

25 JAN
1971
18th STATE

STATE PROFILE · REPUBLIC OF INDIA

Himachal Pradesh

Built from thirty princely hill states into a single Himalayan province — now a high-literacy, high-altitude economy wrestling with a debt load as steep as its mountains.

76.9L

POPULATION, 2026 EST.

₹2.32L cr

GSDP, 2024-25

12

DISTRICTS, NO DIVISIONAL TIER

100%

HILL/MOUNTAIN TERRAIN — NO PLAINS

Compiled July 2026 · Sources: Census of India, HP Economic Survey 2024-25, NFHS-5, PRS Legislative Research, NITI Aayog

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At a Glance

Himachal Pradesh is the rare Indian state built almost entirely from scratch — not carved out of a larger unit, but assembled after 1947 from roughly thirty small princely hill kingdoms that had spent centuries paying tribute to whoever held power in the plains below: Mughals, Sikhs, Gorkhas, and finally the British. What emerged is a state with no plains at all, unusually high literacy and a favourable sex ratio for its region, an economy leaning hard on hydropower, pharmaceuticals and tourism — and, more recently, a fiscal crisis serious enough that the state government has had to claw back its own free-electricity promises.

Shimla

STATE CAPITAL & LARGEST CITY

Dharamshala

SECOND / WINTER CAPITAL
(SINCE 2017)

25 Jan 1971

BECAME INDIA'S 18TH STATE

55,673 km²

AREA

₹2.32L crore

GSDP, 2024-25

972

SEX RATIO, 2011 — AMONG
INDIA'S BEST

“Himachal Pradesh was built by stitching together roughly thirty petty princely hill states into a single Chief Commissioner's Province on 15 April 1948 — and it took 23 more years, and two further territorial mergers, before it became a full state at all.

— Britannica; History of Himachal Pradesh, Wikipedia

Snapshot. HP is governed as a single state with a unicameral Vidhan Sabha seated in Shimla and, since 2017, a winter sitting at Dharamshala/Tapovan — the closest thing India has to a two-capital state. Unusually for a state of its size, HP has no divisional administrative tier: all 12 districts report directly to the state government, a structure that reflects both its small population and its patchwork origins as dozens of separately administered hill kingdoms. It is known, in roughly equal measure, for having been the summer capital of the entire British Indian Empire (Shimla), for hosting the Dalai Lama and the Tibetan government-in-exile (Dharamshala), for an apple economy that gave it the nickname "the Apple State" even though Jammu & Kashmir now produces nearly four times as much fruit, for the Baddi-Barotiwala-Nalagarh belt that manufactures a very large

share of India's medicines, and — increasingly — for a public-debt problem serious enough to force cuts to its own signature free-power scheme.

History

Few Indian states were built from as many separate moving parts as Himachal Pradesh — a patchwork of small hill kingdoms, fought over in turn by Rajputs, Sikhs, Gorkhas and the British, that took until 1971 to fully cohere into a single state.

● Prehistoric - Vedic era

Munda-speaking Kolarian tribes are the earliest recorded inhabitants of the lower Himalayan hills; Vedic hymns describe indigenous "Dasas" resisting Aryan incursion, later renamed Khasas and Kinnaras in post-Vedic texts — names that survive today in Kinnaur district.

● c. 2nd century BCE - 3rd century CE

Small Himalayan tribal republics flourish — Trigarta (Kangra), Kuluta (Kullu), Kulinda (Shimla hills) — some resisting, some aiding, Chandragupta Maurya's campaigns; Ashoka sends Buddhist missionaries into the Kullu valley.

● c. 550 CE

Raja Maru (Meru Varman) traditionally founds the Chamba princely state at Brahmaur — one of the longest-lived of the hill kingdoms, surviving in some form until 1948.

● 1009, 1360, 1540 CE

Kangra Fort, seat of the Katoch dynasty, is sacked three times across five centuries — by Mahmud Ghazni, Firuz Shah Tughluq, and Sher Shah Suri — yet the Katoch line endures, often cited as one of the oldest surviving royal lineages on Earth.

● 1804-1809

Ranjit Singh's Sikh Empire crushes Katoch power at Kangra (1804); Gorkha general Amar Singh Thapa defeats the Katochs in turn (1806); a Sikh-Katoch alliance finally expels the Gorkhas from Kangra (1809).

● 1814-1816

The Anglo-Gorkha War is fought partly on Himachali soil (Nahan, Subathu, Malaun, Kangra); most hill rulers back the British. The Treaty of Sugauli (1816) ends the war and brings the hill states south of the Sutlej under British paramountcy as the Punjab (Simla) Hill States.

● 1864

Shimla is declared the summer capital of British India — built in large part with timber, labour and revenue supplied by the same small hill kingdoms that would one day be absorbed into Himachal Pradesh.

● 1921

The Punjab States Agency is created at Shimla, formally administering the Punjab Hill States (and other Punjab princely states) under the Governor-General's direct authority.

- **1947**
At Independence, the princely state of Suket simply surrenders to a crowd of peaceful pro-democracy demonstrators — one of the quietest ends to feudal rule anywhere in India.
- **15 April 1948**
Himachal Pradesh is formally created as a Chief Commissioner's Province, integrating roughly 30 princely hill states into just 4 initial districts (Chamba, Mahasu, Mandi, Sirmaur).
- **26 January 1950**
Under India's new Constitution, HP becomes a Part C State administered by a Lieutenant Governor.
- **1 July 1954**
The separate Part C state of Bilaspur is merged into Himachal Pradesh as a new district.
- **1 November 1956**
The States Reorganisation Act abolishes the Part C category; HP becomes a Union Territory.
- **1 November 1966**
Following Punjab's linguistic reorganisation, the Punjab Reorganisation Act transfers the Kangra, Kullu, Shimla and Lahaul-Spiti hill districts (plus parts of Una, Hoshiarpur and Gurdaspur) to HP — roughly tripling its territory and population at a stroke.
- **25 January 1971**
Himachal Pradesh becomes India's 18th state, with Y.S. Parmar — who had led the self-government movement since the 1940s — as its first Chief Minister.

“It took Himachal Pradesh three separate territorial expansions — 1948, 1954, and 1966 — and 23 years, before it finally became a full Indian state on 25 January 1971.

— State of Himachal Pradesh Act, 1970; Punjab Reorganisation Act, 1966

Government, Politics & Administration

HP runs one of India's simplest formal governance structures — a single-house legislature and no divisional tier between the state and its 12 districts — a design that traces directly to its origins as dozens of small, separately administered hill kingdoms unified into one compact state.

68

VIDHAN SABHA SEATS (17 SC, 3 ST RESERVED)

4 / 3

LOK SABHA / RAJYA SABHA SEATS

13

SANCTIONED HP HIGH COURT JUDGES (MAX. 17)

3,615

GRAM PANCHAYATS (UP FROM JUST 280 IN 1952)

Structure. Unlike UP, HP has a unicameral legislature — a single 68-seat Vidhan Sabha, with no Legislative Council. Its four Lok Sabha seats (Kangra, Mandi, Hamirpur, Shimla) and three Rajya Sabha seats are modest by the standards of India's larger states, a direct function of HP's small population, though the state's political influence has periodically exceeded its seat count — Himachal has produced national-level leaders in both major parties. Judicially, the Himachal Pradesh High Court was established at Shimla on 25 January 1971, the same day HP became a full state; it is headquartered at "Ravenswood" and carries a sanctioned strength of 13 judges (against a permitted maximum of 17) — modest in absolute terms, but proportionate to the state's size, unlike UP's 160-judge Allahabad High Court.

Panchayati Raj. HP's rural-governance network has grown roughly thirteen-fold since Independence: just 280 gram panchayats existed before the Himachal Pradesh Panchayat Raj Act, 1952; the count rose to 466 by 1954 and 638 by 1962, and stands at 3,615 today, spread unevenly across the state's 12 districts — Kangra alone has 814 gram panchayats, while Lahaul and Spiti, HP's largest district by area, has only 73, split across just two development blocks. New panchayats continue to be carved out ahead of each panchayat election cycle, including the one scheduled for December 2025.

“HP's rural-governance network has grown from just 280 gram panchayats before 1952 to 3,615 today — even as Lahaul and Spiti, the state's largest district by area, still has only 73.

— HP Panchayati Raj Department; district panchayat records

Geography & Districts

Himachal Pradesh is the only Indian state to sit entirely within the Himalayan mountain system — there is no plains tract anywhere within its borders. Elevation runs from 465 m in the Shivalik foothills near the Punjab border to 6,816 m at Reo Purgyl in Kinnaur, the state's highest peak, across four physiographic bands running roughly south to north: the erosion-prone Outer Himalaya/Shivalik hills, the Lesser Himalaya (home to the Dhauladhar and Pir Panjal ranges), the Great Himalaya along the eastern border, and the trans-Himalayan Zaskar range separating Lahaul-Spiti and Kinnaur from Tibet. Four of the Indus system's five major tributaries — the Chenab, Ravi, Beas and Sutlej — rise or flow through HP, alongside Yamuna tributaries (Pabbar, Giri) in the southeast. The climate runs through six distinct bands packed into one small state: wet-temperate Dharamshala receives up to 3,400 mm of rain a year, while the trans-Himalayan cold desert of Lahaul-Spiti and Kinnaur gets under 200 mm — a roughly 17-fold rainfall swing within a single state's borders. Under the long-standing national seismic map, most of HP sits in Zone IV or the more severe Zone V; a new 2025 hazard-mapping exercise by the Bureau of Indian Standards has proposed reclassifying the entire Himalayan arc, including all of HP, into a new top-tier Zone VI — a significant, still-emerging reassessment this report flags rather than treats as settled.

6,816 m

HIGHEST POINT (REO PURGYIL, KINNAUR)

465 m

LOWEST POINT (SHIVALIK FOOTHILLS)

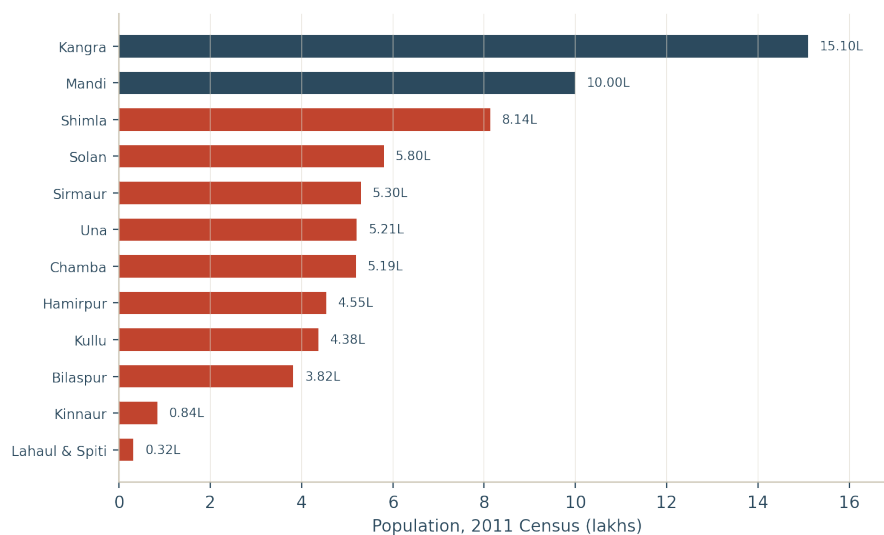
13,835 km²

LARGEST DISTRICT BY AREA (LAHAUL & SPITI)

IV-V (→VI)

SEISMIC ZONES SPANNED; NEW MAPPING PROPOSES ZONE VI

Administrative structure. Unlike most large Indian states, HP has no divisional tier between the state and its districts — all 12 districts (Bilaspur, Chamba, Hamirpur, Kangra, Kinnaur, Kullu, Lahaul and Spiti, Mandi, Shimla, Sirmaur, Solan and Una) report directly to the state government, each headed by a Deputy Commissioner. Government literature informally groups them into three geographic bands: the lower Shivalik hills (Una, Bilaspur, Hamirpur and lower Kangra/Mandi/Solan/Sirmaur), the mid-hills (Shimla, Solan, Sirmaur, Mandi, Kullu, upper Kangra and most of Chamba), and the trans-Himalayan alpine zone (Lahaul and Spiti, Kinnaur, and the remote Pangti valley within Chamba) — but this is a climatic shorthand, not a formal administrative layer.



Population by district, 2011 Census. Kangra is by far the most populous; Lahaul & Spiti — also the largest district by area — the least.

All 12 districts (2011 Census population, area, density and headquarters):

District	Headquarters	Population	Area (km ²)	Density (/km ²)
Kangra	Dharamshala	1,510,075	5,739	263
Mandi	Mandi	999,777	3,950	253
Shimla	Shimla	814,010	5,131	159
Solan	Solan	580,320	1,936	300
Sirmaur	Nahan	529,855	2,825	188
Chamba	Chamba	519,080	6,522	80
Una	Una	521,173	1,540	338
Kullu	Kullu	437,903	5,503	80
Hamirpur	Hamirpur	454,768	1,118	407
Bilaspur	Bilaspur	381,956	1,167	327
Kinnaur	Reckong Peo	84,121	6,401	13
Lahaul and Spiti	Keylong	31,564	13,835	2
Himachal Pradesh	—	6,864,602	55,673	123

“Lahaul & Spiti is simultaneously HP's largest district by area and its smallest by population — 13,835 km² holding just 31,564 people, versus Hamirpur's 1,118 km² holding 454,768 — a roughly 200-fold density gap within one small state.

— Census of India 2011

Ka Kangra — 1.51M · 5,739 km² · 263/km²

HP's most populous district by a wide margin, anchored by the Dhauladhar-backed Kangra Valley. Home to Kangra tea gardens, the Dalai Lama's residence-in-exile at McLeodganj (part of Dharamshala, the district HQ and HP's second/winter capital), and major Hindu shrines (Jwalamukhi, Chamunda Devi). Sits in the highest seismic-risk band (Zone V).

M Mandi — 1.00M · 3,950 km² · 253/km²

HP's second-most populous district, nicknamed "Chhoti Kashi" (Little Varanasi) for its roughly 80 ancient stone temples, and a major hydropower hub hosting the Pandoh Dam and Beas-Sutlej Link infrastructure. Home to NIT Hamirpur's sister institution IIT Mandi.

S Shimla — 814K · 5,131 km² · 159/km²

The state capital district, built around the former summer capital of British India. Anchors HP's administrative, educational and hill-tourism economy; the UNESCO-listed Kalka-Shimla railway and colonial Mall Road/Ridge remain its defining landmarks, alongside a recurring water-supply crisis (Chapter 13).

So Solan — 580K · 1,936 km² · 300/km²

Dubbed the "Mushroom City of India" for its mushroom-cultivation and research industry, Solan is also HP's industrial engine — the Baddi-Barotiwala-Nalagarh (BBN) belt within the district is one of Asia's largest pharmaceutical manufacturing clusters.

Si Sirmaur — 530K · 2,825 km² · 188/km²

HP's southernmost district, bordering Uttar Pradesh, home to the Kala Amb industrial estate (chemicals and pharma) and Renuka Lake, a major pilgrimage and tourism site.

U Una — 521K · 1,540 km² · 338/km²

A lower-Shivalik district on the Punjab border, largely agricultural but increasingly industrial (paints, plastics, steel); site of the proposed Bulk Drug Park aiming to draw ₹8,000-10,000 crore in fresh pharma investment.

Ch Chamba — 519K · 6,522 km² · 80/km²

HP's most remote major district and second-largest by area, still substantially reliant on traditional handicrafts — the GI-tagged Chamba Rumal embroidery and Chamba chappals — and hill-temple architecture. Includes the rugged, sparsely connected Pangti valley within the trans-Himalayan zone.

Ku Kullu — 438K · 5,503 km² · 80/km²

The Kullu-Manali corridor is HP's premier tourism destination — adventure sports, honeymoon travel, Rohtang Pass access — and a major apple belt. Home to the Great Himalayan National Park, a UNESCO World Heritage Site.

H Hamirpur — 455K · 1,118 km² · 407/km²

HP's smallest district by area but its most densely populated and among its most literate. Nicknamed "Veer Bhoomi" for its outsized contribution of recruits to the Indian Army; home to NIT Hamirpur.

B Bilaspur — 382K · 1,167 km² · 327/km²

Reshaped entirely by the Bhakra Dam: the centuries-old former capital of the princely state of Kahlur, with roughly 99 temples, was permanently submerged under the Gobind Sagar reservoir in 1961, and the town rebuilt on higher ground. Now tied to hydropower and reservoir-based fisheries and tourism.

Ki Kinnaur — 84K · 6,401 km² · 13/km²

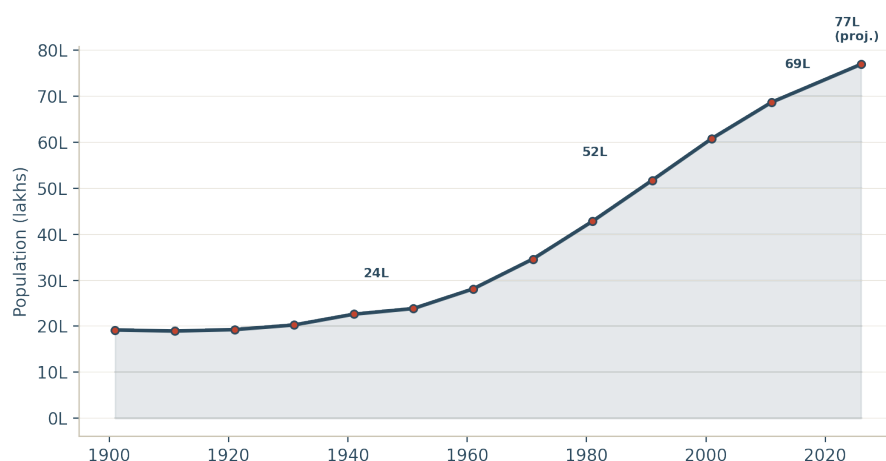
A high-altitude, sparsely populated tribal district bordering Tibet (Scheduled Tribes are roughly 58% of its population), known for apple and chilgoza (pine nut) cultivation, Kinnauri shawls, and an Indo-Tibetan Buddhist-Hindu syncretic culture. Site of some of HP's most contested hydropower projects.

L Lahaul and Spiti — 32K · 13,835 km² · 2/km²

HP's largest district by area but smallest by population — a genuine high-altitude cold desert with Tibetan Buddhist monasteries (Key Monastery in Spiti), potato and hops cultivation, and a Scheduled-Tribe-majority population (~81%). The Atal Tunnel (2020) ended its historic six-month winter isolation from Manali.

Population & Demographics

Himachal Pradesh's population figures before 1948 are back-calculated to today's state boundary, since HP did not exist as a political unit until then. From 1951 onward the Census series is direct: growth accelerated steadily through the second half of the 20th century before slowing to one of India's lowest rates today. No Census was held in 2021, so all post-2011 figures are projections rather than counts — estimates for 2026 range roughly 74.9-78.9 lakh depending on methodology; this report uses the midpoint.



Population, 1901-2011 (Census; pre-1948 figures back-calculated to present boundaries), with 2026 midpoint projection.
Source: Census of India; RGI Technical Group population projections.

123/km²

DENSITY, 2011 (NATIONAL AVG. 382)

972

SEX RATIO, 2011 (NATIONAL AVG. 943)

82.8%

LITERACY, 2011 (M 89.5% / F 75.9%)

10.0% / 90.0%

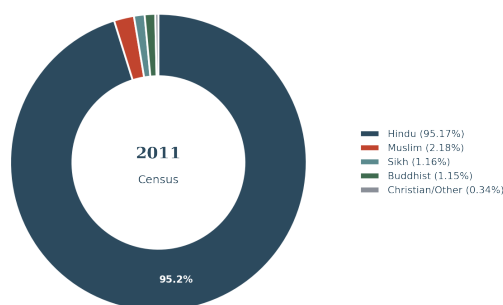
URBAN / RURAL SPLIT

25.2% / 5.7%

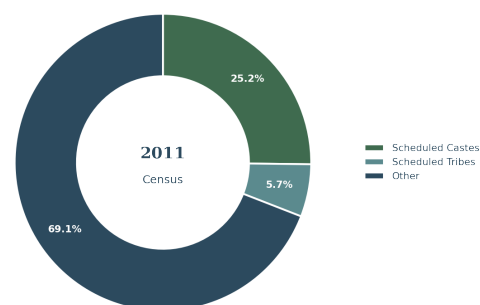
SC / ST POPULATION SHARE

1.7

TOTAL FERTILITY RATE (NFHS-5)



Religious composition, 2011 Census. HP's small Buddhist population (1.15%) is concentrated almost entirely in Lahaul-Spiti and Kinnaur.



SC/ST population share, 2011 Census. ST population is heavily concentrated in Lahaul-Spiti (~81% of district) and Kinnaur (~58%).

Language. Hindi is the official language, but HP's isolated valley geography has produced one of India's most linguistically fragmented small states — the Linguistic Survey of India documents 12 distinct mother tongues here. Western Pahari tongues dominate the mid- and lower-hills: Kangri (over 1.1 million speakers, concentrated in Kangra), plus Mandeali, Kulvi, Chambeali, Bharmauri/Gaddi and Sirmauri. In the high-altitude tribal districts, Tibeto-Burman languages take over: Kinnauri (~83,000 speakers) and Lahauli (~90,000 speakers) track almost exactly onto the ST-majority districts noted above. UNESCO classifies most of these Pahari tongues as endangered as younger generations shift to Hindi.

A genuine human-development success story — with one exception. HP outperforms the national average on nearly every headline health indicator: infant mortality fell from 34 (NFHS-4) to 26 per 1,000 live births (NFHS-5), well below the national 35.2; under-5 mortality fell from 38 to 29 against a national 41.9; total fertility (1.7) sits below replacement, well under the national 2.0. The one indicator moving the wrong way is child nutrition — stunting actually rose from 26.3% (NFHS-4) to roughly 30.8% (NFHS-5), even as survival indicators improved. This is a familiar pattern nationally: mortality and institutional-delivery indicators respond quickly to healthcare-system investment, while nutrition depends on household food security and maternal health that move more slowly — and it means HP's "model hill state" reputation needs an asterisk.

“Himachal Pradesh cut its infant mortality rate from 34 to 26 per 1,000 live births between NFHS rounds, well ahead of the national pace — yet child stunting rose from 26.3% to nearly 31% over the same period, a rare indicator moving the wrong way in an otherwise model-hill-state health record.

— NFHS-4 (2015-16), NFHS-5 (2019-21), Himachal Pradesh factsheets

Culture, Festivals & Cuisine

HP's culture is shaped by the same valley-by-valley isolation that defines its geography — festivals, art and dialects that developed largely independently in each hill kingdom before the state itself existed, and which still read as distinct rather than blended.

Festivals. Kullu Dussehra, held every October on the Dhalpur Maidan, runs in reverse of the festival's celebration elsewhere in India — it begins only after Dussehra concludes in the rest of the country — and draws hundreds of local deities, carried down from village temples across the valley, for a week of processions distinct from any other Dussehra tradition. The Minjar Fair in Chamba, held every July-August since the mid-17th century, centers on offering silk tassels (minjar) to the Ravi river in a procession blending Hindu ritual with broader community participation. Losar, the Tibetan Buddhist new year, is celebrated over roughly 15 days each February in Lahaul, reflecting the district's Tibetan Buddhist heritage. The Shimla Summer Festival, a two-week cultural program held each year in the former colonial capital, is a more recent, tourism-oriented addition to the calendar.

Dance and visual art. Nati, HP's signature folk dance — performed at nearly every local celebration — set a Guinness World Record in Kullu on 26 October 2015, when 9,892 women in traditional Kulluvi dress performed together during the Dussehra festival, the largest Nati dance ever recorded. In painting, the Pahari school — miniature court painting from the lower Himalayan hill kingdoms between the 17th and 19th centuries — reached its most refined and widely celebrated form at Kangra, where the style largely eclipsed the earlier Basohli school by the mid-18th century; Kangra paintings are distinguished by a soft, realist palette dominated by red, yellow and blue, and are built almost entirely around the theme of Radha and Krishna's devotion. The Chamba Rumal — a double-satin-stitch hand embroidery technique found nowhere else in India (Chapter 10) — and the Kullu shawl round out HP's craft-as-art tradition.

Cuisine. HP's high-altitude, meat-and-grain-forward cooking contrasts sharply with the plains cuisines of neighbouring states. Siddu — a steamed, yeasted wheat-flour bun filled with a ground walnut-poppy-seed-almond paste, a labour-intensive dish traditionally served with mutton or vegetable curry — is the closest thing HP has to a signature dish. Babru, a black-gram-stuffed, deep-fried flatbread served with tamarind chutney, functions as HP's answer to the kachori. Chha Gosht, a Chamba-region specialty, marinates lamb in a gram-flour-and-yogurt gravy; Madra, also from Chamba, simmers chickpeas or vegetables in a cardamom-clove-cinnamon spice base. Most of these dishes traditionally appear together as part of "Dham," a ceremonial multi-course meal served at weddings and festivals across the mid-hills, typically prepared by a hereditary caste of cooks (botis) rather than family members.

“Kullu's Nati dance holds a Guinness World Record for the largest performance of its kind — 9,892 women dancing together in traditional dress during the 2015 Dussehra festival.

— Guinness World Records; District Administration Kullu

Education & Research Institutions

HP's literacy rate is among the best of any Indian state its size — a legacy of sustained investment since the 1970s — and it now hosts an IIT built specifically around Himalayan-relevant research.

82.8%

LITERACY, 2011 (M 89.5% / F 75.9%)

171

COLLEGES (106 PRIVATE, REMAINDER GOVERNMENT)

180+

COLLEGES AFFILIATED TO HIMACHAL PRADESH UNIVERSITY

31st

IIT MANDI'S NIRF 2025 ENGINEERING RANK

Premier institutions. Himachal Pradesh University, Shimla — established 22 July 1970, just months before full statehood — is the state's principal teaching and affiliating university, running 132 academic programmes across 13 faculties and over 180 affiliated colleges. IIT Mandi, established in 2009 in the Kamand valley, was deliberately built with a research emphasis on Himalayan ecology, renewable energy and sustainable mountain development, and ranked 31st nationally in engineering in NIRF's 2025 list; NIT Hamirpur, older and more conventional in scope, ranked 98th the same year. Beyond these, HP's higher-education base of 171 colleges — split roughly two-to-one between private and government institutions — is modest in absolute size next to a state like UP, but large relative to HP's population of under eight million.

Literacy as a long-run achievement. HP's 82.8% literacy rate (2011 Census) — with a comparatively narrow gender gap by Indian state standards (89.5% male vs. 75.9% female) — reflects decades of policy attention: hill-state governments since the 1970s prioritized primary-school access even in remote, low-density terrain where the economics of school provision are far harder than in the plains. That legacy now underpins HP's outsized presence in both the Indian Army officer corps and the civil services relative to its population, and is frequently cited alongside Kerala's as one of India's strongest state-level literacy stories, notwithstanding the very different geography each state had to overcome to get there.

“ IIT Mandi was deliberately built around Himalayan-relevant research — ecology, renewable energy, mountain sustainability — rather than as a generic branch campus, and already outranks NIT Hamirpur, its older and more conventional neighbour, in NIRF's engineering list.

— NIRF 2025; IIT Mandi

Cities & Urban Areas

HP is one of India's least urbanized states — only about one resident in ten lives in a town — yet several of its small settlements carry outsized national or even global significance, from a former imperial summer capital to the seat of the Tibetan government-in-exile.

Shimla — the Capital and Largest City

City population 169,578 (2011); 2024 estimates for the wider municipal/urban-agglomeration area run to roughly 2.6-3.1 lakh. Declared the summer capital of British India in 1864, Shimla's Viceregal Lodge hosted the 1945 Simla Conference and the 1972 Simla Agreement between India and Pakistan; the Ridge, Mall Road and the UNESCO-listed Kalka-Shimla "toy train" railway (1898, 102-107 tunnels) remain its defining landmarks. In 2018 the city came close to "Day Zero," rationing water to once every eight days for weeks — a crisis explored in Chapter 13.

Dharamshala — Second/Winter Capital

Population 53,543 after a 2015 boundary expansion (up from 30,764) — now HP's second-largest city; 2024 estimates run to roughly 1 lakh. Declared HP's second/winter capital on 19 January 2017, with a legislative assembly complex at Tapovan. Upper Dharamshala (McLeodganj) has hosted the 14th Dalai Lama's residence and the Central Tibetan Administration since 1960; Lower Dharamshala is the commercial hub, and the surrounding Kangra valley grows GI-tagged Kangra tea.

Manali & Kullu

Manali town population just 8,096 (2011) — a striking mismatch for one of India's most-visited destinations; Kullu town 18,536, with the wider Kullu-Manali-Bhuntar agglomeration reaching roughly 1.2-1.3 lakh by 2024. The valley is HP's premier adventure-tourism corridor (skiing and paragliding at Solang, white-water rafting on the Beas, Rohtang Pass access) and a major apple belt, with orcharding introduced here under the British Raj alongside trout farming.

Solan — "Mushroom City of India"

Town population approximately 39,000-47,000 depending on boundary definition (2011); 2024 estimates run to roughly 60,000 (town) or 1.1 lakh (wider agglomeration including Kasauli, Dharampur, Subathu). Home to the national Directorate of Mushroom Research, and adjacent to the Baddi-Barotiwala-Nalagarh (BBN) pharmaceutical belt — described by industry sources as one of Asia's largest drug-manufacturing clusters, with 700-plus pharma companies and roughly ₹50,000 crore in annual turnover.

Mandi — "Chhoti Kashi"

Town population 41,348 (2011); district 999,777, HP's second-most populous. Nicknamed "Little Varanasi" for roughly 80 ancient stone temples including the Bhootnath Temple (c. 1527) and the five-headed-Shiva Panchvaktra Temple. Also a hydropower hub — the 100 MW Uhl-III project was commissioned in 2025 after 22 years of delay, and the 191 MW Thana Plaun project sits nearby.

Other notable towns. **Bilaspur** town (pop. ~13,600, 2011) was entirely rebuilt after the original Kahlur-state capital — with roughly 99 temples — was permanently submerged under the Gobind Sagar reservoir in 1961. **Una** (pop. 18,722) anchors a growing lower-Shivalik industrial belt. **Hamirpur**, HP's smallest district by area, has the state's highest literacy rate and is nicknamed "Veer Bhoomi" for its Army-recruitment tradition. **Reckong Peo** (pop. 12,997), Kinnaur's headquarters at 2,670 m, is predominantly a Scheduled Tribe settlement and gateway to Kinner Kailash pilgrimage treks. **Kaza**, headquarters of the remote Spiti sub-division, is the trans-Himalayan valley's main administrative and trade hub — and increasingly a hub for HP's fast-growing "offbeat tourism" boom (Chapter 16).

The Economy

Himachal Pradesh's economy tells two contradictory stories at once: a per-capita income still above the national average, and a fiscal position stressed enough that the state has had to roll back its own subsidies to stay solvent.

₹2.32L cr

GSDP, 2024-25 (CURRENT PRICES)

6.7%

REAL GROWTH RATE, 2024-25

₹2.58L

PER-CAPITA INCOME, 2024-25

+9.6%

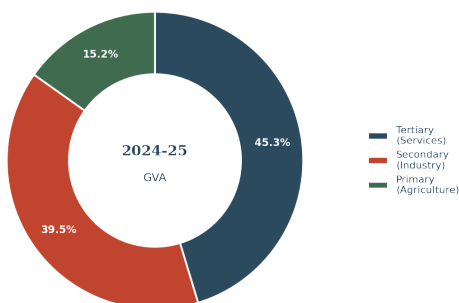
ABOVE NATIONAL AVERAGE PER-CAPITA INCOME

33.9%

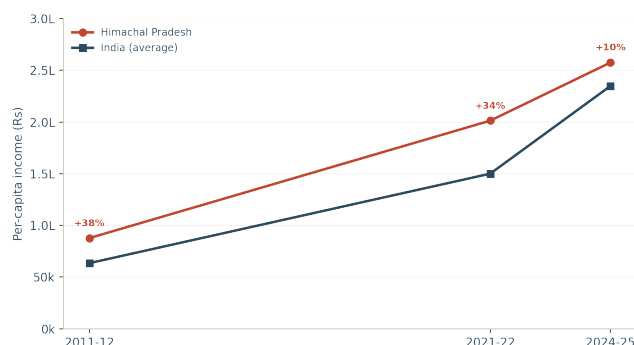
URBAN YOUTH (15-29) UNEMPLOYMENT RATE

~44%

OUTSTANDING DEBT AS SHARE OF GSDP



Sectoral share of Gross Value Added, 2024-25. Source: HP Economic Survey 2024-25.



HP vs. national average per-capita income, with HP's premium narrowing sharply. Source: MoSPI; The News Himachal; PRS HP Budget Analysis.

The structural story: a quietly eroding premium. HP's per-capita income (₹2,57,512 in 2024-25) still sits about 9.6% above the national average (₹2,34,859) — but that gap has been closing fast. In 2011-12, HP's per-capita income was roughly 38% above the national average; by 2021-22 the premium had slipped to about 34%; by 2024-25 it had collapsed to under 10%. India's national per-capita income has simply grown faster than HP's over the past decade — a quieter, less-noticed story than the headline "above-average hill state" framing usually applied to HP, and one that helps explain why the state's fiscal room has narrowed at the same time. Sectorally, services now account for 45.3% of GVA, industry (hydropower, pharma, cement) 39.5%, and

agriculture/horticulture just 15.2% — though agriculture still occupies the majority of the workforce. Labour-force participation is unusually high for India (male 65.5%, female 34.8% in mid-2024, among the best female participation rates of any state) even as urban youth unemployment (33.9%) is the highest of any Indian state — a genuine paradox of a workforce that is engaged but not fully absorbed into stable jobs.

Fiscal position: borrowing to repay borrowing. HP's outstanding debt has climbed toward ₹1 lakh crore, with the debt-to-GSDP ratio rising from around 39% (2019-20) to roughly 44-45% (2023-25) — among the three or four highest ratios of any Indian state. The CAG found that the share of new public debt used purely to repay earlier loans rose from 53% in 2019 to 74% in 2024; of roughly ₹29,000 crore borrowed over the past couple of years, only about ₹8,700 crore went to actual development spending. Nearly three-quarters of revenue expenditure is now consumed by salaries, pensions and interest. The state's 2024-25 fiscal deficit blew past its own 4.7%-of-GSDP target to reach 6.6%. Facing this squeeze, the government has twice rolled back its own free/subsidised-electricity scheme — first withdrawing free power for income-taxpayers and senior government employees in 2024, then withdrawing the subsidy for the 125-300 unit domestic slab in 2025 (partially reinstated after public backlash) — and cut capital spending by 55% in the 2025-26 budget.

“Himachal Pradesh's own Comptroller and Auditor General found that the share of new public debt used purely to repay earlier borrowing rose from 53% in 2019 to 74% in 2024 — the state is now borrowing largely to pay for money it already spent.

— CAG audit findings, via The News Himachal; PRS HP Budget Analysis 2025-26

Industries & What Drives Them

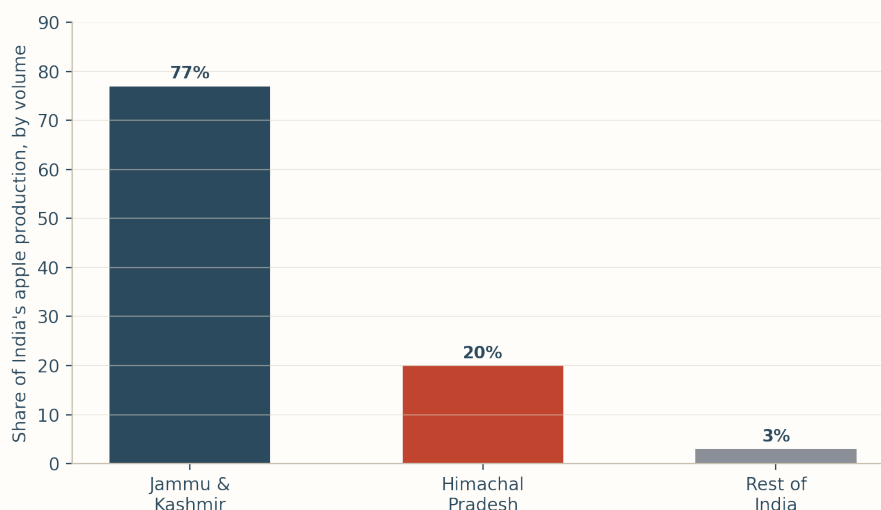
HP's economy runs on a small number of geographically concentrated industries, each explained by a specific accident of terrain, policy or climate — steep perennial rivers for hydropower, a decades-old tax holiday for pharmaceuticals, cool mid-altitude valleys for apples, and colonial-era hill-station infrastructure for tourism.

1 **Hydropower** **POWERHOUSE OF NORTH INDIA**

HP holds an identified hydro potential of roughly 27,436 MW — about a quarter of India's entire national hydro potential — of which only around 10,500-10,800 MW (40-45%) has been harnessed so far. Nathpa Jhakri (1,500 MW, on the Sutlej) is India's largest hydropower station. The standard revenue model gives HP 12% free power as royalty from central/PSU projects; a 2023 attempt to raise a further water cess on hydropower generators was struck down by the HP High Court in March 2024 as unconstitutional, and the matter remains before the Supreme Court.

2 Horticulture & the Apple Economy THE APPLE STATE

HP produces roughly 500,000-650,000 tonnes of apples a year across some 116,000 hectares — India's second-largest producer by volume, though a distant second: Jammu & Kashmir grows nearly four times as much. Apples account for about 81% of HP's total fruit output and support well over 300,000 farming families, concentrated in Shimla (~55% of state output) and Kullu (~20%). Rising winter temperatures are steadily pushing the traditional apple line to higher altitudes (Chapter 13).



Share of India's apple production by volume. HP remains "the Apple State" in national identity even though J&K now grows roughly four times as much fruit. Source: National Horticulture Board; HP Economic Survey 2024-25.

3 Pharmaceuticals (Baddi-Barotiwala-Nalagarh) ASIA'S PHARMA BELT

The BBN industrial belt in Solan district hosts 700-plus pharmaceutical companies among 2,000-plus total industrial units, employing over 100,000 workers directly and generating roughly ₹50,000 crore in annual turnover, with estimates of its share of India's total medicine production ranging from roughly 35% to as high as 49% depending on methodology. The cluster exists because of a January 2003 central government Special Industrial Package offering new units a 10-year excise-duty exemption and a graduated income-tax holiday — incentives that turned a semi-rural belt bordering Punjab and Haryana into what industry sources call Asia's pharmaceutical powerhouse, though the same incentive-driven rush later produced overcapacity and thin margins among smaller units.

4 **Tourism** 7% OF GSDP

HP recorded 1.8 crore domestic and roughly 83,000 foreign tourist arrivals in 2024, its highest footfall in five years, contributing around 7% of GSDP. Shimla alone drew over 25 lakh domestic visitors; Kangra/Dharamshala's Buddhist-tourism draw and the Kullu-Manali adventure-sports corridor remain the other anchor destinations, alongside a fast-emerging "offbeat tourism" boom in Spiti and Kinnaur (Chapter 16).

5 **Cement** LIMESTONE BELT

Large limestone deposits across the Solan-Sirmaur-Bilaspur belt feed major national cement plants — Ambuja's Darlaghat unit (Solan, ~2 MTPA), ACC's Gagat unit (Bilaspur, roughly 4-5.5 MTPA across its combined lines) and UltraTech's Baga works (Solan) — drawn here from the 1980s onward by both the raw material and rail/highway access to the Punjab-Haryana-Delhi construction market.

6 **Food Processing** VALUE-ADD FOR THE ORCHARD

The Himachal Pradesh Horticultural Produce Marketing & Processing Corporation (HPMC), set up in 1974 with World Bank assistance, exists specifically to give apple growers a buyer of last resort for below-grade fruit. Its three apple-juice-concentrate plants (Shimla, Solan, Mandi) processed a record 1,545 tonnes in 2024, exported to the Americas, Europe and the Middle East — a direct institutional response to the price volatility apple growers face each season.

7 **Handicrafts** GI-PROTECTED CRAFT

HP holds 17 Geographical Indication tags, led by the Kullu Shawl (HP's first-ever GI, granted 2004, woven from local sheep wool exclusive to the Kullu and Gyabong valleys), the Chamba Rumal (a hand-embroidered double-satin-stitch technique found nowhere else in India), and the Kinnauri Shawl (Buddhist-motif twill-tapestry weaving from Kinnaur and Lahaul-Spiti). GI registration is an explicit state strategy to convert heritage craft into branded, premium-priced rural income.

8 IT & Emerging Sectors **EMERGING**

A 2019 IT/ITeS/Electronics policy, a renamed Department of Digital Technologies and Governance, and an announced Cyber City at Wahnaghat (Solan district, October 2025) all aim to diversify the state's job base for educated youth beyond hydro/pharma/tourism/horticulture — leveraging cheap local hydropower for data-centre operating costs and proximity to the Chandigarh/NCR tech-talent pool, though as yet without a signature completed project or disclosed investment figure to match the ambition.

Transport & Connectivity

HP's transport story is less about scale than about engineering against terrain — a UNESCO-listed mountain railway more than a century old, a strategic new line being cut through the Himalaya, and a road network that has to substitute for rail almost everywhere else.

96 km

KALKA-SHIMLA RAILWAY: 102 TUNNELS, 864 BRIDGES

1903

KALKA-SHIMLA LINE OPENED; UNESCO WORLD HERITAGE

~1,235 km

NATIONAL HIGHWAY NETWORK (NH20, NH21, NH22)

3

OPERATIONAL AIRPORTS (KANGRA, SHIMLA, BHUNTAR)

Rail: heritage and ambition. The Kalka–Shimla Railway, opened in 1903, climbs 96 km from the Punjab plains to Shimla through 102 tunnels and across 864 bridges and viaducts on a narrow 2 ft 6 in gauge — a feat of colonial-era engineering recognised as a UNESCO World Heritage Site (as part of the Mountain Railways of India) for the ingenuity of its route through some of the steepest gradients any railway in the country attempts. The Kangra Valley Railway, a separate 164 km narrow-gauge line, carries similar heritage weight and is under consideration for UNESCO listing in its own right. Looking forward, the Bhanupli–Bilaspur–Leh line — a roughly 489 km line under construction, discussed further in Chapter 16 — would be the state's first standard-gauge strategic rail corridor, connecting HP toward Ladakh through extraordinarily difficult high-altitude terrain.

Roads carry the real weight. With rail confined to two heritage narrow-gauge lines and one line under construction, roads do almost all of HP's freight and passenger movement. The state's national highway network runs to roughly 1,235 km, anchored by NH20, NH21 and NH22, which together link Shimla, Mandi, Kullu-Manali and the Kinnaur border corridor toward Tibet. Road construction and maintenance in HP is disproportionately expensive and slow relative to the plains — landslides, monsoon washouts and snow closures are routine — which is part of why rail and air links, however limited, carry outsized strategic and economic importance.

Air. HP has three operational airports — Kangra (Gaggal), Shimla (Jubbarhatti) and Bhuntar (Kullu-Manali) — plus two more in planning. Kangra Airport alone handled roughly 210,000 passengers in FY2024-25, reflecting steadily rising tourist demand for faster access to the Dharamshala-McLeodganj region, though all three airports remain small by national standards and weather-dependent, with frequent fog and cloud-cover cancellations in winter.

“The Kalka-Shimla Railway climbs 96 km through 102 tunnels and across 864 bridges — a narrow-gauge feat of colonial engineering that UNESCO now protects as a World Heritage Site.

— UNESCO World Heritage List; Indian Railways

Environment, Wildlife & Biodiversity

More than a quarter of HP is forested, and its high-altitude parks hold species found almost nowhere else in India — but the same steep terrain that protects that biodiversity is also making forest fires dramatically more frequent.

27.73%

FOREST COVER: 15,443 KM² OF
STATE AREA (ISFR 2023)

+1,339%

RISE IN FOREST-FIRE INCIDENCE
(SOFR 2023)

675 km²

PIN VALLEY NATIONAL PARK, EST.
1987

<5,000

GLOBAL POPULATION OF THE WESTERN TRAGOPAN (STATE BIRD)

Forest cover and a fast-rising fire risk. HP's forest cover stood at 15,443 km² in the 2023 India State of Forest Report — 27.73% of the state's geographical area, comfortably above the national average. That statistic sits uneasily next to another from the same reporting cycle: the State of Forest Report 2023 recorded a 1,339% rise in forest-fire incidents in HP, a dramatic escalation attributed to longer dry spells, chir pine litter (which burns readily) and expanding human activity at the forest edge. The contrast — rising cover, sharply rising fire risk — is one of the more concerning environmental signals to come out of the state in recent years.

Protected landscapes. The Great Himalayan National Park, in Kullu district, is HP's flagship protected area and a UNESCO World Heritage Site, its high-altitude terrain (much of it above 3,000m) sheltering the snow leopard at elevations between roughly 2,700 and 5,000m alongside Himalayan tahr, blue sheep and musk deer. Pin Valley National Park, established in 1987 in the cold-desert terrain of Spiti, covers 675 km² and is one of the few Indian parks where snow leopard and ibex share a landscape with almost no tree cover at all. Smaller sanctuaries round out the network: Kalatop-Khajjiar (30.69 km², near Dalhousie) and Renuka (402.8 hectares, around the state's largest natural lake) protect very different habitats at a fraction of the scale of the high-altitude parks.

The Western Tragopan. HP's state bird, the Western Tragopan, is one of the rarest pheasants in the world, with a global population estimated at under 5,000 birds confined to a narrow band of the western Himalaya. The Great Himalayan National Park is believed to hold the largest known population of the species anywhere, making the park's continued protection disproportionately important to the bird's global survival prospects — a reminder that HP's conservation choices carry weight well beyond the state's own borders.

“HP's forest-fire incidence rose 1,339% per the State of Forest Report 2023 — even as the state's overall forest cover, at 27.73% of its area, remains among the healthier figures in the country.

— India State of Forest Report 2023

Problems Facing Himachal Pradesh

HP's problems cluster around a single underlying tension: a small, mountainous state trying to fund modern infrastructure and welfare commitments on a revenue base that terrain, climate and its own subsidy politics keep squeezing from multiple directions at once.

1. Fiscal crisis and public debt

Outstanding debt has climbed toward ₹1 lakh crore, with the debt-to-GSDP ratio at roughly 44-45% — among the highest of any Indian state. The state's own CAG found that 74% of new borrowing in 2024 went simply to repay earlier debt (up from 53% in 2019), and nearly three-quarters of revenue expenditure is consumed by salaries, pensions and interest before a rupee is spent on development.

2. Climate change disrupting the apple belt

Temperatures in apple-growing districts have risen 1.8-4.1°C over two decades, with snowfall declining and rainfall down 2-10%. Reduced winter chilling hours have cut yields 40-50% in the worst-affected low-altitude zones, forcing cultivation upward into Kinnaur, Lahaul-Spiti and higher parts of Shimla and Sirmaur; annual production now swings wildly, from over 9 lakh tonnes at its 2010-11 peak to an average closer to 5-6 lakh tonnes today.

3. Disaster vulnerability

The August 2023 monsoon triggered 163 landslides and 72 flash floods across three extreme-rain spells, killing an estimated 330-441 people, destroying over 2,500 houses outright, and causing losses the state government put above ₹12,000 crore. Kinnaur alone saw fatal landslides in both 2021 and 2023, and HP's Zone IV/V seismic classification (with a 2025 hazard-mapping exercise proposing an even more severe Zone VI for the whole Himalayan arc) compounds the underlying risk.

4. Unplanned tourism-driven urbanization

Shimla came close to "Day Zero" water rationing in 2018, with several neighbourhoods going 10-15 days without piped supply as tourist-season demand collided with ageing, leaky infrastructure and unplanned construction eating into the city's own forested catchments. A 2017 National Green Tribunal construction ban, later contested through the courts, illustrates the tension between growth and the city's physical carrying capacity.

5. Hydropower project disputes

Large hydel projects have repeatedly triggered local opposition over displacement, muck-dumping and ecological damage — the 180 MW Bajoli-Holi project in Chamba saw a 2014 protest that led to 31 arrests, and Kinnaur's Jangi-Thopan-Powari project (804 MW) was ultimately cancelled in 2023 after all six affected panchayats withheld consent and unscientific blasting destroyed roughly 11,000 trees.

6. Educated-youth unemployment and out-migration

HP's urban youth (15-29) unemployment rate of 33.9% is the highest of any Indian state, with urban female youth unemployment reaching 41-49% depending on the survey round — a stark mismatch given HP's high literacy and above-average labour-force participation overall. An estimated 49% of HP households report at least one migrant member, overwhelmingly moving to Punjab, Haryana, Chandigarh and Delhi for work.

7. Healthcare and connectivity gaps in remote high-altitude districts

Before 2020, the Rohtang Pass cut Lahaul-Spiti off from Manali for roughly six months a year; even now, passes like Kunzum close for months, forcing residents toward a far longer Kinnaur-Shimla detour and complicating medical evacuation. Pangi valley in Chamba faces similar seasonal isolation.

Solutions & Policy Responses

Against each problem in the previous chapter, HP has attempted a named policy response — several genuinely difficult politically, since more than one required the state to take back benefits it had itself promised.

1. Fiscal Responsibility Act enforcement and subsidy rollback

Operating under the Himachal Pradesh Fiscal Responsibility and Budget Management Act, 2005, the government cut capital expenditure 55% in the 2025-26 budget and twice withdrew its own free/subsidised-electricity scheme — first for income-taxpayers and senior officials (2024), then for the 125-300 unit domestic slab (2025, later partially reinstated) — a politically costly but direct response to the debt spiral. The state is now pinning hopes on higher devolution from the 16th Finance Commission, effective April 2026.

2. High-density plantation and horticulture modernization

The World Bank-funded Himachal Pradesh Horticulture Development Project promotes high-density plantation using dwarf rootstocks (1,200-1,600 trees/hectare versus 250-300 under traditional methods), plus drip irrigation, anti-hail netting and mulching subsidies, with over 90,000 farmers trained so far.

3. Early-warning systems and a new disaster-management institute

Following a September 2024 MoU with the India Meteorological Department, the HP State Disaster Management Authority is deploying 48 automatic weather stations, conducting village-level climate-vulnerability assessments, building a new State Institute for Disaster Management, and raising a new SDRF company for faster response.

4. The Kol Dam Lift Water Supply Scheme

A ₹315-810 crore scheme lifts water from the Sutlej at Shakroli village through a 24 km, three-stage pipeline to Shimla's elevation, designed to secure the city's water needs to 2050. A successful trial pumping run in November 2025 moved the city closer to round-the-clock supply, alongside a Supreme Court-approved 2023 Shimla Development Plan regulating construction height in the core areas.

5. Supreme Court-mandated cumulative impact assessment

Rather than clearing hydropower projects one at a time, the Supreme Court has pushed HP's government and forest department toward basin-wide cumulative ecological impact assessments — a structural reform still being implemented, and one that led directly to the 2023 cancellation of the contested Jangji-Thopan-Powari project in Kinnaur.

6. Chief Minister's Startup and New Industries Scheme

Aimed at converting educated youth from job-seekers into job-creators: a ₹25,000/month stipend for one year to innovators, up to ₹10 lakh in execution/marketing grants, and patent-filing assistance, backed by incubation centres at IIT Mandi and NIT Hamirpur.

7. The Atal Tunnel and an ICMR high-altitude medicine centre

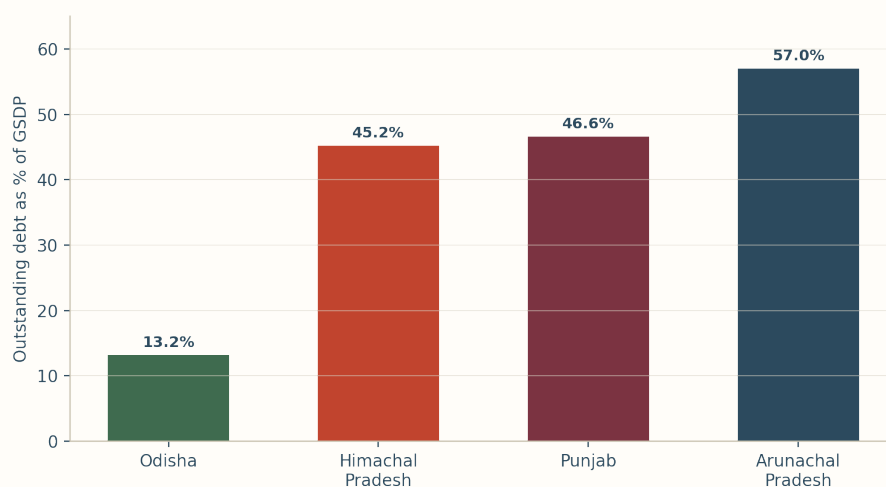
The 9.02 km Atal Tunnel (Rohtang), opened October 2020, ended Lahaul-Spiti's historic six-month winter isolation — tourist arrivals to the valley rose from 1.72 lakh (2018) to 10.55 lakh (2024), migration out of the valley has reportedly stopped, and doctor presence has increased. A planned ICMR Centre for High-Altitude Medicine at Keylong aims to add telemedicine and drone-delivered medical supplies for still-isolated pockets like Pangri and upper Spiti.

What Himachal Pradesh Can Learn From Other States & Regions

HP's core problems — fiscal fragility, a climate-stressed apple economy, disaster vulnerability, tourism-driven water crisis, hydropower disputes, healthcare gaps in remote terrain, and youth out-migration — all have real precedents elsewhere that were measurably addressed.

Odisha — fiscal discipline through a rules-based stabilization fund

Odisha, once a poor, debt-laden mineral state, has run a revenue surplus every year since its 2005 FRBM Act and quarantines volatile mining revenue (~41% of receipts) into a Budget Stabilisation Fund rather than spending it on recurring subsidies. Its debt-to-GSDP ratio is just 13.2% — the lowest of any major Indian state — against HP's roughly 45%.



Outstanding debt as % of GSDP. Source: Forbes India; PRS state budget analyses; NITI Aayog Fiscal Health Index 2025.

Lesson for HP: legally separate volatile revenue (hydropower royalty, free-power sales) into a rainy-day fund instead of using it to bankroll open-ended subsidies like the free-electricity scheme, which cost HP's power utility roughly ₹1,800 crore in losses in 2023-24 alone.

T South Tyrol, Italy — cooperative-driven apple productivity

With just 18,000 hectares under cultivation — a fraction of HP's roughly 1.1 lakh hectares — South Tyrol's tightly organized grower cooperatives produce about 900,000 tonnes of apples a year at roughly 50 tonnes/hectare, among the highest apple productivity in the world, backed by a coordinated climate-adaptation program (heat-tolerant cultivars, anti-hail netting, shared microclimate monitoring) since 2019.

Lesson for HP: yield and quality, not just chasing altitude upward, determine survival of a mountain apple economy — HP needs coordinated cultivar replacement and grower-cooperative density closer to South Tyrol's, not individual orchardists adapting alone.

Od Odisha — a "zero-casualty" disaster-response model

After the 1999 super cyclone killed 9,658 people, Odisha built a dedicated disaster authority, hundreds of purpose-built cyclone shelters and rehearsed mass-evacuation drills; Cyclone Fani (2019) saw roughly 1.2 million people evacuated with near-zero deaths. HP's August 2023 monsoon disaster killed an estimated 330-441 people with no comparable dedicated evacuation infrastructure in place.

Lesson for HP: disaster deaths are a governance-capacity variable, not simply a fate of geography — HP needs an Odisha-style dedicated authority with real shelters and rehearsed evacuation drills for cloudburst-prone valleys, not only post-disaster relief.

J Japan — retrofitting pre-code buildings, not just writing new codes

After the 1995 Kobe earthquake, in which 97% of severely damaged buildings predated Japan's 1981 seismic code, Japan passed a Retrofit Promotion Act offering subsidies and low-interest loans for upgrading older buildings; by 2011, roughly 80% of local governments ran retrofit-subsidy programs.

Lesson for HP: a stricter Zone IV/V (or future Zone VI) building code covers only new construction — HP's older hill-town building stock needs a funded retrofit program if a code update is going to translate into fewer earthquake deaths.



Cape Town — demand management, not just new supply, for a water crisis

Facing its own "Day Zero" in 2018, Cape Town cut daily water consumption from 1,200-1,500 million litres to about 650 million litres — over 50% — through punitive tariffs above quotas and public consumption dashboards, averting Day Zero entirely even before rains fully returned. Shimla's 2018 near-crisis, driven partly by a tourist influx that swells the city's ~200,000 residents by 60,000-plus at peak, has so far been addressed mainly on the supply side (the Kol Dam lift scheme).

Lesson for HP: pair Shimla's new supply infrastructure with a Cape-Town-style consumption cap and tariff regime, and consider a Swiss-style visitor levy (CHF 2-7/night in Alpine villages) earmarked specifically for water and sewage infrastructure rather than general revenue.



Bhutan — hydropower revenue tied to visible local benefit

Bhutan's hydropower sector supplies roughly 40% of national government revenue, with royalty income explicitly directed toward rural electrification (98% coverage) and subsidised power for the rural poor. HP's Kinnaur district, by contrast, saw all six affected panchayats refuse consent to the 804 MW Jangji-Thopan-Powari project in 2023 after unscientific blasting and muck-dumping destroyed roughly 11,000 trees.

Lesson for HP: tying a fixed share of hydropower royalty explicitly to visible local benefits — not just state-level free-power quotas — is what converts hosting a dam into a dividend for the host community rather than a grievance.



Australia's Royal Flying Doctor Service — remote-health delivery at scale

Australia's 95-year-old RFDS covers 7.69 million km² from 23 aero bases, delivering over 55,000 telehealth sessions and 32,000-plus air medical evacuations a year, plus 3,000-plus pre-stocked medical chests in remote communities linked to telehealth for dispensing.

Lesson for HP: Lahaul-Spiti, Kinnaur and Pangi need a dedicated remote-health model built around telehealth-linked posts and scheduled air/road evacuation capacity, not under-resourced fixed primary health centres expecting to serve populations cut off for half the year.



Kerala — turning out-migration into a managed asset

Rather than treating labour migration as pure brain-drain, Kerala built NORKA-Roots to formalize safe migration, support returnee reintegration, and channel remittances (roughly 35% of state GDP) into the state economy — while actively upgrading migration from low-skill Gulf labour toward higher-skill and Western destinations over the past decade.

Lesson for HP: HP cannot stop its educated youth from leaving for Punjab, Haryana or Delhi, but a NORKA-style state migration-support body — skilling, safe-migration certification, remittance-linked investment schemes, return pathways — could capture value from an outflow it cannot fully reverse.

Future Growth & Potential

HP's growth pipeline is real and often well-quantified — but it is increasingly a story of Delhi-funded strategic projects layered onto a state whose own fiscal capacity is shrinking, not expanding.

₹92,000 cr

MOUS SIGNED, RISING HIMACHAL
2019 (ONLY SUMMIT TO DATE)

₹1.31L cr

ESTIMATED COST, BHANUPLI-
BILASPUR-LEH RAILWAY

6x

RISE IN LAHAUL-SPITI TOURIST
ARRIVALS SINCE THE ATAL
TUNNEL (2018-2024)

1,995 MW

CENTRAL SOLAR TARGET FOR HP BY 2030

Investment and infrastructure. HP's only Global Investors' Meet to date, "Rising Himachal" (Dharamshala, 2019), drew MoUs worth ₹92,000 crore against an ₹85,000 crore target — but no second edition has followed in six years, and the current government's own cited progress since (roughly ₹5,000 crore in memoranda of commitment plus 683 approved projects worth ₹14,000 crore) is a fraction of that 2019 figure, consistent with the generally low conversion rate of MoUs to actual investment across Indian states. The state's most consequential infrastructure project by far — the Bhanupli-Bilaspur-Leh railway, at an estimated ₹1.31 lakh crore — is fundamentally a centrally funded strategic link to Ladakh; only its initial Bhanupli-Bilaspur segment is under active construction, targeted for 2027, while the full line to Leh remains a much longer-horizon undertaking. Renewable energy beyond large hydro is the state's declared signature growth sector: the 2021 Swarn Jayanti Energy Policy set a goal of becoming India's "first Green Energy State," but as of the policy's own baseline only about 55 MW of solar had been allotted against a national 1,995 MW-by-2030 target for the state — real ambition, but a wide gap from installed reality. Tourism is diversifying away from saturated Shimla-Manali toward Spiti and Kinnaur (arrivals in Lahaul-Spiti alone rose from 1.72 lakh in 2018 to 10.55 lakh in 2024, largely thanks to the Atal Tunnel), though the same reporting warns Spiti risks replicating Manali's own hotel-and-garbage overdevelopment within a decade. A smaller but well-documented diversification story is kiwi cultivation, where farmer numbers have grown from 3-4 in 1990 to roughly 300 today as growers respond to apple's rising input costs and climate volatility.

The demographic and fiscal reality check. HP's population is ageing faster than most small Indian states — median age is projected to rise from 28 (2025) to 33 by 2036 and 38 by 2050 — even as population growth itself slows to just 0.49% a year, one of the lowest rates in India. That combination means the workforce needed to staff an imagined pharma/IT/green-energy future is

shrinking relative to the population it must support, at the same moment the state's own fiscal capacity is consumed by debt service rather than freed up by growth. Virtually every ambition in this chapter — railway co-funding, airport land acquisition, highway matching funds, green-energy capital subsidies — competes for a discretionary fiscal envelope that has almost disappeared: with three-quarters of new borrowing now going to repay old borrowing (Chapter 9), HP's growth story is increasingly one it is financing with someone else's money, not its own.

Notable Facts

- ♦ **Built from thirty kingdoms.** Himachal Pradesh was assembled after 1947 from roughly thirty small princely hill states, formally created as a Chief Commissioner's Province on 15 April 1948 — and took until 25 January 1971, and two further territorial mergers, to become a full Indian state.

- ♦ **Sacked three times, ruled for centuries.** Kangra Fort, seat of the Katoch dynasty, was plundered by Mahmud Ghazni (1009), Firuz Shah Tughluq (1360) and Sher Shah Suri (1540) — yet the Katoch line is often cited as one of the oldest surviving royal lineages on Earth.

- ♦ **A state with two capitals.** Since 19 January 2017, Dharamshala has served as HP's official winter capital alongside Shimla — making HP one of only a handful of Indian states with two functioning seats of government.

- ♦ **A submerged capital.** Old Bilaspur, capital of the princely state of Kahlur with roughly 99 temples, was permanently flooded under the Gobind Sagar reservoir in 1961 when the Bhakra Dam was completed.

- ♦ **200-fold density gap within one small state.** Lahaul & Spiti is simultaneously HP's largest district by area (13,835 km²) and its smallest by population (31,564) — versus Hamirpur's 1,118 km² holding 454,768 people.

- ♦ **A 17-fold rainfall swing.** Wet-temperate Dharamshala receives up to 3,400 mm of rain a year; the trans-Himalayan cold desert of Lahaul-Spiti and Kinnaur, within the same state, gets under 200 mm.

- ♦ **"The Apple State" that isn't the biggest apple state.** Jammu & Kashmir now produces roughly four times as many apples as Himachal Pradesh by volume, even though HP remains nationally synonymous with the fruit.

- ♦ **A tiny industrial belt, an outsized drug supply.** The Baddi-Barotiwala-Nalagarh cluster in Solan district — smaller than many single cities — is credited with manufacturing somewhere between a third and roughly half of all medicines made in India.

- ♦ **A resident population smaller than its daily tourist count.** Manali's 2011 town population was just 8,096 — routinely dwarfed by its own tourist footfall on any given peak-season day.

- ♦ **Borrowing to repay borrowing.** HP's own CAG found that 74% of new public debt taken on in 2024 went simply to repay earlier loans, up from 53% just five years earlier.

- ♦ **An eroding economic edge.** HP's per-capita income was roughly 38% above the national average in 2011-12; by 2024-25 that premium had shrunk to under 10%.

Sources used throughout this report: Census of India (2011 and historical decadal series, back-calculated to present state boundaries before 1951); National Family Health Survey rounds 4 and 5; Himachal Pradesh Economic Survey 2024-25; PRS Legislative Research (Himachal Pradesh Budget Analysis 2024-25 and 2025-26; State of State Finances, October 2025); NITI Aayog (Fiscal Health Index 2025; Macro and Fiscal Landscape of Himachal Pradesh); Comptroller and Auditor General of India audit findings on state debt; Sample Registration System bulletins; Ministry of Statistics and Programme Implementation state GDP data; National Horticulture Board; Periodic Labour Force Survey bulletins; HP State Disaster Management Authority; HP Tourism Department tourist statistics; and contemporaneous reporting from The Tribune, The News Himachal, PRS India, Down To Earth, Mongabay India, and other outlets cited inline through the report. Several figures in this report carry wider uncertainty than is typical for larger states: HP's 2021 Census was never held, so all post-2011 population figures are projections rather than counts; pre-1951 population figures are back-calculated by secondary compilers rather than drawn from direct state-level Census tabulations; apple-production tonnage fluctuates significantly year to year due to weather and is best read as a range rather than a precise figure; and debt-to-GSDP ratios vary by roughly three to five percentage points depending on whether the source is the state's own budget document, a mid-year revised estimate, or a post-facto CAG audit.