



Government of Rajasthan

51st Meeting of the National Development Council

Speech of

Smt. Vasundhara Raje

Chief Minister, Rajasthan

27-28th June, 2005

New Delhi

Hon'ble Prime Minister, Deputy Chairman Planning Commission, Chief Ministers, Central Ministers and friends.

I am happy to participate in this meeting of the National Development Council that has been convened to consider the Mid-Term Appraisal of the Tenth Five Year Plan. I view it as an opportunity to reflect on our achievements so far and design our actions and priorities for future in the light of the emerging challenges. I commend the Deputy Chairman, Planning Commission and his team on the preparation of the MTA Document which is quite detailed.

The Tenth Plan was a major step forward from the previous Plans in terms of the confidence it displayed by aiming at a quantum jump from the past medium term performance, and to clearly articulate the need to accompany this growth with equity, and enhancement of the quality of life of our citizens. Priorities of the Plan accordingly included, inter-alia, revitalization of the agriculture sector, greater emphasis on the creation of quality employment opportunities through rational policies and actions in sectors such as construction, real estate, housing, transport entertainment and IT- enabled services. It is noteworthy that tourism has been recognized as a potentially powerful sector, capable of stimulating most of the other sectors through backward and forward linkages. The other major elements of the Plan, to our mind were, (i) emphasis on economic infrastructure to enable India to compete effectively in the increasingly integrated international economy, (ii) attention to programmes and initiatives for rural development, and poverty alleviation-both rural and urban, (iii) enhancement of livelihoods of socially and economically marginalized groups, and, (iv) governance and administrative reforms, including increasing recourse to e-governance. Another important point, I wish to recall, is that the Approach Paper to the Tenth Plan (AFTP) clearly recognised that the achievement of the projected growth rate and human well-being was dependant upon significant improvements in these areas in the States, particularly in the States which had lagged behind.

This recall of the critical elements of the Tenth Plan provides me a useful setting to analyze the status of Rajasthan in terms of achievements and issues and the recommendations that flow from the Mid-term Appraisal document, with a view to identify areas, strategies and reforms that are needed to make a move forward in the pursuit of our goals. While doing so I am mindful of the fact that the range of subjects

is so large that not all of them can be covered at length in the limited time available, and hence I shall confine myself to some critical areas that impact directly the growth and development of Rajasthan, and affect its contribution to national growth and development.

SOCIAL SECTORS

First of all let me take the social sectors of Health, Education, Women and Child Development, and development and mainstreaming of disadvantaged and vulnerable groups such as SC/ST, the poor and other marginalized groups.

HEALTH

I feel that for too long now Rajasthan has had the dubious distinction of low performance in health indices such as IMR, MMR etc. We are now determined to erase this image and to achieve Millennium Development Goals and Tenth Plan goals set in this regard. Hence in this sector, the priorities of the State Government are improvement in health infrastructure and quality of services, effective utilization of funds, and quality up-gradation of services through capacity building. Involvement of private sector and local community towards achievement of the goals is another priority of the State.

A number of initiatives have been taken to improve access to, and utilization of health services. To mention a few, a World Bank aided Rajasthan Health System Development Project is under implementation which seeks to renovate and upgrade health facilities and provide latest equipments.

Special emphasis is being laid on the under-served areas and populations. A review of the past performance of the health services in the State showed that the tribal districts and the vastly spread out desert districts of Rajasthan had remained continuously deprived of access to modern specialized services of experts. Given the reluctance of the specialists to locate themselves in these tough, often climatically hostile areas, an innovative strategy has been adopted through "Sanjivini Programme" which provides services of specialists to these areas through outreach camps. The strategy includes provision of micro-nutrients in tribal areas to meet deficiencies. Another initiative, I wish to mention, relates to locating allopathic and alternative systems of medicine under the same roof in district hospitals, giving a

choice to health seekers and patients.

Steps have also been taken in developing multiple partnerships in the interest of providing efficient, timely and reasonably priced diagnostic services to patients. For example, diagnostic services have been contracted out in Jaipur and this step has had multi-faceted salutary effect: it has improved the quality of services, ensured promptness, reduced costs to patients, eased pressure on government resources., and above all reduced crowding in the key medical institutions. Based on this experience, steps are being taken to further encourage public-private and public-civil-society partnerships in this area.

As to the recommendation to commence National Rural Health Mission (NRHM), I am glad to report that the State Government has already initiated action on several key components under the National Rural Health Mission (NRHM). However, in order to make the implementation of NRHM effective, several actions need to be taken at the Government of India level at the earliest.

Guidelines for several components like merger of existing health and FW societies, utilization of grants for Rogi Kalyan Samitis etc. are still awaited from Government of India. We suggest that draft guidelines for components should be issued expeditiously and flexibility should be permitted to the States in their implementation to cater to local area-specific needs.

An MOU has to be signed between the State Government and Government of India under NRHM. The MOU is yet to be received by the State.

Various components under NRHM and RCH II are getting adversely affected in terms of their time-bound implementation, for want of funds. Timely release of funds allocated to the state would be a precursor to effective implementation of NRHM.

Similar is the case of generic allopathic and AYUSH Drugs proposed to be supplied by Government of India under NRHM.

Looking to the increased workload of the ANM and broader structure of NRHM, it is considered that an MPW (Male) / additional ANM should also be in position at each sub-centre to improve its functionality. The salary of MPW /additional ANM should be borne by GOI as is being done in the case of present

ANM (one per sub-center).

In view of shortage of Anesthetists in the State the five and half month course in Anesthesia is required to be organized by the GOI immediately, to help tide over the constraint of non availability of Anesthetists especially at CHCs and FRUs. ,

EDUCATION

If health is the foundation for creation of productive capacity, education is the wherewithal that hones it and makes it meaningfully usable. It also influences the responses of the people to various issues and challenges as members of a developing society. Hence, the need to impart a goal- oriented seriousness to the sector.

Towards this, the State is committed to expansion of educational facilities, improvement in quality of teaching and learning and improvement in access, coverage and retention ratios in schools. Intense efforts have been mounted to improve teachers' training and strengthen technical expertise through training and professional development opportunities. Recruitment of qualified teachers has been started to ensure their availability in all schools on the one hand, and to have a manageable teacher-pupil ratio on the other. Thirty four thousand teachers have been recruited in the last one year. This will bring the teacher pupil ratio to 1:40.

The drop-out rate of children in classes 1 to 5 is about 50% in Rajasthan. Drop-out rate of girl students contributes substantially to it and special efforts are being made to reduce this. Special residential bridge courses have been started to enable these drop-out girls to join mainstream education. Recently, we have started an innovative scheme called 'Aapki Beti' to fund the entire education expense of such daughters of BPL families, as have lost one or both parents. Government is providing bicycles as well as free bus passes to girl students and we hope this will help in retention of students in schools and also aid elimination of gender bias in society, We are confident that our efforts of strengthening Mid-day-meal scheme to provide hot meals, recruitment of primary and secondary teachers in large numbers, extension and provision of critical facilities in schools and hostels and training of teachers and other measures for mainstreaming the marginalized groups, which I shall shortly mention, will make a marked difference in the quality and quantity of

education.

It is in this context of the resolve and the efforts of the State in universalisation of education that we look at the recommendations of the MTA .

The recommendation of universalizing secondary education through a Mission on the lines of SSA needs serious consideration. With significant actual and potential progress in elementary education through SSA, it is only to be expected that there will be a substantial transfer of students from elementary to secondary level. It is possible , that we will achieve the goal of universalisation of elementary education by 2010. But secondary > education structure is yet to be attended to prepare it for the increased inflow of students. We will need extra schools, classrooms, teachers and , improvement in the quality of education. This would require substantial funds. It is understood that Government of India has constituted a committee to examine the issue and suggest a funding mechanism so that work can start well before 2010. Government of India should take a decision to start an SSA type of programme on a sharing basis of 75:25 so that work in this regard can begin even in the current year.

Vocational Education (VE) stream also deserves attention. In the light of the lessons learnt from past experience, mere re-orientation of the past strategy, as suggested in the recommendations, will not suffice. We believe that the whole concept needs to be reworked so as to provide multiple level choices to students after class 10, and class 12. Sustained and active interaction with industry and business as well as government programmes seems necessary to make the VE useful and employment-oriented.

Education for physically challenged children is ail area, which in my opinion, requires greater attention than has been given in the past. Rajasthan is going to start special bridge courses for such children and is taking steps to appoint qualified teachers for them. Each block will have a duly trained expert who will monitor various programmes pertaining to Inclusive Education for Disabled (IED). For the first time, we shall also be introducing Braille books for children and also undertake a major training programme to train teachers with the skills required for teaching the disabled children. In the seventeen districts of Rajasthan, which had no institutions to meet the educational needs of these children, required schools would be started.

In the tertiary sector of education, up-gradation of staff and infrastructure in the existing colleges, introduction of new courses like bio-medical engineering, fashion technology, and refresher/ orientation courses for lecturers have been our priority areas. The State Government has decided to set up a medical university which would strengthen medical education. Considering the constraints of resources, the State Government is inviting private sector partnership in setting up and providing quality education. However, private sector initiative needs to be supplemented by Government efforts. Some of this is needed in the form of creating a national level Institute of Management and Technology in Raj as than, a need which has remained unmet so far and has contributed to the backwardness of the State in attracting investment.

I would also like to refer to a long pending recommendation on the funding of education. Long ago, the Kothari Commission had recommended 6% of GDP for investment on education. We should have reached this level about 20 years ago. However, despite commitment of all political parties to this goal, the Government of India has so far not reached this level of funding. This has resulted in under-investment in the sector. The current level of expenditure in education is only 3.95% of the GDP. All requirements of funding to achieve the goals of universalisation of elementary and secondary education can be achieved with the recommended 6%. In Rajasthan, I am happy to state, we are already spending 4.6% of SDP on education. It is high time that the Government of India finally takes a bold decision and ensures that 6% of GDP is spent on education.

WOMEN AND CHILDREN DEVELOPMENT

Rajasthan is the first State to start a Women Development Programme. We are now devoting ourselves to streamlining, deepening and widening the existing programmes and taking new initiatives as the situation demands. Gender issues are all pervasive, and I have already mentioned some initiatives in education and health sectors. Through ICDS programme, efforts are afoot for holistic development of women and children, especially pregnant and lactating mothers. Special efforts are being made to increase the outreach and strengthen the ICDS programme through community participation., as well as integration with the programmes of other departments like medical, health, and education. With the help of private sector participation, we are ensuring hot meals to all children on all six days in the week.

Multi-sectoral child tracking has been initiated to ensure nutrition, health, and education of children. To improve the access of rural women to institutional credit and increase their capacity, a Self Help Group Institute has also been set up. Q mil

WELFARE OF SC/ST AND OTHER MARGINALISED GROUPS

Nearly 12.6% of the State's population is tribal. The SC population is about 16% of the total population of the State. Education of children, particularly girls and women, employment opportunities and increased upward mobility of girl students, have been adopted as the thrust areas for comprehensive development of tribal and SC population. Various programmes for uplift of the SC and ST population are being implemented, innovated and monitored. One of the challenge of these programmes is to shift the attitude from 'business as usual' to a vibrant innovative mode of action. This is necessary to ensure the sustainable development of SC/ST. Our efforts in this direction are beginning to bear result.- For example a primitive tribe called 'Sahariya', living in the remote parts of Hadoti region, had largely remained isolated despite targeted programmes in the past, with all the attendant problems of such isolation. Special efforts mounted through a special package for this tribe have already resulted in signs of change in their conditions. A Foster Parent scheme has been started for those SC children who have either lost their parents, or whose parents have been sentenced to life imprisonment, or have been awarded the death penalty. Monthly amount of Rs. 500 to 675 along with support in kind is given to foster parents for taking care of such children. Through another initiative, assistance of Rs.5000/-is provided for the marriage of SC girls belonging to BPL families. A Food Coupon Scheme to ensure food security for ST areas has been introduced. This scheme enables members of BPL families to get 10 kg wheat under special circumstances.

To encourage SC/ST women to go in for higher education, college level hostels in 7 divisional headquarters are being opened where these women will be allowed to live free of cost. Residential schools for children of the migratory cattle breeders, and residential schools for children of beggars are two other important initiatives. Families with scant means and having two or more disabled persons will be provided with all the benefits normally admissible to BPL families. Widows and disabled persons having the meager welfare pension as their only source of income

are being provided 10 kg of wheat free of cost per month, Welfare measures such as setting up of old age homes, with people's participation, are also being undertaken. The National Scheduled Caste Financial Corporation gives loans at a concessional rate of 4 to 5 % to members of SC for self-employment; but the number allowed to the State is too small to make any meaningful dent in the problem of unemployment faced by them. Since the need to improve the conditions of these people is important to the State Government, we have decided to give a subsidy from our own budget to meet the requirement. Approximately 25000 people are expected to be benefited by this.

POVERTY ELIMINATION AND WAGE EMPLOYMENT

Poverty elimination and rural employment programme are being implemented with the support of the people. The NFFWP was launched in 5 districts in January 2005 in the State after the receipt of funds and allocation of grains from the Ministry of Rural Development. Expenditure upto the end of May 2005 was 80%. Resources were utilized mainly for water conservation works, which will be completed before the onset of monsoon. However, labour employment for 100 days could not be achieved because of paucity of resources

Till the EG Act comes into force, we recommend that the coverage under NFFWP needs to be increased from 5 to at least 8 districts, for which a request has already been made to Government of India.

Secondly, the scheme needs to be expanded to all the poor, as making a distinction between BPL and non-BPL persons in the rural areas of Rajasthan is undesirable, looking to the recurrent droughts. Thirdly, Government of India should support the State Government for additional engineering and accounts staff which will be required to implement the scheme as stipulated.

As to the merger of SGRY and NFFWP, so long as the merged scheme provides full requirement of funds for employment generation, we have no objection. We also fully support the enactment of the Employment Guarantee Bill. However we do not find ourselves in agreement with some of the provisions included in the Bill. The State Government's reservations in this regard have been communicated to Government of India. In particular, I would like to emphasize that we do not favour creation of National Employment Guarantee Fund from 10% or more of proceeds of

Goods and Service Tax, and amounts transferred from various tax sources at the discretion of the Central Government. We do not think that the Centre has the constitutional authority to transfer such amounts to the proposed fund. Such a step will affect the resources of the States adversely. We are of the view that the Scheme should be funded fully

Further, the Bill proposes that a work may be started only upon availability of labour force of at least 50. In a State like Rajasthan, especially in western parts where population density is low, this stipulation would prove unworkable, and should be reconsidered.

INFRASTRUCTURE

Infrastructure was one of the major priorities of the APTP. The basic approach in the water, power, and connectivity (road) sector was predicated upon sector reforms. I intend to comment on these sectors in the light of the stipulations of the Tenth Plan, the action taken by the State, and the recommendations made in the MTA.

WATER RESOURCES

I take the water sector first, which is a serious and sensitive issue for my State. The State has only 1.04% of the country's water whereas it has 10.6% of its geographical area and supports 5.5% of its population. By way of sector reforms the State is gradually moving towards demand side management through direct and indirect measures. Water Users Associations have been formed and empowered to maintain irrigation systems from the minor level to field channels. They are authorized to recover the irrigation charges, and 50% of the amount so recovered is retained by them for maintenance of the system. NGOs are also being invited for executing the projects. Renovation and restructuring is a pressing need of the irrigation systems. Recognizing this the Government of Rajasthan has taken up two projects viz. Rajasthan Water Sector Restructuring Project (RWSRP), costing Rs.734.00 crores with the help of the World Bank, and Rajasthan Minor Irrigation Improvement Project (RMIIP) costing Rs. 612.00 crores with the help of JBIC, for rehabilitation works to minimize losses and to ensure equal distribution in the system from head to tail reaches. The irrigation systems after rehabilitation shall be handed over to the Farmers Associations (Water User Associations) for maintenance,

distribution and revenue collection. This will not only help in minimizing losses but it will create a sense of ownership among the farmers, thereby leading to optimal utilization of water on a sustainable basis.

The State has taken up another project costing Rs.445 crores for modernization of Gang Canal System having an irrigation potential of 96500 lac Ha. The project is being implemented for lining of channels which will minimize losses and increase irrigation potential. -

Under the Command Area Development Programme, the State has carried out lining of water courses in 11.38 lac Ha. so far to minimize seepage losses, and to reduce the gap between potential created and utilized in major projects like Indira Gandhi Nahar Project and Sidhmukh Nohar Project. Although the Bisalpur project having an irrigation potential of 82,000 Ha. is ready, we have not been able to carry out CAD works in this project so far, because of its non inclusion by GOI under their ongoing CSS Scheme, despite our request in this regard from time to time. We request its inclusion under CSS Scheme again so as to help us achieve optimal utilization of water of this project.

The irrigation charges at present are not sufficient to recover the operation and maintenance charges of the Project, resulting in the problem of inadequate funding for concurrent maintenance. Ideally, rationally priced irrigation water should encourage proper apportionment of water between irrigation, drinking and other purposes. It should also help in equitable distribution of water among various stakeholders.

At present, there is no system/mechanism for regulation of the pricing of water. Perhaps, such a mechanism could be developed through greater community participation e.g. by involving Water Users/Stake Holders Association, and by having proper linkages with water conservation practices.

The State has set up an Expert Committee to suggest action to be taken regarding to give recommendations integrated development of water resources, and other water related issues including tariff, and modification of State Water Policy.

Some issues in the water sector transcend State boundaries, and it is essential that these issues are resolved at the earliest. Rajasthan has the problem of

inadequate share of water under the Inter-State arrangements. The National Water Policy stipulates that water should be made available to water deficit areas by transfer from other areas, including through inter-basin transfers. This needs to be put into practice, and past agreements and commitments in this regard must be honoured by the participating States. Unless this is done the recommendation of the MTA for greater reliance on surface water vis-a-vis ground water would remain unimplemented.

ENERGY AND POWER SECTOR

The APTP relied heavily on strategies of sector reforms in the conventional power sector, augmentation and new generation, accompanied with promotion of non-conventional renewable energy projects. Rajasthan was among the first few States in the country to have unbundled the State Electricity Board into separate companies for generation, transmission and distribution of electricity. The State has also introduced the multi buyer model w.e.f. 1st April, 2004 by transferring bulk supply functions from the transmission company to the three distribution companies. The distribution companies are now directly contracting purchase of electricity from the generating companies. The State Regulatory Commission has also passed orders for the phased implementation of open access to the consumers of contract demand of 15 MVA and above w.e.f. 1.4,2005. All the consumers of 1 MW and above will be able to avail themselves of open access on the transmission and distribution systems w.e.f. 1.4.2008. The cross subsidy surcharge and wheeling charges have also been specified along with the time frame for progressive reduction in the surcharge. I hope that these initiatives will help develop a competitive environment in the power sector.

The State Electricity Utilities have taken proactive steps to improve the distribution efficiency under an ambitious Feeder Renovation Program. The results have been impressive and under the Financial Restructuring Plan, the State Government is providing transitional period financial support so that the utilities turn around by 2011-12. Thereafter, the power utilities would not require financial support from the State Government.

We think an independent review of the erstwhile Accelerated Power Development and Reforms Program of Government of India must be quickly

completed and incentives under the scheme made attractive so that the performing utilities have a greater incentive to undertake all necessary measures to enhance distribution efficiency on an urgent basis. At the same time it is essential that the Central Government creates a pool of funds to provide transitional period support to power distribution companies during the turn-around period.

The State is already awarding all construction contracts through competitive bidding. However, involvement of the Regulator in deciding the bidding process may not be desirable, as the cost of project is even otherwise subject to review. We support the idea of developing a debt-pool which would provide up to 20 year- loan funding for energy projects. We do not, however, agree that tripartite agreements should cease to be extended to projects taken up for construction from Eleventh Plan onwards. These may have to continue till power utilities become financially sound. We also believe that Government of India should provide financial assistance to promote new technologies till they become viable. It is recommended that, as in the water sector, large projects in the power sector should also be developed and funded as national projects.

Under the Electricity Act, 2003 the mechanism to price power through Central /State Electricity Regulatory Commissions has been institutionalized. While the Central Government has issued the National Electricity Policy, the National Tariff Policy is yet to be notified. This would strengthen the statutory mechanism and bring about much needed uniformity in the general approach to tariff fixation by the Regulators for generation, transmission and distribution as also provide a clear framework for tariff design and linkage of tariffs to the cost of service. The Electricity Act, 2003 itself mandates that the tariff should progressively reflect cost of supply to improve financial viability of power utilities. A national consensus on power tariff, like the minimum floor rates in sales tax, is the need of the hour, and we recommend immediate attention

As to additional generation, I may point out that availability of fuel for generation of power is entirely under the control of Government of India and CPSUs. The State Governments are not able to move quickly in their efforts to set up additional generation capacity due to severe constraints in securing firm linkages to fuel (like gas for Dholpur 330 MW Project and lignite/coal for new/existing plants). Further, the decision to cut coal linkages for the two power plants of Rajasthan,

which are already incurring heavy costs on transportation due to long distances, needs to be reviewed

We welcome the recommendation on setting up coastal generation projects on the basis of imported/ indigenous coal. However, the benefits of such projects should not be restricted only to the regions where they are located. Such large thermal power stations should be treated as national projects and the generation there from should be allocated to all the States as per their requirements. A National Power Grid should be developed on similar lines. All States, irrespective of their geographical locations, should have access to the National Power Grid on payment of uniform tariff. Non-conventional sector initiatives are important for Rajasthan to supplement the conventional sector, particularly due to peculiar geographical and climatic conditions. The provisions of Electricity Act 2003 are conducive to the development of projects based on renewable energy sources. The State Government is progressively increasing the share of renewable energy sources. There are, however, some issues regarding this sector that I would like to raise in this forum.

Wind Power Projects are being set up at locations where wind potential exists. These areas are usually remote, where power evacuation facilities are presently inadequate. Since these wind farms are located far away from the load centers, and the power generation also varies from very low e.g. 5% during lean period, to very high, e.g. up to 80% during high wind period, the power evacuation system has to be designed keeping in view the maximum capacity generation during high wind period. The system is lightly loaded most of the time. This creates techno-economic problems for the transmission utility. To overcome this problem, the transmission company loads the transmission/evacuation charges in lump-sum one time basis on the wind energy producer, whereas in the case of projects based on conventional fuel, it is not so. Therefore, Government of India should consider giving some grant/ incentives to the transmission company to strengthen the evacuation system for the wind power projects to promote generation of power through renewable sources.

At present, there is no capital subsidy from the Government of India for the projects based on Wind Energy, Underground Lignite Gasification and Solar Thermal Energy based on multi-parabolic trough based technology. Power generation from

these projects would reduce emission of Green House Gases. This makes them entitled to sale of Carbon Emission Reductions as per Kyoto Protocol. It is, therefore, proposed that Government of India may give subsidy/incentive on generation of electricity from these sources. The financial assistance from Government of India may be based on the actual power generated by plants based on renewable energy sources.

There is a need of energisation of various programmes of MNES to help the State Governments. Usually renewable energy sources are located in remote rural areas and Government of India should consider providing financial assistance for projects which can work as "Focal distribution centers" for electricity in rural areas. Such assistance could be provided to those projects which displace the use of conventional power in measurable units, by introducing non-conventional energy sources.

MINES AND MINERALS SECTOR

At the risk of repetition, I would like to recall that the APTP was quite clear in recognising the need to accelerate economic growth of States to enable them to contribute to national growth and development. The previous paragraphs have presented a picture of some of the initiatives, actions, results and issues in this regard. What I intend to present now are two sectors which are critical to Rajasthan's development on the one hand, and their contribution to the national objectives on the other. First of there is the Mines and Minerals sector which plays a very important role in Rajasthan's economy. Nearly 5 lakh people are directly employed in this sector and about 22 lakh people get indirect employment as a result of mining activities. There is a growing consciousness about the environmental degradation that mining activities cause, and there is a considerable amount of litigation pending in various courts on this account. As a result, a number of public interest litigation cases have been filed in various courts. Obtaining environmental clearance from MOEF often takes 2 to 3 years. There is a need to simplify the procedures of granting such clearances. I suggest that meetings of the Expert Committee of MOEF should be held in the State itself, and camps could be organized to expedite the clearances.

Rajasthan is a desert state and its people live in tough climatic conditions. Perhaps as a compensation to the people, Nature has endowed the State with

substantial deposits of petroleum. It is only right that Rajasthan looks to this source as one of the vehicles for development. It was, therefore, natural for the State to put the prospecting of these deposits on the fast track.

But the State seems to be getting penalized for this by an artificial distinction being own by the Government of India between pre-NELP and post-NELP blocks, States are entitled to 50 % share of profit petroleum for past NELP blocks. Pr-NELP blocks are denied this. This distinction between pre-NELP and NELP blocks is discriminatory since the blocks awarded through joint venture, global bidding (pre-NELP) are at par with the blocks awarded through NELP as regard procedures, terms and conditions. We, therefore, repeat our demand that pre -NELP block should also be entitled to 50 % share of profit petroleum.

Let me move to the case of setting up of a refinery in the State. A mining lease has been given in favour of M/s ONGC for the commercial production of crude oil in the State. It is important that a refinery is set up in the State, which will provide employment opportunities and be instrumental in the development of the area where the refinery is situated. The proven crude oil reserves in the State are around 300 million tonnes. A refinery with an annual capacity of 5 million tones will be economically viable for 25-30 years.

At present, three companies, viz. IOC, HPCL, and MRPL (a subsidiary of ONGC) have shown their interest in setting up a refinery in the State. Government of India has asked these companies to submit their feasibility reports by the end of June, 05.

We request that Government of India may expedite finalization process after the receipt of feasibility report, and allow setting up of the refinery as soon as possible.

TOURISM

The second sector I wish to mention is Tourism. The APTP had rightly recognised the importance of the Sector in promoting growth and employment through up-stream and down-stream activities. Rajasthan is a well-known and popular tourist destination. During 2004, out of a total of three million foreign tourists who visited the country, almost one million visited Rajasthan.

We believe that this number could become much higher, provided some basic facilities are available to the tourists. Government initiative and private sector participation in the State is engaged in creating conducive conditions in the State for tourism promotion. But one of the basic requirements of international tourism is easy connectivity through an international airport. This is something we have been striving for quite some time. We appreciate the decision of the Government of India, which allowed two international flights to Jaipur Airport. But that is not enough. The required runway for international flights has already been built at Jaipur. Other facilities are also available. We request that the Airport should be formally declared as an International Airport. This will allow the airport to benefit from the new open skies policy of the Government of India. It will also help international flights in winter when Delhi International airport often goes out of use on account of fog.

AGRICULTURE

The Agriculture sector continues to be the main source of livelihood for about 70 % of our people. This year, the State has increased the budget for the sector by 300 %. Diversification, increase in productivity, promotion of water conserving strategies of irrigation, increased use of certified seeds and marketing tie-up for the produce are the major areas, which have been identified for concerted action. Currently the use of certified seeds is just 7.3 % of the total seed consumption which naturally affects the productivity and quality. We are going to increase this by 50 % of the current rate every year. Targets for increase in productivity of cereals and pulses and oil seeds have been fixed in order to intensify monitoring of productivity and agricultural growth.

Some of the other steps taken by the State Government include increased support for infrastructure development e.g. testing laboratories for seed, fertilizer & residual pesticide etc., establishment of product specific mandies, creation of Agriculture Export Zones (AEZs) for coriander & cumin and identification of cluster of villages for specific horticulture crops.

Looking to the needs of the revitalization of the sector, the State Government appreciates the decision to double the flow of credit in agriculture sector in three years. But this alone will not be adequate. The rate of interest for agricultural credit is quite high (ranging from 9 % to 13.5 %) as compared to the rate of interest for similar

credit in housing and consumer loans (ranging from 6.0 % to 8 %) . There is a strong case for reduction of rate of interest for agricultural sector by 2 % to 3 %, especially for targeted categories of loanees i.e. small and marginal farmers/ SC and ST farmers/ women farmers.

There are a few other issues generated by acts of omission or commission of the policies relating to this sector. First, it is to be realized that the Agriculture Produce Market Committees (APMCs) play an important role in providing infrastructure in rural areas for marketing of farmers' produce. As a result of the amendment of section 10(20) of the Income Tax Act, the APMCs have been excluded from the definition of local bodies thereby making them liable to payment of Income Tax. This would mean stiffing some of the support structure for agricultural marketing. Since these APMCs cannot be categorized as profit making bodies, there is a strong case for exempting these bodies from payment of Income Tax.

This year in Rabi, the State of Rajasthan witnessed the highest-ever yield and production of mustard. But unfortunately this led to unprecedented hardships to our farmers, as the prices of mustard in the market continued to remain much below the MSP (Rs. 1700 per quintal) despite huge procurement (15 lakh MT worth Rs. 2500 Cr. approximately). Such a situation would force the farmers to shift back to traditional cereal crops having higher water requirement in the next Rabi season. This is not going to be a healthy situation, as the country is still a net-importing country in edible oils. The real cause of concern is the somewhat skewed import policy of the GOI in respect of the edible oils, which results in dumping of cheaper oils like palm-oil in the country. There is an urgent need to review and rationalize the entire system so that the interest of mustard and other oil seed farmers can be protected.

State Government has been promoting diversification in favour of low water consuming high value crops. But sometimes, such diversification leads to huge production, causing glut in the market and crashing of prices. The recent case of mustard is an example. Assistance for purchase on MSP took some time to come and in any case did not enable us to buy all the mustard. Besides, MSP is presently declared only for major traditional crops. Our suggestions in this regard are two: one, crops like Guar, Moth, Coriander, Cumin, Onion and Garlic should also be covered under MSP regime, secondly,

along with this, a GOI supported comprehensive scheme for encouraging agro processing, PHM and marketing should be started for such crops. Further, in order to reduce distress, increase in crop storage facilities, coupled with financing against warehouse receipts, is also required.

One area which has remained almost completely neglected is that of market intelligence which would enable the farmers to cater to specific demands of the domestic and the export market. There is a strong case for creating a market intelligence system which gives information of potential size of market demand, desired characteristics of products, especially in export markets, so that demand driven production can be promoted.

The National Agriculture Insurance Scheme (NAIS) has been implemented in the State of Rajasthan since Kharif 2003. Currently, the unit area for the scheme is a Tehsil, which needs to be brought down to the Gram Panchayat level. This will entail substantial increase in crop cutting experiments, which are the basis for computation of claims for crop losses. The Government of India or the Insurance company should bear the extra costs on this account and also explore alternatives of NAIS such as Weather Insurance, based on more fair and objective criteria, which can ensure early payment of claims to the farmers. At present, the amount of claims in excess of premium is shared between the State Government and Government of India on a 50:50 basis. This causes heavy burden on the finances of the State Government and we feel that the ratio of sharing this amount: should be made 25:75.

The State Government gets funds under various Centrally sponsored Schemes. However, the pattern of subsidy to beneficiaries is not uniform in these schemes. For example, maximum subsidy limit to a farmer under Integrated Scheme for Oilseeds, Pulses and Maize (ISOPOM) is 50%, whereas the maximum subsidy limit under Macro Management of Agriculture (MMA) scheme is 25 %. Such variations cause implementation problems in the field and there is a need to have uniform higher pattern of assistance (50%) in all Centrally Sponsored Schemes of the GOI.

Presently extension activities are scheme based and can hardly be said to be sufficient. No separate provisions of funds have been made by the GOI for these activities. There is a case for a scheme of agricultural extension based on the assessment of the current requirement. A separate national "Kisan" channel on

Doordarshan for agriculture, rural development and allied sectors should be introduced through which latest developments in these fields can be made accessible to the farmers.

One of the areas that has languished for attention for quite some time is that of agricultural research and development. Over a period of time, funding support from Government of India to Agriculture Universities for frontier research has dwindled. There is a need to upscale the level of funding for R&D activities. We believe that if the measures just outlined are adopted, we can speedily revitalize the agriculture sector, which in turn would result in mean increasing the livelihood levels of a vast number of people.

DISASTER MANAGEMENT

We are meeting at a time when summer is at its peak and we await good monsoons with great hopes and prayers. Nevertheless, preparedness for any eventuality is always wise. The concept of a National Calamity Contingency Fund (NCCF) at the national level and Calamity Relief Fund (CRF) at the State level is an effective measure of preparedness for the management of disasters. However, the guidelines regulating expenditure from the NCCF & CRF confine the expenditure out of these almost totally on relief operations, and do not permit any expenditure on measures of mitigation. We think the time has come to allow a certain percentage, say upto 10% of the provision every year, to be spent on water conservation and other drought proofing measures even in a year when drought has not been formally declared. Similarly, retro -fitting of public buildings in earth quake prone zones should be an admissible item of expenditure out of the CRF.

Another major weakness in the scheme of NCCF/ CRF is the inadmissibility of any expenditure on material component in employment generation works. It compels the State Government to take up kutchra works under relief operations, thereby missing an opportunity for the development of rural infrastructure and permanent assets. In fact, construction of many such permanent assets such as 'diggis', coverage of irrigation channels & new channels, which are also rain-harvesting structures, is, by itself, a drought-proofing measure. The Government of Rajasthan has already suggested to Government of India to permit a certain percentage, say 25% of the cost of relief works, to be allowed as material component out of the CRF. I had written a letter to the Prime Minister on 1st June, 2005, making this request. I

request serious consideration of this as 25% of the CRF funds spent on material component will go a long way in ensuring that drought relief operations result in creation of useful and permanent assets.

GOVERNANCE

Governance reforms and decentralization were identified as all pervading, important priority areas in the APTP document. Governance embraces all of the methods, good and bad, that societies use to distribute power and manage public resource and problems. Good governance in State's context is therefore, a subset of governance, wherein public resources and problems are managed effectively, efficiently and in response to critical needs of society. Effective democratic forms of governance rely on public participation, accountability and transparency. E-Governance, procedural reforms, transparency, accountability, delegation and decentralization are some of the basic requirements of good governance today.

In Rajasthan, several initiatives have been taken to strengthen good governance. The Right to Information Act, 2001 has already been enacted in the State. 56 departments in the State have already issued their citizens charters. Social audit of development works has been introduced. Departmental procedures are being reviewed and simplified and time limits are being fixed for disposal of papers. State Government has initiated steps to promote the interests of tribals, SCs/STs and protect them against socio-economic exploitation by incorporating special safeguards in the prevalent legislations,

Information Technology is being extensively used to improve delivery of services and access to information. Service delivery of all departments will be brought under e-Mitra umbrella. Private sector entrepreneurs/ service providers are being co-opted as service delivery channels to citizens. Strict regulation of service level parameters will provide timely and efficient services to citizens through e-Mitra network. Back office operations of all key departments are being automated towards a unified and integrated IT enabled back-office.

A Centre for Good Governance in the State Training Institute (HCM RIPA) has been established to build capacities in public officials to enable them to perform to the satisfaction of the society in the new and rapidly changing environment. The centre is organizing training programmes on Citizen's Charters, e-governance and

good governance.

For restructuring the administration with a view to ensuring speedy and efficient disposal of work, stream-lining procedures, effecting economy, re-orienting and inducing attitudinal change for more accountability and responsiveness, an Administrative Reforms Commission was set up. The recommendations of the Commission are being considered

As regards decentralization, as per the provisions of the Constitution (73rd Amendment) and provisions of the Rajasthan Panchayat Act, 1996, 29 functions have been devolved to the PRIs in Rajasthan. Devolution of funds and functionaries commensurate with responsibilities is being considered by a Cabinet Sub-Committee. Regular elections of Panchayati Raj Institutions are held. Last elections were held in the State in January-February 2005. Constant efforts are continued for capacity building of the elected representatives. One round of training has been given to all the newly elected representatives. Governance reforms and deepening decentralization is a continuous process. We are fully responsive to its requirements and feel there may be need for a second look on some of the schemes such as the scheme captioned Modernisation of District Administration. We shall suitably come back to Government of India on these in due course.

FINANCING OF THE PLAN

Let me now turn to the financial contours and financing of the Plan, The size of the Tenth Five Year Plan for Rajasthan was kept at Rs.31831 crores (current prices). In the first year of the plan (2002-03) Rs.4431 crores only could be spent and the target for expenditure for the second year (2003-04) was kept at Rs.4258 crores. The new government, soon after its joining, and as a part of its vision and commitment to development, closely reviewed the reasons for steady deterioration of plan activities and reduction in outlays. The plan ceiling of 2003-04 was revised upwards from Rs.4258 crores to Rs.5504 crores and the actual achievement was more than Rs.6000 crores. In 2004-05, we spent Rs.6600 crores. The target for 2005-06 has been set at Rs.8350 crores. With this accelerated pace of plan expenditure, we will be able to comfortably achieve the targets of Tenth Five Year Plan.

The feasibility of financing remaining part of the Tenth Plan will depend

certainly on the ability of the Centre to increase its tax revenue, as well as to identify cheaper sources of debt for States in lieu of the loan component of Plan assistance and other Central loans, as per the recommendations of the Twelfth Finance Commission. It is also of crucial importance that the Center achieves its revenue collection targets. While the horizontal and vertical devolution formula is prescribed by the Finance Commission, the actual transfers to States depend upon tax policies and collection efficiency of Central Government. Last year (2004-05), the central transfers to Rajasthan were reduced by Rs.200 Cr. in development, closely reviewed the reasons for steady deterioration of plan activities and reduction in outlays. The plan ceiling of 2003-04 was revised upwards from Rs.4258 crores to Rs.5504 crores and the actual achievement was more than Rs.6000 crores. In 2004-05, we spent Rs.6600 crores. The target for 2005-06 has been set at Rs.8350 crores. With this accelerated pace of plan expenditure, we will be able to comfortably achieve the targets of Tenth

The feasibility of financing remaining part of the Tenth Plan will depend certainly on the ability of the Centre to increase its tax revenue, as well as to identify cheaper sources of debt for States in lieu of the loan component of Plan assistance and other Central loans, as per the recommendations of the Twelfth Finance Commission. It is also of crucial importance that the Center achieves its revenue collection targets. While the horizontal and vertical devolution formula is prescribed by the Finance Commission, the actual transfers to States depend upon tax policies and collection efficiency of Central Government. Last year (2004-05), the central transfers to Rajasthan were reduced by Rs.200 Cr. in Union Budget (RE) because of inadequate collections by the Central Government.

The recommendation of the Twelfth Finance Commission to shift towards market borrowings rather than the dependence on Central loans, is appreciated. However, market borrowings have their own limitation. The increased borrowings by States are likely to increase the interest rates. This has actually happened. Market borrowings in the month of April, 2004 carried the interest rate of 5.60 % whereas the market borrowings in the month of April, 2005 were received at 7.77 %. Besides, the repayment of market borrowings shall cause problems in the long term because huge repayment shall be required to be made in the coming 3 years, and at that time the economy may not be able to bear the quantum of market borrowings required to be raised then (a) to repay the

earlier market borrowing and (b) to raise additional resources to fund the plan. We, therefore, suggest that an appropriate mix of various forms of borrowings including institutional borrowings should be worked out.

We also wish to point out that market borrowings cannot be a substitute to borrowings from the National Small Saving Fund (NSSF). The proposed system of lending the States small savings loans for the same maturity as that of the instrument of saving would reduce the repayment period, which is currently 25 years. A shorter period of repayment will place a burden on the State in terms of cash management. We, therefore, recommend that the interest rate on Small Savings loans may be reviewed in the context of present structure of interest rates prevailing in the market.

Non- statutory transfer of funds through Centrally Sponsored Schemes limits the flexibility of State in terms of prioritization of developmental activities. The presumption that one-size-fits-all is obviously erroneous. For example, Rajeev Gandhi Gramin Vidyuti Karan Yojana, which allows Rs. 1 Lac per village, is unsuited for desert areas with its scattered settlements. Selection of schemes, besides those of national importance and coverage should be left with the State with an identified funding pattern. Optimum utilization of funds meant for development activities has been a matter of concern both for the Centre as well as the States. Funds provided to states under various Centrally Sponsored Schemes is one such area where this issue has been raised time and again. While substantial funds are allocated to rural development agencies directly, the schemes as such may not exactly figure in the priority of individual States.

The need, therefore, is that funds be transferred to States directly, not scheme-wise, but ideally on the basis of developmental gaps, current population etc. with sufficient flexibility for implementing so that they can select and implement the schemes that are more beneficial to them, and with reference to their social, economic and geographical conditions. Alternatively, the basis of calculation for the transfer of funds can be the amount actually transferred during the preceding financial year. The State Governments would then be left free to spend them on schemes accordingly to their priority and felt needs. Schemes that require uniformity at the national level and are of national importance can still be kept as Centrally Sponsored Schemes.

While transferring the centrally sponsored scheme to the States, the funds should be transferred along with the centrally sponsored scheme as 100 % grants. The existing Gadgil-Mukherjee Formula as it stands today, does not give due weightage to the geographical disadvantages of a particular State. It also does not take into account the relative position of the States in terms of the infrastructure development. Therefore, due weightage needs to be given to area, index of infrastructure development, percentage of SC/ST population, per capita income, Credit Deposit ratio, investment in State Enterprises of the Central Government situated in the State etc.

The Central Plan Assistance consists of two components- loan and grant in the ratio of 70:30. The disproportionate high loan component of Central Plan Assistance has contributed in large measure to the loan burden and has severely constrained the States' resources. Moreover, the Central Plan Assistance for State plans loses the character of assistance if it is tilted in favour of loan. There is an urgent need for the review of the loan grant ratio. The loan component of Central Plan Assistance should be reduced to fifty per cent or less.

Servicing of debt forms a significant part of the expenditure incurred by the States. The debt burden has arisen because of the policies at the national level, including those relating to small savings. In this regard, the following suggestions can be considered:- Conversion of all outstanding loans into a block loan, Recalculation and reduction of interest on this block loan at the now prevailing bank rate, and iko 11 A moratorium of 5 years for repayment of principal of this block loan and one year for payment of interest thereon.

We welcome Central Government's proposal to pass on external loans to States on a back to back basis. The Centre should provide foreign exchange depreciation cover by creating a foreign exchange fluctuation fund. The premium charged from the States for creating the funds should not exceed 1.5% of the principal amount.

Since the States have limited resources at their disposal, their contribution in the Centrally Sponsored Schemes should be kept at a minimum. In schemes like Sarva Shiksha Abhyan, the State's contribution should be reduced from 25% to 10 % and the States may be asked to make only a token contribution in case new Centrally Sponsored Schemes are formulated for Employment Generation and Rural

Development. The State's contribution to the Calamity Fund and Crop Insurance Liabilities should also not be more than 10%.

We support the suggestion of financing of infrastructure projects through Special Purpose Vehicle. As said earlier, the Centre should help the States by relaxing the guidelines of viability gap finding.

Thank you, sir, for giving me this opportunity to place before you some of the important issues concerning us. I do believe that development issues are above politics. In this spirit, let us all work together to improve the lot of our people.

Jai Hind.