



INTERNATIONAL JOURNAL OF MANAGEMENT  
AND  
SOCIAL SCIENCE RESEARCH REVIEW (IJMSRR)  
(www.ijmsrr.com)  
Bangalore-560083, INDIA.

Print ISSN: 2349-6738  
Online ISSN: 2349-6746  
IMPACT FACTOR: 6.462

**CERTIFICATE OF PUBLICATION**

This is to Certify that Mr./Mrs./Ms./Dr. **Ravi Kumar Alaria, Dr. Deva Ram** has published research paper in "International Journal of Management And Social Science Research Review (IJMSRR) peer reviewed and refereed journal, **Volume- 9, Issue- 10, October 2022, pp. 10-20."**

**Paper Title:- " A STUDY OF ECONOMIC PERFORMANCE OF RAJASTHAN SINCE 1991. "**

Chief Editor

Managing Editor



## A STUDY OF ECONOMIC PERFORMANCE OF RAJASTHAN SINCE 1991

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### Abstract

At the time of independence, Rajasthan was largely dependent on agriculture. It was a slow growing state and the level of industrialization was minimal. The reforms which were introduced in 1991 were helpful for the state in terms of growth acceleration and poverty alleviation front. Economic performance of the state has been remarkable in increasing Gross State Domestic Product; however, it ignores the impact of a missing manufacturing growth in the process of structural change on the overall growth of an economy. This paper tries to bring out a concise but comprehensive overview of impact of reforms on the output of three economic sectors of Rajasthan i.e., Primary, Secondary & Tertiary. And how structural transformation happened in Rajasthan post reforms.

**Key Words:** Primary Sector, Secondary Sector & Tertiary Sector, Sectoral Output and Structural Transformation.

### Introduction

The Indian economy was growing at a rate of 3.5 percent from 1950-1980s which was very low in comparison to other developing countries. India faced many restrictions, bureaucratic controls and protection policies led India to economic crisis in 1991 which reflected the macroeconomic mismanagement of the economy and an attempt was made to stabilize the economy by economic reforms.

The post reform economic performance of Rajasthan was impressive if one sees it from the point of view of increasing output of three sectors of economy, shift from low productive sector to high productive sectors, poverty reduction and accelerating growth despite the fact that the Rajasthan was a low-income state during reform period. With the shortage of water, Rajasthan showed considerable potential in the agriculture & its allied sector from the beginning by investing in the crops that are

compatible with soil conditions and climate. Likewise, state had pulled investment in industrial sector and, increasingly, services, due to enhancements in the business environment i.e., inflow of FDI. Apart from this, state has effectively used the new information technology with respect to increase service delivery. Economy of Rajasthan has been divided into three different sectors which ultimately contribute to GSDP (Gross State Domestic Product) i.e., Primary (Agriculture), Secondary (Manufacturing) & Tertiary sector (Service).

#### • Agriculture Sector

Agriculture Sector or primary sector of an economy is crucial for socio-economic development of a country/State. The sector provides employment, food security and livelihood to most people in the rural areas. However, because of the rapid development towards industries, the agriculture sector had been gradually ignored. In the last two decades despite challenges of lack of infrastructure, water scarcity, the state's varied climatic zones, uneven access to inputs in Rajasthan.





Rajasthan changed its approach in terms of agriculture by bringing diversity in crops. It promoted the crops which were suitable to the climatic and other conditions here. Crops such as pulses and guar had favourable conditions in Rajasthan which is why focus was given to them. This focus resulted in good results. Rajasthan came among the top State in terms of production of oilseeds, guar and pulses. The State supplied them in both national and international markets because of their nutraceutical and pharmaceutical attributes. Apart from core agriculture, Rajasthan has a well-developed animal husbandry sector. This sector is crucial especially for rural areas.

#### • **Manufacturing Sector**

Manufacturing is an engine of economic growth because of the increasing demand (higher-income elasticity) for industrial goods. In the earlier stage of development GDP growth in countries were driven by the manufacturing sector. In Rajasthan as well, manufacturing was a significant growth driver in the last two decades. Rajasthan successfully remained among top five States that had a rapidly growing manufacturing sector. The State has also increased its share in overall output of manufacturing sector in India. The sector performed exceptionally well in the last decade, especially in automobiles and electronics.

The geographical location and being situated near ports and trading hubs plays a beneficial role for Rajasthan. There are notable improvements in road and power infrastructure in the State. The power resources and base of the State has helped a lot in setting up businesses here.

Rajasthan has substantial opportunities in manufacturing sector. If they are exploited, possibly it will go a long way towards smoothing the state's structural transformation that is an important component for creating better jobs.

#### • **Service Sector**

After the post-reform period in India service sector can be seen to promote economic growth. The sector has become largest sector in terms of its share in employment and GDP in both India and Rajasthan. The sector is highly diverse, ranging from business services, financial services, social services and infrastructure services. In Rajasthan, service sector contributed around 42 percent of GSDP in 2018. In the last decade, Rajasthan has promoted use of technology in delivery of services, healthcare and education. This has given positive outcomes on different levels.

Historically, tourism in Rajasthan has been one of the most important economic sectors. Development of tourism in Rajasthan helped in creating huge employment opportunities. This also helped people in looking beyond agriculture for getting employment. This helped the State in generating a source of income for people living in rural areas near tourist place. Rajasthan's experience in tourism and strong asset base will have positive effects in terms of sustainable and long terms growth. This inclusive growth will foster a positive structural transformation in Rajasthan.

### **Research Methodology**

Present study builds on existing research and methodologies.

#### **Objectives**

- To examine the post reforms trends of Gross State Domestic Product.
- To analyze the sector wise percentage contribution to GSDP of Rajasthan.
- To explores output of primary, secondary & tertiary sector after 1991.
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Peer Reviewed Journal for M.Phil. , Ph.D. & Appointment of Teacher in Universities & College

ISSN : 2454-4655

VOLUME - 8 No. : 7, August - 2022

# International Journal of Social Science & Management Studies

Peer Reviewed & Refereed Journal

Indexing & Impact Factor 5.2



**International Journal of  
Social Science & Management Studies**





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## Self-Employment in Informal Sector in India : Prospective and Challenges

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**Abstract :-** In terms of the part of the GDP, more than half of India's economic activity is covered under the informal sector. The informal sector includes both self-employed workers and household enterprises; they play an essential role in economic activities, especially in terms of their contribution to job creation, income generation, poverty reduction etc. With this largely informal sector, several undesirable things are also associated, like low tax base and tax evasion, poor labour conditions, absence of social security, and inefficiency due to lack of skill. The UPA and NDA governments continuously give importance to the informal sector and make policies regarding the various aspect of the informal sector.

**Keywords :-** Self-employment, Informal sector, Social Security.

**Introduction :-** In terms of the GDP, more than half of India's economic activity is covered under the informal sector. In rural areas, the size of the unorganised sector is relatively large compared to urban areas. There is less probability of decreasing the ratio of the informal sector shortly. Because there are limited employment opportunities in the organised sector, these organised sectors are also outsourcing several occupations/activities from the organised sector to the unorganised sector.

The unorganised sector provides an income-earning opportunity to a large workforce, and a more significant number of workers are getting their livelihood. The unorganised sector, therefore, has been playing an essential role in providing employment in the economy. There are several other reasons behind the large informal sector in Indian economy. One of them is our planning system, which cannot meet the adjustment between the demand and supply of

the Indian economy. The failure of the Indian planning system may be a reason in case of India. India's policy maker could not adjust the demand and supply of workers. Our economic policies and their reforms cannot meet the challenge of the Indian economy. There is a big division between pre-economic reform policy and post-economic reform policy. In the pre-economic reform policy, the government controls most economic activities. It gives a minimal chance to develop the formal private sector, which was one of the reasons for the low development of the private organised sector. The public sector provided a significant part of the formal employment in the economy, and the roles of the private organised sector organised were low in formal employment in the pre-reform period. The role of public and private organised sectors was insufficient to employ according to the workforce supply. Therefore, the informal sector emerges rapidly in Indian economy.

During India's Post Economic Reforms Period, the economic policies give domestic and international private enterprises a chance to increase the formal economic activity. Still, in the case of the Indian economy, the impact is not visible. On some criteria, globalisation has an adverse effect. Therefore, the size of the informal sector is vast in Indian economy.

As part of the informal sector, self-employment enterprises' role is vital. There are several challenges in informal sector self-employed enterprises; a small number of informal sector enterprises have access to organised finance institutions to generate financial resources for expansion, technology modification and innovation. Institutional finance, to entrepreneurs, plays a vital in the lives of those self-employed in the unorganised sector. The level of awareness in



# ESRI JOURNAL

JOURNAL OF ECONOMIC & SOCIAL RESEARCH

ISSN : 0975-7635  
CJ : 03984

Vol. 8

No. 1&2

January & July 2017

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**THE GROUNDS OF BLACK ECONOMY AND REMEDIES: IN INDIAN CONTEXT****Dr. Deva Ram**Lecturer in Economics,  
Dr. Bhimrao Ambedkar Govt. College,  
NIMBAHERA (Raj.)**Abstract**

In general, Black economy, black money, black wealth, black income, underground income, unofficial economy, shadow economy and parallel economy words are used as synonyms, but I think, black money or income is that which is earned or accumulated through legal or illegal activities and not reported to the tax authorities, while black economy includes black money, black market, corruption and those all activities which help to generate or make shadow income and run the parallel economy. The cause of the black economy is not just technical means imposing high tax rates which are avoided by the citizens or not proper controls on avoiding that. So many other reasons behind the black economy likewise political protection, systematic corruption, habit and culture of the citizens (habit of violation of canons of law, least work - earn more), mindset of the people and so many others. The question is arising that how stop or control this situation? The first reply is to change or revise tax structure and design the policy to control over the illegal activities which help to generate black money. With this first reply, there are so many other strong suggestions can be made to control over the black economy. Mass use Unique Identification Number in all huge transactions with permanent account number (PAN), Right to Information, Lokpal bill can be useful for eradicate the black money from market as well as trained the bureaucrats, businessmen, Chartered Accountants and the people/citizens of the country for honesty. Political-will also must require. This paper helps to understand the problem of the black economy and its causes as well as suggestions also given for control over the black economy in India.

Key Words: Black economy, black money, causes of black economy, illegal activities.

**Introduction**

Generally, black money is known as unreported taxable income earned through legal or illegal activities, in other words 'money earned through illegitimate activities or accumulated by not paying taxes'. Though, there is no uniform definition of the black money in the literature or in economic theory, but many of the researchers as well as institutes try to identify the black income or black money and defined in different ways. After the phenomenon identified by the Wanchoo Committee Report (Ministry of Finance, GOI, 1971), black income known as: income as illegal; income which evades tax; income which escapes inclusion in national income estimates. With this, two definitions emerged, a) the aggregate of incomes which are taxable but are not reported to the tax authorities; and b) the extent to which estimates of national income and output are biased downwards because of deliberate, false reporting of incomes, output and transactions for reasons of tax evasion, flouting of other economic controls and related motives. Thus, as per the definition of the National Institute of Public Finance and Policy (NIPFP in its report 1985) 'black income is the aggregates of incomes which are taxable but not reported to the tax authorities'. Further, black incomes or unaccounted incomes are 'the extent to which estimates of national income and output are biased downwards because of deliberate, false reporting of incomes, output and transactions for reasons of tax evasion, flouting of other economic controls and relative motives'.

The money or income earned through legal activities but not paid tax on it as such as money accumulate through illegal activities likewise racketeering, trafficking in counterfeit and contraband goods, smuggling, illegal mining, human trafficking, mafias, drugs and so on; is included in black money or black income. However, significant amount of black money is generated through legally permissible economic activities which are not reported to the public authorities as per law, thereby converting such income into black money. In general, Black economy, black money, black wealth, black income, underground income, unofficial economy, shadow economy