

CHAPTER - 1

ECONOMY

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 characterised 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:

1.	Geographical land mass	10.40 percent
2.	Population (2001 census)	5.50 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:

	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	21.52
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	2004	Per '000	67	58
12.	Sex Ratio	2001	Per 000 of Male	921	933
13.	BPL Population				
	Total	1999-00	Percentage	15.28	26.10
	Rural	1999-00	Percentage	13.74	27.09
	Urban	1999-00	Percentage	19.85	23.62
14.	Gross Domestic Product at constant prices (base year 1993-94)	2005-06	'000 crores Rs.	70.5	2586.6**
15.	Per capita income at constant prices (base year 1993-94)	2005-06	Rs.	10226	20813**
16.	Life expectancy at Birth	1993-97	Male	59.1	60.4
			Female	60.1	61.8
	Male	2001-06	Projected Level	62.17	64.11
	Female	2001-06	Projected Level	62.80	65.43
17.	Human Dev. Index	2001	Value	0.424	0.472
18.	Total Livestock	2003	Lakh No.	491.36	4644.62
19.	No. of Bank Offices	Sept. 05	Per lakh of population	5.5	6.2
20.	Per capita Bank Deposit	Sept., 05	Rs.	7293	16995
21.	Per capita Bank Credit	Sept.,05	Rs.	5284	11569
22.	Credit Deposit Ratio	Sept.,04	Percentage	60.47	59.92
23.	Road Length	March, 03	'000 Km.	153	2526
24.	Railway Route Length per 1000 sq. km. of Area	2004	Km.	17.05	19.23
25.	Net Irrigated Area	2001-02	'000 hect.	5420	54563
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 of Gross Cropped Area	2003-04	Kg.	37	90
29.	% of Forest Area to Total Area	1997-98	%	9.49	23.28

	Items	Year	Unit	Rajasthan	India
30	Per Capita Consumption of Power	2003-04	Kwh	294	390
31	Villages Electrified to total villages	March 2004	%	98.3	84.3

** at constant 1999-2000 prices.

Structure of the 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 due to uncertainties in agricultural production, which is almost entirely dependent on rainfall.

Net State Domestic Product by Primary, Secondary and Tertiary Sector at Constant (1993-94) Prices

(Rs. in lakhs)

Year	Primary		Secondary		Tertiary	Total NSDP
	Agriculture incl. Animal Husbandry	Total	Manufacturing	Total		
1999-2000	1284072 (27.57)	1454540 (31.23)	672889 (14.45)	1298253 (27.88)	1904585 (40.89)	4657378 (100.00)
2000-01	1111879 (24.35)	1289829 (28.25)	624388 (13.67)	1197933 (26.23)	2078607 (45.52)	4566369 (100.00)
2001-02	1446011 (28.78)	1638594 (32.62)	591687 (11.78)	1220384 (24.29)	2164859 (43.09)	5023837 (100.00)
2002-03	870365 (18.85)	1085983 (23.52)	574829 (12.45)	1276371 (27.64)	2255339 (48.84)	4617693 (100.00)
2003-04(P)	1736151 (29.09)	1979662 (33.17)	627966 (10.52)	1392417 (23.33)	2596895 (43.50)	5968974 (100.00)
2004-05(Q)	1515429 (25.29)	1759956 (29.38)	694755 (11.60)	1542214 (25.74)	2688926 (44.88)	5991096 (100.00)
2005-06(A)	1538552 (24.29)	1784202 (28.16)	745323 (11.60)	1696147 (26.77)	2855020 (45.07)	6335369 (100.00)

Figures in brackets indicate sectoral percentage to the total. (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 31.23 percent in the year 1999-2000 to 28.16 percent in the year 2005-06.

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 An important feature, noticed with regards to sectoral contribution in NSDP is whenever the share of Primary Sector is increasing the share of Tertiary Sector is decreasing in that year and vice versa.

1.13 The composition of Gross State Domestic Product by broad sectors of economy from the year 1999-2000 onwards at constant (1993-94) prices, is depicted in the following table.

Gross State Domestic Product by Primary, Secondary and Tertiary Sector at Constant (1993-94) Prices

(Rs. in lakhs)

Year	Primary		Secondary		Tertiary	Total GSDP
	Agriculture incl. Animal Husbandry	Total	Manufacturing	Total		
1999-2000	1403366 (26.52)	1605748 (30.34)	879117 (16.61)	1597554 (30.19)	2088718 (39.47)	5292020 (100.00)
2000-01	1236146 (23.88)	1442846 (27.87)	787874 (15.22)	1457876 (28.16)	2276310 (43.97)	5177032 (100.00)
2001-02	1574385 (27.80)	1794532 (31.69)	763727 (13.48)	1494614 (26.39)	2374404 (41.92)	5663550 (100.00)
2002-03	1003757 (19.03)	1243913 (23.58)	754987 (14.31)	1561631 (29.61)	2469111 (46.81)	5274655 (100.00)
2003-04(P)	1873140 (28.19)	2141851 (32.24)	812982 (12.24)	1685368 (25.36)	2816914 (42.40)	6644133 (100.00)
2004-05(Q)	1656212 (24.77)	1926637 (28.82)	884895 (13.24)	1843280 (27.57)	2915366 (43.61)	6685283 (100.00)
2005-06(A)	1683303 (23.88)	1955580 (27.74)	940822 (13.35)	2005698 (28.45)	3087816 (43.81)	7049094 (100.00)

Figures in brackets indicate sectoral percentage to the total. (P)-Provisional estimates, (Q)-Quick Estimates, (A)-Advance Estimates.

Per Capita Income

(In Rs.)

Year	At Current Prices		At Constant Prices (1993-94)	
	All India	Rajasthan	All India	Rajasthan
1999-2000	15625	12765	10071	8555
2000-01	16555	12514	10308	8175
2001-02	17823	13621	10754	8763
2002-03	19040	12641	11013	7903
2003-04(P)	20989	15738	11799	10010
2004-05(Q)	23308	16212	12414	9853
2005-06(A)	25788 *	17695	20813 *	10226

(P) Provisional estimates, (Q) Quick estimates, (A) Advance estimates,
* At constant 1999-2000 prices.

1.14 The gap between the Per Capita Income at National Level and State Level is persisting due to faster growth of population in the State and spectre of drought looming all over the State in the past few years affecting agriculture and allied sector's production.

Plan period-wise growth rates in NSDP and PCI

Period	Compound Growth Rate percent Per Annum				Per capita Income at Constant Prices (1980-81)
	Primary	Secondary	Tertiary	Total	
III Plan 1961-66	0.34	3.66	1.98	1.36	-0.98
Annual Plans 1966-69	-3.51	-0.26	4.14	-0.77	-3.02
IV Plan 1969-74	9.90	4.07	3.83	7.08	3.81
V Plan 1974-79	4.63	5.64	6.03	5.18	2.22
Annual Plan 1979-80	-23.25	-3.84	-3.30	-14.49	-16.88
VI Plan 1980-85	7.76	2.73	4.76	5.94	3.01
VII Plan 1985-90	3.70	9.10	11.37	7.06	4.47
Annual Plans 1990-92	6.65	18.09	10.22	10.26	7.91+
Eighth Plan 1992-97	7.59	8.21	7.79	7.80	5.16+
Ninth Plan 1997-02	0.71	6.74	7.54	4.83	2.19+
Tenth Plan 2002-07	2.15	8.58	7.16	5.97	3.94+
Long Term 1981-06 (25 Years)	4.40	7.99	8.00	6.63	4.07+

+ Based on 1993-94 prices.

1.15 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.