

CHAPTER - 1

ECONOMY

1.1 Rajasthan, in its present form, is a conglomeration of 19 princely States and 3 Chiefships, which varied in size, population, administrative efficiency and the level of socio-economic development. Rajasthan is the largest State of India with 10.41 percent geographical area spread over 3.42 lakh square kms. It is administratively divided into 7 divisions, 33 districts, 244 tehsils and 249 development blocks.

1.2 Rajasthan has a long international border of 1040 kms. with Pakistan. The most conspicuous geographical feature of Rajasthan is the Aravallis hill range running through north-east to south-west across the State. The region to the west and north-west of this range, comprising of 11 districts and about 61.11 percent of the total area of the State is predominantly arid and semi arid, and includes the vast Great Indian Desert-the Thar. The area to the south and south-east of the Aravalli hills is relatively fertile and densely populated. Rajasthan is predominantly an agrarian State, and due to its vast area, and scattered population, the cost of delivery of basic minimum services is very high.

1.3 Rajasthan is characterized by sharp variations in terrain, livelihood, settlement pattern and social identity. Agriculture and animal husbandry are the major sources of livelihood.

1.4 The Drought conditions have severely affected the State's economy. Water, employment and protection of the livestock population have become the main concerns of the Government in the drought years.

1.5 With short and erratic monsoons, Rajasthan is the most water deficient State in the country. While the development of water resources has always been the 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.

1.6 Rajasthan has only 1.16 percent water resources of the country. With short and erratic monsoons, Rajasthan is the most water deficient State in the country. The severity of this can be best appreciated by the following table:

Table No. 1.1

Geographical land mass	10.41 percent
Population (2011 Census) (Provisional)	5.67 percent
Availability of water resources	1.07 percent

1.7 Agriculture in Rajasthan is mostly dependent on monsoon and its duration is also very short. The average rainfall of the State is 575 mm., nearly 90 percent of rains are received in Kharif (June to September).

1.8 According to Census 2011, provisional population of Rajasthan is 6.86 crore which is 5.67 percent of the country's total population. During 2001-2011, the decadal growth rate is 21.44 percent. The population density increased to 201 persons per sq. km. in 2011 from 165 in 2001. Decadal growth in population is higher than the national average. The Scheduled Caste population in the State is 17.16 percent and Scheduled Tribe population is 12.56 percent of the total population (Census 2001).

1.9 The salient features of the State vis-a-vis India are given in the table below:

Table No. 1.2
Socio-Economic Indicators

S.No.	Indicators	Year	Unit	Rajasthan	India
1.	Geographical Area	2001	Lakh Sq. Km.	3.42	32.87
2.	Population	2011 (P)	In lakhs	686	12102
3.	Decadal Growth	2011 (P)	Percentage	21.44	17.64
4.	Density of Population	2011 (P)	Per Sq. Km.	201	382
5.	Urban Population to total Population	2011 (P)	Percentage	24.89	31.16
6.	Sex Ratio	2011 (P)	Per '000 Male	926	940
7.	SC Population to total Population	2001	Percentage	17.2	16.2
8.	ST Population to total Population	2001	Percentage	12.6	8.2
9.	Human Development Index	2007-08	Value	0.434	0.467
10.	Literacy - Total	2011 (P)	Percentage	67.06	74.04
	Female	2011 (P)	Percentage	52.66	65.46
	Male	2011 (P)	Percentage	80.51	82.14
11.	Birth Rate	2010	Per '000 Population	26.7	22.1
12.	Death Rate	2010	Per '000 Population	6.7	7.2
13.	Infant Mortality Rate	2010	Per '000 live birth	55	47
14.	Life expectancy at Birth - Male	2002-06	Years	61.5	62.6
	Female	2002-06	Years	62.3	64.2
15.	BPL Population based on Uniform Recall Period (URP)				
	Total	2004-05	Percentage	22.1	27.5
	Rural	2004-05	Percentage	18.7	28.3
	Urban	2004-05	Percentage	32.9	25.7
16.	Gross Domestic Product at constant prices (base year 2004-05)	2010-11	Rs '000 crore	196.04 Advance Estimates	4877.84 Revised Estimates
17.	Per-capita income at constant prices (base year 2004-2005)	2010-11	Rs.	25616 Advance Estimates	35917 Revised Estimates

S.No.	Indicators	Year	Unit	Rajasthan	India
18.	Per-capita Bank Deposit	Sept., 10	Rs.	17029	39388
19.	Per-capita Bank Credit	Sept., 10	Rs.	14632	28976
20.	Credit-Deposit Ratio	Sept., 10	Percentage	85.92	73.56
21.	Road Length per 100 Sq. Km. of Area	March, 08	Km.	50.14	97.57
22.	Railway Route Length per 1000 Sq. Km. of Area	As on 31.3.2010	Km.	16.89	19.46
23.	Percentage of Forest Area to Reporting Area	2007-08(P)	Percentage	7.96	22.8
24.	Per-Capita Consumption of Power (Utilized & Non-Utilized)	2008-09	Kwh	747.07	733.54
25.	Total Live Stock	2007(P)	Lakh No	566.32	5271.42
26.	Net Irrigated Area	2007-08(P)	Lakh Hect.	64.44	622.9
27.	Area under Food grains	2009-10(P)	Lakh Hect.	132.33	1213.7
28.	Production of Food grains	2009-10(P)	Lakh Tonnes	123.60	2182.0
29.	Consumption of Fertilisers per Hectare of Gross Cropped Area	2005-06(P)	in Kg.	44.21	120.4
30.	Villages Electrified to total villages	March 2009	%	91.64	83.6

(P)- Provisional

Structure of Rajasthan's Economy

1.10 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. Agriculture provides livelihood to a large population of the State and contributes about 24 percent to the NSDP.

Table No. 1.3
Net State Domestic Product by Sectors at Constant (2004-05) Prices

(Rs in lakh)

Year	Agriculture Sector	Industries Sector	Services Sector	Net State Domestic Product
2004-05	3048036	3205123	5010413	11263572
% contribution	27.06	28.46	44.48	100.00
2005-06	3045240	3517583	5457405	12020228
% contribution	25.34	29.26	45.40	100.00
2006-07	3277661	4167618	5989712	13434991
% contribution	24.40	31.02	44.58	100.00
2007-08	3312408	4210884	6523856	14047148
% contribution	23.58	29.98	46.44	100.00
2008-09 P	3508719	4290933	7262402	15062054
% contribution	23.29	28.49	48.22	100.00
2009-10 Q	3079036	4710638	7894734	15684408
% Contribution	19.63	30.03	50.34	100.00
20010-11 A	3901186	4774490	8589957	17265633
% Contribution	22.60	27.65	49.75	100.00

P-Provisional Estimates, Q-Quick Estimates, A=Advance Estimates.

1.11 The contribution of the agriculture sector includes agriculture, animal husbandry, forestry and fishing. During the last 7 years, contribution of this sector was around 24 percent. Contribution of this sector increased to 22.60 per cent in the year 2010-11 from 19.63 percent in 2009-10.

1.12 The Industries sector includes mining, manufacturing (registered & un-registered), construction, electricity, gas & water supply. During the last 7 years, contribution of this sector was around 29 percent. As per advance estimates, the contribution of this sector in NSDP is 27.65 per cent in the year 2010-11.

1.13 The Services sector consists of railways & other transport, storage, communication, trade, hotel & restaurant, banking & insurance, ownership of dwellings, legal services, business services, public administration and other services. The contribution of this sector in NSDP is 49.75 percent in 2010-11 as per advance estimates. During the last 7 years, the contribution of the services sector in the economy of Rajasthan is about 47 percent.

1.14 If composition of NSDP during last 7 years is analyzed, contribution of Industries sector remained almost around 29 percent but Agriculture & Services Sectors show the auto-correlation with vice-versa decreasing and increasing trends.

1.15 The composition of Gross State Domestic Product by broad sectors of the economy from the year 2004-05 onwards at constant prices (2004-05), is depicted in the following table:

Table No. 1.4
Gross State Domestic Product by Sectors at Constant (2004-05) Prices
(Rs. in lakhs)

Year	Agriculture Sector	Industries Sector	Services Sector	Gross State Domestic Product
2004-05	3272993	3903738	5597834	12774565
% contribution	25.62	30.56	43.82	100.00
2005-06	3283043	4238250	6107203	13628496
% contribution	24.09	31.10	44.81	100.00
2006-07	3529677	4987806	6701384	15218867
% contribution	23.19	32.78	44.03	100.00
2007-08	3586702	5118510	7296450	16001662
% contribution	22.41	31.99	45.60	100.00
2008-09 P	3800979	5238846	8096701	17136526
% contribution	22.18	30.57	47.25	100.00
2009-10 Q	3330071	5755132	8787755	17872958
% Contribution	18.63	32.20	49.17	100.00
2010-11 A	4229106	5848286	9527104	19604496
% Contribution	21.57	29.83	48.60	100.00

P-Provisional Estimates, Q-Quick Estimates, A-Advance Estimates.

1.16 The per capita income of the State vis-a-vis all India Average, both at current prices and constant prices (2004-05) from 2004-05 to 2010-11 is given in the following table:

Table No. 1.5
Per Capita Income

Year	At Current Prices		At Constant (2004-05) Prices	
	All India	Rajasthan	All India	Rajasthan
2004-05	24143	18565	24143	18565
2005-06	27123	20275	26025	19445
2006-07	31198	24055	28083	21342
2007-08	35820	26882	30354	21922
2008-09 P	40605	30592	31801	23101
2009-10 Q	46492	34042	33731	23653
2010-11 A	54835*	39967	35917*	25616

P- Provisional Estimates, Q- Quick Estimates,
A=Advance Estimates * Revised Estimates

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

1.18 The position of Plan-wise growth rate in NSDP, and Per Capita Income at constant prices (2004-05) is as under:

Table No. 1.6
Plan Period-wise Average Growth Rates in NSDP and
Per Capita Income at Constant (2004-05) Prices

Period	(in percentage)				
	Agriculture	Industry	Services	NSDP	PCI
III Plan Period 1961-66	1.51	3.39	2.16	1.86	-0.50
Annual Plans 1966-69	-1.60	-0.56	4.49	0.10	-2.17
IV Plan Period 1969-74	12.35	4.58	3.58	7.71	4.34
V Plan Period 1974-79	4.76	5.93	6.32	5.34	2.38
Annual Plan 1979-80	-24.07	-4.97	-2.40	-14.21	-16.61
VI Plan Period 1980-85	8.99	2.91	4.52	6.20	3.26
VII Plan Period 1985-90	9.74	7.84	11.36	8.29	5.69
Annual Plans 1990-92	8.07	21.72	10.45	11.16	8.79
VIII Plan Period 1992-97	9.04	8.32	7.76	8.08	5.44
IX Plan Period 1997-02	2.05	7.72	6.13	4.59	1.95
X Plan Period 2002-07	6.25	13.74	7.13	7.17	5.19
XI Plan 2007-12 (only 2007-11)	5.36	3.52	9.44	6.50	4.70
Long Term 1960-2011	5.64	6.46	6.29	5.61	3.04

1.18 Table 1.6 shows that agriculture growth has remained lower than the growth rates witnessed in the industrial and services sectors.