

Socio-economic development of Uttar Pradesh: an empirical analysis

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Abstract

Background/Objectives: Since the concepts of social and economic development of a nation/region/state is crucial for the development of human resources, the objective of this paper is to examine the socio-economic development of Uttar Pradesh in the post-reform period.

Methods/Statistical analysis: The socio-economic profile of Uttar Pradesh has been examined by calculating decadal growth rates, compound annual growth rates, and by constructing appropriate time series plots. Specifically, the economic profile of the state has been presented with the help of real gross state domestic product at factor cost. And, the social aspect of development has been examined with the help of government expenditure on education and health as percentage of gross state domestic product.

Findings: The findings of the study reveal a low level of human development, and consequential low level of growth of the economy of Uttar Pradesh. It is uniquely observed that the average performance of all economic as well as social sectors in the state has declined during 2012 and 2015. This observation is sufficient to justify the persistency of unemployment, poverty and inequality in the state.

Improvements/Applications: Appropriate policy initiatives are warranted to address the problems of socio-economic backwardness of Uttar Pradesh. Specifically, it is essential to focus on the development of the masses at the bottom of the pyramid.

Keywords: Socio-economic development, population, health, education, Uttar Pradesh

1. Introduction

The concept of economic growth and development is significant in the context of expansion of national wealth and higher standards of living of people [1]. Thus, development efforts always target to enhance the well-being and quality of life of people by providing employment opportunities, increasing national income, and reducing inequality. In the words of Michael Todaro, “economic development is an increase in living standards, improvement in self-esteem needs and freedom from oppression as well as great choice”[2]. When we look at our motherland India, we see its income is increasing at a slower pace in comparison to upper income economies. Also, we see slow pace in socio-economic progress which is uneven across its States/regions. The significant measures of human well-being – life expectancy, infant mortality, and literacy rate – show variations across Indian States which is similar to the cases of international contrasts between low and high performing economies [3]. In this context, the case of Uttar Pradesh is noteworthy. Although Uttar Pradesh is third in terms of size of economy after Maharashtra and Tamil Nadu, but it is not so developed, and is considered one of the poorest states of India. It is comparable with the 7th largest country in the world in terms of population [4]. In UP more than 160 millions of people reside in 1,12,00 villages and towns. The rich natural resources, productive agricultural base, diversified industrial potential, and existence of very large market in UP could be an engine of growth of its economy, and also has the potential to support other parts of the nation [5]. In 2010-11 the growth rate of GDP in UP was 8.08 percent. In spite of such growth achievements, the State is threatened by massive poverty, both in economic and non-economic dimensions. The state has also been facing challenges in providing social security and enhanced quality of life. The State not only poses a serious development challenge for India, but also for the global community because unless poverty is reduced substantially the fruits of economic potential cannot be eaten. In this context, this paper examines the social and economic development of UP

during last few years so as to understand the problems that should be addressed to put its economy on a high growth trajectory. It is in this line of argument, the rest of the paper is organized as follows: Section 2 elaborates the data sources and methodology of the study; Section 3 looks at the demographic features of UP; Section 4 evaluates the socio-economic development of UP and tries to identify the basic reasons for its slow growth evidence; and Section 5 concludes.

2. Materials and method

Socio-economic development is not a pre-determined state but it is a continuous process of improvement in the level of living standards. It implies the availability, to the maximum number of people, of goods and services in adequate measure concerning the growth and progress of agriculture, industry, health, education, transport and other basic facilities [6]. Thus, in order to examine the socio-economic development of Uttar Pradesh, secondary data have been used. These data were gathered from various published sources including Handbook of Statistics on Indian States, Reserve Bank of India, 2015-16, CMIE-States of India database, Handbook of Statistics on Indian Economy, Reserve Bank of India, 2015-16, and the Census of India, Government of India, 2011. At the outset, in order to examine the demographic features of Uttar Pradesh, the indicators such as rural population of UP as percentage of total population, urban population as percentage of total population, and decadal growth rate of population for the years 1951, 1961, 1971, 1981, 1991, 2001 and 2011 have been used. In the second step, the economic profile of the State has been examined calculating the Compound Annual Growth Rate (CAGR) for the six groups of three years (1991-93, 1994-96, 1997-99, 2000-02, 2003-05, 2006-08, 2009-11) and one group of four years (2012-15) and then it is compared with all India level. The economic profile takes into consideration the variables such as real Gross State Domestic Product (GSDP) at factor cost, real Sectoral State Gross Domestic Product at factor cost for Agriculture, Industry Manufacturing, and Services sectors. In the last step, the social aspects of development of UP has been examined taking into consideration the indicators such as government expenditure on education and health as percentage of GSDP for the time period from 1991-93 to 2012-14.

3. Results and discussion

3.1. Demography and Uttar Pradesh

Uttar Pradesh is India's most populous State with a population of more than 166 millions followed by Maharashtra (97 million) and Bihar (83 million). Assuming UP to be an independent nation, it can be considered as the 5th most populous country after China, India, USA, and Indonesia. The demographic profile of UP is presented in **Table 1**.

Table 1. Demographic profile of UP

Year	Rural Population (% of total population)	Urban Population (% of total population)	Decadal growth rate of population(%)
1951	86.354	13.646	-
1961	87.192	12.808	16.38
1971	86.101	13.899	19.54
1981	82.166	17.834	25.39
1991	80.333	19.667	25.61
2001	79.218	20.782	25.85
2011	77.732	22.268	20.09

Source: Handbook of Statistics of Indian States, RBI, 2015-16

It is observed that the decadal growth rate of population was on a continuous rise until 2001, and in 2011 it has shown a declining trend. Although declined from 25.85 percent to 20.09 percent between 2001 and 2011, the population of UP is higher than that of all India average (17.7 percent). However, the decrease in the population of UP in the last decade is an indication for a march towards an improvement in the socio-economic well-being of masses. The manifold benefits of low levels of population can be enjoyed by the people in the State. In connection with this demographic trend, another highlighting feature is that more than 80 percent of its population were living in rural UP, and only less than 20 percent were residing in urban areas till 1991. But in

last two decades, a slight improvement has been indicated with about 79.218 and 77.732 percentages of rural UP dwellers in 2001 and 2011 respectively. And, the obvious observation is slight increase in urban population. However, it is a good sign for the overall development of UP. It is an indication of the progress in urbanization, modernization and improved living standards of people in the State.

3.2. Socio-economic development of Uttar Pradesh

It is customary to discuss the social and economic development of a State in terms of its economic sectors such as agriculture, industry, manufacturing and services, and in terms of its social sectors such as health and education. In this connection the results for UP are presented in **Table 2**.

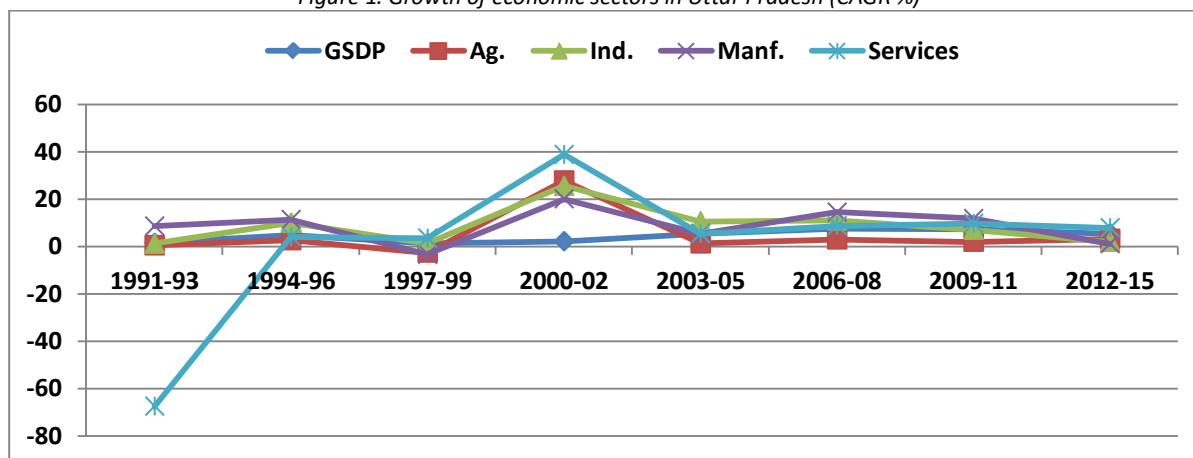
Table 2. Development of economic sectors in Uttar Pradesh (CAGR in %)

	1991-93	1994-96	1997-99	2000-02	2003-05	2006-08	2009-11	2012-15
GSDP & GDP								
UP	1.49	4.73	1.32	2.18	5.34	7.69	7.22	5.51
All India	3.37	-66.21	5.48	4.76	7.50	9.44	8.75	21.07
Agriculture and Allied sector								
UP	0.48	2.65	-2.59	27.82	1.29	2.97	2.00	3.17
All India	2.26	1.97	1.79	2.96	4.52	-66.80	4.63	25.47
Industry								
UP	1.22	10.03	1.25	25.56	10.60	11.01	7.07	2.00
All India	1.42	11.68	2.85	4.06	6.57	-88.89	9.20	-31.68
Manufacturing								
UP	8.62	11.37	-3.37	20.09	5.53	14.48	11.78	1.15
All India	0.31	13.12	1.58	4.75	6.86	255.05	10.07	-66.62
Services								
UP	-67.50	4.08	3.53	38.85	5.42	8.77	9.77	7.91
All India	4.85	7.66	243.35	235.20	-65.58	10.21	246.59	-33.78

Source: Handbook of Statistics on Indian Economy, RBI, 2015-16 & Handbook of Statistics on Indian States, RBI, 2016

The upper part of **Table 2** indicates the CAGR of real GSDP of UP and real GDP of India. It is observed that the CAGR of UP is persistently lower than that of all India level except for the 1994-96 during which it was negative for India. Looking at their differences, we can say that the convergence possibility is a far reaching issue. The second part of Table 2 depicts the CAGR of real GSDP from agriculture and allied activities for UP and all India. It is observed that the growth performance of agriculture in UP is much below the all India level performance. Despite agriculture in UP is the dominating sector and provides bread and butter to about 65 percent of its workforce, its performance is far from satisfactory. UP is undoubtedly one of the major food grains producing State with rice, wheat, chickpea, and pigeon pea as the major food grain crops. Sugar cane is another important crop whose cultivation has increased with the expansion of irrigated area (90 per cent). However, the CAGR of GSDP from agriculture and allied sector remained all time below the national level except for the period of 2000-02, and it was negative during the period of 1997-99 because during this period the production of all the food grains declined. The middle part of the **Table 2** reveals the performance of industry and manufacturing in UP vis-a-vis all India level. In UP, the process of rapid industrialization was started particularly after the launch of liberalization policies in the country. In respect of industries, the State has mainly handicrafts and handlooms, and minerals and heavy industries. Thus, the CAGR of GSDP from industries in UP started increasing in late 1990s, and it was also above the all India level during 2000 to 2008. The CAGR of GSDP from manufacturing in UP indicate its better performance, although it is showing a mixed trend over years. The last part of the **Table 2** demonstrates the CAGR of real GSDP from services sector in UP and its comparison with all India level. In UP economy, the performance of services sector is better than that of agriculture, industry and manufacturing. This sector has been playing a key role in the economic growth of the State. The State has now become the IT hub of Northern India. We also plot the CAGR of real GSDP and its compositions with respect to various economic sectors for UP in **Figure 1**. The highlighting point that is noted is that the average performance of all sectors in UP has declined during 2012 to 2015 which has also reduced the growth performance of real GSDP. This observation calls for the due attention of planners and policy makers. Further in-depth investigation into the matter may bring into limelight the underlying factors responsible for such slowdown of recent years in UP.

Figure 1. Growth of economic sectors in Uttar Pradesh (CAGR %)



Source: Authors' own plot

The development literature well recognizes the role of social infrastructure which is critical in achieving socio-economic development with equity. This would build a congenial setting for elevated pace of growth essential not only for human development, but also desirable for the inclusive and sustainable socio-economic development of an economy. The significance of the social sector in an economy is often judged in term of health and education because these constitute the pillar of improved human development and also critical for the overall growth and development of an economy. Thus, we have examined the performance of these two sectors in the context of the UP and in terms of the CAGR of the government expenditure on health and education as percentage of GSDP.

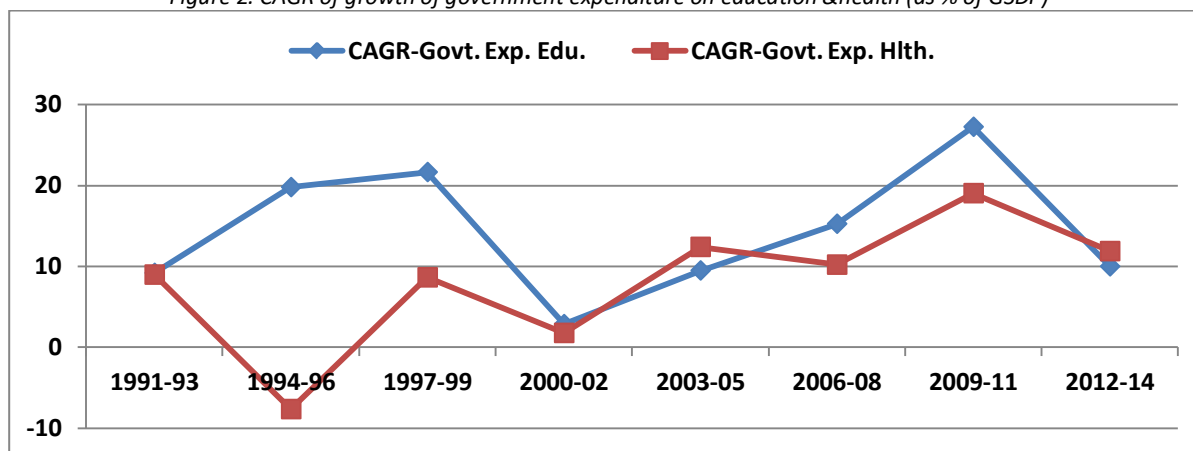
Table 3. Growth of social sector in Uttar Pradesh

Year	Government expenditure on Education (CAGR in %)	Government expenditure on Health (CAGR in %)
1991-93	9.18	8.97
1994-96	19.78	-7.65
1997-99	21.64	8.63
2000-02	2.85	1.76
2003-05	9.48	12.39
2006-08	15.25	10.20
2009-11	27.23	19.03
2012-14	9.99	11.87

Source: States of India, CMIE

It is clearly observed from **Table 3** and **Figure 2** that there was a higher degree of inconsistency between the growth of health and education in UP during 1991 to 2002. Then they show a rising trend till 2011. But during 2012 to 2015, these two sub-sectors of social sector in UP has been showing a declining trend which is quite similar to our observations for the economic sectors. This observation is again very critical for the socio-economic progress of UP in the long-run. The governmental and non-governmental organizations should take a note of it and formulate plans and programmes to remove these hurdles in the path of inclusive and sustainable development of the State economy; otherwise it would be hard to relieve the UP from the tag of 'BIMARU'. It is essential to keep in view while formulating plans and policies that the socio-economic progress in a state is crucial for attaining improved human welfare [7]-[9]. Particularly, the policies focusing on the reduction of economic inequalities in the state is the need of the hour [10]-[11]. Since the growth retarding factors are mainly unemployment, poverty and inequality [12], any policies which is targeting for employment generation would go a long way in reducing the poverty and inequality from Uttar Pradesh.

Figure 2. CAGR of growth of government expenditure on education & health (as % of GSDP)



Source: Authors' Own Plot

4. Conclusion

In an emerging market economy like India, the socio-economic progress is very essential to achieve a stronger economy with improved human well-being. In developing economies, the policy objective is to achieve the development of social sector along with the growth of economic sectors such as agriculture, industry and services. In spite of such objectives, the disparity in the levels of socio-economic development across Indian States has been a persistent feature. Policy makers need to understand where relative and absolute intervention need is highest. Thus, this paper examined the socio-economic development of Uttar Pradesh using the indicators from demographic, economic and social perspectives. The results conclude that UP is heavily populated State having high degree of population concentration in rural areas. This actually makes the State economy difficult to reap the benefits of urbanization and modernization. However, in the last one decade and five years the scenario has improved a bit, and process of urbanization has been initiated in UP. The results also reveal that the performances of agriculture, industry and manufacturing are not yet satisfactory. And, the performance of services sector has been showing a better trend in recent years. Since health and education lay the foundation stone for the socio-economic development of an economy, it is observed in the context of UP that the performances of health and education are not satisfactory. This under performance of socio-economic sectors in UP resulted in persistency of unemployment, poverty, and inequality which dragging back the prosperity of the State. Therefore, it is essential to intervene through appropriate plans and policies to put the economy of UP in the high growth trajectory.

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