



Summary Report for the State of Rajasthan



1. Demography

As per Census population projections for 2022-23, Rajasthan has a population of 81 million and represents 5.8 percent of India's total population. The State's projected population growth rate, at 1.1 percent, is higher than the national average of 0.9 percent, as of 2022-23.¹ The State's population density, at 232 persons per sq. km., is distinctly lower than the national average, at 415 persons per sq. km., but its dependency ratio, at 60.8 percent, is higher than the national average, at 55.7 percent (2021). According to 2023 projections, a majority of the State's population still lives in rural areas, with only 27 percent of its population residing in urban areas. As per the National Family Health Survey (NFHS V), the sex ratio in the State, at 891 female births per 1000 male births, is lower than the national average.

The annual Unemployment Rate for the State, at 4.4 percent in 2022-23, is higher than the national average of 3.2 percent. Its Female Labour Force Participation Rate, at 47.8 percent, is also higher than the national average. The working population in the State is predominantly concentrated in the Agriculture, Forestry, and Fishing (54.8 percent); Services (20.7 percent); Construction (13 percent); and Manufacturing (10.1 percent) sectors, as of 2022-23.²

2. Economic Structure (Growth and Sectoral Composition)

Rajasthan's real GSDP grew at an average rate of 5.5 percent between 2012-13 and 2021-22, which is close to the national average growth rate of 5.6 percent.³ The State's share in the country's nominal GDP increased only marginally from 5 percent in 1990-91 to 5.2 percent by 2021-22. Its nominal per capita income was 10 percent below the national per capita income, as of 2021-22.

Among the various sectors, the Services sector is the largest contributor to the State's GSVA, with a share of 43.2 percent, followed by the Agriculture (29.4 percent) and Industry (27.4 percent) sectors, respectively, in that order. During the decade 2013-14 to 2022-23, the Services and Agriculture sectors witnessed the highest growth rates, at 6.4 percent and 5.2 percent per annum, respectively.⁴

3. Socio-economic Indicators

Rajasthan's literacy rate, at 66.1 percent, is lower than the national average of 73 percent, as per Census 2011.⁵ The State has lower school drop-out rates, at 15.2 percent for Classes VIII to X, and 24.3 percent for Class X, as compared to the respective national averages, as of 2016-17. The share of students passing the High School examination is close to the national average and higher for students passing Higher Secondary level. The Gross Enrolment Ratio at the Higher Secondary level (59.3 percent in 2015-16) is above the national average while enrolment at the

¹ Projected data on population growth rate, dependency ratio, population density, and urban population is sourced from "Population Projections for India and States, 2011-2036" by the Technical Group on Population Projections, National Commission on Population, Ministry of Health and Family Welfare, Government of India.

² Data on unemployment, female labour force participation, and workforce distribution is from the Periodic Labour Force Survey, 2017-18 to 2023-24.

³ Data used on Economic Structure is sourced from Ministry of Statistics and Programme Implementation (MoSPI), as of August 2023.

⁴ Data used is sourced from MoSPI, as of March 2024.

⁵ Literacy data is sourced from Office of the Registrar General and Census Commissioner, Ministry of Home Affairs, 2011

Higher Education level (26.1 percent in 2021) is slightly below the national average.⁶ For people aged 18 to 23 years, the Gender Parity Index in higher education (the ratio of girls to boys enrolled in higher education institutions) is lower than the national average, as of 2021.⁷

As of 2020, life expectancy in the State, at 69.4 years, is close to the national average of 70 years. The State has seen a decline in both the Infant Mortality Rate and Total Fertility Rate over the respective decades but its Infant Mortality Rate is still higher, at 32 deaths per 1000 live births in 2020, as compared to the national average. The State has witnessed improvements in the 'quality of life' indicators over the years. Households' access to drinking water, electricity, and sanitation facilities are almost at par with the respective national averages, as of 2019-21.

4. State of Public Finances and Tax Devolutions

Rajasthan's debt-to-GSDP ratio, at 35.3 percent in 2022-23,⁸ is higher than that of a median State.⁹ Its contingent liabilities, at 7.9 percent of GSDP, are also higher than those of a median State, as of 2021-22. The fiscal deficit, at 4.3 percent, and primary deficit, at 2.2 percent, are also higher as compared to a median State, as of 2022-23. The State had a revenue deficit of 2.3 percent of its GSDP in 2022-23, while a median State had a revenue deficit of 0.4 percent.

The State's total revenue receipts (own tax, own non-tax, and shared by the Centre), at 15.3 percent of its GSDP in 2022-23, are equal to what a median State collects. Its expenditure as a percentage of GSDP, at 19.6 percent, is slightly lower than that of a median State.

The Debt Sustainability Analysis portrays a pessimistic picture with regard to the debt-to-GSDP ratios for the State. In the baseline scenario (where debt level, primary deficit, real GDP growth, real effective interest rate remain as they are), debt is predicted to increase by more than 5 percentage points in the next five years, starting from 2021-22. The debt is predicted to decline only in a combined scenario of higher growth and lower primary deficit. The State's outstanding contingent liabilities are also quite high.

The State's share in taxes from the Centre through the recommendations of the Finance Commission (FC) increased from 5.5 percent under the 14th FC to 6 percent under the 15th FC. The State's share in the total grants-in-aid also increased by 1.4 percentage points from 4.4 percent under the 14th FC to 5.8 percent under the 15th FC.

5. Fiscal Rules

As per recommendations of the 12th FC, the Rajasthan Fiscal Responsibility and Budget Management (RFRBM) Act was enacted in 2005. The RFRBM set targets relating to the

⁶ Data on dropout rates, pass percentage of students and Gross Enrolment Ratio at the Higher Secondary Level is taken from Unified District Information System for Education, 2015-16.

⁷ Data on Gross Enrolment Ratio at the Higher Education Level, Gender Parity Index, and college density is taken from the All-India Survey on Higher Education, 2020-21.

⁸ Data on fiscal variables is sourced from Reserve Bank of India, State Finances Report, as of December 2023.

⁹ For calculation of a median State, the variable as a percentage of GSDP was computed for each State, with the median across 22 major States shown (excluding all Union Territories and the North-eastern States, except Assam). The Macro and Fiscal Landscape State brief includes this benchmark in the States' Median (Large States), Column 6, Table 4A.

revenue deficit, fiscal deficit, outstanding liabilities, and outstanding guarantees for the State.¹⁰

Since 2005, the Act has been amended in 2011, 2016, and 2021.

The fiscal targets under these amendments have been modified as follows:

Revenue Deficit: The original Act in 2005 mandated the State to reduce its revenue deficit to nil within four years from 2005-06 to 2008-09, with an average annual reduction of 3 percent in the ratio of revenue deficit to revenue receipts. The 2011 amendment mandated the achievement of a zero-revenue deficit from the Financial Year 2011-12 onwards or attainment of a revenue surplus.

Fiscal Deficit: The 2005 Act required the State to reduce its fiscal deficit to no more than 3 percent of GSDP by 2008-09, with an average annual reduction of 0.4 percent. The 2011 amendment extended this deadline to 2011-12, mandating that it should be maintained or reduced thereafter. The 2021 amendment permitted an additional borrowing of 0.5 percent of GSDP from 2021-22 to 2024-25, contingent on the fulfilment of certain conditions stipulated by the Central Government.

Outstanding Liabilities: Initially in 2005, the Act required the State to limit its total outstanding debt (excluding public accounts and guarantees) to twice the estimated receipts in the Consolidated Fund of the State by year-end. The 2011 amendment set a debt limit of 36.5 percent of GSDP by 2014-15, whereas the 2016 amendment lowered it to 34 percent by 2019-20.

Outstanding Guarantees: An amendment in 2016 set limits on outstanding government guarantees at 70 percent of the estimated receipts by 31 March 2017, and at 60 percent of the estimated receipts from 2016-17 onwards.

Fiscal Discipline: As per the State Finances Audit Report of the Comptroller and Auditor General of India (CAG), during the period 2017-18 to 2021-22, Rajasthan failed to achieve its revenue and the fiscal deficit targets. However, the State was able to meet its outstanding debt-to-GSDP targets for three out of five years, that is, 2017-18, 2018-19, and 2021-22, failing to achieve them in 2019-20 and 2020-21.

¹⁰ Data is sourced from the State Audit Report of the CAG for the respective years and the State Government Gazette.