a specific set of skills.

### Unskilled Labour:

- Unskilled labour, conversely, encompasses workers who do not undergo or require specialised training or education to perform their jobs.
- These jobs typically involve tasks that are relatively simple and do not demand specific skills or expertise.

### Why Effective Skill Development Initiatives are Necessary in Himachal Pradesh:

- **Workforce with extremely limited skill levels** - In Himachal Pradesh, around 90% of the workforce has not received any formal skill training.
- **Positive Demographic Dividend** - With a bustling young population of 35.25 per cent, Himachal has a clear advantage over other states as the literacy rate in this section is 95 per cent, among the highest in the country.

- The share of the youth population is 35.25 per cent which is more than the national level of 34.80 per cent
- According to the report of the Economic and Statistics Department, named “Youth in Himachal Pradesh-2018”, the youth population of Himachal has grown by 129 per cent in the last 40 years as compared to the 85 per cent growth rate of the general population.

**Constraints to Skill Development in the State:**

- **Absence of Adequate Infrastructure** - A considerable segment of the population (89.97%) lives in rural areas, where there is a shortage of appropriate vocational institutions for the local youth to develop their skills.
- **Geographical Barriers** - Himachal Pradesh's diverse geography poses challenges in providing essential facilities to affiliated institutes, hindering students' access and impacting their interest in skill development.
- **Limited Exposure to Industry** - Himachal Pradesh hosts a relatively low number of industries, and these are primarily situated on the state's borders. Consequently, the needs of these industries are often met by neighbouring states, leaving the youth of Himachal Pradesh without sufficient exposure and thus unskilled.
- **Migration Patterns** - Many skilled workers from Himachal Pradesh migrate to other states or countries in search of better job opportunities, leaving a shortage of skilled labour in the region.
- **Educational System** - The existing education system is not aligned with the needs of the job market, leading to a mismatch between the skills workers possess and the skills demanded by local industries.
- **Financial Barriers** - The cost of acquiring skills or education is a barrier for many individuals, especially in economically disadvantaged areas.
- **Information**
- **Deficiency** - Remote areas in the state often lack access to current economic developments, rendering their residents unaware of new trends and knowledge, which in turn results in a lack of skill acquisition.

**State Government Initiatives to Foster Skills Development in the Workforce:**

- **Skill Development Allowance Scheme** – This program offers financial assistance to the State's qualified unemployed youths in order to help them improve their skills and increase their employability.
- **Amount of Assistance** - Monthly allowances are disbursed at a rate of Rs 1000 and are raised to Rs 1500 for individuals with a 50% or greater physical disability.
- **Time Period** – It is available for a maximum duration of two years.
- **SANKALP** – It is a World Bank-assisted scheme, aimed at strengthening institutional mechanisms and skilling ecosystem across the state.
  - ❖ It is implemented by HP Kaushal Vikas Nigam.
- **Asian Development Bank Assisted HP Skill Development Project** - The Government of Himachal Pradesh (GOHP) has secured a loan from ADB to support the implementation of the Himachal Pradesh Skill Development Project.
  - ❖ The primary objective of this project is to modernize and revamp the technical and vocational education and training (TVET) programs in Himachal Pradesh.
  - ❖ The project aims to increase training capacity and enhance the employability and livelihood opportunities for Himachali youth aged 16 to 30 years.
- **NAVDHARNA Program** – Himachal Pradesh Kaushal Vikas Nigam (HPKVN) is implementing a special campaign called as Navdharna for the skill development of specially-abled people of the state.
  - ❖ The employment oriented training in the tourism, hospitality and retail sectors would be provided to the specially-abled under this programme.
- **English, Employability and Entrepreneurship (EEE) Training** – HPKVN has introduced this program in a total of 56 government degree colleges of the state.
  - ❖ The objective is to facilitate the development of EEE skills amongst the 5000 final-year graduating students.

- **Flexible Memorandum of Understanding (Flexi-MoU)** - The State Skills Mission has introduced a program called the “Flexible Memorandum of Understanding” (Flexi-MoU).
  - ❖ This program aims to promote skill development by bringing together industries and organizations.
  - ❖ It encourages companies that already have partnerships with other industries to collaborate with HPKVN (Himachal Pradesh Kaushal Vikas Nigam) on this initiative.
  - ❖ A scheme has been implemented, ensuring a minimum of 70% job placement success, with 70% of the payment being contingent on the successful placement of certified candidates.

By implementing these initiatives, the government of Himachal Pradesh is taking concrete steps to bridge the skills gap, increase employability, and empower its youth to participate more effectively in the job market.

## REVENUE GENERATION WITH SPECIAL REFERENCE TO HYDRO POTENTIAL, TOURISM, FLORA AND FAUNA

### Hydro Power Potential

Himachal Pradesh has significant hydroelectric potential, with 27,436 MW capacity from five river basins. Currently, 10,519 MW is harnessed.

Satluj River has the highest hydropower generation potential (13,332 MW- 48.6% harnessed) followed by Beas (5,995 MW-21.8% harnessed), Chenab (4,032 MW-14.7% harnessed), Ravi (3,237 MW – 11.8% harnessed), and Yamuna (840 MW-3.1% harnessed).

### Here's how hydropower production contributes to revenue generation in Himachal Pradesh:

- **Electricity Generation and Sales** - Hydropower projects in Himachal Pradesh efficiently harness the state's rivers to generate electricity, contributing significantly to the state's revenue.
  - ❖ E.g., in the fiscal year 2022-23, the state generated and sold electricity worth Rs. 2188 crore.
- **Royalties and Tariffs** - The state government generates revenue by imposing royalties, cesses and tariffs on the use of water resources for hydropower production.
  - ❖ These fees, paid by hydroelectric project developers, constitute a substantial income source for the state.
  - ❖ Recently, the state government introduced changes to the water cess on hydropower projects and also set up a three-member committee with the aim to generate ₹4,000 crore from the water cess.
- **Employment Opportunities** - The development and operation of hydropower projects create employment opportunities for local residents, encompassing various roles from construction to plant maintenance.
  - ❖ E.g., the Luhri Stage 1 HEP on the Satluj River has the potential to generate 20 lakh man-days of employment.
- **Infrastructure Development** - Hydropower projects necessitate infrastructure development, including roads, bridges, and transmission lines.
  - ❖ E.g., the construction of Parbati HE Project-III improved communication and accessibility for villages in the Sainj Valley, facilitating better transportation of local farmers' horticulture products to the nearby NH-21 market.
- **Tourism and Eco-Tourism** - Hydropower projects often create reservoirs and water bodies that attract tourists, promoting tourism and eco-tourism in the region.
  - ❖ E.g., include Govind Sagar Lake (Bhakhra Dam) and Maharana Pratap Sagar (Pong Lake).
- **Increased Property Values** - The presence of hydropower projects and associated infrastructure can boost property values in the vicinity, leading to increased property tax revenues for state and local governments.
- **Corporate Social Responsibility (CSR) Initiatives** - Many hydropower project developers engage in CSR initiatives to support local communities, including funding for education, healthcare, and infrastructure.



- ❖ E.g., Satluj Jal Vidyut Nigam contributed Rs. 31.77 crore under CSR.
- ❖ Further, during the operational phase of its projects, HPPCL has pledged to allocate 1% of its power generation revenue to the Local Area Development Fund (LADF).
- **Revenue Sharing with Local Communities** - The state government implements revenue-sharing mechanisms with local communities affected by hydropower projects, allocating a portion of the project revenue for community development.
- ❖ E.g., during the construction of Parbati HEP-III, 1.5% of the project cost was allocated for developmental projects in the Project Affected Area, benefiting local communities.

#### Challenges Associated with the Hydro-Power Generation in Himachal Pradesh:

- **Ecological Impact** - A report by 'Himdhara Collective NGO' reveals substantial evidence of drying springs, landslides, obstruction to fish migration, and destruction of flora and fauna in the areas surrounding power projects such as Karcham Wangtoo, Kashang, and Parvati.
- ❖ E.g., the recent protest over the Jhangi-Thopan HEP project is also over the ecological impact of the project.
- **Landslide Risks in Proximity to Hydro Projects** - The state disaster management cell reports that approximately 10 Mega Hydro projects are located in medium and high-risk landslide areas.
- **Environmental Consequences** - A study published in the journal 'Land Use Policy' in September 2020 underscores that in areas near these projects, cases of floods, deforestation, soil erosion, and ecosystem fragmentation have become commonplace.
- **Decreased Water Availability and Economic Viability** - Due to climate change and melting glaciers, water availability for hydropower generation has substantially decreased.
- ❖ E.g., a 1 per cent reduction in flow leads to a 3 per cent reduction in energy output.
- ❖ With increasing human-induced hydrological changes, the economic viability of power projects is in question.
- **Health Impacts and Pollution during Tunnel Construction** - Blasting during tunnel construction leads to dust that harms vegetation and causes severe air and water pollution.
- ❖ E.g., a study by "Indira Gandhi Medical College reports" an increase in diseases like silicosis in areas near power projects.
- **Greenhouse Gas Emissions and Climate Change** - According to the "World Energy Council", power projects are significant sources of greenhouse gases, especially Methane, carbon dioxide, and nitrous oxide, contributing to climate change.

Striking a sustainable equilibrium is essential to ensure the continued prosperity of the state while preserving its natural beauty and biodiversity.

#### Tourism

- Tourism plays a significant role in revenue generation in Himachal Pradesh. The state is known for its picturesque landscapes, diverse culture, and pleasant climate, making it a popular tourist destination.
- Here are some ways in which tourism contributes to revenue generation in Himachal Pradesh:
- **Contribution to State GDP** - Tourism accounts for 7% of the state's Gross Domestic Product (GDP).
- **Foreign and Domestic Tourists** - In 2023, 1.60 crore tourists visited Himachal Pradesh.
- **Contribution to Local Economy** - These tourists create livelihood opportunities for the local population through services such as hotels, homestays, restaurants, tourist guides, cab services, etc.
- **Cultural and Heritage Tourism** - The state's rich cultural heritage and historical sites also draw tourists.
- Entrance fees to heritage sites, museums, and cultural events contribute to revenue generation.
- **Infrastructure Development** - The revenue generated from tourism is often reinvested in infrastructure development, such as better roads, improved transportation facilities, and the maintenance of tourist destinations.

- ❖ E.g., the Kiratpur-Manali highway includes 87 km of upgrading the existing configuration from a 2-lane highway to a 4-lane highway. There will be 37 major bridges, 14 tunnels, and three toll plazas.
- ❖ Tourism in Himachal Pradesh provides a sustainable income source while preserving natural beauty and cultural heritage, benefiting the region's well-being.

### Flora and Fauna

Himachal Pradesh is known for its rich and diverse flora and fauna due to its varied topography, which ranges from lowland forests to high-altitude alpine meadows.

This diversity assisted the state to produce additional revenue generation for the state.

### The State of Himachal Pradesh Derives Revenue from Flora and Fauna in Several Ways:

- **Ecotourism** - Himachal Pradesh's rich biodiversity, including various species of flora and fauna, contributes significantly to ecotourism.
  - ❖ The state attracts a substantial number of tourists interested in wildlife and nature.
  - ❖ E.g., the Himachal govt identified 11 sites for developing eco-tourism.
- **Herbal and Medicinal Plants** - Himachal Pradesh's diverse flora, rich in medicinal and aromatic plants, historically contributes to revenue through the herbal and pharmaceutical industries, including exports.
- **Timber Production** - The timber industry generates revenue through timber sales, permits, leases, and auctions conducted by the government.
  - ❖ E.g., the state has around 86,874 salvage trees expected to yield 64,000 cubic meters of timber.
  - ❖ The CM stressed monthly marking on forest land for timely extraction to maximize timber revenue.
- **Agriculture and Horticulture** - Himachal's varied climate and terrain support diverse crops, benefiting its largely rural population.
  - ❖ Agriculture and related activities constitute 13.14% of the state's GDP and offer employment to roughly 57% of its workforce.
- **Conservation Initiatives** - Conservation efforts in Himachal Pradesh, including those aimed at protecting endangered species like the snow leopard, often receive funding from various sources, including government grants and international organizations.
  - ❖ E.g., Rs 800 Crore HP Forest Eco-System Management and Livelihood Improvement Project, funded by Japan International Cooperation Agency (JICA).
- **Animal Husbandry** - Animal husbandry plays a crucial role in the primary sector, engaging a significant portion of the population and contributing significantly.
  - ❖ It primarily involves the production of meat, milk, and eggs, serving as an additional source of income and revenue for the state.
- **Fish Production** - Commercially valuable fish species in reservoirs like Gobind Sagar, Pong Dam, Chamera, and Ranjeet Sagar Dam have become a means of economic upliftment for local communities.
  - ❖ E.g., Himachal Pradesh produced 16 thousand metric tons of fish during FY2022.

In conclusion, Himachal Pradesh's rich and diverse flora and fauna play a vital role in generating revenue and sustaining the livelihoods of its residents.



**TAX BASE OF HIMACHAL PRADESH**

The tax base refers to the total value or amount on which a tax is calculated and imposed by a government authority, such as a federal or state government.

It represents the pool of economic activities, assets, or income that is subject to taxation.

**Major Fiscal Indicators for FY 2023-24:**

- **Revenue Receipts** – As per the budget estimates, the revenue receipts of the state government for FY2023-24 were estimated at 40446 crores.
- **Tax Revenue (Including Central Share)** – The tax revenue was estimated at Rs 21,504 in FY2023-24 crore .
- **Non-Tax Revenue** – The expected figure for FY2023-24 is likely to reach Rs 3447 crore.
- Why Tax Base Collection is less in H.P.:
- **Large Rural Population** – Around 90% of the population of the state resides in rural areas and primarily practices agricultural and related activities, which is non-taxable.
- **Low Taxpayer Base** - The percentage of Himachal Pradesh's population that pays taxes is only 3.3%.
- **Tax Avoidance** - In addition to rural labourers, numerous affluent landowners and business individuals remain outside the tax jurisdiction by categorizing their earnings as agricultural income.
- **Less Industries** – The lower presence of industries and infrastructure projects in Himachal Pradesh compared to other states results in reduced tax collection.
- Many tax concessions to these industries under the Special Economic Zone, further reduce the tax base of the state.
- **Dependency on Tourism** – Though tourism provides revenue for the state, due to its seasonal nature, it is unable to provide a steady tax base to the state government.
- **Tax Exemptions** - Further various tax exemptions and benefits provided to the senior citizens, keep a large portion of the population out of tax ambit.
- Measures taken to Increase the Tax Base of Himachal Pradesh:
- **Simplify Compliance** - Simplifying tax compliance means making the process of fulfilling tax obligations more straightforward for taxpayers.
  - ❖ E.g., amendment to the Income Tax Act, Faceless Assessment Scheme, etc.
- **Consider FBT** - Fringe Benefits Tax (FBT) is a tax levied on benefits provided by employers to their employees in addition to their salary.
  - ❖ Considering FBT as a means to expand the tax base be useful as a temporary measure until overall income tax collections increase.
- **Track Cash Transactions** - By monitoring these transactions, tax authorities can better understand the extent of cash-based economic activities and identify individuals or entities potentially evading taxes.
- **Prevent Enterprise Migration** - To prevent large and medium-sized enterprises from migrating to simpler tax systems to evade taxes, tax authorities must ensure that these enterprises remain in the regular tax system where they belong.
- **Support SMEs** - Supporting Small and Medium-sized Enterprises (SMEs) involves simplifying their registration processes, providing clear information on tax obligations, conducting targeted audits to identify compliance issues, and establishing support centres to assist them.
  - ❖ E.g., Udyam Portal of Ministry of MSME, Champion Scheme, etc
- **Retail Sector GST Compliance** - Ensure that retailers are accurately reporting and paying the Goods and Services Tax (GST).
- **Tax Large Agricultural Incomes** - Taxing farmers with incomes exceeding a specified threshold. This helps broaden the tax base of the state.
- **Promote Digital Economy** – Transactions through digital platforms will provide a clear sight of money movement

in the economy and help to curb tax avoidance practices.

- **Review Exemptions and Incentives** – To broaden the tax collection, tax concessions and exemptions to various industries and businesses in the state should be reviewed or done away with.
  - ❖ E.g., Tax exemptions and concessions in Baddi-Brotiwala-Nalagarh industrial zone.
- **Cultivate a Tax Culture** - This can be achieved through educational initiatives, transparency in tax administration, and building trust between taxpayers and tax authorities.
- **Promote GST Composition Scheme** - Encouraging small taxpayers to opt for the GST Composition Scheme simplifies their tax obligations.
  - ❖ This scheme allows them to pay a fixed rate of turnover as GST, reducing administrative burdens.

While expanding the tax base in Himachal Pradesh is a complex task, these measures aim to create a more inclusive and effective tax system, ultimately contributing to the state's fiscal sustainability and development.

### SPECIAL CATEGORY STATUS

The Special Category Status (SCS) is a designation provided by the Central Government to support the development of states dealing with geographical and socio-economic challenges.

- This classification was established following the recommendations of the Fifth Finance Commission in 1969.
- The initial recognition of SCS was granted to Jammu and Kashmir, Assam, and Nagaland in the same year.
- Conditions for Designating Special Category Status (SCS) entail:
  - **Economic Disadvantage** - Indicating economic hardships and inadequate infrastructure.
  - **Challenging Terrain** - Being situated in hilly and rugged landscapes.
  - **Sparse Population** - Possessing a low population density combined with a noteworthy tribal population.
  - **Strategic Border Placement** - Holding a strategic position along the borders of neighbouring countries.

#### Various benefits provided to the SCS states are:

- **Central Funding Dominance** - The central government covers 90% of state expenditures for centrally sponsored programs, with the remaining 10% provided as a zero-interest loan.
- **Special Consideration for Funding** - States with Special Category Status receive special attention when applying for government funding, enhancing their development prospects.
- **Tax Incentives for Investment** - Enterprises are attracted to these states due to reduced excise taxes, creating an appealing business environment.
- **Generous Federal Allocation** - States in the special category receive 30% of the total federal budget, ensuring significant financial support.
- **Debt Reduction and Exchange Programs**: These states have access to programs aimed at reducing and exchanging debt, alleviating their financial burdens.
- **Non-lapsable funds** - Unspent money in a financial year does not lapse and is carried forward.

#### Why Provided to Himachal Pradesh:

- **Geographic Terrain** - Himachal Pradesh qualifies due to its rugged and mountainous terrain, coupled with a low population density.
- **Strategic Border** - Its proximity to the China border adds to its eligibility for special category status, requiring unique security and infrastructural considerations.
- **Resource Limitations** - The state's limited resource base justifies its special status.
- **Economic and Infrastructural Challenges** - Himachal Pradesh faces significant economic and infrastructural obstacles, warranting targeted assistance for development.
- **Winter Isolation** - Certain areas like Pangti and Spiti are geographically isolated during the harsh winter season, necessitating specific support to overcome accessibility challenges.

- **Scheduled Area** – Around 42% of the state falls under scheduled area and also has a sizeable tribal population.
- Disadvantages of Special Category Status (SCS) in Terms of Financial Health and the Economy:
- **Heavy Reliance on Central Grants** - SCS-designated states heavily rely on financial support from the Union Government to meet their fiscal needs.
- **Revenue Surplus Illusion** - These states often appear to have a revenue surplus because the expenditure they incur on asset creation from central grants is not classified as revenue expenditure, which contradicts established accounting standards.
- **Escalating Central Fiscal Deficit** - The provision of SCS contributes to an increase in the fiscal deficit of the central government as it allocates substantial funds to these states.
- **Demand Proliferation** - The conferment of SCS can lead to a cascade of demands from other states seeking similar status, as seen in the cases of Odisha and Bihar.
- **Discriminatory Perception** - SCS can be viewed as discriminatory and potentially undermining the federal structure of India, raising concerns about unequal treatment among states.

The 14th Finance Commission advised the Centre to raise the state's share of tax receipts from 32% to 42%, which has been in place since 2015. This would help to close the resource gap in each state.

## APPRAISAL OF EDUCATION

The appraisal of education in Himachal Pradesh, India, can be evaluated from various perspectives, including infrastructure, enrollment, literacy rates, government initiatives, and educational outcomes.

Here's an overview of the state of education in Himachal Pradesh:

**Literacy Rate** – H.P. has an 82.80% literacy rate as per the 2011 census, 8.8% higher than the national average of 74%.

The literacy rate for males stands at 89.53%, while for females, it is 75.93%.

- **Enrollment Rate** – The gross enrolment ratio of primary, middle and high schools in the state was 100% while in the senior secondary schools, it was 85.6%
  - ❖ The average of state's gross enrolment ratio in higher education is 40.8% against the national average of 27.1%.
  - ❖ According to the ASER-2022 Rural Report for Himachal Pradesh, the highest enrollment in government schools is recorded among girls (82.4%) and boys (77.6%) aged 15 to 16 years.
- **Infrastructure Facilities** – As per the HP Economic Survey 2022-23, there are 10,786 Primary Schools, 1,965 middle schools in the state, 963 High Schools and 1,999 Senior Secondary Schools.
  - ❖ Out of these, 97.40% of government schools have libraries, while 100% have access to drinking water facilities, and 99.06% provide girls' toilets.
  - ❖ Additionally, the state hosts a total of 166 degree colleges, comprising 11 Sanskrit colleges, 1 B.Ed college, and 1 Fine Art college.
  - ❖ Technical Education – The state has 373 technical educational institutes.

### Various Schemes and Programs to Promote Education in the State:

- **Medha Protsahan Yojan** – The objective of the scheme is to assist meritorious students of Himachal Pradesh, whose family income does not exceed Rs 2.50 lakh, by providing them coaching for various competitive exams.
- **Dr Ambedkar Medhavi Chattarvriti Yojan** – Each year, the top 1250 students from the Scheduled Caste category and the top 1000 meritorious students from the Other Backward Classes (OBC) category, based on their performance in the H.P. Board of School Education's matriculation examination, receive financial support.
  - ❖ Specifically, SC students receive Rs 12,000 per year, while OBC students receive Rs 10,000 per year.
- **Mukhya Mantri Gyandeep Yojana** – The Mukhya Mantri Gyandeep Yojna (MMGY) is an education loan

scheme introduced by the Government of Himachal Pradesh with the primary objective of assisting students in pursuing higher education.

- ❖ Under this program, students enrolled in professional or technical courses at recognized educational institutions across India can avail of education loans of up to INR 10 lakh at an interest subsidy of 4% per annum.
- **Mukhya Mantri Vidyarthi Yojana** – The government started the scheme with the proposed expenditure of Rs 200 crore, under which eligible poor children will be given education loans at the interest rate of 1% to pursue engineering, medical, management, PhD, nursing, etc.
- **C.V. Raman Virtual Class Rooms for Schools and Colleges Scheme** – Under the scheme, virtual classrooms in 23 government senior secondary schools and 13 colleges will be established.
- **Swaran Jayanti Vidyarthi Anushikshan Yojana** – As part of the program, students enrolled in government schools and studying in the 9th to 12th grades receive complimentary coaching for JEE/NEET entrance exams.
  - ❖ For this, study materials are made available on the Har Ghar Patshala Portal every Saturday and Sunday.
- **MERITE Project** – Multi-Disciplinary Education and Research Improvement in Technical Education (MERITE) will be implemented in 4 engineering colleges and 8 polytechnics institutions in the next five years.
  - ❖ These colleges and institutions will be eligible to receive Rs 10 crore and Rs 5 crore respectively for the next 5 years.

The state's commitment to inclusive and accessible education through various schemes and initiatives is commendable and lays the foundation for further improvements.

### Appraisal of Health

With a focus on expanding healthcare infrastructure, enhancing healthcare services, and addressing public health challenges, the state has made significant progress in various health indicators.

### Here's an overview of the state of Health in Himachal Pradesh:

- **Health Infrastructure** – The state has network of 108 civil hospitals, 104 Community Health Centres, 580 Primary Health Centres, and 16 Civil Dispensaries.
- **Institutional Birth** – The percentage of institutional births increased to 88.3% in 2019-20 from 76.4% in 2015-16.
- **Total Fertility Rate** – The total fertility rate in the state was 1.7 children per woman, a drop from 1.9 children per woman recorded in NFHS-4.
- **Breastfeeding Rates**: Encouragingly, 70% of children under 6 months are exclusively breastfed, marking a positive trend in infant care practices.
- **Crude Birth Rate** – The state's Crude Birth Rate (CBR) stands at 15.3, which is lower than both Haryana and Uttarakhand, as well as the national average for India.
- **Infant Mortality Rate** – IMR in Himachal Pradesh is 17, lower than Punjab, Haryana, Uttarakhand, and the national average as well.
  - ❖ Himachal saw a 23% decline in the infant and child mortality rate in 2019-20 as compared to 2015-16, the National Family Health Survey-5 (NFHS-5) revealed.
- **Vaccination Status** – Nearly 9 in 10 children (89%) aged 12-23 months received all vaccinations against six major diseases, including tuberculosis, diphtheria, pertussis, tetanus, polio and measles.
  - ❖ Additionally, 98% of children are at least partially vaccinated; only 2% have not received any vaccinations at all.
- **Malnutrition** – A significant 25.5% of children in the state grapple with underweight issues, while 17.4% suffer from wasting, including 7% severely wasted.
  - ❖ The rural areas bear a heavier burden, with a 4.5% rise in stunted children.

- ❖ Chamba emerges as the most affected district with 42.6% of children suffering from stunting.
- **Sanitation Facility** - A total of 81 per cent of households had access to 'improved sanitation facilities' that were not shared with other households.
- ❖ Access to such facilities was higher in urban areas (84.8 per cent) than in rural areas (80.4 per cent).

#### Various Initiatives Started by State Government to Improve Health Status in State:

- **Himachal Pradesh Care Scheme (HIMCARE)** - The HIMCARE scheme is for families who are not covered under Ayushman Bharat or are not entitled to avail the government medical reimbursement.
  - ❖ Under the HIMCARE Scheme, cashless treatment coverage up to Rs. 5.00 lakh per year per family is being provided in the empanelled hospitals.
- **Janani Shishu Suraksha Karyakaram** - This is for the elimination of out-of-pocket expenses for both pregnant women and sick infants up to one year.
  - ❖ The initiative entitles all beneficiaries to absolutely free drugs, consumables, diagnostics, blood, surgeries, etc.
- **Senior Citizen Health Insurance Scheme** - Under this scheme, the government provides top-up coverage of up to Rs 30,000 per senior citizen in the state.
  - ❖ This scheme covers all the senior citizens who are the smart card holders of the Rashtriya Swasthya Bima Yojana.
  - ❖ A person with an age of more than 60 years is eligible under the scheme.
- **Centre for Excellence** - A Centre for Excellence for Cancer Care and Nuclear Medicine Department will be started in Dr Radhakrishnan Government Medical College, Hamirpur.
- **Critical Care Blocks** - CCBs of 50-bed capacity will be constructed in medical institutions.
  - ❖ For providing 24/7 emergency services, the availability of specialist officers, staff nurses and other para medical staff will be ensured in these institutions.

Continued efforts, especially in addressing malnutrition and ensuring equitable healthcare access, will be essential to further enhance the state's healthcare system and the overall well-being of its people.

## APPRAISAL OF PHYSICAL AND FINANCIAL INFRASTRUCTURE DEVELOPMENT

### Appraisal of Physical Infrastructure Development

Physical infrastructure development in Himachal Pradesh plays a crucial role in enhancing the state's economic growth, connectivity, and overall quality of life for its residents.

#### Here are some key areas of physical infrastructure development in Himachal Pradesh:

##### Roads and Bridges:

- Till December 2022, the state government has constructed 41,048 Km of motorable roads.
- There are 9 national highways with a total length of 1,208 km.
- 19 state highways with a total length of 1,625 km.
- **Target for FY2023-24** - The government has set a target to upgrade 300 km of roads under PM Gram Sadak Yojana;
- Construction of 1,060 km of new roads;
- Construction of 70 new bridges;
- Connectivity to 70 villages.



**Railway Network:**

- **Budget Allocation** - Himachal Pradesh has been allocated a budget of Rs.1,838 crore for railway infrastructure development and safety projects.

**The major railway lines in Himachal Pradesh are:**

**Narrow Gauge:**

- **Kalka-Shimla Railway Line** – Inaugurated on 9 November 1903 by Lord Curzon is listed in UNESCO's World Heritage Sites.
  - ❖ It is 96.54km long and it has 102 tunnels. Barog tunnel is the longest tunnel.
- **Pathankot-Jogindernagar Railway Line** – It is a 113 km long railway line and opened for traffic on 1 April 1929.
  - ❖ It was built by Britishers for transporting raw materials to Shanan Power House at Jogindernagar in Mandi.

**Broad Gauge:**

- **Nangal-Una-Chararu Railway Line** – It is 33 km in length and was opened for traffic on 11 January 1991.
  - ❖ It is the only functional broad gauge railway line in H.P.
- **Bhanupali-Bilaspur-Beri Railway Line** – This project is in process and the state government has issued the notification for the acquisition of 40.54 hectares of land in 10 villages of the Sadar tehsil of Bilaspur.

**Aviation Infrastructure:**

- **Civil Aviation** - At present, there are 3 airports in Himachal Pradesh, i.e., Jubbarhatti Airport (Shimla), Buntar Airport (Kullu) and Gaggal Airport (Kangra).
- One Greenfield airport at Nagchala, Mandi is proposed to develop.
  - ❖ The 15<sup>th</sup> Finance Commission has recommended Rs 1000 crore for Mandi airport.
  - ❖ The process of land acquisition to increase the length of the runway of the Kangra airport from the existing 1,372 meters to 3,010 meters is under process.
- **Helipads** – Presently, out of five heliports in the state, three are being used commercially.
  - ❖ The Himachal Pradesh government has given clearance for setting up eight heliports in different districts of the state.
  - ❖ Heli-Taxi service will be operationalized soon from Sanjauli and Baddi Heliports.

**Urban Infrastructure Development:**

- **Status of PM Awas Yojana (Urban)** - Under PMAY-U, 13,266 houses have been sanctioned in Himachal Pradesh and 7,985 houses have been completed as of September 19, 2022.
  - ❖ Central assistance of Rs. 240.92 crores have been allocated for Himachal Pradesh out of which Rs. 172.41 crores have been utilized.

**Various Schemes and Programs Initiated by State Government to Facilitate Infrastructure Development in the State:**

**Rural Infrastructure Development Fund** – Prepared by NABARD to provide funds to the state for infrastructural development in the rural areas

With the NABARD's assistance, the state government set a target to construct 205km of new roads, 305km of cross drainage, 425km of metalled roads and 27 bridges.

- **Amrit Bharat Station Scheme** - Under the scheme, 508 railway stations are being redeveloped in the country.
  - ❖ The scheme included the Amb-Andaura railway station of Himachal Pradesh and Rs. 20.74 crore would be spent on the renovation of this station.
- **UDAN-2 Scheme** - Under the scheme, the Central Government 5 new heliports are being developed in the state to provide connectivity and to give boost to the tourism industry of the state.
- **Budgetary Support** - In the budget for the year 2023-24, the Centre had allocated Rs 1,000 crore for the Bhanupali-Bilaspur-Beri rail line that holds strategic importance, Rs 450 crore for Chandigarh-Baddi rail line, and Rs 452 crore for the Nangal-Talwara line.

Continued investment in these sectors is essential for sustaining economic growth and improving the overall well-being of the state's residents.

### Appraisal of Financial Infrastructure in Himachal Pradesh

The state has a network of 2234 bank branches and more than 76% are located in rural regions.

20 new branches were opened by different banks from October 2021 to September 2022.

**The lead Bank responsibility for H.P. has been divided between three banks:**

- **Punjab National Bank (PNB)** in six districts, i.e., Hamirpur, Kangra, Kinnaur, Kullu, Mandi and Una.
- **United Commercial Bank (UCO)** in four districts, i.e., Bilaspur, Shimla, Solan and Sirmaur.
- **State Bank of India (SBI)** in the remaining two districts, i.e., Chamba and Lahaul-Spiti.

The PNB has the most branches with 350, followed by SBI with 348 and UCO with 174.

There are 541 Cooperative Sector Bank branches in the state.

### District-wise Spread of Banking Network:

Kangra has the highest number of 411 bank branches and Lahaul-Spiti has the lowest of 25 branches.

There are 2127 ATMs installed in the various districts of the state.

- At present 14,848 Bank Mitras are deployed in the state by various banks for providing basic banking services in villages.
- RBI and NABARD both have regional offices in Shimla.

### Credit Flow:

- The banks have extended 57.68% of their total loans to the Priority Sector Activities.
- Agricultural loans account for 18.69% of total loans, compared to RBI's national threshold of 18%.
- Advances to weaker sections account for 20.30% of total lending, compared to national targets of 11%.
- Women account for 11.95% of total lending, surpassing the national target of 5%.

### Various Schemes and Programs Implemented by Banks in the State:

- **Pradhan Mantri Jan Dhan Yojana** - Pradhan Mantri Jan Dhan Yojana is a government program in India aimed at providing affordable financial services like bank accounts, remittances, credit, insurance, and pensions to Indian citizens.
  - ❖ As of 18 October 2023, banks have 18, 43,511 lakh accounts under the scheme, of which 16, 96,291 beneficiaries are from rural/semi-urban areas and 1,47,220 are from urban areas.
- **National Rural Livelihood Mission** - The Ministry of Rural Development launched a flagship program for promoting poverty reduction initiatives.
  - ❖ Banks in Himachal Pradesh have been allocated the annual target of Rs 110 crore covering 8,000 beneficiaries



under this scheme.

- **Pradhan Mantri Employment Generation Program** – PMEGP is a credit-linked subsidy program, run by the Ministry of MSME.
  - ❖ It is implemented by the Khadi and Village Industries Commission.
- **Stand Up India Scheme** – SUIS aims to encourage entrepreneurial culture among unserved and underserved segments of the society represented by STs, SCs and women.
  - ❖ This scheme facilitates loans of Rs 10 lakh to Rs 1 crore from banks to at least one SC or ST borrower and at least one woman borrower per bank branch for setting up a new enterprise in the field of construction, business or service sector.

Overall, Himachal Pradesh's banking sector is making strides in enhancing financial accessibility and fostering economic development.

## MODEL ANSWER

## 1. Describe the major Land Reform acts in HP since 1950-51.

Land reforms primarily mean the change in the ownership of the land by the government under socio economic constraints. During the British rule the land was concentrate in the hands of few people who were responsible for the collection of revenue and cultivation.

These were known as intermediaries known with different names at other areas.

1. In Himachal in erstwhile princely state, separate land tenures prevailed. In most of the states the rulers were known as Al Malik and Inferior owners were known as Adna Malik. These inferiors were having discriminatory ownership or no ownership of land. **Therefor codification of the laws was primary target for the government to end such ill practices.**
2. The journey of Himachal land reforms can be classified as Acts from Removing zamindarisystem to breaking large holding and again Consolidation and Acts From formation of Himachal in 1958 to addition of new states to Himachal and finally getting statehood of Himachal.

During Initial phase of Independence:

## 1. Punjab Tenancy (Himachal Pradesh

Amendment) Act, 1952 It envisaged a ceiling on rent not exceeding 1/4th of the produce, payable by the tenant to the landowner. Another act, i.e., Himachal Pradesh Tenancy Rights and (Restoration) Act, 1952 was enacted to provide for restoration of land and the right of pre-emption to tenants.

2. Land Reforms Legislations - H.P. Abolition of Big Landed Estates and Land Reforms Act, 1953: It majorly contained provisions of land reforms of a far-reaching importance. Under the Act, security of tenure to the tenants was ensured. Resumption of land by landowners was permitted for the cultivation from a maximum area of 5 acres subject to further provision that no tenant would be evicted from more than 1/4th of the area held by him.

During Reorganization of Punjab

## 1. Land Reforms Legislations - H.P. (Transferred territory) Tenants (Protection of Rights) Act, 1968 ganisation of the Punjab.

As the new areas were added into the map of Himachal. After merger of such areas, the disparity in land laws of the old and merged areas became evident.

There were complaints of arbitrary ejectment of tenants from the merged areas.

Therefore, the first step to ameliorate the lot of tenants in these areas, providing security against ejectment of the tenants in the aforesaid merged areas.

The ejectment under the aforesaid Act could be made on grounds similar to those available in the tenancy laws of old areas. Initially it was valid for an year but with consequent amendment it was further extended up to 1971.

## 2. The Himachal Pradesh Nautor Land Rules, 1968

“Nautor Land” means the right to utilize, with the sanction of authorities, wasteland owned by the government outside towns, reserved and demarcated protected forests and such areas as may be notified by the state government.

Under these rules procedure is provided for the grant of land to needy section of the society. Nautor land re granted out of government wasteland upto 20 bighas to needy sections of the society who fulfil the conditions.

Himachal Pradesh Grant of Nautor land to Landless person and other eligible person Scheme 1975 further allowed 5 Bigha of land is granted to landless and eligible persons. This power was delegate to Tehsildars later on During Full statehood

## 3. The Himachal Pradesh Holdings (Consolidation and prevention of fragmentation) Act 1971

(a) Act repealed Himachal Pradesh abolition of Big Landed estates and land reform act of 1953. Compacts block were created during consolidation for upliftment of poor.

(b) It provides that where ever consolidation is feasible it should be carried out on a consolidated fragment

holding.

#### **Land Reforms Legislations - Himachal Pradesh Tenancy and Land Reforms Act, 1972**

- (a) This act focuses on the relationship between land lord and his tenant.
- (b) In this all the occupancy tenants in the old areas and in Kismi tenants (means a tenant who is recorded as a tenant of any kind) in the new areas have become owners of their tenancy land.
- (c) So the non-occupancy tenants in such affected holdings will simultaneously become owners of the remaining tenancy land.
- (d) Under this law the tenants of the serving soldiers will not be able to acquire ownership of the tenancy land and simultaneously certain weaker section of the society as widows, an unmarried woman, a minor person, disabled person or person in prison will not be liable to ejection.

#### **4. Himachal Pradesh ceiling on the land holding Act 1972**

- (a) This act came into existence due to two reasons
- (b) One was merger of the areas from the Punjab after November 1966
- (c) Pursuance of land reforms led to the codification of a uniform tenancy law for old and merged areas both.

#### **Salient features include**

- 1. Ceiling on the land holdings with the view of redistribution of land to poor farmers. The ceiling is for the family of husband, wife and three minors.
- 2. Land under assured irrigation capable of growing two crops in a year 10 acres;
- 3. Land under assured irrigation capable of growing one crop in a year-15 acres; This act was enacted because of the reorganization. Land of classes other than (1) and (4) described above, including land under orchards-30 acres; A separate high ceiling was granted to the people from higher regions **For instance, a ceiling of 70 acres has been fixed for whole of the districts of Kinnaur and Lahaul-Spiti; Pangi and Bharmaur areas of Chamba districts; and Chhota Bhangal and Bara Bhangal of district Kangra;**
- 1. Every additional minor member to the family can claim 1/5th of the permissible area provided that ceiling does not exceed twice the permissible area;
- 2. An audit is also entitled to a separate unit subject to the same condition that the permissible area does not exceed twice the limit fixed bid.

#### **Himachal Pradesh Village common land Vesting and utilization Act 1974.**

- 1. This act revolves around Shamlat which means common land of the village. On the eve of statehood Himachal was having separate rules for the separate areas. In Punjab the Shamlat was in control of the Government under the Punjab re organisation act 1966. Whereas in Himachal it was with co-sharers with no control of government
- 2. The lands vested in Government can only be used for the following purpose:-
  - (a) 50% of the area is marked for Grazing and rest for the other common purpose of the state.
  - (b) The remaining 50 per cent of the area was to be allotted to landless persons or to a person whose holding was less than one acre to make to one acre.

#### **This scheme was framed by the Government for ameliorating the lot of landless persons.**

- 1. Though now with further amendment's the shamlat can be given to other departments or to the individuals on lease also.
- (2) Restriction on Purchase of Agricultural land: Section 118 of Himachal Pradesh Tenancy act 1972 imposes patent restriction on transfer of land in favour of those non agriculturists who do not cultivate and personally in an estate situated in Himachal Pradesh

The main purpose of these land reforms was to remove Feudalistic trends in the agriculture and remove the ill trends that can be summarised as

- (a) Abolition of Intermediaries (Like abolition of Zamindari system)
- (b) Tenancy reforms (Change in the rent paid by the cultivators)
- (c) Ceiling fixation (Limit of Maximum land)
- (d) Consolidation of land holdings (Stop fragmentation of land for better crop results)

These removed barrier and restrictions on the cultivators and made the primary sector more prosperous however with the changing scenario and increasing population further steps have to be taken.

## 2. In what way tax base in HP could be increased? How flora and fauna could be a best source of revenue generation for Himalayan state HP?

To increase the tax base and leverage the flora and fauna of Himachal Pradesh (HP) for revenue generation, a multi-faceted approach is required.

### Increasing the Tax Base in Himachal Pradesh

#### Improve Tax Compliance and Accessibility

- **User-Friendly Systems:** Simplify the tax compliance process with user-friendly digital platforms. Implement easy-to-use online filing systems and provide clear guidance.
- **Integration of Aadhaar and PAN:** Ensure seamless integration of Aadhaar with PAN cards to streamline tax identification and reduce evasion.

#### Expand the Tax Net

- **Include High-Income Agricultural Sector:** Bring large-scale farmers with incomes above a threshold (e.g., Rs. 50 lakhs) into the tax net while maintaining support for smaller farmers.
- **Fringe Benefit Tax:** Temporarily impose a tax on fringe benefits provided to employees to increase the tax base.

#### Support Small and Medium Enterprises (SMEs)

- **Simplified Registration:** Facilitate quick and easy processes for SME registration, PAN issuance, and tax compliance.
- **Create a Conducive Environment:** Provide support and incentives to SMEs to prevent migration to other states.

**Enhance Retail and Taxation Measures:** Ensure that retail businesses comply with GST regulations and promote tax deduction at source (TDS) for better tax collection.

**Foster a Tax Culture:** Develop an organizational culture that promotes voluntary tax compliance through awareness campaigns and incentives.

**Launch Tax Campaigns:** Conduct campaigns to educate citizens on the benefits of tax compliance and the ease of filing, which can help increase the taxpayer base.

### Leveraging Flora and Fauna for Revenue Generation

**Promote Animal Husbandry:** Develop and support animal husbandry for meat, milk, and eggs. Encourage better practices and infrastructure to increase productivity.

**Diversify Crop Production:** Utilize the diverse climate and topography of HP to grow both cash crops and staples. Promote high-value crops suited to the region's conditions.

**Capitalize on Biodiversity:** Develop national parks and wildlife sanctuaries to conserve endangered species. This can attract tourism and funding for conservation efforts.

### Develop Industrial Uses

- **Herbal and Medicinal Plants:** Promote the cultivation and commercialization of medicinal plants. Develop a mechanism for harvesting and processing these plants for medicinal and commercial use.
- **Biotechnology Ventures:** Invest in biotechnology and biotechnology-based industries to exploit the unique flora and fauna for high-value products.

**Foster Eco-Tourism:** Leverage the state's rich biodiversity and scenic beauty to attract eco-tourism. Develop tourism infrastructure and marketing strategies to boost visitor numbers.

**Explore Value Addition:** Take inspiration from successful models like Uttarakhand's herbal industry. Encourage the development of a local herbal products industry.

**Support Sustainable Practices:** Ensure that flora and fauna are managed sustainably to avoid over-exploitation and ensure long-term economic benefits.

Increasing the tax base and generating revenue from flora and fauna require targeted strategies and collaboration between various stakeholders. By enhancing tax compliance, supporting SMEs, and leveraging HP's unique natural resources, the state can achieve sustainable economic growth and broaden its revenue sources.

### 3. What do you know about Special category status? discuss the benefits of this status for Himachal Pradesh.

Special Category Status (SCS) is a designation given by the Central Government of India to assist states with significant geographical and socio-economic disadvantages. This classification was introduced based on the recommendations of the Fifth Finance Commission in 1969. The intent behind SCS is to provide additional support to states that face unique challenges in development due to their geographical location, economic conditions, and infrastructure constraints.

#### Criteria for Special Category Status

The parameters for designating a state as a Special Category State include:

1. **Hilly Terrain:** States with mountainous or hilly geography that pose challenges for infrastructure development and economic activities.
2. **Low Population Density and/or Tribal Population:** States with a sparse population or a significant tribal population, which may affect resource distribution and access to services.
3. **Strategic Location:** States located along international borders, which may require additional security and infrastructure considerations.
4. **Economic and Infrastructure Backwardness:** States with lower levels of economic development and underdeveloped infrastructure.
5. **Nonviable State Finances:** States with financial constraints that hinder their ability to invest in development and public services.

Initially, SCS was granted in 1969 to Jammu and Kashmir, Assam, and Nagaland. Since then, additional states, including Himachal Pradesh, have been accorded this status based on their eligibility criteria. Himachal Pradesh meets several of these criteria, such as its mountainous terrain, low population density, and strategic border location with China.

#### Benefits of Special Category Status for Himachal Pradesh

##### Financial Support and Expenditure

- **Central Government Funding:** The central government bears 90% of the state expenditure on centrally-sponsored schemes and external aid, with the remaining 10% provided as a zero-interest loan. This substantial financial support significantly reduces the fiscal burden on the state.
- **Preferential Central Funding:** States with SCS status receive preferential treatment in the allocation of central funds, ensuring that they get a larger share of financial assistance for development projects.



### Economic Incentives

- **Excise Duty Concessions:** Special category states receive concessions on excise duty, which helps in attracting industries and promoting industrial development within the state.
- **Customs Duty and Tax Exemptions:** States with SCS status can be exempted from various taxes, including customs duty, corporate tax, and income tax, to encourage investment and economic activity.

### Budgetary Benefits

- **Allocation of Central Budget:** Approximately 30% of the Centre's gross budget is allocated to special category states. This allocation ensures that a significant portion of central resources is directed towards the development of these states.
- **Debt Swapping and Relief:** Himachal Pradesh can benefit from debt-swapping and debt relief schemes, which help in managing and reducing the state's debt burden.
- **Carry Forward of Unspent Funds:** Unspent funds from one financial year can be carried forward to the next financial year, providing flexibility in budget management and ensuring that funds are utilized effectively without lapsing.

Special Category Status provides Himachal Pradesh with crucial financial and economic benefits that support its development efforts. By alleviating fiscal pressures, offering economic incentives, and ensuring preferential treatment in central funding, SCS plays a vital role in addressing the unique challenges faced by Himachal Pradesh due to its geographical and socio-economic conditions. This status helps the state in its ongoing efforts to achieve balanced and sustainable development.

## 4. What are the prospects and challenges of revenue generation potential of hydro power in Himachal Pradesh.

What are the prospects and challenges of revenue generation potential of hydro power in Himachal Pradesh. Hydro power development holds significant potential for economic growth in Himachal Pradesh. It directly impacts revenue generation, job creation, and overall quality of life. The state has substantial hydro potential, which can be harnessed to benefit its economy.

### Prospects for Revenue Generation from Hydro Power

#### Decreasing the Gap Between Potential and Harnessed Capacity

- **Current Status:** Himachal Pradesh has an estimated harnessable hydro power potential of 24,000 MW. As of now, approximately 10,596.27 MW has been developed.
- **Objective:** To bridge the gap between the potential and harnessed capacity, further development of existing and new hydro projects is essential.

#### Developing Small-Scale Hydro Projects

- **Micro-Hydropower:** Micro-hydropower projects can be adapted to specific site needs using simple materials and can be integrated with existing mechanical watermills to generate electricity.
- **Benefits:** This approach can mitigate some of the negative impacts associated with large-scale hydro projects and promote broader adoption of hydropower technology.

### Energy Audit and Analysis

- **Energy Management:** Effective revenue management requires detailed energy audits at multiple levels (company, sub-transmission, feeder, and distribution transformer levels).
- **Goal:** To ensure efficient accounting of energy inflow and outflow, which is crucial for optimizing revenue.

### Implementation of IT Applications in Metering, Billing, and Collection

- **Automated Systems:** Adoption of fully automated metering, billing, and collection systems (e.g., AMR, handheld devices) can reduce errors, speed up billing, and improve collection efficiency.
- **Customer Engagement:** Modern communication tools (email, SMS) enhance customer service and facilitate better revenue collection.

### Private Sector Participation

- **Electricity Distribution Franchisee (DF) Model:** Under this model, private entities receive power from state distribution companies and manage supply and revenue collection while reducing transmission and distribution losses.
- **Revenue Sharing:** Private partners can retain revenue from consumers, incentivizing efficiency and investment in the sector.

### Operational Improvements

- **Plant Optimization:** Enhancing the performance of existing hydro plants through operational changes can boost revenue.
- **Grid Reliability:** Compensating hydropower plants for providing grid reliability and security can increase their income by approximately 40%.

### Electricity Market Opportunities

- **Market Expansion:** Exploring electricity markets in neighboring states and within Himachal Pradesh can open new revenue streams.
- **Industrial Attraction:** Promoting hydro power can attract industries and boost local demand.

### Transfer Projects and Increased Revenue Sharing

- **Shanan Hydropower Project:** Efforts to transfer the Shanan Hydropower Project from Punjab to Himachal Pradesh could enhance local revenue.
- **BBMB Share:** Pursuing the state's 7.19% share in the Bhakra Beas Management Board (BBMB) power projects can improve revenue.

### Challenges of Revenue Generation from Hydro Power

#### High Tariffs

- **Tariff Issues:** Hydro power projects often face reluctance from distribution companies due to high tariffs, particularly in the initial years.
- **Cost Factors:** High tariffs are partly due to the inclusion of flood moderation and enabling infrastructure costs in project expenses.

#### Inherent Risks

- **Geological and Environmental Risks:** Risks include geological surprises, natural calamities, environmental and forest issues, and rehabilitation concerns.
- **Commercial Deterrents:** High capital costs, long payback periods, and commercial risks deter private developers from entering the sector.

#### Financing Issues

- **Capital Intensity:** Hydro power projects are capital-intensive, with long financing durations (up to 20 years) posing challenges.
- **Transmission Infrastructure:** Remote locations and insufficient demand create difficulties in developing necessary transmission infrastructure.

#### Fear of Damages

- **Geological Impacts:** Risks include landslides, slope failures, and damage to infrastructure.
- **Hydrogeological Impacts:** Potential drying of springs and underground water sources.
- **Environmental Impact:** Muck dumping and siltation affecting rivers, forests, and pastures.
- **Safety Concerns:** Potential accidents due to safety negligence.



Hydro power has significant revenue generation potential for Himachal Pradesh, offering opportunities for economic growth, job creation, and infrastructure development. However, addressing challenges such as high tariffs, inherent risks, financing issues, and environmental impacts is crucial for realizing this potential. A balanced approach that integrates technological advancements, private sector participation, and effective risk management can help harness the full benefits of hydro power in the state.

**5. What do you understand by agricultural diversification and throw light on the agriculture diversification in HP?**

Agricultural diversification refers to the process of varying the types of crops and livestock produced in a region to increase profitability, improve sustainability, and reduce dependence on a single type of agricultural product. For Himachal Pradesh, a state with diverse geographical and climatic conditions, agricultural diversification is a key strategy to enhance economic stability and resilience.

**Agricultural Diversification in Himachal Pradesh**

**Horticulture:** The state's diverse agro-climatic conditions and fertile soils support the cultivation of temperate to sub-tropical fruits. There has been a shift from traditional agriculture to fruit crops over recent decades.

**Ancillary Produce:** Suitable for growing flowers, mushrooms, honey, and hops.

**Flower Cultivation:** Establishment of Tissue Culture Laboratories and Farmers' Cooperative Societies for flower production and marketing. To promote flower cultivation and improve the marketing of horticultural products.

**Cash Crops:** The state government emphasizes the production of off-season vegetables, potatoes, ginger, pulses, and oilseeds. This includes timely and adequate supply of inputs, demonstration of improved farm technology, replacing old seed varieties, integrated pest management, and efficient use of water resources. Implementation of wasteland development projects to increase the area under cultivation.

**Pulses Cultivation:** Major crops in Himachal Pradesh include wheat, rice, and maize. Pulses are also grown but their production is declining. Focusing on pulses can increase profit margins, reduce reliance on nitrogen fertilizers, and enhance soil health.

**Organic Agricultural Tourism:** Organic farms are becoming popular and are seen as tourist attractions. Organic farming enhances ecosystem protection, increases biodiversity, and provides healthy food products, contributing to the overall beauty and health of the region.

**Fisheries and Aquaculture:** Cold water streams in Himachal Pradesh support species like Schizothorax, Golden Mahseer, and exotic trout. Successful implementation of the Indo-Norwegian Trout project highlights the potential for aquaculture.

**Silk Rearing (Sericulture):** Favorable conditions in the sub-Himalayan zone and lower Himalayas support mulberry growth and silk worm rearing. Sericulture is practiced in eight districts, including Hamirpur, Bilaspur, Mandi, Kangra, Shimla, Solan, Sirmour, and Una. This agro-based, labor-intensive industry helps augment farmers' income.

**Animal Husbandry:** Rearing livestock is integral to the rural economy. There is a dynamic relationship between common property resources (CPRs) such as forests and grazing lands, and livestock, which supports the agricultural sector.

**Tea Development:** The state has 2,314.71 hectares under tea cultivation, producing 10.02 lakh kgs of tea. Expanding tea cultivation and improving processing techniques could boost revenue.

**National Bamboo Mission:** Increase bamboo plantation on non-forest lands to supplement farm income. Himachal Pradesh has been designated as an anchoring department with a budget provision of ₹4 crore.

**Wool Procurement:** Wool procurement is a traditional activity requiring modern techniques to increase profitability. As of 2020-21, 70,695 kg of sheep wool was procured, valued at ₹43.64 lakh.

**Herbs and Aromatic Plants:** The state's geographic location supports the cultivation of various herbs and aromatic plants. Development of this sector can enhance income and add value to local agricultural products.

Agricultural diversification in Himachal Pradesh is a strategic approach to boost the state's agricultural sector. By leveraging its diverse geographic and climatic conditions, Himachal Pradesh can expand its agricultural base to include a variety of crops, livestock, and ancillary products. This not only increases profit margins but also contributes to sustainable development and economic stability in the region.

**6. HP stands amongst the top literate states of the India, but the state is lacking behind in skilled work force. What are the major reasons for this and what steps has been taken by State government for skill development in the state?**

Himachal Pradesh ranks among the top literate states in India, yet it faces significant challenges in developing a skilled workforce. While literacy rates are high, there is a noticeable gap between the availability of skilled and unskilled labor. Addressing this gap requires understanding the reasons for the lack of skilled workforce and the measures being taken to bridge this divide.

**Reasons for Lack of Skilled Workforce in Himachal Pradesh**

**Lack of Infrastructure:** Limited vocational and technical training institutes in rural areas hinder skill development. Youth in remote areas have fewer opportunities for gaining practical skills, affecting their employability.

**Geographical Barriers:** The state's varied terrain makes it challenging to establish and access training facilities. Difficulties in reaching training centers can discourage students and reduce their interest in skill development.

**Lack of Information:** Limited access to current economic trends and skill requirements in far-flung areas. Residents may remain unaware of new skills and employment opportunities, leading to an unskilled workforce.

**Lack of Industrial Exposure:** Few industries in Himachal Pradesh, particularly in border areas, limit practical training opportunities. Young people may find fewer chances for hands-on experience and skill application, resulting in lower skill levels.

**Steps Taken by Himachal Pradesh for Skill Development**

**Vocational Guidance:** The Labour Department provides vocational guidance to help individuals understand and pursue skill development opportunities.

**Skill Development Allowance Scheme:** A budgetary provision of ₹100 crore has been allocated under this scheme for the current financial year. To provide financial support to unemployed youth for skill upgrading and enhance their employability.

**Himachal Pradesh Kaushal Vikas Nigam (HPKVN):** Established on September 14, 2015, under the Companies Act, 2013. Acts as the State Skill Mission, coordinating various skill development initiatives and programs.

**Short-Term Training Programs:** 19 Industrial Training Institutes (ITIs) are part of the Skill Strengthening for Industrial Value Enhancement (STRIVE) scheme. ₹30.71 crore allocated for upgrading ITI infrastructure and improving training quality.

**Deen Dayal Upadhaya-Gramin Kaushalya Yojana (DDU-GKY):** Managed by the Rural Development Department as a flagship scheme of the Ministry of Rural Development (MoRD), Government of India. To provide skills and job opportunities to poor rural youth, aiming for regular, above-minimum-wage employment.

**Deen Dayal Antyodaya Yojana-National Urban Livelihood Mission (DAY-NULM):** To reduce urban poverty through promotion of self-employment and skill development for wage employment. Focuses on creating sustainable livelihood opportunities and building grassroots-level institutions for the poor.

**Mukhya Mantri Shahri Aajeevika Guarantee Yojana (MMSAGY):** Ensure livelihood security by providing guaranteed employment for 120 days to urban households. Facilitates skill enhancement for individuals engaged in wage labor jobs.

**Rural Self-Employment Training Institutes (RSETIs):** Launched by the Ministry of Rural Development (MoRD). Provides district-level infrastructure for training and skill upgradation, aimed at entrepreneurship development for rural youth.

Himachal Pradesh faces challenges in skill development due to infrastructural deficits, geographical barriers, lack of information, and limited industrial exposure. However, the state government has initiated several programs and schemes to address these issues and enhance the skills of its workforce. By investing in vocational training, providing financial support, and establishing dedicated skill development institutions, Himachal Pradesh aims to transform its labor force from unskilled to skilled, thereby boosting economic growth and employment opportunities.

**7. Village tourism is going to be a major source of revenue generation. Discuss in the light of new tourism policy of Himachal Pradesh.**

Village tourism is emerging as a promising avenue for revenue generation in Himachal Pradesh. The state's new tourism policy, which emphasizes agro/organic tourism and cultural/heritage tourism, is designed to capitalize on the unique aspects of rural life. This approach not only aims to boost the local economy but also supports sustainable development and cultural preservation.

**Positive Economic Impact of Village Tourism**

- **Opportunities for Rural People:** Village tourism generates employment opportunities directly within the tourism sector, such as in hospitality, guiding, and craft making, and indirectly in supporting industries.
- **Enhanced Quality of Life:** By creating job opportunities, village tourism helps improve living standards, enabling rural families to afford better food, healthcare, and education.
- **Foreign Exchange and Government Revenue:** Increased tourism activity leads to higher foreign exchange earnings and government revenue through taxes and service fees.
- **Boosting Local Economy:** The influx of tourists stimulates demand for local products and services, including crafts, food, and transportation.
- **Economic Multiplier Effect:** The rise in demand for local goods and services fosters economic growth within rural communities. This includes agricultural products, handicrafts, and local cuisine.
- **Technological Advancements:** Tourism encourages modernization in agriculture and other rural practices by introducing new technologies and practices to improve efficiency and productivity.
- **Business Opportunities:** Small local businesses, including restaurants, shops, and service providers, benefit from increased tourist spending and the associated growth in their customer base.
- **Reduced Dependence on Agriculture:** By promoting diverse economic activities beyond traditional farming, village tourism helps reduce the reliance on agriculture alone, creating a more stable and resilient local economy.
- **Real Estate Impact:** As tourism develops, the land value in rural areas increases, providing additional economic benefits to landowners and communities.
- **Economic Diversification:** Village tourism diversifies the local economy, making it more stable and less susceptible to fluctuations in any single sector.
- **Cultural Enrichment:** Tourism fosters innovation and creativity by encouraging the development of new products, services, and experiences that reflect the local culture and traditions.
- **Attracting Investment:** The growth of village tourism attracts both domestic and foreign investment, contributing to infrastructure development and overall economic growth in rural areas.

**The New Tourism Policy of Himachal Pradesh (2019)**

**Focus on Agro/Organic Tourism:** Agro/organic tourism involves activities related to agriculture that attract visitors to farms, orchards, and ranches. The policy promotes agro-tourism by encouraging farm stays, organic farming experiences, and tours of agricultural operations, enhancing the appeal of rural areas to tourists.

**Emphasis on Cultural and Heritage Tourism:** Cultural and heritage tourism focuses on immersing visitors in the local culture and traditions of a region. This includes showcasing traditional practices, festivals, and historical sites, which attract tourists interested in experiencing authentic rural life.

**Har Gaon Ki Kahani Scheme:** Launched to tell the unique stories of each village, this scheme aims to highlight the distinctive cultural and historical aspects of rural communities. To enhance the attractiveness of rural areas by showcasing their heritage and cultural significance, making them more appealing to tourists.

**Home Stay Scheme:** Introduced in 2008, the Home Stay Scheme allows tourists to stay in local homes, providing an immersive experience of rural life. The scheme has been popular among tourists seeking authentic experiences and has

become a successful model for rural tourism development.

Village tourism holds significant potential for revenue generation and economic development in Himachal Pradesh. By leveraging its natural beauty, cultural heritage, and agricultural practices, the state can create a thriving tourism sector that benefits rural communities. The new tourism policy of Himachal Pradesh supports this vision by focusing on agro/organic and cultural tourism, as well as implementing innovative schemes like Har Gaon Ki Kahani and the Home Stay Scheme. These efforts aim to enhance the attractiveness of rural areas, create employment, stimulate local economies, and promote sustainable development.

**8. What is the contribution of secondary sector in gross state domestic products and what steps has been taken by HP government to enhance the contribution of secondary sector in State GDP.**

**The secondary sector in Himachal Pradesh encompasses:**

- **Manufacturing** (both organized and unorganized)
- Electricity, Gas, and Water Supply
- Construction

As of the latest data, the secondary sector contributes ₹64,063 crore, representing 41.94% of the total State GDP. Within this sector, manufacturing alone accounts for 29.2% of the State GDP.

**Steps Taken by the Himachal Pradesh Government to Enhance the Secondary Sector**

**Development of Industrial Areas/Estates:** The government has established a land bank of approximately 2,800 acres specifically for industrial development in the current financial year. This initiative aims to facilitate the growth of industries by providing necessary infrastructure and land.

**Global Investor Meet:** To boost the state's economy and create job opportunities, the government organized the first Global Investor Meet and Ground Breaking Ceremony in 2019. This event was designed to attract both domestic and international investors to Himachal Pradesh.

**Prime Minister Formalisation of Micro Food Processing Enterprises (PMFMFPE):** Under the Atma Nirbhar Bharat initiative, this scheme aims to support food-based micro enterprises in the unorganized sector by helping them transition to the organized sector.

**Mukhyamantri Swavlamban Yojna (MMSY):** MMSY is an ambitious scheme intended to provide self-employment opportunities to the youth of Himachal Pradesh. Despite the challenges posed by the COVID-19 pandemic, the scheme has seen a significant increase in sanctioned cases. It offers a 60% "front loading" subsidy and is accessible online.

**Ease of Doing Business Reforms:** The government has implemented several industry-specific reforms, including a Single Window Clearance System and the Himpragati Portal for project monitoring. These initiatives have improved the business environment, resulting in a jump from 16th to 7th position in the Ease of Doing Business ranking by the Government of India.

**Availability of Land on Concessional Rates:** The Department of Industries provides land to start-ups, new industries, and innovation projects in micro and small-scale sectors at concessional rates—50% of the standard rates fixed by the Department of Industries.

**Reduced Stamp Duty:** New start-ups and industries in Himachal Pradesh benefit from reduced stamp duty rates, charged at 3% on conveyance and lease deeds, following the Revenue Department's notification.

**Concession in Fees for Obtaining Environmental Clearances:** The fees for obtaining consent from the H.P. Pollution Control Board are reduced by 25% for green industries and by 10% for orange industries, encouraging compliance and reducing operational costs.

**Himachal Pradesh Industrial Investment Policy, 2019:** This policy aims to create a favorable investment climate for existing industries and attract new investments. It focuses on promoting ease of doing business through digitization, self-certification, and fostering industrial and service sector development throughout the state.



Recently, The Government of Himachal Pradesh has taken several praiseworthy initiatives. Some of them include:

- Building a comprehensive and inclusive Startup Policy
- Outlining easier public procurement norms for startups
- Launching Him Startup Yojana (HIMSUP) - A venture fund with allocated budget of INR 10 Crore to promote and encourage new entrepreneurs

#### Way forward

To further enhance the secondary sector's contribution to the State GDP, the government aims to:

- **Create an Enabling Ecosystem:** Develop a supportive environment for economic growth and employment opportunities.
- **Ensure Sustainable Development:** Focus on balanced and sustainable industrial growth.
- **Attract Investment:** Position Himachal Pradesh as a preferred destination for investment by improving infrastructure, business processes, and incentives.

By implementing these strategies, Himachal Pradesh seeks to boost its secondary sector, drive economic development, and provide ample employment opportunities for its residents.

#### 9. Assess the policies and programs of Himachal Pradesh government in boosting the production, productivity, and income of horticulture farms. How far has it succeeded in increasing the income of farmers?

Himachal Pradesh, with its diverse agro-climatic conditions, is well-suited for horticulture. The state's varied elevations and fertile soils support the cultivation of a wide range of horticultural produce, including apples, nuts, citrus fruits, and new entrants like kiwi and pomegranate. The government has implemented numerous policies and programs aimed at enhancing production, productivity, and farmer income in the horticulture sector.

#### Policies and Programs:

##### 1. Rashtriya Krishi Vikas Yojna (RKVY):

- ❖ Enhance agricultural development through infrastructure and technical support.
- ❖ ₹3.50 crore allocated for horticultural development activities, including mechanized farming.
- ❖ Distribution of power sprayers and trillers to orchardists to improve efficiency.

##### 2. Restructured Weather Based Crop Insurance Scheme (RWBCIS):

- ❖ Protect farmers from losses due to adverse weather conditions.
- ❖ Implemented in 110 blocks for crops like apple, mango, and citrus.
- ❖ Provides financial protection to farmers against weather-related risks.

##### 3. Zero-Budget Natural Farming (ZBNF):

- ❖ Reduce input costs and promote eco-friendly farming.
- ❖ Lower dependency on external inputs, increased self-reliance, and sustainability in farming practices.
- ❖ Helps reduce farmers' market dependency and enhances ecological balance.

##### 4. Free Advisory Services:

- ❖ Offer technical advice to improve orchard health.
- ❖ Nutritional analysis of orchards through leaf sample analysis.
- ❖ Improved orchard management and productivity.

##### 5. World Bank-Aided Himachal Pradesh Horticulture Development Project:

- ❖ **Investment:** ₹1134 crore.
- ❖ Increase productivity, profitability, and market access for horticultural commodities.

- ❖ Enhanced support for horticulture through infrastructure and technical assistance.

**6. Training Camps, Seminars, and Tours:**

- ❖ Upgrade knowledge and skills of horticulturists.
- ❖ Includes sessions from international experts and domestic training programs.
- ❖ Improved technical knowledge and practices among farmers and officials.

**7. PM-Kisan Programme:**

- ❖ Provide financial support and solve farming issues.
- ❖ Financial assistance for the production of healthy fruit crops.
- ❖ Enhanced support for fruit growers and improved farm productivity.

**8. Asian Development Bank-Aided Project:**

- ❖ **Investment:** ₹1688 crore.
- ❖ Development of subtropical fruits.
- ❖ Promotes the cultivation of new fruit varieties and boosts income.

**9. Integrated Horticulture Mission:**

- ❖ Support various horticultural activities with subsidies.
- ❖ 50% back-ended subsidy for cultivation, infrastructure, and post-harvest management.
- ❖ Enhanced support for diverse horticultural activities.

**10. Marketing Intervention Scheme:**

- ❖ Ensure better prices for horticultural produce.
- ❖ Fixed procurement prices for apples and other fruits.
- ❖ Improved income for fruit producers.

**11. Cold Storage and Packing Houses:**

- ❖ Improve storage and packaging facilities.
- ❖ New CA stores and upgraded cold storage facilities at Parala, Shimla.
- ❖ Reduced post-harvest losses and better quality control.

**12. Tissue Culture Laboratories:**

- ❖ Support flower cultivation through tissue culture techniques.
- ❖ Established in Solan and Kangra districts.
- ❖ Enhanced production of high-value flowers.

**13. New Schemes:**

- ❖ Pushp Kranti Yojna, Mukhya Mantri Madhu Vikas Yojana, Mukhya Mantri Green House Renovation Scheme, and installation of anti-hail nets.
- ❖ Boost floriculture and provide additional support to farmers.
- ❖ Improved infrastructure and support for specific horticultural activities.

**14. Poly Houses:**

- ❖ Promote protected cultivation.
- ❖ Increased subsidy from 50% to 85%.
- ❖ 87,000 sq. mt. area under greenhouses.
- ❖ Enhanced production of high-value crops.

**Impact on Farmers' Income:****1. Increased Production and Productivity:**

- ❖ The implementation of various schemes has led to improved production techniques, better management practices, and increased yields. This, in turn, has contributed to higher incomes for farmers.

**2. Higher Income Levels:**

- ❖ The per capita income in Himachal Pradesh increased by 7.9% in 2019-20, partly due to the success of horticulture in the state. The horticulture sector, particularly apple cultivation, plays a significant role in this income increase.

**3. Target of Doubling Farmers' Income:**

- ❖ The government has set ambitious targets to double farmers' income by 2022. The introduction of new schemes and improvements in existing programs align with this goal, aiming to provide substantial economic benefits to the farming community.

**4. Economic Diversification:**

- ❖ The diversification into high-value fruits and improved horticultural practices has contributed to the stabilization and growth of farmers' incomes, reducing dependency on traditional crops.

The Himachal Pradesh government's policies and programs have significantly contributed to the growth of the horticulture sector, improving production, productivity, and farmer incomes. Through targeted initiatives, financial support, and infrastructure development, the state has successfully enhanced the viability and profitability of horticultural farming, with ongoing efforts to achieve even greater benefits for farmers.

**5. What steps has been taken by Himachal Pradesh government in the field of employment generation for youth.**

The Himachal Pradesh government has undertaken various initiatives to address the issue of employment generation for youth, reflecting its commitment to improving job opportunities and economic development in the state. These steps encompass a range of programs and policies aimed at skill development, entrepreneurship, and direct employment.

According to the data released by think-tank Centre for Monitoring Indian Economy (CMIE), Himachal Pradesh is the third state with highest unemployment rate.

More than 60,000 youth in the state are added into the queue seeking jobs every year, according to an estimate. **Government has taken following steps to generate employment of youths**

**1. Skill Development Programs**

- ❖ Himachal Pradesh Kaushal Vikas Nigam (HPKVN):
- ❖ Established as the State Skill Mission to coordinate and implement skill development initiatives.
- ❖ Focuses on training youth in various trades and skills to enhance employability.
- ❖ **Skill Development Allowance Scheme:**
- ❖ A budgetary provision of ₹100 crore for the financial year.
- ❖ Provides financial support to unemployed youth for skill-upgradation and increasing employability.
- **Center of Excellence (CoE) for Skill Development:** The establishment of a Center of Excellence (CoE) at Wagnaghat, Solan, under the ADB-assisted Himachal Pradesh Skill Development Project represents a significant investment in the state's long-term skill development infrastructure.
- **Short Term Training Programs:**
- ❖ Conducted through Government Industrial Training Institutes (ITIs).
- ❖ Includes a significant infrastructure upgrade under the Skill Strengthening for Industrial Value Enhancement (STRIVE) scheme.
- Deen Dayal Upadhaya-Gramin Kaushalya Yojna (DDU-GKY):



- ❖ Aims to provide skills to rural youth and ensure regular monthly wage jobs.
- ❖ Implemented by the Rural Development Department.

➤ **Deen Dayal Antyodaya Yojana-National Urban Livelihood Mission (DAY-NULM):**

- ❖ Focuses on reducing urban poverty by promoting self-employment and skill wage employment opportunities.

➤ **Mukhya Mantri Shahri Ajeevika Guarantee Yojana (MMSAGY):**

- ❖ Guarantees 120 days of employment to urban households and facilitates skill enhancement.

**2. Entrepreneurship Support**

➤ **Mukhya Mantri Swavlamban Yojna (MMSY):**

- ❖ Provides self-employment opportunities with a substantial subsidy (60% front loading).
- ❖ Aimed at encouraging entrepreneurship among the youth.

➤ **Himachal Pradesh Startup Policy:**

- ❖ Offers various incentives for startups, including financial assistance, tax benefits, and ease of doing business reforms.
- ❖ Promotes innovation and supports new ventures in different sectors.

➤ **Rural Self Employment Training Institutes (RSETIs):**

- ❖ Established to provide training and promote entrepreneurship among rural youth.
- ❖ Focus on creating self-employment opportunities and developing local businesses.

**3. Employment Generation Schemes**

➤ **Employment Generation Programmes:**

- ❖ Various schemes focus on generating employment opportunities through public works, infrastructure development, and rural development projects.

➤ **National Bamboo Mission:**

- ❖ Aims to increase bamboo plantation, which can generate employment in rural areas and support local industries.

**4. Infrastructure Development**

➤ **Industrial Areas/Estates Development:**

- ❖ Creation of industrial areas and estates to attract investment and create job opportunities.
- ❖ Land bank of approximately 2,800 acres established for future industrial development.

➤ **Ease of Doing Business Reforms:**

- ❖ Implementation of a Single Window Clearance System and Himpragati Portal to streamline project approvals and enhance the business environment.
- ❖ The state has improved its Ease of Doing Business ranking from 16th to 7th in the country.

**5. Educational and Vocational Training**

➤ **Vocational Guidance by Labour Department:**

- ❖ Provides career counseling and guidance to help youth make informed decisions about their career paths.

➤ **Training Camps and Seminars:**

- ❖ Regularly organized to upgrade the skills of youth and provide exposure to new opportunities and technologies.

## 6. Government Employment Schemes

### ➤ Employment Exchanges:

- ❖ Operate to match job seekers with available job opportunities and provide career counseling.

### ➤ Job Fairs:

- ❖ Regular job fairs are organized to connect employers with potential employees, particularly targeting recent graduates and skilled workers.

## 7. Financial Assistance for Youth Ventures

- ❖ **Subsidy on Loans and Grants:** Financial assistance and subsidies are provided to youth starting new businesses or pursuing higher education.

## 8. Focus on Specific Sectors

- ❖ **Agriculture and Horticulture:** Programs like the Integrated Horticulture Mission and other sector-specific schemes are aimed at generating employment in agriculture and allied sectors.
- ❖ **Tourism and Handicrafts:** Promotion of village tourism and local handicrafts creates additional job opportunities and supports traditional industries.

## Impact and Evaluation

- **Increased Employment Opportunities:** The combined efforts have led to a significant increase in job opportunities and self-employment among youth.
- **Enhanced Skill Levels:** Skill development programs have successfully trained thousands of youth, improving their employability and productivity.
- **Economic Growth:** Infrastructure development and entrepreneurial support have contributed to economic growth and job creation in the state.

Overall, the Himachal Pradesh government's multifaceted approach to employment generation for youth encompasses skill development, entrepreneurship support, and direct job creation initiatives. These measures aim to address the diverse needs of the youth population and foster a robust employment ecosystem in the state.

## 6. Explain the programmes and projects started in Himachal Pradesh for protection and preservation of forest.

Himachal Pradesh is committed to enhancing its forest cover from 28.60% to 30% of its geographical area by 2030 to meet Sustainable Development Goals (SDGs). The state government has implemented various programs and projects to protect and preserve its forests. Here's a detailed overview:

### Key Programs and Projects

#### 1. Forest Plantation Initiatives

- ❖ **State Plan Schemes:** Forest plantation is conducted under several state schemes, including Improvement of Tree Cover, Soil Conservation, and the Compensatory Afforestation Fund Management and Planning Authority (CAMPA).
- ❖ **National Afforestation Programme:** This centrally sponsored scheme supports afforestation efforts and the management of pasture and grazing lands.
- ❖ **Development of Pasture and Grazing Lands:** This state scheme manages and improves pasturelands, supporting overall forest health and sustainability.

#### 2. Van Mahotsava Celebrations

- ❖ **Awareness Campaigns:** Van Mahotsava is celebrated at various levels (state, circle, and division) to educate the public and raise awareness about forestry and environmental issues under the New Forestry Scheme (Sanjhi Van Yojana).
- ❖ **Community Involvement:** Since 2018-19, plantation drives involving local communities such as Mahila Mandals, Yuvak Mandals, and public representatives have been organized to foster community engagement.

in forest conservation.

### 3. Forest Management and Fire Prevention

- ❖ **Surveillance:** Check posts at sensitive locations are equipped with CCTVs for electronic surveillance to curb forest offenses.
- ❖ **Firefighting Equipment:** Improved firefighting equipment and techniques are introduced in forest divisions prone to fires.
- ❖ **Forest Fire Prevention & Management Scheme:** This centrally sponsored scheme (formerly the Intensification of Forest Management Scheme) enhances communication networks for effective forest management and protection.

### 4. Experimental Silvicultural Felling

- ❖ **Selective Felling:** With Supreme Court permission, experimental green felling of Khair, Chil, and Sal species is conducted in Nurpur, Bharari, and Poanta ranges under the supervision of the Supreme Court Monitoring Committee.

### 5. Community and Student Engagement Schemes

- ❖ **Samudayik Van Samvardhan Yojna:** This scheme encourages local communities to participate in forest conservation through plantation and forest quality improvement activities.
- ❖ **Vidyarthi Van Mittar Yojna:** Aims to educate students about forest conservation, instill a sense of attachment to nature, and promote community awareness.
- ❖ **Van Samridhi Jan Samridhi Yojna:** Strengthens the Non-Timber Forest Product (NTFP) resource base through active community participation, initially in seven biodiversity-rich districts.

### 6. Ek Buta Beti Ke Naam (2019-20)

- ❖ **Girl-Child and Forest Conservation:** This scheme involves planting a sapling in the name of a girl child at birth, aiming to raise awareness about both forest conservation and gender equality.

### 7. Externally Aided Projects

- ❖ **Himachal Pradesh Forest Eco-systems Climate Proofing Project:** Supported by KfW Bank Germany, this project focuses on the rehabilitation, protection, and sustainable use of forest ecosystems in Chamba and Kangra districts to enhance resilience against climate change.
- ❖ **Himachal Pradesh Forest Ecosystems Management and Livelihood Improvement Project:** With assistance from Japan International Cooperation Agency (JICA), this project (2018-26) aims to conserve forests, improve livelihoods, and enhance biodiversity.
- ❖ **World Bank Aided Integrated Development Project:** Implemented in Shiwalik and Mid Hills zones, this seven-year project focuses on sustainable agriculture, water efficiency, and livelihood improvement in 900 gram panchayats.

### Impact and Goals

- **Increased Forest Cover:** The state aims to increase its forest cover and quality, contributing to environmental conservation and biodiversity.
- **Enhanced Community Participation:** By involving local communities and students, these programs foster greater engagement in forest preservation.
- **Sustainable Livelihoods:** Externally aided projects emphasize improving livelihoods while conserving forest resources, ensuring long-term sustainability.
- **Climate Resilience:** Projects like the Forest Eco-systems Climate Proofing Project aim to build resilience against climate change, securing the future of forest ecosystems and their services.

Through these comprehensive programs and projects, Himachal Pradesh is making significant strides in forest protection and preservation, aiming to achieve its target of increased forest cover and enhanced environmental sustainability.

**7. What are the multifaceted advantages associated with promoting financial inclusion in the state? What are the difficulties that commercial banks in Himachal Pradesh encounter?**

Financial inclusion is crucial for ensuring that all segments of society have access to appropriate financial products and services. In Himachal Pradesh, promoting financial inclusion offers numerous benefits:

1. **Economic Impact:** Access to formal banking services has led to an increase in income for residents. For example, in rural districts like Lahul & Spiti, 99.99% of respondents reported an increase in income, and similar positive trends were observed in urban areas like Solan and Kullu.
2. **Livelihood Opportunities:** Effective banking services have created more livelihood opportunities through various loans and schemes. In Kullu and Solan, 100% of respondents reported improved opportunities for livelihood due to banking services.
3. **Savings Habit:** Formal banking promotes a culture of saving. For instance, the total deposits in scheduled commercial banks in Himachal Pradesh reached Rs. 123,672 crore in 2022-23, a significant increase from Rs. 45,149 crore in 2017.
4. **Women Empowerment:** Financial inclusion empowers women, enhancing their economic independence and decision-making power. The Him Ira SHG Shops, managed by women, reported total sales of Rs. 45.00 lakhs from April to November 2021, highlighting the positive impact on women's economic roles.
5. **Improved Financial Literacy:** As financial services become more accessible, individuals gain better financial literacy, leading to improved decision-making skills and reduced cyber financial crimes.

**Difficulties Encountered by Commercial Banks in Himachal Pradesh**

Commercial banks in Himachal Pradesh face several challenges due to the state's unique geographical and economic characteristics:

1. **Geographic Dispersion:** The hilly and rugged terrain makes it difficult to establish and maintain a widespread network of branches and ATMs. Transport and connectivity issues can hinder access to banking services.
2. **Increasing NPAs (Non-Performing Assets):** There is a rise in non-performing assets, impacting bank efficiency. For example, the NPA amount for State Cooperative Bank stands at Rs. 494 crore, Kangra Central Cooperative Bank at Rs. 932 crore, and Agriculture and Rural Development Bank at Rs. 106.16 crore.
3. **Limited Economic Activities:** The state's less diverse economy compared to urban areas affects the type and scale of banking services required, potentially limiting revenue generation for banks.
4. **Seasonal Fluctuations:** The state's dependence on tourism and agriculture, both of which are seasonal, can lead to fluctuating cash flows, loan repayments, and credit demand.
5. **Digital Adoption:** Limited internet connectivity and digital literacy in remote areas pose challenges for adopting digital banking services.
6. **Credit Access:** In rural areas, lack of collateral, formal credit history, and financial literacy complicate credit access for individuals and small businesses.
7. **Regulatory Compliance:** Adhering to regulatory requirements set by the Reserve Bank of India (RBI) and other authorities can be demanding, especially for smaller banks.
8. **Natural Disasters:** Natural disasters such as landslides and floods disrupt banking operations, damage infrastructure, and affect customers' financial stability.
9. **Competitive Landscape:** Banks face competition from other financial institutions and fintech companies, which can impact customer retention and market share.
10. **Talent Acquisition:** Attracting and retaining skilled professionals in remote areas is challenging. Banks need to offer competitive packages and growth opportunities to maintain a talented workforce.

While promoting financial inclusion in Himachal Pradesh offers substantial benefits, including increased income, enhanced livelihood opportunities, and improved financial literacy, commercial banks face significant challenges such as geographic dispersion, increasing NPAs, and limited economic diversity. Addressing these challenges through strategic planning and community engagement can help banks better serve the state's diverse population and contribute to overall economic growth.

7. **What are the various concerns regarding food security? Explore the strategies adopted to uphold food security in Himachal Pradesh.**

Food security is defined by the 1996 World Food Summit as the condition where all people, at all times, have physical and economic access to sufficient, safe, and nutritious food for an active and healthy life. In Himachal Pradesh, several concerns impact food security:

1. **Impact of Climate Change on Agriculture:** Climate change leads to erratic rainfall, increased temperatures, reduced crop yields, and more frequent crop diseases. Natural disasters like cloud bursts, floods, and landslides further disrupt agricultural productivity, affecting the affordability and availability of essential grains.
2. **Population Growth:** Rising population places greater pressure on food resources, making it challenging to meet the growing demand.
3. **Shift to Commercial Crops:** Farmers increasingly prioritize high-value commercial crops like apples, tomatoes, and potatoes over staple food crops, which can reduce the availability of essential grains and vegetables.
4. **Post-Harvest Losses:** Insufficient infrastructure for storage and processing contributes to significant food wastage. For example, post-harvest losses of apples in Himachal Pradesh exceed 15%, with losses greater at higher altitudes.
5. **Hidden Hunger:** A shift towards less nutritious food choices has led to hidden hunger. The 5th National Family Health Survey reports that over 30% of children under five in Himachal Pradesh are stunted, and more than one-fourth are underweight.

**Strategies to Uphold Food Security in Himachal Pradesh**

To address these concerns and ensure food security, the Himachal Pradesh government has implemented various strategies:

1. **Improving Infrastructure**

- ❖ **Food Processing and Storage:** Initiatives to reduce post-harvest losses include:
    - ❖ Scheme for Technology Upgradation/Establishment/Modernization of Food Processing Industries
    - ❖ Scheme for Cold Chain, Value Addition, and Preservation Infrastructure for Non-Horticultural Products
    - ❖ Kshamta se Samruddhi Program
    - ❖ Scheme for Creating Primary Processing Centers/Collection Centers in Rural Areas
  - ❖ **Transport and Market Connectivity:** Enhancing road networks and infrastructure to connect markets and reduce food wastage.
2. **Diversification of Crops:** Implementing the **Himachal Pradesh Crop Diversification Scheme** to promote diversified crop cultivation, reducing dependence on mono-crop cultures and stabilizing food availability.
  3. **Climate-Resilient Agriculture:** Emphasizing organic farming, zero-budget natural farming, and inter-crop patterns through schemes such as:
    - ❖ Himachal Pradesh Subtropical Horticulture, Irrigation, and Value Addition Project (SHIVA)
    - ❖ Prakritik Kheti Khushal Kisan Yojana
    - ❖ **Sustainable Livelihoods of Agriculture-Dependent Rural Communities in Drought-Prone Districts through Climate Smart Solutions (Sirmaur)**
  4. **Use of Biotechnology for High-Yield Varieties:** Developing and using genetically modified crops like Bt cotton and GM rubber (for the North-east) that are resilient to environmental stresses to enhance production and minimize losses.
  5. **Focus on Nutritional Food Crops:** Promoting crops like millet to address malnutrition and improve dietary quality.
  6. **Fortification of Food:** Supplying fortified rice (e.g., over 12,600 quintals in Hamirpur) to combat malnutrition and hidden hunger.
  7. **Targeted Public Distribution System (PDS):** Ensuring the availability of essential food items to weaker sections of society to reduce malnutrition among the poorest.



8. **Holistic and Collaborative Approaches:** Collaborating with government agencies, farmers, researchers, and civil society organizations to address food security comprehensively.

Addressing food security in Himachal Pradesh involves tackling climate change impacts, population pressures, and shifts in agricultural practices. By improving infrastructure, diversifying crops, promoting climate-resilient agriculture, utilizing biotechnology, focusing on nutritional crops, and fortifying foods, the state aims to enhance food security. A collaborative approach, involving all stakeholders, is essential for ensuring that food is safe, nutritious, and accessible to all.