CHAPTER – 1
Introduction

The existence of intra as well as inter-class and caste-wise disparities in the
distribution of assets, income, employment, consumption and thereby in the
levels of living within the region as well as between the regions among the
different sections of the society is widely believed to be an important cause
of prevailing social tensions and unrest. The prevalence of poverty,
inequalities and unemployment constitutes a major problem in any
developing economy. It is commonly believed that inequalities in the
distribution of assets, income and consumption expenditure are growing and
this trend, if unchecked, would aggravate tensions and endanger the
country’s stability. The development policies of the government are
increasingly judged not merely by their success in achieving a rapid
expansion of real output but also in terms of how the fruits of development
are distributed between different classes and regions.¹

In India, even after more than five decades of planned development,
the gap between the 'haves' and 'have nots' has not been reduced. One of
the most striking experience of planned efforts in India is that economically
backward regions and economically backward and socially oppressed
people in both developed and backward regions have gained little. The
benefits of successive Five Year Plans have passed more to the already
developed regions. Even within regions, benefits accrued proportionately
more to the already rich and socially privileged sections of the society,
perpetuating social inequalities and disparities of income and wealth
distribution and hence resulted in variations in the standard of living of the
different sections of the society. The benefits of planning accruing to
selected regions and selected people is undesirable from the point of view of
balanced regional development and distributive justice.²

The term ‘levels of living’ refers to the quantity and quality of goods
and services regularly consumed by the citizens of an economy during a
given period of time. The high degree of inequality in an economy implies
that the masses of the people in the lower income groups have levels of

living much below to that indicated by the average figures. The levels of living are important to have a comparative view of the levels of development of an economy over a period of time. As a result of it, the study of levels of living has become the major goal of planning for development in the different economies to raise levels of living of the masses who are suffering from poverty, inequality and unemployment. In circular causation a rise in the levels of living is likely to improve almost all other socio-economic conditions e.g. efforts made to improve the work, efficiency and productivity of labour will automatically lead to an improvement in literacy, income, employment, saving, investment, capital formation, attitudes and institutions and thereby directly and indirectly effect the levels of living of the masses in the economy.3

During the decades of 1950’s and 1960’s exclusive emphasis was laid on the growth of Gross National Product (GNP) as the performance indicator of economic development. This pre-occupation with growth rates was prompted by the belief in the automatic and eventual ‘trickle down’ of the benefits of development to the various strata of the society. It was assumed that reduction of poverty could only be tackled after a certain level of Gross National Product had been reached – first the cake had to be produced and made bigger before it could be equally distributed.4

Adleman and Morris (1973)5 in Economic Growth and Social Equality in Developing Countries stated that hundreds of millions of desperately poor people throughout the world have been hurt rather than helped by economic development. Unless their destinies become a major and explicit focus of the 1970’s and 1980’s economic development may serve merely to promote social injustice.

The gradual realization that economic growth has by-passed the large percentage of population in developing countries led to the awareness that growth in average Gross National Product is not a reliable indicator of improvements in the economic well-being. Of late theoretical and empirical explorations in development studies have focused attention on the distributional aspects of economic growth. This is sought to be understood in terms of the inter-relationship between economic growth, income
inequality, poverty and welfare obtained among the various regions and the socio-economic groups therein at the national and international level.

Dandekar and Rath (1971) stated that 'the problem of poverty and/or inequalities in India is a problem of low national income and its unequal distribution, of slow pace of development and inequitable distribution of small gains of development'.

According to Meier, 'development may be defined as nothing less than the – upward movement of the entire social system or it may be interpreted as the attainments of a number of ideals of modernization, such as a rise in productivity, social and economic equalization, modern knowledge, improved institutions and attitudes, and a rationally co-ordinated system of policy measures that can remove the host of undesirable conditions in the social system that have perpetuated a state of under-development'.

Mehmet (1978) stated that 'a nation should aspire to a standard of living for all its people as high as can be achieved with the resources available to it; equitable distribution of income; gainful employment and education to all in accordance with their talent, victory over diseases; equality of social status; adequate facilities for transportation and communication, so that the nation may be effectively unified economically and socially'.

Ali (1979) rightly remarked that it cannot be definitely said that economic welfare has increased even if the real national income and real per capita income has risen, until and unless the resultant distribution of income is also considered. Even the growth theory, according to which rapid industrialization and structural transformation would spread the benefits of growth among the various strata of society eventually by trickle down process, has failed to reduce the social and economic inequalities in the Indian situation. In addition to growth aspect emphasis should also be laid on the re-distributional aspect through the spread of education, wage creation and asset transfer policies so that the benefits of development can reach directly to each and every down-trodden category of the society.
The basic needs strategy, in its current broad formulation, is conceived as an attack on deprivation in its two major facets: physical deprivation due to inadequate means of subsistence and the associated deprivation of basic human rights. These essential concepts involved have been defined by the International Labour Office (1977). First, they include certain minimum requirements of a family for private consumption: adequate food, shelter and clothing are obviously included as would be certain household equipment and furniture. Second, they include essential services provided by and for the community at large, such as safe drinking water, sanitation, public transport, health and educational facilities. And more fundamentally: a basic needs oriented policy implies the participation of people in making the decisions which affect them. Participation interacts with the two main elements of a basic needs strategy. For example, education and good health will facilitate participation, and participation in turn will strengthen the claim for the material basic needs. The satisfaction of an absolute level of basic needs as so defined should be placed within a broader framework – namely the fulfilment of basic human rights, which are not only ends in themselves but also contribute to the attainment of other goals.

In the words of Nehru the first task of the Government is to free India through a new Constitution to feed the starving people, clothe the naked people, and to give every Indian the fullest opportunity to develop himself according to his capacity.

The Indian leadership always viewed its task in terms of three revolutions: political, social and economic. The political revolution ended with independence. The social revolution meant the elimination of medievalism based on birth, religion, caste and community, and the reconstruction of social structure on modern foundations of law, individual merit, and secular education. The economic revolution was to consist of 'transition from primitive rural economy to scientific and planned agriculture and industry'. As Radha Krishnan, the known philosopher, among many others, underlined, a 'socio-economic revolution' in India has not only to attain 'the real satisfaction of the fundamental needs of the common man'
but also to go much deeper and bring about a fundamental restructuring of Indian society.\textsuperscript{13}

The basic task of economic planning in India is to bring about a structural transformation of the economy so as to achieve high and sustained rate of growth, a progressive improvement in the standard of living of the masses leading to the eradication of poverty, inequality and unemployment as well as to provide material base for self-reliant socialist economy.\textsuperscript{14} Poverty, unemployment and inequality are related phenomena such that success in solving or reducing one of these can be assumed to have a favourable effect on others. Conceived in this broad sense, the alleviation of poverty in one form or the other has always occupied an important place in the list of stated objectives of all the Five Year Plans of the country.\textsuperscript{15}

In India, the planning process began in 1951 with the launching of the First Five Year Plan to increase the economic growth. It was only 1970's that the growth with social justice as made one of the main objective of Five Year Plans and a number of anti-poverty and employment generation programmes have been launched in the successive plans to remove the socio-economic inequalities. The special component plan for scheduled castes and tribal sub-plan for the scheduled tribes have been launched by the Government with a view to raising the levels of living of the most down-trodden and underprivileged sections of the society.

In the process of the formulation of development strategies though development of rural areas has a prior claim in the planning strategy due to the dominance of the rural sector which is the most vulnerable sector of our economy, but for balanced regional development and modernization of the existing way of life, urbanization is also a necessity because urbanization has been responsible for the modernization process both in developed and developing economies.\textsuperscript{16}

In the developing economies where the primary sector is predominant, the chances for greater urbanization and thereby modernization are great and the objective of rural development can be achieved only by having an integrated rural-urban development planning
strategy because planned urbanization is a necessary component of the infrastructure of economic development as towns provide, *inter alia*, a variety of centralized services for the surrounding rural areas such as marketing of agricultural surplus and products of village and cottage industries, and supply to rural areas of a variety of goods ... and last but not the least, specialist skills in a wide variety of fields required for rural development.  

Ojha (1970)\(^\text{18}\) rightly remarked that ‘the phenomenon of relative poverty is found to exist even in the affluent societies such as the Untied States of America; the relative status is largely a subjective matter. The absolute poverty is a question of fact and it is not based on any subjective judgement. The estimates of people below such a ‘poverty line’ refer to those who are unable to earn a physical sustenance, let alone other minimum comforts. Thus there are two concepts of poverty viz., relative and absolute poverty, while relative poverty is measured in terms of inequality in the distribution of income and absolute poverty is reckoned in terms of some kind of notion of subsistence considered appropriate to the circumstances of the country concerned. In a developing country like India, where incomes are low, absolute poverty is generally reflected mainly in inadequacy of food intake, though the definition of subsistence appropriate to such countries might (in fact should) also include other essential minimum needs such as clothing, housing, fuel, light, education, health etc.\(^\text{19}\)

Poverty as a concept is closely related to inequality. Given the average income level, higher level of inequality will tend to be associated with a higher level of poverty. Furthermore, the so-called ‘poverty line’ may sometimes be drawn in the light of the socially accepted ‘minimal’ standard of living and the latter can be influenced by the average income level, so that poverty measures thus defined may catch an aspect of relative inequality as well.\(^\text{20}\)

Poverty has been identified not merely with inequality but also with unemployment. Dandekar and Rath have defined ‘an adequate level of employment...in terms of its capacity to provide minimum living to the population’.\(^\text{21}\) In his fourfold classification of unemployment Raj Krishna, identifies this approach to unemployment as ‘the income criterion’.\(^\text{22}\)
There are however two major problems involved in defining the concept of poverty. The first relates to the problem of identifying ‘poor’ and second to the problem of ‘measurement’.

The terms such as ‘poor’, ‘disadvantaged’, ‘economically weak’ and ‘less privileged’ are used interchangeably. But the specific groups to which these descriptions are applied differ from study to study; the reference is to either socially backward groups or groups pursuing economic activities which do not provide reasonable levels of living. These differences in the nomenclatures and their application to specific sections of the population notwithstanding, the basic underlying characteristics of the groups described as poor or weak or disadvantaged are the miserably low levels of income and the palpably small productive resources at their command.

A considerable body of evidence exists to show that the bulk of low income population is concentrated in households engaged in cultivation on marginal and small holdings and agricultural labourer; these holdings typically combine other low income rural occupations such as non-agricultural labourer, traditional rural arts and crafts, and low grade professions, such as barbers, cobblers, tailors, weavers, potters etc. Consideration of these two categories of households as low income sections, therefore be adequate. Secondly, small land holders and labourers belong overwhelmingly to low social strata composed of relatively low Hindu castes, scheduled castes and scheduled tribes and in some cases religious minorities in the rural areas.\(^{23}\)

In the urban areas the poor usually included self employed persons in the service sector viz., the off cited hawkers, shoe shine boys, repair and maintenance workers, scavengers, barbers, cobblers; unskilled workers who are employed in the manufacturing, construction or service sector — some of them in the modern sector, perhaps irregularly; recent migrants who have taken on casual works while looking for better jobs; skilled workers, usually self employed, some of them have relatively obsolete skills (viz., pottery, hand spinning) and do not enjoy much demand for their product; others such as tailors and carpenters who operate on a very small scale; and aged and disabled persons who are not taken into labour force.\(^{24}\)
The magnitude of poverty can be measured both in absolute and relative terms. Both absolute and relative poverty are closely aligned to inequality in income distribution. Relative poverty arises entirely as a consequence of an unequal distribution of income irrespective of what the income level, or the corresponding state of deprivation, of the people at the bottom end of the income scale might be. Absolute poverty on the other hand, expresses a collective view on deprivation in its somewhat physical manifestation. Thus any measure of relative poverty is, therefore, inextricably embedded in the measure of inequality, whereas a measure of absolute poverty primarily depends on an exogenously determined standard of poverty line, which represents a socially acceptable minimum level of living.\textsuperscript{25}

The magnitude of relative poverty is usually measured with the help of Lorenz Curve and Gini-coefficient, whereas the extent of absolute poverty is measured with the help of 'normative measures' by taking into consideration the value of the recommended basket of food items providing the required nutrition to a consumer unit i.e. 2400 calories per consumer unit per day in rural and 2100 calories in the urban areas and the value of the actual consumption of food items during a given period of time. The consumers consuming less than the recommended diet are considered 'poor' and those consuming more than this basket are termed 'not poor'. This is called Nutrition Approach. The minimum food requirement is necessary but not sufficient from the survival point of view. The minimum non-food requirements are equally important which vary from region to region due to the variations in the topography and climatic conditions.

The poor have either no or inferior productive assets like land and livestock and they suffer from disguised and seasonal unemployment and/or under-employment which are involuntary in nature. The extent of unemployment is generally measured with the help of 'time criterion'. But a worker may be fully employed as per the time criterion but he may not be in a position to meet out his basic requirements due to low wages and/or income from the occupation and thereby is under employed as per the 'income criterion'. Further a worker may be willing to work for additional
hours on the existing wage rate due to family and social liabilities as well as due to heavy debt burden, and is measured with the help of 'willingness criterion'. Most of the poor are falling in the debt trap mainly due to reason that these households used to take loans mainly from the village money lenders on a very high rate of interest especially to meet out the domestic consumption requirements and/or to meet out the social obligations like marriages, birth and death ceremonies which are unproductive in nature.

The efforts made through planned development registered a quantitative improvement in the socio-economic status of the weaker sections mainly the scheduled caste and scheduled tribe population. However the progress made by them could not bring them at par with the mainstream society as the gap in their socio-economic status continued to prevail. The poverty alleviation programmes put into action both in the rural and urban areas since 1980s have not only helped the poor people to cross the poverty line, but also brought down the poverty rates quite effectively. The combined poverty ratio has declined from 54.9 percent in 1973-74 to 26.1 percent in 1999-2000. In absolute terms, the number of poor declined from 321.3 million in 1973-74 to 260.3 million in 1999-2000. Even after the special programmes for the betterment of weaker sections, the incidence of poverty among the scheduled caste and scheduled tribe population continues to be very high with 36.25 and 38.47 percent among the scheduled castes and 45.86 and 34.75 percent among the scheduled tribes as compared to 27.09 and 23.62 percent among the total population in 1999-2000 in the rural and urban areas respectively. This is primarily due to the fact that a large number of scheduled castes and scheduled tribes living below the poverty line are landless with no and/or inferior productive assets and have no access to sustainable gainful employment. Generally, the land provided to the scheduled caste and scheduled tribe population under the Government schemes is inferior in quality and not suitable for cultivation. Moreover land reforms have failed in terms of equitable and just distribution of land, especially in making more and suitable land for cultivation available to the weaker sections.
The magnitude of poverty, inequalities and unemployment differs widely among different States as well as different regions and different socio-economic groups i.e. general caste, scheduled caste and scheduled tribe households within the State because of differences in topography, resource endowments, infrastructural facilities mainly health and educational institutions, climatic conditions as well as socio-economic conditions etc. Therefore, regional location specific studies can play important role in formulating the developmental strategies in order to remove the regional imbalances as well as the socio-economic inequalities prevailing among the weaker sections. Therefore, the present study has been undertaken with a view to analyse the variations in the levels of living among the different socio-economic groups i.e. general caste, scheduled caste and scheduled tribe households in both the rural and urban areas in the State of Himachal Pradesh.

1.1 An Overview of the State Economy of Himachal Pradesh

Himachal Pradesh came into being as a part of ‘C’ state of the Indian Union on 15th April 1948 by the integration of 31 big and small hill states. At that time the State had four districts viz., Chamba, Mahasu, Mandi and Sirmour with an area of 27169 square kilometers. In 1954, the neighbouring State of Bilaspur was integrated with Himachal Pradesh, thereby adding one more district with an area of 1167 square kilometers.

Himachal Pradesh continued as a part ‘C’ State of the Indian Union till 1956 when the States Reorganisation Commission submitted its recommendations to abolish the categorization of States as part A, B, C etc. and recommended the merger of all part ‘C’ States either with adjoining states of higher status or to maintain these independently as union territory till a further decision was taken. Himachal Pradesh continued to exist as a union territory till the conferment of Statehood on 25th January, 1971.

In 1960, the border Chini tehsil of Mahasu district was carved out as a separate administrative unit and district Kinnaur was formed raising the total number of districts to six. On 1st November, 1966, the Punjab State was reorganized with the formation of Haryana as a separate State and merger of then Kullu, Kangra, Shimla and some hilly areas of Hoshiarpur district and
Dalhousie of Gurdaspur district into Himachal Pradesh constituting the four new districts viz., Kullu, Lahaul and Spiti, Kangra and Shimla in Himachal Pradesh and merging Dalhousie into Chamba district. With this addition, Himachal Pradesh comprised of ten districts, an area of 55,673 sq. kilometers and a population of 28.12 lakh according to 1961 Census. The re-organization of the districts took place on 1st September, 1972, as a consequence two more new districts namely Una and Hamirpur were created mainly as a result of trifurcation of the Kangra district and the Mahasu and Solan districts were re-organized as Shimla and Solan districts.

Himachal Pradesh lies in the lap of Himalayas. It is almost wholly mountainous with altitude ranging from 350 meters to 6975 meters above the mean sea level. It is situated between 30°22'40" to 33°12'20" North latitudes and 75°45'55" to 79°04'20" East longitudes. It is surrounded by Jammu and Kashmir in the North, Tibet on North-East, Uttaranchal in East/South East, Haryana in South and Punjab in South West/West.

The State can be divided into three zones:

i) Low-Hill Zone upto an elevation of 915 meters, these are very fertile and can be subjected to intensive cultivation,

ii) Mid-Hill Zone having an altitude of 915 to 1525 meters. Due to plenty of grass land these are suitable for animal husbandry and partly for agriculture and horticulture, and

iii) High-Hill Zone above 1525 meters, which is very suitable for horticulture between the altitude of 1525 to 2000 meters and the area above 2000 meters is sparsely populated and covered by grass lands and forests, the peaks are covered by perennial snows and are without vegetation.

Since 1st September 1972, there have been no changes in the administrative structure of Himachal Pradesh except carving of new sub-divisions, sub-tehsils, raising of sub-tehsils to the level of tehsils. Presently, there are 12 districts, 52 sub-divisions, 109 tehsils and sub-tehsils in Himachal Pradesh. From the development point of view, the State has been divided into 75 development blocks. The smallest unit for
development-cum-administration is panchayat and there number is 3037.

According to the Surveyor General of India, the total area of Himachal Pradesh is 55,673 square kilometers which is divided into twelve administrative districts. Area-wise, Hamirpur is the smallest district of the Pradesh which covers an area of 1118 square kilometers (2.01 percent) and Lahaul and Spiti has the largest area of 13835 square kilometers (24.85 percent).

The total population of Himachal Pradesh according to 2001 Census was 60,77,900. Out of the total population, the number of males and females was 30,87,940 and 29,89,960 respectively which means that the number of females per thousand male is 968. The sex ratio of females per thousand males has been rising continuously in Himachal Pradesh since 1951 but declined from 976 in 1991 Census to 968 in 2001 Census. The total percentage of rural population was 90.21 percent of the total population residing in 17,495 inhabited villages. The total population of scheduled caste according to 2001 Census in Himachal Pradesh was 15,02,170 (males 7,63,333 and 7,38,837 females), which is 24.72 percent of the total State population. According to 2001 Census, the population of Himachal Pradesh has increased by 17.54 percent over the previous decade, whereas the growth rate for scheduled caste population for this period was 14.64 percent. The scheduled tribe population of State, which has its concentration in the districts of Kinnaur and Lahaul Spiti and parts of Chamba district and scattered in other districts was 2,44,587 which is 4.02 percent of the total population.

According to 2001 Census the overall literacy percentage of Himachal Pradesh was 76.50 percent (85.30 percent for males and 67.40 percent for females). Comparatively, it is much higher than all India literacy rate, which was 65.30 percent. The Literacy rate of Himachal Pradesh is also improving faster than the all India figures. The literacy rate for rural areas was 75.1 percent (out of which 84.5 percent for males and 65.7 percent for females) whereas the literacy percentage was higher for urban areas which was 88.9 percent (92.0 percent for males and 85.0 for females) according to 2001 Census.
According to 2001 Census, the overall literacy rate for scheduled caste population was 70.3 percent (80.0 percent for males and 60.4 percent for females) in the State, whereas this percentage was lower in the rural scheduled caste population which was 69.5 percent (79.4 percent for males and 59.4 percent for females) as compared to the urban scheduled caste population which come out 81.1 percent (87.3 percent for males and 73.8 percent for females). The literacy percentage for the scheduled tribe population was 65.5 percent (out of which 77.7 percent for males and 53.3 percent for females) in the State. The percentage of literacy among the scheduled tribe population in the rural areas was 64.8 percent (77.2 percent for males and 52.5 percent for females) whereas, this percentage was higher in the urban areas among the scheduled tribe population at 87.2 percent (92.0 percent for males and 81.2 percent for females).^®

Agriculture is the main occupation of the people of Himachal Pradesh and has important place in the economy of the State. It provides direct employment to 69 percent of the total workers of the State. About 20.1 percent of the total Gross State Domestic Product comes from agriculture and its allied sectors. Out of the total geographical area of 55.67 lakh hectares, the area of operational holdings is about 9.99 lakh hectares and operated by 8.63 lakh cultivators. The average size of holding comes out to be 1.20 hectares.^9 Agriculture is beset with the disadvantage of small holdings. Only 65 percent of the total reporting area is available for cultivation. Out of this area, 'net area sown' and current fallows account for only 21 percent. There is hardly any scope for mechanized farming due to predominance of small holdings and terraced fields. Wheat, barley, paddy and maize are important cereal crops under cultivation. Seed potato, ginger and off seasons vegetables are the main important cash crops. There is potential for the development of crops like hops, mushrooms, olives, saffron and zeera.^0

According to 1995-96 Agricultural Census, the holding less than one hectare (i.e. marginal farmers) accounted for 64.14 percent of the total holdings, whereas the area covered by these holdings formed only 23.0 percent of the total area. The small farmers (i.e. 1 – 2 hectares) constituted
20.1 percent of the total holdings, whereas the area covered by these holdings was 24.1 percent of the total area. If small farmers are also taken into account with the marginal farmers than the percentage of holdings came to 84.5 percent, whereas the area covered by the both marginal as well as small farmers was only 47.2 percent. The semi-medium (2-4 hectares) and medium farmers (4-10 hectares) constituted 11.0 percent and 3.9 percent respectively, whereas the area covered by these farmers came out 25.6 and 19.5 percent respectively. The larger holdings (i.e. > 10.0 hectares) covered only 0.6 percent whereas the area covered by these households was 7.8 percent. Out of the total number of holdings in the State, 22.36 percent holding area is with the scheduled castes and 4.1 percent with the scheduled tribes. About 13.64 percent of the operational area is with the scheduled castes and 3.9 percent with the scheduled tribes. The average size of holdings with scheduled caste and scheduled tribe was 0.73 and 1.16 hectare respectively against State average of 1.20 hectare. The cultivated area in the State is about 6.20 lakh hectares. About 80 percent of the area is rainfed and farmers have to depend on nature. The livestock activities play an important role in the economy of rural people. Agriculture along with animal husbandry constitutes the main occupation of over 90 percent population of the State. The relative contribution towards state income by animal husbandry sector comes to 11.12 percent which itself is an ample proof of importance of livestock in the overall State's income. According to 1992 Livestock Census, the total livestock population in the State was 52,62,704 and the total poultry was 7,21,849.

Horticulture in the high and mid hills and cereals in the low hill areas seem to be the schematic design of the things, the nature has designed for Himachal Pradesh. Himachal Pradesh Government and the farmers have seized this opportunity and today this Pradesh has emerged as the 'Horticultural State of India'.

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. Apple is the major horticultural crop of the State, which constitutes about 42 percent of the total area under fruit crops and about 84 percent of the total fruit production. Area under apple has increased from 400 hectares in 1950-51 to 3025 hectares in 1960-61 and 92820 hectares in 2001-2002. The area under total fruits, which was 792 in 1950-51 with total production of 1200 tones increased to 223035 hectares during 2001-2002. The total production of fruit was 5.60 lakh tones during 2001-2002 out of which the total production of apple was 4.59 lakh tones.

Himachal Pradesh is blessed with vast and variegated fishery resources. About 12500 fishermen families in the State depend directly or indirectly on this occupation for their livelihood. During 2003-2004, cumulative fish production was of the level of 6455 tones valued at Rs.2977.00 lakh from the State’s various reservoirs.

The State has made significant achievement in the field of industrialization in the past few years. Industrialization in the State is comparatively a recent phenomenon which was started during the eighties and gained momentum during this decade. At present, there are 196 medium and large industries with an investment of 2400 crore and about 30,850 small scale industrial units with an investment of about Rs.745 crore employing about 1.66 lakh persons.

The sectoral analysis reveals that during 2002-2003 the share of primary sector to total State Domestic Product was 25.41 percent, secondary sector has contributed 33.45 percent and the tertiary sector has contributed 41.14 percent to the total State Domestic Product. According to quick estimates based on 1993-94 prices, the State income of the Pradesh during 1993-94 to 2001-2002 period increased from Rs.4250.03 crore to Rs.7379.93 crore at constant prices and to Rs.13212.00 crore at current prices. The compound annual growth rate of the State Domestic Product during this period was 7.14 percent and is among the best five States in the country. The per capita income at constant prices increased from Rs.7870 in 1993-94 to Rs.11402 in 2001-2002 and Rs.11832 in 2002-2003 while at
current prices, it rose to Rs.21543 and Rs.22576 respectively during the same period.\textsuperscript{50}

The expansion of employment opportunities has been one of the important objectives of planned development not only to cover the backlog of unemployment but also to provide gainful employment opportunities to the additions of labour force which enter labour market annually. The vast mass of unemployed and under-employed labour force should be provided with gainful employment to eliminate poverty, to reduce inequalities and to attain reasonable rate of economic growth.

There are 19,63,882 main workers and 10,28,574 marginal workers in the State of Himachal Pradesh as per 2001 Census. This means that there is one main worker for every 3.09 persons and one marginal workers for 5.91 persons. Combining the number of main and marginal workers, it has been worked out that there is one worker for every 2.03 persons.\textsuperscript{51} According to 2001 Census, the sectoral distribution of the total workers shows that 65.33, 3.15, 7.75 and 29.77 percent of workers constitute cultivators, agricultural labourers, workers in household industries and other workers respectively. The main workers and marginal workers both constituted 29.92 lakh persons according to 2001 Census against 22.14 lakh persons according to 1991 Census. Thus the increase in workers was 7.78 lakh persons which yielded an annual rate of growth of 3.5 percent. According to Usual Principal Status, the annual growth rate of employment during the year 1994-2000 was 1.40 percent. The growth of employment is not keeping pace with the growing labour force. As such there is a dire need to find job opportunities in the newly emerging service sector in the State.\textsuperscript{52}

A major issue that attracts the attention of any development strategy is poverty. In a broader sense, the concept of poverty should mean not only deprivations of a minimum intake of calories per day but also a few other services which are necessary to earn a bare minimum set of living conditions. A household survey conducted by the Rural Development Department during 1998-99 to assess the number of rural families living below the poverty line. The survey showed that out of total households 1036996, about 286447 households i.e. 27.62 percent of the rural families
were living below the poverty line in the State of Himachal Pradesh.\textsuperscript{53} During 1998-99 per month per capita consumption expenditure of Rs.289.31 has been taken as the basis for the identification of families below the poverty line. According to this survey about 286447 families have been found living below the poverty line in the State, which included 107057 scheduled caste families and 19105 scheduled tribe families.\textsuperscript{54}

1.2 An Overview of the Tribal Economy of Himachal Pradesh

In any economic development programme due to combination of factors which may be historical, territorial and some time even natural, some areas have been found to be lagging behind unless a conscious effort on the part of the planners have not been taken to meet out their needs on priority basis. The successive Five Year Plans have drawn attention to this problem of intra-regional and inter-regional imbalances and emphasized that the realization of the growth potentials in the tribal areas should be taken up on priority basis in order to give practical shape to the ideals of egalitarianism and social justice. It has been stressed that the strategy of socio-economic development should be structured in such a way that the relatively disadvantaged areas and sections of populations are gradually brought in the mainstream of the development process. The Constitution of India in its very preamble pledges to secure to all citizens justice: social, economic and political. Article 46 of the Constitution prescribes that ‘the State shall promote with special care of the educational and economic interests of weaker-sections and in particular of the scheduled castes and scheduled tribes and shall protect them from social injustice and all forms of exploitation’.

The Kinnaur, Lahaul-Spiti districts in their entirety and Pangi and Bharmour (now tehsil Bharmour and sub-tehsil Holi) sub divisions of Chamba district constitute the tribal/scheduled areas in the State, fulfilling the minimum criterion of 50 percent scheduled tribe population concentration in a community development block. These are situated in the north east of the Pradesh forming a contiguous belt in the far hinter land behind high mountain passes and are amongst the remotest and the most inaccessible areas in the State with average altitude being 3281 meter above the mean
sea level. The most distinguishing feature of the tribal areas in the State is that they are very vast in area but extremely small in population with the result that per unit cost of infrastructure activity is very exorbitant. These areas have been declared as scheduled areas under the fifth schedule of the Constitution. The Five Integrated Tribal Development Project (ITDP) are Kinnaur, Lahaul and Spiti, Pangi and Bharmour except Kinnaur which is spread over 3 community development blocks, rest of the Integrated Tribal Development Projects (ITDPs) comprise only one community development block each. According to 2001 Census, the tribal areas constitute 42.49 percent of the State's geographical area and represent 2.74 percent of the total population of the State. Of the total population in the tribal areas 68 percent are scheduled tribes, 9.61 percent are scheduled castes and the rest are others.55

According to 2001 Census, the total population of tribal areas was 166402, out of which 89,132 were males and 77270 were females. The males and females were in the ratio of 54 : 46. The sex ratio was 867 females per thousand males for tribals whereas this ratio was 968 for the State as a whole. The entire population in the tribal areas continued to be rural. The density of population has improved to 7 persons per square km in 2001 from that of 6 in 1991. The overall literacy percentage for the tribal areas has improved from 21.89 percent in 1971 to 30.73 percent in 1981, 53.15 percent in 1991 to 70.38 percent in 2001 as compared to that of 76.5 percent in 2001 for the State as a whole. The proportion of agricultural workers fell from 90 percent in 1971 to 64 percent in 1981, 62 percent in 1991 to 56.97 percent in 2001. The average size of operational holdings in the tribal areas varies from 0.94 to 1.89 hectare as compared to that of 1.20 hectares for the State. The area under horticulture crops has increased from 1787 hectares in 1973-74 to 12015 hectare in 2003-2004 and the annual fruit production has increased to 21564 tones during 2003-2004 from the level of 4000 tones during 1973-74 in the tribals areas.56

The tribal region is mainly situated at high altitudes comprising of very high mountains. The climate is very cold and dry temperate. The region is quite remote from the markets in the country and having very limited
network. The crop season is very limited say about 5-6 months in a year. The intensity of cropping varies from 100 percent to 146 percent and the average being 124.70 percent as compared to 171 percent at the state level. The low cropping intensity is mainly due to the fact that mostly these areas are mono crop. About cent percent cropped area in Integrated Tribal Development Project (ITDP) Lahaul and Spiti and 50 percent area in Pangi is under irrigation. In Integrated Tribal Development Project (ITDP) Kinnaur and Bharmour, the irrigation facilities are scarce except in Pooh sub-division of district Kinnaur where sizeable area has been brought under irrigation by the Desert Development Programme. The agro-climatic conditions prevailing in the tribal areas are quite conducive to the production of cash crops like seed potato, vegetables, vegetable seeds, medicinal and brewage herbs as well as other economic horticultural crops like hops, saffron, zeera (Black) etc. The temperate fruits mainly apple dominates the agriculture economy in Integrated Tribal Development Project (ITDP) Kinnaur/Bharmour and Lahaul. Due to cold dry climate and irrigational facilities the tribal region has a climatic advantage to produce high quality fruits and vegetables which can compete in the international markets. Therefore, there is wide scope to increase the production of fruits and vegetables in the tribal region for export purposes.

Animal husbandry is an integral part of agriculture which can be visualized from the fact that almost all the tribal families have been rearing one livestock or the other. It not only provides additional income to the tribal people but also provides nutritious food in the form of eggs, milk and meat. The sheep and goat are the main source of wool, meet and the woolen garments to provide the protection against the extreme cold winter in the tribal areas. In the tribal belts of Himachal Pradesh, agriculture being the main stay of the people, development of animal husbandry assumes added importance as the livestock population is almost two and a half times more to the human population. The poultry farming is rapidly gaining ground and the poultry population in the tribal belt was nearly 15000. According to 1992 Livestock Census, the total livestock population was 288625 in the tribal areas.
References


