

CHAPTER - 1

INTRODUCTION

1.1 Rajasthan, with a total geographical area of 3.42 lakhs Sq. km., is the largest State in the country. Administratively, Rajasthan is divided into 7 divisions and 32 districts, which are further sub-divided into 188 sub-divisions, 241 tehsils and 237 development blocks.

1.2 The population of Rajasthan, standing at 5.65 crores (2001 Census) and a density of 165 persons per sq. km., recorded a decadal growth rate of 28.41 percent over the population of 4.40 crores (1991 Census) and a density of 129 persons per sq. km. The SC population in the State stood at 17.2 percent of the total and that of ST at 12.6 percent.

1.3 The Aravalli hill range runs from southwest to northeast through the heart of the State. The region to the west and northwest of these hills, comprising 61.11 % of the total area of the State, is either desert or semi-desert. The cost of delivery of basic minimum services to the people is relatively very high in the State. The State also has a 1040 kms long international border with Pakistan.

1.4 Rajasthan is characterized by sharp variations in terrain, livelihood, settlement pattern and social identity. Distribution of income and assets is also highly uneven. With little manufacturing taking place, agriculture and animal husbandry form the major sources of livelihood.

1.5 Not less than 40 of the past half-century have been drought years for Rajasthan. This has severely affected the State's economy. Water, employment and protection of the livestock population have become the main concerns of the Government in these drought years. The financial implications of these efforts are indeed enormous.

1.6 With short and erratic monsoon, Rajasthan is the most water deficient State in the country. While the development of water resources has always been first priority for Rajasthan and notable success has been achieved in the area of water harvesting and conservation, the efforts have nevertheless been hampered due to non-availability of adequate resources. The severity of this can be best appreciated by the following table:

Table No. 1.1

1.	Geographical land mass	10.41 percent
2.	Population (2001 census)	5.49 percent
3.	Availability of water resources	1.04 percent

1.7 The salient features of the State vis-a-vis India are shown in the following table:

Table No. 1.2

	Items	Year	Unit	Rajasthan	India
1.	Geographical Area	2001	Lakh Sq. Km.	3.42	32.87
2.	Population	2001	In lakhs	565	10286
3.	Density of Population	2001	Per Sq. Km.	165	325
4.	Urban Population to total Population	2001	Percentage	23.39	27.78
5.	Decadal Growth	2001	Percentage	28.41	21.34
6.	SC Population to total Population	2001	Percentage	17.2	16.2
7.	ST Population to total Population	2001	Percentage	12.6	8.2
8.	Literacy				
	Total	2001	Percentage	60.4	64.8
	Female	2001	Percentage	43.9	53.7
	Male	2001	Percentage	75.7	75.3
9.	Birth Rate	2005	Per '000	28.6	23.8
10.	Death Rate	2005	Per '000	7.0	7.6
11.	Infant Mortality Rate	2005	Per '000	68	58
12.	Sex Ratio	2001	Per 000 of Male	921	933
13.	BPL Population				
	Total	2004-05	Percentage	22.1	27.5
	Rural	2004-05	Percentage	18.7	28.3
	Urban	2004-05	Percentage	32.9	25.7
14.	Gross Domestic Product at constant prices (base year 1999-2000)	2006-07	'000 crores Rs.	113.5	2844.0
15.	Per capita income at constant prices (base year 1999-2000)	2006-07	Rs.	16215	22379
16.	Life expectancy at Birth	2001-06	Male Female	62.2 62.8	63.9 66.9
17.	Human Dev. Index	2001	Value	0.424	0.472
18.	Total Livestock	2003	Lakh No.	491.36	4644.6 2
19.	No. of Bank Offices	Sept. 06	Per lakh of population	5.5	6.2
20.	Per capita Bank Deposit	Sept., 06	Rs.	8445	20361
21.	Per capita Bank Credit	Sept.,06	Rs.	6597	14861
22.	Credit Deposit Ratio	Sept.,06	Percentage	78.12	72.99
23.	Road Length	March, 03	'000 Km.	153	2526
24.	Railway Route Length per 1000 sq. km. of Area	2004-05	Km.	17.1	19.3
25.	Net Irrigated Area	2002-03	'000 hect.	4372	53131
26.	Area under Foodcrops	2003-04	Lakh Ha.	140	1233
27.	Production of Food grains	2003-04	Lakh Tonnes	180	2135
28.	Consumption of Fertilisers per Hectare	2003-04	Kg.	40.49	89.83
29.	% of Forest Area to Geo. Area	2003	%	9.49	23.57

	Items	Year	Unit	Rajasthan	India
30	Per Capita Consumption of Power (Utilised & Non Utilised)	2004-05	Kwh	328	411
31	Villages Electrified to total villages	March 2004	%	98.3	84.3

** at constant 1999-2000 prices.

Structure of Rajasthan's Economy

1.8 Rajasthan's economy is predominantly agrarian and rural in nature and there are wide fluctuations in the growth rate of the net state domestic product owing to uncertainties in agricultural production, which is almost entirely dependent on rainfall.

Table No. 1.3

Net State Domestic Product by Primary, Secondary and Tertiary Sector at Constant (1999-2000) Prices

(Rs. in lakhs)

Year	Agriculture incl. Livestock	Primary Sector	Manufacturing Sector	Secondary Sector	Tertiary Sector	Net State Domestic Product
1999-2000	2142034	2417483	802243	1740256	3179227	7336966
% distribution	29.20	32.95	10.93	23.72	43.33	100.00
2000-01	1978043	2256248	761879	1622973	3225438	7104659
% distribution	27.84	31.76	10.72	22.84	45.40	100.00
2001-02	2569200	2867871	777380	1723900	3426532	8018303
% distribution	32.04	35.77	9.70	21.50	42.73	100.00
2002-03	1581395	1929298	767823	1756790	3350659	7036747
% distribution	22.47	27.42	10.91	24.97	47.61	100.00
2003-04	3141266	3531494	802297	2046865	3805377	9383736
% distribution	33.48	37.64	8.55	21.81	40.55	100.00
2004-05 P	2646851	3043033	905315	2073621	3971665	9088319
% distribution	29.12	33.48	9.96	22.82	43.70	100.00
2005-06 Q	2349051	2764613	927098	2497177	4167029	9428819
% distribution	24.91	29.32	9.83	26.49	44.19	100.00
2006-07 A	2762983	3204415	920737	2637750	4386701	10228866
% distribution	27.01	31.32	9.00	25.79	42.89	100.00

(P)-Provisional estimates, (Q)-Quick Estimates, (A)-Advance Estimates.

1.9 The primary sector comprising of Agriculture, Animal Husbandry, Forestry, Fisheries and Mining has been showing mixed trend on year to year, its contribution to the NSDP decreased from 32.95 percent in the year 1999-2000 to 31.32 percent in the year 2006-07.

1.10 The share of Primary Sector has been the lowest in the year 2002-03, which was a severely drought affected year.

1.11 The sectoral percentages given in the above table reveal the shift from Primary Sector to Tertiary Sector.

1.12 The composition of Gross State Domestic Product by broad sectors of economy from the year 1999-2000 onwards at constant prices (1999-2000), is depicted in the following table:

Table No. 1.4

Gross State Domestic Product by Primary, Secondary and Tertiary Sector at Constant (1999-2000) Prices

(Rs. in lakhs)

Year	Agriculture incl. Livestock	Primary Sector	Manufacturing Sector	Secondary Sector	Tertiary Sector	Gross State Domestic Product
1999-2000	2328105	2648130	1074885	2136794	3476173	8261097
% distribution	28.18	32.06	13.01	25.86	42.08	100.00
2000-01	2168959	2488530	1048625	2067672	3537705	8093907
% distribution	26.80	30.74	12.96	25.55	43.71	100.00
2001-02	2764298	3103215	1003686	2113920	3753924	8971059
% distribution	30.81	34.59	11.19	23.57	41.84	100.00
2002-03	1780991	2165941	1002551	2214041	3699964	8079946
% distribution	22.04	26.81	12.41	27.40	45.79	100.00
2003-04	3344973	3774644	1048475	2448711	4174796	10398151
% distribution	32.17	36.30	10.08	23.55	40.15	100.00
2004-05 P	2854754	3292931	1163525	2478615	4381191	10152737
% distribution	28.12	32.43	11.46	24.41	43.16	100.00
2005-06 Q	2561236	3021511	1197952	2934031	4557946	10513488
% distribution	24.36	28.74	11.39	27.91	43.35	100.00
2006-07 A	2979538	3468578	1204880	3093900	4788460	11350938
% distribution	26.25	30.56	10.61	27.26	42.18	100.00

(P)-Provisional estimates, (Q)-Quick Estimates, (A)-Advance Estimates.

1.13 The per capita income of the State vis a vis All India Average both at current prices and constant prices (1999-2000) from 1999-2000 to 2006-07 are given in the following table:

Table No. 1.5

Per Capita Income

(In Rs.)

Year	At Current Prices		At Constant Prices (1999-2000) Prices	
	All India	Rajasthan	All India	Rajasthan
1999-2000	15886	13477	15886	13477
2000-01	16729	12897	16223	12719
2001-02	17883	14165	16910	13986
2002-03	18988	13126	17281	12043
2003-04	21142	16704	18517	15737
2004-05(P)	22946	16800	19297	14947

Year	At Current Prices		At Constant Prices (1999-2000) Prices	
	All India	Rajasthan	All India	Rajasthan
2005-06(Q)	25716	17863	20734	15219
2006-07(A)	29069	19920	22379	16215

(P) Provisional estimates, (Q) Quick estimates, (A) Advance estimates,

1.14 The gap between the per capita income at National and State levels is due to faster growth of population in the State and repeated droughts, affecting production in agriculture and allied sectors.

1.15 The position of Plan-wise growth rate in NSDP, and per capita income at 1999-2000 prices is as under:

Table No. 1.6

**Plan period-wise growth Rates in NSDP and Per Capita Income
Compound Growth rate Percent per Annum at 1999-2000 Prices**

Period	Primary	Secondary	Tertiary	NSDP	PCI
III Plan Period 1961-66	0.80	3.30	2.05	1.58	-0.77
Annual Plans 1966-69	-4.28	-0.73	3.97	-1.03	-3.27
IV Plan Period 1969-74	9.32	4.43	3.49	6.56	3.31
V Plan Period 1974-79	4.47	5.18	5.58	4.93	1.98
Annual Plan 1979-80	-23.45	-5.31	-2.48	-14.01	-16.42
VI Plan Period 1980-85	7.78	2.38	4.51	5.77	2.84
VII Plan Period 1985-90	3.96	8.42	10.89	7.13	4.54
Annual Plans 1990-92	6.59	19.29	9.80	9.92	7.57
VIII Plan Period 1992-97	7.58	8.00	7.77	7.73	5.09
IX Plan Period 1997-02	1.72	8.10	6.20	4.82	2.18
X Plan Period 2002-07	2.24	8.88	5.06	4.99	3.00
Long Term 1981-2007	4.53	8.35	7.26	6.38	3.85

1.16 Characteristic feature of the State Domestic Product in Rajasthan has been its year-to-year fluctuation, which is determined entirely by the behavior of the monsoon. This makes analysis of the pattern difficult, as it is possible to generate any growth pattern, merely by changing the base and the terminal years. Therefore, the plan period wise growth rates shown above need to be interpreted with great caution as they often indicate merely whether the first year of the plan was good or bad. If it was good, the trend growth tends to be lower and if it was bad it tends to be higher changing the base and terminal years.

1.17 Rajasthan's targeted Plan expenditure as percentage of GDP for the Eleventh plan (2007-12) is 7.63 per cent as compared to 5.76 per cent achieved in the Tenth Plan (2002-07). The targeted GDP and the proposed Plan expenditure for the year 2008-09 is Rs. 1,69,313.30 crores

and Rs. 13,879.20 crores respectively; thus the likely Plan expenditure as percentage of GDP for 2008-09 will be 8.20 per cent.

1.18 The State Government has undertaken a number of pro-poor policies for fostering inclusive growth with considerable success. The State's approach focuses on "inclusive growth" to ensure that the benefits of growth reach weaker sections. Rajasthan is growing rapidly towards achieving high growth under both Agricultural and non-agricultural sectors. The growth rate was (-) 9.93 per cent in 2002-03 which has reached 7.97 per cent in 2006-07. The major contributing factor to this growth has been Agriculture sector which had a growth rate of 14.80 per cent in 2006-07 from (-) 30.20 per cent in 2002-03. The average growth rate of State in the Ninth Plan period was 4.95 per cent; this reached to 5.58 per cent in Tenth Plan period. The sectoral growth rates in GDP at current prices during the Tenth Plan period (2002-07) are as under:

Table 1.7

(In percentage)

Year	Agriculture	Industry	Services	Total GSDP
2002-03	- 20.41	7.13	2.67	- 3.54
2003-04	57.17	16.42	14.32	26.06
2004-05	- 5.74	8.50	7.31	3.36
2005-06	-4.94	23.41	7.30	7.88
2006-07	23.82	9.78	8.01	12.66
Average Growth Rate	9.98	13.05	7.92	9.28

1.19 The State Government has been assigning the first priority to the power sector for last two years resulting in Rajasthan will soon be a power surplus State. An additional capacity of 455 MW has already been commissioned between the years 2006-07 to 2007-08; and the projects which are presently under construction will further provide 1070 MW additional capacity by December, 2008, taking the total generation capacity to 6570 MW. The State's generation capacity by the end of 11th Plan would be more than 12,000 MW, as against an installed capacity of 6089 MW at the end of Tenth Plan period.

1.20 The State Government has successfully implemented the Feeder Renovation program; T&D losses have been brought down by an unprecedented 9% in the last two years, and will be further brought down by another 5% by June, 2008. This has enabled the State Government to give 24 hour domestic supply to 14,000 villages and 34,000 villages will be similarly covered by June, 2008.

1.21 Rajasthan's public investment on social sectors has been gradually increasing for last 4 years. As percentages of Gross Budgetary Support, substantial increases have been made under education (7.51 per cent), health (3.09 per cent), rural development (9.10 per cent), social justice (5.03 per cent) and agriculture & irrigation (17.91 per cent) in the 11th Five Year Plan.

1.22 The State Government has laid special emphasis on social justice, empowerment and welfare of Scheduled Castes/Scheduled Tribes, Other Backward Classes, Minorities, Disabled people, Destitute children, aged & infirm and Destitute women. Keeping this in view the State Government has provided larger funds for this sector which would be evident from the fact that during the last four years an amount of Rs. 476.38 crores has been provided under Plan which is 189 percent higher than the provision of Rs.164.98 crore kept in the year 1999 to 2003. Moreover there has been a quantum jump in the plan allocations of the department from Rs.183.02 crores in Tenth Plan to Rs.1470.10 crores in Eleventh Plan.

1.23 National Rural Health Mission (NRHM) has been implemented in the State since 2005-06. The Plan of Action for NRHM includes increasing public expenditure on health, reducing regional imbalances in health infrastructure, community participation and ownership of assets, induction of management and financial personnel into district health system, and operationalizing community health centers into functional hospitals. The Government of India has changed funding pattern of NRHM; now State Government has been asked to contribute 15% matching share under the programme. The State Government is trying to dovetail its various ongoing health sector's schemes with the NRHM activities.

1.24 The Sarva Shiksha Abhiyan was formally launched in Rajasthan in the year 2001-02. The main object of this project is to provide educational facility to all children of 6-11 age group in the State, to complete the primary education by 2007 and upper primary education by 2010 of all enrolled children and to ensure universal stay of all children upto the year 2010. This project is being implemented in all districts of state. Under this project, the following activities are being taken up:-

- Conversion of Education Guarantee Scheme into primary schools
- Upgradation of primary school to upper primary school
- Repairing and maintenance of primary & upper primary school buildings
- Salary of para teachers/teachers
- To provide training to teachers
- Quality improvement of the elementary education

1.25 The funding pattern of the SSA has been changed from 75:25 between centre and state to 65:35 for the Eleventh Plan period. This has considerably burdened the State Government in terms of providing the matching state share.

1.26 Universalisation of secondary education is the need of hour which is possible only when all the girls passing out from upper primary stage enter secondary classes. Therefore, this means that quantitative expansion of secondary education with quality, for girls is imperative.

1.27 Reducing IMR, MMR and malnutrition among the women and children, improving women literacy rate and socio-economic status of women have been high priority areas of the State Government. Only by focusing on issues concerning women and child, is it possible to bring any meaningful development in society. To improve the access of rural women to institutional credit and their capacity a Self Help Group Institute has been set up. "Sahayogini", an additional women worker has been provided at each anganwari centre to function as a community worker. With community participation, nutrition in the form of hot cooked meal to the children in the age group 3 to 6 years is being provided at all the operational anganwari centres. "Janani Kalewa" scheme has been launched to provide hot cooked nutrition to pregnant and lactating women. Work on gender responsive budgeting has been started in the State.

1.28 The State Government is also focusing on strengthening, monitoring and evaluation of Plan implementation. The State Government has prepared its first outcome budget of 2005-06 and this is being continued. A number of evaluation studies on the implementation of government programs have been conducted.

1.29 The State Human Development Reports highlight inter se disparities with the districts and these represent important data sources for computing intra State differences. Rajasthan is in the process of publishing its second HDI report and 4 district profiles are also under preparation. These reports will be linked to District Plans through the District Planning Committees.

1.30 For addressing such a diverse and inequitable distribution of unemployed segment, there is a need for a "Mission Approach" that not only looks at employment avenues but also identifies the factors that inhibit generation of Employment for various poor and vulnerable segments. On this, the State Government has already set up "Rajasthan Mission on Livelihoods" that works on this approach. Considering that unemployability is a problem that needs to be tackled on priority, the government is focusing on skill training and enhancement, through a variety of measures and new schemes.

1.31 With more accessibility to formal education, the State has seen a growth in numbers of educated youth in the State. But, this has also led

to the problem of the “Educated Unemployed” that needs to be targeted specifically. The State Government has taken steps in this regard and launched an Unemployment Graduate allowance scheme named as “Akhsat Yojana”.

1.32 The State Government has recently hosted the “Resurgent Rajasthan Partnership Summit” with a view to bring in more investment in Rajasthan, thereby shifting dependence from the primary sector of manufacturing and services sector. The overwhelming response of Rs. 1,62,000 crores proposed investment with 300 MOUs/LOIs signed during the summit, indicate an attractive environment to investors and consumers. The State Government’s approach would remain firmly grounded in the principles which ensure that Public Private Partnerships are formulated and executed in public interest with a view to achieving additional capacity and delivery of public services at reasonable cost. The State Government has also formulated the Rajasthan Social Sector Viability Gap Funding Scheme 2007 to ensure supplementing scarce public resources for investment in social infrastructure sectors while improving efficiencies and reducing costs.

1.33 Over the past few years, the initiatives of the State Government have set the State on a path of macro-economic stabilization and sustained growth. Today, Rajasthan possesses a well-developed infrastructure and an industrial environment that not only supports, but stimulates good returns for private investment. The unmatched advantages for private investment in the state can be summarized as under:

- **Strategic Location:** The state is strategically located sharing boundaries with Punjab, Uttar Pradesh, Delhi, Haryana, Madhya Pradesh and Gujarat, thus, giving access to both the western and the northern markets. It is well-connected with Mumbai and also provides passage to and from the ports on the western coastline to the landlocked states in the north of the country
- **Unparalleled Tourism Assets:** Rajasthan has unparalleled attractions in its majestic forts and palaces, the picturesque Thar Desert, get-away sanctuaries, colourful fairs and festivals and fascinating handicrafts.
- **Peaceful Industrial Climate:** Rajasthan has a vibrant industrial climate with promising vertical integration capability in diverse industries, especially the service sector. Industrial units in the state enjoy a healthy labour working environment. An effective Single Window System is in place for expeditious clearance of proposals.
- **Political Stability & Peaceful Environment:** With its parliamentary republican political system, Rajasthan offers an unbroken record of political stability. Stable and transparent rules, an efficient and

independent judiciary and political and social stability guarantee a secured business environment.

- **Second largest mineral producing State:** Rajasthan is the second largest mineral producing state in the country.
- **Most business friendly states in India:** It is among the most business friendly states in India - Jaipur ranked third among the 12 major cities of India surveyed in the World Bank report: 'Doing Business in South Asia, 2007'.
- **Well-developed network of educational and technical institutions:** Rajasthan also has a well-developed network of educational, technical and medical institutions and a large pool of qualified manpower.