

## EXPORT POTENTIAL IN RAJASTHAN: STRENGTH OF RAJASTHAN IN TERMS OF INDUSTRIAL EXPORT

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### ABSTRACT

*Since independence, exports have been given high priority and country has worked to achieve growth in export. India entered into the era of trade reforms in 1991 and is moving gradually towards an open economy. The significance of export from country not only in earning foreign exchange but also provides consistent growth with some indirect benefits such as sustainable and inclusive growth for developing countries. India has diversified framework, different regions, different priority sectors and their requirements are different. Rajasthan, the largest state in geographical area terms, contributed about 2.38 % to India's export basket. The State is abundantly rich in natural resources, has ready availability of labour pool and is also historically endowed with wealth. Clearly, the export potential of this state is yet to be fully realized.*

**KEYWORDS:** *Industrial Export, Export Basket, GDP, Macro-Economic.*

### Introduction

Export holds the key not only for healthy and balance of payment position and macro-economic, but also for planned and sustained development. In the absence of a strong performance on the export front, the balance of payment position of country comes under strain and retards economic progress. India's export basket was worth Rs. 18.87% of GDP in the year 2017-2018 and the States of Gujarat, Maharashtra, Tamil Nadu and Karnataka contributed to bulk of the exports. The top two states of Gujarat and Maharashtra contributed close to 50% of the total exports. Rajasthan economy is the 8th biggest economy in India with the net State Domestic Product (NSDP) of more than US\$ 11.5 billion. The landlocked nature of the State has significantly restricted its access to a wider market as compared to the better performing states like Gujarat, Maharashtra and Tamil Nadu, all of which have a long coastline. Barring this obvious disadvantage, Rajasthan shares its borders with 6 states and acts as a direct connect between the manufacturing hubs in northern part of the country and the major ports in western part of the country. With its proximity to both these regions, the State is a promising investment destination, and both the State and Central Government are actively promoting improvement in output and exports from the State.

Rajasthan has traditionally been an exporter of primary goods and value added items. Rajasthan has traditionally been strong in exports of handicrafts, gems and jewellery, dimensional stones, agro products, and textile products. The top five export items from Rajasthan accounting for nearly two-thirds of exports from the State are textiles (including readymade garments), gems and jewellery, engineering goods, chemical and allied products (including tyres), and handicrafts. Agro and food products, dimensional stones comprising marble, granites and articles of stone mica, metals (ferrous and non-ferrous), and electronics and computer software are also important sectors having a share of more than 5% each in Rajasthan's exports. In the present scenario in terms of services exports, tourism and hospitality is a key segment in Rajasthan and has immense potential for earning foreign exchange revenue for the State. In fact, Rajasthan has been steadily gaining prominence in the global markets as an important tourist destination of India. In 2017, about 10.18 million foreign tourists arrived in India and Rajasthan was host to about 6% of this number.

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### Exports Scenario

Today we are witnessing exponential growth in all spheres of all industrial activity in the State and the export segment is no different. In Rajasthan it is truly remarkable to observe level of growth in export in wide range of sector such Textile and apparel, Gems and Jewellery, Engineering, Agro and Food processing, Metals, Carpets, Handicrafts, Dimensional stone. Over the year we have seen many new categories coming up with strong export potentialities like Engineering, Coir, wool, Dairy and Horticulture. Rajasthan total export about 46 thousand crores INRS.

A comparative study of export figures of Rajasthan and the Country as a whole reveals that Rajasthan's contribution towards export in 2017-18 was Rs. 46476.92 crores in all India figure of Rs. 1955541.12 crores, which is approximately 2.38% . Though, that is very small share of Country's total export , this has to be viewed that industrial development was virtually non- existence in the State. However, industrial development has a sea- change and the number of large scale industries has risen about 385 and the no. of MSME unit has gone upto 7.91 in year 2017-18. The increase in export from State has kept pace with the tempo of Industrial development in recent years. Thus, export from State has risen from Rs. 31.14 crores in 1973- 74 to Rs. 46476.92 crores in the year 2017-18. With the onset of economic reforms, the approach towards Export and Import is changing fast. The State government has also shifted its role from being a regulator to a "Facilitator to Promoter". The State Government made efforts for boosting exports from the State ranging from craftsmen to micro , small, medium and large scale entrepreneurs and industrialist.

#### Export from Rajasthan

S.No.	Product	YEAR (Rs. in crore)					
		2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
1.	Textiles	3800.08	4139.65	4500.90	4812.36	5256.61	5667.30
2.	Agro & Food Products	14517.17	9080.75	8009.55	3093.67	3720.43	4204.84
3.	Gem & Jewellery	3023.36	4564.15	5106.66	5344.84	5695.33	5264.38
4.	Engineering	2914.81	3517.26	3774.79	4754.48	5629.20	7350.17
5.	Metal						
	1. Ferrous	683.21	759.40	873.11	753.70	745.06	935.07
	2. Non-Ferrous	1124.94	923.79	954.01	1023.61	3129.20	4065.19
6.	Dimensional Stones Marble, Granites & articles of stone mica etc	2028.89	2539.42	2848.57	2904.17	3102.51	3172.40
7.	Mineral fuels, Mineral oils & Products, Bituminous Substances, Mineral waxes, Ores, Slags & Ash	1052.91	171.65	8.53	9.66	13.40	138.96
8.	Electronics & Computer Software	1171.82	1500.00	2100.00	2305.02	2439.73	2531.42
9.	Wool & Woollens	35.25	39.75	59.12	78.36	62.93	91.73
10.	Chemical & Allied	3779.69	4123.64	4140.50	4144.56	3404.74	4231.55
11.	Drugs & Pharmaceuticals	293.76	359.90	393.70	398.21	469.28	604.64
12.	Plastic & Linoleums	517.22	407.71	497.11	636.18	701.94	922.87
13.	Handicrafts	2363.83	3029.18	3264.54	3342.65	3831.36	3701.55
14.	Leather & Leather products	98.26	137.16	158.11	230.02	266.66	296.89
15.	Readymade Garments	1288.20	1543.17	1616.17	1579.36	1660.61	1831.51
16.	Carpet (Durries)	394.36	442.61	453.3	568.92	626.84	1095.32
17.	Others	18.94	7.52	8.48	67.70	20.28	371.13
	<b>Total</b>	<b>39106.70</b>	<b>37286.71</b>	<b>38767.15</b>	<b>36047.42</b>	<b>40776.11</b>	<b>46476.92</b>

Source: Annual Report 2017-18 Ministry of Commerce and Industry.

#### Strengths of Rajasthan in Terms of Export Potential

The State government determined to accelerate economic growth and create large scale employment in Rajasthan. State is a promising investment destination, and both the State and Central Government are actively promoting improvement in output and exports from the State for this purpose new measures including a dedicated Export Development and Promotion Policy, Scheme for export facilitation, market access and export linkages are under consideration. For further development, 'Ease of Doing Business' Export Infrastructure comprising of Research and Development Centres, certification and testing laboratories and improvement in logistic will enable us to catalyze growth and further realize our potential in sector. Rajasthan as a state offers some advantages for exports which are listed below:

### Ñ **Strategic Location**

8380 sq. km. of Rajasthan falls in National Capital Region (NCR) which is around 24.50% of total National Capital Region, the world's second largest urban agglomeration. Industries in Rajasthan have to their advantage, access to this enormous market.

### Ñ **Excellent Connectivity**

Rajasthan has second largest railway network of National Highways in the country. With a total road length exceeding 7310 Km. National Highway provide excellent connectivity to cities like Delhi, Jabalpur, Bhopal, Ahmedabad, Vadodara, Mumbai, Amritsar, Gwalior, Agra, Indore. Rajasthan has airports at Jodhpur, Udaipur, and airstrips in other major districts. At Air - Cargo complex at Jaipur, and Inland Container Depots at Jaipur (2), Jodhpur (3) Bhilwara and Bhiwadi facilitate trade within and outside India.

**Delhi -Mumbai Industrial Corridor:** provides opportunities for industrial establishment along the route are eminent as the corridor will make Rajasthan easily accessible to western and northern markets. About 60% of State's area (22 Districts including major districts such as Jaipur, Alwar, Kota and Bhilwara) falls within the DMIC area. With this, the State will become an attractive destination for setting up industrial and support infrastructure units.

### Ñ **Land Availability**

Rajasthan, geographically largest state of India, offers land in plenty and at comparative prices. Rajasthan Industrial Development and Investment Corporation Ltd. (RIICO) ensure top class infrastructure and other related support for establishment of new enterprises. To catalyze industrialization the corporation has developed 327 industrial areas close to 74,228 acres throughout the State. Furthermore, the State Government has made several provisions under the relevant laws for leasing of government land and simplifying the procedure for conversion of land for agri- business activities.

**Agro Food Parks:** RIICO has developed four Agro Food Parks in Kota, Jodhpur Sriganganagar and Alwar for development of agriculture based industries. Another food park is being developed near by Kishangarh in Ajmer district by M/s Greentech Mega Food Park Ltd., under the Scheme of Government of India.

### Ñ **Robust Infrastructure: Massive Urban & Industrial Setup**

- State has second largest rail network.
- State has second largest network of national highways in the country.
- State has access to 6 Airports - International Airport at Jaipur & Domestic Airports at Udaipur, Jaisalmer, Bikaner, Jodhpur, Kota & Kishangarh.
- State has presence of 8 Inland Container Depots (ICDs) (ICDs- Bhiwadi (Khatuvas), Jaipur (2), Jodhpur(3), Kota & Udaipur (Khemli - Domestic)& 1 Air Cargo Complex (Jaipur)
- State has 3 Special Economic Zones (SEZ) in Jaipur and fully operational Japanese Industrial Township at Neemrana (Alwar)
- State has Three Multimodal Logistic Zones (Ajmer, Jaipur and Pali)
- State has Industrial Areas having 84,200 acres of land.

### Ñ **Availability of Skilled Manpower**

- State has 2 Skill Universities (Rajasthan ILD Skills University and Bhartiya Development University)
- Emerging National Hub - Higher Education
- Highest number of Universities (70)
- RSLDC - National award for Skilling Initiatives 3 years in a row
- Maximum Chartered and Cost Accountants in India from Rajasthan
- Target to skill 1.5 Lakh youth every year
- Active Industry participation in Skilling - COEs

### Ñ **National level Institutes**

State has national level Institutes located at following places:

- IIT Jodhpur
- IIM, Udaipur

- NIFT, Jodhpur
- AIIMS, Jodhpur
- National Law University, Jodhpur
- BITS, Pilani

Ñ **Technical Skilling Annual Intake**

State has the following annual skilling intake

- 52,768 in 120 Engineering Colleges
- 4,785 in 65 Management Colleges
- 50,585 in 197 Polytechnics
- 3.74 lakhs in 1,876 Industrial Training Institutes

Ñ **Resource Advantage**

State enjoys the following Resource advantage

- 2<sup>nd</sup> Largest producer of minerals in India - Zinc, Lead, Silica, Limestone
- Highest potential for Solar Energy in the country
- Largest producer of guar gum, mustard seeds, spices and coarse cereals
- 4<sup>th</sup> Largest producer of Wheat
- 1<sup>st</sup> in Industrial textile manufacturing
- 1<sup>st</sup> in Blended fabric and wool manufacturing & exports
- 2<sup>nd</sup> largest in Cement production
- Leader in Gems & Jewelry (15% contribution in exports of Rajasthan)

Ñ **Effective Governance: Favorable Business Environment**

State has following environment favorable to business: one of the first States to come up with a Single Window Act (The Rajasthan Enterprises Single Window Enabling and Clearance Act, 2011) Advanced SWCS developed and launched in June 2016:

- Clearly defined land allotment processes
- All requisite business clearances granted online in defined time
- Peaceful labour relations
- Excellent Law & Order situation across the State

Ñ **Sectoral Advantages**

Rajasthan has following sector of prominence and their salient features are as under:

- **Auto and Engineering**
  - Major automotive manufacturing hub at Bhiwadi - Neemrana – Alwar
  - Special auto and engineering zones being developed in NCR
  - Substantial production of passenger cars and motorcycles in Alwar District
  - Opportunities for OEMs and Auto Ancillaries
- **Textiles**
  - Largest producer of blended fabric and 2<sup>nd</sup> in Blended Yarn.
  - 7 Textile Parks, an Apparel Park & Powerloom Mega Cluster
  - Eligible for additional benefits as thrust sector in RIPS- 2014
  - Textile Hub - Bhilwara
- **Tourism**
  - Famous for Forts, Palaces and Desert
  - High tourist influx
  - Opportunities-5 Star Hotels, Heritage Hotels, Adventure Tourism, Theme Parks
  - Eligible for additional benefits as thrust sector in RIPS- 2014

- **Agro and Food Processing**
  - 1<sup>st</sup> in guar gum, mustard, seed spices, coarse cereals & wool
  - 2<sup>nd</sup> in gram and milk (10% of Indian production of milk)
  - 3<sup>rd</sup> in oil seeds
  - 5 dedicated Agro-Food Parks
  - 1 Mega Food Park
  - Eligible for additional benefits as thrust sector in RIPS- 2014
- **Mining and Ceramics**
  - Accounts for 90% of India's marble, slate and sandstone
  - Large deposits of limestone, gypsum, rock phosphate etc.
  - 500 Ceramic units existing in State
  - Exclusive Ceramic & Glass Zone at Giloth and Sathana
  - Eligible for additional benefits as thrust sector in RIPS- 2014
- **IT/ITES/ESDM**
  - Cost of IT professionals 15-20% lower
  - Dedicated IT SEZ 750 acres at Mahindra World City, Jaipur
  - Opportunities in Auto & industrial electronics, mobile phone, LED products, Solar PV cells
  - Eligible for additional benefits as thrust sector in RIPS- 2014
- **Defence**
  - Readily available large tracts of land
  - Raw materials availability: Existing Steel/ copper/ brass tubes manufacturing
  - FDI limit raised to 100% and 49% under automatic route
  - Eligible for additional benefits as Thrust sector in Rajasthan Investment Promotion Scheme (RIPS 2014)
- **Infrastructure**
  - Second largest network of national highways in the country
  - 344 Industrial Areas having 84,200 acres
  - Opportunities in Urban Infrastructure:
    - \* Public Transport Services
    - \* Waste Management
    - \* Affordable Housing
    - \* Smart Cities: Jaipur, Udaipur, Kota & Ajmer
- **Healthcare**
  - 113 hospitals with 60,000 hospital beds, 13 medical colleges
  - Health Centers: 571 community, 2079 rural, 342 Urban.
  - State Healthcare Insurance Scheme with 70% coverage of population, has raised healthcare demand significantly
  - Immense scope for Medical Tourism in State.

## Conclusion

The export sector of Rajasthan provides competitive advantages in several areas. The State government has identified exports as one of the thrust areas and the flourishing export sector creating large number of livelihood and it's playing an important role in the state economy. Government of Rajasthan also realizes our export potential in several areas. Government of Rajasthan has constantly working with our exporter's community to facilitate exports & creation of enabling infrastructure such as EPIP, SEZ and multimodal Logistic parks in resonance with Central Government. The ongoing development of Delhi Mumbai Industrial Corridor is expected to make the transport of export consignment speedier, easier, and more cost effective giving a further boost to exports from the State.

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