

Role of the World Bank in the Economic Development of Himachal Pradesh

Dr. Anil Kumar

Associate Professor in Economics, Sherubtse College Royal University Bhutan, (on Deputation by Ministry Of External Affairs Of India)

ABSTRACT

The Development Policy of Loan and Credit Project of India supports the medium term program of the Government of Himachal Pradesh. The overarching objective of the proposed loan and credit is to support the implementation of critical structural, fiscal, and administrative reforms needed to achieve sustainable and rapid economic growth in the state. The priority areas for the operation will be fiscal adjustment and promotion of environmentally sustainable development, particular with reference to the development of hydro-power. The overall program will also support reforms to enhance growth and employment, and improve governance and public administration. The operation supports measures to institutionalize fiscal stabilization and to sustain rapid economic growth in one of India's major "special category" states. Fiscal reforms and measures to strengthen financial accountability should reduce the dependence of the state on debt financing with the purpose of increasing fiscal space for development expenditures along with their efficiency.

INTRODUCTION

The overarching objective of Himachal Pradesh policy of loan and credit for the development emphasize upon the implementation of critical structural, fiscal, and administrative reforms. They are needed to achieve sustainable and rapid economic growth and inclusive development with sustaining the environmental heritage of the state. The priority areas for the operation will be fiscal adjustment, and promotion of environmentally sustainable development. The overall program also supports reforms to enhance growth and employment, especially in the private sector, and improve governance and public administration. The World Bank has shown its interest to help state make it greener and achieve sustainable growth world bank may provide developmental grants for fostering the works of renewable energy, agriculture, forest management, and water and sanitation.

The World Bank have had a long and effective partnership for supporting the state's growth plans, the state government is looking forward to further strengthening our engagement in clean and resilient infrastructure, climate smart agriculture and water resource management. It will definitely support it to become the first green state in India."Currently, Mr. Schafer also shared a multi-sector approach to release grant to realize the vision of a green state. The Bank agreed to work with the state to explore areas where its support would have the maximum impact."The World Bank fully supports to make Himachal Pradesh the first 'green' state of India and ensuring that 100 percent of the state's energy needs are met through *renewable and green energy by 2034*," according to **Hartwig Schafer**. "The World Bank has been a proud partner of the state's journey towards sustainable growth since 2005, through projects in hydro-power, water supply, roads and agriculture. He also reiterated to continue this partnership in the future". Earlier, Mr. Schafer visited the Shimla -Himachal Pradesh water supply and sewerage services improvement programme and met with women representatives of the households benefiting from the program. He also met with women volunteers, also known as *Jal Sakhis*, and the independent directors of the utility. According to **Hartwig Schafer**. "The installation of meters at the household level has ensured that the families are able to minimize water losses and pay per actual usage, so for most of the residents, the cost of water has come down. Lessons from this experience will help cities across the country".

The World Bank has been supporting Himachal Pradesh to move forward with its green and inclusive development agenda through multiple engagements including renewable energy, agriculture, forest management, water and sanitation, and public financial management. Since 2005, the World Bank has committed over \$1.5 billion to support the state in watershed development, green hydro-power, infrastructure, and agriculture. Ongoing engagements in the state include horticulture development and improving water supply and sewerage services in the capital city of Shimla. The World Bank has an active portfolio of 5 projects with total commitments of \$473 million until now. Government of India will provide a financing facility worth about Rs. 1600 Crore through the World Bank for the "Himachal Pradesh Power Sector Development Program, and With the State equity the total program cost will be approximately Rs. 2000 Crore. World Bank funding under this Program is expected to be available by early next year. Both the World Bank and

Department of MPP & Power, Government of Himachal Pradesh are working expeditiously towards finalization of the Program preparation. The Program duration will be of five years, starting from year 2023 to 2028. This Program aims to undertake holistic power sector reforms in a manner to allow for improvements in the renewable energy integration in the State.

The Integrated Project for Source Sustainability and Climate Resilient Rain-Fed Agriculture in Himachal Pradesh

The Government of India, Government of Himachal Pradesh, and the World Bank today signed an eighty millions million loan agreement to improve water management practices and increase agricultural productivity in selected *Gram Panchayats* (Village Councils) in Himachal Pradesh, a mountainous state richly endowed with natural resources. These projects will be implemented in 428 *Gram Panchayats* in 10 districts benefiting over 400,000 smallholder farmers, including women, and pastoral communities. It will help to encourage climate-smart agricultural practices in India, farmers will need both technical and financial support to adapt agricultural practices relevant to their geography and climate. As a mountainous state, Himachal Pradesh is particularly vulnerable to climate change and associated risks. The Sustainable water management practices under this project can play a big role in doubling farmers' incomes, a goal set by the Government of India. It is, therefore, critical that the best use is made of all available technologies and resources to increase water-use efficiency," he added. Climate change is a global issue. However, in regards to addressing its impact requires building resilience at the local level. Himachal Pradesh's history of devolving greater responsibility to Gram Panchayats (GPs) offers the state a great advantage. Through Gram Panchayats, Himachal Pradesh supports farmers and pastoral communities in securing their livelihoods in the face of climate variability and challenging Eco -agricultural conditions. Many of the lowland areas lack access to irrigation water, and farmers depend on decreasing amounts of rainfall during the critical monsoon season in the state . Agricultural production and snow lines have already shifted to higher altitudes that directly impact the production of fruits, including states' iconic apples. Climate change is also expected to increase average temperatures and decrease rainfall in the lowlands, while both temperatures and rainfall are expected to increase in the highlands, which could lead to more extreme flooding events. The project will improve the upstream of water sources in forests, pastures, and grasslands and ensure sufficient water is available for sustainable agriculture both in Himachal Pradesh and in downstream states.

Enhancing the climate resilience of agriculture and its allied activities is a key component of the project for which efficient use of water is the focal point. The project will set up hydrological monitoring stations to monitor water quality and quantity. This investment will lay the foundation for future water budgeting that will help plan better land use and agricultural investments, including by informing the development of more evidence-based catchment area treatment (CAT) plans that facilitate greater source sustainability, carbon sequestration, and water quality..

World Bank Horticulture Projects in Himachal Pradesh

The development objective of the Himachal Pradesh Horticulture Development Project for India is to support small farmers and agro-entrepreneurs in Himachal Pradesh, to increase the productivity, quality, and market access of selected horticulture commodities. This project has four components. 1) The first component, Horticulture Production and Diversification, aims to enhance horticultural competitiveness at the farm level by supporting access to knowledge, technology and finance in order to increase long term productivity and farm incomes in an environment marked by changing market patterns and increased climate variability.2) The second component, Value Addition and Agro-entrepise Development, aims to improve value realization at the farm level, promote investments in agribusiness, fostering backward and forward linkages in the value chains for horticulture products, support supply chain infrastructure that prevents wastage and value erosion; and enable secondary and tertiary processing that create higher value for the produce. 3) The third component, Market Development, aims to provide an improved platform for market-related information and intelligence, expand market access through alternative marketing channels, enhance transparency in the price discovery process, and improve market infrastructure. 4) The fourth component, Project Management, Monitoring and Learning, will ensure the effective implementation of the project activities and monitor and evaluate project implementation progress, outputs and outcomes, building on implementation experience.

Benefits for the Farmers of Himachal Pradesh

The project's investment in downstream areas will increase small farmers' access to high efficiency irrigation and help farmers shift from low-value cereal production to climate-resilient crop varieties, including higher-value fruits and vegetables. The focus on increasing climate resilience and water productivity will help farmers maximize their financial returns on water use. The project will also build the capacity of the Himachal Pradesh Forest Department (HPFD) and gram panchayats to better manage water resources and will work in collaboration with other government programs, particularly those of the agriculture, horticulture, and animal husbandry departments. It will empower farmers to adopt climate-smart agricultural practices with the technical and financial support of this project and that the Himachal Pradesh Forest Department and gram panchayats will be better able to jointly plan, implement, and monitor sustainable land and water resource management in the upper catchments of Himachal Pradesh, . Ultimately, such an effort will help improve forest cover, increase water quality and quantity, reduce erosion, and enhance agricultural productivity,

including that of women, youth, and pastoral people of the state. Such efforts are also expected to generate carbon benefits for the state. The net greenhouse gas benefit per hectare for the project area is estimated to be 0.6 tCO₂/ha/year.

CONCLUSION

The World Bank promotes long-term economic development and poverty reduction by providing technical and financial support to help countries implement reforms or projects, such as building schools, providing water and electricity, fighting disease, and protecting the environment. World Bank assistance is generally long-term and is funded by member country contributions and by issuing bonds. World Bank staff are often specialists on specific issues, such as climate, or sectors, such as education. Moreover, many factors other than the program may change over time. Various methods, each with its own underlying assumptions, can be employed to generate a control group that minimizes these biases and can serve as a counterfactual. The construction of a credible counterfactual is essential in establishing internal validity.

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