



**Government of Rajasthan**

**52<sup>nd</sup> Meeting of the National Development Council**

Speech of  
**Smt. Vasundhara Raje**  
Chief Minister, Rajasthan

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New Delhi

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

I am aware that the focus of today's meeting is the approval of the approach paper of the Eleventh Five Year Plan (2007-2012). In the hope that this forum, the NDC, is not averse to conducting business other than merely completing the formality of approving the approach paper I would like, before I come to the Eleventh Five Year Plan issues, to draw your attention, Mr. Prime Minister, and of the other states of the Union to five important issues impinging upon fiscal federalism and Centre-State relations.

2. Firstly, Sir, is the issue of implementing the accepted recommendations of the Finance Commissions, which have normally been treated as being an award. Yet, an important and crucial recommendation of the Eleventh Finance Commission (EFC) remains un-implemented, causing unjust loss to states, to shore up the revenue and fiscal deficits of the centre. I refer to the balances of over Rs. 5000 crore in the Fiscal Reform Facility (FRF), which union Finance Ministry has unfairly and, to our mind, illegally decided to lapse to itself.
3. We have done everything possible to persuade the Government of India to abide by the recommendations of the Eleventh Finance Commission and the decision of Government of India itself, as stated in the action taken report. You would kindly recall, Sir, that we had met you and brought this matter to your attention as well, after meeting the FM. Let me state, Sir, this is not an issue which only Rajasthan is agitated about. Several other states, including some from the north-east, which are entitled to receive additional incentives from the balances of this Fund, feel equally upset, though they may be silent for other reasons.
4. When we took the matter up, we were given the very strange argument that Twelfth Finance Commission found that this programme was badly implemented, recommended its discontinuance and, therefore, Gol will now not disburse the balance, as per accepted recommendation, but will appropriate the amount -which belongs to the States - to itself! Now, Sir, the programme was implemented by the Union Finance Ministry. It is the Union Finance Ministry which may or may not have followed the regimen laid down by EFC. Be that as it may, certainly, by no stretch of imagination can the moneys allocated to the States by a constitutional body be used to reduce the revenue and fiscal deficits of the Go! I am sure, Sir, you would agree that this is an undeserved enrichment of the Union at the cost of states. In the interest of the delicate balance that a federal polity entails, I would urge you to ensure that this recommendation of the EFC is implemented, even now, both in letter and spirit.
5. In fact, there is a strong case for evolving a mechanism, such as a federal council, which can oversee and enforce implementation of awards such as that of the Finance Commission. Perhaps, the Finance Commission could itself be made a permanent body, with the additional mandate of overseeing and enforcing the implementation of the recommendations which have been duly accepted, as also of

providing a platform for discussing fiscal issues that may arise between the centre and the States or amongst the States. Both Australia and Canada have, for example, a standing council of Finance Ministers, which is serviced by a permanent secretariat.

6. Secondly, the Twelfth Finance Commission (TFC) had recommended debt consolidation, upon the states enacting their Fiscal Responsibilities Act, and debt waiver upon achievement of certain benchmarks relating to revenue deficit and fiscal deficit reduction. My state, like many other states, satisfied the necessary conditions. As per the recommendations of the TFC, and also of the GOI scheme circulated for implementing these recommendations, my state and all other eligible states were to get their installments of consolidated debts waived during 2005-06. This would have allowed us debt waiver of every monthly installment. However, we got debt waiver only on 31<sup>st</sup> March, 2006. As a result of servicing all our monthly installments, we paid interest on the funds we borrowed to service these installments. We were told that 2005-06, being the first year of the award, Union Finance Ministry took some time to get its act together. But, I regret to say, Sir, 2006-07 is no better. We are meeting in December. 2006-07 is drawing to a close. Yet, there is no order for debt waiver of installments of 2006-07. We are paying the installments to Union Finance Ministry again, month by month, and incurring interest costs. I do not know why the orders for 2006-07 are not being issued. There is no dispute about the states' entitlement. I hope considerations of revenue and fiscal deficits of the Centre are not coming in the way again! Such attempts at unjust enrichment at the cost of the states must certainly stop, Sir, in the interest of maintaining just and fair relations amongst the constituents of the federation. Treat us with respect, Sir, because if the States are weak, the Union cannot be strong!
7. Thirdly, I have always believed that our polity is governed by a consensus that there would be no politics when dealing with disasters and natural calamities. But it seems that even being sensitive to human misery is no longer sacrosanct. We had unprecedented floods in the heart of the Thar desert, caused by 400 mm of rainfall in 4 days, in an area where the average annual rainfall is 276 mm. Floods in deserts bring about unimaginable misery because the people there do not understand water, and do not know how to deal with it. Even then the approach and attitude of the Gol has been, to say the least, unsympathetic. The floods occurred in the month of August, 2006; we submitted our initial memorandum for assistance from the NCCF in August itself; we promptly gave Gol whatever additional information they wanted; the central team has visited the state twice (on 3<sup>rd</sup> - 5<sup>th</sup> September, 2006 and 30<sup>th</sup> September, 2006), and yet, the Gol has still to take a view though we are now in the month of December. All that we have got is an interim assistance of Rs.100 crores, against our requirement of Rs.3,200 crores!
8. I do not know what value will the Planning Commission add to this exercise, because I believe, this is where the matter stands referred to now. It would also be interesting to know if NCCF's memorandums are always referred to the Planning Commission, or is it a treatment reserved for certain select states.

9. Sir, the flood-affected Rajasthanis are also Indian citizens, and worthy of your consideration. I am sorry if I sound disturbed about this but I am carrying to you the pain and anguish of people who already live in hardships of the desert.
10. Fourthly, in a federal set-up, the concerns of the States cannot be overlooked. However, time and again recommendations are made which do not take into account our concerns. A case in point is the recent report of the Hoda Committee regarding amendment in Mines 8B Mineral Development (Regulation) Act, 1957.
11. The committee has recommended that in case of delay in disposing off any application at the level of the State Government, within the stipulated time, the jurisdiction/power to decide such applications would be transferred from the State to the Central Government.
12. This recommendation directly impinges upon the inherent and mandated power of the State for management of mineral wealth in the State. While the State Government is open to any suggestion for arriving at early decisions on pending applications, no State can agree to forego the inherent power vested within them on the pretext of delay in decision-making.
13. Further, delays and bottlenecks are best removed by the principles of decentralization, not by centralization of powers, which is what has been suggested!
14. Delays do not occur at State level only. In many cases, decisions have been delayed at the Central level for various reasons like environment or forest clearances, approval of Mining Plan etc., some of which are beyond the control of the decision makers. Therefore, such an amendment in favour of diluting and divesting the States' powers should not be agreed to because such lop-sided recommendations impact not only the spirit of federalism but also our resources.
15. Lastly, much to our dismay and in complete disregard of the decisions of this very body, the NDC, central assistance to States for plan schemes is now largely flowing in the form of Centrally Sponsored Schemes (CSS), in place of untied normal central assistance (NCA). Planning Commission, under the leadership of Mr. Gadgil, had suggested that the bulk of the central assistance would go to the states in an untied format, as normal central assistance, and distributed amongst states as per an objective formula, which still carries his name. NDC had very categorically decided that CSS would be no more than 1/6<sup>th</sup> of NCA. However, the situation has completely reversed by now. What surprises me most is that the Planning Commission also seems to have accepted this enervation of itself, and the States. In the approach paper, it has chosen to make a very weak case for continuance of predominance of CSS, reducing its own relevance to the State plans! Planning Commission has used basically two arguments for this purpose - normal central assistance does not guarantee expenditure on preferred sectors/programmes and secondly, additional central assistance does not have 100% grant, whereas CSS have. Both these arguments are unconvincing. More transfers through NCA only shifts the decisions to the hands of the States for sectors/programmes relevant to them, which is the

way it should be. Assuming that Gol knows better, is rather presumptuous, specially with regard to subjects that are in the state list. Secondly, with the loan-component of NCA and ACA having been abandoned, after the TFC report, NCA/ACA are also 100% grants.

16. Further, ACA is mostly CSS in disguise. ACA for other schemes should in fact be simply abandoned; it is unnecessary and only reduces space for NCA.
17. Most of the plan grants from Centre should come to the States only as NCA. I would request you, Sir, to make this one landmark decision, which would bring discipline to uncontrolled growth of CSSs and provide adequate untied resources to the states also. I suggest, Sir, that you and NDC decide that as a beginning, for every rupee spent by the central government on CSS, another rupee should be given to the states as untied normal central assistance. I would urge your intervention, Prime Minister, Sir, as predominance of CSS is an assault on fiscal federal structure of our beloved nation, also because many of these schemes now by-pass the state governments and state budgets altogether. In this matter, GoFs approach is obviously contradictory: it does not seem to want untied funds flowing to the States, but wants the states to provide untied funds to the districts.
18. In fact, this last issue of inadequate NCA flowing to the States, also has an important bearing on what I have to say with regard to the approach paper for the Eleventh Five Year Plan, to which I now turn.
19. In discussions with the Planning Commission in July, I had suggested that we should aim at an annual double-digit rate of growth. I am happy to note that in the document placed before the NDC, an upward revision of average growth rate from 8.5% to 9% and an annual growth of 10% at the end of Eleventh Five Year Plan has been envisaged.
20. That higher growth, and more particularly, inclusive growth would require more public sector investment is obvious. The approach paper to the Eleventh Five Year Plan, therefore, provides for higher investment support from the government. Accordingly, the gross budgetary support (GBS) to the plan will be required to be raised by the states by 2.64% of the GDP. However, the approach paper suggests that almost the entire brunt of this increase to be borne by the States. The projections made in the approach paper suggest that non-plan grants from the Centre will come down from 0.9% of the GDP in 2006-07 to 0.47% of the GDP in 2011-12, and plan grants will rise only marginally from 1.45% to 1.93% of GDP by 2011-12. The two together will result in marginal rise of only from 2.35% to 2.4% of GDP. Thus, whereas States' plan support from the budget is expected to go up by 2.64% (in the terminal year), the net grant support from the centre is expected to rise by only 0.05%. This is most unfortunate. If the ambitious target of increasing GBS by 2.64% of GDP has to be even attempted by my State, there would have to be a substantial hike in untied central grant support to the State.
21. It may be noted that these percentage increases are on the assumption of a rather

high nominal growth of 13.5% in the GSDP of the State. This is clearly unrealistic, especially for drought prone states like mine. However, even if we work on this figure, and assume a rather optimistic tax buoyancy of 1.22, even then we are unable to reach anywhere near the levels of GBS that the Planning Commission has projected. As stated earlier, there is clearly a case for increasing plan grants to the States.

22. Our examination of the projections made in the approach paper suggests that some very unrealistic assumptions have been made for estimating states' contribution to GBS.
23. Firstly, the paper has estimated expenditure on pay and allowances to decline from 3.28% of GDP in 2006-07 to 3.01% of GDP in 2011-12. It is very simplistic in view of the fact that next Pay Commission has been set up and the benign regime of low inflation, particularly as reflected in consumer price indices, which govern dearness allowances to the employees, has shown decisive signs of coming to an end. With these developments, expecting pay and allowances to decline as a proportion of GDP is quite unrealistic. That the sectors which the State Governments are responsible for - such as education, health, policing - are basically manpower-intensive should not be lost sight of.
24. Secondly, it has been estimated total non-plan expenditure will decline from 11.08% of GDP in 2006-07 to 9.55% of GDP in 2011-12, a large reduction of 1.53%. The assumption is that real growth in non-plan expenditure for both centre and states could be contained at 5% per annum. The Eleventh Five Year Plan will have to see transfer of several liabilities of Tenth Plan to non-plan during next year. The pension liabilities of many states are actually set to go up, and similarly interest rate cycle has turned, which suggests that the interest payments will start rising in the coming years. In the face of this, assuming reduction of over 15% in non-plan expenditure appears to be quite unrealistic and, even if it is achieved, it will be at the cost of reducing outlays for maintenance of assets created in the past, which would be short-sighted and self-defeating.
25. Having said that, we reckon that increases in GBS may no longer be as decisive a factor for increasing capital formation or growth. In the case of Rajasthan, actual increase in the size of Eleventh Plan over the Tenth Plan is more than twice, due to increased investments by public sector enterprises even though our GBS, on the average, is likely to remain limited to 5.10% of GDP. To this can be added the beneficial impact of leveraging our funds through the PPP mode,-which is becoming increasingly possible. In this context, though, I would like to point out that the current year's allocation for the VGF of Gol is only Rs.500 crores, which will certainly need to be expanded in the coming years.
26. I would raise one more issue relating to resources for financing states plan. This also has bearing on centre-state fiscal relations. Sir, the states would need to raise their borrowing in absolute terms as GSDP grows. As you are aware, small savings loans and market borrowings are two principal sources of borrowings. NDC had appointed

a committee to go into the issue of sharing net small savings collections between centre and the states. I am sorry to say, Sir, the issue is still hanging fire and I get a feeling that no relief would come to the states on this score. Since small savings are the costliest source of borrowings for states, we do not want small savings to finance more than 25% of our borrowings.

27. This increases my worry about the threat to the other source of borrowing - market borrowings. There is bill before the Parliament to do away with minimum statutory liquidity ratio (SLR) requirement. Banks are already shying away from government bonds as there is robust credit growth in the economy. Central government has tendency to reserve bulk of SLR borrowings for itself, rather than allocating a fair share to the states. TFC had proposed a Loan Council to divide SLR borrowings between Centre and States. Finance Ministry did not accept this recommendation. A committee chaired by Dy. Governor, RBI and with participation of Union Finance Ministry and state governments, recommended setting up of a standing technical committee to examine the requirements of centre and the states and make recommendations for allocation of market borrowings. The Finance Ministry has had these recommendations for last six months. I suspect, Sir, states will not get any relief with regard to SLR based market borrowings either.

28. I am, therefore, making a radically different suggestion.

29. I suggest, Sir, that states may not be given any share out of SLR based market borrowings and these can go entirely to the Centre. The states may be allowed to borrow by issuing non-SLR bonds. However, I would request, only one concession to be granted. Let the state non-SLR bonds be tax-free. This concession is not new. Most of the federal countries exempt sub-national bonds from union taxation. India should also do it. This arrangement would ensure that states are able to raise as much money as they want from the market so long as they remain within the borrowing limits. I am sure, Sir, this arrangement would ensure that the states are able to finance their fiscal deficits, during entire 11<sup>th</sup> Plan period.

### **Relief and Disaster Management**

30. With regard to relief and disaster management, apart from what I have said earlier, I wish to add that the CRF and NCCF norms for financial assistance are out-dated. They need to be revised to reflect the current situation. The Committee constituted in this regard has already submitted its report long ago. Government of India should act immediately to revise these norms. The State's viewpoint regarding rehabilitation of disaster-affected population needs to be fully appreciated by the Government of India. We want that disaster affected persons should be fully rehabilitated with full compensation for loss incurred by them. There should also be complete restoration of public assets to the pre-disaster level.

### **Poverty Alleviation**

31. The Tenth Five Year Plan projections for reduction of poverty was to bring down the

BPL families up to 13.3% of total population. It seems that this ratio could not be achieved and that 21% of the population remains BPL. Now, the target for the XI Five Year Plan has been proposed to 12.1% by the year 2011-12. This target, though ambitious, can be achieved if GOI increases allocations under the various poverty alleviation programmes.

32. Under SGSY the credit mobilization targets are almost constant for the last three years and the number of beneficiaries is increasing year by year. Therefore, the credit mobilisation targets and central allocations should be increased. Another very important step would be to universalize the National Employment Guarantee Scheme immediately.

### **Employment Generation**

33. A major challenge before us is to create adequate job opportunities for youth. The Approach Paper envisages creation of 70 million new work opportunities during the plan period. Various reports and surveys indicate that there is a huge potential of jobs in IT & ITES sector, retail marketing, insurance & banking sector, manufacturing sector, tourism and infrastructure.

34. A mission approach to identify the potential sectors and to prepare youth for such jobs by capacity building, training and skill development in consultation with state government and leaders of trade, industries and corporate world is needed. Rajasthan has already taken a major leap in this area. We had set up the Rajasthan Mission on Livelihood last year. The Mission is focusing on skill enhancement of youth in various sectors. An innovative feature has been the organisation of employment fairs at the district level in which representatives of trade, industry and corporate participate. The initial results, though modest, have been very encouraging.

35. Our penchant for reducing the most serious of issues to mere symbolism is well established. We have done it to Gandhiji, and we are doing it to khadi. But khadi is much more than a symbol, and much more than a weapon to throw out colonialism. It represents livelihood for millions in this country. In my state, even without the attention it deserves, the sector provides employment to nearly one lac persons. To enable us to properly leverage this strength, khadi has to become fashionable. Effective market interventions and design improvements can see khadi go international. We have made a beginning in Rajasthan to launch what we call "fashion for development" programme. I would urge you Sir, to look at this sector more closely as a major source of employment.

### **Agriculture**

36. In envisaging a growth of 9% in Indian economy, a growth rate of 4.1% in agriculture is targeted.

37. I don't see how this 4.1% growth rate in agriculture will be achieved:



- ✪ On the supply side, we are still awaiting, from our venerable research institutions and universities, the kind of breakthroughs that we had in the 1960s. There is virtually no breakthrough in respect of rainfed crops, even though 70% of agriculture in India is rainfed.
- ✪ With respect to crop-diversification, and on the marketing side, we have got ourselves into a tragic vicious cycle: the farmer will not diversify from the comforts of the MSP regime; there is, therefore, not sufficient production of, say fruits and vegetables, to justify investments in post harvest management; in the absence of these, the farmer's comfort with growing crops in the MSP regime is greater.
- ✪ Another way of looking at this trap is: if there isn't enough produce, then a market will not be "created", and if there isn't a market, there will never be enough produce.
- ✪ Therefore, in my opinion, unless we provide for, say, horticulture produce, a comfort akin to the comfort of the MSP regime, our hope of significantly increasing the area under horticulture will remain largely a pipe dream.

38. Rabi cultivation is faced with market imbalances/shortage in supply of fertilizer, especially DAP (Di-Ammonium Phosphate) and Urea. The following issues need to be addressed:

- Timely import
- Alternate methodology for ensuring justified market prices in terms of interest free credit by Central Government Undertakings to the state apex bodies
- Adequate transport logistics in terms of rail-rake availability.

### **Animal Husbandry**

39. Animal husbandry sector is crucial to India, and particularly to my State. Surprisingly, the plan document makes only a passing reference to small ruminants like sheep and goats, which can contribute significantly to the GDP in a variety of ways, and are an important source of non-farm income for the farmers.

40. With regard to livestock, our experimentation with importing germ-plasm has not been too successful. The need is to protect and improve the quality of indigenous germ-plasm. This will also enable us to take advantage of the hardiness that comes from acclimatization. Once again, we must look to, and plead with, our research network and universities to give us breakthroughs in the productivity of indigenous breeds.

### **Co-operative Sector**

41. Crop loan to the farmers at the interest rate of 7% for credit upto Rs.3 lacs was announced by the Finance Minister in his Budget Speech this year. Government of India has apparently also taken a decision to provide a 2% subvention to Co-operative banks, as suggested by several states. Both these are welcome steps. However, I would suggest that rather than fix an absolute number to the interest rate, agriculture credit should be linked to a bank rate; it could, for example, be 75 basis point above the repo rate. Such a dispensation would, on the one hand, give farmers an automatic advantage when interest rates fall, and on the other hand, protect cooperative banks from distress should interest rates harden. Naturally, it would not be in the interest of the farmers if the co-operative banks became unviable.
42. Income Tax exemption available to Co-operative Banks under the Income Tax Act is now proposed to be withdrawn. The basic objective of co-operative banks is to finance for agriculture and rural development and it is not correct to claim that the co-operative banks are working at par with the commercial banks. The decision of withdrawing the income tax exemption by Government of India will affect the financial health of co-operatives through out the country.

## Education

43. A Sarva Shiksha Abhiyan (SSA-II) to universalize secondary education is now imperative.
- States may find it difficult to meet 25% matching share under expanded SSA. State share should be reduced to 10% (Govt retains the education cess).
  - Quality of teaching is a major issue. As is teacher absenteeism. A massive capacity building programme to train and motivate teachers should be part of SSA-II.
  - Mid Day Meals programme needs to cover the upper primary levels (class VI to VIII) also. Rajasthan's initiatives for involving private sector in the programme.
  - Technology has to be exploited to deliver better teaching in our massive network of schools. I would suggest setting up a **Technology Mission for Education**, with the aim of making available standardised and high-level lessons, as well as virtual libraries to our schools, specially at secondary and higher secondary levels.
44. A geometric increase in the number of ITIs/polytechnics institutions of higher learning will complete the circle. Demands for education by the young, and demands for the educated-skilled in our growing economy, are not going to be met merely by an incremental approach.
45. The Mid-Day-Meal programme has been successful in increasing enrolment and improving retention at primary level. However, the drop-out rate during transition from Primary to Elementary levels remains high for a variety of reasons. Introduction of Mid-Day-Meals for children of classes VI-VIII will have a definite impact in

ensuring that the children continue to study in schools at the Upper Primary level also. We must now consider introduction of mid-day-meals at upper primary level, which should be fully funded by the Gol.

46. The Approach Paper envisages need for a major expansion of higher education and stresses on the development and enhancement of skills required for new avenues in the job market. Encouraging open and distance education, selecting a few universities, upgrading them and turning them into centers of excellence is another welcome step. State like Rajasthan which do not have a single institute of excellence e.g. a Central University, IIM or IIT, should receive priority.

## **Health**

47. The goals set for reduction of indicators like IMR, MMR and malnutrition are indeed laudable though very ambitious. We have initiated various innovative programmes to improve the situation. As a result of these efforts, as per SRS 2005 our IMR has come down to 68 per thousand from 84.5 in 1997, and MMR to 445 (SRS 2003) from 677 in 1997. My state emphatically resolves to achieve all the targets set for us in this regard by the approach paper.
48. There are also certain gaps that need to be plugged. For instance, most adolescent girls suffer from anemia and protein deficiencies and give birth to children with low birth weight. The National Nutrition Mission, which provides additional nutrition to adolescent girls, covers only few districts (2 districts in case of Rajasthan). This vicious cycle can be broken if this mission is extended to cover all the adolescent girls. Similarly, girls up to 6 years of age are covered under ICDS Scheme.
49. For girls from 11 to 18 years, there is Kishori Shakti Yojana. As per the life cycle approach, the formative years of development, i.e., 6 to 11 years are left out. Therefore, some serious thought is required to be given to formulate schemes which may address needs and requirements of girls in this age-group including nutrition and life skill education.
50. Health is critical to human resource development. The 11th Five Year Plan approach emphasizes development of a good health care infrastructure and providing quality health care services.
51. The need for providing primary health care to all, keeping in mind the issues of equity, gender imbalances, access and availability and quality of services will be our main focus in plan, cannot be over emphasised.
52. Simultaneously, we need to increasingly look at technology-based solutions, like tele-medicine and also private sector participation, in the medical sector and to promote health insurance, especially for the weaker sections of the society. In Rajasthan, we have launched the Panna Dhai Jeevan Amrit Yojana wherein each BPL family is insured against accidental/natural death, and disability-causing injuries. The entire premium is paid by the State. We would like to launch a similar medicare scheme, and are forwarding a proposal to Gol to share the costs

53. Awareness about health, especially in rural areas, is also lacking. To correct this, we have recently launched a very intensive month-long health campaign, the "Swasthaya Chetna Yatra". Health camps in every panchayat of the state, are being held to deliver services like - health check-up, immunisation, etc., along with IEC, to enroll our citizens as partners in our campaign against diseases and ill-health.

## **Water Resources**

54. Management of water resources is another critical area. Ground water depletion has reached alarming levels and surface-water based irrigation systems are becoming unaffordably expensive in states like mine.

55. Increasing the efficiency of existing irrigation system needs as much, if not more, priority as creating additional potential. The Bharat Nirman Programme should lay greater stress on rehabilitation and restoration of the existing systems.

56. To achieve the accelerated growth rate from 2% to 4.1% in the agriculture sector, the approach paper envisaged doubling of rate of growth of irrigated area. Under the Bharat Nirman Programme, it has been envisaged that the pace of potential creation will have to be scaled up from 1.42 million hectare per year to 2.5 million hectare per year. In Rajasthan, the targets will remain a pipe-dream unless the inter-state disputes of Ravi Beas Water and Yamuna Water are resolved. I have been raising this issue time and again and at the highest forum without any positive response either from the Center or the neighbouring States. Mr. Prime Minister, this is not a State specific issue and Center's intervention is imperative in national interest.

57. Considering the magnitude of irrigation potential to be created under Bharat Nirman, there is a proposal from Gol to introduce the concept of "national projects", which will be provided central assistance with relaxed norms.

58. Narmada Project is an inter-state project, which will serve an area of 2.46 lac Ha. in Jalore and Barmer districts, which are backward and drought prone. A special feature of the project is that sprinkler/drip irrigation has been made mandatory. This project may be considered as a "national project", and relaxed norms for funding under AIBP may be provided for it.

59. The approach paper rightly recognizes that GDP growth of 9% is not possible without commensurate increase in supply of electricity.

## **Power**

60. Mr. Prime Minister, it is a matter of concern that only 17,700 MW has been actually added during the 10th Plan. Even if the ongoing projects of 13,000 MW are completed in the remaining four months of the 10th Plan, only 30,000 MW of new capacity would have been added, against the original target of 41,000 MW.

61. We are one of the few States in the country that have met the 10th Plan targets for capacity addition (645 MW).

62. We support Government of India's initiatives for developing ultra mega power plants that would cater to a number of states spread over 2-3 regions during the 11th Plan. This requires development of a strong transmission network. We are of the view that the Government of India should separately plan for further developing the national grid, taking into account the overall demand of the country. A "transmission cess" could be levied on the power generated by the ultra mega power plants, and borne by the beneficiary states, to at least partly fund a more ambitious transmission and evacuation programme. This is also necessary if more power is to be generated from renewable resources, as envisaged in the National Electricity Plan.
63. The approach paper rightly lays emphasis on coal being the dominant and primary source of commercial energy in the country for some time to come. States like Rajasthan, which are far away from the coal fields, should be given highest priority when long term linkages are considered. These states should also be given higher priority in allocation of coal blocks, to meet their additional growing requirements; this will reduce pressure on Coal India.

### **Roads**

64. While the NHAI is doing commendable work in developing the National Highway network in the country under NHDP, yet, because of adequate priority not being accorded to maintenance of the NH network, these assets are deteriorating rapidly.
65. The condition of National Highways in the State is far from satisfactory. This is because though Rajasthan accounts for 8.61% of the NH network in the country, the budgetary allocation from Government of India for maintenance of this network is less than 5%. There is, therefore, a dire need to increase the allocation to the State if the quality and maintenance of the NH network is to be improved.
66. Likewise, although the State Government has filed claims of Rs. 142 crores for restoration of flood damaged NHs in the State, only Rs.8 crores has so far been released. There is an immediate need to sanction and release the requisite amount to restore the flood damaged NH network to pre-calamity levels.

### **Railway Network**

67. Railway network can be instrumental in giving a thrust to the socio-economic growth of the State. An expansion of the railway network and electrification of existing network is urgently necessary. I am constrained to say that the State has been neglected not for years, but for decades. There are not less than 10 projects which were announced by the Railways in the nineties and after making token provisions, the Ministry seems to have lost sight of them. In a State where tourism is growing exponentially, these projects should be taken on priority and with full budget allocation. Jaipur to Nathdwara (via Diggi), Ajmer to Merta (via Pushkar), and Phalodi to Kolayat are especially important for the State.

### **Conclusion:**

68. In conclusion, I have only two things to say. Firstly, that my state and I are committed to achieving the targets of growth and human development that we are setting for ourselves for the 11<sup>th</sup> plan period. Secondly, that the just, fair and reasonable requirements of the states, including implementation of awards and increased flow of NCA and timely release of moneys for disaster management, need the serious attention of the Government of India. To repeat what I have often stated, the union of India can be only as strong as its constituents are.

**Jai Hind.**