



# Rajasthan

The State Profile

April 2011



PHD RESEARCH BUREAU

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**Salil Bhandari**  
President

## Foreword

Rajasthan, with its invincible palaces, tigers of Ranthambhore and intricately carved marble temples of Mount Abu, is one of the most popular destinations in India. It is a colourful state in the true sense right from colourful turbans and bandhini to its food and culture.

But this is not all that Rajasthan offers, it is now becoming a home to various corporate. Its deserts remain no barren land, the leading solar and wind energy companies trying to capture every bit of untapped resources. The discovery of oil in Barmer has changed its destiny in particular and that of Rajasthan in general.

DMIC (Delhi Mumbai Industrial Corridor) has further increased the potential of industrial development of the state, with around 40% of this corridor passing through Rajasthan. Its key industries are mineral based industries, textiles, tourism, gems and jewellery, dimensional stones and agro processing.

Majority of its population derives its livelihood from agriculture directly or indirectly, however services and industry play an important role in its economic growth. The state government has been taking up steps toward the development of the agriculture sector.

There has been a quantum jump in the revenue generated by the state government from proliferation of educational institutes, hotels hospitals, and other services like telecommunication, internet and retail stores. Tourism sector has seen a lot of momentum with pumping of investment in this sector.

The state has wide scope to grow and has been taking various initiatives to tap its untapped resources and is amongst the faster growing states of India.

**Salil Bhandari**



**Susmita Shekhar**  
Deputy Secretary General

## Preface

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

The study is an exhaustive report on the state's economy and its socio-economic scenario based on primary as well as secondary research. It includes its economic policies like, industrial policy, SEZ policy, agro policies and social infrastructural framework.

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

The PHD Chamber has always aimed to be an important stakeholder to the development of the northern and central states of India and the nation. I hope that this study helps in further policy implementation in the State, so as to serve as a vehicle for its inclusive growth and socio-economic development. We will carry out similar reports on all the States that we serve in the days to come.

I commend and appreciate the tireless efforts of PHD Research Bureau, which has come up with this report with their focused approach.

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

**Susmita Shekhar**

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# Rajasthan: The State Profile



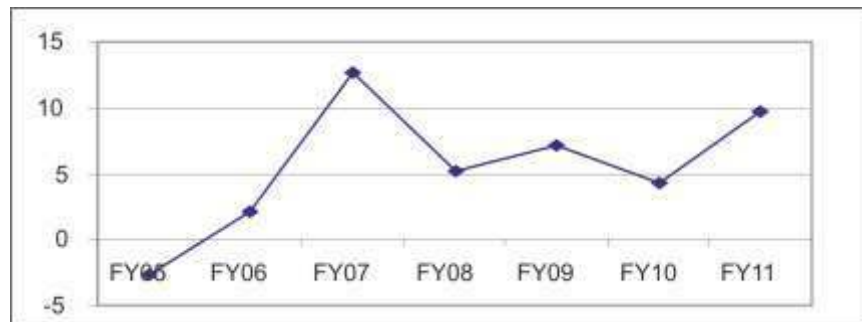
Rajasthan is a state where tradition and glory meet in the midst of colours. It is endowed with magnificent forts, palaces, havellies, natural resources, heritage, beauty and culture. With the lofty hills of Aravali-one of the oldest mountain ranges of the world and the golden sand dunes of the Great Indian Desert, Rajasthan is the only desert of the sub-continent.

Rajasthan is located in the north-western region of India. It is the largest State in the Republic of India. It forms a corridor between the northern and the western states in the country.

## 1. Structure of the economy

The Rajasthan economy has shown a healthy growth path during the recent years. GSDP (at current prices) has almost doubled from Rs1, 17,274 crore in FY05 to Rs3,03,358 crore in FY11. This has made Rajasthan one of India's faster growing states with the average growth rate of around 7.43% (real GSDP) during FY05-FY11.

**Growth of GSDP from FY05 to Fy11**



*Source: PHD Research Bureau Compiled from Economic Review of Rajasthan 2009-10 and 2010-11*

The services sector contributes around 47% in GSDP followed by the industry and agriculture sectors at 27% and 26% respectively. Over the last ten year period (FY01-10) the share to the GSDP has changed from 27% to 26%, from 28% to 27% and 45% to 47% in the agriculture, industry and services sectors respectively.

**State Domestic Product and its Composition:**

Components	FY01	FY05	FY11
GSDP at Current prices (Rs Crore)	82434	117274	303358
NSDP at Current Prices (Rs Crore)	72766	102375	269381
Economic Growth (Real GSDP)	(-)2%	1.50%	9.60%
<b>Contribution in GSDP at current prices</b>			
Agriculture	27%	27%	26%
Industry	28%	29%	27%
Services	45%	44%	47%

*Source: PHD Research Bureau, Compiled from Economic Review of Rajasthan 2009-10. Sectoral contribution to GSDP is round off figure.*



### Summary of socio-economic indicators

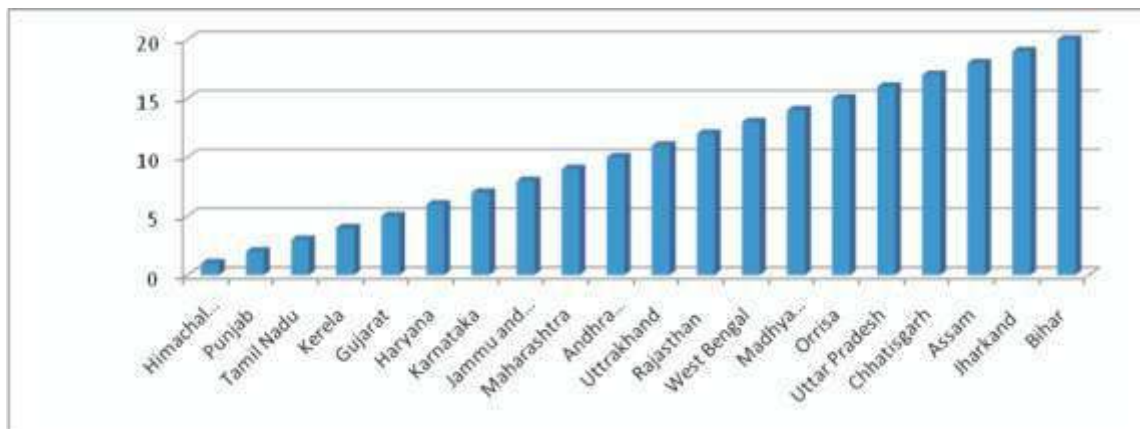
State Capital	Jaipur
Governor	Shri Shivraj Patel
Chief Minister	Shri Ashok Gehlot
Ruling Party	Congress
Area (Sq. km)	3,42,239
Population(2011 Census)	6.86 crores
Population Density(Sq.Km)	201persons per sq. km
No. of Districts	33
Important Rivers	R. Luni, R Chambal
Desert and Mountains	The Thar Desert, The Aravali Mountain Ranges
GSDP at Current Prices (2010-11)	Rs3,03,358Crore
Economic Growth (2010-11)	9.6%
Per capita income (2010-11)	Rs39,967
Fiscal Deficit to GDP (FY09)	-4.03%
Government borrowings (2007-08 to 2009-10)	Rs 18705 Crore
Poverty (2004-05)	22.1 %
Employment in organised sector (June,10)	12.68 Lakh
WPI Inflation ( 2010 )	7.19%
National Highway length (March, 2011)	5724Km
Rail Length	5683Km
International Airport	Sanganer Airport Jaipur
Domestic Airport	Kota, Bikaner, Udaipur, Jodhpur, Jaisalmer
Govt. Medical Institutions	13,874
Per Capita Health Expenditure	Rs761
Human Development Index *	0.71
Literacy Rate (2011 Census)	67.06
Longevity (2002-06)	62years
Sex Ratio (2011 Census)	926 females per thousand males
Key Industries	Mineral Based Industries, Textiles, Tourism, Gem and Jewellery, Dimensional stones, Agro Processing
Prospective Industries	Oil and Gas, IT and ITES, Electricity generation and Distribution
Composite ranking of the state <sup>^</sup>	12 <sup>th</sup> rank
Macro economy <sup>^</sup>	14 <sup>th</sup> rank
Agriculture <sup>^</sup>	10 <sup>th</sup> rank
Infrastructure <sup>^</sup>	11 <sup>th</sup> rank
Investment environment <sup>^</sup>	15 <sup>th</sup> rank

Source: PHD Research Bureau, Compiled from Government of Rajasthan. Annual Report to people on Health, Sep 2010 \* Human Development Index lies between 0 and 1. ^ India Today, 29<sup>th</sup> Nov 2010, an article by Bibek Debroy and Laveesh Bhandari

## Composite ranking of the state

Rajasthan has been ranked 12<sup>th</sup> on the basis of macro economy, investment environment, infrastructure, agriculture, primary education and consumer markets.

### Composite Ranking of the state

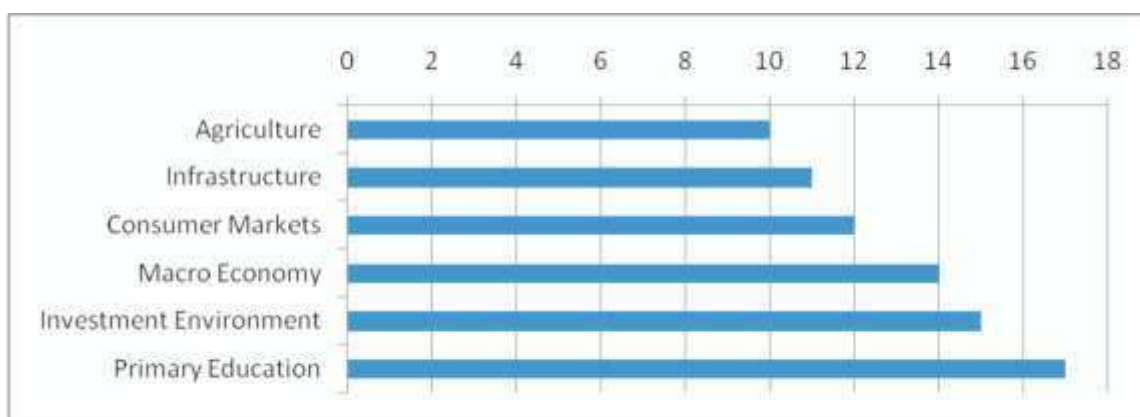


Source: PHD Research Bureau, Compiled from India Today, 29th Nov 2010, an article by Bibek Debroy and Laveesh Bhandari

Note: Only big states have been taken up with area over 35000 sq. km. and with population over five million.

Rajasthan stands at 10<sup>th</sup> in agriculture, 11<sup>th</sup> in infrastructure, 12<sup>th</sup> in consumer markets, 14<sup>th</sup> in macro economy, 15<sup>th</sup> in investment environment, and 17<sup>th</sup> in primary education.

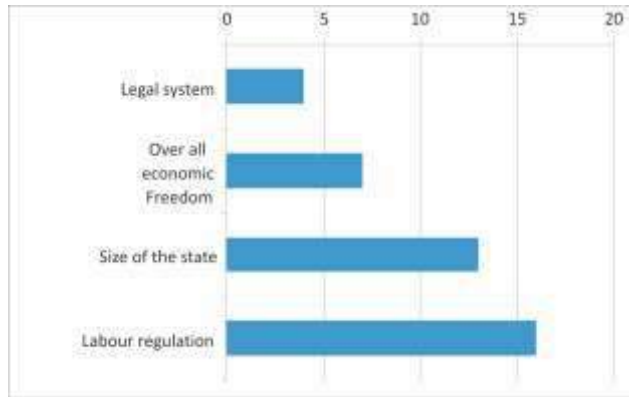
### Socio-economic ranking of the state



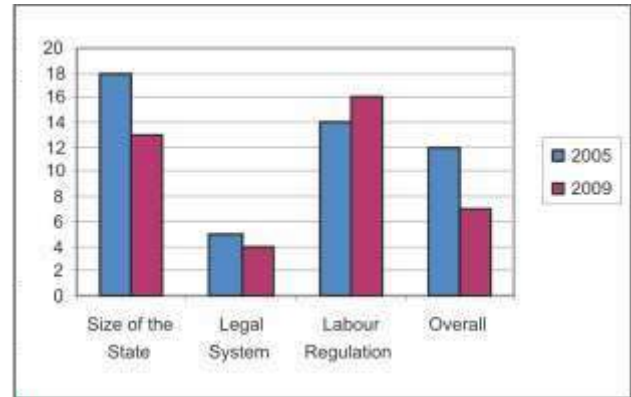
Source: PHD Research Bureau, Compiled from India Today, 29 November 2010, an article by Bibek Debroy and Laveesh Bhandari.

Chart depicting area with highest rank to the lowest rank

### Rajasthan's ranking on economic freedom index



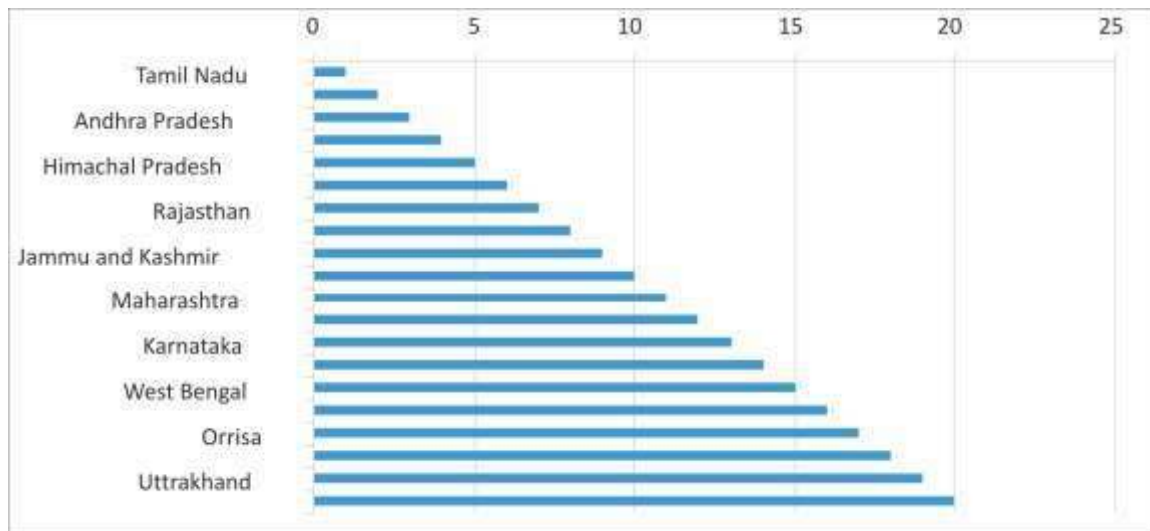
### Rajasthan's Ranks in 2005 vis-à-vis 2009



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

Rajasthan has progressed over time which is depicted from the fact that its ranking in the economic freedom index has shot up from 12<sup>th</sup> in 2005 to 7<sup>th</sup> in 2009. Rajasthan has slipped down two positions during the same period in terms of labour regulations.

### Comparison of Rajasthan with other states



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

In a nutshell, Rajasthan has performed fairly well; it stands at the 7<sup>th</sup> position. It poses a better situation than other important states like Maharashtra and Punjab whose ranking is 11<sup>th</sup> and 12<sup>th</sup> respectively.

## Competitiveness ranking of the state

In terms of its business efficiency, governance quality, human resource, Rajasthan has been ranked 10<sup>th</sup> in the growth of manufacturing employment, reform outlook, and 12<sup>th</sup>-13<sup>th</sup> in governance quality, industrial workers, and IT literates

### State Competitiveness

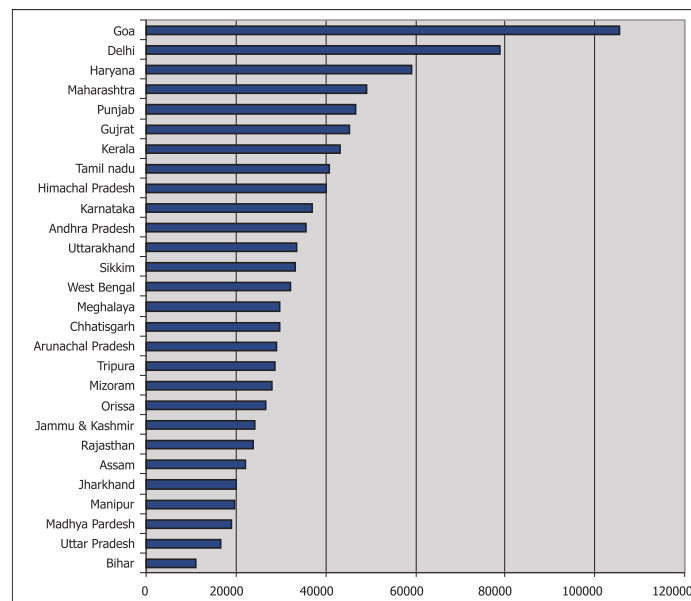
<b>Business efficiency</b>	Labour cost per worker 5th rank
	Growth in manufacturing employment 10th rank
	Number of new enterprises/ industries 7th rank
<b>Governance quality</b>	Reform outlook 10th rank
	Fiscal deficit 12th rank
	Speed of response 13th rank
	Computerization of records 13th rank
	Government procedure 13th rank
<b>Human resource</b>	Industrial workers 12th rank
	Female labour participation 2nd rank
	Unemployment rate 1st rank
	IT literates 13th rank

Source: PHD Research Bureau, Compiled from State Competitiveness Report, 2004

## Per-capita income

Rajasthan stands at lower side of the capita income level. Per-capita income in the state is Rs39967 (FY2011) which is much below the national average of Rs54527 (FY2011).

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



Source: PHD Research Bureau, compiled from various sources, \*data pertains to 2008.

## Fiscal position

Rajasthan has entered into the list of revenue deficit states from a surplus one. The GFD/GSDP ratio has been increased. However, the primary revenue balance is still in the surplus.

### Fiscal indicators

Fiscal components	2005- 08 (Average)	2010-11
Debt/GSDP	48.2	40.9
GFD/GSDP	2.9	3.5
RD/GSDP	-0.3	0.5
PD/GSDP	-0.9	0.4
PRB/GSDP	-4.1	-2.6

Source: PHD Research Bureau, Compiled from RBI.

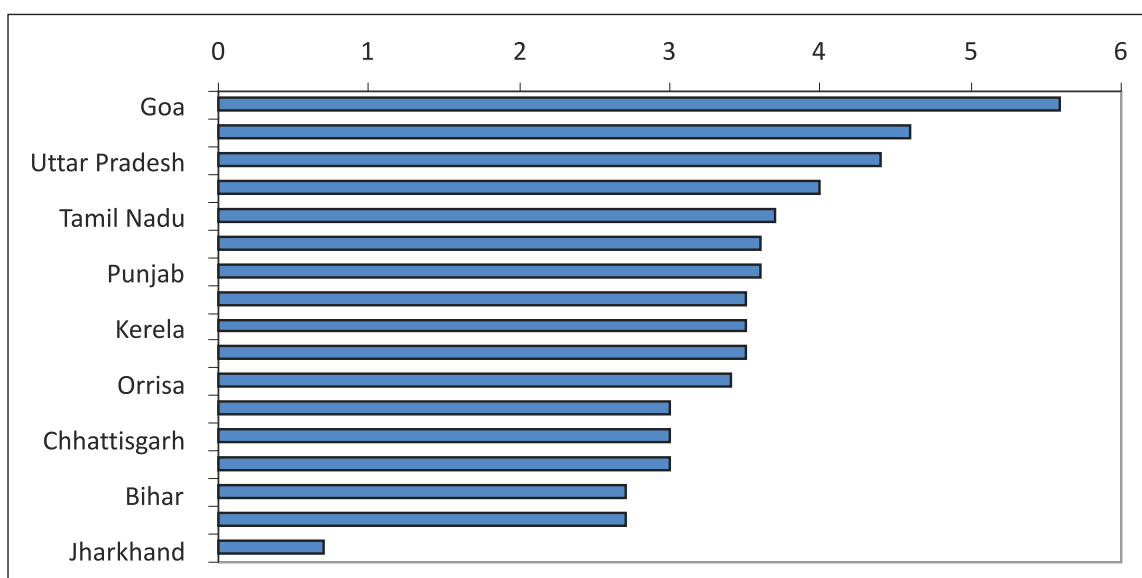
RD: Revenue Deficit, GFD: Gross Fiscal Deficit, PD: Primary Deficit, PRB: Primary Revenue Balance.

(-) sign refers to surplus.

## Fiscal deficit

The GFD as a per cent to GDP at 3.5% for the financial year 2011 is comparatively better than Uttar Pradesh, Tamil Nadu, Goa, Punjab, West Bengal and Madhya Pradesh. However, it is significantly higher than Jharkhand, Maharashtra and Bihar

### Comparison of gross fiscal deficit as a % of GSDP (Fy11)



Source: PHD Research Bureau, Compiled from RBI

## Investment environment

The share of Rajasthan in industrial investments as a percentage to India's total industrial investment has been steady; it has increased from 1.26% in 2006 to 1.71% in 2010. The industrial investments in Rajasthan increased to Rs29700 crore in 2010 from Rs7502 crore in 2006.

### Industrial Investments in Rajasthan vis-à-vis India (Rs Crore)

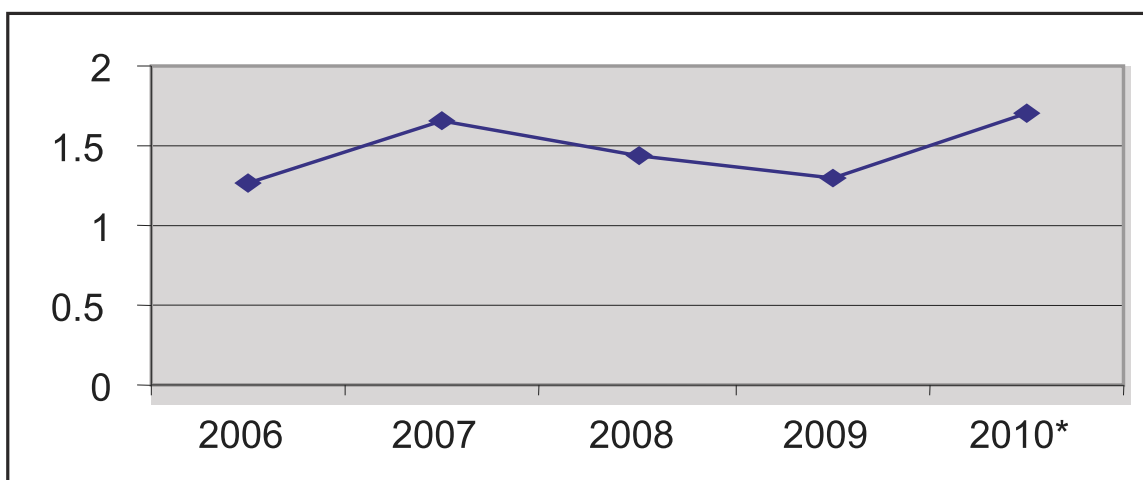
Year	Rajasthan	India	Rajasthan's share in India
2006	7502	593380	1.26%
2007	13863	834249	1.66%
2008	21899	1523852	1.44%
2009	13461	1040259	1.29%
2010*	29700	1736322	1.71%

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

\* upto December 2010.

The industrial investments in Rajasthan showed a plunge during 2009 due to world economic slowdown but has shown sharp recovery in 2010.

### Trend in attracting industrial investments (as % of India's total industrial investments)



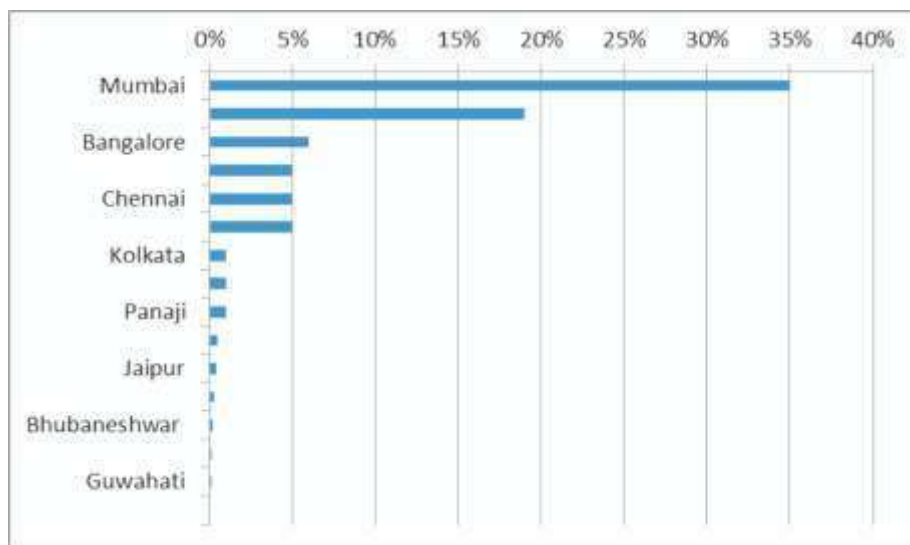
Source: PHD Research Bureau, Compiled from Department of Industrial Policy and Promotion, Govt. of India

\* upto December 2010

## FDI inflows

The FDI inflows have not been that impressive for the state. Jaipur is positioned much below the other regions of India like Mumbai, New Delhi, Bangalore, Chennai, and Kolkata.

**Share of FDI received by regions in India's total FDI inflows**



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

FDI inflows declined to US\$31mn in 2009-10 from US\$343mn in 2008-09. However, some rebound is observed as FDI inflows touched US\$44mn during Apr-Dec2010 period.

**Pattern in attracting FDI inflows**

Year	FDI inflows (US\$mn)
2008-09(Apr-Mar)	343
2009-10(Apr-Mar)	31
2010-11(Apr-Dec)	44
Cumulative Inflows from(Apr'00 to Dec'10)	514

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

## Exports

Rajasthan's exports increased at a CAGR of about 19.5% during 2001-02 to 2008-09period. In order to boost exports the state government is laying stress on developing EPIP (Export Promotion Industrial Parks). The thrust of the export policy is to provide infrastructural facilities such as setting up of container

depots near major industrial growth centres, facilities for product testing and developments, particularly for small scale units, encouragement of quality up-gradation by adoption of total quality management and ISO series certification.

## Agriculture

Agriculture and allied sector plays an important role in State's economy. It contributes around 26% in GSDP. Around two third of Rajasthan's population is still dependent on agricultural activities for their livelihood.

Agriculture in Rajasthan is largely dependent on rains, only 35% of the total agricultural area is irrigated. Out of the total area irrigated 65 to 70% area is under wells and tube well irrigation.

### Summary of agro Statistics

Sr. No	Components	Growth/ratio
1.	Population dependent on agriculture	Two Thirds
2.	Agriculture GDP at current prices	Rs79994.97Crore
3.	Growth of Agriculture GDP ( Avg. from FY2001 to FY 2011)	8.30%
4.	Agricultural sectors contribution in GSDP	26%
5.	Food Grain production (Thousand Tonnes)	11283.4
6.	State's contribution to national food grain production	5.17%
7.	State's rank in food grains production	7 <sup>th</sup>
8.	Yield Kg/Hectare (of total food grains)	890
9.	Total agricultural area irrigated	35%
10.	Area under wells and tube well irrigation	60-70%
11.	Rice Production (Thousand Tonnes)	228.3
12.	Wheat Production (Thousand Tonnes)	6326.5
13.	Coarse Cereals Production (Thousand Tonnes)	3828.1
14.	Pulses production (Thousand Tonnes)	900.5
15.	Oil Seeds production ( Thousand Tonnes)	4469.2
16.	Cotton production (Lint)	284.4
17.	Sugarcane production	135.4

Source: PHD Research Bureau, Compiled from RBI and Economic Review of Rajasthan 2009-10

Note: The data above pertains to 2009-10



Rajasthan is the leading producer of coarse cereals, pulses, gram, oilseeds and seed spices. It ranks first in the livestock population in the country and third in terms of per hectare yield of Mustard.

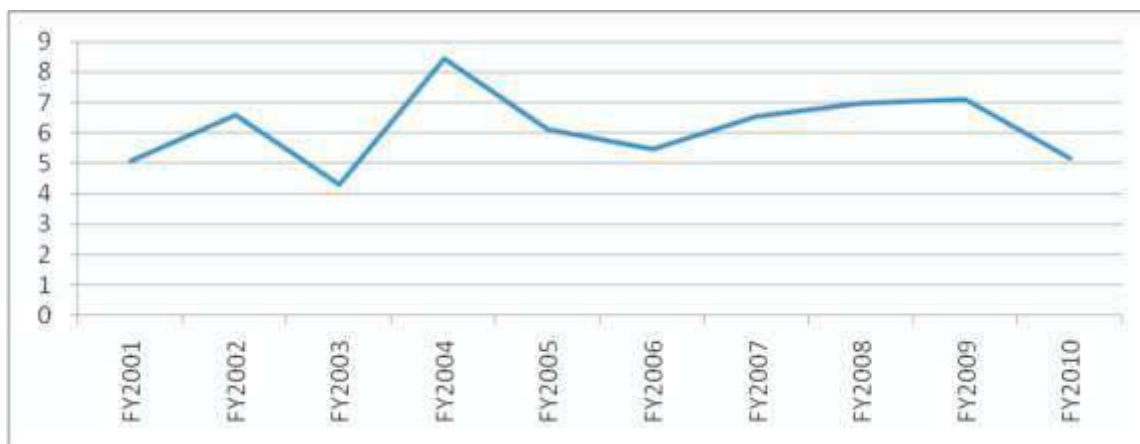
**Foodgrain production scenario Rajasthan vis-à-vis India (Million Tonnes)**

Year	Rajasthan	India	Rajasthan's share in India
FY 2001	10.04	196.81	5.10%
FY 2002	14.00	212.85	6.58%
FY 2003	7.54	174.78	4.31%
FY 2004	17.99	213.19	8.44%
FY 2005	12.15	198.36	6.13%
FY 2006	11.45	208.59	5.49%
FY 2007	14.21	217.28	6.54%
FY 2008	16.06	230.78	6.96%
FY 2009	16.68	234.47	7.11%
FY 2010	11.28	218.20	5.17%

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

Rajasthan's production of food grains has increased from 10.04mn tones in FY2001 to 16.68mn tonnes in FY2009 however; production has declined to 11.28mn tonnes in 2010. The share of Rajasthan's foodgrain production in India's total foodgrain production has shown a downward trend in the recent years.

**Share of Rajasthan's food grain production in India's food grain production**



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

## 2. Economic policy of Rajasthan

Rajasthan enjoys a strategic geographical position wherein it is situated between Northern and Western growth hubs in the country and 40% of Delhi Mumbai Industrial Corridor (DMIC) runs through it.

Rajasthan has been successful in attracting a large number of multinational as well as domestic companies to set up operations in the state. Investors have set up ventures in fields as diverse as Information Technology, Electronics, Textiles, Chemicals, Agro-processing, Cement, Granite, and Engineering. The state has 322 industrial areas at present and setting up of three new is in pipeline.

Rajasthan is one of the favoured destinations for cement industry, being endowed with limestone which acts as the base for cement production and also the concessions provided by the state to the industry. The state boasts of tremendous bio diversity, rarely to be found in others state. Thus, it has a potential to create immense industrial activity in the field of biotechnology and modern biotech products like recombinant DNA products and Bio Informatics. Construction of four state-of-art Biotech Parks is under consideration. The recent Rajasthan budget for FY12 has made allocations of Rs 178 Crores to develop industry and minerals sectors.

The economic agenda of Rajasthan focuses on the following four sectors, contributing over two-thirds of the state's economic output:

### The key strategic thrust areas

Agriculture and animal husbandry	Shift in cropping pattern; Increase in productivity; Develop animal husbandry potential
Manufacturing	New industries – attracting MNCs; Further development of select existing industries; Revitalisation of other poor performing industries
Mining	Strengthening mining infrastructure; Focus on exports; Focus on high value minerals
Tourism	Domestic tourism; Increased spending

Based on the strategic framework to improve the investment and business climate in the state, Rajasthan has identified immediate and long term actions necessary to achieve the target set for economic growth. Recently, state has initiated facilitation steps aimed at streamlining the approval processes, promotion of exports, promotion of knowledge intensive industries and better quality infrastructure. The key measures aimed at are:

- **Improving Business Climate**--focus on reducing the cost of delays and cost of doing business.
- **Developing High Quality Infrastructure**-- Enhancing the competitiveness of enterprises by providing high quality infrastructure
- **Enhancing Skill Levels and Employability**--setting up of different types of training institutes in partnership with private sector.
- **Ensuring easy availability of land for Projects**--simplification of the process of land use change, conversion of land and approvals of building plants.

- **Encouraging MSME**--the State facilitates cluster based development of MSMEs to make the produce competitive for the world market.
- **Promotion of Thrust Areas**--special emphasis for promotion of mining and mineral processing, IT, tourism, handicraft, cottage and agro based industries.

## Rajasthan Industrial & Investment Promotion Policy (RIIPP)

RIIPP was announced in 2010 with the view to improve the state's business climate, to upgrade the infrastructure, generate skill and employability and growth of MSMEs. The policy laid thrust on attracting private investments in core infrastructure projects by way of several incentive schemes on land, electricity, training and credit. The Single Window Clearance Mechanism for project approvals and the DMIC have ushered fresh growth opportunities for the state. Sustainable growth has been focused on by way of promotion and value addition in the MSME sector. Investment in social infrastructure and cluster development has also been encouraged. To improve the competitiveness of enterprises, provision of strong road network, water and electricity, logistics hubs, industrial infrastructure and credit have been envisaged.

## Advantages - Rajasthan

<b>Economic Growth</b> <ul style="list-style-type: none"> <li>▪ Rajasthan one of India's faster growing states with the average growth rate of around 7.43% (real GSDP) during FY05-FY11.</li> <li>▪ Per capita income at current prices in FY11 is estimated to be Rs39967</li> </ul>
<b>Easy Market Access</b> <ul style="list-style-type: none"> <li>▪ Located in the north-western part of India and is in close proximity to the National Capital Region</li> <li>▪ Important economic corridor between the wealthy northern and the prosperous western states of the country.</li> </ul>
<b>Infrastructure</b> <ul style="list-style-type: none"> <li>▪ Well developed road network, domestic airports at Jodhpur and Udaipur and an international airport at Jaipur, Air cargo complex at Jaipur and Inland container depots (ICD) at Jaipur, Jodhpur, Bhilwara, and Bhiwadi.</li> <li>▪ Over 300 industrial areas; 3 functional Special Economic Zones (SEZs)</li> <li>▪ IT Parks at Jaipur, Udaipur and Kota; Export Promotion Industrial Parks at Jodhpur and Neemrana,</li> <li>▪ Special Industrial Parks Japanese Park (Neemrana), Stone Park (Dholpur), Agro Food Parks at Jodhpur, Sri Ganganagar, Kota and Alwar.</li> </ul>
<b>Dedicated Freight Corridor (DFC)</b> <ul style="list-style-type: none"> <li>▪ The 1483-km long Dedicated Freight Corridor project to be commissioned within 2012-16 in Rajasthan, giving the State direct market access to the entire country and also dramatically improve supply chains.</li> <li>▪ Govt. of India has initiated the development of the Delhi-Mumbai Industrial Corridor (DMIC) along the DFC.</li> <li>▪ About 39% of the DFC will pass through Rajasthan and as much as 46% of the total DMIC Project Influence Area (PIA) falls in the state. About 70% of the state area falls under the PIA.</li> </ul>

#### Pro-business Governance

- Investment friendly climate and pro -business policies are attracting numerous national and international companies to choose Rajasthan as their base in India.
- 19 well developed industrial areas: 19,544 small scale and 50 medium & large scale units.
- Major base of exporters of apparels, gems & jewellery, dimensional stones, carpets and handicrafts.

#### Vast Talent Pool

- Ranked No. 1 in Talent Sourcing and Employee Costs by Hewitt Associates.
- Strong problem solving and analytical skills, 36% of the total finance professionals from India such as Chartered Accountants, ICWAs and Company Secretaries are from Rajasthan.
- The state is home to some of the most prestigious educational institutions in the country such as BITS Pilani ; The Mayo College , Ajmer; IIT, Jodhpur; INIFD, Jaipur.

#### Basket of Unexploited Resources

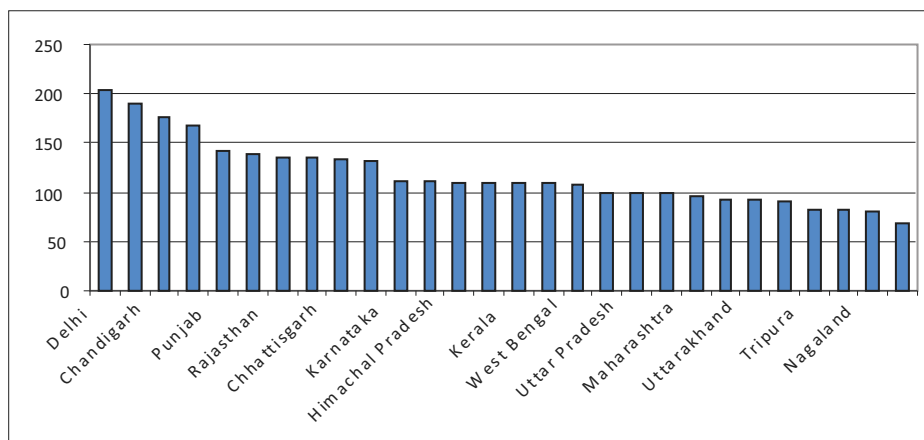
- Natural choice for mineral and agro based industries due to availability of important minerals and non cereal crops.
- Leading producer of cash crops including oilseeds and spices.
- Unexploited mineral deposits – industrial, ceramic, fertilizer, ferrous and non ferrous.
- Rajasthan is the largest producer of milk in the country.

*Source: PHD Research Bureau, compiled from various documents of Rajasthan Government*

## Labour laws

There is a close relation between industrial relation policy and industrialization strategy adopted for economic development. There have been efforts towards maintenance of industrial peace, dispute settlement, controlling strikes and lockouts etc. which are favourable for the industry in the state. In the financial year 2010-11 up to December 2010 out of 1059 industrial disputes 765 were resolved. The State has slipped down two positions in terms of business or labour regulations i.e. from 14<sup>th</sup> rank to 16<sup>th</sup> rank. In a nutshell, the labour laws are neither too stringent nor too flexible rather they are flexible within a limit. The labour cost or minimum wage for a unskilled labour in Rajasthan is Rs 135 per day.

### Comparison labour cost in Rajasthan vis-à-vis other states



*Source: PHD Research Bureau compiled from Ministry of Labour & Employment, Government of India*

## Agro business policy

Agro business policy makes Rajasthan a destination for investors and processors both domestic as well as global. The agro business policy of Rajasthan focuses on strengthening the market infrastructure, creation of modern supply chains, providing assistance to small scale agro based units, increasing export value of agri products and increasing the flow of investment in both skill and capital in agro industry.

To attract private sector investment in agriculture based industries, the policy provides attractive packages for agri-business and agro- products simultaneously with infrastructure, marketing, warehousing, and research & development. RIICO has developed four Agro parks at Kota, Jodhpur, Ganganagar and Alwar for development of Agriculture based industries. Agriculture and allied services account for 3.84% of 2011-12 state budget allocation.

## Incentives for agro-business in Rajasthan

- **Private mandis/e-markets**--The state government encourages the establishment of private mandis or e-markets so to strengthen the marketing infrastructure. It will also encourage standardization, grading and setting up of world class facilities.
- **Interest subsidy**--The Government provides interest subsidies to tiny, Small, Medium and Large agri business and agri produce industrial units at the rate of 6% p.a. for first seven years from commencement of operations, so to make cost of credit viable for entrepreneur to set up any activity related to agri-produce.
- **Financial assistance**- -The government has made provisions of financial assistance in terms of subsidy for establishing agro processing units at the rate of 50% of the total project cost or Rs. 1.00 crore whichever is less.
- **Infrastructure development**--The highest priority is given to creation of supply chain infrastructure and support services for the agro industrial sector to create modern infrastructure corridors integrated with appropriate surface transport connections, cold storages, auction centers and retail chains. Agri infrastructure projects may include-food and agro industrial parks, cold chain for horticulture produce, supply chain for agriculture produce, chain of retail outlets for perishable products, technology demonstration, terminal markets and warehouses.
- **Establishment of centers of excellence**--The state government will provide financial support in the establishment of centers of excellence, crop development institutes and will encourage private sector, apex co-operatives institutions, APMCs etc to also participate in setting up these centers.
- **Allotment of land**--Agri-business/ agro processing industries are commercial in nature; hence allotment of land to them near to urban areas is another main focus. The Government also made provisions for cluster development approach for SMEs to encourage their development.
- **Single window service for establishing of private MSME clusters**--The department of agriculture with Rajasthan State Agriculture Marketing Board as the nodal organization will provide a single window service for establishing of private MSME clusters. Allotment of land in mandi premises for associated activities such as cold storage, normal storage, ripening chambers, sorting, grading equipments and packing line, weigh bridges, testing laboratories etc.

- **Concession on charges of electricity and water**--Agro-industry as a seasonal industry is eligible for relaxation from the payment of minimum charges of electricity and water during closure period. Government will encourage the setting up of chains of retail outlets in different parts of the state as a crucial link between consumers and producers. Financial concessions will be admissible to the developers of food parks as per the provision of this policy. The state government intends to encourage the export of agri products from the state, through the product specific Agri Export Zones (AEZ) under the Government of India EXIM policy
- **Skill Development**-- The state will encourage the private sector to commence courses in food packaging, processing, bio technology, information technology in agriculture and allied in state.

## The SEZ policy

Rajasthan Government has adopted the SEZ policy for developing Special Economic Zones in the state. The SEZs, earmarked as duty-free enclaves, aimed at promoting rapid industrial development and employment generation. The SEZ policy regime includes, exemption of all state and local taxes and levies for transactions with the SEZ and for supply from domestic tariff areas to the SEZ, exemption from stamp duty and registration fees, grant of labour and environment related permits, approvals through a dedicated single window mechanism and permission to generate electricity for own consumption.

There are 4 SEZs in Rajasthan at Jaipur, Jodhpur, Sitapur and Boranada. There is an exclusive Japanese investment zone in Neemrana where Japanese Companies have opened there shops. There are 22 companies which have set up their plants in Japanese investment zone.

## Services

In the era of globalization, privatization and liberalization a well-developed service sector is pivotal to growth. Services sector in Rajasthan contributes around 47% in GSDP. IT and ITEs, Tourism, Hospitality, and Banking services are important components of services sector in Rajasthan.

**Tourism**--Rajasthan is one of the leading tourism states of India. Jantar Mantar Jaipur was enlisted in "World Heritage Sites" of UNESCO. The glorious heritage and colourful culture of the state is a special attraction for domestic and foreign tourists. During the calendar year 2010, the number of tourist arrival in state was 268.22 lakh. Rajasthan New Tourism Unit Policy 2007 provides various concessions and facilities for the tourism units. The state has amended its rule for availability of land for hotels and also conversion of agricultural land for commercial purposes (hotels) and heritage properties into hotels and other tourism units. There is a proposed investment of Rs 5332 Crore for the tourism<sup>1</sup> sector during the two day investor summit in 2007. In the Rajasthan Budget 2011-12 Rs 25 crore has been allocated to the tourism sector.

**“ Hospitality majors like Leela Group, Bharat Hotels, Marriot Group are likely to start their operation in 2011. ”**

**Eco Tourism**--Realising the potential of the wild, Rajasthan state has prepared a policy on eco-tourism, where in tourist would be allowed to go trekking on designated routes, river cruising, overnight camping etc.

**IT and ITEs Services** -- The IT and ITEs policy aims at making government accessible to citizens and empowering them through enhanced access to information through use of IT, creating and expanding economic opportunities in the knowledge economy and attracting investments to the state for this purpose, enhance employment opportunities by developing capabilities of youth to make them employable. In order to attract investments in IT sector, RIICO (Rajasthan State Industrial Development and Industrial Cooperation Ltd.) has developed State-of-Art IT Parks at Jaipur, Kota, Udaipur and Jodhpur, where as it plans to develop a similar one in Bhiwadi too. All infrastructure has been provided for the same.

The state is charting out a special scheme, to attract various IT companies and BPOs to come and set up their centres in other Tier III cities like Ajmer, Kota, Jodhpur, Bikaner, Udaipur etc. Various subsidies would be provided by the state on capital investment and operational costs. Currently more than 100 IT and ITEs companies are working in Jaipur alone. Rajasthan has a successful model for rural BPO in a village named Bagar around 200Km away from Jaipur.

**Key features of IT sector in the State** are new special economic zones in IT and ITEs, interest of IT majors in the state, proximity of the state with the NCR especially Gurgaon and Delhi and Low cost of living and employee cost. The state government in their budget for FY12 has allocated Rs90 Crore for information and technology which includes funds for national e governance plan.

**Banking** In the era of liberalisation, financial institutions like banks have a vital role to play in accelerating the pace of development, in providing resources for generating additional economic activities and income for the masses. There are a large number of Regional Rural Banks which show that efforts have been made to develop the rural areas.

“ Jaipur is a fast emerging hub of banking back office operation ”

RRBs have been taking active role in execution of various rural development schemes. They are moving towards the national objective of uplifting the weaker sections of the society.

In Rajasthan, Regional Rural Banks (RRBs) account for 6.90% of the total branches in India, similarly, SBI and its associates have 6.21%, private banks accounting for 4.75% and nationalised banks have 3.96% which portrays a good picture. But when we come over to foreign banks the performance is not that impressive with only 2.14% of the offices of these banks all over India are in Rajasthan. One bank branch in Rajasthan caters to the needs of 16623 persons and covers an average area of 86 sq. Km.

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<sup>1</sup>According to the 34 proposals made in the Investor Summit in Rajasthan in 2007, the proposed investment in tourism sector is estimated to be Rs 5332 Crore.’



### Banking scenario in Rajasthan

Banks in Rajasthan	No. of offices in Rajasthan	No of offices all over India	Offices in Rajasthan as % of total
SBI and its Associates	1028	16563	6.21%
Nationalised Banks	1583	40011	3.96%
Foreign Banks	6	281	2.14%
Regional Rural Banks	1044	15141	6.90%
Private Sector Banks	495	10417	4.75%

Source: PHD Research Bureau, Compiled from RBI, September 2010

The Regional rural banks in Rajasthan have the highest credit and deposit ratios to India's credit and deposit ratios i.e. 7.10% and 6.18% respectively. Followed by SBI its Associates and nationalised banks with 3.17% and 2.58 % and other scheduled commercial banks with 1.77% and 1.97%. Last being foreign banks with 0.38% and 0.18% respectively.

### Rajasthan total credits and deposits 2010

	Rajasthan		All India		Rajasthan vis-à-vis India	
Components	Deposits	Credits	Deposits	Credits	Deposits	Credits
Regional Rural Banks (Rs Crore)	8853	6199	143186	87317	6.18	7.10
State Bank of India						
(i) Associates and Nationalized Banks (Rs Crore)	88853	80634	3441187	2544666	2.58	3.17
Foreign Banks (Rs Crore)	435	686	243305	178316	0.18	0.38
Other Scheduled Commercial Banks (Rs Crore)	16639	11101	844324	626649	1.97	1.77

Source: Economic Review of Rajasthan 2010-11

## 3. Infrastructure

Infrastructure is the backbone of any economy. To develop a strong economy, Rajasthan has been making conscious efforts in the development of infrastructure.

Electricity-- Rajasthan has an advantage in the field of electricity and can develop it by tapping on to its resources in specific the non-renewable energy resources. Rajasthan aims to be self-sufficient in power by 2013-14. The power sector accounts for the major proportion of the Rajasthan budget 2011-12, with 42% of total budgeted outlay.

Rajasthan is the only state which has got a nod from Coal India for coal supply ever since the central government had restricted it to supply fuel to new power plants of the states. Recently the centre



government has given its nod to set up an atomic power project on the banks of R. Mahi in Banswara district.

The central government has allocated project of 505 MW capacity to Rajasthan out of total short listed projects of 630 MW capacity.

#### Power generation in Rajasthan:

Total installed power generation capacity	8958 MW
State generated	56.68%
of which,	
Coal based power	71%
Gas based power	9%
Hydro based power	20%
Centre generated	24.26%
Private sector generated	19.06%

*Source: PHD Research Bureau, Compiled from Monthly Review of Power Sector February 2011.*

Some innovative programmes have been taken by Rajasthan Renewable Energy Corporation Ltd. (RREC) like Solar City Programme, Remote Village Electrification Programme (RVE), Solar Photovoltaic Power Plant (Grid Interactive) Programme, MW scale Grid Interactive Electricity generation from Solar Energy.

**Roads--** The total length of roads in Rajasthan is estimated at 1, 89, 034km in Mar2011. The length of surfaced roads in the state has increased from 141,000km in 2000 to 107436km in 2007-08. The total length of national highways passing through the state stood at 5724km in Mar2011. This includes the highway connecting Delhi and Mumbai, India's two main business and commercial centres.

**Railways --** The total length of railway network in Rajasthan is 5683.01km in Mar2008. Till recently, a significant portion of the existing railway network in based on broad gauge. Almost, 3,885.47km (68.37%) was covered under broad gauge, 1,710.78 km (30.10%) under meter gauge and 86.76 km (1.53%) under narrow gauge.

**Aviation--** Rajasthan has full-fledged airports at Jaipur, Bikaner, Kota, Jodhpur, Udaipur, and Jaisalmer. Jaipur has recently been designated as an international airport at Sanganer.

- In addition, air strips / helipads exist at a number of locations. The number of passengers handled at Jaipur airport in Rajasthan has been on the rise. Regular air services connect Jaipur, Jodhpur, and Udaipur with Delhi & Mumbai.
- The domestic traffic handled by the Jaipur airport increased from 3,38,763 in 2004-05 to 12,67,876 in 2009-10, the international traffic handled by Jaipur airport increased from 47,033 in 2004-05 to 2,55,704 in 2009-10. Total traffic increased from 3,85,796 in 2004-05 to 15,23,580 in 2009-10.

### Rajasthan: Growth in Air Traffic

Airport	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
<b>Jaipur</b>						
International	47033	51689	140019	204283	221732	255704
Domestic	338763	397204	598341	1137762	987608	1267876
<b>Total</b>	<b>385796</b>	<b>448893</b>	<b>738360</b>	<b>1302045</b>	<b>1209340</b>	<b>1523580</b>

*Source: PHD Research Bureau, Compiled from All India Airports \_ Airport Authority of India*

**Urban Infrastructure**--Rajasthan has established the Board of Infrastructure Development and Investment (BIDI), with an objective to accelerate private investment in industry and related infrastructure. BIDI is responsible for the formulation of perspective plans for different regions, inter-sector co-ordination and effective monitoring for timely provision of facilities in industrial areas. As a part of the single-window clearance process in the state, BIDI was responsible for granting approvals to projects with investment above US\$25mn.

Rajasthan is implementing the Rajasthan Urban Infrastructure Development Project (RUIDP) with assistance from the Asian Development Bank (ADB). The US\$362mn RUIDP is aimed at improving urban infrastructure and strengthening public services delivery systems in the project cities. Services to be covered by the project include water and sewerage, urban transport and solid waste management.

There is a provision of Rs 3512 Crore for housing and urban development under the Rajasthan budget 2011-12, this has been distributed appropriately between various bodies and schemes.

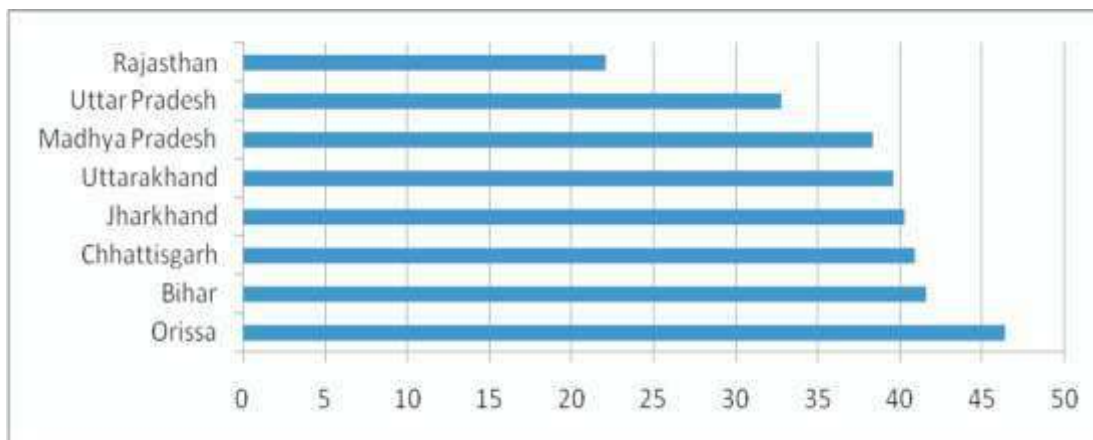
**Telecom** -- As on Jan2011, Rajasthan had 29.08mn GSM subscribers. According to TRAI, there are 33.7mn wireless subscribers, 1.5mn wire line subscribers and 195,118 Internet/Broadband subscribers. The main players in the telecom sector are BSNL, Bharti Airtel, Tata Teleservices, Vodafone Essar and IDEA Cellular Services.

## 4. Social infrastructure

**Poverty** -- Rajasthan has been able to reduce its poverty by substantial amount over a period of time. Its overall poverty is less than the national average i.e. 22.1% as against 27.5% respectively. Its poverty in rural sector i.e. 18.7% is far more less than the national average of 28.3%. But the situation is opposite when it comes to urban poverty, Rajasthan has 32.9% as against the national average of 25.7%. Several projects have been initiated to eradicate poverty in the state.

“ Rajasthan contributes around 40% of CA's and Accountants to total commerce professional in the country. ”

### Poverty: Rajasthan amongst other EAG states



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

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

Rajasthan Rural Livelihood Project was started to enhance economic opportunities and empowerment of rural poor, with focus on marginalised groups. With all these efforts the poverty level is bound to come down, but focused approach is needed to tackle the problem of urban poverty as it is soaring high.

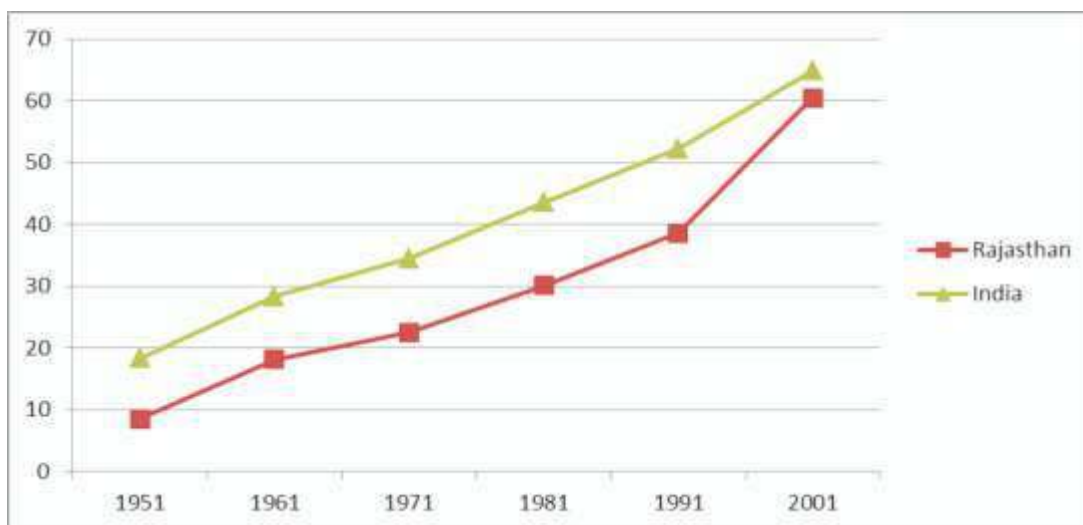
**Unemployment** – Despite the fact that several employment exchanges have been opened up in different parts of the state, there is a chronic problem of unemployment in Rajasthan; it ranks first in terms of number of unemployed workforce. There have been various efforts towards employment generation but their impact has not been substantial. It may be mentioned that recently under MGNREGA, 55.53lakh employments (2010-11) have been generated. The minimum wage for the unskilled labour has been revised to Rs135. But still there is a need for stronger implementation of all of these in order to improve the current situation.

**Education** – There are 9 deemed universities and 20 universities in Rajasthan. There are over 1032 colleges, 51525 primary schools, 11606 secondary schools and 6010 senior secondary schools. Rajasthan's literacy rate according to 2011 census was 67.06%, male and female literacy rates being 80.51% and 52.66% respectively. Although the female literacy rate has improved over the last decade, it lags behind the national average of 65.46%, whereas the male literacy is close to the national average of 82.14%.

Over 1990s and 2000s enrollment ratio have been increasing but the female enrollment ratios still need to catch up. There are high drop out ratios in the state only 60% of those who enroll in class 1 are able to reach class 8.

State government is aggressively pursuing a policy to achieve the goal of universalization of elementary education. It has spent over 4.6% SDP on education. State Literacy Mission Authority encourages PPP (Public Private Partnership) to strengthen the infrastructure of CECs (Continuing Education Centres). In the state budget of 2011-12 a sizeable amount of Rs 1707.72 Crores has been allocated to education sector.

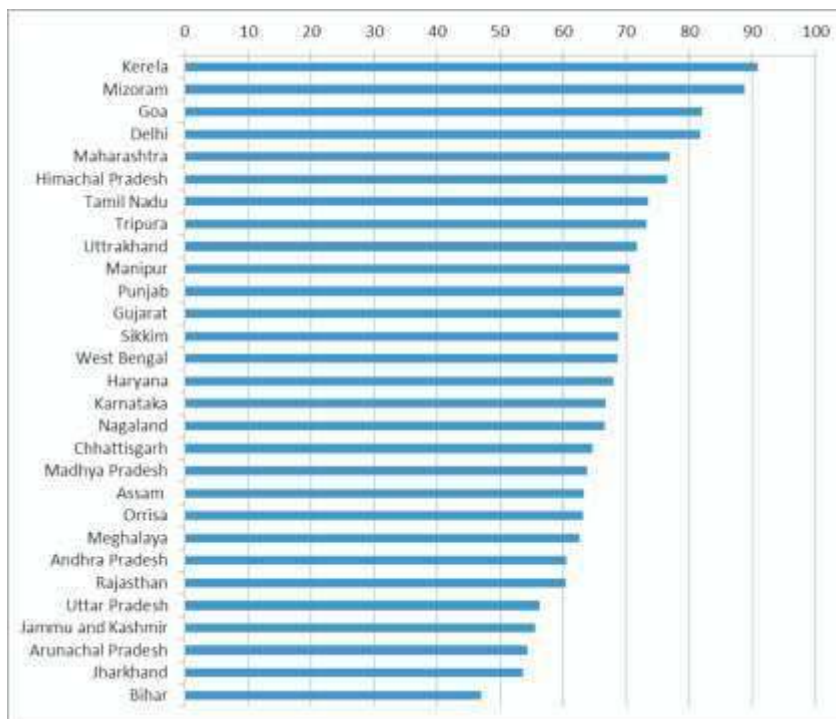
### Trend of literacy in comparison with India



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

The All India trend shows that the literacy rates at national level exceeded literacy rates of Rajasthan at every successive time period, but from 1991 to 2001 there is a steep increase in Rajasthan's literacy level which exceeds the increase in national literacy.

### Trend in literacy in comparison with other states



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

The state government has been taking up various measures in order to increase the literacy levels over time, and its effect is visible in form of the leap Rajasthan has taken at an individual level, but if compared to the other states its position is not so good. It is succeeded by only five states, rest all lie above it.

**Health** --The Health infrastructure in the state comprises of 127 hospitals, 199 dispensaries, 1504 Rural PHCs, 37 Urban PHCs, 368 CHCs, 118 Maternity and Child Health Centres, 13 Urban Aid Posts, 11487 Sub Health Centres and 43864 inpatient beds as on December 31st 2009. There is a provision of Rs 663.53 Crores for medical and health sector including ayurved in the Rajasthan budget FY12.

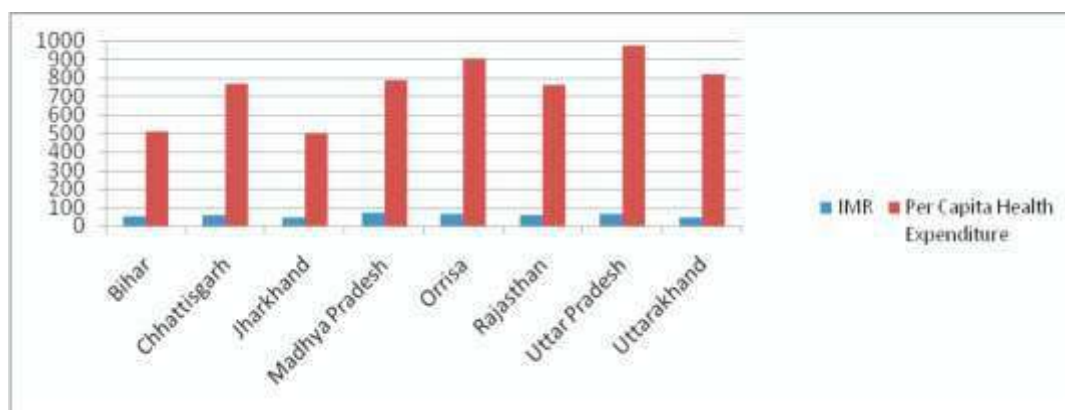
#### Summary of Health Indicators:

Life Expectancy at Birth (2002 -06)	62 years
Infant Mortality Rate (2008)	63 per 1000 live births
Maternal Mortality Rate (2008)	388 per 1,00,000 live births
Total Fertility Rate (2008)	3.3 children born per woman
Per Capita Health Expenditure NHA-04-05	Rs 761

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

There is low per capita health expenditure in Rajasthan and a high IMR (Infant Mortality Rate). This is not a very good sign; its per capita expenditure is greater than that of Bihar and Jharkhand only. It has the third highest IMR in the group. Its performance is not that impressive.

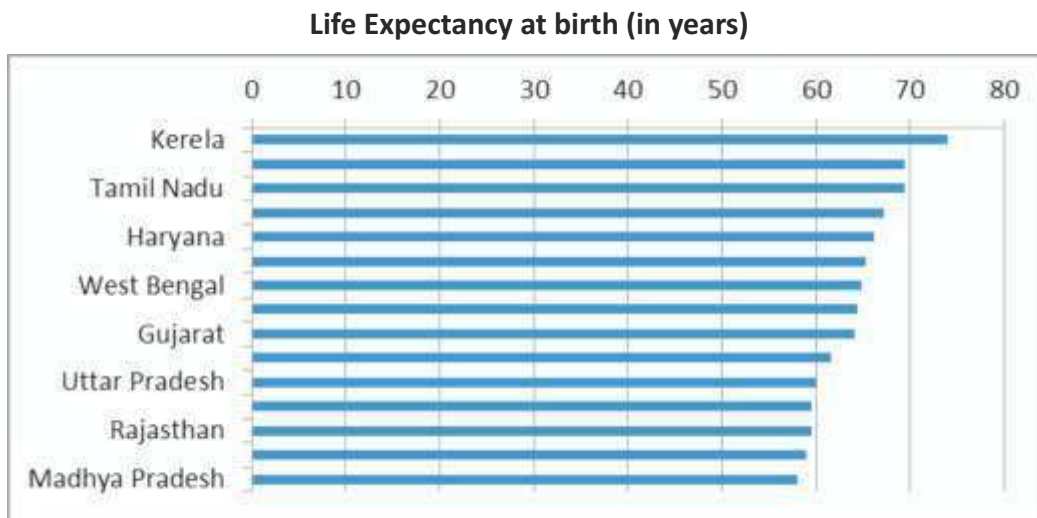
#### Rajasthan vis-à-vis other EAG states in Health



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

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

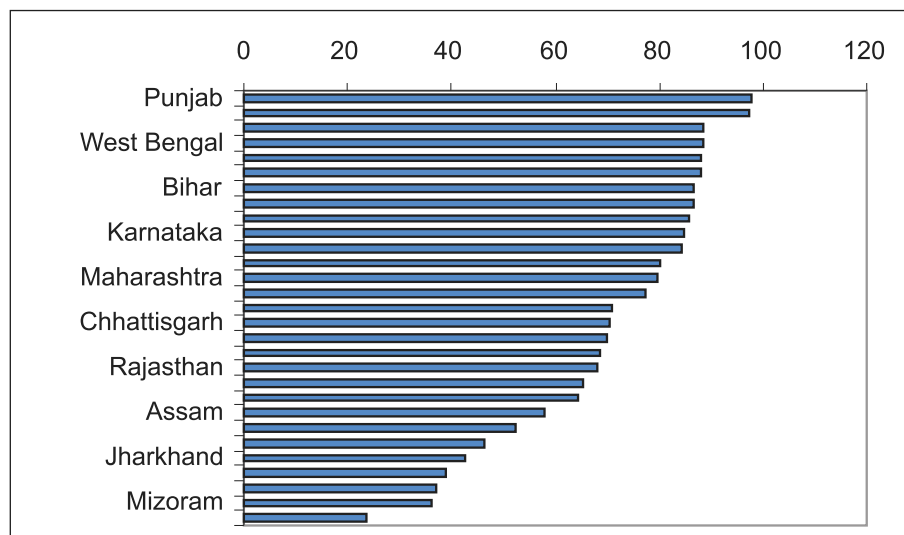
In terms of life expectancy at birth of major states in India, Rajasthan is amongst the bottom states. Although there have been various efforts towards improving health standards yet this low longevity levels indicate much more effort needs to be put in.



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

In terms of availability of safe drinking water in urban Rajasthan it stands good with 93.5% of its urban population having an access to safe drinking water unlike the rural Rajasthan where only 60% of its population has an access to safe drinking water. On an aggregate 68.2% of its people have an access to safe drinking water.

**Availability of Safe drinking water to households (in percent):**



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

Various Schemes have been launched with a view of improving on the health situation in the state, like Chief Minister's BPL Jeevan Rakhsha Kosh to provide free treatment to BPL families in the state.

Rajasthan Health System Development Project, which is assisted by World Bank, is being implemented by the state government. However, there is a need to promote private sector investment in Health Sector in order to facilitate establishing of quality health care institutions within the frame work of set standards and norms. Private sector can play an important role to supplement State Government efforts in the fields of secondary and tertiary health care and diagnostic services.

With the help of private sector participation, the State can maximize the benefits which might accrue from the opportunities in medical tourism, expand availability and access of quality health care services and integrate allopathic treatment with Indian and other alternative systems of medicine.

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

The Six thrust areas of PHDCCI are: Industry, Infrastructure, Education and Skill Development, Health, Housing, Agriculture and Agribusiness. Rajasthan has performed substantially well in these sectors. Performance in six thrust areas

<b>Agriculture and Agribusiness</b>	There have been measures taken up by the state government towards improving agriculture on a whole, by providing irrigation facilities, promoting agro processing and agri business etc. Rajasthan ranks 7th in terms of food grain production in India. It is a leading producer of coarse cereals, pulses, grams etc. but on the contrary the contribution of the sector has been decreasing over time in states GDSP and also it has a low per hectare yield. So the outcome is mixed in terms of its overall performance. According to the survey published in India Today it ranks 10th amongst the 20 big states of India.
<b>Education and Skill Development</b>	Rajasthan stands out to be the only state which took a huge leap in terms of improvement in literacy rates but the high dropout ratios and lower enrollment rate amongst females is the reason for a lower ranking in comparison to the other states in India. The state ranks 7th in terms of Primary schools. But there is an altogether different scenario when we talk about the rank in primary education, it ranks 17th amongst the big 20 states. Much has been done, but still much more can be done.
<b>Health</b>	The state government follows a three tier system of health services. Health indicators have improved overtime. It has shown improvement over time and has performed well in NRHM (National Rural Health Mission) too.
<b>Housing</b>	In Rajasthan the total housing shortage projected for 2011, 2012, 2017 and 2021 is 12.42 lakh, 12.82 lakh, 14.94 lakh and 17.06 lakh respectively <sup>3</sup> . Out of which 85% shortage is expected to be in EWS/LIG category. There have been efforts made towards providing affordable houses. Year 2010 was declared as the year

<sup>3</sup>Affordable Housing Policy 2009



	of affordable housing. More over general housing schemes and schemes for slums have been initiated from time to time The Rajasthan Housing Board has been working actively in the state ever since it was established. Yet, some more efforts are needed, to strengthen its grounding and working.
<b>Industry</b>	The industrial sector is of pivotal importance to the state both in terms of its contribution to the state's GSDP as well as the employment it generates. IT and ITES industry has sparked the growth of the sector even more. Tourism is an asset to the state which it has been utilising really well. Endowed with minerals it has been capitalising on the mineral based industries too. According to the state competitiveness report it ranks 7th in terms of New Enterprises/Industry and 10th in growth of manufacturing employment. This shows that the state has been performing well in terms of industry. Moreover, with the recent efforts being taken up by the government it has brighter future ahead.
<b>Infrastructure</b>	The situation in terms of electricity generation, roads, railways, aviation has improved in the state. The government has formed various boards like RUIDP and BIDI in order to develop the urban infrastructure. Rajasthan ranks 11th among 20 big states which reflect the progress it has made over time, although there is much more scope to progress yet we cannot deny the efforts it has made. There have been efforts made towards involving private sector in the infrastructural activity.

## 6. Rajasthan Budget 2011-12

The budget is for the common man, wherein various taxes have been reduced which would ultimately reduce the burden on them. All sectors have been focused on in an even manner from agriculture to industry to infrastructure to social infrastructure.

The Annual Plan for the 2011-12 is Rs 28461 crore which stands out to be 18% higher than the annual plan for the year 2010-11. The Gross Fiscal Deficit as a percent to GSDP according to the budgetary estimates is 2.42%, which falls in line with the prescribed state level target of containing the fiscal deficit to 3% of GSDP in the year 2011-12 by the Thirteenth Finance Commission of India. Power and Social and community services make a sweep in the Annual Plan of Rajasthan. Where, the power sector accounts for 42% of the total plan outlay second by the social community service with 30%.



### Rajasthan Budget (2011-12) at a glance

Sr. No.	Components	FY12 BE	FY11BE
1.	Size of the budget	Rs 63999 Crore	Rs 54348 Crore
2.	Total Revenue Receipts	Rs 52287 Crores	Rs 42463 Crore
3.	Own tax revenue	Rs 21349 Crores	Rs 19021 Crore
4.	Interest Payments	Rs 8012 Crore	Rs 7427 Crore
5.	Revenue Surplus	Rs 353 Crore	(-)Rs 1098 Crore
6.	Fiscal Deficit	Rs 8063 Crore	Rs 8461 Crore
7.	Fiscal Deficit as a % to GSDP	2.42%	4.5%
8.	Capital Outlay	Rs 8550 Crore	Rs 7433 Crore

*Source: PHD Research Bureau, compiled from Government of Rajasthan, Budget 2011-12.*

The other key announcements were:

#### Infrastructure

- RTIDF constituted for providing safe and organized better transportation, and infrastructure.
- Enhanced connectivity of 833 habitations having population of 500 and above.
- Two years scheme for missing links and recarpeting of Rural Roads.
- New Hydrology and Water Management Institute at Bikaner.
- Proposal for enactment of Ground Water Control and Management and also establishment of Water Management and Regulatory Authority.
- Roads safety fund created with initial corpus of Rs.10 crore

#### Health

- Increase of 660 beds in Community Health Centre's and hospitals.
- Establishment of new Rajasthan Medical Services Corporation for Centralized purchase of medicines and equipments.
- Free supply of essential medicines to all patients in Government hospitals from 2nd October, 2011.
- Rs.40 crore for equipments and Rs.30 crore for maintenance of buildings of medical colleges and associated hospitals.

## Education

- Establishment of Rajasthan Skill and Livelihood Mission.
- Distribution of 1.42 lac bicycles to the girl students in rural areas studying in class IX and X.
- New IIIT at Kota.

## Agriculture and food

- State level agro and food processing centre at Bharatpur.
- Target of Rs.6000 crore for crop loan.
- Dal-Roti to become cheaper through tax exemptions.
- Fresh vegetables and fruits exempted from tax without conditions.
- Tax reduced from 14% to 5% on cooked food.

## Standard of Living

- Monthly pension of freedom fighters increased from Rs.10000 to Rs.15000. Additional Rs.1000 per month for medical attendance.
- Age limit for Senior citizens for concessional travel in RSRTC buses reduced from 65 to 60 years.
- Increase of Rs.250 per month in honorarium payable to Sathins and Asha Sahyoginis.
- Increase in mess allowance of students residing in SC/ST /OBC / SBC hostels from Rs.1000 to Rs.1250 per month.
- Special package of Rs.200 crore for welfare of Special Backward Classes.
- Urban cess on select urban consumers to be raised by 5 paisa.

## Automobiles

- RTIDF surcharge levied on vehicles above Rs. 3 lakh.
- Green Tax also to be levied on all vehicles

## 7. Conclusions and Recommendations

Bestowed upon by rich cultural heritage and folk arts, Rajasthan is the land of a traditional state. The state acts as a corridor between the northern and the western states of India which gives access to big markets. Rajasthan is the faster growing economy of India. Its developmental pattern has been, beginning from an agrarian economy to move towards industrial development and then with the onset of IT and ITES the baton was carried over by the services sector.

Agriculture is an important sector of the state due to large dependencies of the population. However, the share of agriculture to the GDSP has declined over period of time; it contributes around 26% in state's

GSDP. The state government has taken up substantial measures to improve agriculture by way of improving agricultural infrastructure (irrigation, fertilisers, etc.), to promote agri-business and agro-production processes by way of their recent policies—making provisions for convenient procurement processes.

Rajasthan has a lot of scope in Industries, which contributes around 27% in state's GSDP. It has a strategic advantage of being near to NCR, specifically Delhi and Gurgaon, which has acted as a lucrative factor to induce inflow of capital. RIICO (Rajasthan State Industrial Development and Industrial Cooperation Ltd.) has been working towards facilitating better industrial and investment climate for the state. Rajasthan Government has come up with various schemes from time to time.

The industrial policy of Rajasthan aims at enhancing the competitiveness of enterprises by providing quality infrastructure. The state government has been formulating policies which are infrastructure specific taking cognizance of its importance in order to develop on all fronts. There has been a substantial improvement in infrastructure of all kinds, starting from road and railways to health, education, banking, electricity, urban infrastructure etc.

Service Sector of the state has developed in the recent past, but accounts for a large part of the state's GSDP. It contributes around 47% of the states GSDP. Main services are Tourism and Hospitality, IT and ITES, Banking, etc. The Rajasthan Government has taken various initiatives in order to continue the momentum of growth.

Social infrastructure of the state is on the way of improvement but has not been able to achieve overall development. The state literacy figure show a remarkable increase, rather Rajasthan is the fastest in terms of increasing literacy rate. But the situation is all reversed when we talk about unemployment; there is a large force of unemployed workforce in Rajasthan. In terms of health, there is an increased infrastructure and the state is working well under NRHM (National Rural Health Mission) scheme.

The state has progressed in all walks of life over time. In context of the six areas that PHD Chamber currently focuses, it has shown a mixed result, in some areas its progress has been good like the offshoot of literacy rate from what was in 1991 to some average results where progress has been made but still there is a lot of scope to proceed further like health, infrastructure, agriculture, housing etc. Industrial sector is pivotal to the state and it is very important from employment point of view, the state is doing well on the industrial front.

## Recommendations

Rajasthan has one of the best policies available in India. The agricultural sector has improved, its position has moved up in the recent years. Going ahead, given the high levels of foodgrain production, the state, has the potential to become a 'Foodgrain Logistics Hub' for India.

Rajasthan ranks 7<sup>th</sup> in food grain production in India. However, the yield of agriculture is very low in the state (890 KG/Hectare) as compared to the All India Level (1768 KG/Hectare) and also in comparison to its counterparts. So, there should be substantial efforts towards improving the yield per hectare to enhance the livelihood of two third of the state's population which is dependent on agriculture sector.

Initiatives have to be taken to enhance the productivity with better quality of seeds and farming techniques. Drip irrigation is also critical for overcoming the issues related to paucity of water.

There is need for agricultural output to operate with an increased focus on processing and value addition. To promote competitiveness and efficiency in the marketing chain, encouragement should be given to establish private mandis.

Agro processing is a promising area where Rajasthan has significant strengths. Agro-processing zones and value-addition in different agro-climatic zones in the state could attract huge private investments. The supply side infrastructure should be focused on, food parks and Agri Export Zones should be developed. Land for this should be available at concessional rate but near the urban areas as it is a commercial activity. Market strategy's focus should be on pro global branding of the goods.

Industry is an important sector for the state. As 40% of DMIC runs through the state giving it a strategic advantage, many industrial units could be opened and export promotion zones established along the DMIC. This would facilitate them with access to market as well as big industrial hubs.

Solar and wind energy based industries could lead to a revolution not just for Rajasthan but also for the country. The state has a relative advantage in renewable energy. Setting up of solar power plants should be subsidised. Incentives should be given to those who adopt solar power systems even at house hold level.

This region can be developed as the tourist hub of India. Heritage assets, found all over the state can be utilized for development of Tourism. Public-Private-Partnerships should be promoted for development and maintenance of the heritage sites. The tourist guides should be registered, information accessibility should be made easy and new tourist circuits should be developed.

The region could attract large investments in development of infrastructure projects like hotels, sports complex<sup>1</sup>, universities<sup>2</sup> etc. under the Public-Private Partnerships (PPP) as well as domestic-foreign joint ventures and create millions of jobs in the state for skilled, semiskilled, and unskilled labour force. Investor groups/companies, domestic & foreign, will be looking to invest in the state in the coming years.

The state should take advantages of economic spillover in the Delhi/NCR region by bringing companies to its territory as Delhi /NCR cannot fulfil the requirement for large stretches of land. Due to limited

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<sup>1</sup> Sports complexes with abundant residential and recreational facilities

<sup>2</sup> Branch campuses of the world's leading universities with World-class facilities.

availability of space together with high costs associated with the Delhi/NCR region, there would be an overflow of economic activities and investments from Delhi/NCR, which can be appropriately absorbed by Rajasthan. This necessitates the need for the state to develop appropriately planned physical, social and manpower infrastructure support to absorb the spillover.

Special attention should be laid for the availability of safe drinking water in the rural areas. This will improve the health standard and enhance Rajasthan's performance in NRHM.

State's social sector has become better but there are still some grey areas, which need to be dealt with. Key issue which is to be addressed is to develop human capital. The unemployment situation is adverse in the state but can be taken care off by providing job centric education and skill development.

Education orientation should not be just on existing industries but focus should be on the potential ones too. This will have a multidimensional effect on the economy. It will create employment opportunities, enhance growth of potential industries, and will reduce poverty.

### Summary of Important Economic Indicators

Components	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011
GSDP at current prices (Rs Crore)	128644	153344	176420	201675	219769	303358
GSDP at constant prices (Rs Crore)	110293	124339	135654	144568	148200	196045
NSDP at current prices (Rs Crore)	111323	133476	153697	176044	191539	269381
NSDP at constant prices (Rs Crore)	97277	110039	120267	128496	131331	172656
Real GSDP growth rate (%)	6.70	12.73	5.14	7.09	4.30	9.69
Per Capita Income at current prices (Rs)	18008	21203	23986	27001	28885	39967
Per Capita Income at constant prices (Rs)	15736	17480	18769	19708	19806	25616
Gross Fixed Capital Formation (Rs. Crore)						
Public Sector	9334.34	13836.1	24492.9	26909.6	30076.2	na
Private Sector	18948.1	22614.5	25667.0	26851.6	32163.0	na
Total	28282.4	36450.7	50159.9	53761.2	62239.2	na
Budget Surplus(+)/Deficit (-)						
Revenue Deficit (Rs Crore)	-660.2	638.3	1652.9	-283.0	-1408.6	-1098.2
Budget Deficit (Rs Crore)	205.7	272.1	-921.2	9.5	39.2	48.2
Primary Deficit (Rs Crore)	59.9	1732.0	2534.6	-472.6	-1665.6	-1034.0
Fiscal Deficit (Rs Crore)	-5150.0	-3969.7	-3408.3	-6714.1	-8419.8	-8461.1
Revenue Deficit/GSDP	-0.51	0.42	0.94	-0.14	-0.64	-0.36
Budgetary Deficit/GSDP	0.16	0.18	-0.52	0.00	0.02	0.00
Primary Deficit/GSDP	0.05	1.13	1.44	-0.23	-0.76	-0.34
Fiscal Deficit/GSDP	-4.00	-2.59	-1.93	-3.33	-3.83	-2.78
Budget Expenditure (Rs Crore)						
Revenue Expenditure	21499.2	24953.8	29127.6	34666.2	39676.6	43561.7
Capital Expenditure	4293.6	4809.3	6555.5	5985.6	6864.2	7433.0
Total Capital Expenditure	27219.5	31856.2	37816.6	43624.4	49737.3	54347.8
Employment in Organised Sector (Lakhs)	11.97	12.17	13.32	12.5	12.7	12.68
Index of Wholesale Price	135.68	149.76	161.06	177.15	182.14	194.46
Index of Industrial Production	251.39	257.49	282.95	319.61	330.7	n.a.
Index of Agricultural Production	153.84	167.63	166.66	185.09	138.2	n.a.

Source: PHD Research Bureau, compiled from Economic Review of Rajasthan 2009-10, and 2010-11 'na' stands for data not available, IIP data is calendar year data

### Some important Contacts

	Sector/Area	Key Contact
1.	Agriculture	Commissioner of Agriculture, Department of agriculture, Pant Krishi Bhawan, Jaipur- 30200 +91-141-2227089 <a href="mailto:dir_agr@rajasthan.gov.in">dir_agr@rajasthan.gov.in</a>
2.	Industrial Investment policies, General Guidance for investments in manufacturing sector	Office of Commissioner of Industries, Udyog Bhawan Tilak Marg, Jaipur 302005 +91-141-2227727-29
3.	Land and Infrastructure	Chairman, Rajasthan State Industrial Development and Investment Corporation Ltd Udyog Bhawan, Tilak Marg, Jaipur 302005 +91-141-5113200 <a href="mailto:Chairman@riico.co.in">Chairman@riico.co.in</a>
4.	Tourism	Principal Secretary and Commissioner (Tourism) Room No. 8041, SSO Building, Secretariat, Jaipur – 302005 +91-141-2227744
5.	Mines and Minerals	Director, Department of Mines and Geology Khanij Bhawan, Shashtri Circle , Udaipur-313001 +91-141-2413346
6.	Environment	Member Secretary, Rajasthan State Pollution Control Board 4, Institutional Area, Jhalana Doongri Jaipur +91-141-2709980. 2707938
7.	Power	Chairman and Managing Director, Rajasthan Vidyut Prasaran Nigam Ltd Vidyut Bhawan , Janpath, Jaipur-302005 +91-141-27401986 <a href="mailto:Cmd_rvpn.co.in">Cmd_rvpn.co.in</a>
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## About the PHD Chamber

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

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



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