



Industrial Competitiveness in Rajasthan

Rajasthan's industrial competitiveness rests on power, land, and its human capital amongst other factors. Despite progress in renewable energy, rising costs, inefficiencies, and regulatory shifts pose challenges.

*This policy brief highlights Rajasthan's standing, highlighting opportunities for implementable policy interventions based on comparison with peer states. The overarching cross-cutting recommendation is to **leverage digital platforms** to enhance transparency, reduce delays, curb red tapism, and enable evidence-based industrial policymaking.*

State Highlights

1. Power: Competitive Tariffs with Room for Reform

- Thermal power remains dominant with 7,830 MW; Rajasthan leads solar generation with 5,482.66 MW.
- Power tariffs remain relatively high across categories: 33 KV (HT) at ₹7.1/kWh vs Gujarat's ₹4.5/kWh, 220 KV+ (HT) at ₹6.9/kWh vs Gujarat's ₹2.3/kWh, and for 501 KW & Above (LT), ₹6.5/kWh vs Gujarat's ₹4.6/kWh.
- Absence of demand aggregation, cross-subsidies and tariff volatility hamper industrial confidence.

2. Land: Rising Costs & Evolving Access Mechanisms

- RIICO's Direct Allotment Scheme (2025) under Phase III offers 6,806 industrial plots across 97 areas at reserved prices to investors who have signed MoUs under the Rising Rajasthan initiative by 30 April 2025.
- However, issues around transparency in allotment processes, delays in conversion and approvals, and infrastructure readiness continue to persist.

3. Human Capital Development: Bridging Employability Gaps through Targeted Skilling and Resilient Workforce

- Rajasthan's Worker Participation Rate (WPR) (55.3%) and Pradhan Mantri Kaushal Vikas Yojana's (PMKVY) placement rate (15.5%) are on par with Tamil Nadu and Karnataka but below Andhra Pradesh (22.17%), while the state stands out for female employability and critical thinking (India Skills Report 2025).
- Despite the Heal in Rajasthan Policy (2024) and existing health and social security schemes, migrant workers in industrial hubs like Alwar, Bhiwadi face poor sanitation and disease burdens.
- Local employability is weak due to fragmented skilling, rigid labour laws, and migration of talent.

The table below outlines key challenges and recommendations, among others, and is not exhaustive.

| Area | Challenges | Policy Recommendations |
|----------------------------------|---|--|
| Power Tariff | <ul style="list-style-type: none"> • Higher input costs than Gujarat • Non-transparent subsidy and surcharge mechanisms • High cross-subsidies on open access • Uniform tariffs limit demand-side flexibility • Price volatility deters investment • Fragmented procurement at industrial level | <ul style="list-style-type: none"> • Introduce simplified, tiered LT fixed charges (Punjab model) for MSMEs; maintain lower tariffs at 33 kV to attract investors • Ensure transparent subsidy and surcharge mechanisms • Rationalise cross-subsidies (Gujarat model: low CSS, no additional surcharges) • Implement Time-of-Day (ToD) tariffs per 2023 Union mandate • Establish long-term tariff policies for pricing stability • Enable pooled power procurement for industrial zones (AP's NREDCAP model) |
| Land Allotment | <ul style="list-style-type: none"> • Opaque Earnest Money Deposit (EMD), reserve price setting, and committee discretion • Delays in Conversion of Land Use (CLU), clearances, and No Objection Certificates (NOCs) • Gaps in infrastructure post-allotment | <ul style="list-style-type: none"> • Standardise rate card for land allotment (Gujarat model); publish reserve prices and evaluation criteria • Ensure transparency in decisions for plots >50,000 sqm or in notified zones • Create an integrated digital single-window system for all industrial approvals • Link land allotment to infrastructure readiness; promote plug-and-play parks (Maharashtra model) |
| Human Capital Development | <ul style="list-style-type: none"> • Mismatch between industrial demand and training curricula • Weak local workforce absorption; overdependence on migrants with lack of social security • Out Migration of skilled workers | <ul style="list-style-type: none"> • Develop district-level skill plans aligned with One District One Product (ODOP) and expand industry-led vocational training to build a stronger local workforce • Link Jan Aadhaar with central e-Shram to allow interstate portability along with mandating contractors to facilitate PMJAY and ESI registration camps for migrants in industrial areas • Adopt balanced labour reforms and an employment policy that safeguard workers, support business profitability, and shift focus from training completion to employability with fair, competitive wages |

This Policy Brief has been written by Tasmita Sengupta, Senior Research Associate, CUTS International.

© CUTS International 2025. This Policy Brief is published under the project entitled, Rajasthan Employment Manufacturing Investment & Trade (REMIT) by CUTS Centre for Competition, Investment & Economic Regulation (CUTS CCIER), D-217, Bhaskar Marg, Bani Park, Jaipur 302 016, India. Ph: +91.141.228 2821, Fx: +91.141.228 2485, E-mail: c-cier@cuts.org, Web: www.cuts-ccier.org.

Also at Delhi, Calcutta and Chittorgarh (India); Lusaka (Zambia); Nairobi (Kenya); Accra (Ghana); Hanoi (Vietnam); Geneva (Switzerland); and Washington DC (USA).