

Uttarakhand Economy: Growth and Challenges

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Abstract

A development vision for the state should include both human and economic aspects along with environmental conservation. Also crucial for social development is the development of women, youth, and children. Therefore, to change the situation of economic and social backwardness in the hill districts, it is important to adopt a well-articulated strategy that on the one hand pursues a clearly stated vision and on the other offers practical suggestions to move forward in the given context of Uttarakhand.

The economic policy in India has shifted to issues of equitable growth. This implies that the economy should not only maintain the tempo of growth but also spread the benefits of growth to all sections of the population and geographical regions of the country. This change in approach is particularly important for the hilly regions of the country, as they constantly struggle with underdevelopment, even when the rest of the economy is doing well. This paper analyses the problems of a relatively new state in the hills, Uttarakhand, and particularly the reasons for stagnation in the hilly regions of the state. It also examines the policy priorities that can enable the state to achieve inclusive growth.

This study proposes a strategy for a planned approach to rapid and inclusive growth of the hill districts. The development of agriculture and an agriculture-based system that is linked with the growth of industries and tourism can be the way towards inclusive development of the hill regions. This, along with a watershed approach, is proposed as an efficient way to improve land productivity and sustain it. New opportunities are available through the use of quality seeds suitable for hill agriculture and multi cropping systems combined with animal husbandry through cattle rearing, poultry, fishing, bee-keeping, etc.

Organic farming and agri-based employment opportunities need to be encouraged. The processing of fruits and vegetables, vocational training for youths, and banking and insurance in the service sector can provide livelihood security and support. Development of all these areas along with infrastructure development and better education facilities can be a direction for sustainable development of the hill regions for better quality of life to the inhabitants and to help halt migration from villages.

Key Words: Inclusive growth, Uttarakhand economy, Infrastructure.

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1. INTRODUCTION

Uttarakhand as a state was formed on 9th November 2002. It has traditionally been divided into two parts, the western half is known as Garhwal Mandal, and the eastern region is named Kumaon Mandal. The state comprises 13 districts. Nine are in hills, namely, Almora, Bageshwar, Chamoli, Champawat, Pauri Garhwal, Pithoragarh, Rudraprayag, Tehri Garhwal, and Uttarkashi. Two districts, Haridwar and Udham Singh Nagar, are in plains. The remaining two districts of Dehradun and Nainital have both substantial hills and plains. There are 78 tehsils, 95 developmental blocks, and 6,804 Gram Sabhas in the state. As per the 2011 census, the state has 16,606 revenue villages, of which 15,580 are inhabited (excluding forest settlements). Uttarakhand is very rich in the forest. Approximately 64 percent of the land in the state is under forest. Nearly 55 percent of the forest are concentrated in Uttarkashi, Chamoli, Pauri Garhwal, and Tehri Garhwal. The total number of towns is thirty-four. According to the 2011 Census, Uttarakhand's estimated total population is 10.1 million, with 963 females per 1000 males. 69.77 percent of the population is in rural areas. 47.37 percent of the total population in Uttarakhand lives in the villages of the hill districts. It is a young state with close to 42 percent of the total population in the active age group of 20-50.

Although roughly three-fifths of Uttarakhand's working population is engaged in agriculture, less than one-fifth of Uttarakhand's total area is cultivable. Steep slopes require careful terracing and irrigation, with water drained from the upper levels used to irrigate the lower ones. This method of terrace cultivation allows fields to be sown more than once per year. Wheat is the most widely cultivated crop, followed by rice and various millets planted on the drier leeward slopes. Sugarcane is grown extensively in the gently rolling foothills of the southern region. Other important crops include pulses (legumes) such as peas and chickpeas, oilseeds such as soybeans, peanuts, mustard seeds, and assorted fruits and vegetables.

Many farmers of Uttarakhand practice animal husbandry. The largest concentration of cattle to support dairy farming is found in the southern foothills. Goats and sheep are more common in the mountainous areas, although some cattle are kept in every village. The search for flourishing grassland has resulted in a tradition of transhumance, whereby livestock are led to graze in the mountain pastures during the warmer months but are transferred to the lower elevations for the winter. Some communities in the Siwalik Range historically have specialized in such seasonal herding.

Forests in Uttarakhand provide timber for construction, fuelwood, and various manufacturing activities, including handicrafts. Reforestation programs sponsored by the state government have moderately increased production, which, in turn, has facilitated the development of other forest-based industries.

2. Uttarakhand Economy:

2.1 Pre-independence economic growth

The traditional economy of Uttarakhand was mostly dependent on natural resources. It was based on subsistence agriculture, forest resources, artisanal crafts, some mining, and cross-border trade with Tibet by the Bhotiya communities in the northern districts. Prolonged struggles for the control and use of Uttarakhand's natural resources, particularly forests, influenced the traditional economy's nature and growth. The kind of institutional power determined the use of

Uttarakhand's forests – whether the state exploited them for commercial purposes or whether they provided livelihood resources to the community and protected the environment. British lawmakers enacted Forest Acts in 1865 and 1878 to establish their monopoly over forests in the territories ruled by them. Simultaneously, the customary rights of local communities were curtailed. After that, the Tehri state ruler also asserted his sovereign rights over forests and reduced the organizations' rights. Between 1911 and 1917, local peasants strongly opposed the reservation of forests in the Kumaon region.

Consequently, many firs, spruce, and oak forests were returned to the revenue department. Commercial species like deodar, pine and sal stayed with the forest department. Kumaon's forest reforms led to Van Panchayats' establishment, a unique experiment in community management of the forests handed over to the revenue department earlier. Van Panchayat lands met the village community's household needs for forest products, while the reserved forests under the forest department were exploited for commerce.

2.2 Post-independence mountain economy

The British laws and institutions for the management of forests in Uttarakhand were retained mainly after independence. Commercial interests replaced colonial interests. Forests became significant revenue generators for the state, and the Van Panchayats' powers were gradually reduced. The declining autonomy of local communities increased impoverishment. Deforestation reduced access to fodder, and agricultural productivity suffered. Since the mountain areas did not generate agricultural surpluses, development planners did not invest in mountain agriculture. Still, almost 90 percent of the mountain workforce was involved in agriculture as late as 1971 (Guha, 1989).

The inability to produce enough food grains for subsistence needs in the mountain districts led to increasing outmigration of non-disabled men and more significant burdens for the women left behind. Commercial exploitation of Uttarakhand's forests benefitted 'outside' contractors more than the local people. In the early 1970s, Dasholi Gram Swarajya Mandal (DGSM), a Sarvodaya organization established by Shri Chandi Prasad Bhatt, planned to manufacture essential wooden agricultural implements for local farmers at modest prices. But the Forest Department refused to provide trees for the purpose even as it gave lucrative contracts for clear-felling to large companies from outside the region. Such discrimination was one of the major causes for the well-known Chipko movement to save Uttarakhand's forests (Guha, 1989). It raised national and international awareness that a harmonious people-forests relationship was essential to sustain the mountain environment. Protests against the Tehri dam and the Doon valley's despoliation by limestone mining during the 1980s made it increasingly clear that the mountain regions' needs would not be met in a sizeable plains-dominated state like Uttar Pradesh.

Thus in the 1990s, the demand for a separate mountain state gained momentum. During the statehood agitation, Uttarakhand's people repeatedly highlighted the mountain character of the region. Consciousness created by the Chipko movement encouraged village women to demand that their new state pursue a green development path so that denuded slopes would be reforested, fuelwood and fodder could be plentiful in their villages, community ownership of these forests would provide them with forest products-based employment in their villages instead of forcing them to migrate to the plains, affore station and watershed development would

revive their drying springs and rain-fed rivers. Throughout the region, women-led demonstrations demanding a mountain state.

Uttarakhand's gross state domestic product for 2004 is estimated at \$6 billion in current prices. Born out of the partition of Uttar Pradesh, the new state of Uttarakhand produces about 8% of the output of the old Uttar Pradesh state.

The Uttarakhand state is the second-fastest-growing state in India. Its gross domestic product (GSDP) (at constant prices) more than doubled from ₹24,786 crores in F.Y. 2005 to ₹60,898 crores in FY2012. The real GSDP grew at 13.7% (CAGR) during the F.Y. 2005–FY2012 period. The service sector's contribution to the GSDP of Uttarakhand was just over 50% during F.Y. 2012. Per capita income in Uttarakhand is ₹1 03 000 (F.Y. 2013), which is higher than the national average of ₹74,920 (FY2013). According to the Reserve Bank of India, the total foreign direct investment in the state from April 2000 to October 2009 amounted to US\$46.7 million.

Like most of India, agriculture is one of the most significant sectors of the economy of Uttarakhand. Basmati rice, wheat, soybeans, groundnuts, coarse cereals, pulses, and oilseeds are the most widely grown crops. Fruits like apples, oranges, pears, peaches, litchis, and plums are widely grown and essential to the large food processing industry. Agricultural export zones have been set up in the sponge, horticulture, herbs, medicinal plants, and basmati rice. During 2010, wheat production was 831 thousand tonnes, and rice production was 610 thousand tonnes, while the main cash crop of the state, sugarcane, had a show of 5058 thousand tonnes. As 86% of the state consists of hills, the yield per hectare is not very high. 86% of all croplands are in the plains, while the remaining is from the mountains.

Other key industries include tourism and hydropower, and there is future development in I.T., ITES, biotechnology, pharmaceuticals, and automobile industries. The service sector of Uttarakhand mainly includes tourism, information technology, higher education, and banking.^[6] During 2005–2006, the state successfully developed three Integrated Industrial Estates (I) at Haridwar, Pantnagar, and Sitarganj; Pharma City at Selaqui; Information Technology Park at Sahastradhara (Dehradun); and a growth center at Siggadi (Kotdwar). Also, in 2006, 20 industrial sectors in public and private partnership models were developed.

2.3 Uttarakhand Budget 2020-21:

The Chief Minister, Mr. Trivendra Singh Rawat, presented the Budget for Uttarakhand for 2020-21 on March 4, 2020.

Receipts <ul style="list-style-type: none">• Total revenue receipts of 2020–21 are estimated to be ₹ 42,439 crores.• Total receipts in the financial year 2020–21 are estimated to be ₹ 42,474 crores.
Expenditure <ul style="list-style-type: none">• Total expenditure in the financial year 2020–21 is estimated to be ₹53,527 crores.• Total expenditure in the financial year 2020–21 estimated to be ₹ 42,390 crores in the revenue account• Total expenditure in the financial year 2020–21 estimated to be and ₹11,137 crore capital account.
Deficit <ul style="list-style-type: none">• Total fiscal deficit for the year 2020–21 ₹ 7,550 crores.

3. REVIEW OF GROWTH IN STATE'S ECONOMY AT CURRENT & CONSTANT PRICES

Although the above-mentioned tabulated data reflect the state's economy's overall growth, it appears necessary to analyze the state's year-wise state on various macro aggregates during 2011-12 to 2016-17PE.

The year-wise growth in GSDP, NSDP, and Per Capita Income (NSDP) at Current & Constant Prices from 2011-12 to 2016-17PE in percentage terms is presented in Table - B & Table - C respectively below:

Table - A: Yearly Growth in GSDP & NSDP and Per Capita GSDP & NSDP at Current Prices

Year	Percentage Growth Over Previous Year at Current Prices			
	GSDP	Per Capita GSDP	NSDP	Per Capita NSDP
1	2	3	4	5
2012-13	14.12	12.60	14.79	13.27
2013-14	13.27	11.76	12.62	11.12
2014-15	8.29	6.85	9.08	7.63
2015-16	9.13	7.68	9.51	8.06
2016-17	10.80	9.32	10.99	9.51

Table - B: Yearly Growth in GSDP & NSDP and Per Capita GSDP & NSDP (at Constant 2011-12 Prices)

Year	Percentage Growth Over Previous Year at Constant Prices			
	GSDP	Per Capita GSDP	NSDP	Per Capita NSDP
1	2	3	4	5
2012-13	14.12	12.60	14.79	13.27
2013-14	13.27	11.76	12.62	11.12
2014-15	8.29	6.85	9.08	7.63
2015-16	9.13	7.68	9.51	8.06
2016-17	10.80	9.32	10.99	9.51

- **GSDP:** The growth rate of Uttarakhand's GSDP (at constant prices) is estimated to be 6.9% in 2018-19, a decline from the 9.8% growth rate in 2016-17 and 7.8% growth rate in 2017-18.
- **Sectors:** Agriculture, Industry, and Services are estimated to contribute 10%, 52%, and 38%, respectively, to the state's economy in 2019-20. Both agriculture and industry sectors have seen a decline in their growth over the last few years.
- **Unemployment:** According to the Periodic Labour Force Survey (2017-18), Uttarakhand had an unemployment rate of 7.6%, compared to the all-India unemployment rate of 6.1%. The female unemployment rate in Uttarakhand is 10.7%, which is much higher than the all-India female.

4. Significant Reasons for Migration:

A variety of factors causes migration. Some of the elements are briefly described below:

Depleting Water Level

Depletion in the water level is also linked to migration. It is interesting to note that the three districts that have registered the highest migration rates are also the districts that have witnessed maximum depletion in water sources. Earlier, there was no shortage of water, but of late, there has been a seasonal shortage even in drinking water, let alone water for irrigation.

Employment

People migrate in large numbers from rural to plains in search of employment. The agricultural base of the rural economy in the Kumaun region does not employ all the people living there. Even the villages' small-scale and cottage industries fail to provide to the entire rural folk of the Kumaun region.

Education

Rural areas of the Kumaun region, by large, lack educational facilities like those of higher education, and rural people have to migrate to bare centers for this purpose. Apart from these causes, there are so many other reasons which force the people to migrate. These include lack of security, health services, infrastructure, and others.

5. Features and Government initiative for the development of Uttarakhand Economy:

Uttarakhand has an average annual GDP growth rate of 7.15 percent, much higher than India's annual average GDP rate at market prices (measured at 2011 prices), 6.77 percent in the same period. But the significant difference lies in the growth process that has been in Uttarakhand and at the national level. Unlike the federal level's growth process, Uttarakhand's growth in the last decade is dominated by industry.

- More than 50 percent of the value addition has come from industries in the last five years, and roughly 35 percent has come from services. Uttarakhand has made considerable strides in industrialization in the previous decade and a half as a state. Before the creation of the state, minimal industrial activities took place in the region. However, following the state's design and an assistance package from the center, the state has industrialized rapidly. The state has taken a well-rounded approach to develop industrial areas to attract industries. This has provided the foundation for establishing manufacturing bases of several high profile private and public firms. These manufacturing units and their ancillaries have employed the local population, but they have also been instrumental in attracting further investment in the state.
- The districts in the plains have been the primary beneficiaries of the industrial development in the state. The hills communities have failed to attract any significant investment since the industrialization drive began in Uttarakhand. The hilly terrain and lack of infrastructure are two primary reasons. Due to the fragile environment in the hills, only selected industries can operate there to maintain the delicate ecological balance. To employ the youth in the mountains, massive skill development initiatives need to be started and increased thrust towards self-employment through entrepreneurship development. The two potential domains can be agri-business and tourism.

- The growth of agri-business by encouraging production and building market linkages for high value-added agricultural products can be one area that can drive the growth and employment in the hill economy. Similarly, in tourism industries, skill and entrepreneurship development will help tap its potential in attracting foreign and domestic tourists. Further, we need infrastructural developments to achieve an efficient and competitive supply chain of goods and services for both growth drivers. These infrastructures include roads and transports, warehouses, and air connectivity, among others. Given the rugged geographical terrain and fiscal constraint, we may adopt a cluster of localities approach where many of these infrastructures will be built in each cluster's central location.
- The industrial growth has not been translated enough into development for the population in the state. The state lacks the mechanism to deliver and monitor the delivery of effective education at the primary level. The lack of access to higher education poses a significant hindrance to the state's youth for future employment and earning opportunities. Even the literacy rate in the state is nothing to be proud of. It is incredibly disheartening to see the districts receiving the gains from industrialization suffer from a lack of education.
- Uttarakhand's hilly terrain makes it challenging to distribute public services to the state's entire population effectively. Industrialization in the plains district has contributed to massive migration from the hills districts to the plains districts. Until and unless a concerted effort is put forward to distribute industrialization gains across the state, migration flow cannot be reversed. To achieve this, the state's population needs to be educated with adequate skill development, and entrepreneurship skills need to be imparted to the people with active government support. The challenge of providing support to the population makes it all the more important to achieve.
- One of the significant barriers to distributing industrialization and the development of local entrepreneurship is infrastructure availability. There are several issues related to infrastructure development in Uttarakhand. These include connectivity in civil aviation, power, surface transport, communication, and finance. However, any plan for an international airport requires good traffic. In this context, international airports at Haridwar and Pantnagar can be a feasible proposition and are much needed to improve long-distance connectivity.
- Owing to the state's hilly terrain, having a robust network of roads, trains, and air is an essential prerequisite for Uttarakhand's overall growth and development. Although the state's road network has been improving over the years, there hasn't been much development in the train network. The state's air network has also not improved, even though the state has enormous potential to become a significant tourism destination in the world given proper infrastructure and eco-tourism destinations are developed.
- A well-connected transportation network is also required for the industrial development of the state. As the manufacturing units in Uttarakhand depend on the business in other parts of India for their inputs, logistic costs form an essential factor of the firms' choice of location. Having a well-connected network of roads, rail lines, and airports can significantly bring down logistic costs, making Uttarakhand an attractive destination for firms to set up their bases. The central government has devised elaborate plans to develop industrial corridors,

and a small part of it is passing through Uttarakhand. The state needs to integrate them in their planning. A multi-modal logistics park has also been developed in Pantnagar.

- Elaborate plans need to be devised and implemented to connect Uttarakhand's remote locations to the country's rest. This will make the delivery of public services more comfortable and facilitate the development of new industrial zones. New eco-tourism destinations will also get developed through this, allowing entrepreneurship to bloom among the population and reversing migration flow. However, all this needs to be done in an environmentally conscious way to maintain the region's delicate ecological balance.
- The state has also taken proactive steps to develop the MSME sector. To keep the momentum of industrial progress going and generate further employment, the MSME sector's development is of paramount importance. However, the state needs to also become active in developing alternative sources of power. As India's commitment to Paris Agreement remains fulfilled, Uttarakhand can become one of the leading sources of renewable energy. This can also be a fundamental reason firms locate in Uttarakhand, as many of the world's top firms have committed to aligning their business practices along the Paris Agreement lines.
- The success in industrialization primarily came from the tax exemption scheme of the Central Government. However, the success of initial years in setting up of enterprises has been reduced in later years. According to the economic census, between 1998 and 2005, the compound annual growth rate (CAGR) in several enterprises was 6.05 percent. However, between 2005 and 2013, the CAGR in several enterprises came down to 2.68 percent, which is lower than the national average of 4.46 percent. In this background, the introduction of GST might make the state of entrepreneurship decline further. A substantial portion of the benefit from the Central Government's tax exemption will be eliminated with the advent of GST. In this situation, in the absence of a large domestic market or reserve of raw material, the state will face a steep challenge in maintaining the competitiveness in attracting industries. While Uttarakhand has successfully attracted modern industries like automobiles, these modern industries' employment elasticity is deficient.
- So adequate employment generation in the industrial sector has remained a challenge. Further, there are challenges in reviving old industries like sugar and paper. These industries are losing their profitability due to the non-adoption of modern technologies. Investments are required to modernize. Some of these problems can be partially solved if there is an improvement in transportation, improved supply of cheap skilled employees, development of local entrepreneurship, affordable and abundant electricity by producing more hydroelectricity and attracting capital to invest in older industries modernize them. However, while creating more hydroelectricity, we need to be careful about the hills' ecological balance.
- Unlike the growth process's national pattern, the I.T. sector does not have any substantive role in Uttarakhand's service sector growth. The service sector of Uttarakhand is dominated by 3 T- trade, Transport, and tourism. Though the productivity of these service sectors is not very high, their employment generation capacity is substantive. Apart from 3-T, the other contributing sectors in Uttarakhand's service sector growth are higher 17 education and banking. While the GDP growth is focused around 3-T, the value addition is much higher in real estate and other professional services.

- 2014 and 2015 have reported only about 5-6 percent of foreign tourist visitors against 2013 after natural disasters. This trend needs to be reversed as soon as possible by the policymakers and implementers. However, the number of foreign tourists visiting national parks shows an increasing trend in most Uttarakhand, and measures can increase its true potential. If more allocation is made to tourism and concerted action happens, it can result in an invariable rise in incoming international tourists to Uttarakhand destinations. One of the major stumbling blocks in the development of tourism is air connectivity and air transportation. Uttarakhand has only two functional airports, and one of them is disabled for most of the year due to weather disturbances. This situation needs to be improved, and better connectivity to and from international destinations is required to promote tourism in the state.
- Domestic tourism also needs to be given a similar focus. Much of the state's tourist potential is unutilized, and a lot of attention is required to develop the sector to achieve the same. Three different types of inputs – first, many sites are not widespread and need infrastructure and marketing push in two tourists. Second, foreign tourists prefer some locations that are more preferred and may be developed as destination tourism for foreign travelers and linked to circuits. Lastly, there are locations frequented only by domestic travellers and they need to be linked to infrastructure and other services required by domestic travelers. 1.17 No creditable data was found for the hotel and room infrastructure in the state.
- The agriculture in the hills of Uttarakhand is mainly subsistence type, not much remunerative. People in villages of hill districts are looking for occupations other than farming. As a result area under cultivation in hills has reduced. However, there is an increasing trend of horticulture, though it is much less than the state's potential. The primary difficulties for horticulture are linkages with the market. This linkage is weak due to a lack of transport and warehouse facilities. The scale of operation is a significant obstacle to 19 avails these facilities. Generally, in hills, the village's size and the number of people in that village are small. Hence, there is a need to create a cluster of villages that produces a horticultural product to get the required scale. Therefore, to develop horticulture, planning for the geographical concentration of production is required. Then the center of these clusters may be linked better with the market infrastructure. These kinds of groups of agricultural producers are highly feasible in the lower and middle high Himalayan region.
- The Uttarakhand Government is putting efforts to revitalize agriculture and allied activities in the State to rejuvenate hill agriculture significantly. Of the total geographical area of 53, 483 sq. km., 86 percent is a hilly area. The state has a 69.77 percent rural population, of which 67.90 percent are residents of the hill districts (Census 2011). Various schemes have been implemented to make agriculture and allied activities attractive and financially rewarding without undermining the fact that the same needs to be environmentally sustainable. Hill agriculture is mostly subsistence type, rainfed, and depends on suitable weather for good yields. The state government and its departments aim to change the outlook of the sector and make it market-oriented agriculture. In 2013- 14, the net sown area was 701.03 thousand hectares, which have fallen to 700.17 thousand hectares in 2014-15.

Given the challenges for growth, almost every sector in the state requires capital formation. However, we don't have reliable data on capital formation for most of the sectors. It makes it difficult to assess the progress being made in capital formation at the aggregate and sectoral levels. Even then, as we pointed out, there is a significant need to develop local entrepreneurship for sustaining the existing growth and spreading the hills' development. It requires extensive investment. However, the scope of public investment is limited by the availability of funds in the state exchequer.

There is an increasing revenue deficit as well as public debt for the State Government. In this situation, private initiatives become more critical, especially in critical areas of capital formation, hydroelectricity, roads, telecommunications, warehouses, skill development, etc. Within these areas, the scale of capital need is of different sizes. But, the credit-deposit ratio in the state is low. It is also an indicator of the poor state of mass private entrepreneurship. People are not willing to take the risk of the business. In this situation, where the State Government does not have enough resources to invest, it needs to design a policy framework that should reduce entrepreneurship's perceived business risk.

6. CONCLUSION

Long-awaited development in the hill districts of the Kumaun region has pushed backward the development of these districts relative to the other direct communities of the Kumaun region. This has resulted in the significant workforce's persistent migrations from these districts, which mainly constitutes the male youths of these regions. This has put pressure on the economy of these districts.

We see that the Kumaun is primarily dependent on agriculture, but many industries contribute to the economy. All the major industries were established in the plains areas in the Kumaun region. This paper shows that 86% of the state consists of hills region in the Kumaun area. Only some of the agricultural products like wheat, rice, and potato are Uttarakhand's critical products. Agriculture has to be among the top contributors of revenue in the Kumaun region from tabulation in this paper, but only some of the products are involved in agriculture. This means villages that have witnessed migration in the recent past now have to deal with several untended land plots interspersed with active farmland.

Migration in India and Uttarakhand, especially in the Kumaun region, is a historical and present phenomenon. The primary cause of migration is lack of government initiative to provide self-employment opportunities, failure to promote tourism and agriculture in the Kumaun region's hilly areas. Migration to cities has recorded to highest in Kumaun regions to benefit from more significant economic opportunities.

The total expenditure in 2020-21 is targeted at Rs 53,527 crore. This is 18.7% higher than the revised estimates of 2019-20. This expenditure is proposed to be met through receipts (other than borrowings) of Rs 42,474 crore and Rs 9,950 crore borrowings. Total tickets for 2020-21 (other than borrowings) are expected to be 19.5% higher than the revised estimate of 2019-20. However, they are estimated to fall short of the budgeted estimate by Rs 3,457 crore (8.9% of the budgeted estimate).

Uttarakhand's capital outlay for 2020-21 is estimated to be Rs 7,383 crore, which is 13.7% higher than the revised estimate of 2019-20. For the year 2019-20, the revised estimate for capital outlay

is 1.2% lower than the budget estimate. In 2020-21, 22% of the total capital outlay was towards Transport, and 19% is towards Rural Development and Water Supply, Sanitation, Housing and Urban Development, each.

Total receipts (excluding borrowings) for 2020-21 are estimated to be Rs 42,474 crore, an increase of 19.5% compared to the revised estimate of 2019-20. In 2019-20, total receipts (excluding borrowings) were estimated to fall short of the budgeted estimate by Rs 3,457 crore (8.9% of the budgeted estimate).

Krishi Utpadan Lagat Sarvekshan Yojana will be started to provide minimum support price for crops such as manual, Sanwa, urad, ghat, and masoor in agriculture. A provision of Rs 2,300 crore has been made for payment of wheat and paddy procured from farmers in 2020-21. Rs 240 crore has been allocated towards assistance to sugar mills for clearing dues of sugarcane farmers.

In the field of Education, Skills, and Employment Government will ensure buildings' construction in all government colleges in the state by 2022. Salary for guest teachers in universities will be increased from Rs 25,000 to Rs 35,000. Mukhyamantri Shikshuta Yojana will be started for learning new work-related skills in different sectors. Mukhyamantri Swarojgar Yojana and Mukhyamantri Palayan Roktham Yojana will be created for generating self-employment opportunities and preventing migration from the state. Rs 3,131 crore and Rs 4,737 crore have been allocated towards elementary education and secondary education, respectively. Rs 620 crores has been allocated towards higher education.

In health and social welfare approximately Rs; 300 crores has been allocated to establish a medical college in Haldwani, Almora, and Doon. Mukhyamantri Saubhagyaati Yojana will be started for preventing a decline in sex-ratio by providing kits to mothers on birth of a girl child in first delivery. Rs 100 crores have been allocated for the Atal Ayushman Uttarakhand Yojana. Pension for old-age, dependent widows, and disabled to be increased from Rs 1,000 per month to Rs 1,200 per month. Rs 1,072 crores has been allocated for the Pradhan Mantri Gram Sadak Yojana, and Rs 267 crore has been earmarked towards MGNREGS.

Committed expenditure of a state typically includes cost on payment of salaries, pensions, and interest. A larger proportion of the budget allocated for committed expenditure items limits the state's flexibility to decide other expenditure priorities such as capital investments. In 2020-21, the state was estimated to spend Rs 28,104 crore on committed expenditure, i.e., payment of salaries, pensions, and interest. This is 18% higher than the revised estimate of 2019-20 (Rs 23,816 crore). Committed liabilities form nearly two-thirds (66%) of the state's revenue receipts. This implies that the state has 34% of its revenue receipts left for all other expenditures. The state will meet any additional spending through borrowings.

State Goods and Services Tax (SGST) is the largest component of the state's tax revenue. It is expected to generate Rs 5,386 crore in 2020-21. This is a 9.5% increase from the revised estimate of 2019-20. SGST comprises 12.7% of the revenue receipts for the year 2020-21. In 2020-21, Uttarakhand was expected to generate Rs 3,400 crore from state excise and Rs 1,970 crore from sales tax. The revenue generated from these items is estimated to exceed the revised estimates of 2019-20 by 11.6% and 8.6%, respectively.

The GST (Compensation to States) Act, 2017 guarantees state compensation for five years (till 2022) for any revenue loss arising due to GST implementation. The Act guarantees sound a 14% annual growth on their revenue, which was subsumed under GST. If the GST revenue does not

match the guaranteed growth, compensation grants are provided to meet the shortfall. Uttarakhand has estimated GST compensation grants of Rs 3,571 crore for 2020-21, an 18% increase over the revised estimate of 2019-20 (Rs 3,017 crore). Note that an increase in the state's compensation requirement reflects a further decrease in the GST revenue growth rate compared to the 14% growth proposed under the Act.

A revenue deficit implies that the government needs to borrow to finance its expenses, which do not create capital assets. The budget estimates a revenue surplus of Rs 50 crore (or 0.02% of GSDP) in 2020-21. This implies that revenue receipts are expected to be slightly higher than revenue expenditure, resulting in a revenue surplus. In 2019-20, the state had estimated a revenue surplus of Rs 21 crore, as per the revised estimates.

The fiscal deficit is the excess of total expenditure over total receipts. This gap is filled by borrowings by the state government and leads to an increase in total liabilities. In 2020-21, the fiscal deficit was estimated to be Rs 7,550 crore, which is 2.6% of the GSDP. In 2019-20, as per the revised figures, the fiscal deficit was estimated at Rs 6,673 crore or 2.5% of GSDP. These estimates are within the 3% limit as per the FRBM Act.

In 2020-21, the state's outstanding liabilities (the accumulation of borrowings over the years) were expected to be 24.4% of the GSDP. This is higher than the 20% limit suggested by the FRBM Review Committee in 2017 for states' cumulative debt. The budget also estimates targets of outstanding liabilities for the coming years. It has estimated the outstanding liabilities to increase to 26.3% of the GSDP by 2023-24.

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