



Socio-Economic Development in Himachal Pradesh: A Disaggregated Study

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ABSTRACT

The present study “Socio-Economic Development in Himachal Pradesh: A Disaggregated Study” is an endeavour to examine the socio-economic conditions of all the districts of Himachal Pradesh at two points of time i.e. 2010-11 and 2019-20 with the help of 19 core indicators of socio-economic development. The study focuses on changing patterns of socio-economic development in Himachal Pradesh. Inter-district level of socio-economic development has been measured with the help of composite index of development. Inter-district in level of socio-economic development has also been analysed. Measure for plummeting inter-district inequalities have been suggested to ameliorate the level of development of backward districts. These measures would pave the way for a more balanced regional development of Himachal Pradesh, if and when, properly implemented.

I Introduction

Socio-economic development is the process of social and economic development in the society. Socio-economic development is measured with indicators, such as GDP, life expectancy, educational and health facilities, low level of crime and level of employment. It refers both to the social and economic growth, which is considered, interlinked and therefore inevitably to addressed together¹. The idea that both the social and economic growth is critical for achieving a high, sustainable growth, as well as poverty reduction. Rapid and sustained poverty reduction requires socio-economic growth that allows people to contribute and get benefit from economic growth².

The efforts made for socio-economic development in India have been aimed at the holistic development of all the regions of the country. One of the significant aims of development planning initiated immediately after independence has been reduction of regional disparities by promoting the development of all regions³. The socio-economic growth approach takes a long-term perspective as the focus is on productive employment rather than on direct income distribution, a mean of increasing income for excluded groups. In short run government could use income redistribution schemes to attenuate negative impacts on

the poor of policies intended to fast growth but transfer schemes cannot be an answer in the long run and can be problematic also in the short run⁴.

Socio-economic growth adopts a long run perspective and is concerned with sustained. (i) The growth needs to be sustained in the long run, and it should be broad-based across sectors. Issues of structural transformation for economic diversification, therefore take a front stage. (ii) It should also be including of the large part of the labour force, where it refers to equality opportunity in terms of access to markets, resources and unbiased regulatory environment for business and individual⁵.

The ultimate goal of socio-economic development has been to ensure that all sections of society are enabled to be part of the development process. All must have equal access to outcomes of development and equal opportunities for upward economic and social growth. Although it is said that India has been making notable progress, this goal of reaching the developments is yet to be attained by all. There many population groups that are till today discriminated, both socially and economically and are not able to participate freely and fully in the development process and reap its benefit⁶.

According to Meier and Baldwin, economic development is a process whereby an economy's real national income increases over a long period of time. This definition emphasizes on three ingredient of economic development (i) process (ii) real national income and (iii) long period. According to this definition economic development is viewed as a dynamic process which implies the series of change of social, technological and economic forces-Economic development signifies the higher level of real national income and to sustain the process of economic development, real national income should not only rise in the short period but it must also show an upward trend in the long period⁷.

The term development entails a vast multiplicity of meanings and interpretations. It has varied connotations mainly positive. In other words, the term does not have a fixed definition. Development has been rightly conceptualized as a process which improves the quality of life of people and it is certain that development points towards prosperity and advancement.

Development is a multidimensional phenomenon. The term development may mean different things to different people. In strictly economic terms, development has traditionally meant a sustained annual increase in Gross National Product or Gross Domestic Product GDP⁸.

According to Todaro, "Development must, therefore, be conceived of as a multidimensional process involving major changes in social structures, people attitudes and national institutions, as well as the acceleration of economic growth, the reduction of inequality and the eradication of absolute poverty."⁹

The process of development involves mobilization of natural resources, augmentation of untrained manpower capital and technical know-how and their utilization for attainment of constantly rising national goals, higher living standards and the changer over from a traditional to a modern society. It is often argued that countries pass through different phases during the course of development and that by identifying these stages, according to certain characteristics a country can be deemed to have reached a certain stage of development.¹⁰

. The realization of human personality depends on three basic conditions (i) the bare subsistent level of living comprising food, clothing and shelter, (ii) employment and (iii) equal distribution of income. A successive reduction in poverty, unemployment and inequality constitutes development. Long run economic growth may be a necessary condition for development but not a sufficient one¹¹. Development can be seen ... as a process of expanding the freedoms that people enjoy.¹²

Till the 1950s, the term economic development' was often used as a synonym of economic growth, the measure for the latter the rise in per capita GNP in real terms. According to, Kindleberger, "whereas economic growth merely refers to rise in output, economic development implies changes in technological and institutional organization of production as well as distributive pattern of income."¹³

Himachal Pradesh secure a prime position in the scene of Himalayan's socio-economic development. The abundance of natural resources, adequate potential for setting up of hydroelectric projects have made headway towards a very prosper socio-economic development of Himachal Pradesh. But this progress is not homogeneous for the entire state. In Himalayan region as this state is characterized by wide ranging inter-regional differences in resource endowment and geo-physical and agro-climatic conditions.¹⁴

The studies on inter-regional and intraregional imbalances in socio-economic development have attracted attention of many social scientists and planners. At the outset it appears in many studies, that such disparities are divergent in nature leading to wider gaps among enumeration units, while other studies explain that imbalances in socio-economic development are convergent in nature and with time they would narrow down. Jean Dreze and Amartya Sen (2002) pinpoint that better living conditions in Himachal Pradesh are due to a prosperous rural economy, higher levels of per capita government expenditure and proportion of persons employed in the public sector. L. R. Sharma (1987) in his study gives insights for understanding the basic problems of Himachal Pradesh. Paras Ram (1995) in his study on inter-district disparities in the level of socio-economic development of Himachal Pradesh did not take basic indicators to portray socio-economic development. The study by A. K. Tiwari (2000) on "Infrastructure and Economic Development in Himachal Pradesh" has examined the extent of inter-district disparities in infrastructural facilities and levels of economic development at two points of time, i.e. 1980-81 and 1990-91. Thus, the present research is an endeavour to evaluate level of socio-economic development in Himachal Pradesh at the district level.¹⁵

II. Objectives of the Study

The main objective of the study is to analyse socio-economic development in Himachal Pradesh at two points of time i.e. 2010-11 and 2019-20. An effort has also been made to examine inter-district disparities in socio-economic development in Himachal Pradesh.

III. Methodology

The present study is based upon secondary data. The concerned data has been collected from various publication of Reserve Bank of India, various issues of Economic Survey of India, publication of state government of Himachal Pradesh, NSSO and CSO reports and various publications of Government of India and other available resources.

(a) Construction of Composite Indices

The method which have been generally used for construction of composite index of development by polling several indicators of are those of indexing, ranking and Principal component analysis including factor analysis. To determine the weights of selected indicators and to identify basic factors which are crucial for constructing Principal Component Analysis (PCA) based on statistical techniques termed as factor analysis¹⁵.

In the first two method i.e. indexing and ranking for construction of composite index of various physical variables, either subjective weights are assigned or they are left unweighted.¹⁶ Since the indicators selected for working out composite indices are measured in different units and such they cannot be directly added, it is necessary to convert the variables into standard units so the initial scale selected for measuring the variables not bias the results. The following method has applied in the present study in order to eliminate the bias of scale:

$$Z_{ij} = \frac{x_{ij} - \bar{X}_j}{\sigma_{xj}} \times 100$$

Where

x_{ij} = value of x_j variables on the i th observation;

\bar{X}_j = mean value of x_j variables; and

σ_{xj} = standard deviation on the x_j variables.

(b) Determining Inter-District Disparities

In order to measure disparities in the level of development, the method of coefficient variation has been used. This method is the most commonly used measure of relative importance, coefficient of variation is the percentage variation in the mean, the standard deviation being treated as the total variation in the mean¹⁷. It is used in such problems where it is intended to compare the variability of two or more than two series. The series for which the coefficient of variation is greater is said to be more variable or conversely less consistent and vice-versa.

Coefficient of variation will be calculated by using the following formula:

$$C.V. = \frac{\sigma_{xj}}{\bar{X}} \times 100$$

Where

C.V. = Coefficient of variation,

σ_{xj} = Standard Deviation and

\bar{X} = Mean

In present study, district has been ranked on the basis of values of composite index of socio-development. For as certainly correlations between the levels of socio-economic development among different sectors or examining the relationship between patterns of development in the benchmark years, spears man's rank difference method has been applied, formula is as under:

$$P = 1 - \frac{6\Sigma D^2}{N^3 - N}$$

Where

P (rho) = stands for Rank Correlation Coefficient

ΣD^2 = The total of the squares of the difference of corresponding ranks, and

N = The number of pairs of observations.

IV. Result and Discussion

In the present study level of social economic development has been examined on the basis of Z-scores as discussed in the methodology. The ranking of districts is given in Table 1.1. It is evident from the table that in 2010-11 district Kangra (31.06777) has been placed at in respect of 19 indicators of socio-economic development in Himachal Pradrsh, followed by Lahaul & Spiti(22.60984), Kinnaur(17.17545), Mandi(17.15945) and Shimla(16.99416), While district Chamba(6.654551) was on the bottom of the level of socio-economic, followed by the district Sirmaur(6.937018), Kullu((7.190279), Hamirur(8.77095) and Una(8.872101). Distrc Solan and Bilaspur were found moderate district in the level of socio-economic deve;lopment in Himachal Pradesh. Whereas in 2019-20 district Kangra (C.I.=32.50811) has been placed at the top in respect of 19 indicators of socio-economic development in Himachal Pradesh, followed by the District Lahaul & Spiti (C.I.=22.39565), Mandi (C.I.=19.47109), Kinnaur (C.I.=17.16846) and Shimla (C.I.=15.0595) and similarly the district Chama (C.I.=7.24458) was on bottom of the level of socio-economic development in Himachal Pradesh, followed by the district Sirmaur (C.I.=7.68561), Kullu (C.I.=7.82198) and Una (C.I.=8.02379). District Solan (C.I.=11.61011), Bilaspur (C.I.=9.7385) and Hamirpur were found to be moderate districts in level of socio-economic development in the study period.

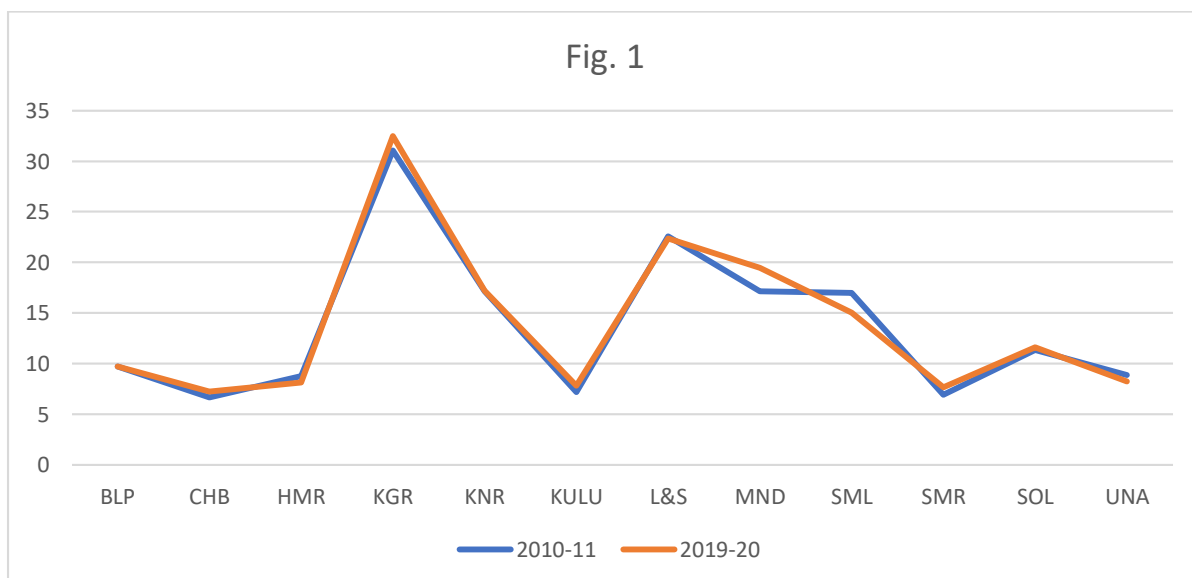
This table revealed that whereas Kangra, Lahaul & Spiti and Shimla retained their positions, district Mandi improved their ranking from position fourth to 3rd position and district Kinnaur loss one placed fourth in socio-economic development. Also, district Hamirpur improved their position from ninth to eight and district Una loss one position placed at ninth place in 2019-20. The average index for the state as a whole has increased slightly. The value of coefficient of variance has increased from 52.51 to 53.52 during the study period.

Table1.1 Composite Index of Socio-Economic development

District	2010-11		2019-20	
	C I	Rank	C I	Rank
Bilaspur	9.727304	7	9.7385	7
Chamba	6.654551	12	7.24458	12
Hamirpur	8.77095	9	8.14296	8
Kangra	31.06777	1	32.50811	1
Kinaur	17.17545	3	17.16846	4
Kulu	7.190279	10	7.82198	10
Lahaul & Spiti	22.60984	2	22.39565	2
Mandi	17.15945	4	19.47109	3
Shimla	16.99416	5	15.0595	5
Sirmaur	6.937018	11	7.68561	11
Solan	11.37431	6	11.61011	6
Una	8.872101	8	8.02379	9
Mean	13.71		13.9059	
SD	7.2		7.5	
C.V.	52.51		53.82	

R12=0.98

This indicates that the disparities in the level of socio-economic development have been increased. The Spearman's coefficient correlation shows that there is perfect association between ranking of 2010-11 and 2019-20. This relationship is also significant and positive in all respect which indicates that the patterns of socio-economic development has been similar at both point of time at district level in Himachal Pradesh.



Further, it is evident from Fig. 1, that socio-economic development at district level has been almost similar during 2010-2011 and 2018-2019 however, marginal changes in respect of district Mandi and Shimla was visualized.

The district has been classified into three categories on the basis of their level of socio-economic development in which districts have been classified High Level of socio-economic development which have composite index value higher than state average, moderate level of socio-economic development which have composite index value near to the state average and low level of socio-economic development which have the composite value farthest from the state average.

Table 1.2 Stages of Socio-Economic Development for 2010-11

Stages	Districts	
	2010-11	2019-20
High Level	Kangra, Lahaul&Spiti, Kinnaur, Mandi Shimla	Kangra, Lahaul&Spiti, Mandi, Kinnaur, Shimla
Moderate	Solan, Bilaspur, Una	Solan, Bilaspur, Hamirpur
Low Level	Chamba, Sirmaur, Kullu, Hamirpur	Chamba, Sirmaur, Kullu, Una

Table 1.2 shows that in time period 2010-11 five district namely Kangra, Lahaul&Spiti, Kinnaur, Mandi Shimla were in the High level of socio-economic development in Himachal Pradesh. However, three districts Solan, Bilaspur and Una were in the moderate level of socio-economic development and four districts namely, Chamba, Sirmaur, Kullu and Hamirpur fall in the low level of socio-economic development.

Table 1.2 indicates that during the time period 2019-20 five districts namely Kangra, Lahaul&spiti, Mandi, Kinnaur and Shimla were in the High level of socio-economic development in Himachal Pradesh. Whereas, districts Solan, Bilaspur and Hamirpur were in moderate level of socio-economic development and four districts namely Chamba, Sirmaur, Kullu and Una fall in the low level of socio-economic development. Table 1.2 and 1.3 shows that district Una improved their level of development from low stages of level of socio-economic development to moderate level of socio-economic development in 2019-20. This study revealed that there is large variation in highly developed districts.

V. Conclusion

The planned efforts made for the socio-economic development have been aimed at the holistic development of the all the regions of the country. The planning and implementation processes have focused on regional development. Due to varying physiographic and geo-climatic conditions of Himachal Pradesh, implementation of planning at ground level is not an easy task to accomplish. This study revealed that during the time period 2010-11 five districts, namely, Kangra, Lahaul&Spiti, Kinnaur, Mandi and Shimla were in the High level of socio-economic development in Himachal Pradesh due to conducive environment for remunerative horticultural production, tourism and hydroelectricity projects whereas, four districts namely, Chamba, Sirmaur, Kullu and Hamirpur fall in the low level of socio-economic development due

to low level of infrastructural development in these districts. In 2019-20 five districts namely Kangra, Lahaul&Spiti, Mandi Kinnaur and Shimla emerged as high developed districts whereas, four districts namely Chamba, Sirmaur, Kullu and Una falls under the low developed category. According to this study, the districts which have experienced a low level of Socio-economic development, should be given first priority in the process for implementing the development plans for creation of effective infrastructural base and by keeping the pace of development of highly development. To achieve an optimal socio-economic development, it is imperative that the development gap prevailing between low developed districts and highly developed districts should be systematically and judiciously alleviated with the help of effective infrastructural facilities provided on the basis of requirement.

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