

**Speaking Note - Mr Pradeep S Mehta, Secretary General, CUTS  
International**

**Roundtable on Viksit Rajasthan for Viksit Bharat**

**Wednesday, February 11<sup>th</sup> 2026**

---

**1. Introductory Remarks - Viksit Rajasthan for Viksit Bharat**

- 1.1. Rajasthan's **Vision 2047 sets an ambitious target: a \$4.3 trillion economy** aligned with Viksit Bharat.
- 1.2. Ambition is necessary, but as economists often say, *targets don't fail because they are ambitious; they fail when arithmetic is ignored.*
- 1.3. Rajasthan's economy is about US\$200 - 230 billion in size. To reach **\$4.3 trillion in roughly 22 years, the state must sustain 13 - 13.5% nominal growth every year**, consistently higher than its current trend and higher than what most Indian states have managed historically.
- 1.4. The Sixteenth Finance Commission reminds us that sustained high growth is not just about investment announcements - it depends on structural capacity: productivity, fiscal space, and execution.

---

**2. Core Fiscal Reality: Growth Under Constraint**

- 2.1. Rajasthan's **debt-to-GSDP ratio is ~38%**, placing it as the **third most indebted large state in India**, alongside Punjab and West Bengal.
- 2.2. A decade ago, debt was 25% of GSDP; it crossed 40% during the pandemic and has only marginally eased.
- 2.3. Unlike larger states, Rajasthan carries this debt without a deep revenue cushion, limiting its ability to respond to shocks - economic, climatic or political.
- 2.4. Rajasthan is not over-borrowing because it is reckless; it is borrowing because it is structurally boxed in.

---

**3. Why Implementation Matters More Than Intent**

- 3.1. Rajasthan has strong pillars-**minerals, energy, logistics, tourism and services.**

- 3.2. Tourism alone contributes **12% of GSDP** and supports millions of jobs, but its impact depends on **coordination**, not budget lines.
  - 3.3. Logistics reforms, defence manufacturing, GCCs, and services can raise productivity-but only if approvals, utilities, skills and local institutions work in sync.
- 

#### **4. The Binding Constraint: Revenue Deficit**

- 4.1. For over a decade, Rajasthan has run a persistent revenue deficit, meaning it borrows not only for assets, but to pay salaries, pensions, interest and subsidies.
  - 4.2. Interest payments alone exceed 20% of revenue expenditure-a level closer to fiscally stressed states than to reform leaders.
  - 4.3. Nearly half the budget is pre-committed before new priorities are even discussed.
  - 4.4. *In economic terms:* The state debates policy in the remaining fiscal margins.
- 

#### **5. Civil Society and Governance: An Untapped Multiplier**

- 5.1. If implementation is the constraint, consultation and capacity-building are the solution.
  - 5.2. Civil Society Organisations offer local intelligence, social legitimacy, and monitoring capacity that neither government nor foreign consultancies can substitute.
  - 5.3. CSOs should not appear only at grievance stages, but during policy design, rollout and evaluation, alongside industry and technical experts.
- 

#### **6. Advocacy Message for Viksit Rajasthan**

- 6.1. Rajasthan does not need fewer visions; it needs execution discipline.
- 6.2. It does not need more borrowing; it needs revenue strength.
- 6.3. And it does not need louder policy announcements; it needs institutions that deliver quietly and consistently.

6.4. *To borrow an academic joke:* Vision 2047 is the syllabus, but implementation is the exam, and Rajasthan must pass it every single year, not just at the end.

---

## **7. Power Sector: Where Debt Quietly Multiplies**

- 7.1. Rajasthan's electricity discom losses exceed 6% of GSDP.
  - 7.2. DISCOM debt rose from Rs 54,500 crore in 2018-19 to over Rs 92,000 crore in 2023-24.
  - 7.3. Power subsidies alone touched Rs 27,038 crore in 2023–24, more than double Maharashtra's and nearly three times Gujarat's.
  - 7.4. *Or as public finance professors might say:* the power sector has become Rajasthan's off-budget fiscal policy.
- 

## **8. Public Investment Without Returns**

- 8.1. Over recent years, the state injected Rs 62,818 crore into PSUs.
  - 8.2. Returns in 2024–25: Rs 6 crore.
  - 8.3. Borrowing rose from Rs 58,268 crore to Rs 59,098 crore, even as capital outlay hit a record Rs 30,727 crore.
  - 8.4. This raises a fundamental question: Are we building assets or accumulating liabilities with concrete?
-