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HOW TO CREATE 10 CRORE JOBS IN UTTAR PRADESH
WHILE MAKING IT INTO A USD ONE TRILLION ECONOMY?

VOLUME 1

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Contents

Note: This study is in two volumes. This Volume 1 gives and overview whereas Volume 2 carries detailed studies of 15 sub-sectors and clusters/districts all over the state from the point of view generating additional employment in addition to growth in the GSDP.

Executive Summary

Vision and Strategic Objectives: This strategic report articulates an ambitious roadmap for Uttar Pradesh (UP) to escalate its Gross State Domestic Product (GSDP) to one trillion dollars by 2027, whilst generating employment for 100 million individuals. Anchoring this vision is the commitment to not only elevate UP's economic stature but also to significantly reduce socio-economic disparities, thereby fostering a more inclusive growth model that benefits all sections of society.

Current Economic Context: Uttar Pradesh, with its significant demographic advantage, stands at the cusp of economic transformation. Despite being the third largest state economy in India, UP is challenged by several structural impediments including underemployment, regional economic imbalances, and infrastructural deficits. The current GSDP of approximately $250 billion underscores the potential for growth but also highlights the urgent need for strategic interventions to harness this potential effectively.

Source: Image

The current estimated employment is about 7.8 crore persons and if 10 crore persons have to be employed by 2030 then 2.2 crore new jobs have to be created or about 45.8 lakh jobs per annum for five years. The current employment strategy of UP is rather capital intensive, with every new job requiring an investment of Rs 16.72 lakh.

If an additional 2.2 crore jobs have to be created, it would mean an investment of about Rs 76.6 lakh crore, which is over three times the GSDP of the state in 2023. Thus there is no doubt that employment would have to be created in the less capital intensive agricultural and allied sectors, in the, micro, small and medium enterprise (MSME) sector and in the small capital construction and small capital services sectors.

Strategic Pillars for Economic Transformation:

1. Sectoral Diversification and Development: Prioritizing investment in key sectors identified as growth engines – agriculture, manufacturing, services, and high-tech industries – to stimulate job creation and economic diversification.

2. Robust Infrastructure Expansion: A substantial scale-up in infrastructure investment, particularly in transport, logistics, digital connectivity, and urban development to create a conducive environment for industrial growth and to enhance quality of life.

3. Policy Innovation and Governance Reforms: Implementing forward-looking policy reforms aimed at enhancing ease of doing business, fostering private sector investment, and streamlining governance processes to support dynamic economic activities.

4. Inclusive Growth and Social Equity: Ensuring that the fruits of economic development are equitably distributed, with specific focus on enhancing access to quality healthcare, education, and social security, thereby addressing the deep-rooted socio-economic disparities across regions and communities.

5. Skill Development and Entrepreneurial Ecosystem: Strengthening the skill development framework to align with the demands of a modern economy and nurturing an entrepreneurial ecosystem to drive innovation and startup culture, with a special emphasis on empowering women and youth.

6. Investment Framework and Employment Generation Strategy: The report delineates a comprehensive investment strategy, outlining the quantum of capital injection required across the identified sectors. It advocates for a synergistic approach combining public sector outlays with robust private investment, underpinned by conducive policy measures to optimize resource utilization.

7. Challenges and Forward Path: While the ambition to quadruple UP's GSDP within a decade is formidable, it is fraught with challenges including the need for massive capital infusion, skill upgradation, and infrastructural overhaul. Nonetheless, leveraging UP's demographic dividend, strategic geographic location, and rich cultural heritage, coupled with decisive policy action and stakeholder collaboration, can pave the way for transformative growth.

In the spirit of contributing to addressing this challenge, here is a set of eight recommendations based on the work of development scholars from UP. This will hopefully ensure bot growth as well as raise per capita incomes more broadly and contribute to environmental sustainability. We call it the Eightfold Path for Inclusive and Sustainable Growth of Uttar Pradesh.

1.) Invest in regenerating Jal, Jangal, Jameen, and Jal-vayu though public funding
2.) Invest in Health, Education and Skills and ensure outcomes to enable people to earn.
3.) Adapt agriculture to climate change, diversification, and value chains through FPOs
4.) Encourage women's SHGs and promote women's micro-enterprises in rural small towns,
5.) Promote small enterprises in cities for self/wage-employment of youth
6.) Build housing and local infrastructure in small towns and the less developed regions of UP
7.) Social security – healthcare & pensions to farmers, agri and informal workers
8.) Improve governance, increase the role of private sector and civil society in all aspects.

1 UP aims for a One Trillion Dollar GSDP by 2027 but there are many challenges to overcome
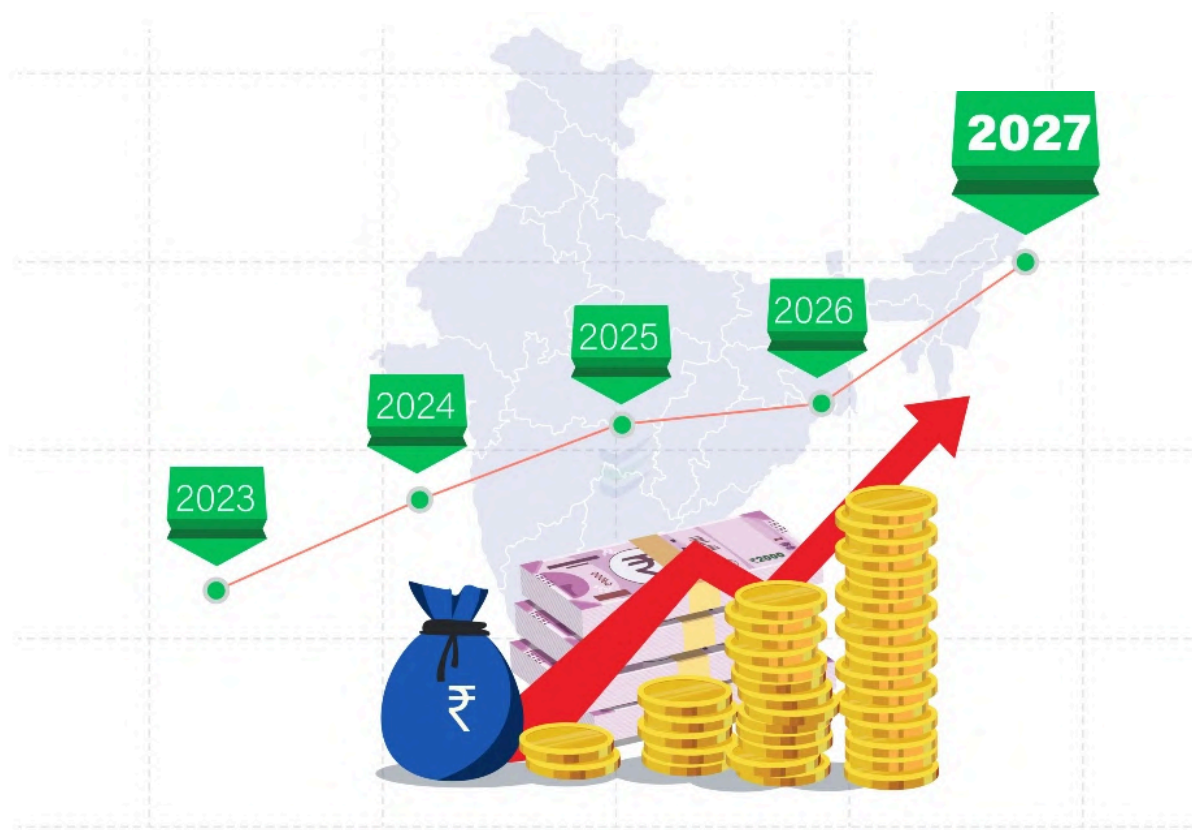
Source: Image

Uttar Pradesh is the third largest economy in India after Maharashtra and Tamil Nadu. Its gross state domestic product (GSDP) at current prices stood at Rs. 20482.34 billion and net state value added (NSVA) at current prices stood at Rs.15,005 billion in 2021-. Per capita income in the state at current price stands at Rs. 65,338/- (source: Statistical Diary UP 2021), second lowest in the country. The state supports more than 16 per cent of the country's population with around eight per cent of its national income. (Source: RBI Handbook of Statistics 2021-22)

1.1 The Ambitious Goal

The UP Chief Minister Yogi Adityanath *has made a mission to achieve a trillion dollar economy goal for UP by 2027. After identifying nine sectors to focus on, he has put a dedicated team to chase the dream.* The state 's current GDP is Rs 20 lakh crore (approx. 250 billion dollar) and it needs to cross Rs 80 lakh crore to meet the target of USD 1 trillion by 2027. Going by the current growth rate, the government is staring at a stiff challenge. How does he propose to do this? In a recent interview,[1] this is what he said

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[1] Times of India: exclusive interview with CM Yogi Adityanath:
http://timesofindia.indiatimes.com/articleshow/102519198.cms?
from=mdr&utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

Yogi Adityanath: The per capita income of Uttar Pradesh has grown almost 100% in the past 5-6 years. This was even though almost three years of this duration were consumed by Covid.

In the previous financial year, our Gross State Domestic Product (GSDP) grew by over 20%, which is a positive step towards our goal. And now that we have identified the sectors to focus on – four core and five enabling – I think we are well on target. It should be achieved in the remaining period.

We have made tremendous progress in terms of infrastructure. Roads, expressways, air and waterways, all have seen unprecedented growth in the past six years. The connectivity has pushed economic activities in a big way. UP is developing into a hub of multi-modal transport. Combined with the new freight corridors, the state will establish itself as an export hub.

Besides, the agriculture and MSME sectors are doing extremely well. At present, UP is exporting agri products worth Rs 19,000 crore per year. We will double it next year. We recently sent Landga mango and green chillies to Dubai and Doha.

Besides, fresh vegetables from Mirzapur, Ballia and other districts are being sent directly to Dubai, regional rice to Qatar and black rice to Australia. It's the only state where 85-90% land is irrigated.

We have 96 lakh MSME units in the state. Our One District One Product (ODOP) for the MSME sector, has played a key role in over 100% growth in our overall export in the past five years.

Our export was Rs 86,000 crore, which has grown to 1.75 lakh crore now. Besides, rapid urbanisation has opened new doors to investment. Service sector has seen exponential growth.

1.2 How feasible is One Trillion Dollar GSDP in 2027?

The UP CM's target of USD 1 Trillion GSDP by 2027 means quadrupling the GSDP in four years. Compare this to the growth rate of UP GSDP (at constant prices) for the last three decades (see figure 1 below, sourced from Mamgain and Verick 2017),) which shows that the UP GSDP growth rate crossed 8% only twice in 30 years and 10% only once.

Even if we instead look at GDP at current prices, the growth rate is rarely more than 15% though it is projected to be 19% this year. At this rate, it would take ten years, not five for the economy to reach USD 1 Trillion. This may however, help UP reduce the gap in the per capita income in UP as compared to the all India average (see figure 2 below, sourced from Mamgain and Verick 2017).

Figure 1: Annual growth rate of GSDP at 2004-05 prices (%)
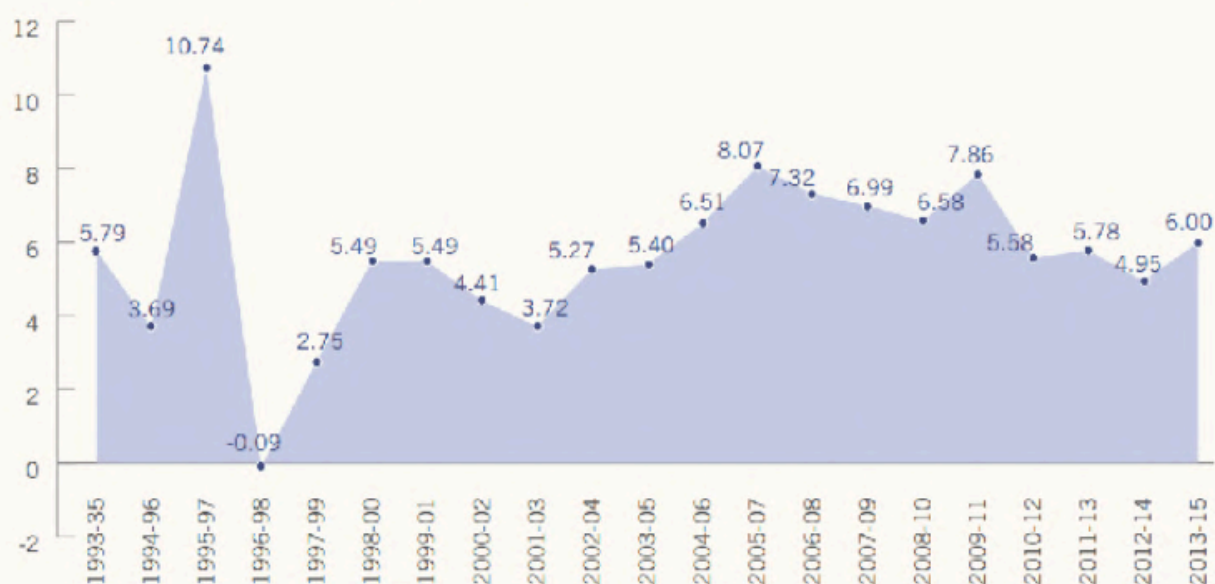
Source: CSO, Gross State Domestic Product - Uttar Pradesh, 2016.

Figure 2: Gap in per capita income of UP in comparison to India (%)
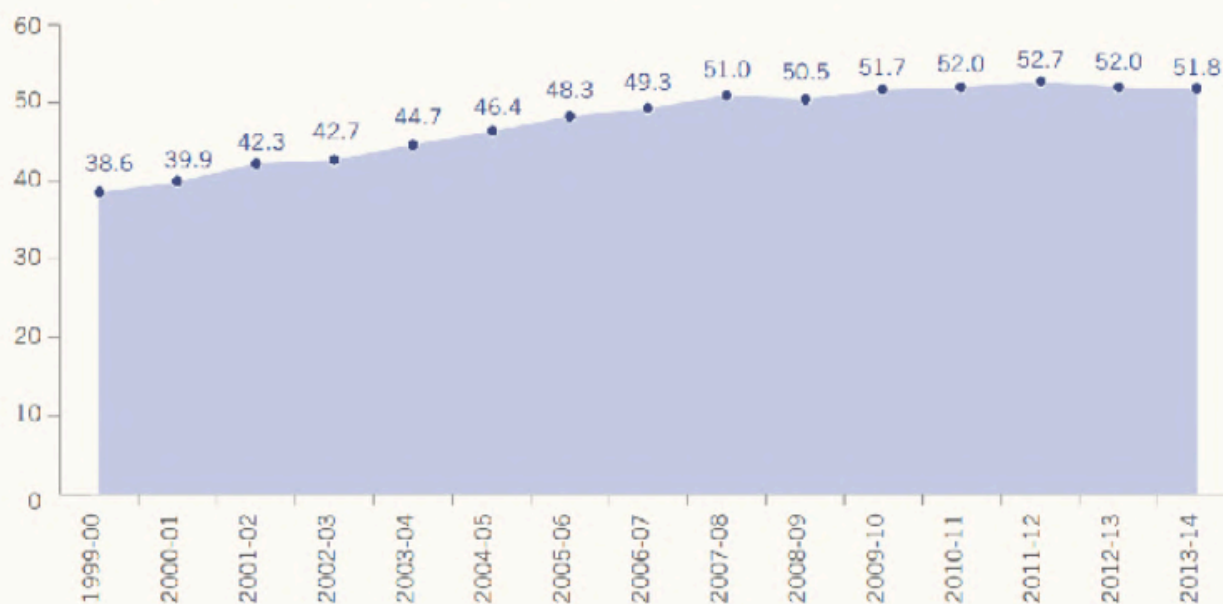
Source: CSO, Gross State Domestic Product - Uttar Pradesh, 2016.

Several people have expressed doubts about the feasibility. As per a report in the Hindustan Times, Lucknow Aug 18, 2023 by Umesh Raghuvanshi:[2]

"The state government's revised estimates, in its analysis given with the annual budget for 2023-24, indicate that Uttar Pradesh's GSDP has grown from ₹12.47 lakh crore in 2016-17 to ₹20.48 lakh crore in 2022-23. It is expected to grow to ₹24.39 lakh crore-in 2023-24.

Minister for finance Suresh Khanna, in his budget address (2023-2024) in the state legislative assembly, on February 22, 2023, said Uttar Pradesh's GSDP grew 16.8% in 2021-2022. He said this was more than India's growth rate and the GSDP is estimated to grow at 19% (at current prices) in 2023-24.

If U.P's GSDP of ₹20.48 lakh crore is considered, the state will have to take its GSDP to ₹81.92 lakh crore in the next five years, which appears to be an ambitious target.

"Yes, the required growth rate of GSDP would be 31.9% per annum which looks quite an ambitious target to achieve. UP's economy has come out of the Corona pandemic-induced slowdown and is now on way to sustained growth. With buoyant investment and the spate of infrastructure projects, U.P. is poised to move forward on a path of accelerated development," said Professor Yashvir Tyagi, former head of department, Lucknow University.

"The compound annual growth rate of U.P.'s Gross State Domestic Product at current prices has been 8.28% during the period 2016-17 to 2021-22 as per data released by the Directorate of Economics and Statistics, GOUP (Government of Uttar Pradesh).

However, the budget of the state government has put the size of GSDP in 2022-23 as ₹20.48 lakh crore and the projected GSDP for 2023-24 as 24.39 lakh crore. If these estimates are realised, this would imply that the GSDP at current prices would grow at an encouraging rate of 19.09% in the current year."

Uttar Pradesh has enormous potential to shift to a development path characterized by remunerative jobs for its increasing labour force, both within farm and non-farm sectors. This will involve overcoming gender and social gaps in employment opportunities and earnings, while reducing the pace of distress migration.

The success of a future inclusive growth agenda for Uttar Pradesh would depend on its strategy of promoting investment in employment potential sectors and ensuring equal participation of its people belonging to various regions, gender, and social groups.

This means that the state has to make aggressive efforts to catch up with other fast growing regions in the country. The fast double-digit growth experienced by sectors such as transport, communication, banking and financial services, real estate and other services need to be translated into other sectors.

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[2] Umesh Raghuvanshi "31.9% GSDP Growth Required To Fuel Uttar Pradesh Economy's Four-Fold Increase'
  https://www.hindustantimes.com/cities/lucknow-news/319-gsdp-growth-required-to-fuel-uttar-pradesh-economy-s-four-fold-increase-101692300075933.html

1.3 Is a Trillion dollar GSDP even desirable without increasing employment and reduction in disparities?

In any case, growth alone will not do the trick. UP state needs growth with employment. In 2023, the UP population was about 23.8 crore, and the working age population was 65% of that or about 15.8 crore persons. The workforce in UP was 7.22 crore in 2019-20. However, the number of persons in regular wage employment was only 1.1 crore in 2019-20.

The self-employed numbered 3.23 crore in 2019-20. Of these, "workers" in non-remunerative employment were 1.51 crore in 2019-20. Further, it is important to note that the number of females engaged in non-remunerative employment was 0.72 crore in 2019-20. By 2027, UP will have a workforce of over 10 crore and thus 10 crore sustainable livelihoods is essential.

Several significant aspects are revealed from the Government of India's periodic labour force survey (PLFS) data. The move back to agriculture of workforce increased rapidly especially after 2018-19. Moreover, the 'increase' in labour force participation claimed, especially for females, turns out to be merely due to an increasing non-remunerative employment, which counts as under-employment. The second issue is that of the gender dimension in employment. WFPR in UP for women was 12.4 per cent in 2019-20 as compared to male WFPR of 50 per cent. Thus, there is a clear gender divide in terms of WPR in UP.

The status of educated unemployed has been in discourse for some time; there has been a massive increasing unemployment among the educated in Uttar Pradesh post 2017-18. The state is facing a high rate of unemployment among its graduates with technical education. The unemployment rate among female graduates in UP is more than double that of India.

As a result, poverty in Uttar Pradesh, both in rural as well as urban areas, has risen significantly, and there is clear evidence of increasing inequality. UP's per capita income was the second lowest in India, after Bihar. In 2023 it was Rs 83,565 as per the CEIC.[3]

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[3] https://www.ceicdata.com/en/india/memo-items-state-economy-net-state-domestic-product-per-capita/nsdp-per-capita-uttar-pradesh

Merely quadrupling the GSDP without paying attention to inclusion will mean massive disparities and social discontent. The only way the growth can be distributed evenly is if employment also grows.

As can be seen from the Table 3 below (sourced from Mamgain and Verick 2017), the high growth definitely helped the state in reducing its poverty, particularly in rural areas, but did less to reduce the incidence of poverty among its urban population. The highest incidence of poverty in the central region and the lowest in the western region of the state speaks of the vast regional disparities in development. Poverty is widespread among casual labour households, Scheduled Castes and those engaged in non-farm self-employment. The challenge of poverty reduction in the state, particularly in urban areas, still remains formidable due to inadequate employment opportunities and social security programme.

Table 3: Incidence of poverty* in Uttar Pradesh and India, 2011-12

| Region | Rural | | | Urban | | |
	2004-05	2011-12	Change 2005/2012	2004-05	2011-12	Change 2005/2012
Western	45.48	19.46	26.02	43.18	33.95	9.23
Central	51.3	41.06	10.24	29.57	37.11	-7.54
Eastern	62.81	32.72	30.09	49.74	44.62	5.12
Bundelkhand	53.9	29.86	24.04	56.14	37.38	18.76
UP	54.38	28.99	25.38	42.31	37.24	5.07
India	43.76	28.10	15.66	26.64	16.98	9.66

Note: Calculation based on Tendulakar's poverty line method.
Source: Calculated from the unit level data of NSSO rounds on consumption expenditure, various years.

As we want the average income to increase, employment growth will have to be lower than GSDP. So, if the GSDP is being quadrupled from USD 250 billion to USD 1 trillion, the remunerative employment must be enhanced from roughly 6 crores in 2023 to 10 crores by 2027. By 2027 the population will be 24.5 crore so the per capita income will be about Rs 320,000 pa or about four times the present. This is a desirable goal as compared to USD 1 trillion GSDP. To this the deployment of workforce will have to shift from agriculture to construction, manufacturing, and services, and from rural to urban areas.

Source: Image

2 Legacy of the Socio-Economic situation in UP a decade ago

The nature and trends in labour and employment in Uttar Pradesh have been very well analysed in a paper by Mamgain and Verick (2017).[4]

2.1 Labour Force and Work Force Participation Rate

The participation of women in the labour force, particularly in rural areas and those belonging to SC/ST social groups has been low. This is largely attributed to rising enrolment/retention of women in secondary and tertiary education. The decline is also partly caused by rising household income and lack of remunerative employment opportunities near their homes, leading women to withdraw from the labour market.

	Male	Female	Person
Uttar Pradesh			
Rural	82.55	28.35	55.86
Urban	80.58	15.12	49.31
Total	**82.05**	**25.13**	**54.23**
India			
Rural	83.52	37.57	60.79
Urban	80.94	22.22	52.53
Total	**82.65**	**32.53**	**58.04**

Source: NSSO unit level data, 68th round.

Table 7: Workforce participation rates (15 to 59 years), 2011-12

	Male	Female	Person
Uttar Pradesh			
Rural	81.60	28.14	55.28
Urban	77.05	14.50	47.17
Total	**80.44**	**24.82**	**53.25**
India			
Rural	81.98	36.97	59.71
Urban	78.38	20.90	50.56
Total	**80.76**	**31.70**	**56.67**

Source: NSSO unit level data, 68th round.

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[4] Mamgain. Rajendra P. and Sher Verick (2017) The State of Employment in Uttar Pradesh: ILO
  https://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/---sro-new_delhi/documents/publication/wcms_614693.pdf

2.2 Nature of Employment and Structural Shifts

Table 9: Nature of employment (share of workers by employment status, %)

Type of employment	1993-94	2004-05	2011-12
Uttar Pradesh			
Self-employed	69.36	71.15	62.24
Regular salaried	9.34	10.98	11.71
Casual labour	21.31	17.87	26.05
Total	**100**	**100**	**100**
India			
Self-employed	52.9	54.91	50.72
Regular salaried	14.72	16.22	19.63
Casual labour	32.38	28.87	29.65
Total	**100**	**100**	**100**

Source: Computed from NSSO unit level data, various rounds.

Uttar Pradesh was the leading State, having the highest number of enterprises in the SME sector. The State had over 89.99 lakh MSME units (registered and unregistered) and 1.19 lakh enterprises engaged in agriculture sector, which was 18.5% of the country.
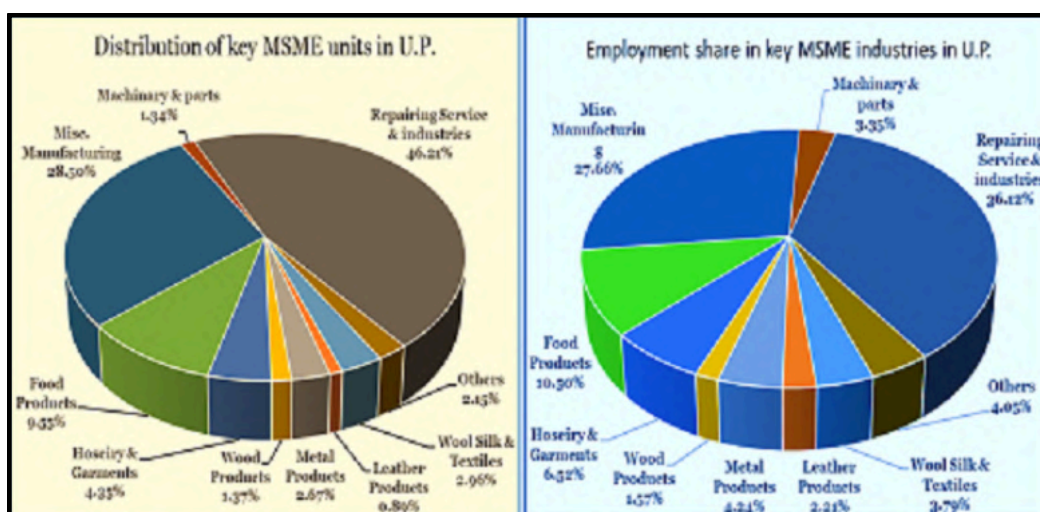
Table 13: Growth rate (%) in employment in Uttar Pradesh and India

Type of employment	1994 to 2005			2005 to 2012		
	Male	Female	Person	Male	Female	Person
Uttar Pradesh						
SE	1.88	4.65	2.68	-0.42	-2.88	-1.17
REG	3.79	5.76	3.96	1.06	6.39	1.66
CL	1.25	-0.66	0.82	7.71	-0.38	6.31
Total	**1.99**	**3.75**	**2.44**	**1.69**	**-2.06**	**0.74**
India						
SE	2.21	2.68	2.38	0.64	-2.86	-0.53
REG	2.46	5.26	2.93	3.30	3.78	3.39
CL	1.41	0.18	0.97	2.28	-1.83	0.99
Total	**2.02**	**2.04**	**2.03**	**1.66**	**-1.80**	**0.61**

Note: SE-Self-employed, REG-Regular salaried employment, CL-Casual wage labour.

Source: NSSO unit level data, various rounds.

Table 15: Industrial structure of employment, 2011-12 (15-59 years)

Industry	Rural		Urban		Total	
	UP	India	UP	India	UP	India
Agriculture	61.61	63.17	7.85	6.10	49.73	46.20
Mining and quarrying	0.50	0.50	0.85	0.80	0.58	0.59
Manufacturing	8.71	8.62	28.94	23.33	13.18	13.00
Electricity, water, etc.	0.23	0.25	1.33	1.32	0.47	0.57
Construction	14.55	11.61	10.32	9.57	13.62	11.00
Trade, hotels and restaurants	6.25	6.51	23.82	23.17	10.13	11.46
Transport, storage and communication	2.93	3.14	5.96	10.25	3.60	5.26
Other services	5.22	6.19	20.92	25.46	8.69	11.92
Total	**100**	**100**	**100**	**100**	**100**	**100**

Source: NSSO unit level data, 68th round.

Table 16: Structural shifts in employment (share of workers, %)

Industry	1993-94	2004-05	2011-12
Uttar Pradesh			
Agriculture	67.19	58.66	49.73
Mining and quarrying	0.17	0.22	0.58
Manufacturing	10.05	12.97	13.18
Electricity, water, etc.	0.31	0.18	0.47
Construction	2.34	6.29	13.62
Trade, hotels and restaurants	7.50	10.50	10.13
Transport, storage and communication	2.76	3.81	3.60
Other services	9.69	7.37	8.69
Total	**100**	**100**	**100**
India			
Agriculture	62.63	55.09	46.20
Mining and quarrying	0.78	0.62	0.59
Manufacturing	10.72	12.43	13.00
Electricity, water, etc.	0.42	0.31	0.57
Construction	3.43	5.97	11.00
Trade, hotels and restaurants	7.70	11.00	11.46
Transport, storage and communication	3.10	4.30	5.26
Other services	11.22	10.28	11.92
Total	**100**	**100**	**100**

Source: NSSO unit level data, various rounds.

Much of the problems of the labour force and its employability in Uttar Pradesh pertains to its low levels of education and poor skill training. The challenge of developing skill training for its population, particulary those in the age-group of 18 to 24 years, will remain to be a critical priority in the coming years. The low proportion of technically trained persons in Uttar Pradesh can be traced to the historically inadequate infrastructure for technical and vocational education in the state.

The skill development programmes under the Uttar Pradesh Skill Development Mission (UPSDM) are accelerating and will have a major impact in the years to come in addressing these challenges.

Source: Image

Agriculture remains a major employer of the labour force and so does self-employment. Uttar Pradesh has, over the years, experienced a significant shift from agriculture to non-farm employment.

Construction has emerged a major employer after agriculture. However, most of the additional jobs created in the non-farm sector were of casual labour.

Such high pace of casualization was widespread in all regions of the state except the eastern region. In the eastern region the dependence on agriculture did not reduce due to lack of casual wage opportunities outside the farm sector and large out-of-state migration of males.

The growth scenario of male employment in Uttar Pradesh is significantly different from females. Over recent years, there has been a sharp increasing male workers' casualization process.

Gender-wise, growth rate of men in regular salaried jobs has dipped over the years, but the same increased sharply for women in the state.

Access to such regular jobs for women has been greatly facilitated by improvement in their educational levels. However, their share as well as number in regular employment is yet to catch up with their male counterparts.

The state is also facing a high rate of unemployment among its graduates with technical education. The unemployment rate among female graduates is more than double in Uttar Pradesh in the rest of the country.

The high rate of unemployment among graduates and technical degree/diploma-holders is still a matter of concern, which justifies the views of employers regarding the poor education and skill levels of youth passing out of higher and technical educational institutions.

2.3 Unemployment and wage differentials

Table 18: Unemployment rate (UPSS), 15-59 years

Year	Uttar Pradesh			India		
	Male	Female	Total	Male	Female	Total
1993-94	1.37	0.43	1.14	2.33	1.79	2.15
2004-05	1.40	0.58	1.17	2.38	2.78	2.51
2011-12	1.96	1.23	1.79	2.28	2.57	2.36

Source: NSSO unit level data, various rounds.

Table 19: Unemployment rate (UPSS) by area, 15-59 years

Year	Rural			Urban		
	Male	Female	Total	Male	Female	Total
1993-94	0.88	0.32	0.73	3.29	1.32	3.00
2004-05	0.81	0.28	0.65	3.27	2.89	3.21
2011-12	1.15	0.74	1.05	4.37	4.09	4.33

Source: NSSO unit level data, various rounds.

Table 22: Unemployment rate (%) (UPSS) by social group and educational level, 2011-12 (15-59 years)

Educational level	Uttar Pradesh		India	
	SC/ST	Others	SC/ST	Others
Illiterate	0.63	0.30	0.34	0.46
Up to primary	0.93	0.84	1.25	1.10
Middle	3.19	1.14	2.24	2.09
Secondary & senior sec	1.66	2.62	4.85	3.55
Graduate & above	7.64	8.14	11.06	7.28
Total	1.53	1.88	2.03	2.50

Source: Computed from NSSO unit level data.

The average daily wage of a casual wage labourer is much lower in Uttar Pradesh than the national average — both for males as well as females. The gender gap in wages reduced during the recent years between males and females and across all social groups. However, such gaps still remain significant. The reducing gender gap in wages of men and women could be partly due to the withdrawal of females from casual wage work over the years, thus limiting their supply to such works at lower wages. However, there exists a significant gap in average daily wages of casual labourers belonging to SC/ST and Other social groups in rural areas.

In urban areas such gaps hardly exist, suggesting less severity of discrimination in wages in the labour market. These questions, however, need in-depth analysis. Average daily wages of regular salaried workers are more than double of that of casual wage workers in rural Uttar Pradesh.

The gender differences in wage earnings are significant in case of regular workers, both in Uttar Pradesh and India. Women working as regular salaried workers in non-farm occupations in the state seem to have least benefited from wage rises in rural areas and to a certain extent, in urban areas as well.

While SC/STs shared the gain in the growing wages at a national level, the same could not be translated at the state level in Uttar Pradesh. In brief, high economic growth perpetuated income inequality in the state as reflected in the increasing share of workers at lowest income quintile."

Table 23: Gender-wise average daily wages (INR) of casual labourers, 2011-12

	Uttar Pradesh		India		Wage differential (Female/Male) (%)	
Area	Male	Female	Male	Female	Uttar Pradesh	India
Rural	134.8	93.7	148.1	103.3	0.69	0.70
Urban	146.5	110.9	189.1	114.1	0.76	0.60

Source: Computed from NSSO unit level data.

Table 24: Average daily wages (INR) of casual labourers by social group, 2011-12

	Uttar Pradesh		India		Wage differential (SC/Others) (%)	
Area	SC/ST	Others	SC/ST	Others	Uttar Pradesh	India
Rural	123.8	136.5	130.6	141.6	0.91	0.92
Urban	155.0	139.0	167.2	180.1	1.11	0.93

Source: Computed from NSSO unit level data.

Table 33: Distribution of workers across MPCE* quintiles

MPCE quintile	SEA	SENA	REG	CAS	ALL
1993-94					
1	29.31	24.41	10.86	49.53	30.97
2	24.18	22.89	13.50	23.71	22.84
3	20.07	21.06	18.93	15.51	19.18
4	15.85	17.77	24.07	7.91	15.29
5	10.60	13.88	32.65	3.34	11.72
All	100.00	100.00	100.00	100.00	100.00
2011-12					
1	40.95	36.33	20.39	55.81	42.14
2	28.12	25.63	18.74	25.43	25.95
3	16.58	15.37	20.33	10.21	14.92
4	11.26	13.85	17.45	6.18	10.97
5	3.10	8.82	23.10	2.38	6.01
All	100.00	100.00	100.00	100.00	100.00

Note: MPCE-Monthly per capita consumption expenditure class. SEA=Self-employed in agriculture, SENA=Self-employed in non-agriculture works, REG=Regular salaried workers, CAS=Casual labourers.
Source : Computed from NSSO unit level data.

2.4 Regional disparities in UP are wide and persistent

As per a study by KS Rao (2020) of GIDS, Lucknow,[5] severe disparities exist across the four regions and 75 districts of UP. To achieve the objective of estimation of incidence of poverty at the district level of Uttar Pradesh, the study employed the Small Area Estimation Technique on the 68th round NSSO data. Based on the available data, it calculated the incidence of poverty in five dimensions. The five dimensions were as follows:

1. District-wise Rural Households
2. District-wise Land Category Households (Marginal LC1, Small LC2 and Others LC3) in Rural
3. District-wise Social Caste Groups in Rural areas (SC, ST, OBC, and Others)
4. District-wise Social Caste Groups in Urban areas (Sc, OBC, and Others)
5. District-wise Urban Households

Source: Image

2.5 Income disparities across regions/districts and social categories

Income was measured through monthly per capita consumption expenditure (MPCE) among these five categories. The study found large variations within each category of households in between districts of Uttar Pradesh: "As per small area estimation of MPCE for land holding category 1 of rural area of the state of UP is very low (Rs. 666) in districts of Banda, Fatehpur, Kaushambi, Pratapgarh, Raebareli, Basti, Maharajganj, Bahraich, and Shrawasti. In contrast, in the districts of Saharanpur, Muzaffar Nagar, Baghpat, Meerut, Ghaziabad, Gautam Budh Nagar, Bulandshahr, Mahamaya Nagar and Etah districts the MPCE is much higher (Rs. 1403).

As seen from the figure below, MPCE for district-wise rural area of the state of UP is very low (Rs.791) in Banda, Chitrakoot, Kaushambi, Fatehpur, Unnao, Pratapgarh, Sant Ravidas Nagar, Basti, Bahraich and Mainpuri districts. It also clearly shows that MPCE was much higher (Rs. 1558) in Saharanpur, Muzafar Nagar, Baghpat, Meerut, Ghaziabad, Gautam Budh Nagar, Bulandshahr, Mahamaya Nagar and Etah districts. In rural areas, caste category data reveals that less variations exists among SC, OBC and STs as compared to others categories of direct estimation of MPCE. The incidence of poverty proportion levels is also higher among SC, OBC and STs as compared to another category. Variation in incomes of STs was very much higher than SCs, OBC and other category households. In case of incidence of poverty proportions, variation among ST is again higher than Others, SC and OBCs."

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[5] Rao, KS (2020) Study to Estimate the Sub-State Level Estimates of Socio Economic Indicators of U.P. by using Small Area Techniques: Report by GIDS. https://updes.up.nic.in/updes/data/sss/activities_undertaken/5.6Substate%20level%20estimates.pdf

Figure 2: District-wise mapping of MPCE for rural area of Uttar Pradesh generated by small area estimation method, 2011-12.
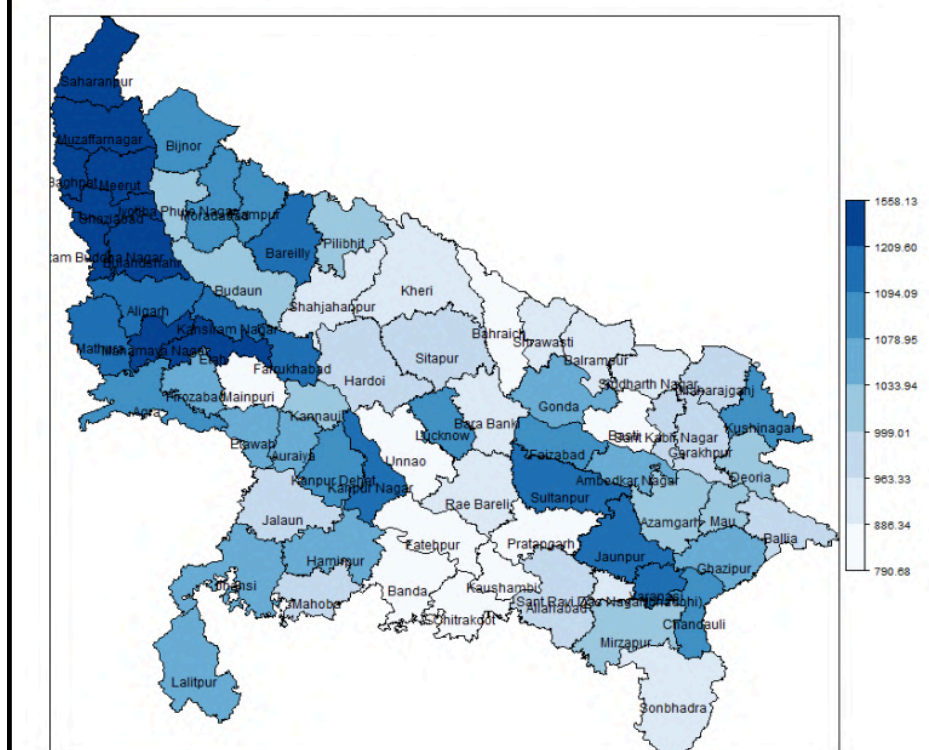
Table 2: Region-wise structure of Gross District Domestic Product in Uttar Pradesh, 2012-13 (GDDP at 2004-05 constant prices)

Region	Primary	Secondary	Tertiary	Total	Per capita income (INR)
Western Region	23.72	25.21	51.06	100	28 324
Central Region	19.54	20.79	59.67	100	22 632
Bundelkhand	31.48	14.20	54.31	100	26 805
Eastern Region	23.21	17.72	59.07	100	16 522
Uttar Pradesh	23.26	21.54	55.20	100	22 459

Source: Directorate of Economics and Statistics, GoUP, 2013.

Figure 3: Region-wise structural shifts in GDDP, 2004-05/2012-13 (%)

Note:
Reg I= Western
Reg II= Central
Reg III=Bundelkhand
Reg IV= Eastern
UP=Uttar Pradesh
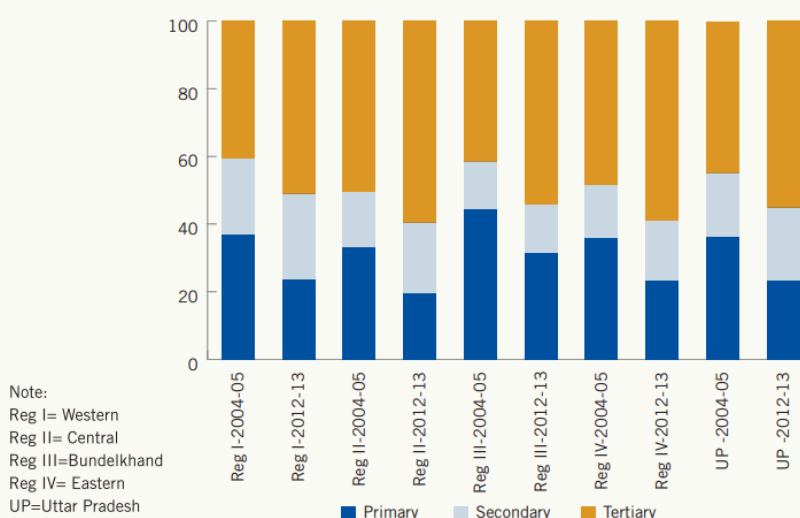
Source: Directorate of Economics and Statistics, GoUP, 2013.

MPCE in rural area was very low (Rs.791) in Banda, Chitrakoot, Kaushambi, Fatehpur, Unnao, Pratapgarh, Sant Ravidas Nagar, Basti, Bahraich and Mainpuri districts. In contrast it was higher (Rs. 1558) in Saharanpur, Muzaffar Nagar, Baghpat, Meerut, Ghaziabad, Gautam Budh Nagar, Bulandshahr, Mahamaya Nagar and Etah districts. Average monthly per capita consumption expenditure figures for rural households'was lower than the urban areas.

According to Small Area Estimation technique the incidence of poverty proportion levels is high in Rural areas among: 1. Marginal farmers (LC1) in rural area districts of Bahraich, Basti, Barabanki, Banda, Pratapgarh, Maharajganj, Rae Bareily, Sant Ravidas Nagar and Unnao. 2. SC Households in rural area of districts of Shahjhanpur, Firozabad, Minpuri, Unnao, Gonda, Basti, Pratapgarh, and Kaushambi 3. OBC Households in rural areas of districts of Bahraich, Barabanki, Faizabad, Basti, Rae Bareily, Pratapgarh, Fatehpur, Unnao, Sant Ravidas Nagar 4. Other Households in rural areas of districts of Kheri, Bahraich, Shrawasti, Hardoi, Farrukhabad, Mainpuri, Unnao, Barabanki, Mirzapur. 5. All Rural Households in the districts of Bahraich, Basti, Barabanki, Banda, Fatehpur, Kaushambi, Pratapgarh, Sonbhadra, and Unnao.

In urban areas, caste category data reveals that less variations exists among SC and OBC as compared to ST and Others categories of direct estimation of MPCE. The incidence of poverty proportion levels is also higher among SC and OBC as compared to ST and other category households. As per direct estimation, variation of MPCE of ST are very much higher than SC, OBC and also Other category households. In case of incidence of poverty, CV of ST is again higher than Others, SC and OBCs.

As per small area estimation of incidence of poverty in urban area of the state of UP is relatively very high (0.67) in Rampur, Kheri, Barabanki, Khushinagar, Ambedkar Nagar, Kaushambi, Mirzapur, and Chitrakoot districts. The poverty levels are high in urban areas among:

1. OBC Households in urban area districts are Rampur, Sitapur, Hardoi, Barabanki, Ambedkar Nagar, Pratapgarh, Kaushambi, Ballia, Sant Ravidas Nagar

2. Other Households in urban area districts are Shahjahanpur, Kheri, Mainpuri, Kannauj, Unnao, Barabanki, Kaushambi, Balrampur, and Sant Kabir Nagar.

3. All Urban Households point of view the districts are Rampur, Kheri, Barabanki, Khushi nagar, Ambedkar Nagar, Kaushambi, Mirzapur and Chitrakoot."

2.6 Employment disparities across different districts and social categories

"To achieve the objective of estimation of worker population ratio and unemployment rate at the district level of Uttar Pradesh, we have employed the Small Area Estimation Technique on the 68th round NSSO data. Based on the available data, we have computed the worker population ratio and unemployment rate in two dimensions.

1. Rural worker population ratio and unemployment rate and
2. Urban worker population ratio and unemployment rate."

According to the small area estimates, out of 75 districts, 14 districts have a low worker population ratio and nine have a very low WPR. The worker population ratio in the following 14 districts is low: Baghpat, Sant Ravidas Nagar, Gonda, Farrukhabad, Mathura, Sant Kabir Nagar, Mau, Jyotiba Phule Nagar, Ghaziabad, Firozabad, Mainuri, Gorakhpur, Muzaffar nagar and Bulandshahar.

In addition, in nine districts worker population ratio is very low: Auraiya, Mainpuri, Basti, Etawah, Chitrakoot, Jalaun, Deoria, Hathras and Ghazipur respectively.

The unemployment rate is high in rural areas is 10 districts, namely Shrawasti, Sonbhadra, Muzaffarnagar, Bulandshahr, Mau, Ballia, Kushinagar, Gorakhpur, Saharanpur, and Sant Kabir Nagar. In six districts the urban unemployment rate is high, namely Ghazipur, Deoria, Maharajganj, Bijnor, Gonda and Prayagraj."

Source: Image

2.7 Health infrastructure and staffing was highly deficient

As per Ranja (2021), "Uttar Pradesh has been performing particularly abysmally on the human development front. The lack of investment in health infrastructure such as Primary Health Centres and Community Health Centres has led to a decline in human development. As per NITI Aayog's Health Index Rank with base year 2015, Uttar Pradesh ranks last across states.

All these trends indicate a high level of socio-economic disparities in the state, by region, by social segment, by gender and by occupational status. The status of public health parameters in 2019 in UP and its inter-state is shown in the table below

Indicators	UP's Score	UP's Rank
Year 2019 Overall	28.61	21 (Last)
NMR (Per 1000)	30	2nd from the Bottom
U5MR (Per 1000)	47	Bottom 4
Full immunization	84	Bottom 4
Institutional Delivery	50	Last
Birth Registration	61	Last
Functional FRU	25	Last
PHC 24/7	20	Last

Source: NITI Aayog's Health Index, 2019

The dismal ranking above is directly linked to lack of health infrastructure in terms of number of Sub-Centres (SCs), Primary Health Centres (PHCs) & Community Health Centres (CHCs), as well lack of health personnel in terms of doctors, nurses, and other support staff.

While there was an overall decline in health centres in rural India between the period from March 2017 to June 2020, the decline in UP was even more pronounced. For instance, the number of PHCs in rural India declined by almost 3%, while in rural UP the decline was seven times more.

Source: Image

The situation of health staff – doctors and nurses can be seen from the table below

Doctors PHC	Required (R)	Sanctioned (S)	In Position (P)	Vacant (S-P)	Shortfall (R-P)
UP 2017	3621	4509	2209	2300	1412
UP 2019	2880	3578	2759	819	121
India2017	25650	33968	27124	8286	3027
INDIA 2019	24918	35890	28516	8638	1704
Health Sub Centres Rural UP					
UP Sub Centre: Females	Required (R)	Sanctioned (S)	In Position (P)	Vacant (S-P)	Shortfall (R-P)
Mar–17	20521	23695	28250	*	*
Jun–20	20778	23656	20389	3267	389
Sub Centre Rural India					
India Sub Centre: Females	Required (R)	Sanctioned (S)	In Position (P)	Vacant (S-P)	Shortfall (R-P)
Mar–17	156231	186479	198356	26172	6104
Jun–20	155404	205886	183999	28016	6038

Source: Rural Health Statistics

2.8 The period 2017-19 was not much better than a decade ago

A report by Ranjan (2021)[6] presents a similar view of socio-economic indicators in UP using income data from the NSSO and unit-level data from the Periodic Labour Force Surveys (PLFS), which also coincide with the period of the current political regime in Uttar Pradesh, as well as the period over the COVID-19 pandemic. Additionally, the report uses data from the Centre for Monitoring and Evaluation (CMIE) to further examine regional aspects in Uttar Pradesh.

Even though UP is the largest state in India in terms of population, the Per Capita Net State Domestic Product (NSDP) of UP is just half of India's average owing to sluggish growth and subsequently marginal decline over the recent years. In fact, Per Capita NSDP of UP in 2018-19 (at 2011-12 Constant Prices) ranked 30th out of 31 states and Union Territories (UTs). At the same time, UP is the third largest state among these 31 States and UTs in terms of Gross State Domestic Product (GSDP). However, GSDP growth in UP between 2011-12 and 2018-19 (at 2011-12 Constant Prices) ranked 17 out of 31 States and UTs, thereby showing little evidence of economic convergence.

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[6] Rao, KS (2020) Study to Estimate the Sub-State Level Estimates of Socio Economic Indicators of U.P. by using Small Area Techniques: Report by GIDS. https://updes.up.nic.in/updes/data/sss/activities_undertaken/5.6Substate%20level%20estimates.pdf

In terms of sectoral Net State Value Added (NSVA) in UP, a massive decline was noted in the manufacturing sector between 2016-17 and 2020-21 from 19 per cent to 14 per cent; the annual growth rate of the manufacturing sector became negative. Even the growth rate of the Construction sector has been declining and now shows a negative growth rate.

In the recent period (2019-20 to 2020-21), the decline in growth rate has been the highest (almost 20 per cent) for Transport, Storage and Communication (TSC) and Trade, Hotels and Restaurants (THR) sectors, which are among the major employment generating sectors in the economy. The economic situation of UP has therefore become even more worrisome over the last few years, further exacerbated by the COVID-19 pandemic.

Rural UP Poverty Level 2019-20

Region	Poverty Level
Northern U. Ganga Plains	31
Southern U. Ganga Plains	55
Central UP	54
Eastern UP	61
Soutern UP	60
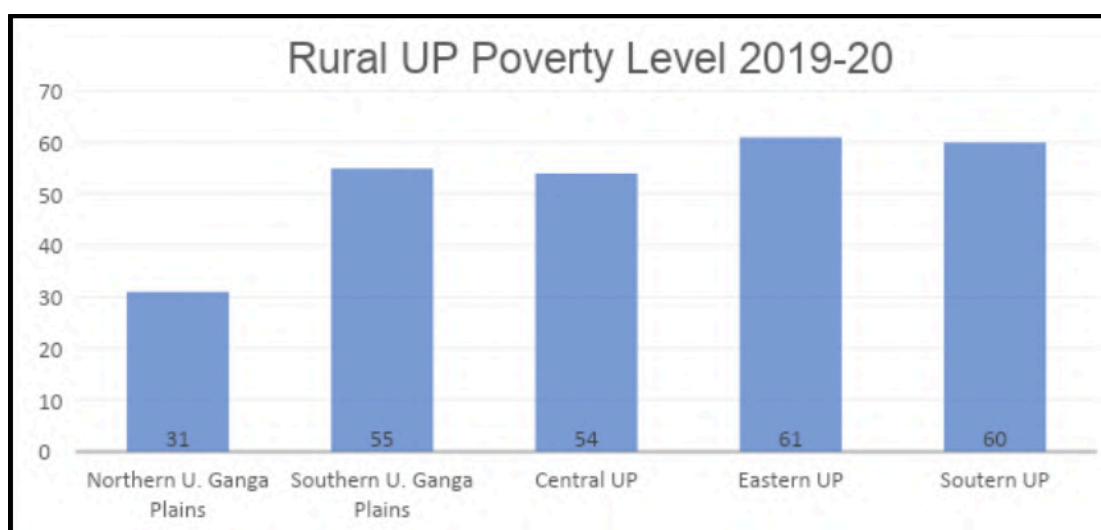
Further, the regional divide in UP's economic growth has been significantly widening. With respect to the Gross District Domestic Product (GDDP) in UP for 2019-20 (at 2011-12 Constant Prices), the lowest levels were noted for Sant Kabir Nagar, Chitrakoot and Shravasti which were as low as just half of UP's average, which itself is half of India's average. The highest GDDP within UP was noted in Gautam Buddha Nagar (almost 38 times that of Shravasti), followed by Agra, all not very far from the National Capital Region (NCR).

There was inequality in monthly per capita consumption expenditure (MPCE) across various social segments. In rural UP, the average MPCE in 2019-20 for the General (upper castes) community was Rs. 1747 while it was Rs. 1444 for OBCs (other backward classes) and just Rs. 1315 for SCs (scheduled castes).

In urban UP the average MPCE in 2019-20 for General community was Rs 3199, for OBCs was Rs. 2132 and for SCs Rs. 2129. If we apply the regional overlay on top of the social segment, then we find the maximum distance between the MPCE of General community in Central UP at Rs 3083 as against just Rs 1284 for SCs in Eastern UP.

The inequality across socio-economic categories becomes even more stark if we look at the caste wise per capita income as computed from the CMIE data, region-wise. For example, in the western region, Jats (upper caste) had a per capita income of Rs 26025 in 2021 whereas Pasis (SCs) had only Rs 5000, a ratio of 5.2. See more such details in the table on the following page.

Rank 2021	Region 1– UNGP	Caste	Per capita income in Rs in 2021	Region 2– USGP	Caste	Per capita income in Rs in 2021	Caste	Per capita income in Rs in 2021	Region 4– Eastern	Caste	Per capita income in Rs in 2021	Region 5– Southern	Caste	Per capita income in Rs in 2021
1	GEN	Jat	26025	OBC	Kurmi	25988	Kayastha	23420	GEN	Khatris	36437	GEN	Jat	45000
2	OBC	Sonar	22699	GEN	Kayastha	18508	Khatris	23042	SC	Dhobi	21371	GEN	Kayastha	23255
3	GEN	Gujjar	22311	GEN	Jat	15741	Sonar	22879	GEN	Rajputs	19898	GEN	Vaishya/ Bania	19237
4	GEN	Brahmin	22309	GEN	Khatris	15252	Vaishya/ Bania	19229	GEN	Brahmin	19451	OBC	Sonar	18117
5	OBC	Kurmi	20903	OBC	Sonar	15201	Brahmin	18301	OBC	Sonar	18989	GEN	Brahmin	14088
6	GEN	Kayastha	19986	GEN	Rajputs	15085	Yadav	17285	GEN	Kayastha	18982	SC	Dhobi	12558
7	GEN	Vaishya/ Bania	19436	GEN	Vaishya/ Bania	14741	Balmiki	16048	GEN	Jat	15986	GEN	Ashraf	12268
8	GEN	Rajput	17379	GEN	Ashraf	14485	Rajputs	15598	SC	Balmiki	15885	SC	Pasi	11886
9	OBC	Gaderia	16418	OBC	Lohar	14254	Kurmi	14864	OBC	Kushwaha	14815	GEN	Khatris	11342
10	GEN	Khatris	16129	GEN	Brahmin	13905	Gaderia	14034	OBC	Yadav	14403	OBC	Yadav	10326
11	OBC	Yadav	15810	OBC	Lodh	13278	Lohar	13055	GEN	Vaishya/ Bania	13996	OBC	Teli	10149
12	OBC	Lodh	15805	SC	Balmiki	12027	Kushwaha	12237	OBC	Teli	13591	OBC	Kahar	10053
13	OBC	Kewat/ Dhobi/ Nai/ Teli	15070	SC	Khatik	11856	Weaver and Craftsmen OBC	11844	OBC	Service OBC	13176	OBC	Kurmi	9982
14	OBC	Weaver/ Craftsmen	14417	OBC	Yadav	11599	Dhobi	11733	MIN	Mughal (Khan)	12578	OBC	Weaver/ Craftsmen	9962
15	OBC	Maurya	13698	OBC	Prajapati	10599	Ashraf	11399	OBC	Gaderia	12494	OBC	Lodh	9878
16	OBC	Prajapati	13011	OBC	Kushwaha	10235	Maurya	10905	SC	Pasi	11479	SC	Balmiki	9853

Rank 2021	Region 1–UNGP	Caste	Per capita income in Rs in 2021	Region 2–USGP	Caste	Per capita income in Rs in 2021	Caste	Per capita income in Rs in 2021	Region 4–Eastern	Caste	Per capita income in Rs in 2021	Region 5–Southern	Caste	Per capita income in Rs in 2021
17	GEN	Ashraf (Sayyad	12891	SC	Kori	9722	Teli	10893	OBC	Kurmi	11229	SC	Khatik	8838
18	MIN	Mughal (Khan)	12689	OBC	Service OBC	9706	Chamar	10841	OBC	Nishad	11213	MIN	Mughal (Khan)	8730
19	OBC	Kahar	12515	GEN	Mughal (Khan)	9651	Service OBC	10730	OBC	Kahar	11136	OBC	Lohar	8158
21	SC	Balmiki	12198	OBC	Gaderia	9508	Kahar	10296	OBC	Weaver/ Craftsmen	11019	OBC	Service OBC	8107
22	SC	Chamar	12197	OBC	Teli	9412	Jat	10000	SC	Chamar	10734	OBC	Prajapati	8100
23	SC	Khatik	11933	SC	Chamar	9251	Lodh	9595	SC	Kori	10199	OBC	Maurya	7789
24	SC	Kori	11751	OBC	Kahar	7849	Kori	9489	OBC	Lohar	10145	SC	Chamar	7649
25	OBC	Teli	11674	SC	Dhobi	6870	Mughal (Khan)	9417	MIN	Ashraf (Sayyad	9812	GEN	Rajputs	7542
26	OBC	Lohar	11278	OBC	Nishad	6573	Prajapati	9183	OBC	Prajapati	9621	SC	Kori	7367
27	OBC	Kushwaha	10466	OBC	Weaver/ Craftsmen	5901	Nishad	8494	OBC	Maurya	9563	OBC	Nishad	7006
28	OBC	Nishad	6400	SC	Pasi	5000	Pasi	8371	OBC	Lodh	9428	OBC	Kushwaha	6759

Several significant aspects are revealed from the PLFS data. The move back to agriculture in of workforce increased rapidly especially after 2018-19. Moreover, the 'increase' in labour force participation claimed, especially for females, turns out to be merely due to an increasing non–remunerative employment, which counts as under–employment.

The status of educated unemployed has been in discourse for some time; there has been a massive increasing unemployment among the educated in UP post 2017–18. As a result, poverty in UP, both in rural as well as urban areas, has risen significantly, and there is increasing inequality.

Unemployment Rate by UPSS for age 15 years and above by educational level (2019–20)

Rural	Secondary	High Secondary	Diploma	Graduation	Post-Grad	Above Secondary
UP	2.9	5.2	27.5	14	5.7	6.8
India	4	7.9	16.3	20.2	16.5	9.9
Urban	**Secondary**	**High Secondary**	**Diploma**	**Graduation**	**Post-Grad**	**Above Secondary**
UP	5.1	9.8	16	18	14.2	12.6
India	4.4	8	12.1	14.9	11.1	10.3
All	**Secondary**	**High Secondary**	**Diploma**	**Graduation**	**Post-Grad**	**Above Secondary**
UP	3.5	6.3	21.2	15.6	10.6	8.7
India	4.1	7.9	14.2	17.2	12.9	10.1

Source: Ranjan (2021) – Author's computations using unit-level data from PLFS 2019–20

Source: Image

3 Policy response by the present UP government

On the demand side, manufacturing is being visualised as a major driver of economic growth and employment generation.

Industrial development in Uttar Pradesh has been highly skewed, with the highest concentration in the western region.

MSMEs face several problems affecting their performance, including lack of working capital, insufficient space to efficiently operate the enterprise, inadequate raw materials, power shortages, and shortage of skilled labour.

Source: Image

In a review meeting with officials, on 23 Jun 2023, the Chief Minister said that "officers should concentrate on core sectors for this, and our core sectors are manufacturing, IT & ITES (Information Technology Enabled Services), religious tourism, and agriculture.

Apart from this, we also need to give a special focus on sectors like energy, health, urban development, education, food processing, and MSME, among others.

There is a plan to develop the major metropolitan cities in the state as hubs for different sectors. In this sequence, preparations are on to make Lucknow the country's first AI city and to make the state a hub for green energy.

To boost the construction sector employment as well as to give benefits to the poor, 54 lakh houses have been constructed for the poor in the state. UP is the first state where the task of releasing the GDP of the districts has been done."

3.1 Policy stance of UP government to reduce regional and social disparities

Continuing with the Times of India interview with the UP's CM Yogi Adityanath we began with here is how the topic above was tackled by him:

What are the sectoral policies that have been made or tweaked?

Yogi Adityanath: Along with broader policies for key areas, like industrial development, logistics, textile, pharmaceuticals, pharma, and IT-ITES, we have developed customised many policies to facilitate industries like defence and aerospace. We have single-window approval for new proposals. Apart from this, we have a policy to allow any new entrepreneur to start operations without any approval with a 1,000-day window to get all clearances. With more than 20 sectoral policies, the State aims to promote Make in India while fostering entrepreneurship and innovation.

Village malls concept would link this concept of 'Vishwakarma Sankul' to our Vishwakarma Shram Samman, under which we provide tool-kit training to workers pursuing 17 traditional professions, like barbers, cobblers, ironsmith, goldsmith, mason, sweetmeat-maker, etc. In this 'sankul', or village mall, which could be set up in a large village or a cluster of small villages, they would be given space to open a small shop and display their products."

Regional imbalance has always been a nagging issue in the state. Bundelkhand and Purvanchal are still UP's most backward areas. How will these areas be developed while meeting the USD 1 trillion goal?

Yogi Adityanath: "Bundelkhand and Purvanchal have an immense potential for development. We have trained our special focus on these regions. Purvanchal Expressway and Bundelkhand Expressway have brought these two areas closer to the state and national capitals. We have special bodies to focus on development needs of these regions. Funds are being allocated for their long-term needs. Studies are being done to identify their further needs. Our action plan would be based on that.

In fact, we have identified a huge tract between Kanpur and Jhansi and are planning to develop a new industrial development zone on the pattern of Noida. It will have smooth connectivity to other parts of the state and the country through Bundelkhand Expressway and two link expressways, and give a great impetus to development activities in the entire Bundelkhand.

In 2018, NITI Aayog launched the aspirational districts programme to monitor the growth of 112 districts of the country which had shown retarded growth on key social-economic indicators included eight UP districts -- Balrampur, Siddharthnagar, Sonebhadra, Chandauli, Fatehpur, Chitrakoot, Bahraich and Shravasti. In the beginning, all eight were below 100 out of 112 districts on socio-economic indicators.

But we worked hard on these districts. Five broad areas -- medical and nutrition, education, agriculture and water resources, financial inclusion & skill development, and basic infrastructure – were identified to monitor their development and rank them based on their progress. Now in the latest ranking released by the NITI Aayog, five UP districts are in top 10 and all eight are in top 20.

An unprecedented number of people have come out of poverty. Recently, the NITI Aayog came showed UP had the maximum 5.5 crore people rising above multi-dimensional poverty in the past five years."

Several policies have been proclaimed over the last few years, including:

- Agriculture Export Policy 2019 To double the agricultural exports from Uttar Pradesh from the current value of US$ 2524 million (Rs. 17591 crore) by 2024 and to facilitate export of environmentally sustainable agricultural produce and a shift from export of unprocessed agricultural produce to value added products.

- Civil Aviation Promotion Policy 2017: Provide adequate incentives for the development of robust civil aviation infrastructure and attract investments to realize the untapped potential in the aviation sector.

- New Tourism Policy 2018: Attract US$ 772.32 million every year in investment and achieve 15% and 10% growth in domestic tourist footfall and foreign tourist footfall, respectively

- UP Defense and Aerospace Units and Employment Promotion Policy 2018: Attract investors by offering a slew of incentives for establishing units along the corridor and generate 0.25 million jobs in collaboration with Employment Promotion Policy 2018

- Information Technology Policy 2018: Establish IT Parks as well as IT cities for the development of IT infrastructure in the state.

- New Electronics Manufacturing Policy 2020: To position the state as a global electronics hub. Through this policy, the govt. intends to attract investment worth Rs. 40,000 crore (US$57.3 billion) in the next five years.

- Uttar Pradesh Start-up Policy, 2020: Goal is to be among top 3 states in Start Up ranking, establish/support a minimum 1 incubator in each district of the state and create an ecosystem for at least 10,000 start-ups in the state

There are many official claims about the achievement under these policies. However, no independent assessments or evaluation studies have been done. In any case, the employment impact of these policies is not significant as is evident form the PLFS data.

3.2 UP budget 2023-24 highlights

As can be seem, there is little in the CM's interview to address the deep disparities in the UP socio-economic structure. One important way of understanding the policies of a government is to study the budgetary allocation across sectors, social segments and spatial regions. For this let us look at the latest UP state budget.[7]

- The **Gross State Domestic Product (GSDP)** of Uttar Pradesh for 2023-24 (at current prices) is projected to be Rs 24,39,171 crore, amounting to growth of 19% over 2022-23.

- **Expenditure (excluding debt repayment)** in 2023-24 is estimated to be Rs 6,59,061 crore, an increase of 17% over the revised estimates of 2022-23. The expenditure budget is about 27% of the projected GSDP. In addition, debt of Rs 31,181 crore will be repaid by the state.

- **Receipts (excluding borrowings)** for 2023-24 are estimated to be Rs 5,74,178 crore, an increase of 19% as compared to the revised estimate of 2022-23. In 2022-23, receipts (excluding borrowings) are estimated to fall short of the budget estimate by Rs 20,396 crore (decrease of 4%).

- **Fiscal deficit** for 2023-24 is targeted at 3.5% of GSDP (Rs 84,883 crore). In 2022-23, as per the revised estimates, fiscal deficit is expected to be 4% of GSDP, same as the budget estimates for the year.

The following subsidies and schemes were highlighted in the UP-state budget for 2023-24 –

- **Power subsidy:** Subsidy on electricity consumption of private tube-well owners will be increased from 50% to 100% in 2023-24. Rs 1,500 crore has been allocated for this purpose.

- **Flood control and irrigation:** Rs 10,952 crore has been allocated towards various irrigation projects. Of this, Rs 3,400 crore will be spent on minor irrigation projects.

- **Widow pension scheme:** Rs 4,032 crore has been allocated in 2023-24 to the destitute widow pension scheme. 32.6 lakh widows are provided pension under the Scheme.

- **Rural housing:** Under the Pradhan Mantri Awas Yojana (Grameen), 12,39,877 houses are targeted for construction in 2023-24.

[7] https://prsindia.org/files/budget/budget_state/uttar-pradesh/2023/State_Budget_Analysis_2023-24_UP.pdf

3.3 Sector-wise expenditure under Uttar Pradesh Budget 2023-24 (in Rs crore)

The major sector-wise budgetary allocations are given below, adding up to a total of 63% of the budget of the state with Education, Health, Energy (mainly power subsidy) and Social Welfare accounting for about a third of the budget.

Sector	2022-23 Revised	2023-24 Budgeted	% of total 23-24
Education, Sports, Arts, and Culture	65,464	85,003	13.1%
Health and Family Welfare	39,379	47,404	7.3%
Energy	43,473	43,330	6.7%
Roads and Bridges	37,326	38,338	5.9%
Police	28,023	35,579	5.5%
Social Welfare and Nutrition	31,658	33,378	5.1%
Rural Development	28,095	32,771	5.0%
Urban Development	31,593	28,465	4.4%
WaterSupply/Sanitation	19,759	24,504	3.8%
Irrigation and Flood Control	19,881	22,083	3.4%
Agriculture and Allied Activities	15,468	18,688	2.9%
% of total expenditure on all sectors	65%	63%	63%

Sources: Annual Financial Statement, Uttar Pradesh Budget 2023-24; PRS.

3.4 Bank Financing in UP remained well below potential

Various types of banking services like deposit, withdrawal, account opening, remittance, insurance, enrolment in social security schemes and credit are provided through various Banking channels. Banking network in UP as on 30.06.2022 is as under:

| Particulars	Numbers
Brick & Mortar Branches	19116
Bank Mitras (including IPPBs)	110075
Bank Sakhi	32643
Total Banking outlets	161834
ATMs	19259
Grand Total	**181093**

Source: SLBC, UP

Thus, the state seems to be reasonable covered with banking outlets, particularly if consider that many last mile transactions happen digitally and do not require physical outlets.

As at the end of March 2022, the total deposit of banks in UP was Rs 13,96,967 crore and total advances stood at Rs.7,31,725 crore. This represented a credit deposit ratio of 53% which was well below the national average of 71%.

The disbursement of credit in the year 2022-23 was Rs 212,934 crore as against the NABARD potential linked credit target for the year of Rs 310,382 crore. Credit is a major enabler of growth and it is much more desirable as a source of finance compared to government budgetary outlay.

The credit deposit ration should at least go up to 72 per cent (as the rest of the deposits go into SLR and CRR with the RBI). That would have injected an additional Rs 2.8 trillion worth of investment into the state economy.
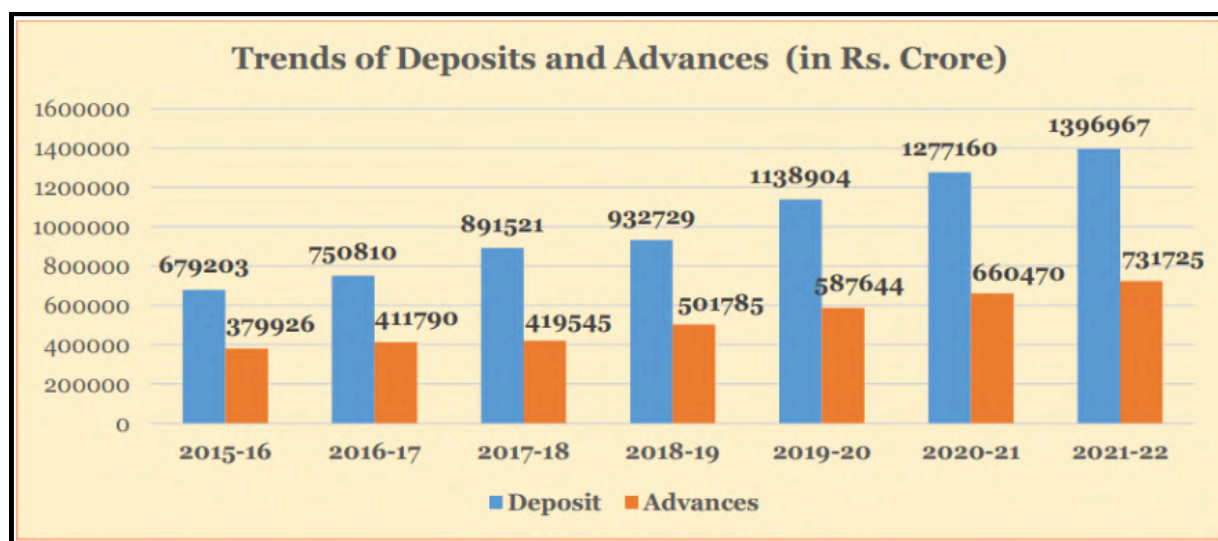
Where could this amount of additional credit be deployed?

For this let us look at the NABARD State Focus Paper 2023-24. As per this, the total credit potential of the rural part of the state was over Rs 3.75 trillion as can be seen from the table below.

Sectorwise Credit Potential for 2023-24

(₹ in crore)

S. No.	Sector	Credit Projections
A	**Farm Credit**	
i	Crop Production, Maintenance and Marketing	168334.90
ii	Investment Credit for Agri. and Allied Activities	40950.79
	Sub-total	**209285.69**
B	Agriculture Infrastructure	11658.91
C	Agriculture Ancillary Activities	11692.72
I	**Total Agriculture (A+B+C)**	**232637.32**
II	Credit Potential for MSME	105752.64
III	Export Credit	6203.66
IV	Education Loan	3986.59
V	Housing Loan	18442.62
VI	Renewable Energy	764.38
VII	Others – Loans to SHG/JLG, PMJDY etc.	4460.24
VIII	Social Infrastructure involving Bank Credit	3139.11
	Total Priority Sector (I – VIII)	**375386.56**

Of the total credit potential, nearly 62 per cent has been shown for agriculture, and of that, 72 percent is for crop cultivation. This represents "business as usual" thinking and it does not recognize two imperatives

(1) that agriculture must adapt to climate change and thus necessarily must invest in resilience infrastructure, as also in crop diversification and value addition chains.

(2) that the UP economy must show a structural shift from agricultural predominance to other sectors such as construction, manufacturing, and services. No doubt, many of those will be in urban industrial centres and thus may not be in the ambit of the NABARD.

Be that as it may, we should first begin with the full achievement of this projected credit potential. The actual disbursement of credit in 2021–22 was only Rs 212,935 crore, which was 76 per cent of the 2021–22 credit plan of Rs 279,794 crore and only 69 per cent of the NABARD projected credit potential of Rs 310,382 crore.

Uttar Pradesh being a dominant agrarian economy where approximately 26.4 per cent of State Gross Value Added is being contributed by agriculture sector with heavy dependence of workforce (63%), lack of capital formation is a matter of grave concern.

For increasing income, employment and achieving inclusive growth, it is imperative to arrest the declining trend and increase investment in the sector especially keeping in view the aim of doubling farmers' income. Long term credit as a contributor to capital formation in agriculture increased from Rs.13217 crore (2010–11) to Rs. 52163 crores in 2020–21.

3.5 Private sector investments attracted in UP

Source: Image

As stated in the Focus Paper, "Capital investment leads to creation/addition of capital assets which become the produced means of production. Large capital stock enables the economy to acquire the capacity to change, innovate and adjust to new ideas and technological advances leading to production and productivity and thus enhancing income.

The prospect of increased level of capital formation in agriculture and allied sector of the state is hampered by the limited public investment. Further, the private investment supported long term capital assets has not been up to the desired level due to low level of per capita income. Huge population base of the state and its unchecked growth are also responsible for low per capita income leading to low savings and resultant investment leading to low capital formation."

The present government seems to recognised this and made several efforts to attract private capital investment. A special cell called Invest UP was established and it holds Global Investors Summits (GIS). UP attracted an investment of Rs 35 lakh crore (or about USD 0.43 Trillion) through the GIS 2023. The major bottleneck after signing MoU is to get land for the projects.

This is what the UP government is doing about the land issue: Of more than 22000 investment deals signed at GIS, the government received land acquisition requests for more than 1,450 project MoUs. As per a press release[8], while the UP Government made land available for 1000, efforts are being made to make land available for the remaining 450 MoU. Fatehpur, Mau, Chandauli, Hamirpur, Mahoba, Ambedkarnagar, Farrukhabad, Shravasti, Siddharthnagar, Ballia, Kaushambi, Lakhimpur Kheri and Pilibhit have also seen demand for land for projects.

In addition, sectors like textiles, with high employment potential, have been given special attention and state sponsored support infrastructure. For example, during the GIS 2023, UP received more than 1,000 investment proposals worth more than Rs 53,000 crores in the textile sector, which is expected to create more than 2 lakh 46 thousand jobs. The state is mow setting up a Mega Textile Park in UP, not only for spinning, weaving, dyeing, and printing but also for garment manufacturing at one place.[9]

Source: Image

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[8] https://invest.up.gov.in/wp-content/uploads/2023/05/ENGLISH_220523.pdf

[9] https://invest.up.gov.in/wp-content/uploads/2023/03/ENGLISH_PR_Mega-Textile-Park_180323.pdf

3.6 The employment challenge in UP

The estimated number of persons needing employment is computed in the table below. It shows that nearly 2.2 crore new jobs will be needed which amounts to nearly 45.8 lakh new jobs have to be created additionally per year for the next five years.

Estimated Persons Needing Employment in UP	
Population @ 2011	199,812,341
Population -2023	231,502,578
Growth rate pa of popln between 2011 and 2023	1.23433%
Population (all age) LFPR as per PLFS 2022-23	33.3%
Labour force in nos 2022-23	77,090,358
WPR as per PLFS 2022-23 for all age groups	34.6%
Working population in nos in 2022-23	80,099,892
Unemployment rate	3.7%
Unemployment @ 3.7% of across all age categories	2,852,343
Additional employment needed to create 10 crore jobs by 2030	22,909,642
Additional employment needed per year for next five years	4,581,928

As can be seen from the table below, the current employment strategy of UP is rather capital intensive, with every new job requiring an investment of Rs 16.72 lakh. If an additional 2.2 crore jobs have to be created, it would mean an investment of about Rs 76.6 lakh crore, which is over three times the GSDP of the state in 2023.

Thus there is no doubt that employment would have to be created in the less capital intensive agricultural and allied sectors, in the, micro, small and medium enterprise (MSME) sector and in the small capital construction and small capital services sectors.

	2018	2023	Incremental	
GSDP (in Rs Crores)	1,445,770	2,439,171	993,401	
Total Workers	62,679,333	80,099,892	17,420,559	
Output per worker Rs pa	230,661	304,516	73,855	
Capital investment (in Rs. Crores) – assumed at 30% of GSDP	433,731	731,751	2,913,706	(in five years 2018 to 2023)
Investment Rs per Job average	69,198	91,355		
Investment per additional job – based on increment in GSDP and increment in employment over five years in Rs per job	1,672,567			
Investment that will be needed if 2.2 crore new jobs have to be created with the same level of capital intensity as at present Rs crore	76,635,821			

4 How to ensure growth with employment in UP - the Eightfold Path

As stated by the Mamgain and Verick (2017) study,

"In summary, Uttar Pradesh faces three major challenges in redressing poverty and expanding inclusive growth.

- First, to expand economic opportunities for employment generation;

- Second, to ensure that the poor and marginalised groups are empowered to take advantage of new opportunities in a rapidly changing world; and

- Third, to ensure an effective safety net is in place to reduce vulnerability and protect the very poor and destitute."

Source: Image

In the spirit of contributing to addressing this challenge, here is a set of eight recommendations based on the work of development scholars from UP.

This will hopefully ensure bot growth as well as raise per capita incomes more broadly and contribute to environmental sustainability.

We call it the Eightfold Path for Inclusive and Sustainable Growth of Uttar Pradesh.

1. Invest in regenerating Jal, Jangal, Jameen, Jeev-Jantu and Jal-vayu though public funding

2. Invest in Health, Education and Skills and ensure outcomes to enable people to earn.

3. Adapt agriculture to climate change, diversification, and value chains through FPOs

4. Encourage women's SHGs and promote women's micro-enterprises in rural small towns

5. Promote small enterprises in cities for self/wage-employment of youth

6. Build housing and local infrastructure in small towns and the less developed regions of UP

7. Social security – healthcare and pensions to landless, farmers and informal sector workers

8. Improve governance, increase the role of private sector and civil society in all aspects.

4.1 Invest in regenerating Jal, Jangal, Jameen, Jeev-Jantu and Jal Vayu

Regenerating surface water bodies and recharging ground water aquifers, re-greening degraded forests, treating eroded land and degraded soil, developing livestock, and conserving wildlife and overall improving the environment by reducing pollution should be the priority for the next five years to build climate resilience and sustainable livelihoods.

Jal – Water – Statistics show that there has been a significant increasing the net irrigated area in the state from 3.2 million hectares to about 14.4 million hectares after the independence. In last 30-40 years, groundwater contribution in increasing net irrigated area in the state is about 70-80 %.

At present, the state is known to have about 87% irrigated area while the national average is only 49%. As a result, the state is now one of highly irrigated states of the country.

There is wide temporal and spatial variation in the availability of water, which may increase substantially due to climate change, causing more water crisis and incidences of water related disasters, i.e., floods, increased erosion, and increased frequency of droughts, etc.

In addition, there is widespread problem of quality of groundwater, particularly high arsenic content in the villages around the Ganga, which requires urgent attention.

As per a NITI Aayog report; Uttar Pradesh also ranks negatively in all major domains about performance indicators for water sector development including

- Groundwater Source Augmentation (–1.51);
- Watershed Development – Supply Side Management (–3.21);
- Demand Side Management Participatory Irrigation Practices (–0.01);
- Demand Side Management Sustainable on-farm Water Use Practices (–0.88);
- Rural Drinking Water (–0.53);
- Urban Water Supply and Sanitation (–0.70)

The inadequate management of water resources has also led to a critical situation in dry rain fed areas like the Bundelkhand and Vindhya region. Access to safe water for drinking and other domestic requirements continues to be a problem in many districts.

Groundwater is exploited inequitably and without any consideration to its sustainability thereby leading to its over-exploitation. As per a study by the RGICS, Uttar Pradesh is the largest extractor of groundwater in India accounting for 18.4% of the total national and 4.5% of the total global groundwater extraction. The per capita groundwater extraction in UP is 224.97 cum compared to a national average of 182.86 cum and a global average of 125.89 cum.

As a result, 138 development blocks in UP are in overexploited, critical, or semi-critical stage. Regenerating the surface and groundwater water resources in the state, by building new and repairing existing water conservation structures is required to enhance agricultural and industrial production, leading to further employment possibilities of lakhs of persons, apart from improved quality of life for women, who must bear the brunt of fetching drinking water from faraway places.

Jangal- Forest – The total area of forest cover and tree plantation in Uttar Pradesh is 22,121 sq. Km. It is only 9.18% of the total geographical area of 2,40,928 sq. km. This is well below the national average of 21%, which is understandable as UP has the large Indo-Gangetic Plain. Still the area under forest can be increased using wasteland. The state government has set a target of further enhancing this area to 15% by 2030.

Jameen -Land – India has around 56 million hectares out of which the total wasteland area in Uttar Pradesh is 1.70 million hectares, comprising land with scrub or degraded forest, gullies/ravines, waterlogged/marshy land, saline/alkaline land, and stony/rocky land. The treatment of this land would be able to support many livelihoods per annum, due to agriculture, horticulture, plantation, etc.

Jeev-Jantu – Livestock and Wildlife – The livestock population in Uttar Pradesh as per the Livestock Census 2019 was 6.8 crore. The gross value added from livestock sector across Uttar Pradesh amounted to over Rs 95,100 crore in fiscal year 2020. UP's annual milk production was 319 lakh metric tonnes and contributed 16 per cent of India's milk production and made UP the top milk-producing state in the country.

Source: Image

Yet the productivity levels per cattle can be increased to least to the best in the country and that will generate more jobs in every stage of the milk value chain, from fodder production to milk marketing. Likewise, as demand for meat – poultry and mutton as well as fish is going up with rise in incomes, so will the need to produce more of these and therefore more employment is possible in all these sub-sectors.

The largest wildlife reserve in UP is Dudhwa situated in the district of Lakhimpur Kheri district in an area of nearly 500 sq km, the only place in UP where Tigers and Rhinos are found. Other reserves are Chandra Prabha in the Chandauli district with deer, antelopes, Chinkara, Sambar and Chital and the Kaimoor wildlife sanctuary in Mirzapur district famous for Tarai Panthers and Blackbuck.

The National Chambal Wildlife sanctuary is famous for the gharial. Conservation of wildlife promotes tourism-based livelihoods as well as sustainable agriculture peripherally.

Jal-Vayu: This refers to the overall climate, which is undergoing change due to global warming as well local degeneration of the environment, due to deforestation, reduction in water storage and groundwater recharge, and excessive irrigation and use of chemicals in agriculture.

This combined effect of global warming and local actions have led to unpredictability in rainfall patters, impacting both life in general and agriculture in particular. What to do about this is dealt with in the next point.

4.2 Adapt agriculture to climate change, diversification, and value chains through FPOs

There are a number of problems in the agriculture sector in Uttar Pradesh. The most urgent one has been alluded to in the earlier paragraph – the effect of climate change, particularly in erratic rainfall pattern and also extreme temperatures.

Source: Image

This had led to substantial loss in yields for many crops which were earlier seeing stable yields. Interestingly, agricultural scientists had predicted this over a decade ago yet there has been little action taken to develop climate resilient agriculture: As per a 2011 study, it was said:

"Production of crops is greatly influenced by weather phenomena and therefore any change in climate will have major effects on crop yield and productivity. Using NYD analysis for prediction of crop yield on seasonal basis, it has been observed that maximum temperature may cause the reduction in yield of rice in Eastern Uttar Pradesh by 1.0 to 1.1% per ha by 2020.

Similarly, minimum temperature may decrease the yield of rice by 1.5 to 1.9% per ha in Eastern Uttar Pradesh. From future scenario of rainfall it was observed that south-west monsoonal rainfall would be the major factor for controlling the yield of rice. The role of maximum temperature for wheat production in Bihar state is more significant as compared to Eastern Uttar Pradesh.

The model predicts that wheat yield may decrease by 5-6% in Bihar state due to increase in maximum temperature by the end of 2080 whereas this decrement in Eastern Uttar Pradesh may be 1.5-2.0%."[10]

It is time to act urgently and implement some of the recommendations for UP under the National Innovations on Climate Resilient Agriculture (NICRA) project of the Indian Council of Agricultural Research (ICAR). The key features of NICRA are

- " Critical assessment of different crops/zones in the country for vulnerability to climatic stresses and extreme events, in particular, intra seasonal variability of rainfall

- Installation of the state-of-the-art equipment like flux towers for measurement of green house gases in large field areas to understand the impact of management practices and contribute data on emissions as national responsibility.

- Rapid and large scale screening for drought and heat and early development and release of heat/drought tolerant varieties.

- Comprehensive field evaluation of new and emerging approaches of paddy cultivation like aerobic rice and SRI for their contribution to reduce the GHG emissions and water saving.

- Special attention to livestock and fishery sectors including aquaculture which have not received enough attention in climate change research in the past. In particular, the documentation of adaptive traits in indigenous breeds is the most useful step.

- Thorough understanding of crop-pest/pathogen relationship and emergence of new biotypes due to climate change.

- Simultaneous up-scaling of the outputs both through KVKs and the National Mission on Sustainable Agriculture for wider adoption by the farmers"

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[10] Arvind Kumar, Padmakar Tripathi, K. K. Singh and A. N. Mishra (2011) Impact of climate change on agriculture in eastern Uttar Pradesh and Bihar states (India). Mausam, 62, 2 (April 2011), 171-178

Under NICRA, district wise action plans[11] have been developed for making agriculture climate resilient. These plans cover most of the points given above, contextualised for each district. The Govt of UP needs to implement these plans in right earnest.

In addition to making agriculture climate resilient, it is imperative that farmers diversify from cereal crops – particularly wheat and rice, and the major cash crop – sugarcane, into other cash crops such as vegetables and fruits and fodder, as the demand for cereals and sugar has stagnated while the demand for vegetable, fruits and milk and milk products has gone up.

There is also scope in selected clusters to diversify into spice crops like chillies, flower crops like rose and marigold, and medicinal and aromatic plants such as amaranhus and mentha. Further diversification should be made out of human use crops to fodder, to feed dairy animals as the demand for milk and milk products has increased.

Finally diversification into poultry and fishery is also recommended as demand for meat and fish is increasing. Farm ponds established for ensuring surface water conservation, protective irrigation and groundwater recharge, can also be used for fish rearing.

While adopting climate-resilient agricultural practices will reduce yield risk and diversification will do the same as well as improve overall revenue realization, it is necessary to also organize farmers in to Farmers' Producer Organisations (FPOs) so that they can get genuine and quality inputs at fair prices and also sell their produce at remunerative prices.

Source: Image

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[11] http://www.nicra-icar.in/nicrarevised/index.php/state-wise-plan

4.3 Invest in Health, Education and Skills and ensure outcomes to enable people to earn

The main resource of UP is human resource. Instead of thinking of its youthful population as a burden, UP should think of them as assets, which with a bit of investments in nutrition, healthcare, education and vocational training, as well as appropriate motivational inputs, can become the greatest asset for the state and for India. The allocations of health and education need to be increased, but more importantly, the optimum utilization of existing budgetary resources is more important.

4.4 Encourage women's SHGs, farmers' FPOs and youth Cooperative/Collective Enterprises (Guilds)

Source: Image

Women's SHGs, Farmers' FPOs, Artisans' and Trade guilds and Youth Cooperative Enterprises need to receive funds and support for capacity building building. For this an allocation of Rs 3000 crore per annum is needed.

4.5 Ensure bank loans are available to micro and small enterprises for self/wage-employment

Bank loans to micro-enterprises need to be increased from the current Rs 83,067 crore to at least double that amount if the goal of 5 crore new livelihoods must be achieved, more than half of which will be in self-employment.

More bank loans are needed to farmers for agricultural adaptation to climate change (farm ponds, poly houses) and diversification to allied activities – dairy, goatery, piggery, poultry, fishery, bee-keeping and to value addition –washing, drying, sorting, grading, packing of vegetables and fruits, at the farm gate level.

Bank loans to lower income housing in rural areas from negligible levels to 2% of net bank credit (even 5% in low credit –deposit CD ratio districts)

4.6 Build housing and local infrastructure

The Govt of UP needs to invest in housing and local infrastructure in rural areas, small towns and in lower income areas of big cities and metros. A lot of this can be financed through long-term low-interest bank loans. Outlay for maintenance, overhaul, repair of built infrastructure, including in improving the safety of rail/ road/water/air/power/gas lines and bridges needs to be increased. As the construction sector is the second largest source of employment after agriculture, decentralised boosting of construction activity can help achieve the employment goal of 10 crore jobs.

Source: Image

4.7 Social security – healthcare and pensions to landless, farmers and informal sector workers

As the economy grows, there will be some groups of person who will not be able to benefit from it due various reasons.

It is important to establish a social security safety net for them in the forms of death and disability insurance, old age pensions and maternity benefits to the landless, farmers and informal sector and migrant workers and the differently abled.

4.8 Improve governance, and increase the role of private sector and civil society in all aspects

The 73rd and 74th Amendments to the Constitution need to be implemented in spirit and financial as well as human resources at the Zilla Parishad, Prakhand and Gram Panchayat levels need to be increased by the State Government.

The state should step away from doing everything itself and encourage read roles for the private sector in economic and commercial activities and the civil society institutions in social welfare and development.

5 Requirements and sources of investments needed for full employment

5.1 Investment requirements

To employ a workforce of 10 crore, the UP Government must have a strategy of growth with employment. For growth, investment is required and a lot of it. For the economy to grow from USD 0.25 trillion to USD 1 trillion, an increment of 0.75 trillion, an investment of USD 1.5 trillion is required, if we assume a favorable incremental capital output ratio of 2:1.

Thus finding this level of investment in five years is very unlikely. A ten-year horizon is more feasible. We give below a recommendation wise outlay in Rs crore per annum:

Sector	Budget Provisions Rs crore per annum	As % of total	Additional employment (Crore person pa) 2024-27
Invest in regenerating Jal, Jangal, Jameen, Jeev-Jantu and Ja –vayu	100,000	12.6%	0.8
Invest in Health, Education and Skills and ensure outcomes	50,000	6.3%	0.4
Environmentally sustainable mining and renewable energy	50,000	6.3%	0.4
Build housing and local infrastructure	50,000	6.3%	0.4
Encourage women's SHGs, farmers' FPOs and youth Cooperative/ Collective Enterprises (Guilds)	50,000	6.3%	0.4
Social security –pensions to landless, farmers and informal sector	50,000	6.3%	0.4
Ensure bank loans are available to farmers	50,000	6.3%	0.4
Ensure bank loans are available to micro and small enterprises for self/wage-employment	50,000	6.3%	0.4
Water Supply and Sanitation	25,000	3.2%	0.4
Irrigation and Flood Control	25,000	3.2%	0.4
Agriculture and Allied Activities	50,000	6.3%	0.8
Improve the social atmosphere – create a law-abiding government	30,000	3.8%	0.2
% of total expenditure on all sectors	500,000	63%	5.0

Even if the investment is found unless it is deployed carefully in employment-oriented sectors, the GSDP may grow but so will inequalities.

As UP already has a high level of disparities across regions, social segments, gender and occupational status, any further inequality will make the social situation even more tense and stretch the law and order machinery.

5.2 Sources of investment

The table below indicates the current levels of investment available in the UP economy and the additional investment needed to meet the additional employment goal of 2.2 crores.

Particulars	Total Rs crore
Total Credit by Banks for farm and non-farm activities	1,64,563
Capital expenditure by Government	48,969
Household investment @ 10% of total investment	33,293
Private sector investment @ 25% of total investment	82,282
Total Investment available Rs crore per annum	3,29,127
Total investment needed Rs crore per annum	5,00,000
Additional investment to be raised Rs crore per annum	**1,70,873**

6 Conclusion

It can be said that challenges of unemployment among rural and urban youth including young women in Uttar Pradesh need an integrated approach. From the classical approach that focuses on inter-sectoral shifting, there is a need to try an alternative strategy of intra-sectoral proficiency enhancement.

Initially demand estimations need to be undertaken based on market availability for produce and services. Infrastructure needs to be strengthened as per requirements for each sector.

Skills need to be enhanced to develop market-oriented skills. Capital needs to be mobilised and invested for employment creation.

There is a need for targeted investments towards employment promotion and wage enhancement. As can be seen from analysis of the investment needed is about Rs 5 lakh crore a year whereas what is available is about Rs. 3,29,127 crores. Thus additional investment of about Rs 1,70,873 crore per annum will have to be raised.

Financial resources could be mobilized from banking sector which could be 50% of the bank funds allocated for farm and non-farm sector under priority sector lending, 15% of the capital expenditure of the state budget, 25% of the overall capital required from private sector and 10% from household contribution of the beneficiaries.

This level of investment is feasible as it is in the range of 30% of the GSDP. With targeted investments the gap between employment needed versus employment generated can be reduced in the coming years.

One further note of caution is required. Even if the investment is found, unless it is deployed carefully in employment-oriented sectors, the GSDP may grow but so will inequalities.

As UP already has a high level of disparities across regions, social segments, gender and occupational status, any further inequality will make the economic disparities even more intense.

Thus inclusive growth in UP will need to generate employment largely in Purvanchal and Bundelkhand regions and the northern Terai districts. In terms of social categories, more employment is needed for women, dalits, some of the OBCs, and minorities.

In terms of type of employment, it would largely have to be entrepreneurial self-employment in the agricultural and allied sectors, the MSME sectors and the small capital construction and small capital services sectors.

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