

Economic Prosperity of Jodhpur

- Introductory Thoughts



The Jodhpur Initiative

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1. Background

Rajasthan is the largest state as far as area is concerned. But, our contribution in India's economy is below national average. Maharashtra is the wealthiest Indian state and has an annual GDP of US\$ 300 billion, nearly equal to that of Pakistan or Portugal, and accounts for 12% of the Indian GDP followed by the states of Tamil Nadu (US\$ 140 billion) and Uttar Pradesh (US\$ 130 billion). Although, for the past 3 years, the rate of growth of Rajasthan is higher than many states of the country, we still are at US\$ 100 billion, rank 7th when it comes to GDP contribution to the nation; and we rank 23 amongst all states when it comes to GDP per capita. Out of US\$ 100 billion, Jaipur alone is \$25 Billion, and the rest US\$ 75 billion comes from balance part of state. Our rough estimates indicate that Jodhpur GDP is ~US\$ 4 billion: Handicrafts- US\$ 350 million, Tourism- US\$ 240 million, Textile- US\$ 100 million, Guar Gum US\$ 90 million, Steel- US\$ 80 million and Real estate- US\$ 300 million. Rajasthan GDP per capita is US\$ 1443 as against Maharashtra US\$ 2800. Here also, we are below national average. Also, our agriculture economy has shrunk by 6% during last 5 years (In 2010, agriculture produce contributed 25% of state GDP, but today it is just 19%).

2. Growth of cities

The reasons that make Cities grow faster are:

- (1) Growth in employment;
- (2) Real personal income; and
- (3) Low tax burden.

The reasons that made the difference between Jaipur and Jodhpur, for the faster growth of Jaipur:

- (1) The difference in our political system, and the economic policies; Jaipur is a favored City;
- (2) City fathers (political leaders and bureaucracy) have not been attentive to the economic opportunities in Jodhpur, and also have not been influential;
- (3) Hardly any new transportation links created in the past 20 years
- (4) The manufacturing sector, strongly linked to urbanisation, is a much smaller part of Jodhpur's economy. So there aren't enough jobs for rural folks; and
- (5) Various land-use laws, land availability for development and high housing prices.

3. Way Forward

The two-prong Approach needed to building Jodhpur is:

- (1) Build on current economies, sectors and clusters;
- (2) Diversify into newer, high productivity, high value manufacturing and knowledge economy.

The targets to build Jodhpur a competitive city are:

- (1) To generate addition 3 lakh jobs by 2022 (2 lakh in current domain and 1 lakh in newer areas);
- (2) Target to achieve GDP per capita to grow to about twice of the current GDP to UD\$ 3,000

The three Ways to advance into action are:

- (1) Imitate some ideas

Build synergies with what we are already doing and improve upon. For example; learn from: Surat & Jaipur about gem and diamond cutting trade; Dharavi for consumer goods & garments; Ulhasnagar for electronics, plastics, packaging and garments; Ludhiana for hand tools and hosiery. This does not need any policy interventions.

Actions

- (a) We need to put together a team of socio-economists, entrepreneurs and urban planners to make a blue print with clear strategies and actionable points.

- (2) Replicate few ideas

Learn from Coimbatore about pumps and motors, textile machinery, engineering, and now software business. Learn from Bangalore, Pune and Gurgaon about IT, ITeS and Finance (back offices) business. Minimal intervention is required by the state.

Actions

- (a) This requires informed citizens to engage with a consulting company to take it work-on. Hence, it is proposed to appoint one of the top-five management consultants to research and help in preparing strategy.

- (3) Innovate to leapfrogging some ideas

Rajasthan has enough to do in terms of building infrastructure and road network. We have Army, Air force and Defense connect. There exists huge business opportunities in the areas of: automobile, farm equipment, earthmoving, heavy

engineering, and aerospace and defense production. This requires state intervention.

Actions

- (a) Publicly elected leaders, city administrators, state economic advisor, domain experts and informed citizens' and industry leaders like Tata, Ambani, Birla, L&T, Adani, and Jindal to build a shared vision for the prosperity of Jodhpur. Once, the initial understanding is arrived, engage a consultant to research and prepare long-term strategy for Jodhpur's growth.

The four areas to focus on are:

(1) Tourism and Sports Connected Business

India Brand Equity Foundation (IBEF) reports that in 2014-15, tourist arrivals in the state reached 34.59 million, mostly in Jaipur and Udaipur. I understand (from last presentation by Karni Singh) that Jodhpur gets only 1 million. Jaipur airport had 2.3 million passengers in 2014 and Jodhpur had 0.29 million during same period. There is space for large tour operators, backpacker accommodation and events Management companies.

Actions

- (a) Target 3 million tourists by 2022; and
- (b) We need to put together a competent team to study and search for actionable points.

(2) Design School for Handicraft Business

Jodhpur has been known for its handicrafts, textile printing, hand-woven carpets, gold ornaments, wrought iron articles. However, these traditional crafts are now in the hands of an ageing population and at risk of fading away in the next five year. Next generation is giving the art a skip; the niche space that the craftsmen have created for themselves is gradually getting vanished. Children of craftsmen are setting out in search of white color jobs. This trend has affected handicraft exporters a lot. It's time to give these skills a new lease of life.

Actions

- (a) We need to build a Design School in cooperation with National Institute of Design.

(3) Leverage DMIC for Manufacturing:

Nearly 39% of this Freight Corridor (approx 553 km) passes through Rajasthan. DMIC is just about 88 km from Jodhpur. This provides an idealistic opportunity to generate a great amount of employment in our region. If we put our act together,

this will prove to be a great catalyst for industrial activity in the state and give an exponential fillip to the manufacturing sector in the medium to long term. This leap for the state will not only provide sufficient employment but also attract overseas investments and trade. Following are priority actions:

Actions

- (b) It needs serious discussions with state government along with potential business leaders;
 - (c) Potential for an export-oriented Industrial area (SEZ) along with an integrated township having residential, institutional, commercial and recreation infrastructure to support (a) Textile and dairy/food processing industries; (b) Automotive component industry; (c) Marble industries; and (d) Electronics products,.
 - (d) Expansion of Civil Airport and establishing an Integrated Multi-Modal logistics hub in Jodhpur to benefit cement, mines and mineral industries; and strengthening of transportation network in adjoining regions.
 - (e) An exhibition cum convention center.
- (4) Building Construction and Infrastructure:

Urban affordable housing has long been neglected in Jodhpur due to various reasons such as high land prices, delays in getting approvals and low margins in the segment. Now with renewed focus from government (every one will have home by 2022); and to fulfill the need for low-cost housing, private sector involvement would play a significant role in bridging the current deficit of low-cost housing in urban areas.

Actions

- (a) Once we have concept Vision document, we must open dialogue with companies like Shapoorji, Tata housing and many more...

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