

90700

Fostering Investment and Business Growth in Rajasthan

PROJECT AT A GLANCE

COUNTRY/REGION RAJASTHAN, INDIA/SOUTH ASIA
PRODUCT BUSINESS REGULATION, INDUSTRY-SPECIFIC INVESTMENT CLIMATE/INVESTMENT PROMOTION

The state of Rajasthan offers unique opportunities for private sector investment, but it only accounts for 3 percent of total investment in India. The investment climate project in Rajasthan aims to improve business licensing procedures, infrastructure, and the availability of specialized skills to unlock the state's potential as an investment destination.

CONTEXT

Decreasing public investment and improving investment climates in other states across India have deterred private sector investment in Rajasthan. Rajasthan remains a difficult state to do business, despite the state's entrepreneurial culture. The state ranked at the bottom of the World Bank's 2006 investment climate survey for India, while Jaipur, the capital of Rajasthan, ranked 7th of 17 Indian cities reviewed in the subnational *Doing Business in India 2009* report.

RESULTS AND IMPACTS

- Developed 85 recommendations related to business regulation; simplified 25 regulatory processes, with an additional 20 in advanced stages of implementation.
- Secured \$673 million in new investment commitments, which will create 2,900 jobs.
- Established memorandum of understanding between the Korean Trade and Investment Promotion Agency and the Rajasthan Industrial Development and Investment Corporation to establish the Republic of Korea's first investment zone in Rajasthan.

IN PARTNERSHIP WITH [JAPAN](#), [THE NETHERLANDS](#), [GOVERNMENT OF RAJASTHAN](#)

Licenses are also a significant impediment to greater investment and economic activity. The government requires more than 100 licenses, and a midsize business needs around 25 licenses to operate in Rajasthan. Moreover, evidence from other developing country jurisdictions suggests that licenses can generate significant administrative costs for businesses — around 1 percent of gross domestic product (over 4 percent if licensing fees and charges are included).

OUR ROLE

The state of Rajasthan in northwest India offers unique economic opportunities for private sector investment. The state is strategically located near the national capital region along the planned Delhi-Mumbai industrial corridor, boasts abundant natural resources such as oil, lead, zinc, and other minerals, and has a population renowned for its entrepreneurial spirit, which makes Rajasthan a destination for talent sourcing in the country.

Despite these advantages, Rajasthan accounts for just 3 percent of private investment in India. Administrative reforms, improved infrastructure, and the availability of specialized skills are key to unlocking Rajasthan's enormous potential as an investment destination. The following efforts are in place to remove these obstacles and promote Rajasthan as a preferred destination for sustainable private sector-led investment:

"By bringing IFC on board as a knowledge partner, we hope to draw on its global experience to help Rajasthan emerge as an attractive investment destination for private sector initiatives and bring economic growth opportunities to our people."

RAJENDRA PAREEK
Industries Minister
Rajasthan

REGULATORY STREAMLINING

- Regulatory reform working groups established by the government have identified and will simplify 65 business procedures.

SECTOR-SPECIFIC ADVISORY AND INVESTMENT GENERATION

- An investor tracking system is being developed and implemented at the Bureau of Investment Promotion.
- Six priority sectors have been identified for support: automotive, solar component manufacturing, information technology and IT-enabled services, ceramics, healthcare and tourism.
- New investment leads of \$7 billion have been identified in priority sectors; \$2 billion in new investment leads are in advanced discussions.



FACILITATING PUBLIC-PRIVATE PARTNERSHIPS

- Best practices on legislative and institutional arrangements for PPPs are being shared and a pipeline of PPP projects developed.
- Work on a PPP project to install street lighting in Jaipur is currently being structured. Other proposals on waste management and healthcare are being discussed.

CONTACT

Dhruba Purkayastha | Senior Operations Officer | Investment Climate
EMAIL: DPurkayastha@ifc.org | TEL: + 91-11-4111-1095 | www.wbginvestmentclimate.org