

## OVERVIEW OF THE RAJASTHAN ECONOMY: GROWTH AND MACRO SCENARIO

**Mr. Gorav Kumar Karwal\*1, Dr. Umesh Kumar Agrawal\*2**

\*1Assistant Professor, Department Of ABST (Commerce), SMM Govt Girls College, Bhilwara, Rajasthan, India.

\*2Head & Assistant Professor, Department Of Commerce, Government Vikram College, Khachrod, District- Ujjain, M.P., India.

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### ABSTRACT

Rajasthan has made vigorous strides in the pursuit of socio-economic development during the last few years. The reliable and comprehensive picture of the State's economy has been extremely important as it forms the essential basis for planning of substantial & inclusive development. The Research Paper carries out an Overview of Gross State Domestic Product, Net State Domestic Product, Per Capita Income, etc. the statistical part contains data pertaining to different sectors of Rajasthan's economy. This includes the status of economic growth and progress of socio-economic development of the State, basic social services and state-wise important economic indicators. The paper also carried out Overview of Agriculture and allied sectors, Share of Agriculture and allied Sectors, Industrial Development in Rajasthan, Sectoral Contribution of Industry Sector, Overview of Service Sector in Rajasthan and Sectoral Contribution of Service Sector.

**Keywords:** Economy, Service, GSDP, PCI.

### I. INTRODUCTION

Rajasthan is the largest state in the country in terms of area. Its geographical area is 3.42 lakh sq. km. It is located in the north-western part of the country. Punjab, Haryana and Uttar Pradesh are located in its north-east, Madhya Pradesh in the south-east and Gujarat in the south-west. Rajasthan has a very long international border with Pakistan. The topography of the state is dominated by the world's oldest mountain ranges of Aravalli. These hills pass through the state midway from southwest to northeast. Its western and north-western part is desert or semi-desert, known as the Great Indian Desert (Thar Desert). From an administrative point of view, there are 10 Divisions and 50 Districts in the state. The growth of the economy can be interpreted through various economic indicators like Gross State Domestic Product, Net State Domestic Product, Per Capita Income, etc. These indicators reflect the overall performance of the economy of the state. Gross State Domestic Product (GSDP) is a key measure to assess the economic performance of the state during a specific period of time and it reveals the extent and direction of the changes in the levels of economic development. Per Capita Income (PCI) is derived by dividing the Net State Domestic Product (NSDP) by the mid year's total population of the state and is defined as a pointer for standard of living and well-being of people.

#### Some Key Indicators of the State vis-a-vis India

Indicators	Year	Unit	Rajasthan	India
Geographical Area	2011	Lakh sq. km.	3.42	32.87
Population	2011	Crore	6.85	121.09
Sex Ratio	2011	Females per 1,000 Males	928	943
Literacy Rate	2011	Percentage	66.1	73.0
Work Participation Rate	2011	Percentage	43.6	39.8

Source-Economic Review of Rajasthan.

## II. REVIEW OF LITERATURE

There is lot of literature available on growth patterns among Indian states. some as under:

- **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 the coefficient of variation of per capita NSDP in constant prices increased during the study period 1967-68 to 1985-86.
- **Kurian (2000)** was of the view that the increase in the role of the 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.

## III. OBJECTIVE OF THE STUDY

- Overview of Macro Economic Trends like State Domestic Product, Per Capita Income, Gross Fixed Capital Formation, Wholesale Price Index and Consumer Price Index
- Overview of Various Sectors like Agriculture and Allied Sectors, Industrial Development and other sectors/schemes.

### Overview of Gross State Domestic Product (GSDP):

Gross State Domestic Product is defined as a measure, in monetary terms, of volume of all the final goods and services produced within the boundaries of the state during the given period of time, accounted for without duplication. The estimates of GSDP are prepared on current as well as constant prices. The estimates of SDP are prepared for all the sectors of economy both in terms of Gross and Net basis. The difference between the two is that in the gross estimates, no deduction is made for Consumption of Fixed Capital (CFC) which takes place in the process of production, whereas in the net estimates, CFC is subtracted from the gross value figures.

The estimates of GSDP at current prices are obtained by evaluating the product at current prices prevailing during the year. The estimates of GSDP at current prices, over the time, do not reveal actual economic growth because these contain the combined effect of (i) the changes in volume of goods and services and (ii) the changes in the prices of goods and services. As per the advance estimates, the nominal GSDP for Rajasthan at Current Prices for the year 2022-23 is likely to attain a level of ₹14.14 lakh crore, as against ₹12.18 lakh crore in the year 2021-22 showing a growth of 16.04 per cent in the year 2022-23 against 19.50 per cent in the year 2021-22. As per the advance estimates, the nominal GDP for All India at Current Prices for the year 2022-23 is likely to attain a level of ₹273.08 lakh crore, showing a growth of 15.4 per cent. In the same year, Rajasthan's GSDP is estimated to contribute 5.18 per cent to the nation's GDP. The Estimates of GSDP of Rajasthan and GDP of All India and its growth at current prices are being presented in the below table:

### GSDP/GDP of Rajasthan and All India (At Current Prices) Rs in Crore

Years	2021-22	2022-23
GSDP - Rajasthan	1218193	1413620
Growth Rate (%)	19.50	16.04
GDP- All India	23664637	27307751
Growth Rate (%)	19.5	15.04

Source-Economic Review of Rajasthan

**Overview of Net State Domestic Product (NSDP):**

The Consumption of Fixed Capital (CFC) is subtracted from the gross value figures to derive at Net State Domestic Product. CFC measures the replacement value of that part of the capital stock, which has been used up in the production process during the year. As per the advance estimates, the nominal NSDP at current prices for the year 2022-23 is likely to attain a level of ₹12.60 lakh crore, as against ₹10.85 lakh crore in the year 2021-22 showing a growth of 16.10 per cent in the year 2022-23.

As per the advance estimates of the year 2022-23, the real NSDP at constant (2011-12) prices is likely to attain a level of ₹6.95 lakh crore, as against ₹6.43 lakh crore in the year 2021-22 showing a growth of 8.11 per cent in the year 2022-23. The estimates of NSDP of Rajasthan is presented in the below table:

**Net State Domestic Product of Rajasthan (Rs in Crore)**

Years	2021-22	2022-23
Current Prices	1084845	1259527
Growth Rate (%)	19.49	16.10
Constant (2011-12) Prices	642668	694771
Growth Rate (%)	11.42	8.11

Source-Economic Review of Rajasthan

**Overview of Per Capita Income:**

The Per Capita Income is derived by dividing the Net State Domestic product by the mid year's total population of the state. Per Capita Income is a pointer for standard of living and the well-being of people. As per the advance estimates, the per capita income at current prices for the year 2022-23 is estimated to be ₹1,56,149 as compared to ₹1,35,962 for the year 2021-22 registering a growth of 14.85 per cent in 2022-23 over the previous year 2021-22. The Per Capita Income of Rajasthan and All India at current prices are given below the table:

**Per Capita Income of Rajasthan and All India at Current Prices (Rs in Crore)**

Years	2021-22	2022-23
Rajasthan	135962	156149
All India	150007	170620
Growth Rate Rajasthan	18.10	14.85
Growth Rate All India	18.3	13.7

Source-Economic Review of Rajasthan

**Overview of the Gross Fixed Capital Formation (GFCF):**

The Gross Fixed Capital Formation is measured by the total value of a producer's acquisition less disposal of fixed assets during the accounting period plus certain additions to the value of non-produced assets realized by the productive activity of institutional units. At the end of the year 2021-22, the total assets at current prices are estimated to be ₹3,46,844 crore, which is 28.47 per cent of the GSDP (₹12,18,193 crore). The GFCF in the year 2021-22 increased by 26.63 per cent over the previous year 2020-21. The contribution of Private sector

and Public sector in Gross Fixed Capital Formation (GFCF) for the year 2021-22 are on an average 76.19 and 23.81 per cent respectively.

**Overview of Sectoral Contribution in GSVA in 2022-23**

Sectoral Contribution in GSVA at Constant (2011-12) Prices of Agriculture 28.50%, Industry 27.76% and Services 43.74%. Sectoral Contribution in GSVA at Current Prices of Agriculture 28.95%, Industry 27.31% and Services 43.74%. The given table show that Rajasthan economy mainly depend on services sector:

**Sectoral Contribution in GSVA in 2022-23**

Particulars	Agriculture (%)	Industry (%)	Services (%)
1. Sectoral Contribution in GSVA at Constant (2011-12) Prices	28.50	27.76	43.74
2. Sectoral Contribution in GSVA at Current Prices	28.95	27.31	43.74

Source-Economic Review of Rajasthan

**Overview of Agriculture and Allied Sectors**

Agriculture and allied sectors play an important role in the State's economy. Agriculture and allied sectors activities primarily refer to cultivation of Crops, Animal Husbandry, Fisheries and Forestry. A large segment of the population is dependent on agriculture and allied activities for its livelihood. Agriculture in Rajasthan is primarily rain-fed. The period of monsoon is short. In comparison to other States, the onset of monsoon in Rajasthan is late and its withdrawal is early. There is a variation in the time spread of the rainfall, which mostly remains scanty, low and irregular. The level of ground water in the state is rapidly going down. Despite this, agriculture and allied sectors continue to be the backbone of the state's economy and continue to be a large contributor to the state's GSDP. The Gross State Value Added (GSVA) increased from ₹1.57 lakh crore in 2018-19 to ₹2.09 lakh crore in 2022-23, showing an increase of 7.48 per cent per annum (CAGR) at constant (2011-12) prices while at current price the GSVA of Agriculture and allied sectors increased from ₹2.22 lakh crore in 2018-19 to ₹3.79 lakh crore in 2022-23 showing an increase of 14.33 per cent per annum (CAGR). The given table shows the GSVA and growth rate of Agriculture and Allied Sectors at current and constant (2011-12) price with its growth rate.

**Rs in Crore**

Years	2018-19	2022-23
GSVA Current	222061	379439
GSVA Constant	156615	208989
Growth Rate at Current	7.84	13.84
Growth Rate at Constant	5.33	5.22

Source-Economic Review of Rajasthan

**Share of Agriculture and allied Sectors in Rajasthan**

Sub-sectors of Agriculture and allied sectors are crops, livestock, fishing, forestry & logging. In 2022-23, the share of crops is estimated to be 46.00 per cent, livestock estimated to be 46.41 per cent, forestry & logging contributed 7.20 per cent and fishing is around 0.39 per cent in the agriculture and allied sectors. These shares of different sub-sectors within Agriculture and allied sectors can be seen in the given table:

Sr. No	Allied Sectors	Share in %
1	crops	46.0
2	livestock	46.41
3	fishing	0.39
4	forestry & logging	7.20

Source-Economic Review of Rajasthan

**Overview of Industrial Development in Rajasthan:**

The state is endowed with abundant physical resources, rich mineral wealth, world-renowned handicrafts, handloom and outstanding skills. These provide ample opportunities for manufacturing, beneficiation, processing activities and services in the MSME sector, which has been the strength of the state. State has a very strong base of MSMEs in Gems and Jewellery, Handicrafts, Food Processing, Auto Components, Textiles, Leather and Dimensional Stones. It is the vision and endeavor of the state to encourage and give a fillip to the setting up of micro, small and medium enterprises in the state and create an enabling and conducive environment for them to attain a high competence level. The state government has identified exports as one of the thrust areas for economic development. The potential for exports from the state is huge. In order to augment the shares of exports in the national exports' basket, the state has continuously been striving in introducing various exports-oriented reforms. Incubation of Rajasthan Export Promotion Council and development of Export Promotion Industrial Parks (EPIP) are key measures which shall boost exports from the state. All sustained efforts made by the state are focusing on making Rajasthan the most preferred investment destination in India with the most conducive ecosystem for inclusive and sustained industrial development.

The industry sector witnessed a growth of 6.32 per cent at constant (2011-12) prices for the year 2022-23. The Industry sector comprises mining & quarrying, manufacturing, electricity, gas, water supply & other utility services and construction. The Gross State Value Added (GSVA) of Industry sector increased from ₹1.65 lakh crore in 2018-19 to ₹2.04 lakh crore in 2022-23, showing an increase of 3.71 per cent per annum (CAGR) at constant (2011-12) prices while at current prices the GSVA increased from ₹2.25 lakh crore in 2018-19 to ₹3.58 lakh crore in 2022-23 showing an increase of 9.18 per cent per annum (CAGR). The figure in the given table shows the GSVA of Industry Sector at current and constant (2011-12) price with its growth rate.

**Rs in Crore**

Years	2018-19	2022-23
GSVA Current	225713	358034
GSVA Constant	165997	203576
Growth Rate at Current Prices	-1.96	15.02
Growth Rate at Constant Prices	-13.49	6.32

Source-Economic Review of Rajasthan

**Sectoral Contribution of Industry Sector in Rajasthan**

Four main Sub-Sectors of Industry Sector in Rajasthan. The share of electricity, gas, water & other utility services is estimated to be 13.38 per cent while mining & quarrying is estimated to be 12.60 per cent in the industry sector. These shares of different sub sectors within industry sector can be seen in given table:

Sr. No.	Sub-Sectors of Industry Sector	Share in %
1	Manufacturing	41.26
2	Construction	32.76
3	Electricity, Gas, Water Supply & other Utility Services	13.38
4	Mining & Quarrying	12.60

Source-Economic Review of Rajasthan

**Overview of Service Sector in Rajasthan**

Service Sector includes various activities ranging from highly sophisticated activities like computer software and telecommunication to a simple service delivered by a plumber. Due to inclusion of my raid set of activities, there is no unique definition of Service Sector. According to the National Accounts classification, the Service Sector incorporates trade, hotels & restaurants, transport, storage, communication, financing, insurance, real estate, business services and community, social & personal services. The Gross State Value Added (GSVA) of Service Sector at constant (2011-12) prices increased from ₹2.78 lakh crore in 2018-19 to ₹3.21 lakh crore in 2022-23, showing an increase of 3.65 per cent per annum (CAGR) while at current prices the GSVA increased from ₹4.11 lakh crore in 2018-19 to ₹5.73 lakh crore in 2022-23 showing an increase of 8.65 per cent per annum (CAGR). The given table shows the GSVA of the Service Sector at current and constant (2011-12) prices with its growth rate.

**Rs in Crore**

Years	2018-19	2022-23
GSVA Current	411317	573277
GSVA Constant	277849	320708
Growth Rate at Current	17.00	17.11
Growth Rate at Constant	11.39	10.74

Source-Economic Review of Rajasthan

**Sectoral Contribution of Service Sector**

Trade, hotels & restaurants have a significant position in the service sector in the state of Rajasthan. In the year 2022-23, trade, hotels & restaurants contributed around 27.69 per cent of the GSVA in the service sector, followed by real estate ownership of dwelling & professional services with a share of 24.62 per cent. The share of other services is around 19.57 per cent and of transport, storage and Communication is around 11.78 per cent in the Gross State Value Added (GSVA) of the services sector, while this number is 9.27 per cent for financial services and 7.07 per cent public administration. Share of different subsectors in service sector at current prices for the year 2022-23.

**IV. CONCLUSION**

The Research Paper Analyses the trends in all the sectors of the economy, i.e. Overview of Macro-Economic Trends, Agriculture and Allied Sectors, Industrial Development, Service Sector, and Other Social Services/Programmes. The nominal GSDP for Rajasthan at Current Prices for the year 2022-23 is likely to attain a level of ₹14.14 lakh crore. In the same year, Rajasthan's GSDP is estimated to contribute 5.18 per cent to the

nation's GDP. The nominal NSDP at current prices for the year 2022-23 is likely to attain a level of ₹12.60 lakh crore where the real NSDP at constant (2011-12) prices is likely to attain a level of ₹6.95 lakh crore. Rajasthan economy mainly depend on services sector 43.74% share out of total economy. Agriculture and allied sectors (27.76%) play an important role in the State's economy. Agriculture and allied sectors activities primarily refer to cultivation of Crops, Animal Husbandry, Fisheries and Forestry. The industry sector witnessed a growth of 6.32 per cent at constant (2011-12) prices for the year 2022-23. The Industry sector comprises mining & quarrying, manufacturing, electricity, gas, water supply & other utility services and construction.

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