

RECENT TRENDS OF THE ECONOMY OF RAJASTHAN

Dr. Santosh Garhwal*

ABSTRACT

Rajasthan is the largest state of the Republic of India in terms of area. It is bounded on the west and north – west by Pakistan, on the north – east by Punjab, Haryana and Uttar Pradesh, on the east and south - east by Uttar Pradesh and Madhya Pradesh and the south – west by Gujarat. Rajasthan is a beautiful amalgamation of the ancient and the modern culture and civilization. Amidst a stark desert and surrounded by the Aravali, India's oldest mountain range, the State is known for its traditional art and colourful folk culture. At present there are 7 Divisions and 33 Revenue Districts in the State. The economy of the state is primarily agricultural and rural.

KEYWORDS: *Amalgamation, Modern Culture, Civilization, Stark Desert, Economy, Folk Culture.*

Introduction

Rajasthan is the largest state of the Republic of India in terms of area. It is bounded on the west and north – west by Pakistan, on the north – east by Punjab, Haryana and Uttar Pradesh, on the east and south - east by Uttar Pradesh and Madhya Pradesh and the south – west by Gujarat. Rajasthan is a beautiful amalgamation of the ancient and the modern culture and civilization. Amidst a stark desert and surrounded by the Aravali, India's oldest mountain range, the State is known for its traditional art and colourful folk culture. At present there are 7 Divisions and 33 Revenue Districts in the State. The economy of the state is primarily agricultural and rural.

Objectives of the Paper

- To find out economic and geographical position of Rajasthan in comparison to India
- To know the agriculture and industrial status of Rajasthan
- To know the per capita income of Rajasthan in comparison to India
- To find out socio economic infrastructural development of Rajasthan in comparison to India

Research Methodology

The present paper is based on secondary data. Secondary data have been collected from Census – 2011, RBI Publications, various progress reports of ministries, Government of India and Government of Rajasthan. The secondary data have also been collected from Department of Economics and Statistical, Government of Rajasthan.

Basic Characteristics of the Economy of Rajasthan

The basic characteristics of the Economy of Rajasthan are as follows:

- **Predominance of Agriculture:** Agriculture predominate the economy of Rajasthan. At current prices approx. 25.87% of the GVA of Rajasthan was contributed by Agricultural Sector (Primary Sector) in 2014-15, as compared to 27.58% GVA of the State contributed by this sector in the year 2013-14. About two – third population of the State is dependent on agriculture and allied activities for earning livelihood. The agriculture in the State is generally affected by deficient and irregular rainfall in Rajasthan.

* Associate Professor, Department of Economics, Government P.G.Girls College, Dausa, Rajasthan, India.

- **Lower Net State Domestic Product (NSDP):** The Net State Domestic Product of Rajasthan is lower as compared to other comparable States of the country such as Gujarat, Andhra Pradesh, Tamil Nadu, Karnataka etc. the GSDP of Rajasthan (at current prices) is estimated to be Rs. 6,74,137 crores in 2015-16 as compared to Rs. 6,12,194 crores in the year 2014-15. There are several reasons of lower GSDP of Rajasthan, e.g., lower GSDP growth rate per annum, lack of infrastructure both physical as well as social, under – utilization of available resources etc.

Table 1: Selected Economic Indicators of Rajasthan

S.No.	Particulars	2011-12	2012-13	2013-14	2014-15	2015-16
1.	Gross State Domestic Product (Rs. Crore) at Constant Prices	436465	454987	482605	512095	544014
2.	Gross State Domestic Product (Rs. Crores) at Current Prices	436465	494004	549701	612149	674137
3.	Economic Growth Rate as per GDSP (%) at Constant Prices		4.24	6.07	6.11	6.23
4.	Economic Growth Rate as per GDSP (%) at Current Prices		13.18	11.27	11.37	10.12
5.	Sectoral contribution of GVA at constant prices (2011-12) by agriculture(%)	28.58	28.25	28.24	26.41	24.07
6.	Sectoral contribution of GVA at const. prices (2011-12) by Industry (%)	32.71	31.49	30.50	30.48	30.51
7.	Sectoral contribution of GVA at const. prices (2011-12) by Services (%)	38.71	40.26	41.26	43.11	45.42
8.	Sectoral contribution of GVA at basic current prices by Agriculture (%)	28.58	28.80	27.58	25.87	23.64
9.	Sectoral contribution of GVA at basic current prices by Industry (%)	32.71	31.10	29.98	29.40	28.68
10.	Sectoral contribution of GVA at basic current prices by Services (%)	38.71	40.10	42.44	44.73	47.68
11.	Net State Domestic Product (Rs. Crores) at Constant (2011-12) Prices	396960	410225	435163	461845	490311
12.	Net State Domestic Product (Rs. Crores) at Current (2011-12) Prices	396960	446835	497403	554783	610691
13.	Per Capita Income (Rs.) at Constant (2011-12) Prices	57427	58502	61175	64002	66979
14.	Per Capita Income (Rs.) at Current (2011-12) Prices	57427	63722	69925	76881	83423
15.	Gross Fixed Capital Formation (Rs. Crores) at Current Prices	149856	161861	181312	201250	
16.	Index for Agricultural Production (Base 1991-92 to 1993-94 = 100)	237.46	230.47	239.33	224.49	
17.	Total Food – grain production (Lakh MT)	219.25	200.60	207.19	196.22	182.25
18.	Index for Industrial Production (Base 2004-05 = 100)	147.66	169.77	156.22	170.04	176.59
19.	Wholesale Price Index (Base 1999-2000 = 100)	222.67	253.21	259.88	267.97	274.49
20.	Wholesale Price Index (% change)	12.19	13.72	2.63	3.11	2.43
21.	Consumer Price Index for Industrial Workers (Base 2001 =100) at Jaipur centre	192	214	230	238	245
22.	Consumer Price Index for Industrial Workers (Base 2001 =100) at Ajmer centre	191	215	233	240	248
23.	Consumer Price Index for Industrial Workers (Base 2001 =100) at Bhilwara centre	192	215	236	245	259
24.	Installed Capacity (Power in MW)	10308	12276	14372	15908	17281
25.	Commercial Bank Credit (September) in Rs. Crores	122499	143539	168641	178347	203902

Source: Statistical abstract 2016 and Economic Review 2015-16, Directorate of Economics & Statistics, Department of Planning, Rajasthan, Jaipur

- **Lower Per Capita Income:** The per capita income at current prices in Rajasthan in 2015-16 is estimated at Rs. 83,423 (Advance Estimates) as compared to Rs. 76881 in 2014-15. At fixed prices (2011-12), the per capita income (NSDP of the State divided by total population of the State) of Rajasthan in 2015-16 and 2014-15 is estimated at Rs. 66,979 and Rs. 64,002 respectively. The main reasons of the lower per capita NSDP in Rajasthan are: lower NSDP and large population of the State.
- **Water Deficient State:** Rajasthan is the most water – deficient State in the country. The State has only 1% share in the country's total water sources while India's 5.5% population lives in the State. This is an indicator to the magnitude of the problem. Under drought conditions, it is drinking water which is the main concern and adverse climatic conditions limit development efforts. Irregular rains and excessive drawl of ground water has caused the ground water level to go down ranging from 0.17 metres in some places to 42.25 metres in others. Runoff water has not been managed satisfactorily and this adds to the erosion of fertile topsoil.
- **Famine/Scarcity Conditions:** Famine/scarcity conditions are usual phenomenon of the economy of Rajasthan. During the years of famine, agriculture production is either nil or negligible. Sometimes even fodder and water is not available in the severe condition of famine. As a result millions of livestock die unnatural death. A critical problem of livelihood arises before rural people. The people of famine affected areas are bound to migrate with their animals to those areas where they could get employment, water and fodder. The people of Western Rajasthan usually face such situation as larger part of this region is desert and water – deficient. During last 65 years, the economy of Rajasthan has witnessed drought in 56 years.
- **Significant Role of Livestock:** Livestock has a significant role in the economy of Rajasthan. About 60% of the total area of the State is a desert region where animal husbandry is the main source of livelihood. A large number of small and marginal farmers, agricultural labourers and other local poor folks depend upon livestock for gainful employment.

From the point of view of livestock resources, Rajasthan is a rich state. Rajasthan has 7% of country's livestock and about 13.95% of sheep population. About 11% of milk production and 31% of the wool production of the country is contributed by Rajasthan. The number of livestock is 577.39 lakh as per livestock census 2012. Rajasthan's economy is called an economy of agriculture and animal husbandry. It is rightly said because animal husbandry is the second largest source of livelihood.

- **Inadequate Development of Infrastructure:** The development of infrastructure (physical as well as social infrastructure) plays a significant role in development of the economy. The States having adequate infrastructural facilities have witnessed rapid economic development. It is quite impossible for a state to develop its economy without developing infrastructure. Development of infrastructure is essential for rapid development of all the sectors of an economy – Primary, Secondary and Tertiary Sectors.

Adequate availability of quality infrastructure, covering the services of transportation (railways, roads, ports, civil aviation); electricity transmission and distribution, communications (telecommunication and post); water supply and sanitation, and solid water management, is one of the most important necessities for unleashing high and sustained growth and alleviating poverty particularly in the backward state like Rajasthan. The social infrastructure such as adequate educational institutes imparting quality education, medical and health services at the reach of common man at affordable prices is a must for rapid development of the state.

Availability of adequate qualitative infrastructure facilities is one of the main factors for attracting investment in the state. The development of infrastructural facilities has been the foremost priority of the State Government. As a result, significant progress has been made regarding generation, transmission and distribution of electricity, road transport (including development of National and State Highways), Rail services, postal and telecommunication services.

- **Electricity:** The installed capacity of electricity in Rajasthan was only 13 MW in 1950-51 which increased to 2647 MW in March 1990. The installed capacity in the state at the end of 2000-01 was 3998 MW. There has been substantial increase in the installed capacity of electricity in

Rajasthan during last decade (2001 – 2010). The installed capacity of electricity reached to the level of 17,281.10 MW on 31 December 2015.

- **Transport and Communication:** Transport and communication are considered as the key infrastructure required for rapid development of a region. But Rajasthan is the most backward state of the country in transport and communication sectors. Though the state has made a steady progress in this regard during last two decades.
 - **Roads:** Availability of good quality roads is an indicator of prosperity and development of the region. Road is a harbinger of overall development of the state. But Rajasthan is deficient in road mileage. The density of road per hundred sq. km. in Rajasthan in December 2014 is estimated at 59.9 km as compared to the national average of 148 km in the same year. The detail of different categories of roads in Rajasthan indicates that the total length of roads in the state on 31 March 2015 was 205003 km. It includes 7,310 km National Highways and 11,881 km State Highways.

There are 39,753 inhabited villages in Rajasthan as per Census 2011. About 89.10 percent (35,423) villages of the state had been connected with B.T.Roads till 31st March 2016. In other words, the state has not been connected with B.T. roads.
 - **Rail Transport:** Rail transport facilitates play a significant role in development of an economy because it is the cheapest, most convenient and most favoured mode of transportation in our country. The length of the rail lines in Rajasthan was only 5,780.12 km in March 2010 which included 4465 km (77.25%) Broadgauge, 1238 km (21.25%) Metergauge and 87 km (1.5%) narrowgauge rail lines. The average length of rail lines per thousand sq. km. in Rajasthan stood at 16.89 km 31 March 2010. Keeping in view the size of the state, it is considered very low. It is a pity that some of the district headquarters and sub divisions of the state have not been yet connected with the railways.
 - **Postal and Telecommunication Services:** The communication network has also been developed in the state during last six decades. There were 2299 post offices in the state during 1956-57. The number of post offices in Rajasthan had increased to 10,330 at the end of March 2014. The number of telephone exchanges in the State increased from 47 in 1956-57 to 2169 in March 2014. There were 39793 Public Call Offices in Rajasthan in March 2014. The number of telephone connections (all types) in the state was 68.53 lakhs in March 2014. The Private Sector Mobile Operators have played a significant role in this regard.
- **Social Infrastructure:** The level of social infrastructure was very low in Rajasthan at the time of its formation. Hence, higher priority has been accorded to develop basic amenities in the state during plan period. About 16.84% of the total expenditure of first five year plan of the state was incurred on the development of social services. This ratio increased substantially in subsequent plans. 40% of the total outlay (Rs. 22165 crore) of Twelfth Plan of the state had been allocated for social and community services. In the budget 2016-17 the social and community services accorded second highest priority and allotted 38.22% of the total budget outlay.
 - **Development of Human Resources:** The literacy ration in the state had increased to 66.10% in 2011 as compared to 8.02% in 1951. Yet it was lower than the national average of 73%. Although male literacy rate increased to 79.2% in 2011, yet the female literacy rate was recorded only 52.10% during 2011 Census. The Govt. of Rajasthan has launched special programmes during last two decades to increase female literacy.
 - **Medical and Health Facilities:** The Small – Pox has completely been eradicated in the state. Other Endemic and Communicable diseases have also been controlled to some extent. The number of beds in the hospitals and medical facilities has also increased rapidly during last six decades. There were 114 other than Medical Colleges'. Hospitals, 194 Dispensaries, 2080 Primary Health Centres (PHCs) in rural areas and 52 PHCs in urban areas, 571 Community Health Centres, 118 Mother & Child Welfare Centres, 13 Aid Post (Urban) and 14408 Health Sub – Centres working

in the state during December 2015. The number of beds in these hospitals stood at 46767 other than Medical Colleges.

- **Water Supply:** The water supply facility through pipelines was available to only some of the urban areas in the state at the time of its formation. Due to geographical diversities and shortage of both ground and surface water, safe and clean drinking water is always a crucial problem for the people of the state. With the continuous efforts of the state govt. in the direction, the problem is being solved gradually. The number of villages benefitted with different water supply schemes by the availability of conventional and non – conventional water resources are 68000 (December 2015) out of 121683 total habitations in the state.

Conclusion

It can be concluded that adequate development has taken place in the state during last six decades. There has been reduction in socio – economic and educational backwardness in the state. The socio – economic infrastructure has also been developed. It has facilitated the rapid economic development of the state. But the state is still struggling to develop qualitative infrastructure in adequate quantity required for faster development:

- **Irrigation:** There has been commendable increase in the gross irrigated area in Rajasthan due to planned economic development after attaining independence. The gross irrigated area in the state during 1950-51 was only 8.7 lakh hectares which was 12% of the gross cropped area. After four decades in 1990-91 the gross irrigated area increased to 46.5 lakh hectares which was about 24% of the gross cropped area. During 1999-2000 gross cropped area increased to 69.34 lakh hectares. It was 36% of the gross cropped area. The gross cropped area increased to 239.5 lakh hectares in 2012-13. The gross irrigated area increased to the level of 98.65 lakh hectares in 2013-14. It is 39.5% of the gross cropped area.
Sources of Irrigation in Rajasthan: The irrigation sources in Rajasthan can be grouped into following categories: (I) Canals (II) Tanks (III) Wells and Tube – wells and (IV) Others.
- **Food Grains Production:** The food grains production in the state in 1950-51 was only 33.8 lac tones which increased to 45.41 lac tones and 88.41 lac tones respectively in 1960-61 and 1970-71. It was recorded at 100.8 lac tones in 1983-84 but declined to only 47.8 lac tones in 1987-88 due to drought and famine. The foodgrains production in 1980-81 and 1997-98 was recorded at 109.3 lac tones and 140.4 lac tones respectively. The foodgrains production in the state in 1999-2000 was decreased to 109.59 lac tones as compared to 129.24 lac tones production in 1998-99. It increased to 219.2 lakh tones in 2011-12 but decreased to only 196.22 lac tonnes in 2014-15.
- **Oilseeds Production:** There has been commendable increase in the production of oilseeds in the state during last two decades. Production of oilseeds includes Groundnut, Sesamum, Soyabean and Castorseed during Kharif season. Rapeseed and Mustard, Taramira and Linseed in Rabi season. The Oilseeds production in the state in 1960-61, 1970-71 and 1980-81 was 1.72, 5.34 and 3.83 lakh tonnes respectively. It increased dramatically during last two decades. The total oilseeds production in the state touched a record figure of 23.55 lakh tonnes in 1990-91. It increased to 51.78 lakh tonnes in 2008-09. It was a record production of oilseeds in the state. In the year 2010-11, it was 66.05 lakh tonnes and was 53.14 lakh tonnes for 2014-15.
- **Production of Pulses:** Pulses are a rich source of energy and minerals, which constitute an important source of dietary proteins especially for the vegetarians. The production of pulses in the state increased from 11 lakh tonnes in 1955-56 to 26.33 lakh tonnes in 1997-98. The production of pulses in the state decreased to 24.44 lakh tonnes in 1998-99 and further decreased to 7.26 lakh tonnes in 2000-01. The production of pulses in Rajasthan increased to 24.71 lakh tonnes in 2013-14 and was 19.52 lakh tonnes for 2014-15. There have been large fluctuations in the production of pulses in the state because pulses are mainly sown in marginal land holdings dependent on rains.
 - **Industrial Development:** Rajasthan's economy was most backward before launching planned development in the state. There was complete shortage of large scale modern industries. Famine and drought was a common phenomenon due to 'Thar Desert' and shortage of rainfall. Thus, it is a backward and rural economy. Adverse geographical conditions, lack of water, lack of power and other infrastructure facilities, the state was backward in the

industrial development. There was lack of large size industries. Before independence there were only 7 cotton textile mills, 2 cement factories and 2 sugar mills in Rajasthan. Small, cottage and handicraft industries have great importance for the people of Rajasthan. These industries are useful for utilization of local resources, industrial decentralization, less capital and less technology and for income and employment.

With the amalgamation of princely dominated states into one state, Rajasthan came into existence. The industrial development in Rajasthan groomed during the decade of 1950 to 1960. Various industries set – up came into existence in the major districts of Rajasthan viz., Kota, Udaipur, Jaipur, Bhilwara. Textile, rugs, woolen goods, vegetable oil and dye are recognized as the major industries of Rajasthan. Steel, Cement, Ceramics and Glasswares, Electronic, Leather and Footwear, Stone and other Chemical industries are dominated by private sector.

- **Handicrafts Industries in Rajasthan:** From Handicrafts point of view, Rajasthan is a rich state. Handmade artistic goods of the state are of world fame. Artisans and artists of the state make several types of goods, which are even exported, by which earning of foreign exchange becomes possible. Handicrafts of the state reflect our culture and civilization, also. Many of the Handicrafts are of centuroldies. Artisans show their craftsmanship and talent by working on brass, stones, clay, leather, wood, textiles etc.

References

- Census of India 2011, Directorate of Census Operations, Rajasthan.
- Economic Review 2016-17, Directorate of Economics & Statistics, Department of Planning, Rajasthan, Jaipur.
- Gupta and Choyal, "Economic Environment in Rajasthan", 2016-17, RBD Publishing House, New Delhi
- Nathuramka LN, "Economy of Rajasthan", CBH Publications, Jaipur
- Statistical Abstract 2017, Directorate of Economics & Statistics, Rajasthan, Jaipur

