

UP can soon become a \$1 trillion economy

In India's determined march towards becoming a \$10-trillion economy, the most populous state of Uttar Pradesh (UP) is on target to contribute \$1 trillion to the national Gross Domestic Product (GDP), following Prime Minister (PM) Narendra Modi's *Sankalp Se Sidhhi* path of holistic development. Chief minister (CM) Yogi Adityanath has pushed the accelerator of development, seeking partnerships from domestic and global investors, offering them the best business environment supported by bureaucratic outreach and bolstering law and order in a state with the largest mass of consumer demand.

As per World Bank estimates and in current dollar terms, India's GDP grew to \$2.9 trillion in 2019, but dropped to \$2.7 trillion in 2020 due to the impact of the pandemic. The size of the Indian economy, based on current prices in dollar terms, is now estimated to be \$3.1 trillion, making it the fifth-largest economy in the world. With India taking up the G20 presidency, there is a huge opportunity to demonstrate its strength at the global level while furthering the growth momentum. With the UP Global Investors Summit (UPGIS) scheduled from February 10-12, it is important to take a deep dive into various development parameters and growth indices.

The first aspect is sustainable economic growth. While releasing the economic survey this year, chief economic adviser V Anantha Nageswaran said that the Indian economy was estimated to touch the \$3.5 trillion mark by March 2023. He further said that India has the potential to achieve 6.5-7% growth, and will become a \$5 trillion economy by 2025-26, and \$7 trillion by 2030, depending on the fluctuation in exchange rate.

To achieve this, India's most populous state will need to contribute \$1 trillion by 2027, a target that now appears well within reach. CM Adityanath has said that by 2027, UP will become a benchmark of the policy of *Sabka Saath, Sabka Vikas* (inclusive development for all), with a trillion-dollar economy. The state authorities have also taken up various policy-level initiatives aimed at attracting foreign direct investment focusing on sectors such as

agriculture, information technology, warehousing and logistics, pharma, tourism, electronics, food processing, defence and aerospace, and films, among others.

In its mission for sustainable development, UP is working hard to be among the top-performing states, as per the criteria developed by the Niti Aayog. The state government is actively working with the Bill & Melinda Gates Foundation in making remarkable progress in the area of health and nutrition and achieving the United Nations Sustainable Development Goals.

The second aspect is agriculture. In line with the PM's vision of doubling farmer's income, the state government has initiated various policies, such as strengthening of cooperatives by extending farm sector credit to farmer producer organisations (FPOs). Further, promoting agriculture products with a cluster-based approach through schemes such as One District, One Product (ODOP) is also aligned with the objective of increasing farm incomes. The state has achieved significant growth in exports of indigenous crafts and products under the ODOP scheme. The total value of exports of ODOP products from the state increased from ₹58,000 crore in FY17-18 to ₹96,000 crore in FY21-22, as per state government data.

The third aspect is the ease of doing business. India ranked 63rd in the world in 2022 on ease of doing business, up from 142nd in 2014. With several initiatives of the Union government, such as the Insolvency and Bankruptcy Code (IBC) and tax reliefs to start-ups, UP is rolling out the red carpet for new entrepreneurs and those committing to fresh investment in greenfield and brownfield projects across different sectors. With an aggressive programme of expressways with national multimodal connectivity, UP is set to become among the most advanced states in India, in terms of efficiency and the costs of logistics.

According to the *Business Reforms Action Plan for 2020*, a report that highlights the ranking of states and Union Territories on ease of doing business indices and parameters, UP is listed under the achievers' category. The state is grouped with Andhra Pradesh, Gujarat, Haryana, Karnataka, Punjab, Tamil Nadu and Telangana.

CM Adityanath's delivery model is being hailed among investors who see a marked improvement in ratings parameters, including law and order, education, health, employment generation, and the start-up ecosystem. The state's gross state domestic product (GSDP) is currently estimated at \$230 billion. The state government is looking to boost the contribution of the manufacturing sector to 45%, which may appear steep, considering the current contribution of 14%.

To achieve this target, the government is focusing on setting up and expanding new industries by opening up investment opportunities across sectors through development-oriented policy interventions.

We expect a tremendous investor response in the upcoming summit, with a clear follow-up road map.



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The views expressed are personal