

# Uttar Pradesh: The State Profile

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**PHD Research Bureau**

**PHD Chamber of Commerce and Industry**

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## Foreword

Uttar Pradesh, the land of opportunities is widely acknowledged for its multi hued culture, religion, natural resources and variety of geographical land. Uttar Pradesh is a steadily growing state at around 6% during the last decade.

With large span of agrarian fertile planes and diverse agro climatic conditions, agriculture is one of the most important and thrust areas of the economy of Uttar Pradesh. Uttar Pradesh is the largest producer of food grains and sugarcane in India. The major crops grown in the state are paddy, wheat, sugarcane, potato, mustard, groundnut, gram, pea and lentil. The state carries immense potential for food processing industries, which has been profitably undertaken in the state.

The scenario of industrial investments in the state is quite encouraging. With availability of large skilled and semi-skilled workforce coupled with good infrastructure, friendly policy framework and a conducive environment for private investments, Uttar Pradesh is one of the most attractive destinations for investors and entrepreneurs. The state has set up several industrial estates. The key industries are IT, textile, cement, vegetable oils, sugar, cotton yarn, jute, carpet, brassware, glassware and bangles.

Uttar Pradesh has a great potential in handicraft sector and it accounts for 60% of the total exports from the state. The state has emerged as a hub for IT and ITES industries including software, BPOs and electronics. The major export items from the state are marble products, textiles, handicrafts, art pieces, gems and jewellery, textiles, electronics, software, computer, hardware & software, apparel, brass work, silk, leather and leather goods, glass items, art metal, chemicals and many others.

The economic agenda of the Uttar Pradesh focuses mainly on food industry, biotech, IT and tourism. The state has been able to attract both domestic and foreign investments in different sectors of the economy and have promoted Public-Private Partnerships in big way in various sectors such as power, roads, expressways, education etc.

Uttar Pradesh has developed itself as an industrial hub of North India and it has potential to grow at an even better pace. The economy of Uttar Pradesh has undergone several changes which have come about with collaborative efforts of the government and other stake holders. It is all set to scale new heights to emerge as a strong economy with sustainable and inclusive growth, going forward.

Salil Bhandari  
President



## Preface

Uttar Pradesh: The state profile is an extensive study of the state, that the PHD Chamber has come up with and it gives me immense pleasure and honour to present it to our esteemed readers. This study is unique in its kind, which captures the essence of the grass roots of the exotic state of Uttar Pradesh.

The study is an exhaustive report on the state's economy and its socio-economic scenario. It includes its economic policies like industrial policy, SEZ policies, agro and food processing policies and social infrastructural framework.

The study also brings together latest developments in the state and highlights potential roadmap for its further growth. It has made recommendations to improve the agriculture production scenario, to capitalize on the opportunities emerging from its innovative policies, to explore alternative energy based industries and to strengthen the social and power infrastructure. Finally the study recommends measures to attract investments in the various sectors of the economy.

The PHD Chamber has always aimed to be an important stakeholder to the development of the Northern and Central states of India and the nation. I hope this study helps in further policy formulation in the state, so as to serve as a vehicle for its inclusive growth and socio-economic development. This is one of the studies in the series of state profiles that the Chamber is coming out with and we would also be bringing out other state profiles in the coming times.

I commend and appreciate the tireless efforts of PHD Research Bureau, which has come up with this report with their focused approach. I would also like to express my gratitude towards Mr. L K Jhunjhunwala, Chairman K M Sugar Mills Ltd. and Mr. Alok B Shriram, Dy. Managing Director DCM Shriram Industries Ltd for their support.

I hope that this report serves as a handy and informative readers' guide.

Susmita Shekhar  
Secretary General

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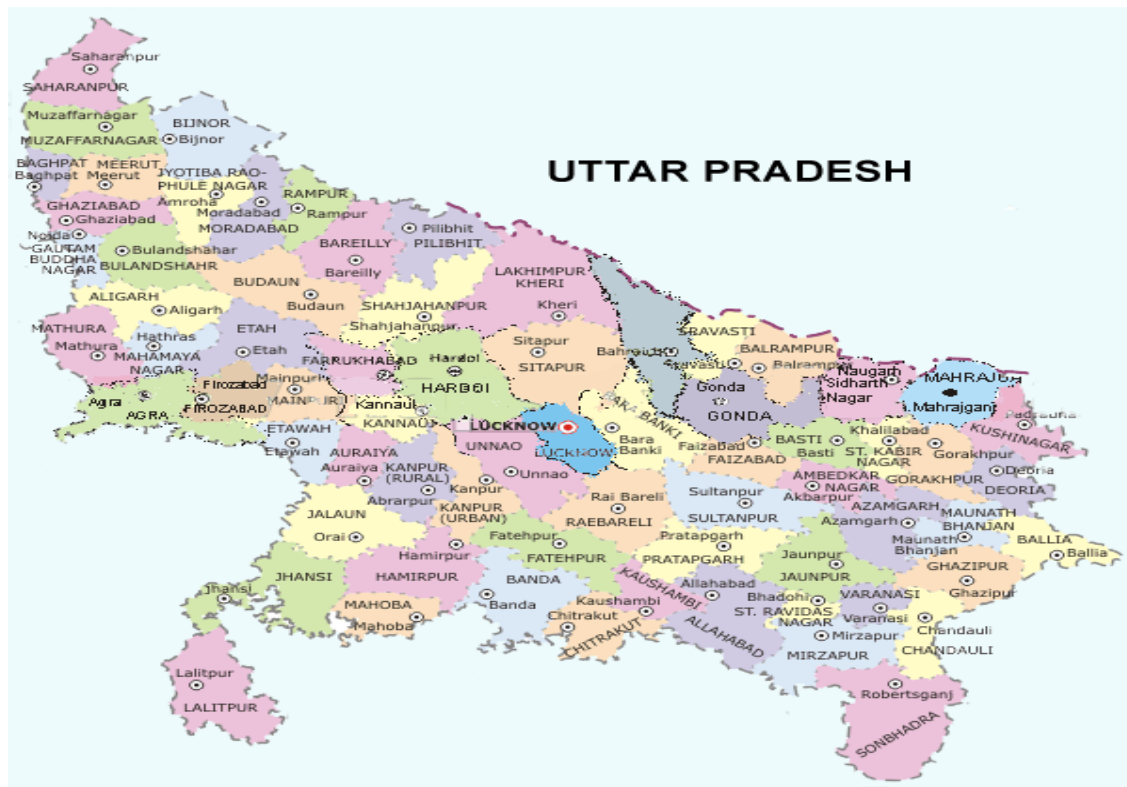
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## Abbreviations

BPL	Below Poverty Line
Bn	billion
CD Ratio	Credit Deposit Ratio
EAG	Empowered Action Group
FDI	Foreign Direct Investment
FY	Financial Year
GDP	Gross Domestic Product
GFD	Gross Fiscal Deficit
GSDP	Gross State Domestic Product
IMR	Infant Mortality Rate
IT	Information Technology
ITES	Information Technology Enabled Services
Mn	million
MT	Million Tonnes
NSDP	Net State Domestic Product
PD	Primary Deficit
PHC	Primary Health Centre
PRB	Primary Revenue Balance
PWD	Public Works Department
RD	Revenue Deficit
SSI	Small Scale Industry
SEZ	Special Economic Zone
TRAI	Telecom Regulatory Authority of India





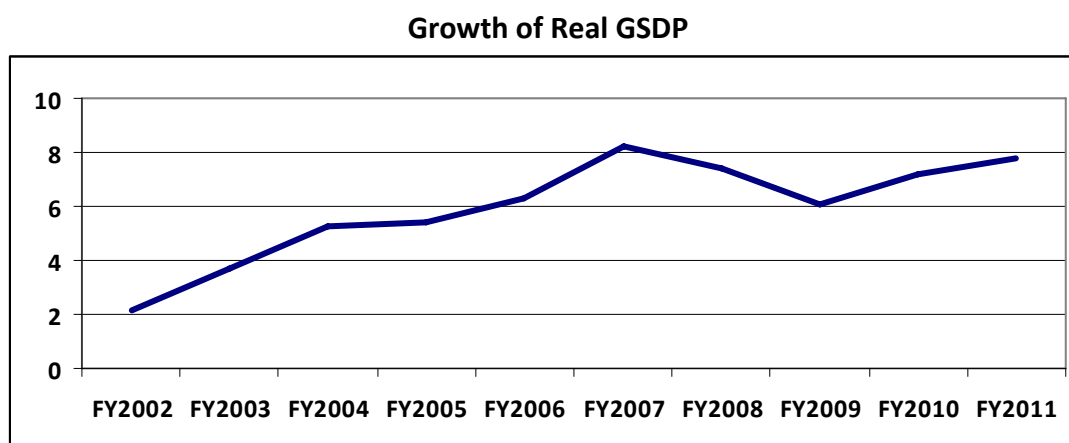
Uttar Pradesh, the most populous state of India is well known for its multi-hued culture, religion and variety of geographical land. It is endowed with natural wealth in abundance such as minerals, forests, flora and fauna. The state has to its credit the magnificent architectures and known for its rich arts and crafts. Uttar Pradesh is located in the Northern part of India and is surrounded by Bihar in the East, Madhya Pradesh in the South, Rajasthan, Delhi, Himachal Pradesh and Haryana in the West and Uttarakhand in the North and Nepal touches its Northern borders.

The state is witness to numerous golden chapters of Indian history and has contributed to rich Indian mythology and tradition. It is garlanded by two pious river of Indian mythologies - Ganga and Yamuna. Uttar Pradesh is exquisite land of monuments of historic significance, renowned forts, museums, enchanting scenes of natural beauty, wildlife sanctuaries and inspiring religious sites.

Uttar Pradesh is primarily an agrarian economy with more than 60% of the population depends on agriculture for their livelihood. The state is the largest producer of food grain in India and offers a diverse agro climatic condition which is conducive for agricultural production. Uttar Pradesh is known for its highest contribution to nation's sugarcane basket. However, the state offers excellent investment opportunities for industrial development.

## 1. Structure of the economy

Uttar Pradesh is one of the fastest developing states in India and has shown a healthy growth path during the last decade. The average real GSDP of the state has grown at around 6% during FY2002-2011 and has augmented more than twofold from Rs.1,82,885 crore in FY2002 to Rs. 3,91,952 crore in FY2011.



Source: PHD Research Bureau, compiled from Directorate of Economics & Statistics, Government of Uttar Pradesh

Tertiary sector contributes a significant share of around 49% in the GSDP followed by primary and secondary sector at around 28% and 24% respectively during FY2011. It may be noted that the share of primary sector has declined marginally from around 30% during FY2006 to around 28% in FY2011, while share of secondary sector has remained stagnant at around 24% during the same period.

### Gross State Domestic Product and its Composition

Components	FY06	FY08	FY11
GSDP at Current prices (Rs Crore)	291936	379917	599809
NSDP at Current Prices (Rs Crore)	256699	332352	522517
Economic Growth % (real GSDP )	6.3	7.5	7.8
<b>Sectoral Contribution in GSDP at current prices (%)</b>			
Primary*	30.1	27.9	27.6
Secondary**	23.2	25.2	23.7
Tertiary***	46.7	47.0	48.6

Source: PHD Research Bureau, compiled from Directorate of Economics & Statistics, Government of Uttar Pradesh

\*Primary includes Agriculture and Animal Husbandry, Forestry and logging, Fishing, Mining and quarrying

\*\* Secondary includes Manufacturing (Registered & Unregistered), Construction, Electricity, Gas and Water Supply

\*\*\*Services includes Transport, Storage & Communication, Railway, Other means of transport and storage, Communication, Trade and Hotel & Restaurant, Banking and Insurance, Ownership of dwellings and business services, Finance and Real Estate, Public Administration, Community and personal services and others.

Note: These figures are presented as round offs

### Summary of socio-economic indicators

State Capital	Lucknow
Area (Sq. km)	2,36,286
Population(2011)	19,95,81,447
Population Density(Sq. Km)	828 person
No. of Districts	70
Prominent tourist and historical destinations	Varanasi, Piprahwa, Kaushambi, Shravasti, Kushi Nagar, Agra, Lucknow, Chitrakoot, Jhansi, Allahabad and Merrut.
Important Rivers	Ganga, Yamuna, Gomti, Ramganga and Ghaghara
Main Fruits	Mango and Guava
GSDP at constant prices (FY2011)	Rs. 391952 crore
GSDP at current prices (FY2011)	Rs. 599809 crore
Growth of GSDP at constant prices(FY2011)	7.8%
Per capita income (FY2011)	Rs 26211
Gross fiscal Deficit to GSDP (FY2011)*	4.4%
Poverty (FY2004-05)	32.8%
Unemployment rate (FY2010)	8.2%
National Highway length#	6681 Kms
Rail Length (per 1000 sq km.)###	36.57 Kms
Domestic Airport	Agra, Allahabad, Gorakhpur, Kanpur, Lucknow and Varanasi
International Airport	Chaudhary Charan Singh International Airport, Lucknow and Lal Bahadur Shahstri Airport, Varanasi
Per Capita Health Expenditure**	Rs. 974
Literacy Rate (2011 Census)	69.7%
Sex Ratio (2011 Census)	908 females per 1000 males
Key Industries	Cement, Vegetable oils, Textiles, Cotton Yarn, Sugar, Jute, Carpet, Brassware, Glassware & Bangles, IT& ITES
Investment environment^	17 <sup>th</sup> rank
Macro economy^	19 <sup>th</sup> rank
Composite ranking of the state^	16 <sup>th</sup> rank
Agriculture^	9 <sup>th</sup> rank
Consumer market^	16 <sup>th</sup> rank
Infrastructure^	14 <sup>th</sup> rank
Labour regulation (2009)^	10 <sup>th</sup> rank
Legal system (2009)^	9 <sup>th</sup> rank
Overall economic freedom index(2009)^	14 <sup>th</sup> rank

Source: PHD Research Bureau, compiled from various policy papers of the state government.

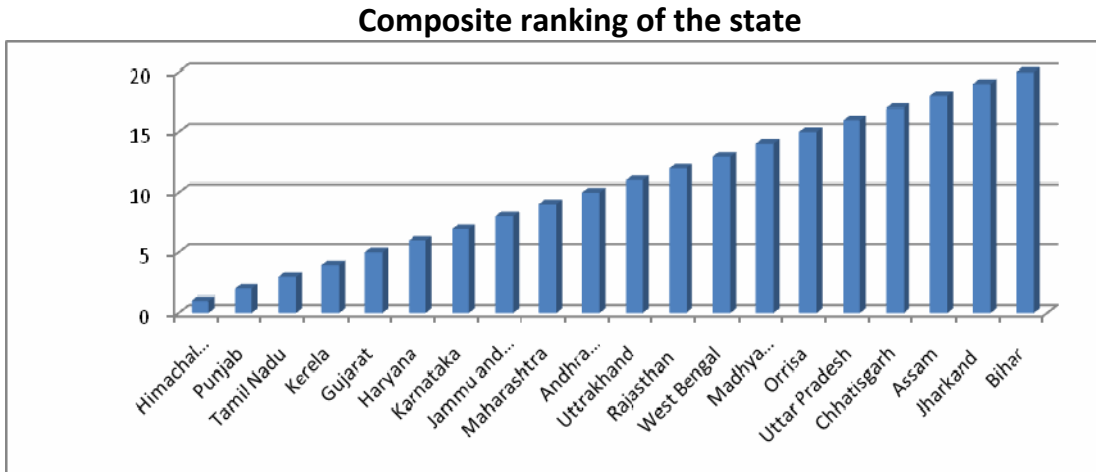
\*RBI, ^ India Today, 29<sup>th</sup> Nov 2010, an article by Bibek Debroy and Laveesh Bhandari, ^^Economic Freedom of the States of India 2011, by Laveesh Bhandari, Bibek Debroy and Swaminathan Aiyar

#With PWD =4534.99km, with NHAI= 2145.909, \*\* Annual report to people on Health, Sep 2010

###Year book FY2010, Indian Railways

### Composite ranking of the state

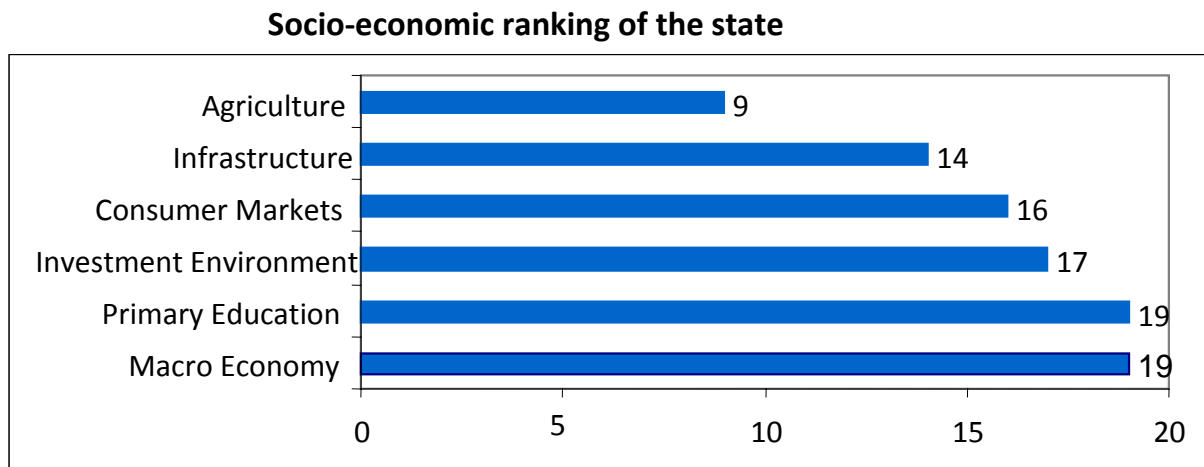
Uttar Pradesh has been ranked 16<sup>th</sup> on the basis of various socio-economic parameters viz. agriculture, primary health and education, law and order, infrastructure, investments, consumer markets and macro economy.



Source: PHD Research Bureau, Compiled from India Today, 29<sup>th</sup> Nov 2010, an article by Bibek Debroy and Laveesh Bhandari, Note: Only big states have been taken up with area over 35000 sq. km. and with population over five million.

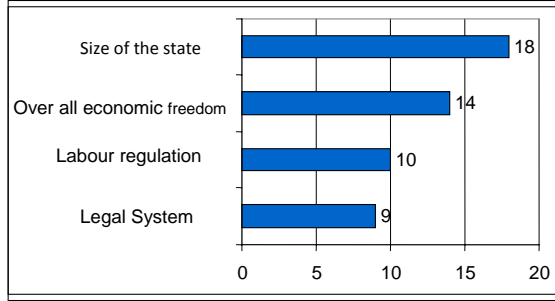
### Socio-economic ranking of the state

Uttar Pradesh stands 9<sup>th</sup> in agriculture, 14<sup>th</sup> in infrastructure, 16<sup>th</sup> in consumer markets, 17<sup>th</sup> in investment environment and 19<sup>th</sup> in primary education and in macro economy.

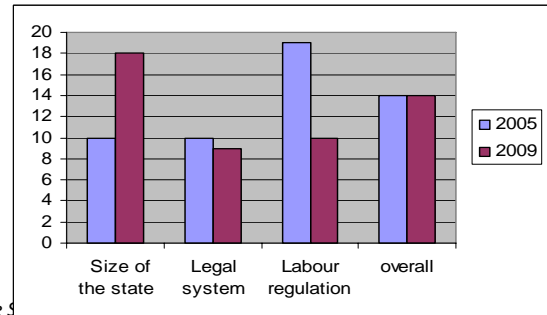


Source: PHD Research Bureau, Compiled from India Today, 29 November 2010, an article by Bibek Debroy and Laveesh Bhandari. Chart depicting area with highest rank to the lowest rank

**Uttar Pradesh's ranking in economic freedom index**



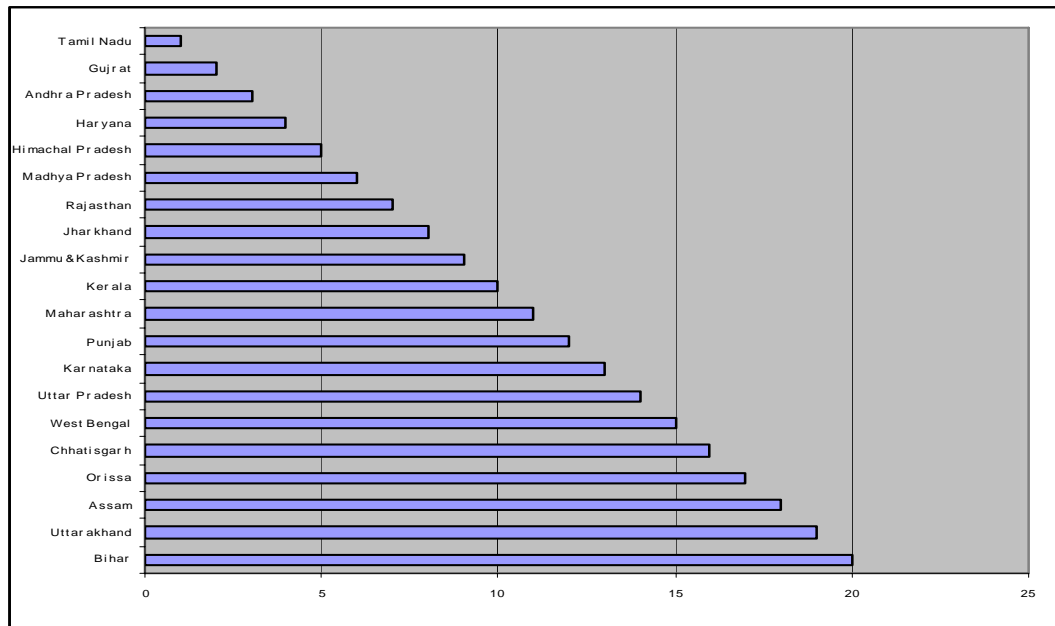
**Uttar Pradesh's ranks in 2005 vis-à-vis 2009**



Source: PHD Research Bureau, Compiled from Economic Freedom of the States of India 2011, by Laveesh Bhandari, Bibek Debroy and Swaminathan Aiyar.

The state has registered steady performance over the time, as its ranking in the economic freedom index remained at 14<sup>th</sup> position in 2005 and 2009. The state has been ranked 9<sup>th</sup> in legal system, 10<sup>th</sup> in labour regulation, 14<sup>th</sup> in overall economic freedom and 18<sup>th</sup> in terms of size in 2009.

**Comparison of Uttar Pradesh with other states in overall economic freedom**



Source: PHD Research Bureau, Compiled from Economic Freedom of the States of India 2011, by Laveesh Bhandari, Bibek Debroy and Swaminathan Aiyar. Data pertains to 2009

**Competitiveness ranking of the state**

Among the 15 bigger states of India<sup>1</sup>, Uttar Pradesh stands at the 9<sup>th</sup> position in terms of governance quality, 10<sup>th</sup> in economic strength and business efficiency, 12<sup>th</sup> in

<sup>1</sup> Compiled from State Competitiveness report 2004 by National Productivity Council

infrastructure, 14<sup>th</sup> in overall competitiveness ranking of states and 15<sup>th</sup> in human resources.

### Per-capita income

The per-capita income of Uttar Pradesh stands at a modest level of Rs. 23132 (FY2010) which is much below the national average<sup>2</sup> of Rs. 44345. However, the state has posted significant growth in terms of raising its per capita income level. It has augmented from Rs. 14115 in FY2006 to Rs. 23132 in FY2011 with a growth of more than 60%.

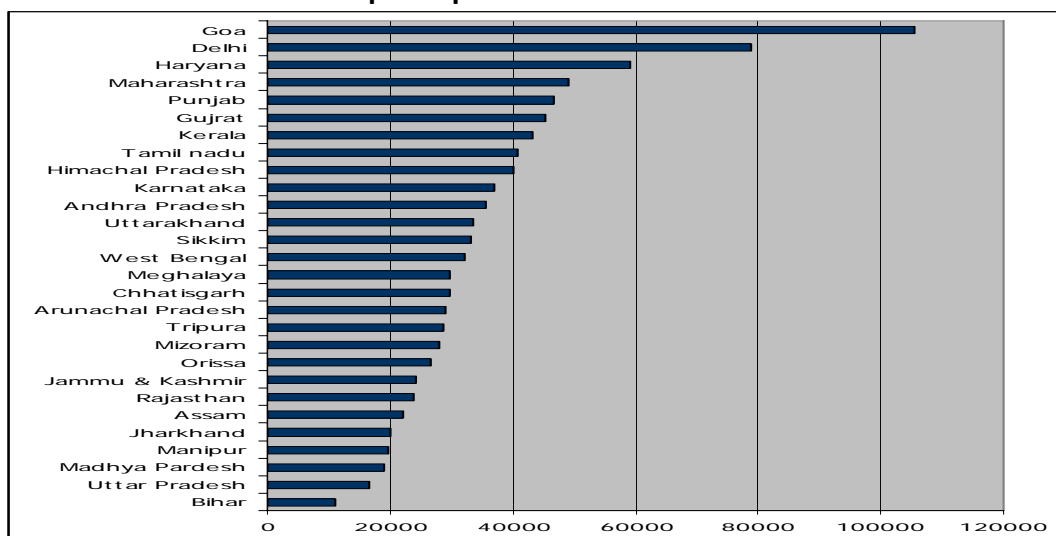
Year	Uttar Pradesh
FY2006	14115
FY2007	15865
FY2008	17602
FY2009	20004
FY2010	23132

Source: PHD research Bureau, compiled from Planning Department, Government of Uttar Pradesh

Note: Per capita income is at current prices

Uttar Pradesh has one of the lowest per capita income amongst the Indian states. The per capita income of the states like Goa, Delhi, Haryana, Maharashtra, Punjab, Tamil Nadu are comparatively better than Uttar Pradesh, however it is higher than Bihar.

### Pattern of per-capita income of the Indian states



Source: PHD Research Bureau, compiled from Economic survey of India 2010-11.

Data pertains to FY2008

<sup>2</sup> Compiled from Economic Survey of Government of India 2010-11

## Fiscal deficit

The state has improved its fiscal scenario as its gross fiscal deficit as a percentage of GSDP has declined from 4.9% during FY2010 to 4.4% in FY2011, and its primary deficit as percentage of GSDP has also decreased from 2.3% to 1.8% during the same period. However, revenue deficit has worsened from a surplus of 0.4% in FY2010 to 0.1% in FY2011, whereas primary revenue balance has also declined from -2.9% to -2.7% during the same period.

Fiscal indicators	(% of GSDP)			
	FY2005- 08 (Average)	FY2009	FY2010(RE)	FY2011(BE)
GFD/GSDP	3.5	5.0	4.9	4.4
RD/GSDP	-0.7	-0.5	-0.4	-0.1
PD/GSDP	0.3	2.2	2.3	1.8
PRB/GSDP	-3.9	-3.2	-2.9	-2.7

Source: PHD Research Bureau,, Compiled from RBI.

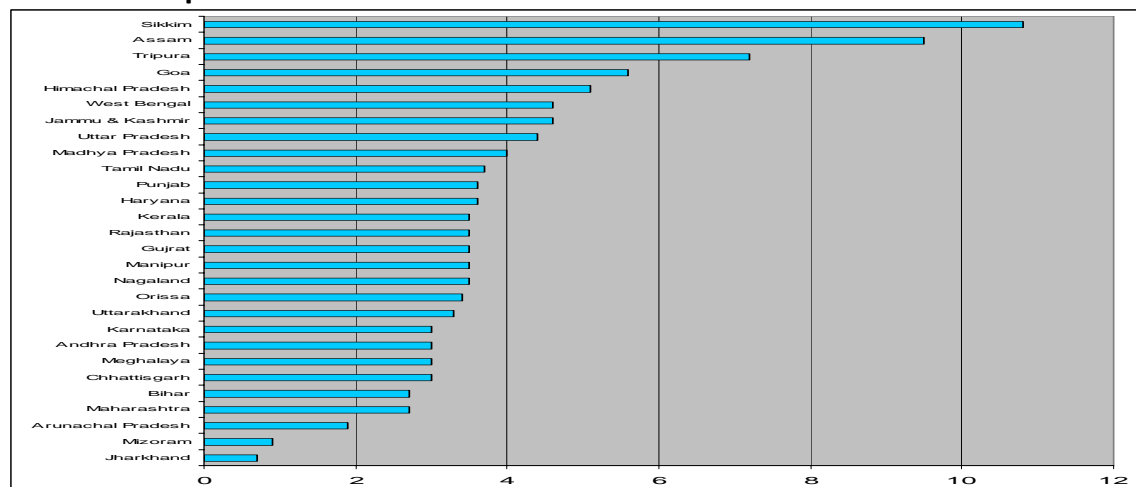
RD: Revenue Deficit, GFD: Gross Fiscal Deficit, PD: Primary Deficit, PRB: Primary Revenue Balance.

BE: Budget Estimates, RE: Revised Estimates, (-) sign refers to surplus.

## Comparison of fiscal position with other states

Gross fiscal deficit of the state is lower than Sikkim, Assam, Goa, Himachal Pradesh and Jammu & Kashmir and higher than the states like Jharkhand, Maharashtra, Bihar, Chhattisgarh, Andhra Pradesh, Uttarakhand, Orissa, Gujarat, Rajasthan Haryana, Punjab, Tamil Nadu and Madhya Pradesh.

### Comparison of Gross Fiscal Deficit as a % of GDP



Source: PHD Research Bureau, compiled from RBI.

Note: Data pertains to FY2011

## Industrial investments

A congenial industrial ambience with the availability of large pool of skilled and unskilled labor force, investor friendly environment, more rationalized and simplified procedure for undertaking industrial investments; make the state one of the favourable destination for undertaking industrial ventures. Proximity of the state to national capital, Delhi is an additional advantage. The state has attracted more than Rs. 49000 crore industrial investment proposals in the last four years However, the share of state in India’s total industrial investment proposals have remained stagnant at around 1% (average 2007-10) during the recent years.

Noida SEZ enjoys a good flow of investment from domestic as well as international players such as Coca-cola, Pepsi, Glaxo, Moser Baer and BPO centres. Lucknow is growing as another hub of IT & ITES and BPO industry.

### Industrial investments in Uttar Pradesh vis-à-vis India (Rs Crore)

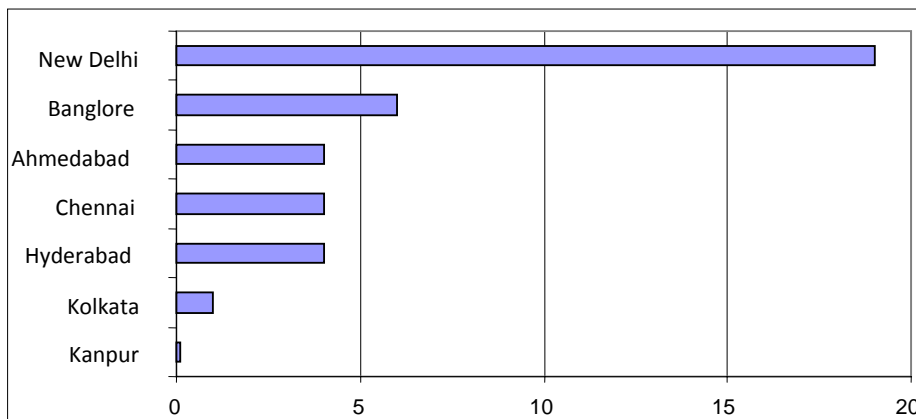
Year	Uttar Pradesh	India	Uttar Pradesh’s share in India
2007	9246	834249	1.10%
2008	16550	1523852	1.09%
2009	10142	1040259	0.97%
2010	13793	1736322	0.79%
2011(upto September)	33045	1341478	2.46%

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

### FDI inflows

During recent year, the FDI inflows (Kanpur Region)<sup>3</sup> in the state have witnessed impressive growth. However, the region constitutes around 0.1% of the total FDI inflows in India.

### Regional share of FDI<sup>4</sup> in India’s total FDI inflows



Source: PHD Research Bureau, Compiled from Department of Industrial Policy and promotion, Govt. of India

<sup>3</sup> Pertains to Uttarakhand and Uttar Pradesh

<sup>4</sup> Refers to FDI equity inflows



FDI inflows in Kanpur region has significantly increased by more than double from US\$48mn in FY2010 to US\$112 in FY2011. The cumulative inflows from Apr'00-Aug'11 stands at around US\$300 million.

### Pattern in attracting FDI (Equity) inflows: Kanpur Region

Year	FDI inflows (US\$m)
FY2009-10	48
FY2010-11	112
Cumulative Inflows from(April'00-August'11)	300

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

Note: Kanpur region pertains to Uttarakhand and Uttar Pradesh

### Exports

The state offers various fiscal incentives, subsidies, marketing support and has established the Export Promotion Bureau in 1999 to facilitate exports from the state. The state has great potential in handicraft sector which constitutes about 60% of the total exports from the state. In addition to this, the other major export products from the state are marble products, art pieces, bags, gems and jewellery, apparel, electronics, computer, hardware, software, leather, silk carpets, etc.

The prominent export zones in the state are Noida, Agra, Moradabad, Lucknow, Kanpur, Varanasi, Jhansi and Lalitpur. The state has set up Export Promotion Industrial parks at Greater Noida and Agra. Uttar Pradesh has also set up NOIDA SEZ and Moradabad SEZ to facilitate and boost the exports of gem and jewellery and electronics software respectively. The estimated export of products and services from the state accounts for around Rs. 49820 crore<sup>5</sup>.

#### Key exports centres of the state

Major export zones	Major export products
Noida, export processing zone	Gems and jewellery, apparel, electronics, computer, hardware, software, leather.
Agra	Silk carpets, handicrafts items, embroidered goods, marble products, art pieces, bags.
Moradabad	Art metal ware, art jewellery, bone jewellery
Lucknow	Miniature painting, floriculture, ayurvedic/herbal medicine, mango, camel bone carving
Kanpur	Leather products, software, chemicals, handlooms, pharmaceutical, spices, essential oil and perfume,
Varanasi	Silk, woolen handicraft, fancy items, handicrafts, wooden toys
Jhansi and Lalitpur	Brass work

Source: PHD Research Bureau, compiled from Export Promotion Bureau, Government of Uttar Pradesh

<sup>5</sup> Data pertains to FY2009

### Small scale industries

The small scale industries constitute an important segment of the state economy in terms of employment generation, source of foreign exchange earnings and exports. The favourable government policies coupled with availability of large pool of human resource makes the state one of the best location for setting up SSI units within the state. The state has set up 679703 units, which has generated employment for 2742766 persons and has attracted investment of more than Rs. 12000 crore<sup>6</sup>. The state has proposed to set up 33000 units in the annual budget of FY2011-12 which would create employment opportunities for 1.3 lakhs persons of the state.

Uttar Pradesh has initiated several schemes for the development of SSIs, such as Transport Assistance Scheme, Technology Up-gradation Scheme and has introduced Single Table System for providing prompt and quick solutions to the entrepreneurs in the state. In addition to this, the state has also implemented Market Development Assistance Scheme to facilitate marketing of products of Khadi and Village industries.

#### Number of SSIs in the state

Name of the region	Small Scale Industries		
	No. of units	Employment (No. of persons)	Investment (Rs. Crore)
Bundelkhand	40455	121738	366.38
Central Region	109756	421120	2309.47
Eastern Region	188442	683811	2078.74
Western Region	347050	1516097	7938.36
Total	679703	2742766	12692.95

Source: PHD Research Bureau, compiled from Planning Department, Government of Uttar Pradesh

Note: Data pertains upto March 2010

### Agriculture

Agriculture is one of the most significant sectors of the economy of Uttar Pradesh with 2/3rd of the workforce of the state dependent on agriculture for their livelihood. The state is the largest producer of food grain in India and offers diverse agro climatic conditions which are conducive for agricultural production. The major crops grown in the state are paddy, wheat, sugarcane, potato, mustard, groundnut, gram, pea and lentil.

The state is well established for the export of rice, mangoes, vegetables and potatoes. The state has set up as many 485 fruits and vegetable processing units<sup>7</sup>. Uttar Pradesh has implemented “e-Choupal” model to tackle the challenges faced by the sector through delivering of valued service to the customers. The state has allocated an

<sup>6</sup> Data pertains upto March 2010

<sup>7</sup> Data pertains to as on 1<sup>st</sup> Jan 2009.

amount of Rs. 4496 crore for agriculture and allied activities in the annual budget of FY2012, which is 8.9% more than the allocation made in FY2011. Uttar Pradesh is also one of the major agri-exporting states in the country.

### Summary of agro statistics

Sr. No	Components	Growth/ratio
1	Agriculture* GSDP at Constant prices (FY2011)	Rs 82046Crore
2	Agricultural* sector's contribution in GSDP (FY 2011)	20.9%
3	Food Grain production- (FY2011)	47243.7 (Thousand Tonnes)
4	State's contribution to national food grain production (FY2011)	19.55%
5	State's rank in national food grains production (FY2011)	1 <sup>st</sup>
6	Sugarcane production (FY2011)	120555 (Thousand Tonnes)
7	State's contribution to national sugarcane production (FY2011)	35.5%
8	State's rank in national sugarcane production (FY2011)	1st
9	Yield food grains- (FY2010)	2260 (kg/hectare)
10	Net area irrigated –(FY2008)	131 (Lakh Hectare)
11	Net area Sown –(FY2008)	164 (Lakh Hectare)
12	Population dependent on agriculture	Two-third
13	Rice Production (FY2011)	12014 (Thousand Tonnes)
14	Wheat Production (FY2011)	30001 (Thousand Tonnes)
15	Coarse Cereals (FY2011)	3217 (Thousand Tonnes)
16	Pulses (FY2011)	2012 (Thousand Tonnes)
17	Oil Seeds (FY2011)	911 (Thousand Tonnes)

Source: PHD Research Bureau, Compiled from RBI, Ministry of Agriculture, Directorate of Economics & Statistics, Government of Uttar Pradesh, Various policy papers of Uttar Pradesh government, Note: The figures are presented as round offs  
\*includes Animal Husbandry

Uttar Pradesh stands at first position at all India level in terms of food grain production. The state's food grain production has increased from around 43 million tonnes in FY2001 to around 47 million tonnes in FY2011.

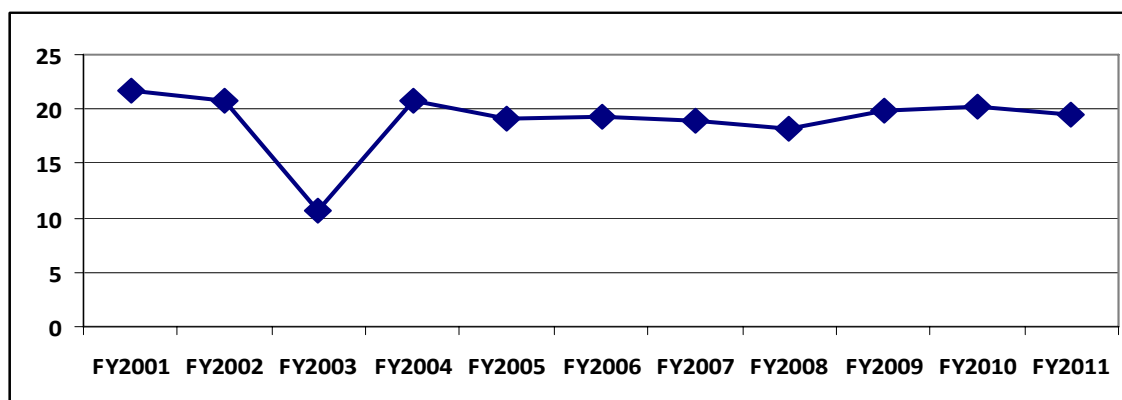
### Foodgrain production scenario in Uttar Pradesh

Year (FY)	Uttar Pradesh Million Tonnes)	India (Million Tonnes)	Share of Uttar Pradesh in India (%)
2001	42.71	197.01	21.6
2002	44.13	213.06	20.71
2003	38.14	358.12	10.7
2004	44.25	213.40	20.73
2005	37.84	198.36	19.07
2006	40.41	208.60	19.37
2007	41.21	217.28	18.96
2008	42.09	230.78	18.23
2009	46.73	234.47	19.93
2010	44.02	218.18	20.17
2011	47.24	241.56	19.54

Source : PHD Research Bureau, compiled from RBI, Ministry of Agriculture

Uttar Pradesh has exhibited a strong share in food grain production over the last decade and its contribution to India's food grain production has remained more or less steady at around 20% during the same period.

**Share of Uttar Pradesh in India's food grain production (% share)**



Source : PHD Research Bureau, compiled from RBI, Ministry of Agriculture

Uttar Pradesh is known for its highest contribution to nation's sugarcane basket. The state's sugarcane production has increased from around 107 million tonnes in FY2001 to around 121 million tonnes in FY2011.

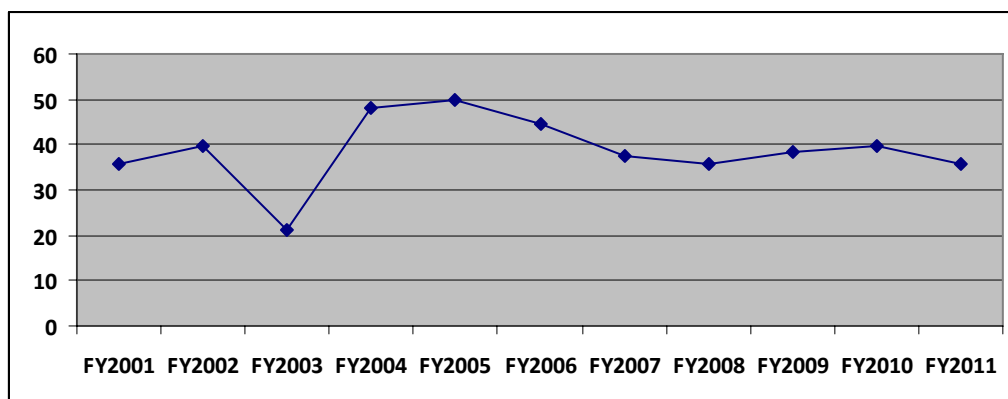
**Sugarcane Production in Uttar Pradesh**

Year (FY)	Uttar Pradesh (Million tonnes)	India (Million Tonnes)	Share of Uttar Pradesh in India (%)
2001	106.06	296.25	35.8
2002	117.98	297.5	39.65
2003	120.94	573.02	21.1
2004	112.75	234.09	48.16
2005	118.71	237.08	50.07
2006	125.46	281.17	44.62
2007	133.94	355.51	37.67
2008	124.66	348.18	35.8
2009	109.84	285.02	38.53
2010	108.73	274.65	39.58
2011	120.55	339.16	35.54

Source : PHD Research Bureau, compiled from RBI, Ministry of Agriculture

Over the last decade, Uttar Pradesh has been able to maintain its steady contribution to India's total sugarcane production with a share of more than 35%, except FY2003.

**Share of Uttar Pradesh in India’s sugarcane production  
(% share)**



Source : PHD Research Bureau, compiled from RBI, Ministry of Agriculture

**2. Economic policy**

Uttar Pradesh has immense potential to emerge as one of the most economically developed state in India. The state offers a wide range of subsidies, fiscal and policy incentives, industry friendly policy framework to provide conducive milieu to foster investments and industrial growth coupled with availability of skilled and semiskilled workforce, attractive incentives and a responsive and prompt public delivery system.

The state is keen to improve the industrial infrastructure and has emerged as a hub for IT and ITES industries including software, captive business process outsourcing, and electronics.

**The Key strategic thrust areas**

<p>Agro &amp; food processing industry</p>	<ul style="list-style-type: none"> <li>• Largest producer of food grains and sugarcane</li> <li>• Leading producer of farm commodities such as vegetables, wheat, potato and milk.</li> <li>• Diverse agro climatic conditions</li> <li>• Conducive policy for Food Processing Industry</li> <li>• Exemption from tax/cess/duty on inputs used in production of export goods</li> <li>• Exemption of electricity duty for food processing units.</li> <li>• Operational food parks at Varanasi, Gorakhpur, Saharanpur and Barabanki</li> </ul>
<p>Biotechnology</p>	<ul style="list-style-type: none"> <li>• Lucknow is known as the biotechnology city of India and has established Biotechnology Research Park at Lucknow.</li> <li>• Single window facility and relaxation of taxes on biotechnology based products.</li> <li>• 100% relaxation on registration fee and stamp duty for biotech units.</li> <li>• Uninterrupted power supply for biotech units with a capital investment of more than Rs. 10 crore</li> </ul>

Handicrafts	<ul style="list-style-type: none"> <li>• Significant share in exports from the state</li> <li>• Immense potential to be an exporting hub</li> <li>• Moradabad SEZ for handicrafts</li> <li>• Handicrafts Training Programme for artisans</li> <li>• Pension schemes for distinguished artisans</li> </ul>
Information technology	<ul style="list-style-type: none"> <li>• Software Technology park at Kanpur.</li> <li>• Noida SEZ for facilitating the exports of electronics software</li> <li>• Proximity to national capital, Delhi</li> <li>• Functional SEZ- Wipro Technologies Ltd at Greater Noida, HCL Technologies Ltd and Seaview Developers Ltd. at Noida</li> <li>• 100% exemption from payment of stamp duty and registration fees for IT units and call centres</li> <li>• Preferential allotment of land</li> </ul>
Khadi and village industries	<ul style="list-style-type: none"> <li>• Large pool of trained human resources in rural areas.</li> <li>• Marketing Development Assistance Programme aids in facilitating the marketing of products.</li> <li>• Mukhya Mantri Gramodyog Rojgar Yojna and Skill Up-gradation Training Programmes have been sanctioned to facilitate the sector.</li> </ul>

Uttar Pradesh is poised for a high growth in coming years. The state has been able to pull huge investments in the recent years due to favourable government policies. The state aims to promote Public Private Partnership to boost infrastructure, industrial and social development.

- **Improving business climate:** Provision of various incentives and conducive policy framework aims at inviting industrial investments.
- **Infrastructure:** The state has made considerable progress in providing infrastructure facilities for driving industrial, economic and social growth. To improve the industrial infrastructure, the state has developed integrated industrial townships like Noida and Greater Noida with state-of-the-art facilities.
- **Enhancing skill levels:** The state has launched various schemes to improve the education scenario for females and its focus is on expanding and improving the quality of primary, secondary and higher education.
- **Encouraging MSME:** The state is promoting development of SSIs, Khadi and village industry, handloom, sericulture along with handicrafts.

### The Industrial and Service Sector Investment Policy

The Industrial and Service Sector Investment Policy 2004 aims at making the state a very attractive destination for the investors and to provide benefits to all the sectors of the state. The policy endeavors to develop small scale and tiny units, handloom industry, khadi & village industry, IT industry, bio-technology, food processing industry and tourism industry.

The state encourages and promotes private participation in industrial and social development and provides a friendly environment for industrial investment and business and offers enormous possibilities for progress and growth coupled with readily available labour assets and investor friendly policy.

Various fiscal incentives such as exemptions from stamp duty, electricity duty, interest free loan and speedy online clearances through “Nivesh Mitra” are provided to facilitate in setting up of industries.

**Some of financial incentives provided by Uttar Pradesh government are as follows:**

**100% exemption from stamp duty**—100% exemption from stamp duty on purchase or lease of land for the projects pertaining to development of infrastructure facilities, establishment of information technology, BPO, call centres, bio-technology and food processing units.

**Interest free loan for pioneer units**—Interest free loan will be provided to pioneer Units (first industrial units) for 15 years for IT, bio-technology or food processing with an investment of Rs. 10 crore under Industrial Investment Promotion Scheme.

**Capital subsidy to small industrial units**--Small scale and tiny industrial units will be extended capital subsidy of 50% of the cost of additional machinery<sup>8</sup> for increasing their production capacity.

**Interest free loan to new large industrial undertakings**--Additional 20% interest free loan under Industrial Investment Promotion Scheme to all new large industrial undertakings, who are employing more than 50% of women employees or employing 500 women on permanent basis and employing more than 25% of employees belonging to SC/STs.

**Unlimited power supply to 100% export oriented units**—All 100% export oriented units which subscribe to dedicated feeders will receive 24hrs electricity supply.

### **Food Processing Policy**

The state government announced its policy for food processing industry in 2004 which focuses on providing better returns to farmers, facilitating investment, employment generation, minimizing wastage of agriculture and horticulture produces, making provision for appropriate linkages between agriculture and industrial sectors and creating a conducive environment for undertaking fruitful business ventures.

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<sup>8</sup> It will subject to maximum of Rs. 2 lakhs.

Some of the key incentives provided by the state are mentioned below:

- Encouragement to exports of processed food, inputs used in production of exporting food commodities are exempted from the payment of tax/cess/duty.
- Electricity duty will be exempted for 5 years
- Provision of IT tools for collecting, analyzing and disseminating data with regards to production and markets
- Provision for interest free loan entitled to units with an investment of Rs. 5 crore or more.

### **Special Economic Zone Policy**

The state government introduced its Special Economic Zone policy in 2007 which focuses on providing good infrastructural facilities, creating employment opportunities, boosting exports and inviting domestic and foreign investments, so as to foster the economic development of state and the country. The SEZs set up by the state government are Multi Product Noida SEZ at Noida and Product Specific SEZ at Moradabad, whereas SEZs set up by private developers are Moser Baer India Ltd. for Non conventional energy sector and Wipro Technologies Ltd for IT-ITES at Greater Noida and HCL Technologies Ltd. and Seaview Developers Ltd. for IT-ITES at Noida.

### **Biotech Policy**

The state government has introduced its biotech policy in 2004 with an aim to develop knowledge based economy, assuring benefits to all sections of the society and promoting entrepreneurship in biotechnology related industries. It mainly focuses on attracting investments, creating employment, promoting research and development, boosting infrastructure, etc so as to establish centre of excellence in frontier area of biotechnology.

Lucknow offers a multidisciplinary blend of excellent facilities and expertise in area of technology and has been declared as the Biotechnology city of India. The state has established Biotechnology Research Park at Lucknow to promote development of biotechnology industry.

### **Services**

The services sector has performed significantly well and has come out to be as a major segment in contributing to its economic growth. The contribution of services sector in the GSDP was around 49% and has posted outstanding growth of 9% during FY2011. Under the Industrial and Service Sector Investment Policy 2004, the state has provided various fiscal incentives and has promoted private participation for the development of



IT, education, hospitals, cinema halls and multiplexes, shopping malls and entertainment centers.

## IT and ITES

The state government has announced its Information Technology Policy in 2004, which focuses on providing favorable background to foster the growth of IT industry. Uttar Pradesh provides a wide range of incentives in order to make the state a preferred destination for emerging IT business opportunities. Some of the key incentives offered by the state are preferential allotment of land for IT units, 100% exemption from the payment of stamp duty and registration fees, interest free loan for 15 years to mega<sup>9</sup> investment IT or electronic units, uninterrupted power supply and exemption from power cuts without limit.

Uttar Pradesh has emerged as a hub for IT and ITES industry and has established Software Technology Park at Kanpur. The state has set up “Noida SEZ” in 1985 to offer excellent infrastructure and support services to boost the exports of electronics software from the state.

## Banking

In the era of liberalization, banks have become the spine for the development of the economy on all parameters in any state. The health of the economy is closely related to the soundness of its banking system. The banking sector of Uttar Pradesh is predominated by nationalised banks with more than 5000 branches of which SBI and its associates have 1712 branches, followed by regional rural banks with 3092 branches, private sector banks with 526 branches and foreign banks with 17 branches.

### Banking scenario in Uttar Pradesh

Banks in Uttar Pradesh	No. of offices in Uttar Pradesh	No of offices in India	Offices in Uttar Pradesh as % of total
Nationalised Banks	5420	43908	12.3
Regional Rural Banks	3092	15658	19.74
SBI and its Associates	1712	17899	9.56
Private Sector Banks	526	11347	4.63
Foreign Banks	17	298	5.70

*Source: PHD Research Bureau, Compiled from RBI, September 2010  
Data pertains to March 2011*

<sup>9</sup> IT or electronics units set up in the state with an investment of Rs. 50 crores or more shall be classified as Mega Investment units.

The state's credit deposit ratio stands at 43.6% (March 2011), which is significantly lower than the national level of 75.1% during the same period, since high credit deposit ratio represents the effective functioning of the banking sector. The credit deposit ratio of all scheduled commercial bank stands at 46.4% in rural areas, 40.1% in semi-urban areas, 43.5% in urban areas and 45.5% in metropolitan.

### Uttar Pradesh's total credit and deposits

Components	Uttar Pradesh			India		
	Deposit	Credit	Credit deposit ratio (%)	Deposit	Credit	Credit deposit ratio (%)
SBI and its associates	77962	27247	34.9	1171917	902979	77.1
Nationalised Banks	231348	110045	47.6	2875049	2153335	74.9
Foreign Banks	1929	593	30.7	236405	197959	83.7
Regional Rural Banks	35372	16446	46.4	163928	98244	59.9
Private Sector Banks	27023	8558	31.6	979,212	724,351	74.0
Total	373634	162890	43.6	5426510	4076868	75.1

Source: PHD Research Bureau, compiled from RBI

Note: Data pertains to March 2011

### Tourism

Uttar Pradesh is very well known tourist destination for domestic and international tourists. The state has enormous resources for wildlife, cultural, adventure and pilgrimage tourism. To harness the immense potential of tourism industry to the highest, the state has introduced Tourism policy 1998, which focuses on providing incentives to tourist circuits, employment generation, tax and financial benefits and building up necessary tourism infrastructure. One of the Seven Wonders of the World, "Taj Mahal" is found within the state in Agra. The prominent tourist and historical destinations are Varanasi, Piprahwa, Kaushambi, Shravasti, Kushi Nagar, Agra, Lucknow, Chitrakoot, Jhansi, Allahabad, Vrindavan and Meerut.

The state has successfully hosted India's first Formula-One global motor sports at the internationally acclaimed, Buddh International Circuit, which has attracted number of tourists domestically and internationally.

### Investment opportunities in Uttar Pradesh

Agro based and food processing industry	Uttar Pradesh is endowed with rich agricultural base and is the largest producer of food grain and sugarcane. The state offers rich fertility, gamut of incentives and packages for the growth of agricultural output and carries immense potential for setting up agro based industrial units. The state has introduced its Food processing industry policy, 2004 with an aim of making it an ideal destination for setting up such industries. The operational food parks in the state are at Barabanki, Varanasi, Gorakhpur and Saharanpur.
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Biotechnology	The state offers excellent facilities and expertise in the areas of biotechnology. To facilitate biotech industries, the state government has provided special package of incentives such as relaxation in stamp duty, registration fee, taxes, allotment of land, entry tax and uninterrupted power supply under its Biotech Policy 2004. Lucknow has been declared as a Biotechnology City of India and the state's first Biotechnology Research Park has been established at Lucknow, to provide support for setting up biotech units.
Handicrafts	The state enjoys distinguished place in handicraft industry especially for its Banaras silk, Bhadohi and Mirzapur carpet, Lucknow chikan, marble products of Agra and wood carving items of Saharanpur and it accounts for 60% of the total exports from the state. The state has set up Moradabad SEZ, to boost the exports of handicrafts products from the state. Several handicrafts training programmes have been initiated by the state for rapid upskilling of artisans, so to enhance their productivity.
Handloom and khadi-village industries	Uttar Pradesh has a large proportion of people residing in rural and semi-urban areas and offers vast pool of human resources for setting up handloom and khadi and village industries. Uttar Pradesh has a great potential in exports of handloom and textile goods which is a key source of earning foreign exchange. The state has initiated Marketing Development Assistance Programme and Up-gradation Training Programmes to promote the growth of khadi and village industries.
Information technology	Uttar Pradesh has emerged as a hub for IT and ITES industry. It is focusing on developing necessary infrastructure, development of human capital, proactive engagement with investors and effective policy implementation so as to create a conducive ambience for IT industry. The state has set up Noida SEZ to facilitate exports of electronic software. Uttar Pradesh government is encouraging and inviting private investments in knowledge based industries at large. The availability of technical and manpower centers of excellence such as Indian Institute of Technology (Kanpur), Indian Institute of Management (Lucknow) makes the state ideally suitable for setting up of IT industry. The state has also set up Software technology park at Kanpur for promotion and growth of IT industry.
Sericulture	The rich fertile land and its geographical situation, environment and bio-diversities are favorable and suitable for development of sericulture in the state. The state produces three types of silk namely Mulberry, Tasar and Eri.
Tourism	Uttar Pradesh is the heartland of India and is well known for its heritage, culture and bounties of nature. The state is home to few of the finest monuments and museums. One of the seven wonders of the world "Taj Mahal lies within the state. The prominent tourist spots in the state are Sarnath, Piprahwa, Kaushambi, Kushinagar, Allahabad, Chitrakoot, Jhansi, Meerut and many more.

Source: PHD Research Bureau, compiled from various policy papers of the government of Uttar Pradesh

### 3. Infrastructure

Infrastructure plays a vital role in driving industrial, economic and social growth. To develop a strong economy, Uttar Pradesh has been making serious and conscious efforts in the development of infrastructure and inviting private participation on a large scale.

Noida offers excellent infrastructural facilities for setting up industrial, educational and residential projects and has been ranked one of cities, where it takes minimum time to start a business<sup>10</sup>. The proximity to national capital is an additional advantage for the state. Various PPP projects have been undertaken in the sectors like expressways, roads, energy, transportation, education, urban rejuvenation etc.

**Roads**--The state offers an extensive road network which plays a significant role in the economic development and helps in encouraging trade thereby promoting wide markets of various products and enable exploitation of economies of scale. Uttar Pradesh is a land locked territory and road connectivity to all major commercial centers is first class. The state has set up Uttar Pradesh State Road Transport Corporation (UPSRTC) to provide an economical, reliable and comfortable transport in the state.

The state has implemented various mega road projects under PPP such as 1047 Kms long 8-lane Ganga Expressway along the course of great river Ganga, joining far east with national capital, a 165km long 6 lane Yamuna expressway to provide fast access to the city of Taj Mahal and a network of expressways are in the pipeline. An amount of Rs. 6775 crore has been earmarked in the state budget of FY2011-12, to be spent on construction and maintenance of roads and bridges which is around 17% higher than previous year.

### Road Infrastructure

Item	Achievement as on 31.3.2010 (km)
National Highways*	6681
State Highways**	7957
Major district roads***	7307
Other district roads and village roads***	329215
Total#	351160

Source: PHD Research Bureau, compiled from Planning Department, Government of Uttar Pradesh

\* With PWD = 4534.99 km, With NHAI= 2145.909 km.

\*\* PWD Only.

\*\*\* Including 1,76,909 km of other Department i.e. RES, Ganna Ayukt, Mandi Parishad and Zila Parishad Roads.

#Out of this, Black Top length is 2, 11,235 kms only

**Railways**--The state has good coverage under railways and it is well connected to other parts of the country. Intra-state rail network is also well developed, connecting the towns and districts. The major sectors and industries served by the railways include

<sup>10</sup> According to DOING BUSINESS 2009 report sponsored by WORLD BANK and International Finance Corporation,

agriculture, cement, coal, fertilizer and manufacturing. The capital of the state, Lucknow is the main junction for the Northern and North Eastern Railways.

**Aviation**--The state has excellent civil aviation infrastructure with six domestic airports located at Agra, Allahabad, Gorakhpur, Kanpur, Lucknow and Varanasi including two international airports, Chaudhary Charan Singh international airport, Lucknow and Lal Bahadur Shastri Airport, Varanasi. The state has also proposed to set up Taj international airport in the Delhi-NCR region.

**Power**--Power is one of the most important infrastructure ingredients for the development of an economy. The state has introduced its energy policy, 2009 which focuses on providing reliable, quality and affordable power to the dwellers of the state. Uttar Pradesh has a power deficit of 15%, which is significantly higher than the national power deficit<sup>11</sup> of 8.5% during FY2010. Whereas the per capita power consumption stands at around 348 KWh, which is lower than the national level of around 779 KWh (FY2010). On the other hand, transmission and distribution loss posted by the state stands around 31%, which is comparatively higher than the national level of around 25% during FY2009.

The state has introduced Input Based Franchisee system in some selected cities to improve the power distribution system, which has already been implemented in Agra. An arrangement of Rs. 8227 crore has been made in the annual budget of FY2012 under various schemes for improving power scenario within the state. In addition to this, an amount of Rs.1267 crore has been earmarked under various schemes for increasing power production capacity within the state.

**Power generation in Uttar Pradesh:**

Total installed power generation capacity	10780.93MW
State generated	45.2%
of which,	
Coal based power	88.7%
Hydro based power	4.8%
Centre generated	43.1%
Private sector generated	11.66%

*Source: PHD Research Bureau, Compiled from Monthly Review of Power Sector, as on 31 October 2011*

To facilitate the availability of power, the state government has introduced several power projects under PPP such as Bara thermal power projects, Jawaharpur thermal projects and Karchana thermal project.

<sup>11</sup> Annual load Generation Balance Report (2011-12), Central Electricity Authority

**Urban Infrastructure**--The present state of urban infrastructure does not seem to be promising in the state as infrastructural facilities like drainage, sewerage, water supply, power, solid waste management and transportation systems are all inadequate to meet current needs. Out of 630 urban local bodies, only 55 towns have partial sewerage system in place. The state government has initiated number of schemes and programmes to provide a reasonable dwelling place to the people living below poverty line in the urban areas of the state.

In addition to this, other schemes such as Mahamaya Sarvajan Awas Yojana and Mahamaya Awas Yojana have also been initiated with a view to meet the housing needs of the people in the rural areas.

Under the purview of guidelines of JNNURM (Jawaharlal Nehru National Urban Renewal Mission) and UIDSSMT (Urban infrastructure Development Scheme for Small & Medium Towns), the state government has allocated Rs. 39 crore for “Adarsh Nagar Yojana” in the annual budget of FY2012 with an objective to provide infrastructural facilities such as safe drinking water, sewerage, drainage, solid waste management, slaughter house, road, street lighting, and other qualitative civic amenities to the urban people of the transitional areas.

In the annual budget of FY2011-12, Uttar Pradesh government has earmarked an amount of Rs. 564 crore for Lucknow and Rs. 31 crore for overall development of Varanasi. In addition to this, Agra would receive an amount Rs 500 crore for water supply and Allahabad, an amount of Rs. 125 crore for Kumbh mela. The state has also allocated an amount of Rs.25 crore for river pollution control in the annual budget of FY2011-12.

**Telecom**--According to TRAI, the total wireless subscriber base of Uttar Pradesh stands at 11.8 crore with a share of 13.6% in India’s telecom wireless subscriber base<sup>12</sup>. While the total wire line subscriber base of the state stands at 22.6 lakhs crore with a share of 6.6% in India’s telecom wire line subscriber base.

#### Telecom Subscription

Name of the region	Wireless subscriber	Wire line subscriber
U.P. (E)	67906053	1439290
U.P. (W)*	50467231	830457
Total U.P	118373284	2269747
India	865708379	34067337
Share of U.P. in India	13.6%	6.66%

Source: PHD Research Bureau, compiled from TRAI

\*Uttarakhand is also a part of UP-west

Note: Data pertains to as on 31<sup>st</sup> August 2011

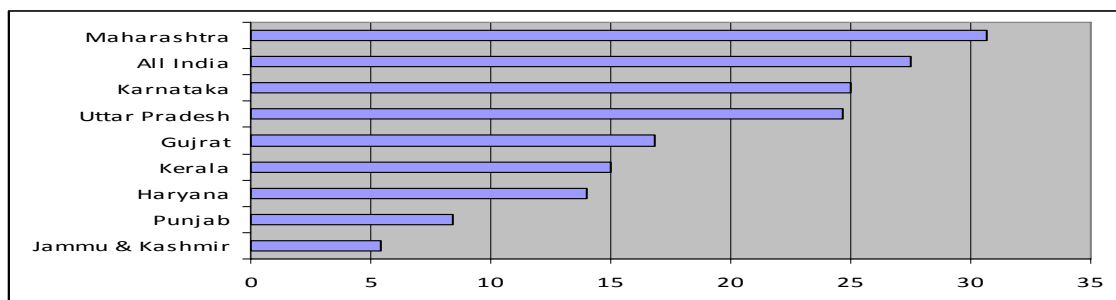
<sup>12</sup> It may be noted that Uttarakhand is a part of UP-west

#### 4. Social infrastructure

**Poverty**-- Uttar Pradesh has been making serious efforts in improving its poverty level; however the poverty level of the state stands at around 33%, which is comparatively high as against national level of 27.5%. However, the state has posted reasonably better performance amongst the eight states covered under Empowered Action Group (EAG) scheme.

The state has implemented a large number of programmes and schemes to improve the socio-economic conditions of the poor. Uttar Pradesh has introduced Poverty and Social Monitoring System (PSMS) in 1999, to measure and monitor the progress in key areas related to poverty and living standards of the people of the state. In addition to this, Mukhya Mantri Mahamaya Garib Aarthik Yojna schemes has also been introduced by the state to provide cash assistance to the families living below BPL.

**Population Below Poverty Line (BPL): Uttar Pradesh amongst other states**



Source: PHD Research Bureau, Compiled from Annual Report to People on Health, September 2010

Note: Empowered Action Group (EAG) Scheme has been launched by Ministry of Health and Family Welfare and it covers the above eight states.

**Unemployment**--The unemployment rate in the state stands at around 8.2% (FY2010) which is better in comparison to the national average of 9.4%. The state has performed better in comparison to other big states like Rajasthan, Punjab, Haryana at 18%, 10.5 and 8.7% respectively<sup>13</sup>.

**Education**--Education is the basic block of human development and contributes directly to the development of nation. The state government is progressing towards making provision of education to all. A sum of Rs. Rs. 19086 crore has been earmarked for basic education, Rs. 6846 crore for secondary education and Rs.2146 crore for higher education in the annual budget of FY2012, which is 19.6% higher than the allocation made in FY2011 amounting to Rs. 23470 crore.

<sup>13</sup> Report on Employment and Unemployment Survey, Government of India (2009-10)

*Uttar Pradesh: The State Profile*

To support education among girls belonging to below poverty line and increase their participation in schools, the state government has launched Savitri Bai Phuley Balika Shiksha Madad Yojana in annual budget of FY2012 with an amount of Rs. 340 crore. The state has also proposed to construct 5000 new primary schools and 50,000 additional class rooms in the annual budget of FY2011-12 to improve the educational scenario in the state.

**Educational Infrastructure in Uttar Pradesh**

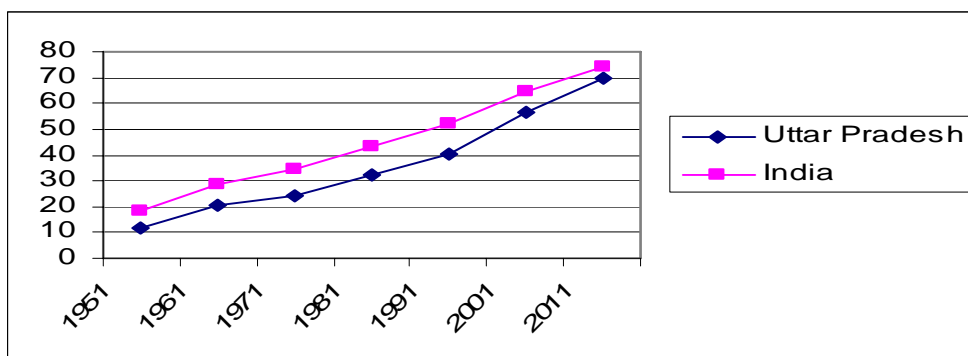
Contents	FY2010
No. of Junior Basic Schools	107135
No. of Senior Basic Schools	44375
No. of Schools/Colleges	17872
No. of Degree Colleges	2789
No. of universities *	30

Source: PHD Research Bureau, compiled from Planning Department, Government of Uttar Pradesh.

\* Pertains to FY2009

The state has made considerable progress in terms of literacy level and has posted a remarkable improvement in its literacy status from around 12% in 1951 to around 70% in 2011. However, the state’s literacy level lies below the national literacy level of around 74% in 2011.

**Trend of Literacy Rate: Uttar Pradesh vis-à-vis India (%)**



Source: PHD Research Bureau, compiled from Economic Survey of India 2010-11 and Census 2011

The literacy rate of the state has improved steadily and has posted third highest growth of around 56% amongst the states covered under EAG during 2001 to 2011.



### Effective literacy trends in EAG states 2001-2011

Rank	India/State	No. of literates in 2011	No. of literates in 2001	% increase
	India	77,84,54,120	56,07,53,179	38.82
1	Bihar	5,43,90,254	3,11,09,577	74.83
2	Jharkhand	1,87,53,660	1,17,77,201	59.24
3	Uttar Pradesh	11,84,23,805	7,57,19,284	56.40
4	Rajasthan	3,89,70,500	2,77,02,010	40.68
5	Chattisgarh	1,55,98,314	1,11,73,149	39.61
6	Madhya Pradesh	4,38,27,193	3,15,92,563	38.73
7	Uttarakhand	69,97,433	51,05,782	37.05
8	Orissa	2,71,12,376	1,98,37,055	36.68

Source: PHD Research Bureau, compiled from Office of the Registrar General & Census Commissioner, India

The literacy level of the state at around 70%, falls short of states like Delhi, Himachal Pradesh, Maharashtra, Tamil Nadu, Uttarakhand, Punjab, Gujarat, Haryana, Chhattisgarh, however, it is better than states like Jammu and Kashmir, Rajasthan, Andhra Pradesh, Arunachal Pradesh and Bihar.

### Trend in literacy in comparison with other states



Source : PHD Research Bureau, Compiled from Economic Survey 2010-11

One of the oldest universities in the country “Banaras Hindu University” and other well renowned institutions such as IIT Kanpur, IIM Lucknow, IMT Ghaziabad, National Institute of Technology, Allahabad and many others lie within the state. Uttar Pradesh also has good presence of private players such as Amity University in Noida.

**Health-** The Uttar Pradesh government has managed to maintain the vast network of health facilities and has undertaken serious efforts in strengthening its health infrastructure. A sum of Rs. 4990 crore has been allocated under medical and health in the annual budget of FY2011-12.

The state is mainly dominated by primary health centres and community health centres and a very small proportion is covered by private sectors in rural areas. The health infrastructure of the state comprises of 20621 sub center, 2869 primary health centres, 823 community health centres, 67 district male hospitals, 54 district female hospitals and 13 other hospitals to provide a range of preventive and curative health services to the dwellers of the state.

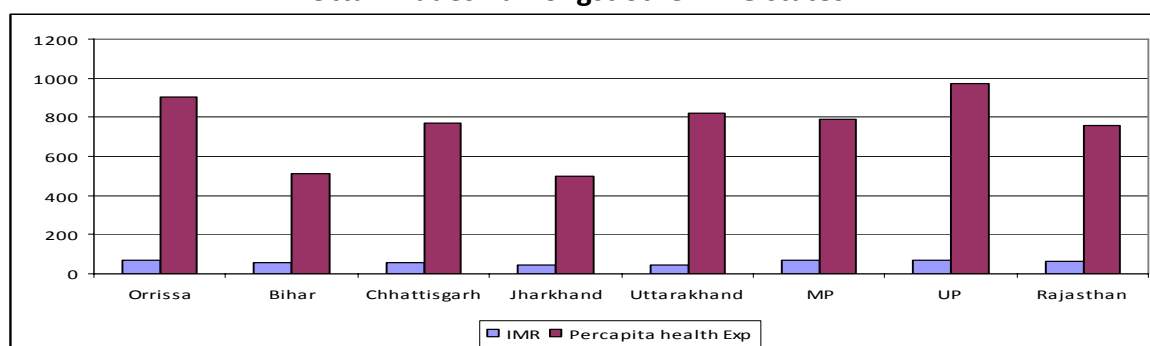
### Health Infrastructure

Contents	Figures
Life Expectancy at Birth (2002-06)*	60 years
Infant Mortality Rate (2008)*	67 per 1000 live births
Per Capita Health Expenditure NHA-04-05*	Rs 974
District Male Hospitals (In Numbers)	67
District Female Hospitals (In Numbers)	54
Other Hospitals (In Numbers)	13
Community Health Centres (CHCs) (In Numbers)	823
Primary Health Centres (PHCs) (In Numbers)	2869
Sub Centres (In Numbers)	20621
Ayurvedic Hospitals/Dispensaries(FY2009)	2116
Unani Hospitals/Dispensaries( FY2009)	251
Homeopathic Hospitals/Dispensaries( FY2009)	1575

Sources: PHD Research Bureau, compiled from \*Annual Report to People on Health September 2010 and Planning Department, Government of Uttar Pradesh.

The health statistics of the Uttar Pradesh are not very encouraging. The Infant mortality rate of the state stands at 67 per thousand live births (2008), higher than national level of 53 per thousand live births. Whereas life expectancy at birth of the state (2002-06) stands at 60 years, which is marginally below the national level of around 64 years. However the state’s per capita health expenditure is highest among EAG states. The state is making serious endeavor to improve the quality of life of the people.

### Uttar Pradesh amongst other EAG states



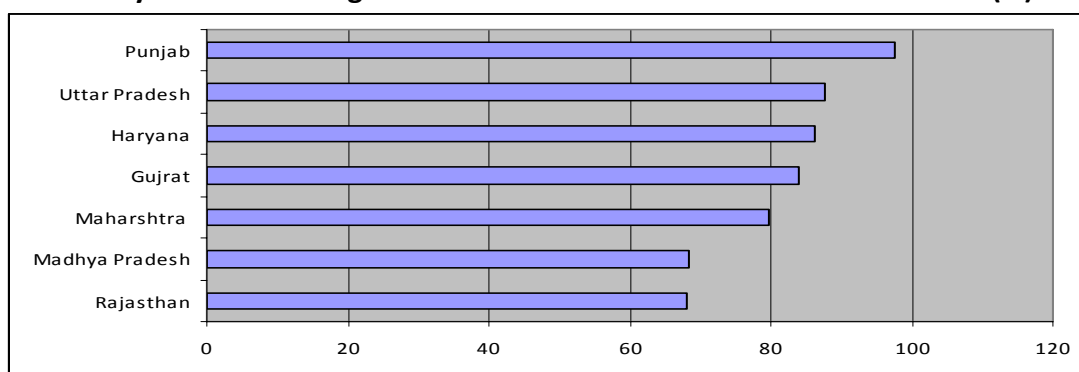
Source: PHD Research Bureau, Compiled from Annual Report to people on Health, September 2010.

Note: Empowered Action Group Scheme has been launched by Ministry of Health and Family Welfare and covers the above eight states

### Availability of Safe drinking water

Uttar Pradesh is blessed with rivers like Ganga, Yamuna, Gomti, Ramganga and Ghaghara. In terms of availability of safe drinking water, around 88% of the population of the state has access to safe drinking water. The access to safe drinking water comprises 97% of urban population and 85% of the rural population of the state. However, in general it is considerably high as against the national level of around 80%.

### Availability of Safe drinking water to households (%)



Source: PHD Research Bureau, Compiled from Economic Survey 2010-11

## 5. Performance in six thrust areas focused by PHD Chamber

The six thrust areas of PHD Chamber are Agriculture and Agribusiness, Education and Skill development, Health, Housing, Industry and Infrastructure. Uttar Pradesh has done fairly well in the areas focused by PHD Chamber. Going ahead, more developmental efforts are expected for further strengthening its position in these areas.

### Performance in six thrust areas

Agriculture and agribusiness	Uttar Pradesh has rich and productive agricultural base coupled with conducive food processing industrial policy, making an ideal destination for setting up agro and food processing industries. The state is the largest producer of food grains in the country and has the highest share in India's sugarcane production. Food parks have been set up at Barabanki, Varanasi, Gorakhpur and Saharanpur.
Education and skill development	The state has made considerable progress in terms of literacy level and has posted a remarkable improvement in its literacy rate from around 12% in 1951 to around 70% in 2011. However, the state's literacy level lies below the national literacy level of around 74% in 2011. The state government has taken several initiatives in this regard to the upliftment and development of female population and is progressing towards making provision of education to all. The state has launched several schemes to promote the education of girls in the state.

Health	Uttar Pradesh has made serious endeavor to improve the quality of life of the people and making its best efforts to overcome the health problems of the state. The per capital health expenditure is highest among the states covered under the Empowered Action Group. The state has a good network of health centers and has been managed to decline its IMR from 82 in 2001 to 67 in 2008 and further to 63 in 2009.
Housing	Housing is one of the key issues which need to be addressed with serious attention. It is one of the major problems faced not only by the state but country as a whole. However, the state has undertaken numerous housing construction projects during the recent years. The state has implemented several schemes and programmes to provide affordable houses to the dwellers of the state.
Industrial policy	Uttar Pradesh has a well diversified and stable industrial environment. Agribusiness, IT & ITES, Biotech, food processing, handicrafts and tourism are the thrust industries of the state. The state government has taken several measures for the development of industrial sector and is on way to rapid industrialisation with investor friendly policy framework. The state has established Software technology park at Kanpur and Biotechnology Research park at Lucknow. However, a lot more is to be done in exploring the untapped potential in area of Biotech sector.
Infrastructure	The state offers extensive road network, good coverage under railways and excellent civil aviation infrastructure. However, the state is crippled with power deficits and has been making serious efforts in undertaking various power projects under PPP. Thus, there is need for planned and speedy implementation of power projects in the state to facilitate industrialization and overall economic growth.

## 6. Uttar Pradesh Budget 2011-12

The budget FY2011-12 has been formulated to focus and accelerate infrastructural development especially in power, road and human resource development. The amount allocated for power in the annual budget of FY2012 is Rs. 8227 crore, which is around 4% higher than the previous year. While for construction and maintenance of road and bridges, the state has earmarked an amount of Rs. 6775 crore in the annual budget of FY2012, which is 16.6% higher than the allocation made in FY2011. In addition to this, for flood control and irrigation an amount of Rs. 5451 crore has been allocated in the annual budget of FY2012.

With a view to develop agriculture and allied activities, the state government has earmarked an amount of Rs. 4496 crore in the annual budget for FY2011-12, which is 8.9% higher than the allocation made in previous year.

To set up the growth of urban infrastructure, the state government has allocated an amount of Rs. 5005 crore, which is to be spent on the development of cities, essentially on housing, water supply and sewerage facilities. Lucknow and Varanasi has been earmarked an amount of Rs. 564 crore and Rs. 31 crore for their overall development.

In order to strengthen the educational infrastructure, the state has earmarked an amount of Rs. 19086 crore for basic education, Rs. 6846 crore for secondary education and Rs. 2146 crore for higher education, which is 19.6% higher than the previous year's allocation. Further, an amount of Rs. 4990 crore and Rs. 6133 crore has been allocated for medical and health and rural development programmes respectively in the annual budget of FY2011-12.

The state government has made of provision of Rs. 4761 crore for women and child development programmes, which is 6.3% higher than the last year. In addition to this, an amount of Rs. 360 crore has been allocated under Mahamaya Gharib Bahlika Ashirvad Yojna, which aims to provide several benefits to about 1.8 lakh girls.

Greater stress has been laid on welfare of schedule castes and other weaker sections of the society, and the government has made a provision of Rs. 9772 crore under Special Component plan for scheduled castes, which is 6.8% higher than previous year.

<b>Budget at a glance</b>		<b>Rs. Crore</b>	
<b>Contents</b>	<b>2010-11 (BE)</b>	<b>2011-12 (BE)</b>	
Revenue Receipts	111620.61	131428.70	
Capital Receipts	32556.66	34584.16	
Total Receipts	144177.27	166012.86	
Revenue Expenditure	111066.21	125793.66	
Capital expenditure	42133.17	43622.72	
Total Expenditure	153199.38	169416.38	
Revenue Savings	554.40	5635.04	
Fiscal Deficit	22742.49	18959.66	
Fiscal Deficit % of GSDP	4.4%	2.97%	

*Source: PHD Research Bureau, Compiled from Budget of Uttar Pradesh 2011-12*

## **7. Conclusions and recommendations**

Uttar Pradesh is one of the fastest growing states in India and has shown a healthy growth path during the recent years. The state economy has grown at an average growth of around 6% during the last decade (2000s). Presently the tertiary sector contributes a significant share of around 49% in the GSDP followed by primary and secondary sectors at around 28% and 24% respectively. The state is making considerable efforts for promoting industrial growth by offering gamut of attractive package of incentives and is on its way to rapid industrialization. The secondary sector has grown by average 9% during FY2006-11. Gross fiscal deficit of the state as a percentage of GSDP is estimated at 4.4% (FY2011). It is lower in comparison to states like Sikkim,

*Uttar Pradesh: The State Profile*

Assam, Goa, J&K and Himachal Pradesh and higher than the states like Andhra Pradesh, Bihar, Chhattisgarh, Haryana, Jharkhand, Maharashtra, Orissa, Punjab, Rajasthan and Gujarat.

The economic policy of the state mainly focuses on agro food processing industries, biotech, tourism, energy and IT. The state offers favorable and conducive milieu for undertaking industrial ventures coupled with availability of skilled and semi skilled labor force, investor friendly policy framework and speedy clearances through web based single window system “Nivesh Mitra”. The state provides excellent investment environment and has attracted more than Rs. 49000 crore industrial investment proposals in the last four years. However, being a land locked state, import of raw materials and export of finished goods bears the additional inland transportation cost which results in augmenting the prices of products. Thus, provision of more cost-effective transportation network for undertaking exports and imports is necessary for providing a favorable environment for industries to undertake profitable and cost friendly activities

Small Scale Industries constitute an important segment of the state’s economy in terms of employment generation, source of foreign exchange earnings and exports. This sector mainly comprises units like handicraft sector, khadi and village industries, handloom and sericulture. However, many of these SSI units have not remained financially viable and have become sick. Thus, state government should come up with integrated approach to facilitate development of SSI units by providing financial assistance, technical know how, up gradation of industrial infrastructure and strong backward and forward market linkages. In addition to this, there is also an urgent need to expose artisans to modern technologies and skill development programmes.

In the services sector, IT, tourism and banking are the important areas. The state has emerged as a hub for IT-ITES industries including software, captive business process outsourcing and electronics and has the potential to emerge as the tourism hub of India. However, the credit deposit ratio of all scheduled commercial banks stands at a low level of around 44% against the national average figure of around 75%. Thus, state government should endeavor to step it up to promote financial outreach in semi urban and urban areas where credit deposit ratio stands at low 40.1% and 43.5% respectively.

The demand of power is rising sharply on account of large expansion in economic activities within the state. Uttar Pradesh is crippled with a power deficit of 15% which is significantly higher than the national power deficit of 8.5% (during FY2010). On the other hand, transmission and distribution loss posted by the state stands around 31%, which is higher than the national level of around 25% (during FY2009). Thus, there is a need for speedy approvals of power projects, project management techniques, rapid upskilling of manpower, strengthening transmission and distribution system and taking on alternative sources of energy such as wind, bio gas, agricultural biomass and hydro

projects which would aid in meeting the rising demand and supply gap and making the state self reliant and power surplus.

Agriculture is one of the most significant sectors of the economy of Uttar Pradesh with 2/3<sup>rd</sup> of the workforce of the state dependent on it for their livelihood. The state is the largest producer of food grain in India and offers a diverse agro climatic condition which is conducive for agricultural production. The major crops grown in the state are paddy, wheat, sugarcane, potato, mustard, groundnut, gram, pea and lentil. However, it has been observed that the share of primary sector in GSDP is witnessing a declining trend. Therefore, state government should promote diversification in farm sector, crop rotation, organic farming and easy access to farm credit. In addition to this, cost effective rain water harvesting projects such as check dams should be developed in dry areas so to increase the ground water tables. The farmers should be made aware of latest technology so to increase the efficiency and productivity of land. In addition to this, application of biotechnology would also help in enhancing the agricultural productivity. With large agricultural base, the state carries immense potential to undertake profitable agri business in the state. Thus, improvement in supply chain scenario, providing good infrastructure and warehousing facilities, strong market linkages, up-gradation and modernization of technology and availability of cheap credit can help in stepping up of more establishment of agro business in the state and thereby would augment the agri exports from the state.

The state's social sector has improved over the years, but still remains an area of concern. The poverty level of the state stands at around 33%, which comparatively higher in comparison to the national average of around 27%, whereas its literacy level stands at around 70%, which lies below the national literacy level of around 74%. Although, unemployment rate in the state stands at 8.2% (FY2010), which is better in comparison to the national level of 9.4%, but still there remains a lot of scope to reduce it.

Going forward, there is a tearing need to address these challenges and the state should strive towards the development of human resources, job oriented education system, setting up of skill development centres and vocational training institutes to strengthen the educational infrastructure, creation of employment opportunities, improving income levels and enhancing the potential for economic growth.

### Some important contacts

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## About the PHD Chamber

**P**HD Chamber is a vibrant and proactive representative organization of business and mercantile community of northern and central India, serving their interest for over a century. This apex regional organization plays a active role in India's development and acts as a much needed link between government and industry, serving as a catalyst for rapid economic development and prosperity of the community in the region through promotion of trade, industry and services.

With its base in the National Capital, Delhi, the Chamber has Regional offices in States of Bihar, Chhattisgarh, Haryana, Himachal Pradesh, Jammu & Kashmir, Madhya Pradesh, Punjab, Rajasthan, Uttar Pradesh, Uttarakhand and the Union Territory of Chandigarh.



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