



PROSPERING HIMACHAL PRADESH

A Mountain of Opportunities

August 2017



PHD RESEARCH BUREAU

PHD CHAMBER OF COMMERCE AND INDUSTRY

PHD House, 4/2 Siri Institutional Area, August Kranti Marg New Delhi 110016

Phone: 91-11-49545454, Fax: 91-11-26855450, 26863135

Email: research@phdcci.in Website: www.phdcci.in



PROSPERING HIMACHAL PRADESH



Mr. Gopal Jiwrajka

From President's Desk

Himachal Pradesh has observed an average annual growth 7.3% from FY2013 to FY2016. The state has a strong industrial base as the industrial sector has a share of 38% in State's GSDP while the services sector has also emerged as a significant contributor in the economic and social development of the state.

The state's policy environment is conducive for attracting industrial investments through user friendly policies and better infrastructural support. The State Government has already developed 42 Industrial Areas and 17 Industrial Estates with basic amenities like Roads, Power, Sewerage, Water and communication etc. The state has huge potential in sectors such as tourism, hotel, and banking, IT enabled services, Hydro power and education.

Himachal Pradesh has a rich heritage of handicrafts. These include woollen and Pashmina shawls, carpets, silver and metal ware, embroidered chappals, grass shoes, Kangra and Gompa style paintings, wood work, horse-hair bangles, wooden and metal utensils and various other household items.

The state has emerged as a hub of pharmaceuticals, food processing units, textiles and packaging industries. Further, the information technology has a great scope for employment and revenue generation in the state.

On the socio-economic front, Himachal Pradesh has performed well as very small proportion of population is below the poverty line. Literacy rate in the state is also higher as compared to the national literacy level. Going ahead, Himachal Pradesh should create more employment opportunities and promote them by skilling the youth, encouraging the women entrepreneurship and job oriented education system.

The State Government has been working towards all inclusive growth of the state economy. I am sanguine that the state will scale new heights of growth in the coming times.



PROSPERING HIMACHAL PRADESH



Mr. Anil Khaitan

From Senior Vice President's Desk

Himachal Pradesh, a prominent hill state in India, is known for its snow-capped Himalayan ranges, snow-fed lakes, rich heritage of handicrafts and presence of diverse sectors. The state has a well developed industry sector which has witnessed an average growth rate of around 8% during the last 4 years.

Himachal Pradesh has made significant achievements in the field of industrialization in the past few years. The state is an emerging manufacturing hub for pharmaceuticals, textiles, light engineering goods, health, power, telecom and IT. The state has laid tremendous emphasis on public private partnerships for investments in hydro power projects.

The state government has recently announced various measures to promote industrialization in the state. To promote ease of doing business in the state, the state government has announced online application filing for speedy approvals.

The government has set up an Industry Advisory Council to ensure healthy involvement and interaction with industrial stakeholders in decision making process. Further, projects having an investments scale of above Rs. 10 crore are approved by State Level Single Window Clearance & Monitoring Authority.

Going ahead, there is a need to enhance policy measures so as to attract high level of investments for industrialization and modernization of the state.

We look forward to the government bringing in a slew of measures to revamp the state's industrial sector to the next level.



PROSPERING HIMACHAL PRADESH



Mr. Rajeev Talwar

From Vice President's Desk

Himachal Pradesh is rich in natural and agricultural resources. This is the only state in country where around 90% of population resides in rural areas. Therefore dependency on agriculture/horticulture is high and it provides direct employment to about 62% of total workers of state.

The state government has undertaken various measures to boost agricultural production. The state is undertaking special efforts for the post harvest management techniques for the production of fruits and vegetables. The state is also focusing on the production of off – season vegetables, potato, ginger, etc. Horticulture scheme is the major programme aiming at the creation and maintenance of infrastructural facilities in the rural areas for ensuring equitable access to the resources and inputs required for the promotion of all fruit crop.

In addition to this water storage tanks and bore wells are being established in the state to strengthen irrigation facilities and reduce dependence of agricultural on monsoons.

We believe that diversification in the farm sector, well developed research and development system and upgrading infrastructure as per international standards will enhance agricultural productivity in the state.

We appreciate the efforts of the state government to upscale agricultural growth by announcing various favorable policies and programmers. We look forward to further reforms in the state on the agricultural front in the coming times.



PROSPERING HIMACHAL PRADESH



Mr. Dhian Chand

From Chairman's Desk Himachal Pradesh Committee

Himachal Pradesh is taking significant steps in order to provide better and state of the art infrastructural facilities for the overall economic development of the state.

In order to make Himachal Pradesh a preferred investment destination, the state is encouraging public private partnership in industrial infrastructure, power, roads and tourism. The State Government has assigned a very high priority to road sector.

Hydro power development is the engine for the economic growth of the state, as it makes a direct and significant contribution to economy in terms of revenue generation, employment opportunities and enhancing the quality of life, through inclusive green growth and sustainable development of the state.

For the betterment of urban infrastructure, a new mission “Housing for all” (Urban) under the scheme Pradhan Mantri Awas Yojna has been launched by the Government of India effective from June, 2015 to March, 2022. The aim of this scheme is rehabilitation of slum dwellers, providing affordable houses for weaker section through credit linked subsidy and subsidy for beneficiary-led individual house construction.

We are confident that the government will harness the potential of the state to its highest level and take it to the pinnacle where it truly deserves to be.



PROSPERING HIMACHAL PRADESH



Mr. Ashish Bagrodia

From Co - Chairman's Desk Himachal Pradesh Committee

The state of Himachal Pradesh, a Northern state in the Himalayas, is home to around 68.65 lakhs people. The state economy, therefore, has a vital impact on the overall development in India.

On the socio-economic front, the state has low poverty rate of around 8.06% while the literacy rate is well above the national average as the state ranks 9th in literacy rate at all India level. Further, the State Government has ensured that health services for effective prevention and treatment intervention are accessible to people.

The state has significantly higher access to safe drinking water as compared to other states. The availability of safe drinking water in Himachal Pradesh is 93.7% as compared to the national average of 85.5%.

Around 90% of the population lives in the rural areas. The government therefore, has to undertake significant reform measures to expand employment opportunities and improve labour productivity to sustain growth momentum in the state and take it to a higher trajectory.

Going ahead, I believe, there exist tremendous potential to re-embark on the path of accelerated growth supported with effective and strong reforms in the state.



PROSPERING HIMACHAL PRADESH

From Secretary General's Desk



Mr. Saurabh Sanyal

The report 'Prospering Himachal Pradesh- A mountain of opportunities' highlights the latest socio-economic developments in the state. This report includes current state of economy, infrastructural developments, performance of various social indicators in Himachal Pradesh and analyses the impact of various policy measures on the economic growth of the state and suggests various measures to bolster industrialization in the state and provides Chamber's vision for the state.

The state has emerged as one of the preferred investment destinations. The state has been progressive in industrial and services sector and agricultural sector still plays a major role in the state economy.

Going ahead, the state should adopt innovative policy measures to diversify its tourism, food processing products, IT industry. The state should emphasize on export items like handlooms, pottery, paintings, carpets, jewellery, grass shoes, food processing products like jams, preserves, pickles etc.

PHD Chamber has always aimed to be an important stakeholder in the development of the Northern, Central and Eastern states of India and the nation. The Chamber has always been working towards the development of the grassroots and will continue to contribute to growth of the state of Himachal Pradesh. We look forward to working in close coordination with the state government to contribute to the state's growth story.

I commend and appreciate the ardent PHD Research Bureau team led by Dr. S.P. Sharma, Chief Economist, Ms. Megha Kaul, Associate Economist and Ms. Abha Chauhan, Research Associate, for producing this report.

I congratulate the government for undertaking dynamic reforms and sustaining the growth momentum of the state.



PROSPERING HIMACHAL PRADESH

Contents

| Sr. No | Topic | Page No. |
|--------|--|----------|
| 1 | Structure of the economy | 17 |
| 2 | Agriculture | 22 |
| 3 | Industry | 26 |
| 4 | Services | 33 |
| 5 | Infrastructure | 37 |
| 6 | State Budget 2017-18 | 46 |
| 7 | Reforms undertaken by the government | 48 |
| 8 | Suggestions for Bolstering Industrialization | 51 |
| 9 | Redeveloping Tourism in Himachal Pradesh | 58 |
| 10 | Conclusions and Recommendations | 61 |
| 11 | PHD Chamber's Vision 2020 for Himachal Pradesh | 65 |



PROSPERING HIMACHAL PRADESH

Tables

| S.No. | Title | Page No. |
|-------|---|----------|
| 1 | Growth State Domestic Product and its composition | 18 |
| 2 | Summary of socio-economic indicators | 19 |
| 3 | Pattern in attracting FDI(equity) inflows : Chandigarh Region | 21 |
| 4 | Summary of agro-statistics | 23 |
| 5 | Foodgrain production in Himachal Pradesh vis-a-vis India | 24 |
| 6 | Thrust Sectors in Himachal Pradesh | 29 |
| 7 | Agri Processing Sector Incentives | 30 |
| 8 | State Wise Ranking- Business Implementation Reform | 31 |
| 9 | Banking Position as on September, 2016 at a glance | 36 |
| 10 | Road Infrastructure | 38 |
| 11 | Telecom infrastructure (as of February 2017) | 40 |
| 12 | Employment Scenario | 41 |
| 13 | Educational Infrastructure of Himachal Pradesh | 43 |
| 14 | Summary of Health Indicators of Himachal Pradesh | 44 |



PROSPERING HIMACHAL PRADESH

Charts

| Title | Page No. |
|--|----------|
| 1. Growth of real GSDP | 18 |
| 2. Per Capita Income of Indian States | 20 |
| 3. Comparison of Gross Fiscal Deficit as a % of GSDP | 20 |
| 4. Regional (Chandigarh) share of FDI in India's total FDI inflows | 21 |
| 5. Share of Himachal Pradesh in India's foodgrain production | 24 |
| 6. Domestic tourist visits in Himachal Pradesh | 35 |
| 7. Foreign tourist visits in Himachal Pradesh | 35 |
| 8. Installed Power Capacity in Himachal Pradesh | 39 |
| 9. Population below Poverty Line (BPL) | 41 |
| 10. Trends of literacy rate: Himachal Pradesh vis-à-vis India | 42 |
| 11. Trends in literacy rate in comparison with other states | 42 |
| 12. Infant mortality rate of Himachal Pradesh vis-à-vis other states | 44 |
| 13. Availability of safe drinking water in Himachal Pradesh | 45 |



PROSPERING HIMACHAL PRADESH

Abbreviations

| | |
|----------|---|
| AGRISNET | Agriculture System Network |
| AMRUT | Atal Mission for Rejuvenation and Urban Transformation |
| B.Ed. | Bachelor of Education |
| BTP | Biotechnology Park |
| CCTV | Closed-circuit television |
| CED | Centre for Entrepreneur Development |
| CM | Chief Minister |
| CSC | Common Services Centre |
| CSP | Content Service Provider |
| DEST | Department of Environment, Science & Technology |
| DIPP | Department of Industrial Policy and Promotion |
| ESI | Employees' State Insurance |
| FDI | Foreign Direct Investments |
| FY | Financial Year |
| GSDP | Gross State Domestic Product |
| HIMSWAN | Himachal State Wide Area Network |
| HP | Himachal Pradesh |
| IDC | Interest During Construction |
| IDSMT | Infrastructure Development Scheme for Small and Medium Town |
| IHDS | Integrated Handloom Development Scheme |
| IMR | Infant Mortality Ratio |
| IT | Information Technology |
| km | Kilometre |
| LMS | Litigation Monitoring System |
| MGNREGA | Mahatma Gandhi National Rural Employment Guarantee Act |
| MSMEs | Micro, Small and Medium Enterprises |
| MW | Mega Watt |
| NER | Net Enrolment Ratio |
| NSDP | Net State Domestic Product |
| NULM | National Urban Livelihood Mission |
| PCOs | Public Call Offices |
| PPP | Public Private Partnership |
| RCMS | Revenue Court Case Monitoring System |
| SCERT | State Council of Educational Research and Training |
| SDC | State Data Centres |
| SPV | Special Purpose Vehicle |
| TRAI | Telecom Regulatory Authority of India |
| UIDSSMT | Urban Infrastructure Development Scheme for Small and Medium Town |
| US | United States |



PROSPERING HIMACHAL PRADESH

Executive Summary

Himachal Pradesh is one of the fastest-growing states of India. The economy of Himachal Pradesh has made tremendous growth in industries, power, horticulture, agriculture and allied activities. The real GSDP of the state (2011-12) has increased from about Rs. 77384 crores in FY2013 to about Rs. 96289 crores in FY2016.

The average real GSDP of the state has grown at 7.3% during the period of FY2013 to FY2016. Services sector contributes a significant share of around 41% in the GSDP while the industry and agriculture and allied sector contributes 38% and 14% respectively during the FY2016. Per Capita income of Himachal Pradesh at current prices witnessed an increase of 9.1% as it increased to Rs. 1,35,621 in FY2016 from Rs.1,24,325 in FY2015.

Himachal Pradesh has a rich heritage of handicrafts. These include woollen and pashmina shawls, carpets, silver and metal ware, embroidered chappals, grass shoes, Kangra and Gompa style paintings, wood work, horse-hair bangles, wooden and metal utensils and various other house hold items. Himachal Pradesh, known as the Land of Gods, is famous for its sheer topographic diversity and pristine natural beauty. The state received a total of 17.53 million tourists, out of which 17.13 million were domestic tourists and 0.40 million were foreign tourists in 2015.

The state has diverse agro-ecology and cropping pattern. The state enjoys first position in the production of apples. Vegetables also play a notable part in the agricultural sector. Rice, wheat and maize are important crops of the state. Groundnut, soybean and sunflower and rapeseed/mustard and toria are important oilseed crop in the state. Urd, bean, moong, Rajmash and gram lentil are important pulses of the state.

The state needs to increase agricultural productivity, by boosting capital investments for developing agri-infrastructure, providing agricultural credit at lower interest rates, insurance and agro-advisory services to the farmers in order to enhance growth in the coming times. The state should promote diversification in the farm sector, improve research and development system and upgrade infrastructure as per international standards to harness the emerging opportunities in the agriculture sector of the state. Farmers should be motivated to adopt latest technology to increase the farm sector output for which easy credit should be made available for them.

On the industrial front, Himachal Pradesh is an emerging manufacturing hub for pharmaceuticals, textiles, light engineering goods, health, power, telecom and IT. The state facilitates public private partnerships for investments in hydro power projects. The state also emphasizes on efficient use of energy, conservation of resources and eco-friendly policies for sustainable development.

During the last few years, the service sector of the state has performed well and has emerged as a major segment contributing to the economic growth of the state. The state has done very well in the field of informational technology with Software Technology Parks of India (STPI) establishing a centre in Shimla.

The state government recently presented the state budget for FY2018 with a total outlay of Rs. 35,783 crore. The budget of Himachal Pradesh has its focus on farm sector and employment generation for the



PROSPERING HIMACHAL PRADESH

year 2017-18. The education sector has been allocated a total budget outlay of Rs. 6,204 crore for 2017-18 while Rs. 418 crore is the total outlay for Women and Child Development Department in 2017-18. To strengthen democracy at all levels, the state government will release Rs. 270 crore to Zila Parishad, Panchayat Samiti and Gram Panchayat from the State Budgets and Rs. 530 crore has been allocated for forest sector and 10 bio-diversity tourism parks are to be set up all over the state. This will help the state to achieve a higher growth trajectory.

Further, the present government in the state has initiated significant reforms in the recent times that have put the state on high growth path. The state government amended the Industrial Policy 2004 and launched the Industrial Policy 2013 to promote and incentivize industry by creating a conducive environment for sustainable inclusive development that generates income and employment opportunities, and encourages skill development thereby establishing Himachal Pradesh as a model industrial hill State of India. On the agriculture front, the state government is focusing on the production of ginger, potato, pulses, off-season vegetables and oilseeds as well as increasing the production of cereal crops in the state. Apart from these, the state government has also focussed on growth of services sector and hence Sustainable Tourism Policy, 2013 was formulated by the state government for promoting sustainable tourism in Himachal Pradesh.

In addition, the government has announced amendments in Hydro Power Policy 2006 and launched Himachal Pradesh State Water Policy 2013 to ensure, planning, management and development of water resources in the state. The state government has been taking significant reform measures to upscale industrial production which will generate lakhs of job opportunities in the state. Besides, the state government has decided to give 'Bonafide Himachali' certificate to the women of the state, who are married to persons having their permanent home outside the state.

On the social front, state has done reasonably well with a small share of people living below poverty line, while literacy rate is well above the national average. Himachal Pradesh has a literacy rate of 82.8% compared with the national average of 73%. The state should promote employment opportunities by skilling the youth, encouraging women entrepreneurship and job oriented education system.

The State Government has been assigned a very high priority to road sector. Hydro power development is the key engine for the economic growth of the state, as it makes a direct and significant contribution to economy in terms of revenue generation, employment opportunities and enhancing the quality of life.

The government must focus on improving the quality of infrastructure, enhancing post harvest management techniques, addressing flexibility in labour markets, reforms in manufacturing sector to bolster industrialization.

It is also suggested that there should be redevelopment of Tourism in the state which will contribute to high economic growth, going forward. Tourism should be redeveloped with the objectivity of generating employment for the youth of the state, enhancing the quality of life of downtrodden and promoting responsible and community-based tourism so that locals can enjoy increased socio-economic benefits and improved environment, among others. It is suggested that measures should be taken to improve the road infrastructure for ease of transportation during extreme weather conditions. The green cover



PROSPERING HIMACHAL PRADESH

in the state should be protected to maintain natural beauty of the state. Pahadi Cuisines should be included in the menu of all hotels for the promotion of the cuisine and rich culture of the state. Further, Polo tourism and Golf tourism should be promoted in the state. Hanging glass bridges above the forests should be constructed so that people get a panorama view of the area and can rejuvenate themselves. All these measures are expected to upscale growth of tourism in the state of Himachal Pradesh.

PHD Chamber would also like to suggest the state to focus on five areas to attain growth at the next level. The food processing sector is one of the major growth promising sectors of the state. Thus, special thrust needs to be provided to establish and upgrade food processing industries through robust schemes, technological innovations and advancement. Redevelopment of tourism is the second thrust area which needs to be revamped with the objective of increasing the tourist inflows which would provide a boost to the economic growth. The state needs to focus on reforms to improve the ease of doing business scenario particularly for MSMEs in order to encourage the setting up of more industries and improve the overall industrial environment. Therefore, emphasis needs to be given on easing the processes of certifications, clearances, registration and access of funds to the MSMEs.

Further, the state need to focus on expansion of IT services through setting up of new industrial parks, infrastructure development of existing IT industries, investments in human capital along with provisions of special incentives to promote IT industries. The state needs to provide special thrust to boost the export potential and improve the infrastructure for exporting units. Rapid growth of export from the state will enhance the industrial production, generate employment opportunities and contribute to the economic development. Going ahead, considering the efforts of the state government and reform measures suggested, the state has every potential to achieve strong and sustainable high double digit growth rate of around 10% and generate around 2 lakh new employment opportunities every year.

We look forward to the effective policy interventions and strong reform initiatives that would pave the way to achieve a high and sustainable economic growth in the state in the coming times.



PROSPERING HIMACHAL PRADESH



Himachal Pradesh

Popularly known as the Devbhumi — “Land of the Gods”, Himachal Pradesh is a beautiful hill state in India, nestled in the north-west region of western Himalayas. The state is landlocked with the Tibetan plateau to the east, Jammu and Kashmir to the north, and the Punjab to the west. The state stands apart from its neighbors in terms of its sheer topographic diversity. From vast tracts of high-altitude Trans-Himalayan desert to dense green deodar forests, from apple orchards to cultivated terraces, from snow capped high Himalayan mountain ranges to snow fed lakes and gushing rivers, Himachal Pradesh offers breathtaking pristine beauty.

Himachal Pradesh has a rich heritage of handicrafts. These include woollen and Pashmina shawls, carpets, silver and metal ware, embroidered chappals, grass shoes, Kangra and Gompa style paintings, wood work, horse-hair bangles, wooden and metal utensils and various other house hold items.



STRUCTURE OF THE ECONOMY

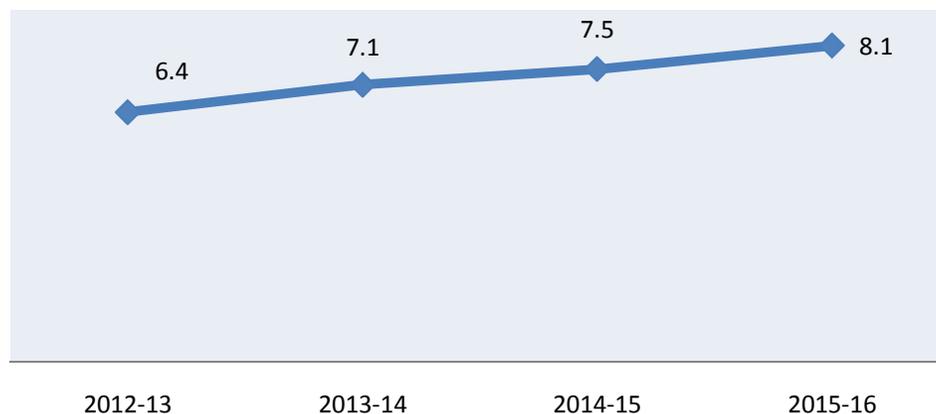




1. Structure of the economy

The state has been witnessing significant growth path over the last few years. The real GSDP of the state has increased from about Rs.77384 crores in FY2013 to about Rs.96289 crores in FY2016. The real GSDP of the state has grown at an average rate of 7.3% during the period of FY2013-2016.

Chart 1: Growth of Real Gross State Domestic Product (%)



Source: PHD Research Bureau, Compiled from Economic Survey of Himachal Pradesh, 2016-17

The economy of Himachal Pradesh has made tremendous growth in industries, power, horticulture, agriculture and allied activities. The Gross State Domestic Product (at current prices) has witnessed an increase from Rs. 82820 crore in FY2013 to Rs. 113667 crore in FY2016. The economic growth of the state has also witnessed an increase over the past few years from 6.4% in FY2013 to 8.1% in FY2016. The Net State Domestic Product (at current prices) has also witnessed a growth from Rs. 69432 crore in FY2013 to Rs. 96928 crore in FY2016.

Table 1: Gross State Domestic Product and its Composition

| Components | FY2013 | FY2014 | FY2015 | FY2016 |
|--|--------|--------|--------|--------|
| GSDP at current prices(Rs. Crore) | 82820 | 94764 | 104177 | 113667 |
| NSDP at current prices(Rs. Crore) | 69432 | 80129 | 88072 | 96928 |
| Economic Growth %(GSDP at factor cost, constant prices) | 6.4 | 7.1 | 7.5 | 8.1 |
| Sectoral Contribution in GSDP at current prices* (in %) | | | | |
| Agriculture | 16.2% | 16.1% | 15.1% | 13.9% |
| Industry | 40.9% | 40.6% | 39.7% | 38.3% |
| Services | 38.1% | 37.6% | 39.1% | 41% |

Source: PHD Research Bureau, Compiled from CSO; *Sectoral share has been calculated in the overall GSDP of the state

The sectoral contribution in the State's GSDP has witnessed a change over the past few years. Agriculture (primary) sector has witnessed a slight decline from around 16% in FY2013 to 14% in FY2016.



PROSPERING HIMACHAL PRADESH

Industry (secondary) sector has also witnessed a marginal decline from 41% in FY2013 to 38% in FY2016, whereas, the share of services (tertiary) sector in GSDP has increased from around 38% to 41% during the same period.

Table 2: Summary of socio-economic indicators

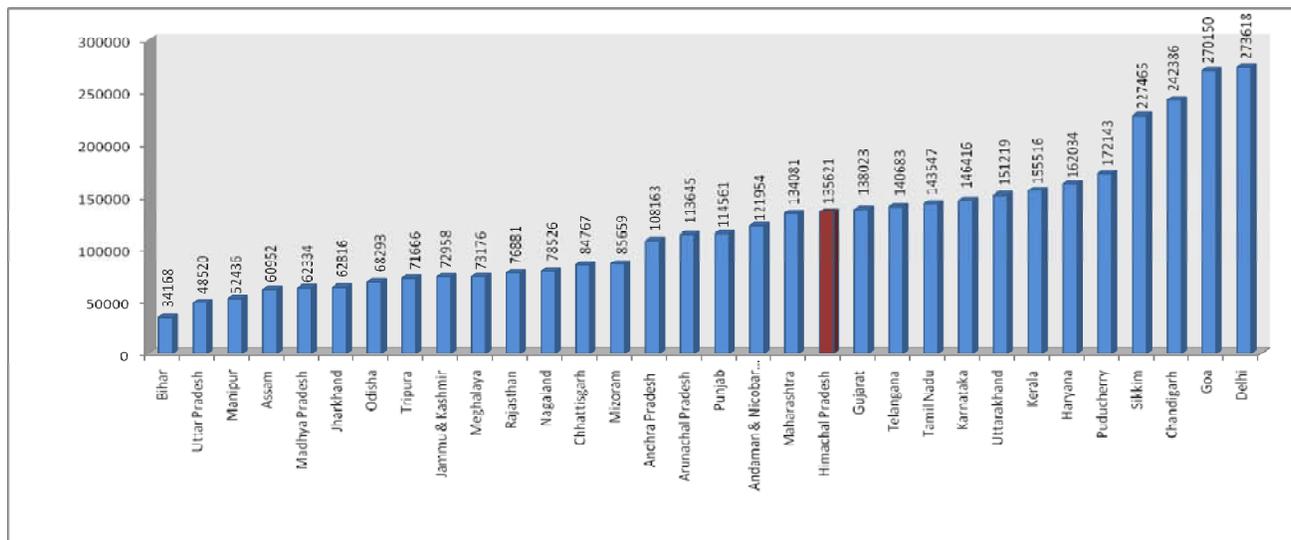
| | |
|---|--|
| State Capital | Shimla |
| Ho'ble Chief Minister | Shri. Virbhadra Singh |
| Area (Sq.km) | 55,673 |
| Population(2011)@ | 7319 |
| Population Density (Sq.km) | 123 persons |
| No. of Districts | 12 |
| GSDP at current prices (FY2016) | Rs. 113667 crore |
| Growth of GSDP at constant prices(FY2016) | 8.1% |
| NSDP at current prices (FY2016) | Rs. 96928 crore |
| NSDP at constant prices (FY2016) | Rs.81080 crore |
| Growth of NSDP at constant prices# | 8% |
| Per capita NSDP at current prices# | Rs. 135621 |
| Fiscal Deficit | 3.1% |
| Population below poverty line | 8.06% |
| National highway length* | 2,027.00 Kms |
| Rail length | 242kms |
| Domestic Airports | Shimla, Kullu-Manali, Kangra |
| Helipads(functional) | 63 |
| Government Medical Institutions^ | 2786 |
| Literacy Rate | 82.8% |
| Infant Mortality Rate& | 35 per 1000 live births |
| Sex Ratio | 972 females per thousand males |
| Important Rivers | Satluj, Chenab, Beas, Ravi, and Yamuna |
| Key Industries | Cement, Food procurement and processing, Hydropower, IT and electronics, Light engineering, Pharmaceuticals, Tourism Textiles. |

Sources: PHD Research Bureau, compiled from Economic Survey of Himachal 2016-17, Census2011, Niti Aayog, RBI Report 2016-17, National Highway includes urban links and bye-passes, upto the end of December, 2016, ^Government medical institutions include Hospitals, Primary Health Centres, Community Health Centres, ESI Dispensaries and Sub-Centres. #Data pertains to 2015-16 @ Data pertains to Census, 2011 & Data pertains to 2013

1.1 Per- Capita Income

According to the new series base 2011-12, the per capita income of Himachal Pradesh at current prices increased to Rs. 1,35,621 in FY2016 from Rs. 1,24,325 in FY2015, registering an increase of 9.1%

Chart 2: Per - capita income of Himachal Pradesh vis-à-vis other states (in Rs.)

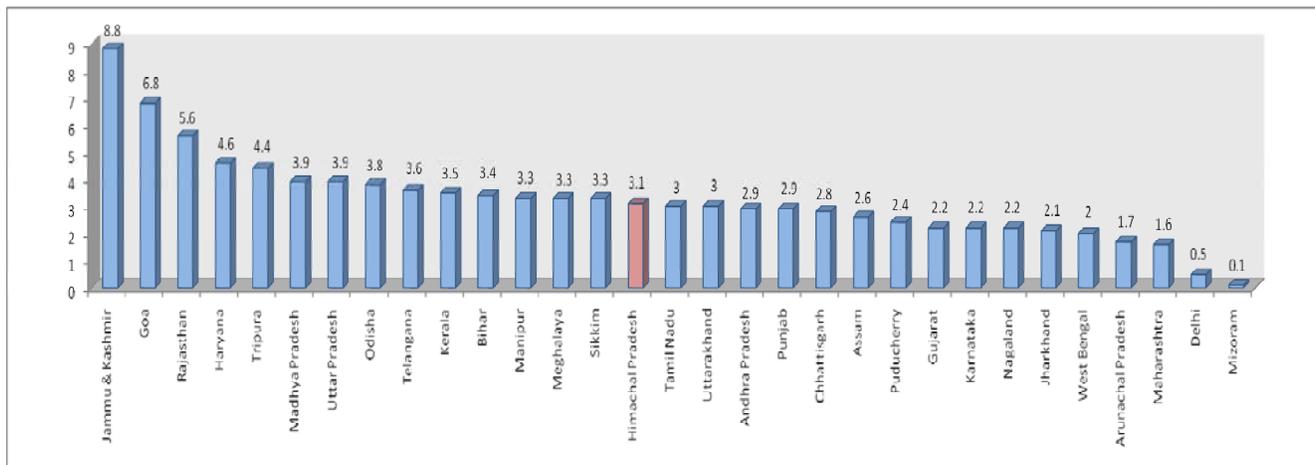


Source: PHD Research Bureau, compiled from Ministry of statistics and policy implementation, Government of India; Data pertains to FY16

1.2 Fiscal Deficit

Fiscal deficit presents a more comprehensive view of the state’s budget. The state of Himachal Pradesh has a fiscal deficit of 3.1% in FY2017.

Chart 3: Fiscal Deficit of Himachal Pradesh vis-à-vis other states (in %)



Source: PHD Research Bureau, compiled from RBI, Data pertains to 2016-17 (Budget Estimates)

1.3 Industrial Investments

Himachal Pradesh has made significant achievements in the field of industrialization in the past few years. Recently many initiatives have been taken by the state government to facilitate investment in the State. The Ministry of Commerce & Industry (DIPP), Government of India has accorded final approval for



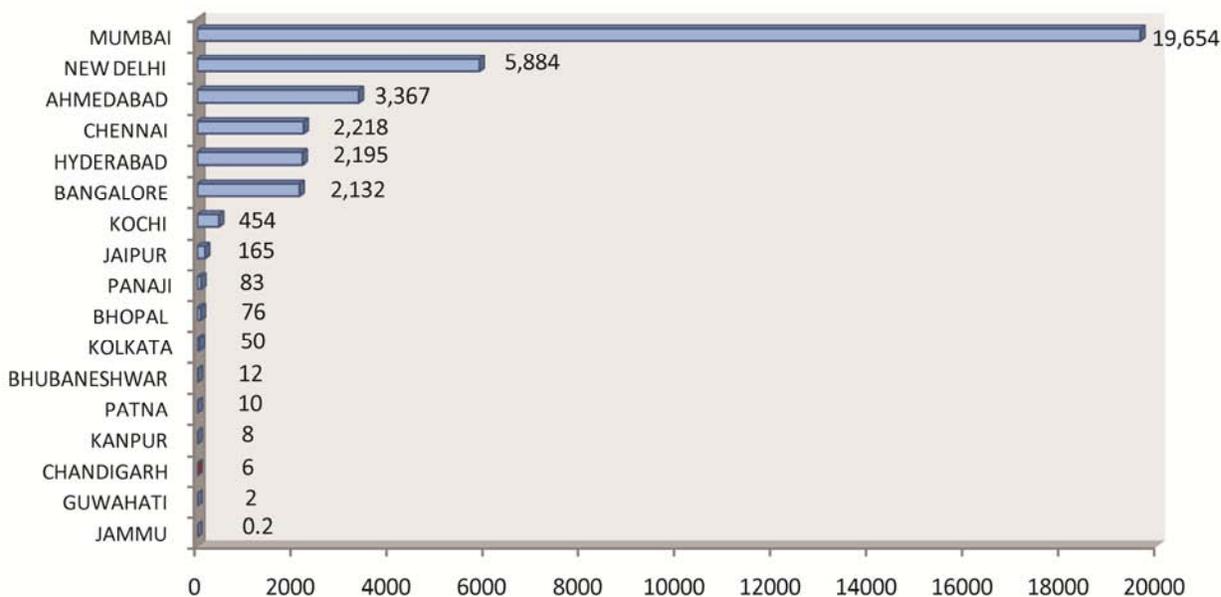
PROSPERING HIMACHAL PRADESH

setting up of two state of art industrial area at Pandoga District Una and Kandrori, District Kangra under Modified Industrial Infrastructure upgradation scheme. The state has received total industrial investment intentions of Rs.7566 crore during the last five years (2012-2016).

1.4 FDI Inflows

The FDI inflows (Chandigarh region)¹ of the state constitutes around 0.4% of the total Inflows (in terms of US\$) in India.

Chart 4: Regional (Chandigarh) share of FDI in India’s total FDI inflows (in US\$ mn)



Source: PHD Research Bureau, Compiled from Department of Industrial Policy and Promotion, Government of India.

Note: Data pertains to FY2017 and represents FDI equity inflows

The FDI inflows in the region have witnessed a decline from US\$ 39 million in 2014-15 to US\$ 6 million in 2016-17. The cumulative inflows of the region from April 2000 to March 2017 constitute around US \$1,364 million.. The State Government needs to introduce lucrative investment policies to attract more and more FDIs in the state.

Table 3: Pattern in attracting FDI (equity) inflows: Chandigarh Region

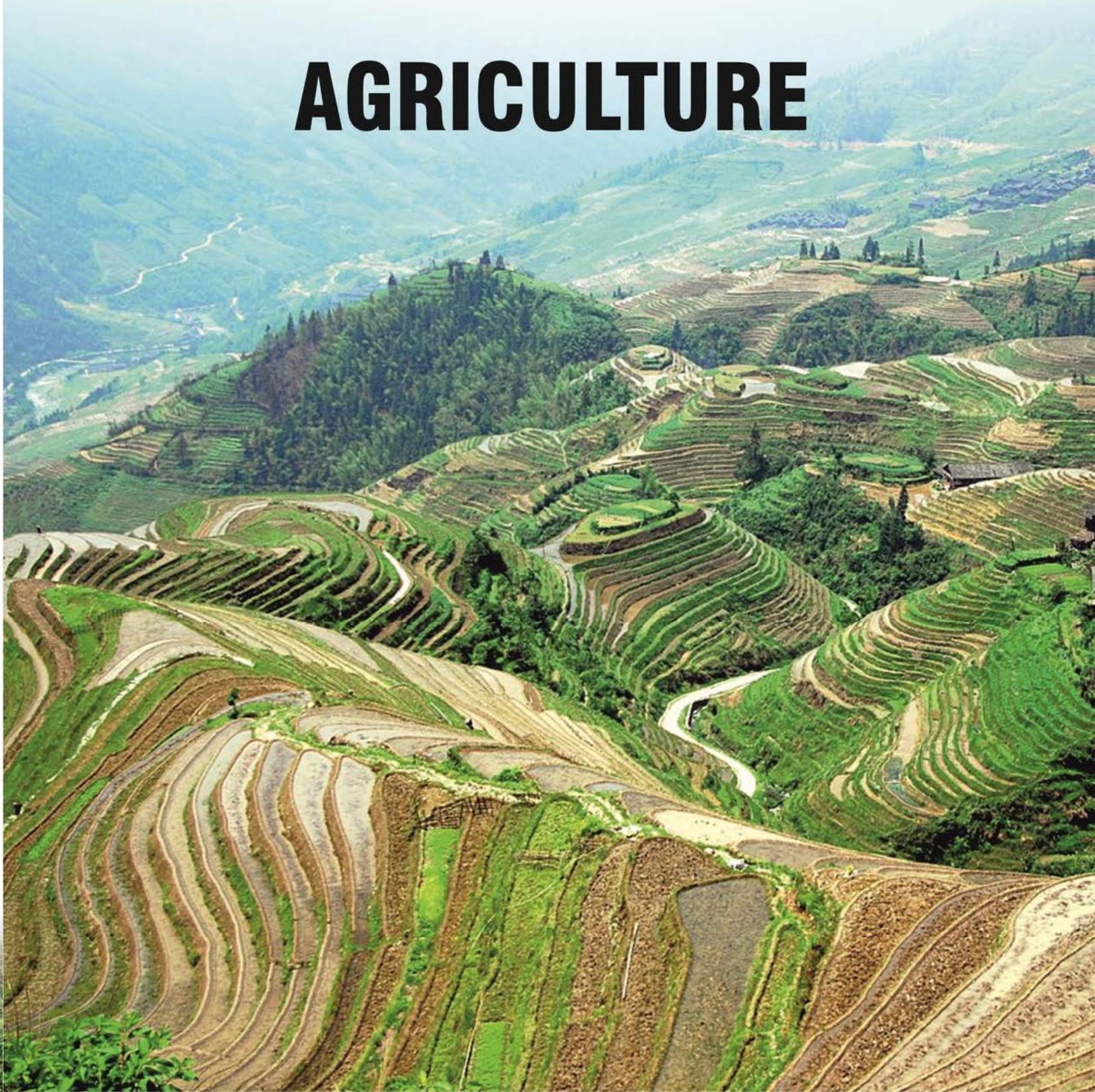
| Year | FDI Inflows (US \$ mn) |
|--------|------------------------|
| FY2015 | 39 |
| FY2016 | 27 |
| FY2017 | 6 |

Source: PHD Research Bureau, Compiled from Department of Industrial Policy and Promotion, Government of India

¹ Data pertains to Chandigarh, Punjab, Himachal Pradesh and Haryana



AGRICULTURE





PROSPERING HIMACHAL PRADESH

2. Agriculture

Agriculture occupies an important position in the economy of Himachal Pradesh. Himachal Pradesh is the only state in the country with around 90% of population (Census 2011) living in rural areas. Therefore dependency on Agriculture/ Horticulture is eminent as it provides direct employment to about 62% of total workers of the State.

Table 4: Summary of agro statistics

| Sr. No. | Components | Growth/Ratio/Production |
|---------|---|-------------------------|
| 1 | Agriculture GSDP at Current Prices (FY2016) | Rs. 15779 crore |
| 2 | Growth of Agriculture and Allied real GSDP(Average FY2012-FY2016) | 3.4% |
| 3 | Agricultural sector's contribution in GSDP (FY2016) | 14% |
| 4 | Food grain production(2016-17) | 1600 thousand tonnes |
| 5 | State's share in national food grain production(FY2017) | 0.59% |
| 6 | Yield- total food grain(2016-17) | 1600.00 thousand tonnes |
| 7 | Population dependent on agriculture | 62% |
| 8 | Rice Production(2016-17) | 131 thousand tonnes |
| 9 | Wheat Production(2016-17) | 650 thousand tonnes |
| 10 | Coarse Cereals (2015-16) | 707.2 thousand tonnes |
| 11 | Pulses(2016-17) | 21.5 thousand tonnes |
| 12 | Oil seeds(2015-16) | 8.6 thousand tonnes |
| 13 | Fruits (up to December,2016) | 509.54 thousand tonnes |

Source: PHD Research Bureau, Compiled from RBI, Economic Survey of Himachal Pradesh 2016-17

About 80% of the total cultivated area in the State is rain fed. Rice, wheat and maize are important cereal crops of the state. Groundnut, soyabean and sunflower in Kharif and rapeseed/mustard and toria are important oilseed crops in the Rabi season. Urd, beans, moong, rajmash in Kharif season and gram lentil in Rabi are the important pulse crops of the State.

The State Government is laying emphasis on production of off- season vegetables such as, potato, ginger, pulses and oilseeds besides increasing production of cereal crops, through timely and adequate supply of inputs, demonstration and effective dissemination of improved farm technology, replacement of old variety seed, promoting integrated pest management, bringing more area under efficient use of water resources and implementation of Wasteland Development Projects.

The food grain production in Himachal Pradesh has witnessed an increase during the past few years. The food grain production has increased from 1382.2 (thousand tones) in FY2007 to 1600 (thousand tones) in FY2017. However, the share of food grain production of the state in country's total foodgrain production has witnessed a fluctuating trend over the past few years.



PROSPERING HIMACHAL PRADESH

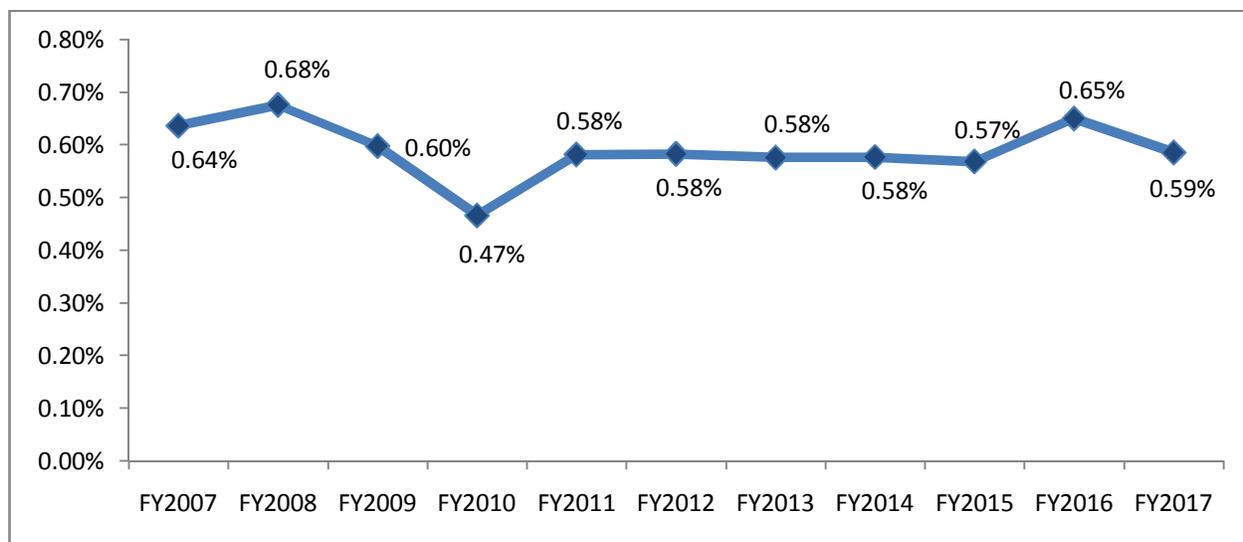
Table 5 : Food grain production in Himachal Pradesh vis-a-vis India
(in thousand Tonnes)

| Year | Himachal Pradesh | India | Share of Himachal Pradesh in India (%) |
|--------|------------------|----------|--|
| FY2007 | 1382.2 | 217282.1 | 0.64% |
| FY2008 | 1558.1 | 230775 | 0.68% |
| FY2009 | 1401.2 | 234466.2 | 0.60% |
| FY2010 | 1017.2 | 218097.7 | 0.47% |
| FY2011 | 1421.1 | 244482 | 0.58% |
| FY2012 | 1510.3 | 259286 | 0.58% |
| FY2013 | 1480.7 | 257121.7 | 0.58% |
| FY2014 | 1528.4 | 265045.2 | 0.58% |
| FY2015 | 1432 | 252022.9 | 0.57% |
| FY2016 | 1634.05 | 251570 | 0.65% |
| FY2017 | 1600 | 273280 | 0.59% |

Source: PHD Research Bureau, Compiled from RBI, Economic Survey Himachal Pradesh (2016-17)

Nonetheless, the share of the state in India’s total foodgrain production continues to remain at around 0.6% over the last ten years.

Chart 5: Share of Himachal Pradesh food grain production in India’s food grain production (in %)



Source: PHD Research Bureau, Compiled from RBI, Economic Survey Himachal Pradesh (2016-17)

The organic farming is becoming popular in the state as it is suitable, healthy for consumption and environmental friendly. Organic farming is being promoted in the state in a systematic manner by providing trainings, laying out demonstrations, organizing fairs/ seminars for the farmers. It has also been decided to set-up vermi-composting units at every house to nourish the soil, going forward.



PROSPERING HIMACHAL PRADESH

The rich diversity of agro- climatic conditions, topographical variations and altitudinal differences coupled with fertile, deep and well drained soils favour the cultivation of temperate to sub-tropical fruits in Himachal Pradesh. The region is also suitable for cultivation of ancillary horticultural produce like flowers, mushroom, honey and hops.

Horticulture Development Scheme is the major programme aiming at the creation and maintenance of infrastructural facilities in the rural areas for ensuring equitable access to the resources and inputs required for the promotion of all fruit crops. Under this scheme, the programmes like development of fruit production, area expansion programme, and demonstration of new technologies and improved package of practices on the orchards of fruit growers, development of Walnut /Hazelnut /Pistachio nut, mango/litchi, strawberry and olive are being implemented.

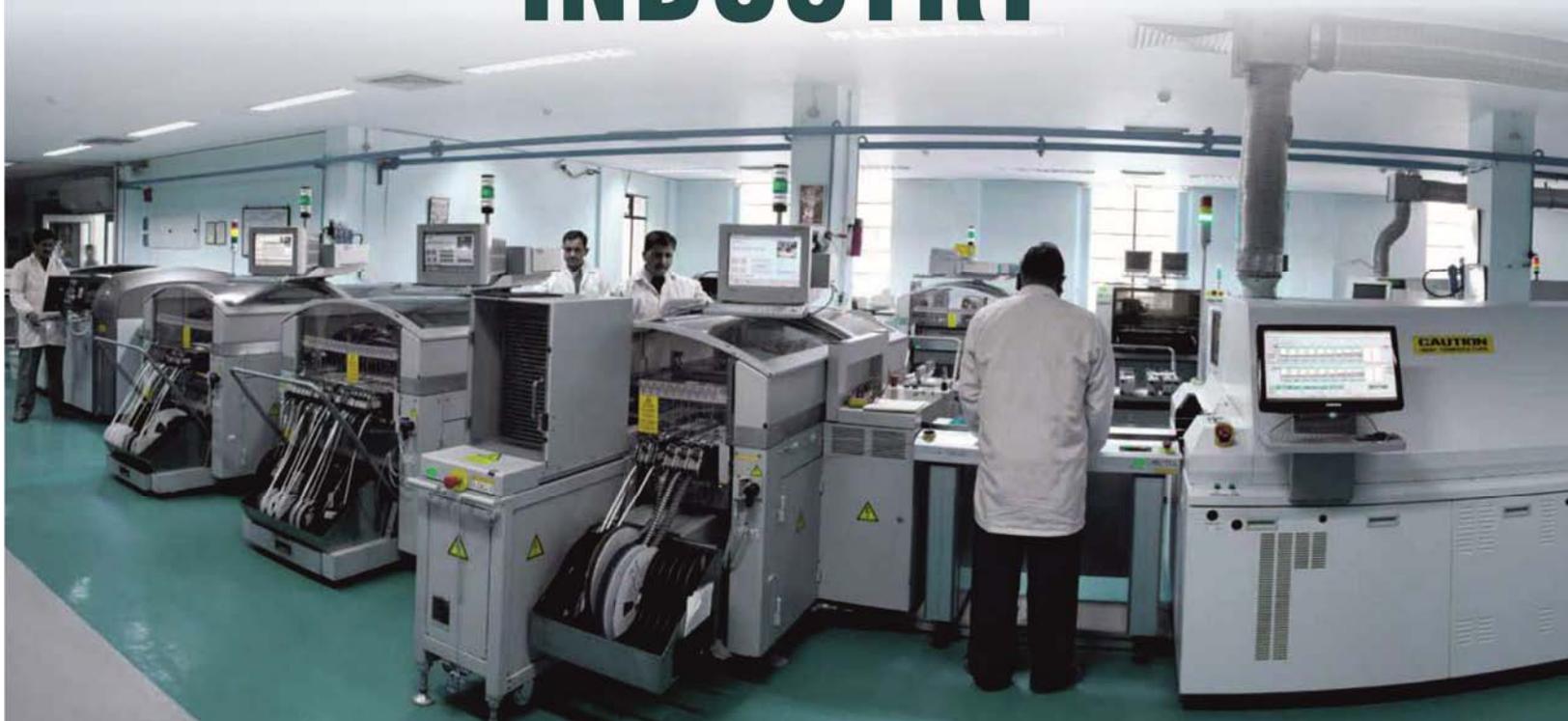
Apple is so far the most important fruit crop of Himachal Pradesh, which constitutes about 49% of the total area under fruit crops and about 84% of the total fruit production. Area under apple has increased from 400 hectares in 1950-51 to 1,10,679 hectares in 2015-16.

To bring diversification in horticulture industry, a total area of 79.69 hectares has been brought under flower cultivation upto December, 2016. To promote flower cultivation two Tissue Culture Laboratories have been established under Model Flower Cultivation Centres at Mahogbagh (Chail, District Solan) and Palampur District Kangra. Four Farmers Cooperative Societies are functioning for the production and marketing of flowers in district Shimla, Kangra, Lahaul & Spiti and Chamba.

Going ahead, there is a need to modernize agricultural sector to reduce dependence on monsoons to support the growing population and the majority of the workforce which are deployed in agriculture sector.



INDUSTRY





PROSPERING HIMACHAL PRADESH

3. Industries

Himachal Pradesh derives its economic strength primarily from agriculture/horticulture and other allied activities. Industries in the state have gained momentum due to the special incentives/packages that were given to this hilly state for creating quality industrial infrastructure and motivating entrepreneurs to invest in the state in order to create more employment opportunities and gear up the economy of the state.

As on March 31st 2016, there are 40150 Small Scale Units with an investment of Rs. 7164.34 crore employing about 2,25,889 persons. There are 505 Medium & Large scale enterprises having an investment of Rs. 11879.16 crores employing about 61,040 persons.

The main emphasis laid by the Government is for uniform dispersal of industries throughout the state and especially in the industrial corridor extending from Paonta Sahib to Pathankot. Availability of good quality infrastructure is very important to attract industry and ensure that these projects are sustainable in the long run. Therefore, the State Government has laid emphasis on development of self contained Industrial Areas/Estates where basic amenities such as roads, power, sewerage, water and communications etc. are provided. Presently, 41 Industrial Areas and 17 Industrial Estates have been developed across the state and 3 state of art industrial areas at Pandoga on 60 Hectares (Una), Kandrauri on 72 Hectares (Kangra) and Dabhota on 38 Hectares (Solan) are on anvil.

Centre for Entrepreneur Development (CED) has been set up at Parwanoo in collaboration with the Government of India, to create more employment opportunities. Handicrafts and Handloom Industries have a huge potential in the state and to fully tap its potential, the State Government is availing assistance from Central government for promotion of these activities in the form of centrally sponsored schemes such as Integrated Handloom Development (IHDS), Handloom Weavers Comprehensive Welfare Scheme (Health Insurance Scheme and Mahatma Gandhi Bunkar Bima Yojana) and Marketing and Export Promotion will benefit the handloom weavers.

3.1 Industrial Policy

Industrial Policy Statement 2013 has been instrumental in facilitating industrial development in the state so as to generate more and more employment opportunities.

The objectives of the Industrial Policy are:

1. To achieve an average annual industrial growth rate of 15% per annum, aligned with the target of 9% per annum growth in State GDP as envisaged in the 12th Five Year Plan, with the manufacturing sector contributes at least 25% of the State GDP by the year 2022.
2. Promoting Himachal Pradesh as the most preferred investment destination to ensure uniform industrial growth throughout of the state.
3. Creating additional employment opportunities for about 3 lakh persons by the year 2022 through enhancement of skills and entrepreneurship.



PROSPERING HIMACHAL PRADESH

4. Encouraging eco-friendly and environmentally sustainable industrial growth through adoption of cleaner technologies and environmental management systems and promoting public disclosure of pollution status at the unit and cluster level.
5. Continuing thrust on creation and provision of state of the art industrial and related infrastructure.
6. Creating a congenial investment climate by ensuring ease of business and time bound delivery of services.

All new industrial units and existing units undertaking substantial expansion would be eligible for Central Capital Investment Subsidy at 15% of investment in plant and machinery. Further the cap of amount of subsidy has been increased from Rs. 30 lakh to Rs. 50 lakh for Micro, Small & Medium Enterprises. This capital investment subsidy is available to all new and existing units on substantial expansion located in notified areas as well as to Trust Industries throughout the State. As on 31.01.2017, there were 43,420 units working in the State. Out of the total industrial units, 138 are Large Industrial Units and 438 are Medium Scale Units. The budget allocated for the year 2017-18 for industries department is Rs. 193 crore.

Sericulture is one of the important agro-based rural cottage industries of the state that is providing gainful employment to about 9,200 rural families for supplementing their income by producing silk cocoons. 13 silk yarn reeling units have been set up in private sector i.e. district Kangra and Bilaspur five each, in Hamirpur, Mandi and Una one each with the assistance of Government. Upto 31.12.2016, 236.55 MT Silk Cocoons were produced that was converted into raw silk of 31.54 MT providing an income of about Rs. 851.50 lakh by sale of silk products in the State. Rs. 85 lakh has been released under the Tribal Sub Plan and Rs. 1 crore has been released under SCSP in favour of Himachal Pradesh State Handloom & Handicraft Development Corporation for opening of Training Centres. During the current year (up to 31.12.2016) 2,448 weavers have been covered under the Mahatma Gandhi Bunkar Bima Yojna Scheme.



PROSPERING HIMACHAL PRADESH

Table 6: Thrust Sectors in Himachal Pradesh

| S. No. | Thrust Sector |
|--------|---|
| 1. | Units based directly on horticulture produce including hops and tea. |
| 2. | Mineral water bottling. |
| 3. | Automobile manufacturing units including assembly units which have a minimum of 5 ancillary units substantially dependent on it. |
| 4. | Cold storage units/chain. |
| 5. | Fruit/vegetable/herbs/honey/spices based wineries. |
| 6. | Production of Ciders/ale/ liqueurs. |
| 7. | Sericulture /Handlooms/Khadi industry related to manufacturing industrial activities. |
| 8. | Electronic units including computer software and information technology except assembling units where value addition is less than 15%. |
| 9. | Floriculture. |
| 10. | Medicinal herbs and aromatic herbs etc. processing. |
| 11. | Horticulture, Maize based industries, herbal based industries and Agro Based Industries excluding those included in the negative list. |
| 12. | Food Processing Industry excluding those included in the negative list. |
| 13. | Sugar and its by-products. |
| 14. | Silk and silk products. |
| 15. | Wool and wool products. |
| 16. | Woven fabrics (Excisable garments) |
| 17. | Sports goods and articles and equipment for general physical exercise and equipment for adventure sports/activities, tourism. |
| 18. | Paper & paper products excluding those in negative list (as per excise classification) |
| 19. | Pharma products. |
| 20. | Information & Communication Technology Industry, Computer hardware, Call Centres, I.T. Software and services. |
| 21. | Eco-tourism—Hotels, resorts in locations other than those located in the Municipal limits/NAC/ Nagar Panchayats/Special Area Development Authority limits, as the case may be of Shimla, Dalhousie, Mcleodganj and Manali. |
| 22. | Spa, entertainment/amusement parks ropeways etc. |
| 23. | Industrial gases (based on atmospheric fraction). |
| 24. | Handicrafts. |
| 25. | Non-timber forest product based industries. |
| 26. | Precision Industries |
| 27. | Enterprises to manufacture industrial products by any biotechnology process and Processing Laboratories or Research & Development activity related to processing, scale-up, other innovations and products in the field of Biotechnology, as approved by State Level Single Window Clearance and Monitoring Authority on the recommendation of the Department of Environment, Science and Technology of the State Government. |

Source: PHD Research Bureau, Compiled from Industrial Policy, Himachal Pradesh, Annual Report 2015-16

Minerals constitute a fundamental component of State's economic base. Good quality limestone, which is one of the ingredients in the manufacture of cement, is available in plenty in the state. Six Cement Plants are already in operation. The establishment of other three major cements plants at Sundernagar, District. Mandi, Gumma-Rohana, District Shimla, Alsindi, District Mandi are underway and accordingly mining leases have been granted in their favour.



PROSPERING HIMACHAL PRADESH

3.2 Incentives for Agro-based, food Processing and Allied Industry

Agriculture plays a significant role in the state's economy and the state has a robust food processing sector. There is limited scope of increasing production through expansion of cultivable land. Hence, emphasis has to be given on increasing the productivity levels besides diversification towards high value crops. Due to an increasing shift towards commercial crops, the area under foodgrains production is gradually declining.

The food processing industry primarily focuses on the areas of traditional processing of agricultural and horticultural raw materials. Agri-procurement has lately been an investment area for corporate entities. In March 2017, the state government revealed its plans to promote organic farming in the state by including an additional 2,000 hectares under organic farms and developing 200 bio-villages during the next fiscal year. In 2016-17, the Government of Himachal Pradesh announced to invest US\$ 73.63 million for the Department of Agriculture. In Budget 2016-17, the government introduced a new scheme Mukhya Mantri Khet Sanrakshan Yojna to provide financial assistance of 60% for the fencing of farms. Agro-climatic conditions favour cultivation of temperate to sub-tropical fruits in the state. Further, in Budget 2017-18, the state government has decided to continue with the State Mission on Food Processing for giving an impetus to the sector and an outlay of Rs. 10 crore has been proposed for this mission in the current budget.

Table 7: Agri Processing Sector Incentives

| Scheme | Extent of Assistance |
|--|---|
| Establishment, Plant & Machinery up gradation of Food Processing Industries | 33.33% of cost P&M, Technical Civil works, subject to a maximum of Rs. 75,00,000 |
| Integrated Cold Chain | At the rate of 50% of project cost including Interest During Construction (IDC), subject to a maximum of Rs. 5crore |
| Primary Processing Centres/Collection Centres | 75% of project cost subject to maximum of Rs. 2.50 crore |
| Reefer Vehicles | At the rate of 50% of the cost upto maximum of Rs. 50,00,000 |

Source: PHD Research Bureau, Compiled from Department of Industries, Himachal Pradesh

3.3 Ease of Doing Business in Himachal Pradesh

Improving India's regulatory framework for business is a key prerequisite for increasing investments in the country and thereby creating jobs. The Government of India has already embarked on an ambitious agenda to improve India's Doing Business rank. Doing Business reforms will only address central regulations, and regulations in Mumbai and Delhi; the rest of the country must also improve simultaneously if we are to convert our reforms into results. It is with this objective that, in December 2014, States agreed to a 98-point² action plan to suggest potential reforms that should be undertaken to improve the regulatory framework for business nationwide. More importantly, this assessment allows

² At present there are 405 Business Action Reforms Plan for States/UTs



PROSPERING HIMACHAL PRADESH

us to generate a wide base of knowledge on how States have been addressing the task of reducing the regulatory burden on business, and identifying a series of good practices already underway in each State. Himachal Pradesh ranks 17th on the Business Implementation Reforms Scores which needs to be improved, going forward.

Table 8 : State Wise Ranking- Business Implementation Reform

| S. NO. | State | Rank | Score (%) |
|--------|--------------------------|------|-----------|
| 1. | ANDHRA PRADESH | 1 | 98.78 |
| 2. | TELANGANA | 2 | 98.78 |
| 3. | GUJARAT | 3 | 98.21 |
| 4. | CHHATTISGARH | 4 | 98.21 |
| 5. | MADHYA PRADESH | 5 | 97.01 |
| 6. | HARYANA | 6 | 96.95 |
| 7. | JHARKHAND | 7 | 96.57 |
| 8. | RAJASTHAN | 8 | 96.43 |
| 9. | UTTARAKHAND | 9 | 96.13 |
| 10. | MAHARASHTRA | 10 | 92.86 |
| 11. | ODISHA | 11 | 92.73 |
| 12. | PUNJAB | 12 | 91.07 |
| 13. | KARNATAKA | 13 | 91.07 |
| 14. | UTTAR PRADESH | 14 | 84.52 |
| 15. | WEST BENGAL | 15 | 84.23 |
| 16. | BIHAR | 16 | 75.82 |
| 17. | HIMACHAL PRADESH | 17 | 65.48 |
| 18. | TAMIL NADU | 18 | 62.80 |
| 19. | DELHI | 19 | 62.80 |
| 20. | KERALA | 20 | 26.97 |
| 21. | GOA | 21 | 26.97 |
| 22. | TRIPURA | 22 | 16.67 |
| 23. | DAMAN & DIU | 23 | 14.58 |
| 24. | ASSAM | 24 | 14.58 |
| 25. | DADRA & NAGAR HAVELI | 25 | 1.79 |
| 26. | PUDUCHERRY | 26 | 1.49 |
| 27. | NAGALAND | 27 | 1.49 |
| 28. | MANIPUR | 28 | 1.19 |
| 29. | MIZORAM | 29 | 0.89 |
| 30. | SIKKIM | 30 | 0.60 |
| 31. | ARUNACHAL PRADESH | 31 | 0.30 |
| 32. | JAMMU & KASHMIR | 32 | 0.30 |
| 33. | CHANDIGARH | 33 | 0.30 |
| 34. | MEGHALAYA | 34 | 0.30 |
| 35. | ANDAMAN& NICOBAR ISLANDS | 35 | 0.30 |
| 36. | LAKSHADWEEP | 36 | 0.30 |

Source: The rankings have been obtained from the Department of Industrial Policy and Promotion Website as on 4th April 2017



PROSPERING HIMACHAL PRADESH

Facilitation and improving Ease of Doing Business

- **Simplification of Rules/Procedures and Time bound Clearances** - To facilitate entrepreneurs in setting up of units and to help them comply with the applicable rules and regulations, Government to considerably simplify its Rules and Procedures.
- **Self-clarification** - Self-clarification by industrial units would largely from the basis of grant of various approvals by various government agencies and procedures amended accordingly.
- **State Level Single Window Clearance and Monitoring Authority** - The State Government has already set up a State Level Single Window Clearance and Monitoring Authority under the chairmanship of the Chief Minister to consider and give Government approvals in principle to the medium and large scale projects in the State and to ensure optimum Inter-departmental co-ordination.
- **Time bound Clearances-**
 - a. To pro-actively assist in obtaining all necessary State Government Departments related approvals from the concerned Departments and to facilitate clearances and monitoring of medium and large scale projects in the State a single application form has also been devised which would ensure grant of in principal approvals by various agencies within a period of 90 days.
 - b. Rules of the concerned Departments would be amended so as to ensure time bound decisions and approvals for industrial units being set up in the State.
 - c. Clearances for Small Scale Projects will be granted across the table. However in cases pertaining to Forest based insudtries , projects requiring more than 1MW of power and industries listed as negative industry by Government of India or the State Government will need to be cleared, after detailed evaluation and consideration , by the State level Single Window Clearance and Monitoring Authority.
- **Facilitation and Delivery of Services at Field Level** - The State has also set up Single Window Agencies at major industrial areas like Parwanoo, Baddi, Nalagarh, Paonta Sahib, Golthai and Sansarpur Terrance to facilitate speedy clearances and assist entrepreneurs in obtaining various clearances to set up their projects.
- **IT infrastructure and e-governance-** Although IT related infrastructure is a subject under the purview of the Central Government , yet keeping in view important role that it plays in catalyzing and facilitating industrial development it would be the conscious policy of State to attract , encourage, and facilitate private investment in IT and related infrastructure.

Source: PHD Research Bureau, compiled from various sources



SERVICES





PROSPERING HIMACHAL PRADESH

4. Services sector

During the last few years, the services sector of the state has performed significantly well and emerged to be a major contributor to the economic growth of the state. The contribution of services sector in GSDP (at current prices) of Himachal Pradesh stands at around 41% during FY2016.

4.1 IT Industry

Himachal Pradesh's IT Policy & Incentives offered to the IT industry are aimed at promoting the state as an attractive destination for the industry. Information technology has a great scope for employment generation and revenue earnings in the state. The state has proposed to set up IT parks and several incentives are being offered to IT firms. Software Technology Parks of India (STPI) has established a centre in Shimla. The total number of students registered in IT education subjects is 80,861. The IT department along with the other state departments is delivering 51 online applications and citizen centric services in the state.

The Government has introduced Himachal State Wide Area Network (HIMSWAN), Hospital Management Information System (HMIS), Common Services Centres (CSCs), and State Data Centre (SDC), AGRISNET, e-Procurement, Content Service Provider (CSP), Revenue Court Case Monitoring System (RCMS), Litigation Monitoring System (LMS), & E-Samadhan systems to bring efficiency and transparency in administration through IT & IT-enabled services. In January 2017, Kangra district became the country's 1st in initiating 'geo tagging' of assets under the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS). This step would help in integrated development of all sectors like agriculture, irrigation, education & health.

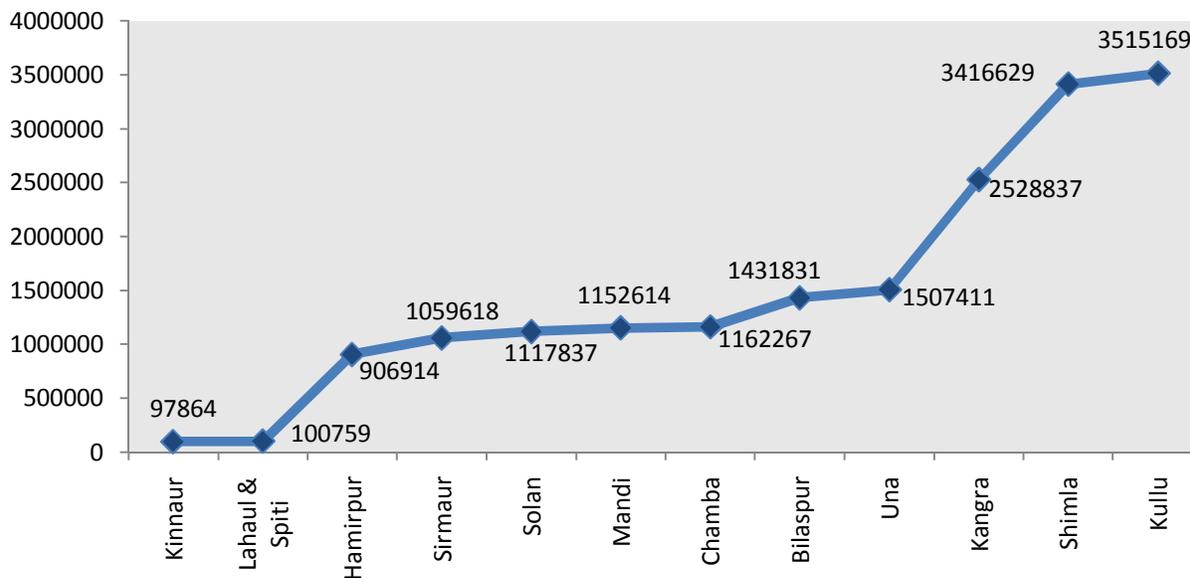
4.2 Tourism Developments

Tourism sector in the state has been recognized as one of the most important sectors of the economy as it is realized, that tourism is one of the major growth engines in near future. The tourism sector contributes around 7%³ to GSDP which is quite significant. The state is endowed with all the basic resources necessary for thriving tourism activity like geographical and cultural diversity, clean and peaceful environment and beautiful streams, sacred shrines, historic monuments and the friendly and hospitable people.

The domestic tourist inflow in the district of Kullu in the state of Himachal Pradesh is the highest and the lowest amount of tourist inflows are in the district of Kinnaur. This is also because Kinnaur is marginally less approachable as compared to the other tourist places in the state in terms of infrastructure, which shows that there is a need to improve the infrastructure so that it provides tourism friendly services to people.

³ Economic Survey of Himachal Pradesh, 2016-17

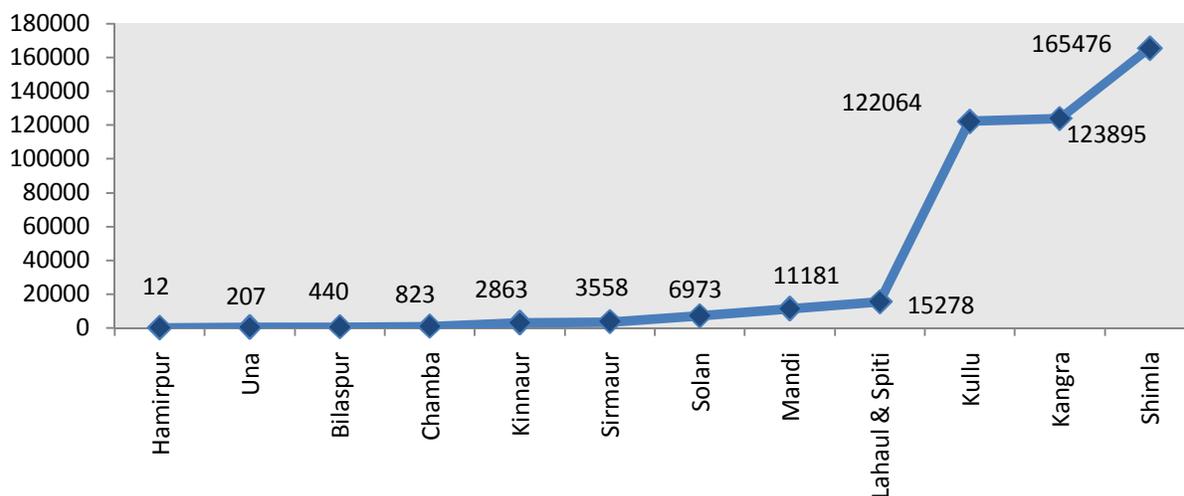
Chart 6: Domestic tourist visits in Himachal Pradesh



Source: PHD Research Bureau, Compiled from Economic Survey of Himachal Pradesh, 2016-17

Foreign tourist inflows were highest in District Shimla, and the least were in the district of Hamirpur. The state needs to focus on improving the infrastructure of other places so that the state is able to provide better tourism services/packages, in offer to attract more foreign tourists in the state.

Chart 7: Foreign tourist visits in Himachal Pradesh



Source: PHD Research Bureau, Compiled from Economic Survey of Himachal Pradesh, 2016-17



PROSPERING HIMACHAL PRADESH

To boost tourism, the state plans to set up a golf course and improve connectivity by increasing the number of helipads. These developments would be undertaken by promoting sustainable tourism without damaging the ecology and environment.

4.3 Banking

The State of Himachal Pradesh has well developed Banking sector and Financial Institutions. Up to September, 2016, the state had a network of 2,061 and more than 80% branches are functioning in rural areas. At present 1,661 branches are located in Rural areas and 308 in Semi-urban areas and 92 are functioning at Shimla. In terms of district-wise spread of bank branches, Kangra district has the highest number of 401 bank branches and Lahaul - Spiti has lowest number with 23 branches. The outreach of bank services has further increased by installation of 1,818 ATMs by various banks.

The financial targets under Annual Credit Plan 2016-17 was increased by 21 % over the last plan outlay and fixed at Rs. 18,213.01 crore. Under Annual Credit Plan 2016-17, Banks have disbursed a fresh credit to the tune of Rs. 7,858.34 crore up to half year ended September, 2016 and achieved 43% of annual commitment.

Table 9: Banking Position as on September, 2016 at a glance

| S. No. | Sector | Annual Target(2016-17) | Targets (September 2016) | Achievement(September,2016) | | Percentage Achievements and Targets |
|--------|--------------------------------------|------------------------|--------------------------|-----------------------------|----------------|-------------------------------------|
| | | | | Fresh Units | Amount | |
| 1. | Agriculture | 6816.31 | 3408.15 | 162453 | 2599.27 | 76 |
| 2. | MSME | 5092.64 | 2546.32 | 40364 | 2762.46 | 108 |
| 3. | Other Priority Sector | 4013.36 | 2006.69 | 15448 | 650.71 | 32 |
| 4. | Total Priority Sector(1 to 3) | 15922.31 | 7961.16 | 218265 | 6012.44 | 76 |
| 5. | Non Priority Sector | 2290.7 | 1145.35 | 39572 | 1845.9 | 161 |
| | Grand Total (4+5) | 18213.01 | 9106.51 | 257837 | 7858.34 | 86 |

Source: PHD Research Bureau, Compiled from Economic Survey of Himachal Pradesh 2016-17



INFRASTRUCTURE





5. Infrastructure

Infrastructure is an important growth driver and its development is essential for propelling long term growth in the economy. Quality infrastructure is a prerequisite for the development of all sectors in any state's economy. In order to build a strong infrastructure base in the state, participation of private sector is highly encouraged by the state government through public private partnership (PPP).

5.1 Roads

Roads are an essential part of infrastructure in any state's economy. In the absence of any other suitable and viable modes of transportation like railways and waterways, roads play a vital role in boosting the economy of the hilly states like Himachal Pradesh. The State Government has been assigned a very high priority to road sector. The State Government has constructed 36,256 Kms of motorable roads (inclusive of jeep able and track) till December, 2016. The process of improvement of National Highways in the State having total length of 2,027.00 Kms. , which includes urban links and bye-passes, in process.

Table 10: Road Infrastructure

| Category | Length in kms |
|----------------------|----------------|
| National Highways | 2,622.48 |
| State Highways | 1,466.3 |
| Major district roads | 2,544.91 |
| Total | 6633.69 |

Source: PHD Research Bureau, Compiled from various sources

5.2 Railways

There are only two narrow gauge railway lines connecting Shimla with Kalka (96 Km.) and Jogindernagar with Pathankot (113 Km.) and one 33 Km. broad gauge railway line from Nangal Dam to Charuru in District Una.

5.3 Civil Aviation

At present there are only three airports in Himachal Pradesh namely Shimla, Bhuntar (Kullu-Manali) and Kangra. There are 63 operational helipads in the state at present and the State Government has announced the approval for construction of new helipads at Banderaru near Sanjauli - Dhalli bye-pass road and Chowari, District Chamba.

5.4 Power

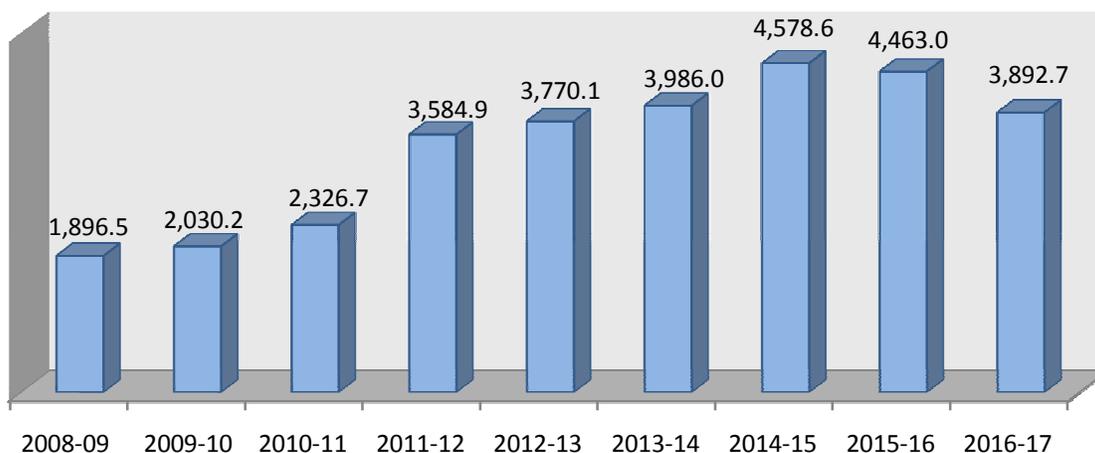
Hydro power development is the key engine for the economic growth of the state, as it makes a direct and significant contribution to economy in terms of revenue generation, employment opportunities and enhancing the quality of life, through inclusive green growth and sustainable development of the state.



PROSPERING HIMACHAL PRADESH

The state is naturally suited for hydropower generation and accounts for around 26% of India's total hydropower potential. As of March 2017, the state had a total installed power generation capacity of 3,892.72 MW. Hydro power accounted for 2,798.48 MW of total installed power generation capacity, followed by renewable power (832.54 MW) and thermal power (232.75 MW). Under thermal power, coal accounted for 170.74 MW and gas accounted for 62.01 MW of total installed power. As of March 2017, the private sector accounted for 980 MW of hydropower whereas the public sector accounted for 1,223.88 MW of hydropower.

Chart 8: Installed Power Capacity in Himachal Pradesh (in MW)



Source: PHD Research Bureau, Compiled from various sources

5.5 Urban Infrastructure

The state of Himachal Pradesh has been working diligently to develop urban infrastructure. The Smart City Mission was launched in the state recently. Municipal Corporation Dharamshala has been approved by Government of India under the mission with a project cost of 2,109.69 crore. Special Purpose Vehicle (SPV) for Dharamshala Smart City Ltd. has been registered under company Act, 2013.

Shimla and Kullu have been included under the Atal Mission for Rejuvenation and Urban Transformation (AMRUT), during the year 2016-17 and sum of Rs. 101.33 crore have been approved by Government of India for development of these two cities. A sum of Rs. 21.78 crore as centre share and Rs. 2.03 crore as State share stands released for the implementation of this scheme.

About 1,416 kms roads/ paths/streets and drains are being maintained by 54 urban local bodies and Rs. 6.00 crore has been released to the Urban Local Bodies in proportionate to the length of roads/ street/ path being maintained by the urban local bodies during 2016-17. The main objective of National Urban Livelihood Mission (NULM) is to reduce poverty among the urban poor through the promotion of diversified and gainful self employment as well as employment opportunities, for an appreciable improvement in their livelihood on a sustainable basis.



PROSPERING HIMACHAL PRADESH

As per the budget 2016-17, provision of Rs. 39.05 crore has been allocated in General plan, Non plan and in SCSP for sewerage schemes and maintenance. The Government of India has restructured Infrastructure Development Scheme for Small and Medium Town (IDSMT) scheme and renamed as Urban Infrastructure Development Scheme for Small and Medium Town (UIDSSMT) w.e.f. FY2007.

A new mission “Housing for all” (Urban) under the scheme Pradhan Mantri Awas Yojna has been launched by the Government of India to be effective from June, 2015 to March, 2022. The aim of this scheme is slum rehabilitation of slum dwellers, providing affordable houses for weaker section through credit linked subsidy and public private sector and subsidy for beneficiary-led individual house construction.

5.6 Telecom

According to the Telecom Regulatory Authority of India (TRAI), Himachal Pradesh had nearly 10.28 million wireless subscribers and 1,49,452 wire-line subscribers as of February 2017. According to the Department of Telecommunications, Government of India, the state had 1,145 telephone exchanges and 10,350 public call offices (PCOs) as of 2014-15. As of October 2016, the state had a high tele-density of 146%.

Table 11: Telecom infrastructure (as of February 2017)

| | |
|-----------------------|------------|
| Wireless subscribers | 10,283,735 |
| Wire-line subscribers | 149,452 |
| Internet subscribers* | 3,430,000 |
| Tele-density (in %) | 145.9 |

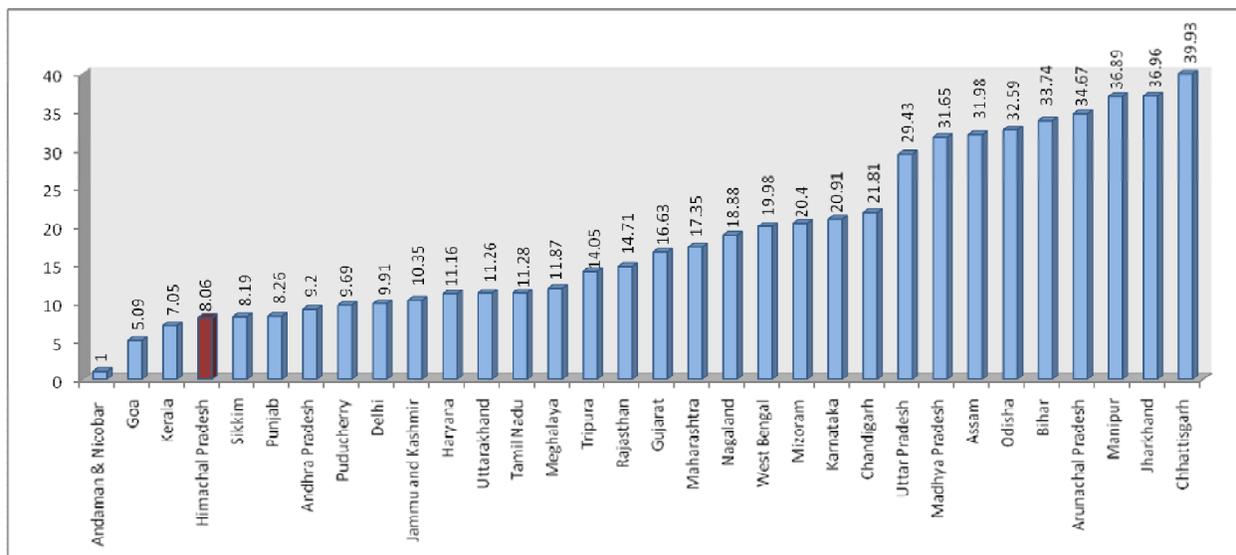
Source: PHD Research Bureau, Compiled from Telecom Regulatory Authority of India; Department of Telecommunications, Ministry of Communications & Information Technology *As on December 2016

5.7 Social Infrastructure

5.7.1 Poverty

It is encouraging to note that the state of Himachal Pradesh has been able to reduce the poverty numbers significantly in the last few years. The percentage population below poverty line declined by around 15 percentage points from 2004-05 to 2011-12. Further, the percentage population below poverty line stands at 8.06% in 2011-12 which is significantly lower than many states and well below the national average of 21.9%.

Chart 9: Population below Poverty Line (BPL): Himachal Pradesh amongst other states (%Population)



Source: PHD Research Bureau, Compiled from Planning Commission, Note: Data pertains to 2011-12

5.7.2 Unemployment

The unemployment rate of the state is lower than many Indian states. As on July 2017, the unemployment rate in Himachal Pradesh stands at 2.9%. As per 2011 Census, 30.05% of the total population of the state is classified as main workers, 21.80% marginal workers and the rest 48.15% as non-workers out of the total workers (main+marginal) 57.93% are cultivators and 4.92% agricultural labourers, 1.65% are engaged in household industry and 35.50% in other activities.

Table 12: Employment Scenario

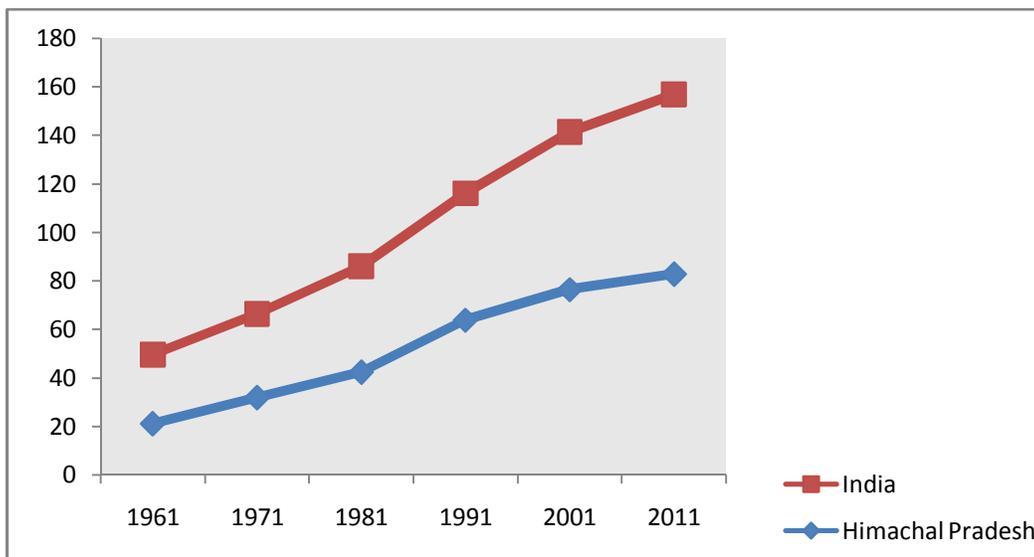
| Employment | Number |
|---|----------|
| Total number of Employment Exchanges | 67 |
| Employment in Private Sector (upto December 2016) | 2509 |
| Employment in Government Sector (upto December 2016) | 732 |
| Total number of Government Employees (Upto March, 2016) | 1,78,744 |

Source: PHD Research Bureau, Compiled from Economic Survey of Himachal Pradesh, 2016-17

5.7.3 Education

Education is the key instrument for developing human capability and the state is committed to provide education to all. The concerted efforts of the Government have put the state as one of the leading states in literacy rate. According to 2011 census, the state has a literacy rate of 82.8%, which is higher than the national average of 73%. The male literacy rates stands at 89.53% literacy rate and female literacy stands 75.93%.

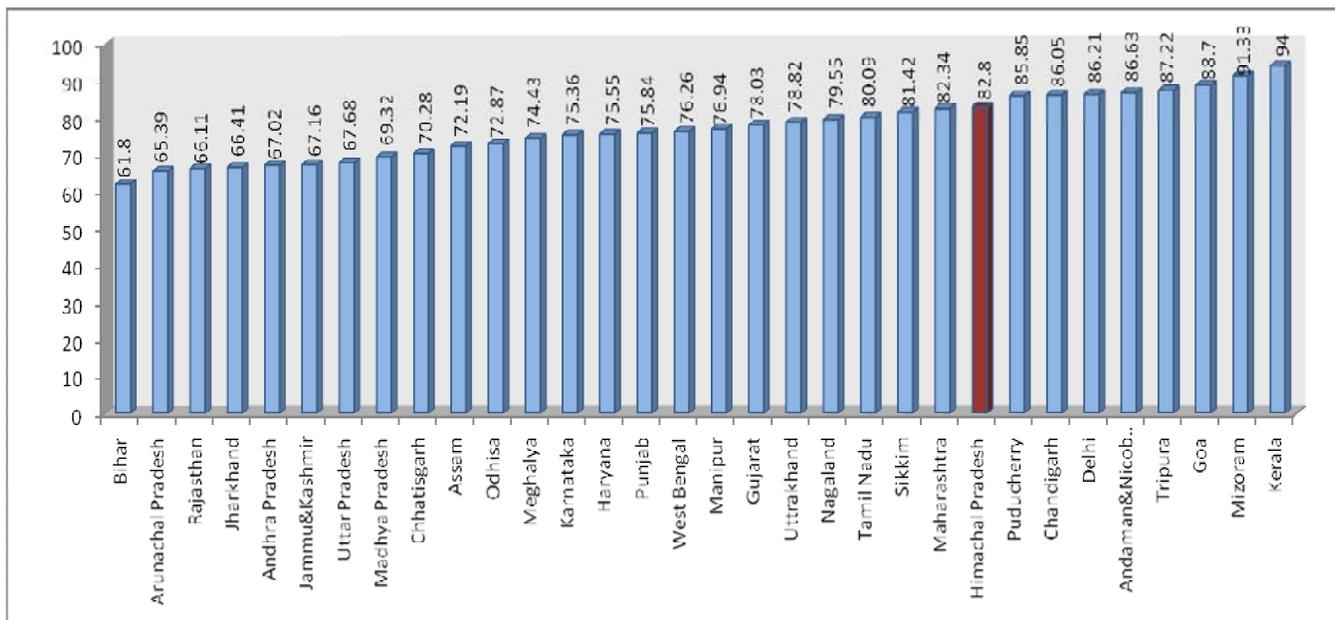
Chart 10: Trends of literacy rate: Himachal Pradesh vis-à-vis India (in %)



Source: PHD Research Bureau, Compiled from Census 2011

Himachal Pradesh ranks 9th in literacy rate at all India level which is highly encouraging. The states literacy rate is lower as compared to states like Tripura, Goa, Mizoram, Kerala. However, it is better than states like Haryana, Rajasthan, Punjab, Uttarakhand, Assam, Odisha, Chhattisgarh among others.

Chart 11: Trends in literacy rate in comparison with other states (in %)



Source: PHD Research Bureau, Compiled from Census 2011



PROSPERING HIMACHAL PRADESH

Sarva Shiksha Abhiyan, was launched in the state with a well defined Pre-Project Phase on improving the infrastructure in the District Project Offices, capacity building of educational administrators, teachers, school mapping, micro-planning, surveys etc. The objective of this movement was to ensure universal access, enrolment, removal of gender gaps, retention and completion of elementary schooling by 6-14 age groups of children coupled with satisfactory quality elementary education with active participation of the community in the management of schools.

Table 13: Educational Infrastructure of Himachal Pradesh

| No. of Educational Institutions | Number(Upto December 2017) |
|---------------------------------|----------------------------|
| Primary | 10,735 |
| Middle | 2,103 |
| High Schools | 929 |
| Senior Secondary Schools | 1,719 |
| Degree Colleges | 115 |
| Total | 15,601 |

Source: PHD Research Bureau, Compiled from Economic Survey of Himachal Pradesh, 2016-17

Net Enrolment Ratio (NER) at the elementary stage of education in the state is more than 99% which is indicative of the fact that there are negligible number of children who are outside the formal range of education. At present up to 31.12.2016 there are 10,738 notified Primary Schools out of which 10,735 are functional and 2,113 are notified Middle schools out of which 2,103 are functioning in the state.

Highest Priority has been given to education in the State owing to fact that the share in education of the total Plan Outlay of the State is increasing every year along with the number of educational institutions. Up to December, 2016, there are 929 Government High schools, 1,719 Government Senior Secondary Schools and 115 Government Degree colleges including 6 Sanskrit colleges, 1 SCERT, 1 B.Ed. college and 1 Fine Arts College in the State.

Free education to the children having more than 40% special abled is being provided in the State upto University level since 2001-02. Free education is being provided to girl students in the state upto University level i.e. only tuition fee is exempted. Going ahead, there is a need to strengthen the Teachers Training Programmes to equip in-service teachers with the latest techniques/ teaching methods.

5.7.4 Health

The State Government has ensured that health services for effective prevention and treatment intervention are accessible to people in the state. Health and Family Welfare department is providing services which include curative, preventive, primitive and rehabilitative services through a network of 75 Hospitals, 87 Community Health Centres, 533 Primary Health Centers, 13 ESI Dispensaries and 2,078 Sub- Centres. To provide better health services to the people, the government is strengthening the existing infrastructure by providing modern equipments, specialized services, increasing the strength of the medical and para-medical staff in the medical institutions.



PROSPERING HIMACHAL PRADESH

Table 14: Summary of Health Indicators of Himachal Pradesh

| | |
|-----------------------------|--------------------------------|
| Infant Mortality Rate(2013) | 35 per 1000 live births |
| Crude Birth Rate(2013) | 16 |
| Death Rate(2013) | 6.7 |
| Hospitals | 75 |
| Primary Health Centers | 533 |
| Community Health Centers | 87 |
| ESI Dispensaries | 13 |
| Sub - Centers | 2,078 |

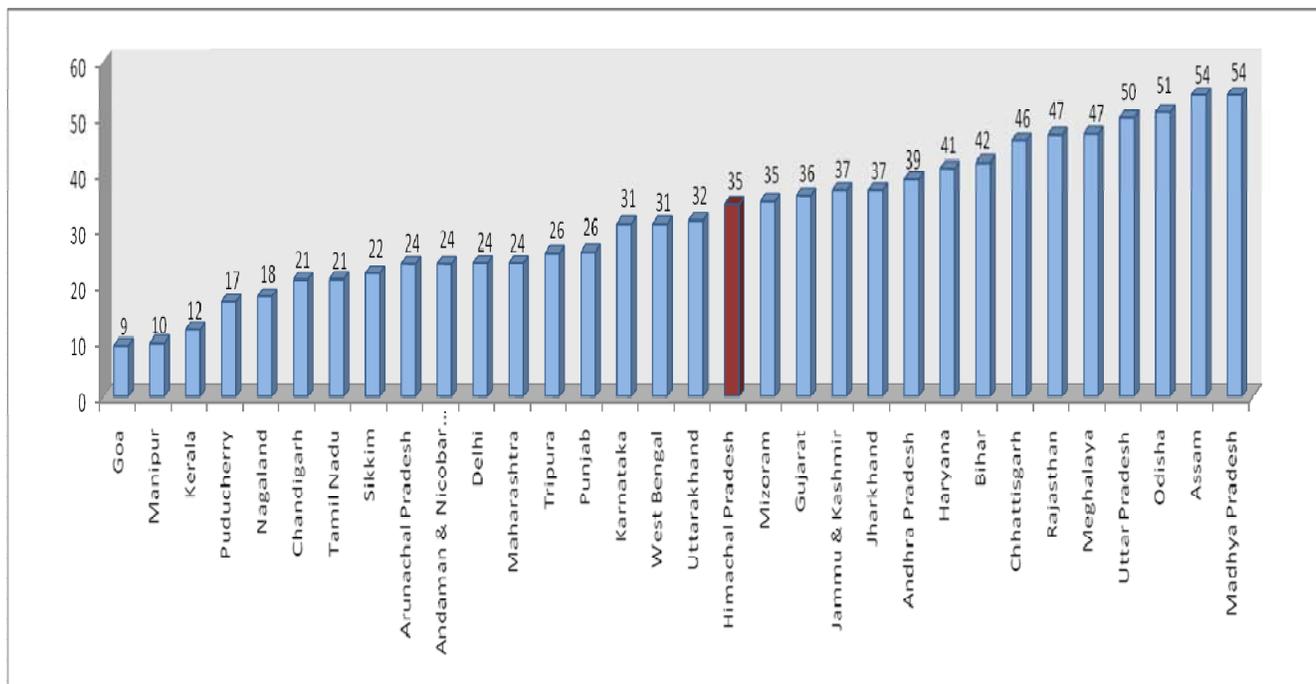
Source: PHD Research Bureau, Compiled from Economic Survey of Himachal Pradesh, 2016-17; Niti Aayog

5.7.5. Infant Mortality Rate

Infant Mortality Rate is an indicator of the health of the future nation. The Infant Mortality Rate of Himachal Pradesh has improved over the years. It has improved from 47 per 1000 live births in 2007 to 35 per 1000 live births in 2013 which is highly appreciable. However, it is still higher than many states such as Maharashtra, Punjab, Delhi among others.

Going ahead to improve on IMR, state must promote institutional delivery by skilled birth attendant to reduce both maternal and neonatal mortality. Further, emphasis should be given to facility based newborn care at different levels, enhancing capacity building of health care providers among others.

Chart 12: Infant mortality rate of Himachal Pradesh vis-à-vis other states (per thousand live births)



Source: PHD Research Bureau, Compiled from Niti Aayog, Data Pertains to 2013

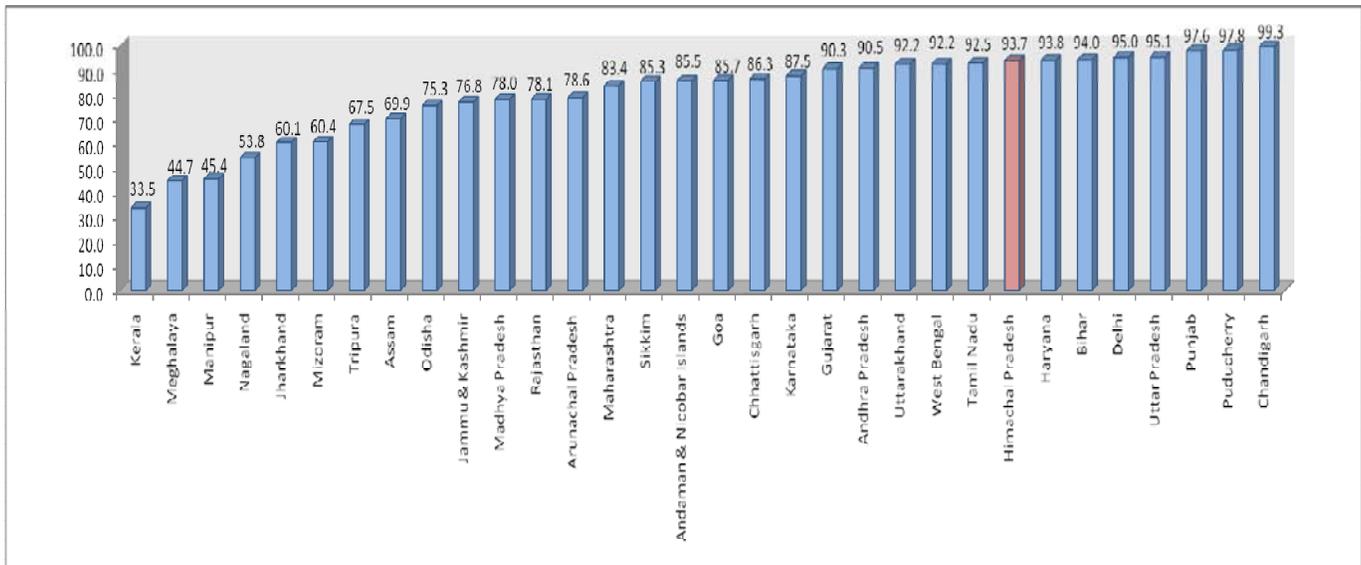


PROSPERING HIMACHAL PRADESH

5.7.6 Availability of safe drinking water

The state of Himachal Pradesh has significantly higher access to safe drinking water as compared to other states. The availability of safe drinking water in Himachal Pradesh is 93.7% as compared to the national average that is 85.5%.

Chart 13: Availability of safe drinking water in Himachal Pradesh vis-à-vis other states (in %)



Source: PHD Research Bureau, Compiled from Office of the Registrar General, Ministry of Home Affairs



STATE BUDGET 2017-18





PROSPERING HIMACHAL PRADESH

6. Himachal Pradesh Budget (2017-18)

The state government recently presented the state budget for FY2018 with a total outlay of Rs. 35,783 crore.

6.1 Budget Highlights

The budget of Himachal Pradesh has its focus on farm sector and employment generation for the year 2017-18. Rs. 484 crore has been proposed for agriculture, which includes Rs 50 crore for promotion of exotic and off-season vegetables, Rs. 10 crore for construction of market yards, Rs. 374 crore allocated for animal husbandry, and Rs. 424 crore for horticulture sector. Thrust on promoting organic farming, kiwi cultivation, better plant material through settlement of nurseries, poly-houses, soil testing, and promotion of floriculture and cultivation of exotic vegetables. Rs. 193 crore has been proposed as the total outlay for industries for the year 2017-18. The budget outlay for Public Works Department for the year 2017-18 is proposed at Rs. 3394 crores

The education sector has been allocated a total budget outlay of Rs. 6,204 crore for 2017-18 while Rs. 418 crore is the total outlay for Women and Child Development Department in 2017-18. Subsidy has been increased from 60% to 80% under Mukhya Mantri Khet Sanrakhsan Yojna for solar electric fencing. The government has announced setting up of water harvesting structures to be constructed near the roads under MGNREGA and Watershed programmes to collect water flowing from these roads. Rs. 20 crore has been allocated to the Development Blocks under the new 'Mukhya Mantri Rural Road Repair Scheme'.

For the promotion of industries in the state, a single point registration portal for setting up of industries will be operationalized during 2017-18. Also, the government has announced change of Land Use for service industries will also be allowed in all industrial areas of the State. The government has proposed to start a new scheme viz. 'Integrated Scheme for Development of Handloom and Handicrafts' to rejuvenate the captioned sector in the state. To strengthen democracy at all levels, the state government will release Rs. 270 crore to Zila Parishad, Panchayat Samiti and Gram Panchayat from the State Budgets. To promote urbanization in the state, the state government has proposed an additional capital grant of Rs. 3 crore for Municipal Corporation Shimla for widening internal roads, development of playgrounds and creation of parking in the capital city.

Further, Rs. 100 crore has been allocated for skill development. HP Skill Development Corporation has been established to provide employment oriented training to youth. The state government has also implemented 'Rajiv Gandhi Anna Yojana' to provide food security to all. The employees will get 3% Dearness Allowance and 4% interim relief. Pension for persons above 80 years and 70% of persons with disabilities has been enhanced to Rs. 1200 per month. The Tibetan community will be included under the food subsidy scheme of the state.

For socio-economic development in the state, assistance for marriage of poor girls under 'Mukhya Mantri Kanyadan Yojana' has been enhanced from Rs. 25,000 to Rs. 40,000. In addition, the assistance amount under 'Beti Hai Anmol Yojana' has been increased from Rs. 5,100 to Rs. 10,000. The housing subsidy under housing schemes has been enhanced from Rs. 48,500 to Rs. 1,30,000. Rs. 530 crore has been allocated for forest sector and 10 bio-diversity tourism parks are to be set up all over the state.



REFORMS UNDERTAKEN BY THE GOVERNMENT





PROSPERING HIMACHAL PRADESH

7. Key Reforms undertaken by the State in the last five years

The state government of Himachal Pradesh has undertaken various reform measures during the last five years to accelerate growth of the state economy. Some of these measures are as under--

7.1 Improvement of industrial environment and ease of doing business

The state government amended the Industrial Policy 2004 and launched the Industrial Policy 2013 to promote and incentivize industry by creating a conducive environment for sustainable inclusive development that generates income and employment opportunities, and encourages skill development thereby establishing Himachal Pradesh as a model industrial hill State of India. Himachal Pradesh is among few States in the country to start the registration of estate agents and promoters online to give transparent and efficient services to the promoters and buyers. To promote ease of doing business in the state, the State Level Single Window Clearance and Monitoring Authority has been working efficiently and has approved more than 280 industrial proposals involving investments worth Rs 13262.27 crore and employment potential of 26,680 persons.

7.2 Improvement in agriculture productivity

The state of Himachal Pradesh has done relatively well on agriculture front as the state has received few accolades in the past in agriculture production. A report from Commission for Agricultural Costs and Prices (CACP) published in 2014, has accorded Himachal Pradesh in the top five ranks for market friendliness and clubbed it in the "green" category. Further, NITI Aayog has also stated Himachal Pradesh as one of the farmer-friendly state among all states and union territories. The state government is focusing on the production of ginger, potato, pulses, off-season vegetables and oilseeds as well as increasing the production of cereal crops in the state. The Himachal Pradesh cabinet had also leased out 10 more acres to the Spice Board of India to set up a spice park in the Kangra valley in 2014. The agriculture marketing is well developed in the state as 10 market committees are functioning presently and 53 markets have been made functional. Apart from these measures, the government has also opened Kisan Call Centres and various crop insurance schemes have been extended in the recent times.

7.3 Improvement in delivery of services

The state of Himachal Pradesh has witnessed various developments in the services sector. Software Technology Parks of India have been established in the state while the government has proposed to set up IT parks & several incentives are being offered to IT firms. On the other hand, Sustainable Tourism Policy, 2013 was formulated by the state government for promoting sustainable tourism in Himachal Pradesh. As per the budget 2016-17, the state government has proposed to establish several ropeway projects in the state to promote tourism in the state. Further, the state plans to set up a golf course and improve connectivity by increasing the number of helipads.



PROSPERING HIMACHAL PRADESH

7.4 Improvement in physical infrastructure

The government announced amendments in Hydro Power Policy 2006 to speed up forthcoming hydro power projects in the state. As per the amendment, the developer can now submit the proposals to the Deputy Commissioners concerned for obtaining approvals/ No Objection Certificates (NOCs) from different departments including Gram Panchayats. For promoting energy efficiency in the State, the government launched distribution of LED tube lights and energy efficient fans recently under 'Unnat Jeevan by affordable LEDs and Appliances for All' (UJALA) scheme which is an extension of old domestic efficient lightning programme. Further, the government has launched Himachal Pradesh State Water Policy 2013 to ensure, planning, management and development of water resources in the state. To make Himachal Pradesh, a hub of renewable energy generation, the state government recently launched Himachal Pradesh Solar Power Policy 2016. Himachal Pradesh has become the 18th state to join UDAY (central scheme for revival of debt stressed power distribution companies). In addition, the state government has undertaken various steps to enhance the financial health of Himachal Pradesh State Electricity Board Limited, by providing loan liability to the department. All these measures are expected to upscale infrastructure development in the state.

7.5 Improvement in socio-economic structure

The state government has been taking significant reform measures to upscale industrial production which will generate lakhs of job opportunities in the state. It may be mentioned that 7054 employment opportunities were created by effective implementation of Prime Minister Employment Generation Programme and loans worth Rs 23.93 crore were distributed to the youth to start their self-employment ventures in the recent times. Besides, the state government has decided to give 'Bonafide Himachali' certificate to the women of the state, who are married to persons having their permanent home outside the state. This has been done with a view to giving them security. The Cabinet has given its approval for the Prevention of Violence and Damage to Property Act, 2009 draft Bill and decided to introduce it in the budget session of Vidhan Sabha. This has been done to make attacks on doctors by relatives of patients while on duty as cognizable and non-bailable offence. The Cabinet has also given its approval for disbursement of Social Security Pension Payments from Money Orders to Aadhaar linked Post Office Saving Bank Account and seeding all Social Security Pension Account by March 2017.

All these measures are expected to push the state on high growth trajectory and lead to all inclusive development of the state in the coming times.



SUGGESTIONS FOR BOLSTERING INDUSTRIALIZATION





8. Suggestions for Bolstering Industrialization

8.1 Economy

The economy of Himachal Pradesh is well positioned as compared to other states as the state registered an average growth rate of 8.1% in FY2017. The state has a high share of industry sector as compared to other states and agriculture still occupies prime position in the state as 62% of workforce is still dependent on it.

Suggestions

- To attract more investments in major sectors, like agricultural produce, hydro electric, cement and tourism by framing effective policies that reaches the grassroots.
- Better infrastructure facilities, should be provided in the higher regions of Himachal Pradesh.
- Government departments should be trained to use latest technologies for transparency in their departments.
- State should focus on post harvest management techniques, like setting up of cold storages.
- Small-scale village based industries play an important role in employment generation in the state. They should be provided with loans, latest technologies so that it gives a boost to their industry as well to the economy of the state.

8.2 Agriculture

Himachal Pradesh is the only state in the country whose 90% of population lives in rural areas. Therefore dependency on agriculture/horticulture is eminent as it provides direct employment to about 62% of total workers of state. Agriculture sector of the state is facing challenges such as declining of forest area, storage constraints, among other states.

Suggestions

- Improvement in the crop management system by modernizing of agriculture so as to reduce dependence on monsoon.
- Availability of easy credit facilities to smaller farmers so that they can invest in advanced farm techniques.
- Lack of storage, should be addressed by establishing of cold storage facilities in the state.
- There is a need to improve post harvest management techniques.
- There is a need to facilitate the farmers with better transport facilities for their produce.
- Education should be provided at the grass root level, so that the farmers are able to use the modern techniques in farming.

8.3 Industry

The industry sector of Himachal Pradesh has registered an average growth rate of 8% approximately during the past four years, which is highly appreciable. However the share of industry in the state's



PROSPERING HIMACHAL PRADESH

GSDP has been declining in the recent times. Hence there is an urgent need to bolster industrialization in the state by promoting sector specific policies to attract higher and higher investments in the state in the coming times.

Suggestions

- Efficient use of waste land and water should be encouraged vis-à-vis promoting usage of alternate sources of energy in the industrial sector.
- Technology upgradation should be promoted by providing special incentives schemes for the industry players. Focus on environmental friendly technologies will enable sustainable development of the state.
- Initiate labour reforms to provide flexible and uniform labour laws so as to facilitate manufacturing firms in the state.
- Upscaling infrastructural development with focus on development of railways for facilitating industry growth.

8.3.1 Micro, Small and Medium Enterprises

MSMEs sector constitute the backbone of the manufacturing sector, as it has potential to boost the employment and achieve inclusive growth in the long term.

Suggestions

- Awareness drive should be organized within the state to spread information about various government schemes for MSMEs.
- Single window clearances mechanism should be assisted to streamline the approval process of setting up of new projects in the state.
- Online registration of small and medium scale units should be introduced.
- MSMEs sector should be assisted with loans at low interest rates.
- Extensive marketing support in terms of setting up of modern exhibition cum trade convention centre should be provided in the state.

8.3.2 Labour Laws

The labour laws in the state require flexibility so that it can boost employment and meet the demands of industrial efficiency and competitiveness in the coming times.

Suggestions

- Liberalization of labour laws should be initiated in order to attract investors in the employment generating sectors of the state.
- Allow flexibility in hiring contract workers and regulating working hours in factories,
- Provide rest duration during work hours.



PROSPERING HIMACHAL PRADESH

8.4 Infrastructure

Infrastructure plays an important role in driving the economic growth, attracting industrial investments and facilitates quality of life. An inadequate and inefficient infrastructure can pose a challenge to state economy.

Suggestions

- Air connectivity through regular flights in the existing airports and establishment of new airports should be done.
- Expert group committee should be set up in order to monitor the expansion and improvement of road and rail networks in the state.
- Increase the network of roadways as well as railways.
- Develop energy infrastructure with upgradation of technology as well as higher adoption of renewable sources of energy.

8.5 Foreign Trade and Investment

State exports play an important role in boosting economic growth of a state. Investments will give a boost to the economy of the state.

Suggestions

- Trade facilitation centers should be established in the state, with experts providing advices and promoting trade of various products.
- Awareness programmes related to Foreign Trade and Investments should be initiated in the state, in order to spread awareness about the government incentive schemes. Various Industry chambers can be involved in promoting small exporters and traders to avail advantages of government run schemes.
- Digitalization and simplification of custom procedures should be done to reduce the human interface and increase the use of information technology so as to enhance transparency in the system.
- Investor friendly policies must be designed and implemented to encourage foreign and private investment in the state.

8.6 Services

The service sector has registered a growth of around 10% in FY2016 from about 8% in FY2013. There is a need to sustain this growth and increase it further for high growth of the state economy.



PROSPERING HIMACHAL PRADESH

Suggestions

- Setup better developed and technology friendly IT Parks with various incentives for IT firms in the state.
- E-library should be established in every district of the state.
- Development of the state of the art infrastructure with better connectivity for more tourist inflows in the state.
- Tourists flow in the state to be increased through innovative tourist schemes and packages, identifying of new tourism hubs and developing them.

8.7 Education

Education is one of the most important tools in the state's development. Himachal Pradesh has accorded priority to the education sector.

Suggestions

- Orientation programmes should be conducted for teachers, so that proper academic support could be ensured to the needy special children.
- There is a need to assess emerging skill requirements in the state which can be developed into special courses and included in the curriculum.
- Mid day meal scheme should be revitalized in terms of delivery and management.
- Industry must be encouraged to partner with state government to upgrade skills and impart short term training courses.

8.8 Skill Development

Skill development has emerged as an important driver for boosting productivity and to generate sources of sustainable livelihood. Appropriate skill development measures will enhance the employment opportunities in the state.

Suggestions

- Vocational trainings should be provided to people in every district of the state for enhancing their skills.
- Potential areas of development should be identified such as tourism and accordingly training and skill development should be imparted in the state.
- Regular skill development training sessions should be held in all the districts of the state.
- Vocational training for prisoners should be conducted in jail.



PROSPERING HIMACHAL PRADESH

8.9 Employment

In order to achieve inclusive growth, there is a need to create more employment opportunities, particularly for the youth in the state. Hence the state needs to take policy initiatives to encourage job creation.

Suggestions

- Adequate support should be provided to MSMEs as they play an important role in employment generation in the state.
- Adequate support should be given to promote and strengthen employment intensive industries to ensure job creation in the state.
- Availability of loans at low interest rates should be provided to encourage entrepreneurs and start ups in the state which will create employment opportunities, going ahead.
- Efforts must be made to provide jobs to the registered unemployed people with the employment centers of the state.
- Efforts must be made to create further employment opportunities in tourism sector.

8.10 Rural Development

A significant size of population of the state is living in villages. Hence, upgrading rural infrastructure is the need of the hour to required uplift the overall standards of living of the people residing in rural areas.

Suggestions

- The total development expenditure of rural sector should be enhanced.
- Rural infrastructure should be strengthened by upgrading agro tourism hubs connected to well define rural hinterland for promotion of travel, stay, trade, rural arts and crafts, unique ethnic food, culture and tradition.
- Farmers should be encouraged to establish rural based small scale primary processing facilities in the state.

8.11 Health

Himachal Pradesh has been working towards development of health infrastructure and has recently launched Himachal Health Vision 2020 recently. However, the state needs to work in the direction to provide access to improved healthcare delivery equipped with latest technologies.

Suggestions

- There is a need to ensure health services for effective prevention and treatment intervention are accessible to people.



PROSPERING HIMACHAL PRADESH

- To provide better medical education system and training to Medical and Para Medical & Nursing personnel to monitor and coordinate the activities of medical services of the State.
- The government should encourage private sector investments in health & healthcare sector in order to facilitate establishment of quality healthcare institutions within the framework of set standards and norms.
- Focus should be given on imparting knowledge regarding health, hygiene, nutrition, reproduction health and child care in the rural areas of the state.

8.12 Women empowerment

The state of Himachal Pradesh has high female labor force participation. More than 60% women in rural areas were in the labor force in 2011–12 which is, significantly higher than the all-India average of 27% and although fewer urban women worked (28% in 2011); these levels were on par with Kerala and Tamil Nadu and double that of neighboring states.

Suggestions

- Awareness drive should be conducted to create awareness about the government schemes for women, particularly in urban areas so that larger population can these avail benefits.
- Special schemes should be run to encourage girls for skill development and empowerment, upgrading their vocational and life skills.
- Easy availability of education loans at low interest rates of women should be promoted by the state government.

8.13 Urban Development and Housing

The state has a hilly topography, where land availability for construction of houses is a matter of concern. Further, there is unavailability of land in central areas of existing cities with migration of population in the cities which poses a major challenge.

Suggestions

- There is a need to develop smart integrated townships apart from rejuvenating the existing towns and cities.
- Townships should be developed near existing cities such as Shimla, Dharamshala, Solan among others to keep a check on migration.
- Provide basic facilities such as development and maintenance of sewerage, solid waste management and upgrading them, with time.
- State should focus on creating special provision for infrastructure development particularly in the areas of connectivity.
- Focus should be given on meeting the power needs of the state. 24*7 power should be provided to the urban as well as rural areas through usage of renewable sources such as solar energy.
- Environment concerns should be addressed efficiently while seeking urban development in the state.



REDEVELOPING TOURISM IN HIMACHAL PRADESH





9. Redeveloping Tourism in Himachal Pradesh

Over the last two decades or so, the whole world has experienced rapid changes and socioeconomic transformations. The socioeconomic changes affected and caused severe stress mainly to isolated, peripheral and rural areas of the world. It is obvious that there is need for socioeconomic development and regeneration along with the need for diversification of the economic base so as to meet the changes today is greater than ever.

Tourism in various areas offers the potentials for alternative, individual and more authentic tourism experiences satisfying the needs of the experienced and highly demanded “new” tourists. In addition there is a demand for tourism and recreation activities in the countryside that are different. Traditional tourism development, concentrated in coastal and mountain resorts, urban and cultural centres, has proven that tourism can bring enormous benefits to the economy, society and environment of a certain area. Sustainable development tourism takes full account of its current and future economic, social and environmental impacts, addressing the needs of visitors, the industry, the environment and host communities.

The development of tourism in the state should include, respect to socio-cultural authenticity of host communities, conserve their built and living cultural heritage and traditional values, and contribute to inter-cultural understanding and tolerance. Further, it should ensure viable, long-term economic operations, providing socio-economic benefits to all stakeholders that are fairly distributed, including stable employment and income-earning opportunities and social services to host communities, and contributing to poverty alleviation.

Tourism should be redeveloped with the following objectivity

1. To generate employment for the youth of the state and to enhance the income level.
2. To enhance the quality life of the downtrodden.
3. Promotion of Swaach Bharat Abhiyan.
4. To examine the revenue of the state, contributed through tourism to the state’s economy.
5. To promote responsible and community-based tourism so that locals can enjoy increased socio-economic benefits and improved environment.
6. Involvement of local communities in all stages of responsible tourism development i.e. planning, decision-making and implementation of tourism development activities in their region so that the tourism is in harmony with the priorities of local communities.
7. Promote environmental awareness, conservation and sustainable use of natural resources.
8. To seek help and assistance from the government and public sources for the promotion of responsible tourism.
9. To promote and ensure the respect and dignity of people in tourism.
10. To preserve and enhance local culture, art, handicrafts, monuments and other natural and man-made tourist resources and protect them from over- commercialization and over-exploitation.



PROSPERING HIMACHAL PRADESH

Suggestions for Redeveloping Tourism in Himachal Pradesh

1. Measures should be taken to improve the road infrastructure for ease of transportation during extreme weather conditions.
2. Artificial/Natural Ice Skating rink should be developed with international standards and open to all, so that national and international events of Ice skating and Ice hockey can be organized.
3. Annual traditional fairs in different areas of the state to be organized which will include all the 12 districts of the state, so that their cultures are promoted.
4. Protection of green cover to maintain natural beauty of the state.
5. Hanging glass bridges above the forests should be constructed so that people get a panorama view of the area and can rejuvenate themselves.
6. Pahadi Cuisines to be included in the menu of all hotels for the promotion of the cuisine and rich culture of the state.
7. To create artificial camp site with river stream for recreational activities to promote cultural exchange.
8. Providing an aerial view to the tourists of the Shimla City, with means of chopper rides.
9. Rope ways to be developed (From Cheog-Kufri, Kufri-Mahasu, Mashobra-Naldera)
10. First aid centre for immediate care must be set up in all tourist destinations.
11. CCTV camera for security, in a range of every 1km.
12. Golf Carts for commuting on restricted roads.
13. Stringent laws to be implemented for garbage disposal.
14. Parking space, Street lights, Pedestrians should be developed and E-toilets to be placed at an interval of 1km.
15. Organic manure can be produced from the bio-degradable waste by the hotel industry.
16. Revamping the lake, at the Mahasu peak for camp site in Kufri.
17. Agricultural camps can be organized to spread awareness about the various techniques used for growing apples.
18. Tree Houses to be developed so that people can live in the lap of nature.
19. Open theatres for International film festivals promoting film tourism and giving a platform for entertainment to the youth in the state.
20. Polo tourism and Golf tourism to be promoted in the state.



CONCLUSION AND RECOMMENDATIONS





PROSPERING HIMACHAL PRADESH

10. Conclusions and Recommendations

Himachal Pradesh is a beautiful hill state in India, nestled in the north-west region of western Himalayas. The state is landlocked with the Tibetan plateau to the east, Jammu and Kashmir to the north, and Punjab to the west. From vast tracts of high-altitude Trans-Himalayan desert to dense green deodar forests, from apple orchards to cultivated terraces, from snow capped high Himalayan mountain ranges to snow fed lakes and gushing rivers, Himachal Pradesh offers breathtaking pristine beauty.

The economy of Himachal Pradesh has witnessed a significant growth path during the recent years. The real GSDP of the state has increased from Rs. 77384 crores in FY2013 to about Rs.96289 crores in FY2016. The average real GSDP of the state has grown around 7.3% during the period of FY2013-2016. Services sector contributes a significant share of around 41% in the GSDP followed by industry and agriculture at 38% and 14% respectively during the FY2016.

Himachal Pradesh has made significant achievements in the field of industrialization in the past few years. The rich natural resources of the state are favorably suited for investments in major sectors such as procurement of agricultural produce, hydroelectric power, cement and tourism. Solan, Sirmour, Kangra and Una districts lead in terms of investments attracted.

The State Government has already developed 42 Industrial Areas and 17 Industrial Estates with basic amenities like roads, power, sewerage, water and communication etc. Himachal Pradesh is one of the fastest-growing regions in the pharmaceutical industry in India having over 300 pharmaceutical companies. The state is also rich in herbs, which has promoted opening of new ayurvedic centers.

The textiles industry in the state is well developed while handloom and carpet weaving have developed as small scale industries. Production of raw silk has also increased in the state. The state has scope for investments for light engineering goods which include precision engineering components, automotive components, steel and fabrication units, and cylinder manufacturing. The state government has laid emphasis on tapping the potential of Special Economic Zones for driving industrial growth.

On the agriculture front, the rich diversity of agro climatic conditions, topographical variations and altitudinal differences coupled with fertile, deep and well drained soils have facilitated high agriculture growth in the recent times. About 80% of the total cultivated area in the state is rain fed. Rice, wheat and maize are important crops of the state. Groundnut, soybean and sunflower and rapeseed/mustard and Toria are important oilseed crop in the state. Apple is so far the most important fruit crop of Himachal Pradesh, which constitutes about 49% of the total area under fruit crops and about 84% of the total fruit production. The State Government is laying emphasis on production of off-season vegetables, potato, ginger, pulses and oilseeds besides increasing production of cereal crops.

Being a horticulture state, it is aimed at creation and maintenance of infrastructural facilities in the rural areas for ensuring equitable access to the resources and inputs required for the promotion of all fruit crop. The state focuses on programmes such as development of fruit production areas expansion programme, demonstration of new technologies and improved package of practices on the orchards of fruit grower's development of Walnut/Hazelnut/Pistachio nut, mango/litchi strawberry and olive are



PROSPERING HIMACHAL PRADESH

being implemented. In addition to this, for strengthening irrigation facilities in the orchards, water storage tanks and bore wells are being established in the state.

The state has relatively well developed infrastructure with state being naturally suited for hydropower generation and accounts for around 26% of India's total hydropower potential. A large number of villages in the state have electricity, as around 99% villages are electricity, as of May 2015. As per estimates, the state has the potential to generate 27,436 MW of hydro power through the construction of various hydel projects on river basins. The private sector contributed more to the capacity of hydro-based power plants as compared to the central government. The private sector accounted for 1,748 MW of hydropower whereas the central sector accounted for 1,279.91 MW of hydropower. However, lot needs to be done to improve the infrastructure in the state it needs to improve its road and rail connectivity for smooth and efficient transportation services.

On the social front, the state has done reasonably well as the percentage of population below the poverty line stands at 8.06% in the state in 2011-12 compared to national average of 21.9% in the same period, which is highly encouraging. The state has a literacy rate of 82.8% while the IMR is 35 per thousand live births which is below the national average of 40 per thousand live births.

The state government has been working proactively for accelerating growth momentum of the state. The state government recently presented the state budget for FY2018 with a focus on farm sector and employment generation. The education sector has been allocated a total budget outlay of Rs. 6,204 crore for 2017-18 while Rs. 418 crore is the total outlay for Women and Child Development Department in 2017-18. Rs. 530 crore has been allocated for forest sector and 10 bio-diversity tourism parks are to be set up all over the state.

Further, the state government has announced significant reform measures from time to time. The state government amended the Industrial Policy 2004 and launched the Industrial Policy 2013 to promote and incentivize industry by creating a conducive environment for sustainable inclusive development that generates income and employment opportunities, and encourages skill development thereby establishing Himachal Pradesh as a model industrial hill State of India. On the agriculture front, the state government is focusing on the production of ginger, potato, pulses, off-season vegetables and oilseeds as well as increasing the production of cereal crops in the state.

Apart from these, the state government has also focussed on growth of services sector and hence Sustainable Tourism Policy, 2013 was formulated by the state government for promoting sustainable tourism in Himachal Pradesh. In addition, the government has announced amendments in Hydro Power Policy 2006 and launched Himachal Pradesh State Water Policy 2013 to ensure, planning, management and development of water resources in the state. The state government has been taking significant reform measures to upscale industrial production which will generate lakhs of job opportunities. Besides, the state government has decided to give 'Bonafide Himachali' certificate to the women of the state, who are married to persons having their permanent home outside the state.

Going ahead, the state needs to focus on improving the quality of education, attracting more investments in health sector, hydro power projects, strengthening rural development and developing skills in order to enhance the social infrastructure in the state. The Government must focus on



PROSPERING HIMACHAL PRADESH

improving quality of infrastructures, enhancing agriculture productivity, post harvest management, reforming manufacturing sector to bolster industrialization.

It is also suggested that there should be redevelopment of tourism in the state which will contribute to high economic growth, going forward. Tourism should be redeveloped with the objectivity of generating employment for the youth of the state, enhancing the quality of life of downtrodden and promoting responsible and community-based tourism so that locals can enjoy increased socio-economic benefits and improved environment, among others. It is suggested that measures need be taken to improve the road infrastructure for ease of transportation during extreme weather conditions. The green cover in the state needs to be protected to maintain natural beauty of the state. Pahadi Cuisines could be included in the menu of all hotels for the promotion of the cuisine and rich culture of the state. Further, polo tourism and golf tourism needs to be promoted in the state. Hanging glass bridges above the forests must be constructed so that people get a panorama view of the area and can rejuvenate themselves. All these measures are expected to upscale growth of tourism in the state of Himachal Pradesh.

PHD Chamber would also like to suggest the state to focus on five areas to attain growth at the next level. The food processing sector is one of the major growth promising sectors of the state. Thus, special thrust needs to be provided to establish and upgrade food processing industries through robust schemes, technological innovations and advancement. Redevelopment of tourism is the second thrust area which needs to be revamped with the objective of increasing the tourist inflows which would provide a boost to the economic growth. The state needs to focus on reforms to improve the ease of doing business scenario particularly for MSMEs in order to encourage the setting up of more industries and improve the overall industrial environment. Therefore, emphasis needs to be given on easing the processes of certifications, clearances, registration and access of funds to the MSMEs.

Further, the state need to focus on expansion of IT services through setting up of new industrial parks, infrastructure development of existing IT industries, investments in human capital along with provisions of special incentives to promote IT industries. The state needs to provide special thrust to boost the export potential and improve the infrastructure for exporting units. Rapid growth of export from the state will enhance the industrial production, generate employment opportunities and contribute to the economic development. Going ahead, considering the efforts of the state government and reform measures suggested, the state has every potential to achieve strong and sustainable high double digit growth rate of around 10% and generate around 2 lakh new employment opportunities every year.

We look forward to effective policy interventions and strong reform initiatives that would pave the way to achieve a high sustainable growth in the state in the coming times.



PROSPERING HIMACHAL PRADESH

PHD Chamber's Vision 2020 for Himachal Pradesh

The state of Himachal Pradesh, endowed with rich scenic beauty and varied topography is known for its snow-capped Himalayan ranges, snow-fed lakes, rich heritage of handicrafts, high diversity of medicinal plants and mineral resources.

The state has emerged as a major hub of pharmaceuticals, food processing units, textiles and packaging industries. The state has relatively well developed physical infrastructure with immense scope in the production of renewable energy.

The state has achieved remarkable growth, especially in the last two decades, which has been accompanied by very good human development outcomes. The state is growing at a comfortable trajectory of 8% which has contributed to the overall economic development. On the socio-economic front, the state has performed well as very small proportion of population is below the poverty line and literacy rate of the state is higher as compared to the national average.

The state has every potential to grow at a higher level. We suggest the state to focus on five areas to attain growth at the next level. The five promising areas at this juncture include:

- 1) Redevelopment of tourism:** The tourism sector is considered as one of the major growth engines of the state. Therefore, emphasis needs to be given to revamp the tourism sector with the objective of increasing the tourist inflows which would provide a boost to the economic growth. Special measures to improve the road infrastructure for ease of transportation and construction of more hotels will attract investments and will provide employment to skilled and unskilled labour force in the state.
- 2) Focus on the food processing industry:** The food processing sector is one of the major growth promising sectors of the state. The growth of food processing sector will generate employment opportunities and enhance rural incomes. This would help in expansion of small businesses majorly in MSMEs sector and will boost the overall industrial environment in the state. Thus, special thrust needs to be provided to establish and upgrade food processing industries through robust schemes, technological innovations and advancement.
- 3) Focus on ease of doing business for MSMEs:** The state needs to focus on reforms to improve the ease of doing business scenario particularly for MSMEs in order to encourage the setting up of more industries and improve the overall industrial environment. Therefore, emphasis needs to be given on easing the processes of certifications, clearances, registration and access of funds to the MSMEs.
- 4) Expansion of IT services across the state:** Information technology has a great scope for employment generation and revenue earnings. The state need to focus on expansion of IT services through setting up of new industrial parks, infrastructure development of existing IT industries, investment in human capital along with provision of special incentives to promote IT industries.



PROSPERING HIMACHAL PRADESH

- 5) **Promotion of exports:** The state holds tremendous export potential for handicrafts, horticulture, textiles, pharmaceuticals, processed food products etc. The state needs to provide special thrust to boost the export potential and improve the infrastructure for exporting units. Rapid growth of export from the state will enhance the industrial production, generate employment opportunities and contribute to the economic development.

Going ahead, considering the efforts of the state Government and reform measures suggested, the state has every potential to achieve strong and sustainable high double digit growth rate of around 10% and generate around 2 lakh new employment opportunities every year.



PROSPERING HIMACHAL PRADESH

Himachal Pradesh: Key Contacts

| S. No. | Key Contact | S. No. | Key Contact |
|--------|--|--------|---|
| 1. | Shri V. C. Pharka, IAS Chief Secretary Tourism & Civil Aviation, Tribal Development, Information & Public Relations HP Secretariat, Shimla-2 Ph: 0177-2880714 | 6. | Shri Tarun Kapoor, IAS Addl. Chief Secretary Forests, Environment Science & Technology, Food Civil Supplies & Consumer Affairs, Excise & Taxation HP Secretariat, Shimla-2 Ph: 0177-2621586, 2880703 |
| 2. | Shri. Arvind Mehta, IAS Addl. Chief Secretary Agriculture, Fisheries, Training & FA) HP Secretariat, Shimla-2 Ph: 0177-2621894, 2880718 | 7. | Shri Sanjay Gupta, IAS Principal Secretary Transport, Technical Education HP Secretariat, Shimla-2 Ph: 0177-2880716 |
| 3. | Shri. Shrikant Baldi, IAS Addl. Chief Secretary Finance, Planning, Economics & Statistics, Twenty Point Programme HP Secretariat, Shimla-2 Ph: 0177-2880758 | 8. | Shri R.D Dhiman, IAS Principal Secretary Labour & Employment, Social Justice & Empowerment HP Secretariat, Shimla-2 Ph: 0177-2880733 |
| 4. | Smt. Manisha Nanda, IAS Addl. Chief Secretary Urban Development, Town & Country Planning, Housing HP Secretariat, Shimla-2 Ph: 0177-2880780 | 9. | Shri Prabodh Saxena, IAS Principal Secretary Home, Vigilance, Health & Family Welfare HP Secretariat, Shimla-2 Ph: 0177-2624538, 2880751 |
| 5. | Shri Anil Kumar Khachi, IAS Addl. Chief Secretary Public Works, Cooperation HP Secretariat, Shimla-2 Ph: 0177-2621892, 2880722 | 10. | Shri Jagdish Chander Sharma, IAS Principal Secretary Information Technology, Horticulture HP Secretariat, Shimla-2 Ph: 0177-2880769 |

Mr. Dhian Chand, Chariman, Himachal Pradesh Committee, PHD Chamber
Mr. Ashish Bagrodia, Co-Chairman, Himachal Pradesh Committee, PHD Chamber
Mr. Sandeep Sharma, Resident Manager, PHD Chamber, Himachal Pradesh

Regional Off.: 205, Udyog Bhawan, Bemloei, Shimla - 171 001 • Telefax : +91-177-2807855 • E-mail : phdshimla@phdcci.in



PROSPERING HIMACHAL PRADESH

Study/Project Team

Dr. S P Sharma
Chief Economist

Ms. Megha Kaul
Associate Economist

Ms. Abha Chauhan
Research Associate

Sincere thanks to **Ms. Surbhi Sharma**, Senior Research Officer, **Ms. Areesha**, Research Associate and **Mr. Hariom Kuthwaria**, Graphic Designer for their support in preparing the report.

Disclaimer

“Prospering Himachal Pradesh- A mountain of opportunities” is prepared by PHD Chamber of Commerce and Industry to provide a broad view of economic developments, infrastructure, social etc. in the state of Himachal Pradesh. This report may not be reproduced, wholly or partly in any material form, or modified, without prior approval from the Chamber.

It may be noted that this book is for guidance and information purposes only. Though due care has been taken to ensure accuracy of information to the best of the PHD Chamber’s knowledge and belief, it is strongly recommended that readers should seek specific professional advice before taking any decisions.

Please note that the PHD Chamber of Commerce and Industry does not take any responsibility for outcome of decisions taken as a result of relying on the content of this book. PHD Chamber of Commerce and Industry shall in no way, be liable for any direct or indirect damages that may arise due to any act or omission on the part of the Reader or User due to any reliance placed or guidance taken from any portion of this book.

Copyright 2017
PHD Chamber of Commerce and Industry
ISBN: 978 93 84145 43 9

ALL RIGHTS RESERVED.

No part of this book including the cover, shall be reproduced, stored in a retrieval system, or transmitted by any means, electronic, mechanical, photocopying, recording or otherwise, without the prior written permission of, and acknowledgement of the publisher (PHD Chamber of Commerce and Industry).



PROSPERING HIMACHAL PRADESH

PHD Research Bureau

PHD Research Bureau; the research arm of the PHD Chamber of Commerce and Industry was constituted in 2010 with the objective to review the economic situation and policy developments at sub-national, national and international levels and comment on them in order to update the members from time to time, to present suitable memoranda to the government as and when required, to prepare State Profiles and to conduct thematic research studies on various socio-economic and business developments.

The Research Bureau has been instrumental in forecasting various lead economic indicators national and sub-national. Many of its research reports have been widely covered by media and leading business newspapers.

| Research Activities | Comments on Economic Developments | Newsletters | Consultancy |
|---|---|---|---|
| <ul style="list-style-type: none"> Research Studies | <ul style="list-style-type: none"> Macro Economy | <ul style="list-style-type: none"> Economic Affairs Newsletter (EAC) | <ul style="list-style-type: none"> Trade & Investment Facilitation Services (TIFS) |
| <ul style="list-style-type: none"> State Profiles | <ul style="list-style-type: none"> States Development | <ul style="list-style-type: none"> Economic & Business Outlook (EBO) | <ul style="list-style-type: none"> Business Research Consultancy |
| <ul style="list-style-type: none"> Impact Assessments | <ul style="list-style-type: none"> Infrastructure | <ul style="list-style-type: none"> Global Economic Monitor (GEM) | |
| <ul style="list-style-type: none"> Thematic Research Reports | <ul style="list-style-type: none"> Foreign exchange market | <ul style="list-style-type: none"> Trade & Investment Facilitation Services (TIFS) | |
| <ul style="list-style-type: none"> Releases on Economic Developments | <ul style="list-style-type: none"> International Trade | <ul style="list-style-type: none"> State Development Monitor (SDM) | |
| | <ul style="list-style-type: none"> Global Economy | | |



PROSPERING HIMACHAL PRADESH

Team, PHD Research Bureau

Dr. S P Sharma
Chief Economist
Email id: spsharma@phdcci.in

| | | |
|---------------------------|-----------------------|--|
| Ms. Megha Kaul | Associate Economist | Economic Affairs Committee (EAC) and Policy Developments |
| Mr. Agraja Pratap | Deputy Secretary | Developments in India's Infrastructure (National and States) |
| Ms. Surbhi Sharma | Sr. Research Officer | Developments in Banking Sector, Forex and FEMA Affairs Committee |
| Ms. Mahima Kaushal | Research Officer | Business Policy and Environment, Developments in Financial Markets |
| Mr. Rohit Singh | Research Associate | India's International Trade, Trade & Investment Facilitation Services (TIFS) |
| Ms. Areesha | Research Associate | Macro-Economic Developments, Agriculture and Rural Development |
| Ms. Neha Gupta | Research Associate | Global Economic Developments |
| Ms. Abha Chauhan | Research Associate | Economic Developments in India's States |
| Ms. Sunita Gosain | Secretarial Assistant | Secretarial & Administrative processes |



PROSPERING HIMACHAL PRADESH

Studies Undertaken by PHD Research Bureau

A: Thematic research reports

1. Comparative study on power situation in Northern and Central states of India (September 2011)
2. Economic Analysis of State (October 2011)
3. Growth Prospects of the Indian Economy, Vision 2021 (December 2011)
4. Budget 2012-13: Move Towards Consolidation (March 2012)
5. Emerging Trends in Exchange Rate Volatility (Apr 2012)
6. The Indian Direct Selling Industry Annual Survey 2010-11 (May 2012)
7. Global Economic Challenges: Implications for India (May 2012)
8. India Agronomics: An Agriculture Economy Update (August 2012)
9. Reforms to Push Growth on High Road (September 2012)
10. The Indian Direct Selling Industry Annual Survey 2011-12: Beating Slowdown (March 2013)
11. Budget 2013-14: Moving on reforms (March 2013)
12. India- Africa Promise Diverse Opportunities (November 2013)
13. India- Africa Promise Diverse Opportunities: Suggestions Report (November 2013)
14. Annual survey of Indian Direct Selling Industry-2012-13 (December 2013)
15. Imperatives for Double Digit Growth (December 2013)
16. Women Safety in Delhi: Issues and Challenges to Employment (March 2014)
17. Emerging Contours in the MSME sector of Uttarakhand (April 2014)
18. Roadmap for New Government (May 2014)
19. Youth Economics (May 2014)
20. Economy on the Eve of Union Budget 2014-15 (July 2014)
21. Budget 2014-15: Promise of Progress (July 2014)
22. Agronomics 2014: Impact on economic growth and inflation (August 2014)
23. 100 Days of new Government (September 2014)
24. Make in India: Bolstering Manufacturing Sector (October 2014)
25. The Indian Direct Selling Industry Annual Survey 2013-14 (November 2014)
26. Participated in a survey to audit SEZs in India with CAG Office of India (November 2014)
27. Role of MSMEs in Make in India with reference to Ease of Doing Business in Ghaziabad (Nov 2014)
28. Exploring Prospects for Make in India and Made in India: A Study (January 2015)
29. SEZs in India: Criss-Cross Concerns (February 2015)
30. Socio-Economic Impact of Check Dams in Sikar District of Rajasthan (February 2015)
31. India - USA Economic Relations (February 2015)
32. Economy on the Eve of Union Budget 2015-16 (February 2015)
33. Budget Analysis (2015-16)
34. Druzhba-Dosti: India's Trade Opportunities with Russia (April 2015)
35. Impact of Labour Reforms on Industry in Rajasthan: A survey study (July 2015)
36. Progress of Make in India (September 2015)
37. Grown Diamonds, A Sunrise Industry in India: Prospects for Economic Growth (November 2015)
38. Annual survey of Indian Direct Selling Industry 2014-15 (December 2015)
39. India's Foreign Trade Policy Environment Past, Present and Future (December 2015)
40. Revisiting the emerging economic powers as drivers in promoting global economic growth (February 2016)
41. Bolstering MSMEs for Make in India with special focus on CSR (March 2016)
42. BREXIT impact on Indian Economy (July 2016)
43. India's Exports Outlook (August 2016)
44. Ease of Doing Business : Suggestive Measures for States (October 2016)
45. Transforming India through Make in India, Skill India and Digital India (November 2016)
46. Impact of Demonetization on Economy, Businesses and People (January 2017)
47. Economy on the eve of Budget 2017-18 (January 2017)
48. Union Budget 2017-18: A budget for all inclusive development (February 2017)
49. Annual Survey of Indian Direct Selling Industry 2015-16 (February 2017)
50. Worklife Balance and Health Concerns of Women: A Survey (March 2017)
51. Special Economic Zones: Performance, Problems and Opportunities (April 2017)
52. Feasibility Study (socio-Economic Survey) of Ambala and Rohtak Districts in Haryana (March 2017)
53. Punjab: Roadmap for the New Government – Suggestions for the industrial and Socio-Economic Development (May 2017)
54. Goods and Services (GST): So far (July 2017)
55. Reshaping India-Africa Trade: Dynamics and Export Potentiality of Indian Products in Africa (July 2017)
56. Industry Perspective on Bitcoins (July, 2017)

B: State profiles

57. Rajasthan: The State Profile (April 2011)
58. Uttarakhand: The State Profile (June 2011)
59. Punjab: The State Profile (November 2011)
60. J&K: The State Profile (December 2011)
61. Uttar Pradesh: The State Profile (December 2011)
62. Bihar: The State Profile (June 2012)
63. Himachal Pradesh: The State Profile (June 2012)
64. Madhya Pradesh: The State Profile (August 2012)
65. Resurgent Bihar (April 2013)
66. Life ahead for Uttarakhand (August 2013)
67. Punjab: The State Profile (February 2014)
68. Haryana: Bolstering Industrialization (May 2015)
69. Progressive Uttar Pradesh: Building Uttar Pradesh of Tomorrow (August 2015)
70. Suggestions for Progressive Uttar Pradesh (August 2015)
71. State profile of Telangana- The dynamic state of India (April 2016)
72. Smart Infrastructure Summit 2016- Transforming Uttar Pradesh (August 2016)
73. Rising Jharkhand: An Emerging Investment Hub (February 2017)



About the PHD Chamber

PHD Chamber of Commerce & Industry, a leading Industry Chamber of India, ever since its inception in 1905, has been an active participant in the India Growth Story through its Advocacy Role for the Policy Makers and Regulators of the Country. Regular interactions, Seminars, Conference and Conclaves allow healthy and constructive discussions between the Government, Industry and International Agencies bringing out the Vitals for Growth. As a true representative of the Industry with a large membership base of 48000 direct and indirect members, PHD Chamber has forged ahead leveraging its legacy with the Industry knowledge across sectors (58 Industry verticals being covered through Expert Committees), a deep understanding of the Economy at large and the populace at the micro level.

At a Global level we have been working with the Embassies and High Commissions in India to bring in the International Best Practices and Business Opportunities.



"Lead the Change - Make the Difference"

PHD CHAMBER OF COMMERCE AND INDUSTRY

PHD House, 4/2 Siri Institutional Area, August Kranti Marg, New Delhi - 110 016 (India) • Tel. : +91-11-2686 3801-04, 49545454, 49545400
Fax : +91-11-2685 5450 • E-mail : phdcci@phdcci.in • Website : www.phdcci.in, CIN: U74899DL1951GAP001947