

## **INFLATION AND GOVERNMENT EXPENDITURE IN RAJASTHAN ECONOMY**

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### **ABSTRACT**

When compared to other states in terms of human development, Rajasthan ranks somewhat poorly. In terms of the human development index, it ranked 28th among the 32 states and union territories in 1981, with only Madhya Pradesh, Uttar Pradesh, and Bihar among the bigger states behind; the position improved somewhat in 1991 to 27, with Orissa also slipping behind. In 1991, the rank remained the same. On the other hand, the National Human Development Report 2001 ranked Rajasthan ninth among the 15 major states in terms of the human development index, which suggested that the state had seen significant progress. In more recent years, the 12th Finance Commission of India categorized the states of India into five different categories, ranging from high to poor, based on chosen indices of human development and infrastructure index. When it came to human development, Rajasthan was placed in the group designated as "lower middle," and when it came to infrastructure, it was placed in the category designated as "low." Therefore, despite beginning at a level of human development that was considered to be rather low, the state has made significant progress, notably in the nineties. However, there is still a long way to go, and since the state has a relatively low level of income per capita, its efforts will need to be extensively aimed toward a mix of economic growth and human development. This will not be an easy undertaking by any stretch of the imagination. As could be anticipated, there is a substantial amount of diversity in the degree of human development (as well as in the level of other elements of development) throughout the state. According to the Human Development Report for the state (GoR, 2002), the HDI might vary anywhere from 0.656 in Ganganagar to 0.456 in Dungarpur. Additionally, there is an undeniable link between the three components of the Human Development Index (HDI), which are education, health, and income, even if this may not be the case for specific districts or smaller groupings of districts as a whole.

**Keywords:** *Government Expenditure, Rajasthan Economy*

### **INTRODUCTION**

while its location on the country's western edge, Rajasthan has the lowest population density of any of the country's states while having the greatest landmass (342,24 thousand km<sup>2</sup>) of any of the states. This is partly due to the desert (and near-desert conditions) that encompass more than half of the state's land in the six westernmost districts<sup>1</sup> of the state; the population density in these districts (especially in the three districts of Barmer, Jaisalmer, and Bikaner) is very low. As a direct consequence of this, the population density of the state is one of the lowest, coming in at 165 people per square kilometer in comparison to 325 for the whole country of India. In addition to this, it has a considerable number of extremely tiny communities, which are

home to more than a quarter of the state's rural population, which accounts for over 77 percent of the total population. In addition, agriculture is the primary source of income for almost 70 percent of the people. The state suffers from the worst water shortage in the whole nation. Only 32 of the state's 237 individual blocks are recognized to have water that is free from contamination. Every other one of them has either very limited water resources or ones that are almost as limited.

The low water reserves endanger agricultural productivity and revenue, as well as the livelihood of the overwhelming majority of people and food security. This situation presents a huge threat to the people who reside in the state since more than sixty percent of the state's irrigation system is reliant on ground water. The severity of this problem was brought home once again by a series of investigations into the drought conditions that have persisted throughout a significant portion of the state. Along with Bihar, Orissa, Madhya Pradesh, and Uttar Pradesh, this state is considered to be one of India's five states with the lowest per capita income. In comparison to India's per capita income of Rs 29069, it had a per capita income of Rs 19920 in the fiscal year 2006-2007. The rate of economic expansion in the state has slowed down in recent years; the average annual point-to-point growth worked out to a little more than 10 percent per year between 1993-1994 and 1999-2000, but it only worked out to 5.3 percent between 1999-2000 and 2006-2007. This is not completely due to the severe reduction in 2002-2003, as shown in Figure 1.1; the GSDP rebounded back to a level that was nearly equivalent to the level that was predicted to be the trend in the following year. The growth since 2004-2005 has been especially disheartening due to the fact that a number of other states (the situation in Orissa is an example of a situation that is analogous) have been successful in significantly increasing their growth rates along with the nation as a whole during this time period. The rise in per capita incomes mirrors the same patterns as those seen in GSDP growth, with the exception that the average yearly growth rates have been somewhat lower across both time periods than those shown in GSDP growth due to the expansion in population.

### **Status of Human Development**

In terms of overall human development, Rajasthan has always had a rather low-ranking position. In terms of the human development index, it ranked 28th among the 32 states and union territories in 1981, with only Madhya Pradesh, Uttar Pradesh, and Bihar among the bigger states behind; the position improved somewhat in 1991 to 27, with Orissa also slipping behind. In 1991, the rank remained the same. On the other hand, the National Human Development Report 2001 ranked Rajasthan ninth among the 15 major states in terms of the human development index, which suggested that the state had seen significant progress. In more recent years, the 12th Finance Commission of India categorized the states of India into five different categories, ranging from high to poor, based on chosen indices of human development and infrastructure index. When it came to human development, Rajasthan was placed in the group designated as "lower middle," and when it came to infrastructure, it was placed in the category designated as "low."

Therefore, despite beginning at a level of human development that was considered to be rather low, the state has made significant progress, notably in the nineties. However, there is still a long way to go, and since the state has a relatively low level of income per capita, its efforts will need to be extensively aimed toward a mix of economic growth and human development. This will not be an easy undertaking by any stretch of the imagination. As could be anticipated, there is a substantial amount of diversity in the degree of human development (as well as in the level of other elements of development) throughout the state. According to the Human Development Report for the state (GoR, 2002), the HDI might vary anywhere from 0.656 in

Ganganagar to 0.456 in Dungarpur. Even if this may not be the case for specific districts or smaller groupings of districts as a whole, there is undeniably a link between the three factors that make up the HDI: education, health, and income. This is true on a global scale.

This lends credence to the statement we made earlier, namely that the state must simultaneously work toward the goals of economic growth and human development. The fact that the rate of poverty in the state is not very high is one of the factors that makes the work somewhat simpler. Using the concept of uniform recall period, the level of poverty in Rajasthan is comparatively low at 22 percent, down from 27 percent in 1993-94. This is despite the fact that the state's per capita income is much lower than the average for India. In spite of this, when looking at the estimates based on the same approach of mixed recall period, the headcount ratio of poverty indicates a little rise, going from 15% in 1999-2000 to 17.5 in 2004-2005. This increase was seen when comparing the two years. When all of these estimates are taken into consideration, it would appear that the incidence of poverty in the state was substantially lower in 1999-2000 as compared to 1993-94, but that it has increased marginally after 1999-2000. This is the case despite the fact that the estimates for 1993-1994 and 1999-2000 are not directly comparable due to differences in the methodologies that were used. Therefore, despite the fact that the rate of poverty is still very low, there may be some cause for worry over the upward trend that has been seen in recent years. However, it is important to keep in mind that a low per capita income together with low levels of poverty imply that there will be a sizeable portion of the population that is not very far over the poverty line. Any significant shock that interrupts their typical means of subsistence might swiftly force them into poverty. Due to the fact that a sizeable portion of the population is reliant on agriculture for their livelihood, the occurrence of many droughts, and the ever-increasing danger of water shortages, the state faces the very real possibility of an increase in the overall rate of poverty. This trend is probably manifesting itself in the high levels of urban poverty combined with rapidly rising urban population, signifying migration of the rural poor into urban areas; it goes without saying that this is hardly a sustainable solution to the problem without rapid, labor-absorbing industrialization, which does not appear to be happening. In the present, this trend is probably manifesting itself in the high levels of urban poverty combined with rapidly rising urban population, signifying migration of the rural poor into urban areas.

## **OBJECTIVES**

1. The Study Government Expenditure In Rajasthan Economy
2. The Study Rajasthan Has Been Placed Fairly Low In Terms Of Human Development.

## **Elementary Education: Status, Public Financing and Needs**

All children in the age range of 6 to 14 years old are required to get an education up to the eighth grade per the Constitution of India. In spite of this, there are still significant numbers of children and people in the nation who have not received any kind of formal education. The provision of primary education, which is prescribed by the Constitution but is free for those who are economically unable to pay for it, is primarily the duty of the state governments; the federal government may only provide support in the form of policy direction and financial aid. The time-bound targets of the Planning Commission on universal education have already been missed. The Millennium Development Goal (MDG) of eradicating gender imbalance in primary education by 2005 has also been missed. To make up for this, the state must now make a concerted effort to accomplish the remaining Millennium Development objectives (MDG) in education as well as the National objectives, however belatedly. The rate of academic attainment was previously rather low in Rajasthan, although the state

has made significant headway during the 1990s. However, the remaining work is still a very difficult one, especially when seen in a comparative light. The National University of Educational Planning and Administration (NUEPA) calculated an Educational Development Index (EDI) for the state of Rajasthan in 2006-07, and it came out at 0.582. This placed the state at position 22 out of the 35 states and UTs that were taken into consideration. This chapter provides a summary of the current status of primary educational indicators in Rajasthan. After determining supply-side gaps in the sectors that have not yet been covered in their entirety, we estimate the extra resources that are required for funding universal elementary education in the state.

### **The State of Affairs**

The disadvantage of beginning the spread of education at a later date than other parts of India has resulted in Rajasthan having a literacy rate that is lower than the average for all of India (60 percent in 2001). This is the case in spite of the fact that over the decade 1991–2001, the state experienced the largest rise in literacy (57 percent), as compared to all other states in India, and more than twice that of the country as a whole (24 percent). Although, in general, one would anticipate bigger gains in states with a low basis, the reality remains that Rajasthan is quickly catching up with the all India average (see Figure 2.1). This is despite the fact that one would normally expect higher rises in places with a low base. However, the general trend draws attention away from certain deficiencies in the bigger picture, which is generally positive. The composition of the population and the literacy rates in Rajasthan as compared to the all India (average) level according to residential location, caste, and gender during the year 2001 are shown so that a more in-depth analysis of the literacy trends and an identification of the gaps in knowledge may be carried out.

### **Quality of Education**

The findings of the most recent poll that was conducted by Pratham in 2008 might provide a good indicator of the level of education that is available in Rajasthan. According to what is shown in Table 2.4, kids in rural regions of the state don't typically develop their reading abilities until they are in the fifth grade, and they don't typically acquire their fundamental math skills until they are in the sixth grade. According to the findings of the poll, it would seem that students get very little formal instruction throughout the first three years of elementary school. This points to the great need of conducting a comprehensive review of the primary school system and gaining an understanding of the reasons why the education is of such a low quality. First and only then will it be possible to take remedial action. It is not because instructors are skipping school, since the average teacher attendance is above 85 percent, and the number of schools where there is no teacher present on any given day is less than one percent. At the elementary level, education is almost entirely a service supplied by the public sector, but the contribution of the commercial sector is not negligible. The wealth of the parents may be a common factor in explaining why a much larger percentage of school-aged children attend tuition courses at private schools as opposed to public schools. This finding is somewhat puzzling.

### **Sarva Shiksha Abhiyan (SSA)**

Although the DPEP program was implemented in two stages, one of the chosen states that was included in both phases was Rajasthan. However, the program did not reach all districts. Now, this initiative is a part of Sarva Shiksha Abhiyan (SSA), which technically began in 2000-01 but didn't become active until the year following that. SSA is the acronym for "Universal Education Mission." Table 2.7 provides an overview of the

finances pertaining to SSA and the connected programs of initially Education Guarantee Scheme (EGS) and subsequently NPEGL and KGBV combined. This information may also be found on the website. Aside from the first two years, expenditures have been quite close to or even beyond the amounts that have been published; in the most recent three years, expenditures have been relatively close to 90 percent of the intended budget. The years 2003-04 and 2004-05 provide an interesting image. In 2003-04, the releases were much lower than the budgeted yearly expenditures, which resulted in a significant disparity between the amounts in the final two columns. Although the same problem occurred again in 2004-2005 as a result of relatively tiny GoI disbursements, expenditures were managed to remain at a level that was equivalent to 61 percent of the yearly budget for the year. The numbers do not provide a complete explanation for how the expenditures that were made in addition to the releases were supported.

### **Mid Day Meal Scheme**

After the Supreme Court ordered all of the state governments to carry out the midday meal (MDM) plan, Rajasthan's government began putting it into action in the 2001–2002 school year. Ghooghri, which is simply a porridge consisting of boiled wheat and jaggery, was the sole kind of meal that was provided to the pupils during the first few years of their attendance at the institution. After the 2004-2005 school year, the offerings of food have become more varied, and they more closely resemble actual meals. Studies and evaluations of its effects found that there was nearly an instantaneous surge in enrollment, especially among female students; however, this might be partially attributable to the enrollment push that was taking place at the time. In addition, these research highlighted a variety of benefits and drawbacks associated with the plan; the most of them have been resolved at this time. It is the responsibility of the Panchayati Raj Department of the state government to oversee the administration of this program. The program encompasses a significant majority of the nation's public schools. In addition to the efforts that the government is putting in to carry out the execution of this plan, an organization called the Trust for this Purpose has also been established and registered. One of the most notable aspects of this program in the state is the successful private-public partnerships that were used in its execution, which included contributions from a variety of business organizations, trusts, and non-governmental organizations (NGOs). As a consequence of this, the traditional form of this program, which consists of students preparing their own meals in the classroom, has been replaced in certain regions by a model in which food is prepared in large quantities in contemporary, automated kitchens, and then delivered to schools that are covered by the program during lunchtime using specialized trucks. Some schools' lunch programs are completely overseen by non-governmental organizations (NGOs), with the support of the government.

### **Public Interventions and Requirements**

In terms of key health indices like infant mortality rate and maternal mortality rate, Rajasthan is one of the least successful states in India. According to the results of the Sample Registration System (SRS) and the National Family Health Survey (NFHS), the infant mortality rate (IMR) in the state is much higher than the statistics that represent the national average for the whole of the country. According to SRS, the IMR in the state was 65 in 2007, which placed it in a position that was somewhat better (or near) to just four of the major Indian states: Uttar Pradesh, Madhya Pradesh, Orissa, and Assam. In addition, the state has one of the highest rates of maternal mortality ratio (MMR), making it one of the worst in the nation. Only the states of Uttar Pradesh/Uttaranchal and Assam had a lower MMR than the state had in 2004-2006, when the MMR for the state was 388 (SRS 2009). In addition, the decrease in infant mortality rate (IMR) and maternal mortality rate

(MMR) and the increase in the percentage of women receiving antenatal care and having their deliveries in an institution in the state in the recent past were not particularly sharp in comparison to other lowperforming states, and it is unlikely that the state will meet the National and state-level targets on IMR and MMR. The poor levels of accomplishment in terms of having babies delivered in hospitals and receiving antenatal care are also a reflection of the high infant and maternal mortality rates. The state is a long way from reaching its objective of a 50 percent decrease in morbidity owing to a variety of illnesses by the year 2010, and this is one area where the state is falling short.

There is no definite evidence that points to a downward trend in instances of malaria and dengue in this state, despite the fact that the state has a comparatively high number of recorded cases of both illnesses in compared to the majority of other states. The number of people who have been diagnosed with malaria has been on an upward trend (GoR 2006-07), but there has been a recent uptick in the instances of dengue fever that have been recorded. Between the most recent two rounds of NFHS surveys, there was likewise no discernible decrease in the incidence of TB (or rise in the number of cases of tuberculosis that were successfully treated with medication). According to surveys conducted by the NFHS in 1998-1999 and 2005-2006 respectively, the incidence of asthma among males and acute respiratory infection (ARI) among children is higher than the level for all of India, and the drop in both illnesses has not been significantly larger than the decline for all of India. According to the results of the RHSDP 2004 study, illnesses that affect the respiratory system seem to be responsible for a significant fraction of the fatalities that have been documented in the state. Despite this, there has been a general downward trend in the reported number of fatalities in the state that are caused by diarrhea in recent years, despite the fact that this figure remains rather high.

## CONCLUSION

It seems that the only feasible solutions to bridge the budget gap that we are ending up with are more money (perhaps via new programs) from the central government or from international donors. There are, in point of fact, certain initiatives of the latter kind that are already active in the state, but the scale of spending needed is probably bigger than what is feasible to satisfy with the projects that are sponsored by donors. It is obvious that the utilization of private money in every capacity conceivable will be required; nevertheless, it is difficult to make accurate forecasts about the availability of such funding. In any event, there are a number of qualitative considerations that may be taken into account with respect to private funding. To begin, private finance of the commercial kind will only be accessible if profits are to be made, and sectors of human development (or social services in general) are not perfectly suited for it. This is because private financing is often used for businesses rather than nonprofit organizations. Unbundling the delivery of multiple services, on the other hand, should make it feasible to zero in on certain components of the service that may be provided by a private company or via public-private partnerships (PPP).

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