

POLITICAL AND ECONOMIC DEVELOPMENT OF RAJASTHAN IN CURRENT SCENARIO

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ABSTRACT

Rajasthan the largest state of India is located in the west of the country, near the border with Pakistan. It covers 10 per cent of the country's area. The population of the state is approaching to 70 million people. The latitude of Rajasthan is 27.391277 and the longitude is 73.432617. It came into existence on 30 March 1949 as a result of the integration of 22 princely states. It faces major hindrance in economic development that is poverty which tend to perpetuate low level of development in the region. This is due to politicians, who hold the power equation over the years but haven't took any solid initiative to curb poverty in the state. As a matter fact the hostile atmosphere conditions prevailing in the state have proved a potent blockade for economic growth and development. But in the present scenario Vasundhra Government has made some serious efforts towards economic development of the state. This paper is an attempt to understand current political vision and efforts of present Government for economic development of Rajasthan. A thorough research study regarding political influence and its role over economic development of Rajasthan has elicited many hidden issues of economic development who's answer lies in political approach. The study has tried its best to present the problems of economic development in the Rajasthan due to political business and has also suggested ways to overcome development problems of the state.

KEYWORDS: *Perpetuate, Aspirations, Fostering, Prominence, Anti-Incumbency, Thumping, Lacklustre, Confederation, Apprenticeship, Supersedes, Reinventing*

A BRIEF HISTORY

Rajasthan has a vibrant political history with maharajas, kings and emperors bowing to the wishes of the people. It was the site of the oldest Indus Valley Civilization. A part of the state came under the rule of the Mauryan Empire. After the fall of the empire, a number of Rajput clans established their sway over various parts of the land. In the beginning of the 13th century, Ranthambore and Ajmer came under Mughal control. The Mughal emperor Akbar was successful in politically uniting the whole of Rajasthan. After the decline of the Mughal Empire in 1707 AD, parts of Rajasthan were captured by the Maratha confederacy. The emerging British Empire concluded treaties of alliance with the different Rajput clans in 1817-18. Thus, Rajasthan which was now called Rajputana came under British rule. When India achieved its independence in 1947, Rajputana was a loose heterogeneous grouping of different political entities. It consisted of 19 princely states, 2 chieftainships of Lava and Kushalgarh, a British administered province of Ajmer-Merwar and some areas outside its boundaries. The integration process of what we presently know as Rajasthan was done in seven stages, from March 1948 to November 1956. Today, Rajasthan consists of 33 districts. The first elected Chief Minister of Rajasthan was Heera Lal Shastri of the Indian National

Congress. The first Governor of Rajasthan was Gurmukh Nihal Singh.

NEW POLITICAL AWAKENING IN RAJASTHAN

CM Vasundhara Raje is on an overdrive to address a wide range of social issues including labour laws, education, power distribution woes, public healthcare and public distribution systems among others. Raje, who was an MP for 14 years before taking over as Rajasthan CM in 2003 for the first time, suffered a rare defeat to the Congress in the 2008 assembly polls. Staying out of power for five years - during which Rajasthan became the UPA policy laboratory - seem to have given Raje a range of ideas to undo the pet UPA policies, as well as to mix social welfare with market drivers. BJP surged to victory in Rajasthan under her leadership in 2013, winning almost 80% of the assembly seats. The size of the mandate virtually gave her a blank cheque in terms of the potential legislative changes. As a number of BJP leaders rose to prominence at the national scheme, Raje has largely remained the most 'un-fancied' name in the second rung of the party leadership. Moreover, the controversies relating to her family links with former IPL chief Lalit Modi blunted her image little bit as non-corrupt leader. Raje had a tough time through June and July 2015, with Congress gunning for her resignation. Perhaps her legislative determination lies in precisely this

relative fallibility – she does not seem too concerned about electoral setbacks or getting a larger role in future at the Centre.

POLITICS OF RAJASTHAN IN CURRENT SCENERIO

In the general elections 2014, BJP won all the 25 seats in the state. It was a massive landslide victory for the ruling party which defeated its opponent Indian National Congress (INC). Results of the 2013 Assembly elections were declared on 8 December. The then Congress government led by Chief Minister Ashok Gehlot was defeated at the hustings. The Congress regime faced a strong anti-incumbency wave owing to the corruption and criminal charges against the Congress ministers of the state as well as at the Centre. Out of the 200 Assembly constituencies which went to polls on 1 December 2013, the BJP bagged 163 seats, while the Congress managed to win a mere 21 seats. Other political parties got a total of 16 seats. In comparison, in 2008 the Congress had won 96 assembly seats whereas the BJP had won only 78 seats. Vasundhara Raje, BJP's CM candidate in Rajasthan, won in the Jhalrapatan constituency from where she contested. After BJP's thumping win in 2013 assembly polls, Vasundhara Raje Scindia became the Chief Minister of Rajasthan for a second time. BJP's success was also attributed to the then BJP prime ministerial candidate Narendra Modi's charisma and popularity in Rajasthan.

RESURGENT RAJASTHAN SUMMIT

The Resurgent Rajasthan Partnership Summit (19-20 November, 2015) is a grand conclave that brings together leading investors from all over the world for interaction with policy makers, political leadership, state officials and local business leaders on the investment opportunities in the state. The summit is organised by the Rajasthan government in association with the Confederation of Indian Industry (CII). The global summit has thematic seminars, conventions, panel discussions, discussion forums, B2B and B2G meetings, exhibition pavilions and other networking programmes. The state government expects a significant surge in global investor interest and definite commitment to invest as a result of the Resurgent Rajasthan Partnership Summit. With these concerted efforts, the state government is confident that it will attract investors from India and abroad to Rajasthan.

PRO-INDUSTRY REFORMS

In the "Assessment of State Implementation of Business Reforms 2015" report - a joint effort by Department of Commerce and Industry, World Bank, KPMG, CII, and FICCI – Rajasthan was ranked 6th among all states in terms of ease of doing business. Raje government has taken a lead to further the Rajasthan interests competing with more industrialised and higher per capita income states. In July 2014, barely half a year into its tenure, the Rajasthan government passed laws to change

three labour law amendment Bills relating to the Industrial Disputes Act, 1947, the Contract Labour Act, 1970, and the Factories Act, 1947. The state assembly made changes to the Apprenticeship Act. These amendments made it easier for industrial units operating in the state to shut down and fire up to 300 workers without any permission. Most states in India have 80% small scale units employing less than 100 employees. Rest of the SSI units hire people on contract basis so that they can axe them if there is business downturn in future. The new changes in labour laws will help the small businesses absorb more workers on direct payroll. Direct payroll is beneficial to the workers in terms of getting better benefits. The amendments will need 30% of the workers to get together to form a labour union instead of the original 15%, thus making it more difficult to unionise. These changes came into force in November 2014 after the President approved them – a requirement where a state law supersedes the central one.

LAND REFORMS

Rajasthan Govt. has passed Rajasthan Land Laws (Amendment) Act, 2014 by amending to the UPA 2013 Land Act. Under these amendments, the state has offered higher than mandated compensation to the land owners, and has made the acquisition process easy and transparent. Rajasthan has promised to extend all clearances to start up new industrial units within 7 days including those for setting up micro, small and medium Enterprises (MSME) units. There is also a plan to launch a new MSME policy which is expected to reduce the bureaucratic burden for the small entrepreneurs. The Rajasthan Special Economic Zone (SEZ) bill was passed which frees the SEZ related land acquisitions from agricultural land ceiling provisions that had existed in the state since 1970s. This bill also provided for the usual state tax sops to attract new industries to set up shop.

BOLD WAVE OF REFORMS

Reform initiatives and new steps taken by Rajasthan government have accelerated the pace of economic development of the state. The state is galloping ahead with focus on critical sectors like health, education, skill development, tourism, urban development, energy, industry, agriculture and mining. Based on the suggestions given by the members of the Chief Minister's Advisory Council (CMAC), a road map for the development was prepared and the government took many steps in that direction. Recommendations of the CMAC and its various sub-groups helped in many ways to take decisions like repealing of 247 Acts, amendments in RTE, reforms in PDS, labour reforms, PPP in medical and health sector.

New policies were introduced in the sectors like solar energy, tourism and mining. Bold efforts were being made for

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leveraging PPP in the infrastructure space and the ease of doing business in Rajasthan is being showcased to rest of the country.

EMPLOYMENT IN CURRENT SCENERIO

Creating jobs for growing number of educated youths is a daunting task as their skill sets must match the requirements of the industry in the state. However, Rajasthan CM Vasundhara Raje has roped in private players to set up skill training centres which will go a long way in providing jobs to the educated rural youth. Her government had set a target of providing employment to 15 lakh youth in the next 5-6 years. At least 6,000 unemployed youths having academic qualification were 'skilled' in their respective fields of choice by 2016-end under a joint collaboration with the central government. This skill training task was taken as per the Modi government's Skill India programme and the MoU with the Rajasthan government's Employment Skill Training Programme was signed on December 24 2014. Certain labour intensive sectors like agriculture, small industries and tourism are being promoted to create additional jobs opportunities. State government is making efforts to promote the setting up of technical and vocational training institutions to hone the skills of youth as per industry needs. At the same time, there are steps to equip the existing ITIs, polytechnic, engineering and degree colleges with training capacities to raise the workforce employability. It is noteworthy to mention here that the informal sector contributes more to employment in Rajasthan. Small scale industry forms the backbone of industrial activity and employment generation in Rajasthan. In fact, the MSME sector generates more employment than its large and medium counterparts.

INDUSTRIAL DEVELOPMENT OF RAJASTHAN IN PRESENT SCENERIO

India's largest state (area-wise) has some unique advantages in terms of mineral wealth, forest reserves and human resources which will help it to become one of the industrial hubs of the country. Rajasthan accounts for 17.5% of the total cement grade limestone reserves in India and is the largest cement producer with 21 major cement plants. The northwestern state is the sole producer of lead concentrate, zinc concentrate, gypsum, calcite, selenite and wollastonite as well as the leading producer of silver, gold, copper, marble, sandstone, rock phosphate and lignite. The gross state domestic product (GSDP) expanded at a CAGR of 12.83% from 2004-05 to 2014-15. For 2014-15 fiscal, the GSDP stood at \$95.31 billion at current prices as against \$28.5 billion in 2004-05. In 2014-15, Rajasthan's per capita GSDP at current prices was \$1,351.03 compared to \$469.8 in 2004-05. The per capita GSDP is estimated to have increased at a CAGR of 11.4% between 2004-05 and 2014-15. The state has immense potential for electricity generation through renewable energy sources and

wind power. Rajasthan Renewable Energy Corporation Ltd has actively promoted solar energy and biomass projects. Under the PPP model, a total of 132 projects were in different development stages as of March 2015. Moreover, RIICO developed 323 industrial areas including SEZs, export promotion industrial parks and inland container depots. In 2014-15, tourist arrivals in the state reached 34.59 million. Historic palaces, especially those in Jaipur and Udaipur, offer opportunities to expand the luxury tourism segment. Moreover, tourists visit wild life sanctuaries and desert locations. Rajasthan is the largest producer of oilseeds, seed spices and coarse cereals in India. A single window clearance system (SWCS) for investment approvals is operational in the state and the Bureau of Investment Promotion (BIP) was set up to focus on investments above \$2.2 million. Six cities namely, Ajmer, Bharatpur, Bikaner, Jaipur, Jodhpur and Kota are selected to be developed as smart cities of the state.

KEY INVESTMENT PROMOTION OFFICES

Bureau of Investment Promotion (BIP): This is a nodal agency of the state government that facilitates investments in various sectors in Rajasthan. It provides one stop service, mainly for large projects, by acting as an interface between entrepreneurs and the government.

Rajasthan State Industrial Development and Investment Corporation (RIICO): A sole agency in the state that develops land for industrial growth. RIICO provides financial assistance and other vital infrastructural facilities for industries.

Rajasthan Financial Corporation (RFC): This provides medium and long-term loans for new industrial units in the SME sector. It also assists in planning a balanced development of industries in the state.

PDCOR Limited: A company jointly promoted by the state government and Infrastructure Leasing and Financial Services Limited (IL&FS) to facilitate private sector investment in the infrastructure sector of Rajasthan.

ECONOMIC COMPOSITION

In 2014-15, the services sector contributed 44.28% to the state's GSDP at current prices, followed by agriculture (32.65%) and industries (23.08%). The services sector expanded at a CAGR of 11.7% between 2004-05 and 2014-15. At a CAGR of 13.4%, the agriculture sector reported the fastest growth among the three sectors over 2004-05 to 2014-15. In 2014-15, total production of food grains was 20.1 million tonnes. In 2014-15, production of cereals was 19.4 million tonnes, while that of pulses aggregated to 2.1 million tonnes. Cotton, which is an important cash crop, is primarily grown in Ganganagar and Hanumangarh districts. Cotton production was 0.8 million bales over 2013-14. In 2014-15, total production of

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oilseeds was 6.1 million tonnes. According to the Department of Industrial Policy and Promotion (DIPP), the FDI inflows stood at \$1,264 million from April 2000 to March 2015. The electricity and manufacturing sector accounted for majority of investments made in the state.

MINING AND MINERAL PROCESSING

Around 79 varieties of minerals are available in the state and 57 minerals are produced on a commercial scale. In 2014-15 Rajasthan accounted for 9% share of the total mineral production in the country. It is home to the second highest number of mines in the country (557 mines). The state is a leading producer of major minerals such as wollastonite, lead-zinc, calcite, gypsum, rock phosphate, ochre and silver. Minor minerals such as marble, sandstone and serpentine (green marble), among others, from the state contribute almost 90-100% to national production. In 2014, the mineral production in Rajasthan was 5,694 lakh tonnes. The state has about 210 million tonnes of identified reserves of lead-zinc ore with 1.5% lead and zinc, and 639 million tonnes of copper ore reserves containing 0.8-1.2% copper. Rajasthan is the sole producer of lead concentrate, zinc concentrate, gypsum, calcite, selenite and wollastonite. The state accounts for 31.8% of the country's copper concentrate production. Rajasthan accounts for 23.92 million tonnes resources of tungsten ore which contributes nearly 17% of India's resources. In 2015, the state's copper ore resources accounted for 49.86% of the country's resources. In terms of copper production, Rajasthan produces nearly 32% of the total output of this metal in India. The state accounts for 82% in gypsum resources in the country. Its share in the total gypsum output of the country was 99% in 2014-15. Rajasthan has about 5,720 million tonnes of lignite reserves in the districts of Barmer, Bikaner, Nagaur, Jaisalmer and Jalore. Lignite is being produced in Barmer and Matasukh area of Nagaur. Some lignite blocks in the districts of Barmer, Bikaner and Nagaur have been allotted for setting up thermal power plants. The availability of clay and feldspar makes the state an excellent location for ceramic-related industries (e.g., white-ware, floorings and bone-china). Around 500 ceramic industries including glass and mineral grinding units operate in the state.

CHALLENGES AND GAPS IN PRESENT SCENARIO

Politics is caste and religion based, encouraging entry of candidates with criminal backgrounds. Due to the negative perception of government functioning, quality intellect prefers the private sector. Affirmative action to keep the inclusion agenda live and also the quality of future. Delay in justice and punishment for law breakers is resulting in loss of confidence in governance. The police and administration are often looked upon as corrupt agencies, with society too becoming part of this network. Absence or lack of appropriate coordination between

various departments of the state administration. Reinventing existing business parks demands very high investment and strong political will. Manpower resource management is a serious issue as the state has not developed good quality workforce and it has not promoted migration of talent from outside into Rajasthan. The basic infrastructure support in terms of power, transport and connectivity, water and developing new business city are critical issues. Working environment and business culture has not been developed as state is new to the industrial revolution. Lesser involvement of agriculture experts and farmers in the planning and execution process and misutilization of government resources and lacklustre effort to check the black market for agriculture and livestock are also major challenges and gaps in present scenario.

CONCLUSION

Economic development and political vision are two sides of same coin. Without healthy political vision economic development is not possible. Rajasthan has seen political see-saw between BJP and Congress party. Economic development in Rajasthan is on peak in present scenario. This is due to co-ordination between the policies of centre and state government. The Centre had circulated a set of 285 questions to all the states aimed at ranking them on ease of doing business. Rajasthan has complied with 236 of them, while 38 of the questions are not applicable to the state. The state machinery has put in place a system for online approvals and certifications that would address the entire process from making an application for starting a new company to filing of returns. Going by the number of MoUs and the engagements with the investors, the government is confident that 'Resurgent Rajasthan', a global investors summit, will be a grand success. The Rajasthan government is taking steps to eliminate the bottlenecks, enhance ease of doing business and create a land bank to facilitate investors looking to set up ventures.

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