



## Economic Growth and Structural Change in Rajasthan

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**Abstract:** The present paper highlights the trends of economic growth in the economy of Rajasthan and discusses its relative share in national economy of India. It reviews the trends of Year-wise growth rate of GSDP, NSDP and per capita NSDP for Rajasthan state during 2007 -08 To 2015-16. It is indicative of the fact that the economy of Rajasthan has registered many ups And downs in the growth trajectory but the current decade is a period of fair stability and positive Growth The growth pattern of different sectors of the economy shows that presently, nearly one Half of NSDP (48.88 percent) is coming from the tertiary sector and rest of the half is coming From primary sector (22.52 percent) and secondary sector (28.6 percent)

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**Keywords:** economic growth, primary, secondary, tertiary, Rajasthan.

### Introduction:

Rajasthan enjoys a strategic geographical position wherein it is situated between Northern and Western growth hubs in the country and 40% of Delhi Mumbai Industrial Corridor (DMIC) run Through it. Rajasthan has been successful in attracting a large number of multinational as well as Domestic companies to set up operations in the state. Investors have set up ventures in fields as diverse as Information Technology, Electronics, Textiles, Chemicals, Agro-processing, Cement, Granite, and Engineering. The state has 322 industrial areas at present and setting up of three new is in pipeline. Rajasthan is one of the favored destinations for cement industry, being endowed with limestone which acts as the base for cement production and also the concessions Provided by the state to the industry. The state boasts of tremendous bio diversity, rarely to be found in others state. Thus has a potential to create immense industrial activity in the field of biotechnology and modern biotech products like recombinant DNA products and Bio-Informatics. Construction of four state-of-art Biotech Parks is under consideration. Up to early-mid 1980s, Rajasthan exhibited slow progress on almost all economic and social indicator. A mere three percent annual rise gross state domestic product (GSDP) resulted in almost no growth in per capita income. Since the 1980s, the state began to improve upon its economic and social performance. During the last three decades on an average, the Rajasthan economy has grown at the rate of 6.05 percent per annum. Decadal breakup of the NSDP series shows that, in the decade of 1980s, the state grew at the rate 5.94 percent per annum and then in 1990s at the rate of 6.53 percent per annum and touched the mark of 7.17 percent per annum in the last decade. The growth pattern suggests that economy is consistently on higher growth path trajectory during the last decade.

Thus the State has a lot of scope in industries, which contributes around 32 per cent (2007-08 to 2015-16) in State GSDP at constant (2007-08) price. Rajasthan has a strategic advantage of



being near of National Capital Region. The RIICO has been working towards facilitating better industrial and investment platform for the State. The State Government has implemented a number of schemes for the improvement of this sector. The industrial policy of the State aims at enhancing the industrial climate and providing quality infrastructure to the entrepreneurs in the State. In recent years, all kinds of infrastructures like; roads, railways, banking, electricity, urban development have been improved in the State. As, this sector is very important from the employment point of view, the State Government is doing well on the industrial front. Rajasthan stands at 10th in agriculture, 11th in infrastructure, 12th in consumer markets, 14th in macro economy, 15th in investment environment, and 17th in primary education.

Agriculture is an important sector of the State due to large dependencies of the population. It contributes around 21 per cent (2007-08 to 2015-16) in State GSDP at constant (2006-08) prices. The services sector contributes around 47% in GSDP followed by the industry and agriculture sectors at 27% and 26% respectively. Over the last ten year period (FY01-10) the share to the GSDP has changed from 27% to 26%, from 28% to 27% and 45% to 47% in the agriculture, industry and services sectors respectively.

#### **Review of literature:**

There is vast amount of literature available on growth pattern among Indian states. Nair's (1982) analysis for the years 1950-51, 1955-56, 1960-61 to 1975-76 showed that inter-state disparities in per capita NSDP had declined over the period 1950-51 to 1964-65 and increased thereafter up to 1975-76. Roy Choudhary (1993-94) analysis concluded that co-efficient of variation of per capita NSDP in constant prices increased during the study period 1967-68 to 1985-86. Das and Barua (1995) concluded that the inter-state inequality widened during the study period 1970-1992. Mathur (2001) study since 1950 with specific focus on their periods 1980's and 1990's revealed that there is a steep acceleration in the coefficient of variation of per capita income after the reform period up to 1996. Kurian (2000) was of the view that the increase in the role of private sector after 1980's aggravated the inter-state disparities. Krishna (2004) was of the view that the inter-state disparities revealed through the coefficient of variation widened steadily over time and the relative position of the states have not undergone major changes.

#### **Objective:**

Based on above mentioned review of literature; there is no specific view about the growth path and changes in structural patterns due to economic growth in Rajasthan. The paper is an attempt to discuss various aspects of economic growth and structural changes occurred during 2007-08 to 2015-16 in Rajasthan.

#### **Results and Discussion:**

**Gross State Domestic Product:** The Gross State Domestic Product (GSDP) is the total monetary value of all the final goods and services produced by an economy during a given period of time (generally a year) accounted without duplication. The Rajasthan economy has shown a healthy growth path during the recent years. GSDP (at constant prices) has almost doubled (1.89) from Rs 127746 crore in 2007-08 to Rs 239913 crore in 2015-16. The year-wise



estimates of Gross State Domestic Product at constant prices and growth rates for Rajasthan and its share in Indian economy are provided in table 1. As per the advance estimates, Gross State Domestic Product at constant (2007-08) prices, in the year 2015-16 is likely to attain a level of 2, 39,913 core, as against the estimates of GSDP for the year 2015-16 (quick estimates) of 2, 27,824 core, registering an increase of 5.31 per cent over the preceding year. A substantial increase in the percentage share of Rajasthan state in the national has been observed; it has been increased from 4.3% in 2007-08 to 4.36% in 2015-16. Percentage growth rate of GSDP shows many ups and downs during 2007-2016; the highest growth rate 15.28% recorded in 2010-11, while lowest growth rate was registered 5.14% in the financial year 2007-08.

Year	GSDP (% share in India)	Growth in GSDP
2007-08	217748	6.65
2008-09	176534	6.90
2009-10	197698	11.09
2010-11	221463	15.87
2011-12	238713	12.87
2012-13	257685	13.65
2013-14	298763	15.27
2014-15	314387	7.65
2015-16	317856	5.37

### Net State Domestic Product & Per Capita Net State Domestic Product:

The growth pattern of Net State Domestic Product (NSDP) of Rajasthan for the period 2007-08 to 2015-16 is given in table 2. Year-wise growth rate is indicative of the fact that economy has registered many ups and downs in the growth trajectory but the current decade is a period of fair stability and positive growth. The all India net national product at constant price has increased from 2651573 crore in 2007-08 to 4823087 crore in 2015-16, while net state domestic product at the constant prices for the same period was grew from 112636 crore to 207980 crore. Percentage growth of NSDP was higher than national average in the year of 2006-07, 2008-09, 2010-11 and 2012-13, while in all other years it was witnessed lower growth rate than national average. It clearly highlight that still the economy of Rajasthan is depend on agriculture and mercy of nature ultimately, if the rain is quite satisfactory growth rate is also satisfactory or vice a versa. As per the calculated percentage growth of previous year for India shows declining trend but there is no clear trend of increasing growth rate during the last decade in Rajasthan. As per the advance estimates, the Net State Domestic Product at constant (2007-08) prices, in the year 2015-16 has been estimated at 2,07,980 crore as against 1,97,537 crore in the year 2011-12 (quick estimates) showing an increase of 5.29 per cent over the previous year. The per capita income at constant (2007-08) prices during 2012-13, is likely to be 29,917 as compared to 28,851 in the year 2011-12, registering an increase of 3.7 per cent over the previous year.



Year	NSDP	Growth	Per Capita NSDP	Growth Rate
2007-08	137642	-----	28654	-----
2008-09	149807	6.87	28987	4.98
2009-10	170983	6.93	29870	5.09
2010-11	180988	5.01	30981	5.98
2011-12	214543	5.92	31098	6.76
2012-13	258761	6.09	32870	5.09
2013-14	279073	7.91	32890	6.94
2014-15	287453	7.01	33097	7.08
20116	316582	8.08	35098	7.90

**Source: Central Statistical Organization, Data book for DCH; 18 October 2015**

**Author's Calculation.**

The share of Rajasthan in industrial investments as a percentage to India's total industrial investment has been steady; it has been increased from 1.26% in 2013 to 1.71% in 2015. The industrial investments in Rajasthan increased to Rs29700 crore in 2010 from Rs7502 crore in 2009. The industrial investment in Rajasthan showed a plunge during 2011 due to world economic slowdown but has shown sharp recovery in 2014.

Year	India	Rajasthan	Rajasthan's share in India
2012	433371	7508	1.98
2013	459065	13976	2.89
2014	470965	24098	1.98
2015	480976	43098	1.95
2016	510875	29075	2.76

*Source: PHD RESEARCH BUREAU, Govt. of India\* up to December 2016.*

S.N.	Scoter	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
1	Agriculture	22.76	21.97	20.09	21.74	19.98	21.94	21.97	20.65
2	Forestry	4.14	3.85	3.54	3.47	3.22	3.09	2.77	2.61
3	Fishing	0.07	0.07	0.07	0.07	0.07	0.07	0.06	0.06
4	Agriculture allied	27.06	25.33	24.40	23.58	22.64	20.64	23.77	22.52
5	Mining	2.01	1.99	2.58	2.59	2.10	2.25	3.23	3.70
6	Manufacturing	11.27	11.82	13.38	12.94	12.98	14.19	13.34	13.36
7	Manufacturing \$	5.25	5.85	7.46	6.62	7.15	8.48	7.98	7.99



	Registered								
8	Manufacturing \$ Unregistered	6.02	5.96	5.92	6.32	5.83	5.71	5.37	5.37
9	Construction	13.24	13.80	13.79	13.29	12.19	11.47	9.98	9.71
10	Electricity	1.93	1.66	1.26	1.16	1.88	2.30	1.93	1.83
11	Industry	28.46	29.20	31.01	29.88	29.10	30.15	28.66	28.50
12	Transport	5.10	5.35	5.45	5.33	5.70	6.04	5.70	6.20
13	Railways	0.70	0.60	0.68	0.65	0.78	1.03	0.86	1.01
14	Storage	0.04	0.05	0.02	0.05	0.03	0.04	0.02	0.01
15	Communication	1.42	1.60	1.83	2.05	2.10	2.13	2.11	2.08
16	Trade	14.55	15.20	15.10	15.60	15.50	15.30	15.82	15.65
17	Banking	3.70	4.10	4.70	5.20	5.60	5.90	6.10	6.54
18	Real estate	8.02	7.90	7.55	7.45	7.24	7.15	6.61	6.57
19	Public administration	3.70	3.61	3.31	3.15	4.20	4.12	3.76	3.55
20	Poultry	4.87	5.95	4.09	3.90	5.98	5.98	4.96	5.98
21	Other Services	8.90	8.99	8.51	8.58	9.50	10.55	9.21	9.45
22	services	44.48	45.40	44.58	46.44	48.21	49.15	47.75	48.88

**Source: Central Statistical Organization, Data book for DCH; 18 October 2015. Author's Calculation:**

The growth pattern of different sectors of the economy is a best indicator of structural change in an economy. Sector-wise breakup of net state domestic product at factor cost for Rajasthan for the year 2007-08 to 2015-16 is presented in figure 1. It shows that presently, nearly one half of NSDP (48.88 percent) is coming from the tertiary sector and rest of the half is coming from primary sector (22.52 percent) and secondary sector (28.6 percent). It shows increasing trend in service sector, while industry sector seems to have stagnant during this period and agriculture sector have limited in this period.

### Conclusion:

The share of Rajasthan in industrial investments as a percentage to India's total industrial investment has been steady; it has been increased from 1.26% in 2006 to 1.71% in 2010. The growth pattern of different sectors of the economy shows that presently, nearly one half of NSDP (48.88 percent) is coming from the tertiary sector and rest of the half is coming from primary sector (22.52 percent) and secondary sector (28.6 percent). It shows increasing trend in service sector, while industry sector seems to have stagnant during this period and agriculture sector have limited in this period.

Agriculture has declined its share in agriculture and allied sector while fishing remained constant and slow decline has been recorded by forestry and logging sector in this period. Industry sector shows increasing trend in manufacturing, mining and quarrying sectors while construction sectors contribution is declining from 2007-08 and electricity gas and water supply



has remained constant in this period. Highest contribution of manufacturing sector has been recorded 14.19% in the year 2009-10. Trade, Hotels and restaurants sector is an outlier sector in the service sector followed by other services, real state & ownership, Banking and insurance, transport, storage & communication and Railways. Real state and ownership is only the subsector which is regularly showing declining trend while other sectors are showing somehow an increasing trend during 2008-16.

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