

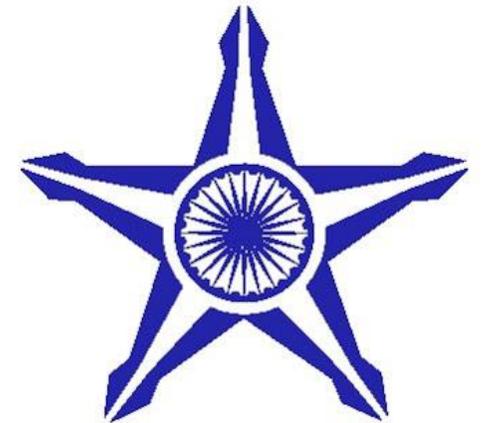
Presentation to the Chief Minister of Andhra Pradesh on

SURAJYA GOALS

- *Dr Jayaprakash Narayan*

14th December 2017

FDR
FOUNDATION FOR
DEMOCRATIC REFORMS



LOK SATTA
People Power

SURAJYA GOALS

Providing solutions that are –

- Simple
- Easily achievable
- Universally acceptable
- No cost or low cost
- High impact

**Service
Guarantee**

**School
Education**

Healthcare

Local Courts

Agriculture

**Local
Governments**

SERVICE GUARANTEE ACT

STATUS:

AP Government enacted a law and applied it to services related to ease of doing business.

WHAT NEEDS TO BE DONE:

- Apply it to all fee-based services.
- Strengthen back office for delivery.
- Fee for delivery may be enhanced where needed.
- Monthly reports – public authority wise.
- Real-time delivery – integrated with core dashboard.
- Assign overall supervision to Lokayukta.

SCHOOL EDUCATION

AIM:

Quality outcomes with no burden on parents.

STATUS:

- 220,000 teachers in government schools.
- 38 lakh students in government schools.
- Total annual spending = Rs. 50,000-60,000/child.
- 50% primary schools have <30 children.
- Poor students migrating to private schools.
- Outcomes appallingly bad.

SCHOOL EDUCATION

Case of East Godavari

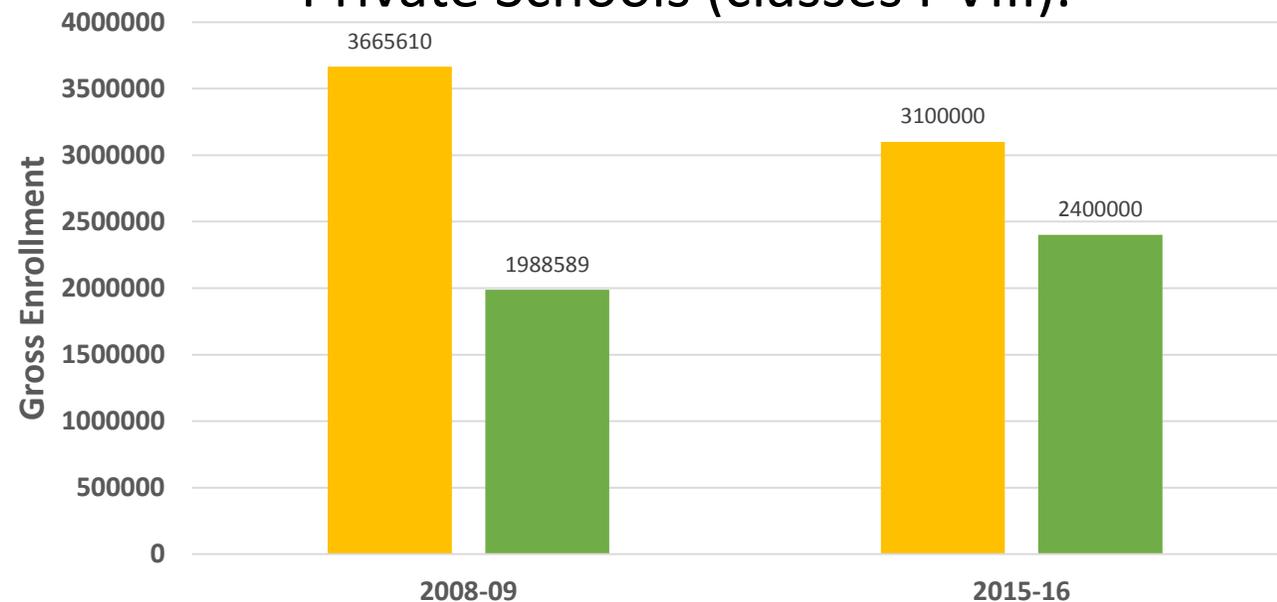
- ***Misallocation of Resources in Government Schools***

TYPE OF SCHOOLS	NUMBER OF STUDENTS	NUMBER OF SCHOOLS
Unviable Schools	0-5	47
	6-10	174
	11-15	272
	16-20	284
	21-25	412
	25-30	322
	30-60	883
	Total	2394
Viable Schools	60-100	533
	101-150	225
	>151	92
	Total	850

SCHOOL EDUCATION

Enrollment Trends

Decline in the enrollment in the Public Schools and Increase in the enrollment in Private Schools (classes I-VIII).



Source: UDISE Surveys of the respective years, Gol.

Finding: **From 2008-2016, there is a net migration of over 5 lakh children from government schools to private schools from classes I to VIII.**

SCHOOL EDUCATION

ASER Outcomes (Rural)

Annual Survey of Education Report (ASER) reveals the poor learning outcomes.

Children in Standard III who can do subtraction		
Year	Government Schools	Private Schools
2010	38.8	66.8
2012	46.3	67.1
2014	31.4	57.8
2016	38.8	62.8
Children in Standard VIII who can do division		
Year	Government Schools	Private Schools
2010	68.4	77.8
2012	65.0	80.5
2014	53.0	65.7
2016	41.2	76.9

Children in standard V who can read Std II text		
Year	Government Schools	Private Schools
2010	58.9	65.9
2012	64.0	58.8
2014	57.0	58.2
2016	52.4	60.6

Sources: ASER Reports, 2007-2016.

SCHOOL EDUCATION

WHAT NEEDS TO BE DONE:

- All schools with fewer than 60 students should be consolidated.
- No school (except in remote tribal areas) with fewer than 60 children.
- CCE to be fully institutionalised.
- SAT type test for 5th, 7th, and 10th classes.
- Ensure integrity of examinations/evaluation.
- State Testing Board for evaluation and random testing.
- Redeploying 5% of the teachers for inspection and monitoring, e-learning.

SCHOOL EDUCATION

Public Private Partnership

STATUS:

- 43.5% of Children in AP are in Private Schools, in 2015-16 (classes I-VIII).
- Most of these parents are poor; and schools are charging about Rs. 5000-10,000/year.
- Quality of education in most private schools is **poor**.
- Strictly monitor and enforce quality in private schools by random testing.
- Where standards are met, let funds follow children.
- Reimburse school fee in quality schools charging less than Rs. 10,000/year.
- Out of 30 lakh children in private schools, about 15 lakh will benefit.

Sources: AP Socio-economic survey, 2016-17.

SCHOOL EDUCATION

Funds Follow Students

FUNDING TO GRADUALLY SHIFT FROM TEACHERS TO STUDENTS

States	Total Teachers in Government schools (2015-16:I-VIII)	Student-Teacher Ratio	Retiring Teachers per year*	Average Salary of Teacher per year* (in Rs. lakhs)	Savings, by not filling vacancies (in Rs. crores)	Private Expenditure per student (in Rs)	Number of students additionally funded per year
	(a)		(b=2% of a)	(c)	(d=b*c)	(e)	(f=d/e)
Andhra Pradesh	2.20,000	17	4400	10	440	10000	4,40,000

*Source: UDISE Flash Statistics(2015-16); Assuming retirement percentage p.a is 3%.

- Over a period of 4 years, 15 lakh students can be covered.
- Out of the 30 lakh students enrolled in private schools we can assume 50% of them do not need state assistance in terms of expenditure on education. The other 15 lakh students can be effectively reimbursed with no additional expenses.

HEALTHCARE

Significant Accomplishments

1. Centralized drug supply
 - For all government healthcare facilities.
2. Outsourcing of Sanitation Services
 - In Area Hospitals, District Hospitals, and Teaching Hospitals.
3. Free essential diagnostic services
 - Under NTR Vaidhya Pariksha.
 - Established 103 labs for to provide 60 services.

Clinical Establishments Act, 2010 (CEA)

- Andhra Pradesh wisely refrained from adopting the CEA.
- FDR has drafted a more suitable legislation –
“The Andhra Pradesh Informed Choice of Clinical Establishments Bill, 2017”
 - Drafted in consultation with various key stakeholders in the AP.
 - Tailored for the needs of our state.
 - Allows AP to retain its legislative competence on regulating healthcare establishments.

TYPICAL GOVERNMENT HEALTHCARE FACILITIES

Underfunded, but Great Return on Investment

PHC	<ul style="list-style-type: none"> Government expenditure/year = Rs. 70 lakhs/year
CHC	<ul style="list-style-type: none"> Chilakaluripet CHC used as example Government expenditure/year = Rs. 1.3-1.4 Cr Estimated value of services provided = Rs. 5-8 Cr
Area Hospital	<ul style="list-style-type: none"> Parvathipuram Area Hospital used as example Patient load = 200-220 inpatients/day (100 beds authorized); 1500-2000 outpatients/day Government expenditure/year = Rs. 5 Cr Estimated value of services provided = Rs. 50 Cr
Teaching Hospital and College	<ul style="list-style-type: none"> Government expenditure/year = Rs.60-70 Cr Estimated value of services = Rs. 300-400 Cr

PHC

Average population served in plains areas = about 60,000

Average annual spending per PHC = Rs. 70 lakhs

Government High School

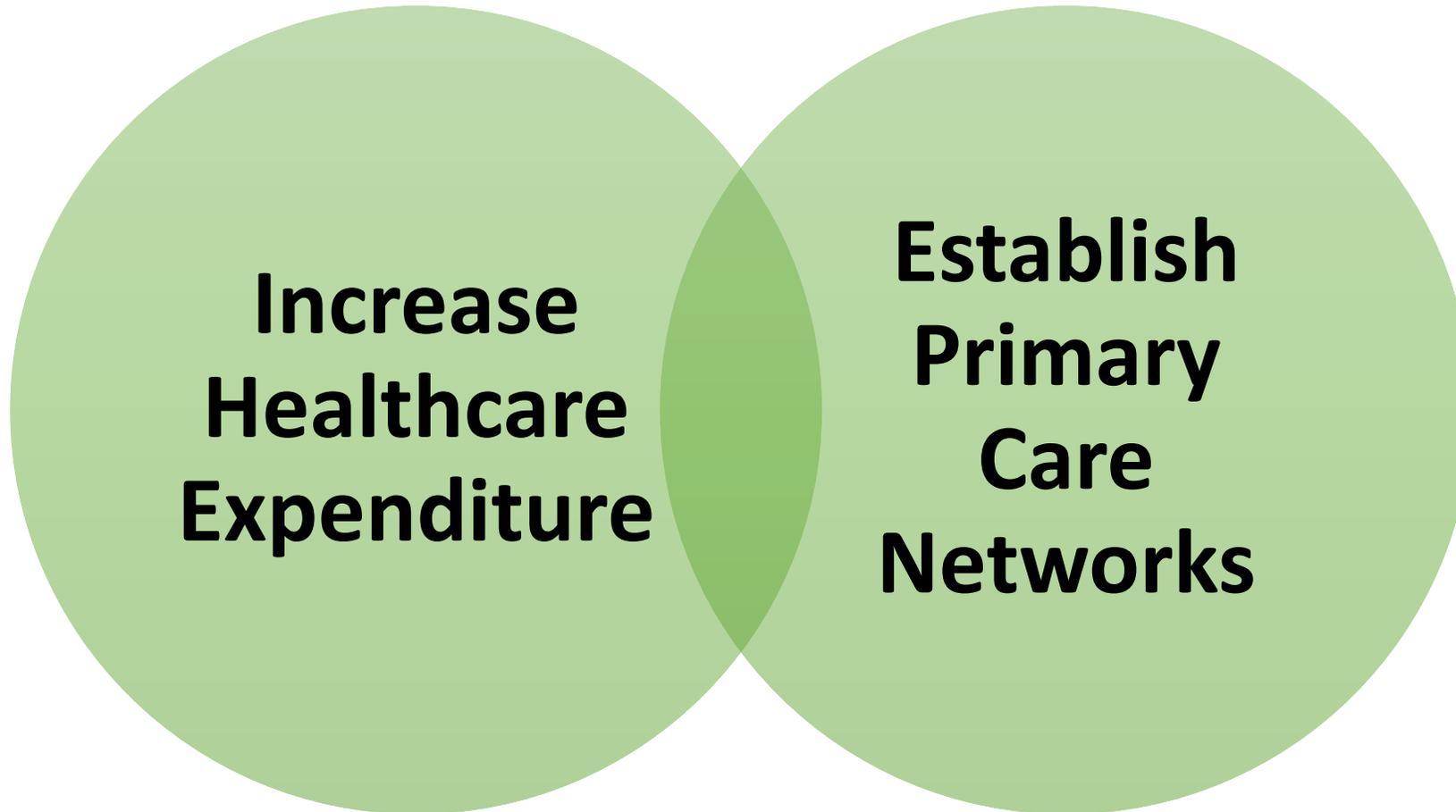
Average population served per high school = 11,520

Average annual spend per high school = Rs. 1.8 Cr

3 MAIN CHALLENGES



2 SOLUTIONS



**Increase
Healthcare
Expenditure**

**Establish
Primary
Care
Networks**

SOLUTION 1

Increase Government Health Expenditure

- **Per year funding increase of Rs. 3 lakhs/bed for 2 years** for government health facilities can exponentially increase the value of services provided.
- Funding would go towards:
 1. Higher wages for healthcare personnel (doctors, nurses, ANMs, etc.)
 2. Better equipment (X-ray machines, lab equipment, etc.)
 3. Better infrastructure and more beds where needed
 4. Blood banks (based on need)
 5. Increased pharmaceutical supply (based on need)

CURRENT WAGES	
Specialist doctor (at recruitment)	Rs. 45,000/month
Contract nurses	Rs. 16,000/month, no maternity leave or health insurance
Contract ANMs	Rs. 12,000/month, no maternity leave or health insurance
Senior residents (specialist doctors on compulsory service)	Rs. 33,000/month, but remuneration often delayed for months or years

SOLUTION 2

Strengthen Primary Care Services

- **Establish Primary Care Networks In 500 Towns:**

- Network of 10 doctors to provide primary care for 70,000-100,000 population.
- People register their families with one of the **doctor of their choice** in the network.
- Network doctors will be remunerated on per capita basis for their registered persons (Rs. 400/capita/year).

1500 families registered/doctor or 6000 persons/doctor

Rs. 24 lakhs/year or Rs. 2 lakhs/month

- 1 month onboarding training on family care for doctors.
- Contracted doctors to establish a clinic and hire support staff to assist in care delivery.
- Population can seek care from government hospitals only on referral, except in case of emergencies.

SERVICES PROVIDED
Family care and outpatient care
MCH care (except deliveries)
Monitor NCDs
Simple lab tests
Dispensing drugs supplied by government
Hospital recordkeeping

HEALTHCARE

Additional Funding Required

FOR PRIMARY CARE	Primary Care Networks <ul style="list-style-type: none"> • Per capita payment of Rs. 400/year • Assuming 3 crore registered population 	= Rs. 400 * 3 Cr = Rs. 1,200 Cr
	Additional expenditure on pharmaceuticals	= Rs. 100 Cr
	Increasing wages for existing primary care staff	= Rs. 100 Cr
FOR HOSPITAL CARE	Increase in per bed expenditure <ul style="list-style-type: none"> • Phased increase by Rs. 3 lakhs/year over the next 2 years • Approximately 20,000 beds in government hospitals in AP 	= Rs. 3 lakhs * 20000 = Rs. 600 Cr/year
TOTAL		Rs. 2,000 Cr

Rs. 2,000 crores is merely 0.27% of the GSDP.

Increasing in healthcare expenditure by Rs. 2,000 crores/year would significantly improve care and patient satisfaction.

LOCAL COURTS

With Emphasis on Women's Safety

AIM:

- *Local Courts or “Gram Nyayalayas” can provide speedy relief and justice with summary procedures in simple cases at low cost, especially in crimes related to women.*

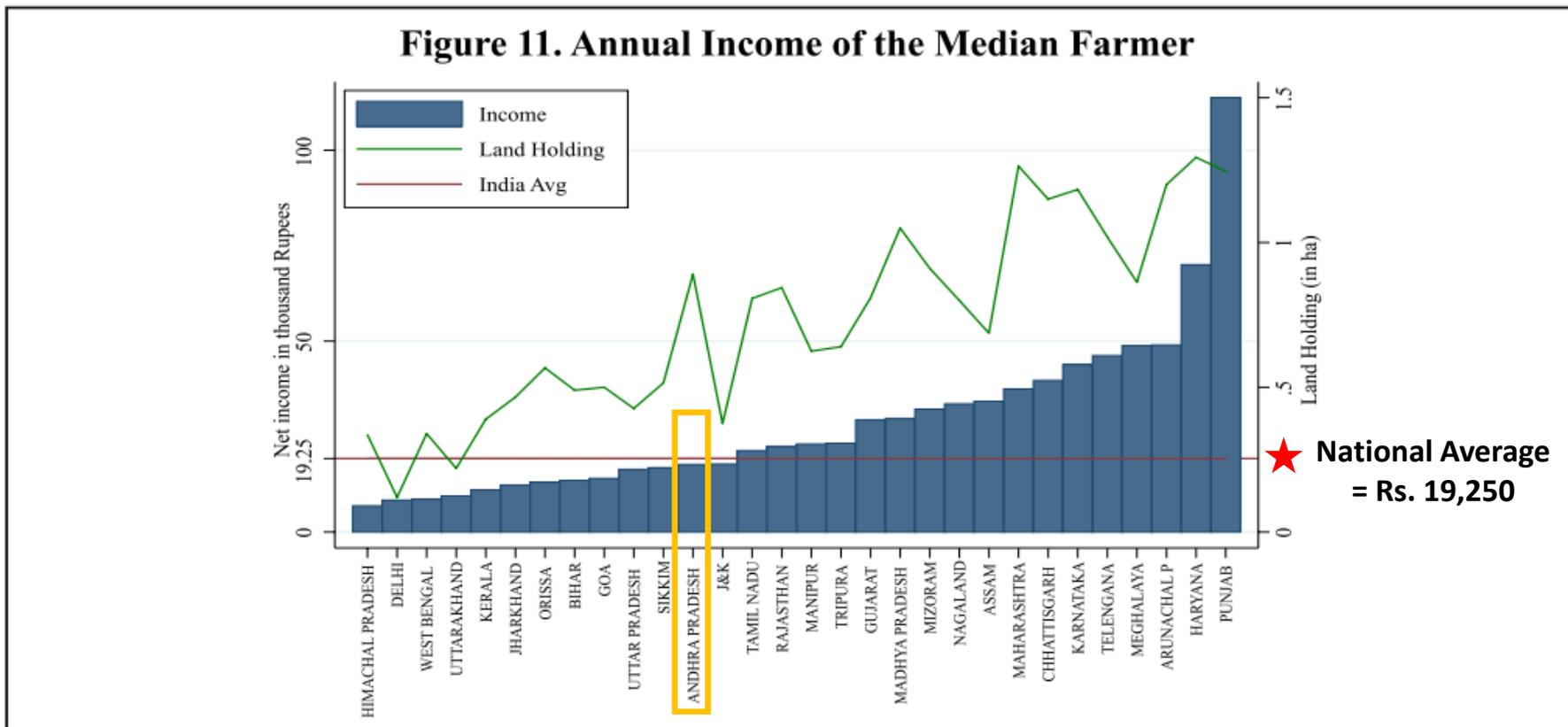
STATUS:

- Gram Nyayalayas Act enacted in 2009 by Parliament.
- In March 2017, Govt of AP released Rs. 33 crores for setting up rural courts and improving judicial infrastructure.
- However, no courts have been set up in AP yet.

WHAT NEEDS TO BE DONE:

- Local courts law to be amended to cover minor offences against women (eve teasing, stalking, etc.) and urban population.
- A draft bill is available.
- One local court constituted for every mandal, and one per every 50,000 population in urban areas will ensure accessible, affordable, speedy justice.

AGRICULTURAL CRISIS



*Data from NSS SAS Round 70. Sample restricted to households surveyed in both Rabi and Kharif. Income only from cultivation net of costs. Unsold produce valued at local market rate.

Median farmer income in AP is below the national average.

AGRICULTURAL TRADE

Imports Rising and Exports Falling

Year	Exports (\$ bn)	Imports (\$ bn)	Trade Surplus (\$ bn)	US Dollar Average (in Rupees)	Trade Surplus (in Crore Rs.)
2013-14	43.23	15.52	27.71	60.5	1,67,645.5
2014-15	35.57	19.57	16.00	61.1	97,760
2015-16	29.17	20.70	8.47	65.4	55,393.8
2016-17	33.87	25.63	8.24	67.07	55,265.68

Sources: Ministry of Commerce, GoI; Centre for Monitoring Indian Economy.

Our surplus in agricultural trade has fallen by >Rs. 1.12 lakh crores (\$19 billion).

AGRICULTURE

Case for Import Duties and Farmers' Bonus

Large imports without protection to domestic producers has led to price crash.

PULSES			
Year	Domestic Production (MMT)	Imports (MMT)	Value of Imports (Crores)
2013-14	19.2	3.6	12,792
2014-15	17.1	4.5	17,062
2015-16	16.3	5.8	25,691
2016-17	22.4	6.6	28,524

RESULT:

- **Black gram price has crashed from Rs.16,000/quintal in 2016 to Rs.4000/quintal now.**

WHAT NEEDS TO BE DONE:

- *If 30-40% duty is imposed on imports and bonus is given to farmers with that revenue, then a sum of Rs. 382/quintal can be transferred.*

OIL SEEDS				
Year	Domestic Production		Import of Edible Oils	
	Oil Seeds (in MMT)	Edible Oil (MMT)	Quantity (in MMT)	Value (Cr)
2013-14	32.74	7.11	11.62	60,750
2014-15	27.51	6.17	14.42	62,860
2015-16	25.30	5.82	14.59	65,000
2016-17	32.52	7.05	15.20	70,000

BENEFITS:

- **Price can be maintained**
- **Domestic production will rise**
- **In three years, there will be no need for imports**
- **Govt. can transfer bonus to farmers with no fiscal pressure.**

Sources: Annual report, Department of Agriculture, 2016-17; Economic Survey, 2016-17; "Weak Govt. Finger on the Pulse: Dal Pinches for Farmers", The Indian Express, August 10, 2017; "India's Edible Oil Output to Hit All-time High of 7.7 mn Tonnes in 2017-18," Business Standard, September 21, 2017.

AGRICULTURAL CRISIS

Need for Storage and Pledge Loans

Warehousing

- APSWC godown capacity – 6 lakh tonnes
- AMCs - 1055 godowns with 7.98 lakh
- Private Capacity – 5.5 lakh tonnes
- Additional Requirement – 5 lakh tonnes

Cold Storages

- The Current Capacity in Andhra Pradesh is 15.7 lakh tonne.

Pledge Loans:

- If credit is guaranteed on stored produce, farmers can avoid distress sale and wait for cyclical upturn.

AGRICULTURE

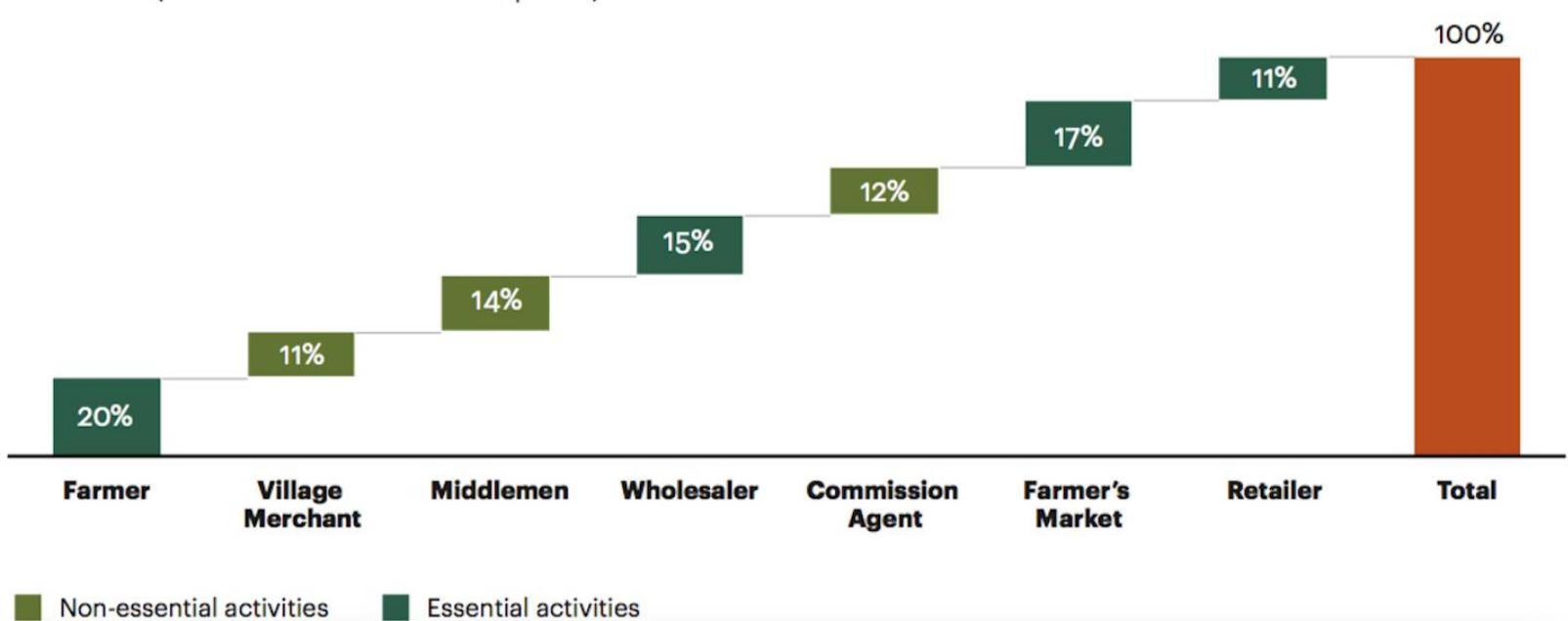
The Menace of Middlemen

Retail chains should be welcomed and encouraged on a large scale.

Price build-up in value-chain for 5 major vegetables – Tomato, cabbage, brinjal, okra and beans

(In % of final consumer price)

Illustrative – Andhra Pradesh



Benefits of Retail Chains

- Market chain compressed
- Farmers will get 70% of consumer price
- Boost to logistics and value addition
- Consumer price will be moderate
- Price volatility eliminated
- Employment generation
- India can leverage our strengths and capture global markets

Source: FICCI , Feeding a Billion- Role of Food Processing Industry

AP has the golden opportunity to become the procurement center for the whole country and an exports center to the world.

AGRICULTURAL REFORMS

Land Ceiling & Investments

- Average size of landholding in AP is declining –
From an average of 1.13 hectares in 2005-06 to 1.06 hectares in 2010-11.
- Current tenancy laws and land ceilings laws act as a deterrent for corporate investments and building scale.
- The current land ceilings vary from 10-18 acres for irrigated lands with two crops to 35-54 acres for dry lands.
- Need for infusion of investments that can bring technology, enterprise, management, and market access.

WHAT NEEDS TO BE DONE:

- A comprehensive overhaul of land laws to allow scale, capital, and technology.

Source: Andhra Pradesh Socio-economic Survey, 2016-17.

AGRICULTURAL REFORMS

Dryland Farming And MNREGS

- Predominance of drylands in Andhra Pradesh
 - Net Sown Area (NSA) is 61.13 lakh ha
 - Net irrigated area is 29.27 lakh ha
 - **Over 50%** of the Net Sown Area lacks irrigation and is **rainfed**.
- Utilizing NREGA exclusively for Watershed management activities
 - Rain water harvesting (digging farm ponds on a massive scale)
 - Ground water recharge
 - Soil conservation

Source: Agriculture Dashboard (2016-17), Government of Andhra Pradesh.

AGRICULTURAL REFORMS

Fertiliser Subsidy

- Direct Benefit Transfer (DBT) in Fertiliser distribution may not be feasible because –
 - Land records are not updated.
 - Fertilizer usage varies with individual's land holding and cropping pattern.
 - Can lead to corruption due to certification required for getting fertiliser.

LOCAL GOVERNMENTS

Devolution

Union to States:

- Union Budget (2017-18) = 21,46,735 Cr.
- Transfers to States = Rs. 10,85,075 Cr; devolved to the state governments.
 - 50.5% of total Budget
 - 67% of total Non-Debt Receipts
 - 71% of Revenue Receipts

State to Local Bodies:

- Andhra Pradesh Budget 2017-18 is 1,56,999 Cr, which means the Expenditure Per Capita is 30,000 Rupees
- Transfers to PRIs by the state is mere 32 Rupees, which is 0.1% of total expenditure per capita. It is even lesser for ULBs, which are given a mere 12 Rupees.

Transfers to PRIs, ULBs in Rupees	
Gram Panchayats	8/person/year
Mandal Parishads	16/person/year
Zilla Parishads	8/person/year
Urban Local Bodies	12/person/year

Source: 3rd State Finance Commission Recommendations

LOCAL GOVERNMENT

WHAT NEEDS TO BE DONE:

- Devolving 1000 Rupees per head would involve the transfer of -
1460 Crore per annum for Urban Areas
3470 Crore per annum for Rural Areas
- Transfer responsibilities and reduce expenditure of various departments at State level correspondingly.
- Special emphasis on small towns infrastructure, education, healthcare, and quality of life to promote local job creation.
