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Presentation by
Smt. Vasundhara Raje
Chief Minister, Rajasthan

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Resources and Responsibilities of States

- India is a Federation of 28 States and 7 Union territories
- The constitution divides the resources and responsibilities. Broadly, for a State, these are:

Taxes that State can Levy

Sales Tax

Taxes on Vehicles

Taxes on Wines/Spirits

Taxes on Transfer of Property

Royalty on Minerals

Responsibilities

Education

Health

Public Order, including prisons

Agriculture

State Roads

Power

Social Welfare

Irrigation

Drinking Water

(“State List” has 66 entries)



Resources and Responsibilities - *contd....*

- As a consequence :
 - ◎ State closer to the people; more likely to be tested on governance issues
 - ◎ Services being provided by the State manpower intensive, thus inflating wage costs.
 - ◎ States vary considerably in terms of area, population, topography and stage of development. Significant variations in expenditure needs.
- Resources of a state are more than just tax receipts, they also consist of :
 - ◎ Share in central taxes (as recommended by a Finance Commission, a statutory body constituted every 5 years. [Report of Twelfth Finance Commission (TFC) just received])
 - ◎ Grants-in-aid (as recommended by TFC or as part of Centrally Sponsored Schemes (CSS))
 - ◎ Capital receipts, which are largely borrowings.



Role of States in Economic Reforms

- Economic reforms of the 90s have changed the Country: Complementary nature of central and state level reforms.
- Further success of the reforms package will depend on what the State Governments do.
- Stronger states: A stronger India.

But, there are concerns ...

- Growing population puts extra pressure on resources
- Sequencing of reforms is very important.
- Community involvement for better management of resources

Rajasthan - an overview



- India's largest State – 342,000 sq. kms.
- Rajasthan accounts for :
 - ◎ 10.4% of the country's area,
 - ◎ 5.49% of its population,
 - ◎ 10.6% of the cultivated areaBut
 - ◎ **Only 1.16% of its water resources**
- Rainfall is erratic and scanty
- Agriculture is largely rain fed
- Dispersed population
- Thus, high cost of service delivery, relative to other States/
National Average



Increased Public Investment ('Plan' Expenditure and Capital Outlay)

- Additional investment in social sectors & in infrastructure an obvious need.
- Significant increase in plan size :

2003-04 (BE)	:	Rs. 42 billion
2004-05 (actual)	:	Rs. 66 billion
2005-06 (BE)	:	Rs. 86 billion
- Capital outlays as percentage of GSDP

2002-03	:	2%
2005-06	:	5%
- **Policy formulation processes made consultative**
 - Involvement of all stake holders at all stages – planning, implementation and monitoring.
 - Involvement of Self Help Group, NGOs, User Association, Local Bodies and Panchyati Raj. Institutions.
 - Consultation with experts - Economic Policy and Reforms Council, Livelihoods Mission, Biotech Advisory Council, Water Resources Committee etc.



The major issues...

- Problems aplenty; solutions complex
- The major ones are:
 - Education
 - Health
 - Water, specially drinking water
 - Road infrastructure
 - Tourism



Education

“Reforms themselves are only half cycle of the full circle of development. The other half cycle is the role of social opportunity in development”

- Amartya Sen

- In the decade 1991-2001, significant increases in literacy
- Significant improvement in teacher : pupil ratio through recruitment of teachers
- Special attention given to :
 - ◎ Improving quality and access (school every km; free Text Books)
 - ◎ Enrollment and retention (CM’s Shiksha Sambal Abhiyan; Hot cooked mid day meals)
 - ◎ Capacity building (REI)
 - ◎ Special schemes for children with special needs
 - ◎ Special schemes for girl student (cycles for tribal girls, Project GRACE)
- Private Universities Legislation enacted

Health

Health indicators in Rajasthan are a cause for grave concern

INDICATOR	YEAR	RAJASTHAN	ALL INDIA
Decadal Growth Rate (%)	1991-01	28.33	21.34
Total Fertility Rate (%)	1999	3.78	3.2
Life Expectancy at Birth (Years)	1993-97	60	61.1
Maternal Mortality Rate (Per lakh)	1997	677	407
Crude Birth Rate (Per 1000)	2002	30.6	25
Crude Death Rate (Per 1000)	2002	7.7	8.1
Infant Mortality Rate (Per 1000 Live Births)	2002	78	64

No. of Hospitals	—	215
No. of CHCs	—	299
No. of PHCs	—	1679
Sub Centres	—	10387



Efforts in Health & Family Welfare

- No incidence of Wild Polio
- Guinea-worm eradicated
- No Malaria epidemic for last 4 years
- Leprosy eliminated ($<0.38/10,000$ population)
- Significant reduction in blindness (2.24% to 1.55 % and to be further reduced to 0.34% in next 2.5 years)
- Under Revised National Tuberculosis Control Programme Global Targets achieved – programme cure rate $>87\%$, conversion rate $>92\%$.



Efforts in Health & Family Welfare

New initiatives focus on

- Improvement of routine immunization (to improve IMR) – Mother & Child Health day on every Thursday at Anganwari Centers
- Phased creation of Basic Emergency Obstetric Care Facility at PHCs & Comprehensive Emergency Obstetric Care Facility at CHCs
- Private participation in diagnostics leading to lower costs
- Improving infrastructure as well as managerial & clinical capacity through Health System Development Project (World Bank Rs. 472 crore)
- Integration of Indian Systems of Medicine with Allopathic Institutions in all District Hospitals and 32 CHCs
- Micro-nutrient Supplementation Programme initiated in tribal sub plan and Saharia areas
- Efforts an on to setup a Telemedicine network connecting all district hospitals to the 6 Medical Colleges in the State



Efforts in Women & Child Development

- 3.582 million Women & Children being provided supplementary nutrition through 35,821 Anganwari Centres
- One additional worker (Sahyogini) appointed in all Anganwaris to provide door steps services
- 500 Creches for Rural working women
- Convergence of health and nutrition services – Health and Nutrition day every month at Anganwaris
- Dulari Scheme to provide life skill education to adolescent girls on the pattern of Kishori Shakti Yojana of GOI
- **100 thousand Women Self Help Groups who have been extended credit worth Rs. 810 million – No subsidy!**
- Mid-day meal



Special attention to the disadvantaged groups

- Special schemes have been launched for disadvantaged groups.
 - ◎ Food security schemes for Primitive Tribes- Food Stamps and Ration tickets.
 - ◎ Micro-finance through Self Help Groups for women.
 - ◎ Gender Budgeting.
 - ◎ Recruitment of Women Constables.
 - ◎ Reservation of women in recruitment.
- Employment generation through Janbhagidari (public participation scheme)
- Mission for livelihoods setup
- Enhancing rural credit flow to Farmers. Market Intervention Scheme, Crop Insurance/Weather Insurance
- Right to Information and Empowerment of the marginalized are of crucial importance:



Water

- In Rajasthan,
 - Ground Water over exploited.
 - High Salinity & Fluoride content
 - Drinking water transportation by tankers
 - Low frequency of supply
 - Per capita water availability, even in towns, lower than National average
- Integrated water use policy necessary
- Vyas Committee & State Water Resources Planning Department
- Water as a common property resource- requiring awareness & participatory management: **Jal Abhiyaan**



Water

contd..

- Efforts made so far:
 - Increased allocations; speedy completion of ongoing schemes
 - Speedy execution of Master Plan for construction of Water Harvesting Structures
 - Stress on rehabilitation of assets created
 - Water conservation through use of drip and sprinkler system, made mandatory in the command of Narmada Canal System (Jalore & Barmer district)
- State Partnership Program (SPP) with European Commission (EC) focused on participatory management finalized-likely grant of Rs.450 Cr. to be available



Roads

Status

- **Low road density**
- **Huge maintenance backlog**
- **Quality**
- **Connectivity of nucleated settlements (hamlets) low**

Efforts

- **Increased investments in Road Sector – Rs. 15.96 billion**
- **Pradhan Mantri Gram Sarak Yojana- 12 km, 4 villages per day**
- **Mega Highways Project (RIDCOR) Rs. 15.00 billion, 2 years, 5 Mega highways over 1200 kms, PPP model**
- **BOT projects,**
- **Mukhya Mantri Sarak Yojana,**



Tourism

Tourism

- One out of every three tourists to India visits Rajasthan
- Over a million arrivals in 2004
- Heritage tourism – a state full of history, forts and havelies
- Desert tourism - Jaisalmer
- Health tourism
- Religious tourism
- Heritage Conservation
- Strengths
 - Proximity to Delhi
 - Easy access to 2 international airports (Jaipur & Delhi)
 - 12 airstrips being upgraded to 6000 ft level



Issues that require consideration & debate:

- Does fiscal federalism in India require, if not re-consideration, at least fine tuning? For instance, how is it that a tourist-destination state like Rajasthan have practically no say regarding airports – where they are needed, when etc.
- How to take education from being a literacy programme to being a skill-building, enabling tool?
- What innovative methods are required in the health sector, specially to improve indicators like IMR, MMR etc.
- What are the long term & lasting solutions for water?
- Can we go faster on road connectivity?
- Are we leveraging our strengths in Tourism sufficiently?
- Are there better ways of doing what we are doing, from the point of view of realizing our goals quicker?



RAJAS'THAN

Thank you



Constraint and Strengths of Fiscal Federalism

- Actual transfers of central taxes can be less than what is envisaged in Finance Commission award
- Several policy decisions of the central government impact state finances adversely
- Non statutory transfer of funds through centrally sponsored schemes limits flexibility of States.
- Inadequacy of resources with the States has caused an increasing resort to borrowings.
- Unsustainable interest liabilities – in 2002-03 - 32% of revenue receipts (in Rajasthan)
- In spite of the constraints, on the whole, a robust federal structure