Background Note

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(Views expressed in this compilation are of the authors and not necessarily of the People's Budget Initiative)

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Foreword

The significant next step for our democracy is to move from *votes* to *voices.* Further, in our understanding, given the experience of more than 60 years of struggle to make our democracy more substantive, this needs to be done with a sense of urgency. The *People's Budget Initiative* is an effort in this direction. The voices of several organisations and individuals who have come together from diverse fields have one common call—*that common people have the right to be heard in the hitherto closed budget making process*. We want budgets to be brought out from behind the strictly closed doors to the public domain.

The *People's Budget Initiative* organises a National Convention every year to build a common understanding among different stakeholders on critical gaps in public provisioning for important sectors and for arriving at a common set of prioritised policy and budgetary demands for different sectors. The *People's Charter of Demands*, thus prepared, forms the basis of our advocacy with different policy makers and people's movements in the ensuing months.

Since the central idea is to democratise budgets and to take budgets to people, the National Convention brings together, not just academicians or policy analysts working on various sectors, but also a significant number of participants with grassroots level experience. These participants are activists and groups working relentlessly on issues of human rights and socio-economic justice across different parts of the country, who are keen to engage with this process of influencing budgets. We are very glad to present this document prepared with the objective of serving as a Background Note for this Convention.

This Background Note compiles brief assessments of the budgetary provisions and policy priorities of the Union Government for some of the critical sectors, over the last few years in general, and in the last one year in particular. The sectors covered include those economic sectors (such as, rural development and agriculture) and social sectors (such as, health and education) which are crucial for addressing development deficits of the large number of poor and disadvantaged people in India. In addition to these, the Note pays specific attention to budgetary provisions and policy priorities of the Union Government for some of the disadvantaged sections of our population, such as women, children, dalits, adivasis and minorities. It also includes brief commentaries on resource mobilization efforts by the Union Government and policy efforts by the government for addressing important concerns relating to environment and climate change.

We would like to convey our sincerest thanks to all members of the *People's Budget Initiative* as well as members of the Organising Committee for their support and guidance in this process. There are several challenges confronting this initiative, some of which are rooted in the hitherto almost total disconnect of common people with the budget making process in our country and some relating to the conventional practice of the government keeping the budget making process opaque. However, the *People's Budget Initiative* is striving to overcome these challenges with appropriate advocacy strategies and greater support of civil society organisations from across the country, in particular the civil society budget groups based in different States.

Yamini Mishra
CBGA, Secretariat of People's Budget Initiative

Popular Aspirations and Government Commitments: Revisiting the Perspectives and Positions on Budgets and Public Policies in Election Manifestos

Siba Sankar Mohanty*

I. Introduction

At the core of any functioning democracy is the notion that policy outcomes must reflect the desires of those who are governed. This link between popular desires and policy formulations depends on three basic elements of representation, stability and societal conflicts. While both the issues of representation and stability are important, the last element of 'conflict' is of no less significance as no matter how desirable the popular aspirations might be, it results in some form of short term loss for some entities. For a true representative of the common people, such conflicts may be ignored. But a government that pretends to be a champion of the masses but thrives largely with the support of a powerful but miniscule section of population may opt to undermine the popular aspiration and ignore the very same promises, it has made before the masses.

In a democracy, promises made by the elected representatives for the wellbeing of the common people hold a lot of significance. Not just for the logic that the political formations are assessed by relevance of these promises for the masses, these promises also reflect the popular aspirations of the common people. Although, the way democracy is practiced in India has little relevance to electoral outcomes, in very subtle ways, these promises reflect a loose consensus of (at least) the numerous members of the political formations that uphold those promises. In the present paper we try to present the significant issues raised by the major political formations in India. Towards this, an analysis of the manifestos of the major political parties during last General Election provide us critical insights into the gaps between the rhetoric and realities of upholding popular aspirations of the major political outfits in the country. An effort has also been made here to present an international context of popular aspirations and government commitments.

II. Political Parties Taking Clear Positions on Budget and Public Policy: Evidences from Selected Countries

There are numerous examples of political parties that take clear policy positions for the well being of the masses and implemented those with adequate urgency after they came to power of governing irrespective of the financial position of government or the economy. It is therefore argued that more than financial constraints, lack of political will is a major hurdle in upholding the popular aspirations. Take, for example, the case of India and the issue of universalisation of education. The day the issue of 'Right to Education' was removed from the list of fundamental rights and thrown into the spurious list of 'Directive Principles of State Policies' in the Constituent Assembly during the making of our Constitution, the lack of political will was clear. Since then several efforts were made to recognize the significance of right to education for the well being of the masses, through initiatives like Kothari Commission Report, Tapas Majumdar Committee Report, Right to Education Amendment and so on. But still after almost 7 decades of post independence planning and governance, we are struggling with huge number of out of school children, mostly from the deprived sections of our population.

On the other hand, there are still several countries that have shown clear political will and priority to human resource needs of the people and to the promises they have made before the masses. Let us discuss two such issues (such as Right to Education and Right to Health) and the stories of countries revolving around those issues.

It is unfortunate that in 21st century Indian Policy makers are making cost benefit analysis of providing right to education for all, but the significance of the issue have been in public domain for 2500 years after Plato's 'Republic'. In Countries like Austria and Prussia, compulsory primary education for all children between 5-13years is established since late eighteenth century. There are many countries that were at par with India in terms of their economic as well as educational attainment and size at some point of time but have made remarkable progress in universalizing education in recent years. One such country is China. In 1986, the National People's Congress under the leadership of Chinese Communist Party (CPC) promulgated the "Compulsory Education

Law of the People's Republic of China", by placing basic education in the country on a legal basis. By 2002, China achieved 99 %net enrollment rate in primary schools, access of junior secondary schools by 97% of primary school pass outs and 58.3% of the junior secondary school pass outs continue their study in senior secondary schools. By the end of 2002, the Nine-Year Compulsory Education (NYCE) had been universalized in the area where 90% of the population inhabits; the highest rate among the E-9 countries.

Similarly, the Cuban Communist Party with miniscule economic resources could give top most national priority to health care facility for all citizens. In 2006, BBC undertook a survey of *world's best public services* and considered Cuba's healthcare as one such example of best public service. The report by BBC states that "life expectancy and infant mortality rates are pretty much the same as the USA's. Its doctor-to-patient ratios stand comparison to any country in Western Europe. Its annual total health spend per head, however, comes in at $251; just over a tenth of the UK's".

There are also several other countries where political parties have take clear policy positions and have been able to improve the lot of the common masses. In 2005, Vladimir Putin of Russia announced a social orientation in the domestic policy. As described by Putin himself, it was a "policy of investment in people, and, hence, in Russia's future." Government policy had focused on improving the living standards of the Russian people. This was the goal of the priority national projects, which were introduced in 2006. The projects cover the most important and backward spheres, such as health care, education, housing, and agriculture. Russia saw the results of such social investment very quickly. By 2007, under the public health project, more than 40,000 units of diagnostic equipment and over 13,000 ambulances have been purchased; more than 90% of mothers have received birth vouchers; free medical care has been provided to 1.3 million women and more than 300,000 children; 1.2 million of newborn children have been screened for five congenital diseases; 300,000 patients have been given high-tech medical assistance; massive campaigns on preventive medical examination and vaccination have been conducted. After the collapse of Soviet Union, with a prolonged economic crisis and complete withdrawal of the government, the health situation had worsened significantly. But the latest surge in investment clearly shows that if the government has the will to change the situation it will definitely find a way.

A more detailed analysis on the significance of clear policy stands by international political parties and governments is beyond the scope of this paper. In the following section we have focused on the political manifestos of some major political parties in India and the policy positions they have taken.

III. A Review of the Election Manifestos of major national Political Parties brought out in 2004 (for the General Elections held in 2004)

In several cases, the promises made by different political formations are repetitive. We have tried to highlight only those promises which are either quantifiable or specific to some clear policy agenda.

Box-1

Major Announcements made in the Manifesto of the Indian National Congress during General Election 2004

1. The Congress will pursue an Agriculture First strategy in resource allocation. Public investment in agriculture will be stepped up substantially with focus in the backward and poor regions. This will cover irrigation, electrification, godowns, marketing, research and extension. The flow of agricultural credit would be doubled in the next three years. A special technology and extension programme for dryland farming will be introduced.
2. 30% of all funds flowing into panchayats and nagarpalikas will be earmarked for programmes relating to the development of women and children and focus on the special needs of female agricultural labour and women cultivators.
3. The Congress pledges to raise public spending in education to at least 6% of GDP with at least half of this amount being spent in primary and secondary schools.
4. The Congress will raise public spending on health to at least 2-3% of GDP, with the focus on primary health care over the next five years and to around 5% of GDP over the next decade.
5. Without increasing tax rates, the Congress believes that the present Tax:GDP ratio of 14-15% must be raised to at least 18% by the end of the decade.

Box-2
Major Announcements in the Manifesto of the National Democratic Alliance during General Election 2004

1. Doubling the income of kisans by 2010, reducing the cost of cultivation, enhancing yields, and increasing prices receivable by farmers
2. Double the rate of growth of public and private investment in agriculture
3. Completion of all the ongoing irrigation projects (major, medium, and minor) within five years to create irrigation for an additional 35 million hectares of land
4. Adequate supply of quality power will be ensured to all farmers by 2009
5. A Rs. 1,000 crore Mandi Development Fund will be created to support modernization of agriculture markets
6. Village electrification will be completed by 2007 through an accelerated implementation of the program will cover 1 crore households and 1 lakh villages
7. All villages will have primary health centers within the village, dispensaries within five to eight kilometers, and referral hospitals within twenty kilometers
8. Provisioning Urban Amenities in Rural Areas (PURA) will be launched before August 15, 2004.
9. 8.4 crore uncovered rural households will have access to basic sanitation either their own or community-owned. There shall be no Anganwadi centre or rural/urban school without water and toilet facilities by 2005.
10. Every rural habitation in the country, including those that have slipped back into the Partially Covered or Non-Covered status, will be provided an assured source of drinking water supply by 2007
11. Pradhan Mantri Gram Sadak Yojana: Linking all rural habitations with a population above 1,000 by 2005; linking all rural habitations with a population above 500 by 2007.
12. Elimination of electricity shortages by 2012; significant reduction by 2009.
13. At least 50,000 MW of additional generation capacity will be created over the next five years. Work on projects with a combined capacity of 12,000 MW (of which 8,000 MW in the private sector) will start before the end of 2004.
    Housing for All by 2010
14. Progressive social security scheme for 37 crore people in the unorganized sector
15. One crore additional employment and self-employment opportunities each year
16. Spending on education will be raised to 6% of the GDP in five years. Literacy rate of 85% will be achieved in five years. Our vision is to see that Indian society becomes fully literate by 2015
17. Total public spending on healthcare to reach 4% of the GDP in the next five years
18. Coverage of the "Antyodaya Anna Yojana" (which provides wheat at Rs. 2 a kg and rice at Rs. 3 a kg) will be increased from 2 crore to 5 crore poorest families in five years.
19. 33% reservation for women in Parliament and State Legislatures.

Box-3
Major Announcements in the Manifestos of the Left Parties during General Election 2004

1. Keeping in mind that seventy per cent of the people of India live in the rural areas, the single most important step for rural transformation is the implementation of land reforms.
2. Reintroduction of universal system of PDS and giving up targeting in the name of reaching the poor.
3. BPL cards should be available for all those who are not income -tax payers.
4. The Antodaya scheme should be expanded to cover all sections of the rural poor.
5. One-third reservation for women in the legislatures and to work for its passage in the new parliament.
6. Important amendments to the Domestic Violence Bill moved by women's organisations and will work for its passage.
7. Universalisation of child care services; all children upto 6 years should be in anganwadis.
8. Free and compulsory school education can be attained only if it is accompanied by free mid-day meals, provision of textbooks and other education materials.
9. Allocation of 10 per cent of union budget for education. Support to mass literacy programmes.
10. Increasing the expenditure on public health by the government to 5 percent of the GDP.

While the list presented above provides an outline of major promises by the government that have some budgetary or governance significance (like the Women's reservation and domestic violence issues) most of the promises lack either any specific blueprint for implementation or they do not have any concrete financial commitment to back these promises. However, just being clear about the ways of financing the promises is not a sufficient condition of their realisation. A promise needs to be backed with a proper implementation strategy; at the same time there should be sufficient political will to keep those promises. A specific mention may be made here regarding the 2004 manifesto of the NDA. Although, in comparison to manifestos of other political parties, the NDA manifesto is a much detailed one and in several accounts it also includes specific plans to meet those commitments. However, many of these promises are reiterated as unfinished agenda of the 1999 manifesto. Similarly, a large part of the manifestos of the left parties and that of the Congress were reiterated in the National Common Minimum Programme of the UPA government. The box-4 presents the major announcements made in the NCMP as part of its post election promises to perform as a united front with the support of the left parties and several regional parties. It is no wonder that the UPA's NCMP contains several promises made in the pre election manifestos of the Congress and the Left Parties. But the promises in the NCMP are clearer in terms of their approach and methodology of implementation than the individual party manifestos. Still it lacked a discussion on the financial aspects on majority of the issues. For example, enacting a legislation regarding the Domestic Violence Act does not automatically prevent domestic violence. It needs necessary infrastructural support as well as financial commitment to maintain such infrastructure. In the absence of financial commitments, making progressive legislations only serve the purpose of pseudo self-appreciation and rhetoric, although making necessary legislations are critical first steps towards the goal.

Box-4

Major Announcements in the NCMP after UPA Assumed Power

Agriculture

1. The UPA government will ensure that public investment in agricultural research and extension, rural infrastructure and irrigation is stepped up in a significant manner with irrigation receiving the highest investment priority.
2. The UPA government will ensure that the flow of rural credit is doubled in the next three years
3. The UPA government will ensure that government agencies entrusted with the responsibility for procurement and marketing will pay special attention to farmers in poor and backward states and districts.

Education and Health

1. The UPA government pledges to raise public spending in education to least 6% of GDP with at least half this amount being spent of primary and secondary sectors.
2. The UPA government will introduce a cess on all central taxes to finance the commitment to universalize access to quality basic education.
3. A national cooked nutritious mid-day meal scheme funded mainly by the central government, will be introduced in primary and secondary schools.
4. The UPA government will raise public spending on health to at least 2-3% of GDP over the next five years with focus on primary health care.

Employment

1. The UPA government will immediately enact a National Employment Guarantee Act.
2. The UPA government will give the highest investment, credit and technological priority to the continued growth of agriculture, horticulture, aquaculture, floriculture, afforestation, dairying and agro-processing that will significantly add to the creation of new jobs.

Food and Nutrition

1. The UPA will work out, a comprehensive medium-term strategy for food and nutrition security. The objective will be to move towards universal food security over time, if found feasible.
2. The UPA government will strengthen the public distribution system (PDS) particularly in the poorest and backward blocks of the country and also involve women's and ex-servicemen's cooperatives in its management.

Women and Children

1. The UPA government will take the lead to introduce legislation for one-third reservations for women in Vidhan Sabhas and in the Lok Sabha.
2. Legislation on domestic violence and against gender discrimination will be enacted.
3. The UPA government will ensure that at least one-third of all funds flowing into panchayats will be earmarked for programmes for the development of women and children.
4. Complete legal equality for women by enacting new legislation that gives women, equal rights of ownership of assets like houses and land.

On several occasions, the political parties also create disturbances in events when its own promise is being implemented by other political parties. For example, the issue of 33 percent reservation for women in Parliament and State Legislature is one of the significant elements of NDA manifesto. However, the members of Parliament from NDA along with some of the UPA consitutents opposed the Bill from being tabled in the Parliament by the present UPA government. This shows a sheer hypocrisy of our policy makers in raising issues for vested electoral mileage and abandoning them when the opportunity for their implementation comes. Without going much into such issues in detail, let us discuss some of the core elements of popular aspiration in the manifestos presented in boxes above. In the following paragraphs, we have tried to analyse the manifestos in terms of sectors of our interest from the perspective of the poor and the marginalised.

Probably the most talked about sector in the manifestos of different political parties during last general election were agriculture and the rural economy. The approach to deal with the same was however different for different groups. The Congress wanted to give number one priority to the sector for resource allocation and to double rural credit flow. The NDA wanted to double the income of kissans and double the rate of growth of agricultural investment through private sector participation. The NDA emphasizes on developing the agricultural marketing system is a real need of the sector. On the other hand, while the left parties have recognized the need to increase investment in the sector, they have given much importance to equitable distribution of factors of production in the agrarian economy, by raising the issue of land reforms. Both NDA and UPA (where Congress is the major stake holder) had been at the helm of affairs for last ten years. Unfortunately agriculture was never accorded adequate priority by successive governments. Meanwhile, the agrarian crisis further intensified and the economic conditions of the rural people deteriorated. The following table may throw some light on this issue. During the NDA rule, between 1999-2000 and 2003-04, the investment in agriculture has declined from 2.2 percent of GDP to 1.9 percent of GDP. After that the UPA government maintained the investment in the sector at a lower level. It is therefore not enough to make promises which are not going to get reflected in the policy formulation.

Table-1: Investment in Agriculture in India

	Investment in Agriculture (1999-00 prices)			Share in Agricultural Gross Investment		Investment in Agriculture as % of GDP at constant prices
	Total	Public	Private	Public	Private	
1999-00	43473	7716	35757	17.7	82.3	2.2
2000-01	38735	7155	31580	18.5	81.5	1.9
2001-02	47043	8746	38297	18.6	81.4	2.2
2002-03	46823	7962	38861	17.0	83.0	2.1
2003-04	45132	9376	35756	20.8	79.2	1.9
2004-05	48576	10267	38309	21.1	78.9	1.9
2005-06	54539	13219	41320	24.2	75.8	1.9

Source: Economic Survey 2006-07, GoI

Both the Congress and the NDA have pledged for 6 percent of GDP on education in their respective manifestos. On the other hand, the left parties have mentioned about an allocation of 10 percent of total Union Budget to be spent on education. While the Congress have had a mention of spending half of the amount on elementary and school education, the NDA manifest talks about total literacy issues. It is now established that the total government expenditure as percent of GDP has remained much below the promised level. It is important to assess the seriousness of both the parties on the issue of providing education for all in the light of 93rd Amendment Act, which recognizes education as a fundamental right. Table-2 shows that expenditure on education in fact declined compared to previous years after the announcement of the Right to Education Act in the Parliament. While the issue of spending 10 percent of total budget on education is somehow maintained by both the Union and the State Governments, as a percent of GDP, it has declined from 2.89 percent in 2002-03 to 2.86 percent in 2006-07. Similar is the case with the allocations on health services. While the Congress promised for raising the expenses on health services to around 2 percent of GDP, the NDA promised an expenditure of 4 percent of GDP. However, in terms of delivering the promises, both the parties never took up the issue seriously. Although a substantial improvement is noticed in the allocations by the central government in recent times, in absolute terms, it is far behind the promised level. Expenditure on health services by both centre and the states still remains less than 1 percent of GDP during the regime of both the political parties.

Table-2:Combined Public Expenditure on Education in India

Year	As a Proportion of Total Government Expenditure	As a Proportion of GDP at Current Market Prices
2000-01	11.70	3.03
2001-02	11.22	2.98
2002-03	10.83	2.89
2003-04	10.21	2.75
2004-05	10.44	2.74
2005-06	10.62	2.89
2006-07 BE	10.97	2.86

Source: Siba Sankar Mohanty (2008) “4th Public Report Reviewing NCMP Promises”, WNTA

Table-3 : Budgetary Allocations on Health Services in India

Year	Centre's Expenditure	States' Expenditure	Total Expenditure of Centre and State	Central Government Expenditure as % of GDP	Total expenditure as percent of GDP
2002-03	6503.81	17094	23597.8	0.26	0.96
2003-04	7249.14	18235	25484.1	0.26	0.92
2004-05	8085.95	19617	27703	0.26	0.89
2005-06	9649.24	22,031	31680.2	0.27	0.99
2006-07	11757.7	28,435	40192.7	0.29	0.98
2007-08 RE	14974.3	31,283	46,257	0.32	0.99
2008-09 BE	18123			0.34	

Source: CBGA “Response to Union Budget 2008-09: Reaffirming Rhetoric”

In a way of concluding, it can be mentioned that it is important to make promises as this is a way of acknowledging and identifying the real needs of the masses as perceived by an individual political entity. All the promises need to be clear in perspective and should have proper action plan for implementing the elements in the promises. But all these are meaningful only when the government and the party in opposition have a clear preference for popular aspirations over petty political interests and necessary political will is exhibited to work towards keeping those promises.

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Financing Rural Development: Some Issues Relating to the Budget and Fiscal Decentralization

Kaushik Ganguly and Jawed A. Khan

Rural development is a strategy designed to improve the economic and social life of the rural poor and an all encompassing development of the rural sector in India. It involves extending the benefits of development to the poorest among those who seek livelihood in the rural areas and bring about equity in the quality of life across all the socio-economic groups. More elaborately rural development encompasses: (a) improvement in the standard of living including gainful employment, education, health, nutrition and housing and variety of social services; (b) decreasing inequality in distribution of rural incomes and resource endowment and in rural–urban imbalances in incomes and income opportunities and (c) increasing the capacity of the rural economy to sustain and accelerate the pace of these improvements.

Some Facts on Rural India

- Around 72.2 percent of the total population live in rural areas
- 59 percent of the population depend on agriculture and allied activities
- Almost 89 percent of rural households have less then 2 hectares of land and their average per capita consumption expenditure is Rupees 15 a day
- These house holds are unable to meet their consumption needs and have to resort to borrowing
- The contribution of agriculture and allied activities to GDP has gradually declined over the years and stood at 18.5 percent in 2006-07
- Growth rate of NSDP in agriculture has been 1.7 percent per annum between 1999-2000 to 2004-05
- Rural India accounts for only 59 percent of literate person
- Infant mortality is enumerated as 64 per thousand live births.

Sources: NSS Report different rounds, Economic Survey 2007-08, NFHS III, NCEUS Report

The above facts depict the low levels of human development in terms of income, education and health and extensive social marginalization of the poor and landless. Evidently, given the large scale dependence of the Indian economy on the well-being of the rural economy for a balanced and equitable growth, a clear and objective analysis of the public policy in general and institutional mechanism of delivering public goods within the rural economy is a compelling necessity. This paper intends to examine and comment on the budgetary allocations of the government for the rural economy as a whole, financing rural development through centrally sponsored schemes and the role of local self-government institutions in the provisioning for rural development.

The rural development programmes implemented by the central and state governments through various nodal agencies gave special emphasis on removal of poverty through employment generation programmes, by productive assets transfers through institutional credit programmes and subsidy. Moreover social sector programmes of rural housing, drinking water and sanitation facility, health and education were also undertaken to remove unequal access to public resources. However government commitments to this sector have often gone without matching financial resources from the budget. Given the huge dependence of the rural population on agriculture and allied activities, measures to enhance agricultural productivity should have been taken on a war-footing, on account of which government investments have clearly fallen short.

The following table charts out the various aspects of rural development and the quantum of government disbursement in each of these as percentage of GDP at market prices. Public spending (an average 1.7 per cent of GDP) within rural economy show a fluctuating trend over the last eight, which signifies the lack of clear policy direction and failure recognize the precarious situation of rural economy as a whole. Disbursement towards major rural infrastructure heads like irrigation and flood control as well investments in village and small industries show a stagnating trend.

Table 1: Central Government Spending on Composite Rural Development as proportion of GDP

(in Percentage)

	Agriculture and Allied Activities	Rural Development	Irrigation and Flood Control	Village and Small Industries	Composite Rural Development
2001-02	1.12	0.27	0.02	0.04	**1.45**
2002-03	1.26	0.48	0.01	0.05	**1.8**
2003-04	1.19	0.44	0.01	0.05	**1.69**
2004-05	1.16	0.3	0.01	0.05	**1.53**
2005-06	1.05	0.44	0.01	0.05	**1.57**
2006-07	1.16	0.79*	0.01	0.05	**2.02**
2007-08	1.42	0.37	0.01	0.04	**1.84**
2008-09	1.3	0.35	0.01	0.05	**1.71**
Average	**1.21**	**0.38**	**0.01**	**0.05**	**1.70**

Source: Response to Union Budget, 2008-09; CBGA.

Note: *The figure for 2006-07 is inflated due to the Special Securities issued to Food Corporation of India for Rs. 16, 200 crore in settlement of past claims under SGRY. Average for Rural Development is calculated excluding the year 2006-07.

Apart from these, institutional restructuring were also undertaken to stimulate the process of rural development through various grassroot organizations like regional co-operatives and Panchayati Raj Institutions (PRIs). A landmark in this context was the 73rd Amendment Act 1992, which accorded the PRIs constitutional recognition and laid the foundation for their functioning as institutions of local self-governance. These institutions of local self-government were meant to energise the rural development process through enhancing people's participation in planning and implementation of the programmes. Several other institutions like Regional Rural Banks (RRBs), co-operative banks, NABARD, other nationalized commercial banks and National Institute of Rural Development (NIRD) were constituted to facilitate the process of rural transition and complement the government programs.

Post-independence, with the adoption of Five Year Plans, the focus of Indian development strategy was to create productive national assets of self-reliance and resilience. This strategy however relied entirely on central planning and execution through state governments or central government agencies under central guidelines. Even after institutionalizing PRIs through the 73rd Amendment, rural development programs were largely implemented through District Rural Development Agency (DRDAs) which were prone to bureaucratic control. Such heavily centralized system of governance was characterized by elitist capture of public resources, low people's participation in government programmes and very weak mechanism of the delivery system of services provided by the government. The centralized approach led to low level of infrastructure, and low attainments in poverty eradication, which resulted in inequality, illiteracy and unemployment being a regular feature of rural India.

Many studies have acknowledged that active people's participation in rural development programmes can alone ensure the fruits of development to weaker sections. A committee headed by Balwant Rai Mehta (1957), to evaluate the performance of community development programmes (1952) says that it could not improve the lives of rural masses as it was expected. The committee also recommended creation of three-tier Panchayati Raj Institutions (PRIs). After 73rd Constitution Amendment Act, PRIs were given more political power, financial authority and more control over functionaries. Moreover local level planning through District Planning committees was also emphasized. This initiative, coupled with some innovative programs of rural development have made some rapid progress in the states where proper decentralization has taken place however for most of the country it has remained vulnerable to official high-handedness, non-availability of funds and low level of delegation of powers by state governments.

The basic objective of this background note is to identify factors which constrain the process of rural development and identify issues which can be taken up for further deliberations. Apart from the Introduction this paper is segregated into three sections. Section II deliberating on the Programs and resources in rural development; section III comments on the role of PRIs in the process of rural development as it was envisaged and the current realities and section IV on conclusions drawn from the discussions and their policy implications.

I. Major Centrally Sponsored Schemes for Rural Development

In the process of rural development, the centrally sponsored schemes (CSS) have played a pivotal role. The CSS mainly operating in rural areas cover various programmes related to poverty alleviation, education, health, water and sanitation, women and child development, rural housing, road and electrification etc. The schemes (CSS) are designed by the central ministries and their outlay and nature are determined by the provisions and guidelines attached to the respective schemes. The funds for many CSS bypass the state budget and goes through the different agencies like district authorities (DRDA), state/district registered societies and local bodies. The schemes for which either PRIs get funds directly from Central Government or in which they play an active role in implementation are detailed in the following table.

Table 2: Centrally Sponsored Schemes implemented through PRIs

S.N	Category	Schemes implemented through PRIs
1.	Poverty alleviation schemes	National Rural Employment Guarantee Scheme (NREGA), Sampooran Grameen Rozgar Yojna(SGRY)
		Swarn Jayanti Gram Swarozgar Yojna (SJSY)
2.	Education Schemes	Sarva Siksha Abhiyan
		Mid-day meal Programmes
		Adult Literacy
3.	Water and Sanitation	Drinking water Mission
		Total Sanitation Campaign
4.	Land Resources	Drought Prone Areas Programme
		Desert Development Programme
		Integrated Wasteland Development Programme
5.	Health	National Rural Health Mission
6.	Women and Child Development	Integrated Child Development Services (ICDS)
7.	Rural Housing	Indira Awas Yojna
8.	Rural Roads	Pardhan Mantri Grameen Sadak Yojna
9.	Rural Electrification	Rajiv Gandhai Grameen Vidyutikran Yojna. Programmes for non-conventional energy

Source: 1) MOPR, Action Programmes for 11^{th} Five year Plan 2006;
2) Outcome Budget 2008-09, Ministry of Rural Development, Govt. of India.

In most of these programs Gram Panchayat, which is the lowest tier in PRIs, play a major role in implementation by selection of beneficiary, activity, work plan and work place. The role of Panchayat Samiti (intermediate tier of governance in PRIs) is prominent in the implementation in terms of monitoring and supervision of the schemes as well as providing all kinds of technical and non technical support to Gram Panchayats. Moreover, Zilla Panchayats also play supervisory and monitoring role in these schemes as well as consolidation and vetting of the plans prepared by the lower level of panchayats through the District Planning Committee (DPC). In some schemes like SGRY Zilla Panchayat (DRDA) and Panchayat Samiti who together receive around 50 percent (20 % and 30 % respectively) of the funds may commission works directly out of which a specific share is also earmarked benefiting SC/ST families living below poverty line (BPL) and minority community. However, in case of national missions like SSA and NRHM it is the district level societies that are pivotal in terms of receiving the funds from the centre and their allocation and utilization. Here too, these societies are supposed to work in close co-ordination with different tiers PRIs in developing their work plan.
The purpose of Centrally Sponsored Schemes, as per their design, is to augment the resource of the states to undertake expenditure which the Central Government considers to be of national or regional priority. Evidently, most of these CSSs are geared towards poverty alleviation through employment generation (NREGS), livelihood options (SGSY), infrastructure (Bharat Nirman), development of land resources (DPAP, DDP, IWDP) and others pertaining to social sector development (NRHM, SSA, ICDS etc.). Over the years, there has been a significant increase in

reach and scope of CSSs, both in terms of encroachment on subjects under the purview of the States as well as funds by-passing the state budget and directly reaching the PRIs. Some of the major reasons for this increased activity were a) inability of the states to provide adequate resources, b) lack of clear strategy to implement social sector programmes, c) inadequate commitment of resources on priority programmes d) unnecessary delay in release of funds from the state exchequer often compromising programme targets. Some of the programmes for which the PRIs have been receiving fund directly from the Centre have been detailed in the following table.

Table 3: Funds flowing to PRIs through Centrally Sponsored Schemes

(in Rs. Crore)

Name of Schemes	2006-07	2007-08 (RE)	2008-09 (BE)	11th Plan Outlay
Sampoorna Grameen Rozgar Yojana (SGRY)	3452.44	1715.01	-	5600
National Rural Employment Guarantee Scheme (NREGS)	8640.86	11939.35	15939	100000
Swarnajayanti Gram Swarozgar Yojana (SGSY)	1164.77	1702.24	2115.65	17803
Indira Awas Yojana (IAY)	2907.53	4032.7	5394.2	26882.21
Integrated Wasteland Development Programme (IWDP)	484.9	-	-	17372
Drought Prone Areas Programme (DPAP)	359	-	-	
Desert Development Programme (DDP)	269	-	-	
Integrated Watershed Management Programme (IWMP)	-	1114.44	1650	
Central Rural Sanitation Programme	738.06	957	998	7815.66
MPs Local Area Development Fund (MPLAD)	1580	1580	1580	-
Total	**19596.56**	**23040.74**	**27676.85**	**175472.87**

Note: i) SGRY has been subsumed under NREGS, ii) IWDP, DPAP, DDP has been subsumed under IWMP, iii) Figures include allocations for North Eastern Areas wherever applicable.Source: i) Expenditure Budget Vol. I and II, Union Budget 2008-09 and 2007-08, Govt. of India;

ii) 11^{th} Five Year Plan Document, Planning Commission, Govt. of India

The ever-burgeoning nature of CSSs has been a constant source of discord between the Central and the State governments, as many State governments have voiced their opinion that if the Central government had additional resources then it must be shared with states as unconditional/ block grants. In this regard the National Development Council in 1969 took a decision that Central assistance to State plans should be in the form of unconditional/block grants and the transfers through CSSs should be limited to $1/6^{th}$ of the block assistance. However, despite such decision the number of CSSs and the quantum of funds they carry have increased significantly. As of 2006-07 there were 196 CSSs out of which 154 involving Rs. 24,802crores were budgeted to be routed through the state budgets and remaining 41 CSSs involving Rs. 36,516crores were slated to by-pass the state budgets and go directly to implementing agencies like PRIs. Therefore the total budgeted outlay under CSS formed 46.7 per cent of gross budgetary support for Central Plan and 33.3 per cent of the approved plan outlay of State Governments. Of the 41 schemes that are slated to reach PRIs, 10 programs pertain to rural development and carry more than half of the fund for all schemes by-passing state budget. Some of these schemes have been re-fashioned and subsumed under newer programs while some has been clubbed together and re-christened with some new set of guidelines. Overall, the modus operandi of these schemes has mostly remained unchanged and therefore most of their fallibilities have not been adequately taken care of. Such inadequacies in the basic architecture or target-oriented guidelines of these schemes have led to under-utilisation being a predominant feature among many states while some states having better absorptive capacity has tended to overdraw. The table below gives a brief sketch of the utilisation pattern of the major states in India for major schemes SGSY, SGRY, NREGS and IAY.

Table 4: Utilisation of Funds for Select Schemes reaching PRIs across Major States in India

Utilisation	SGSY	SGRY	NREGS	IAY
> 100 per cent	Orissa	-	-	Tamil Nadu, Maharashtra, Goa
> 90 but < 100	M.P., Chattisgarh, A.P., T.N., Kerala, Gujarat, Maharashtra, Karnataka, Punjab, Haryana	Goa	-	M.P., Rajasthan, Orissa, A.P., Kerala, Haryana
> 80 but < 90	U.P., Goa	U.P., M.P., Rajasthan, Orissa, Jharkhand, Chattisgarh, T.N. Guj., Mah. Karn., Haryana	M.P., Assam, Rajasthan, Orissa	U.P., Assam, Jhk, Chatg, Guj, Punjab
> 70 but < 80	Rajasthan, W.B.	Assam, A.P., Kerala, Punjab	U.P., Jharkhand, Chattisgarh, Karntaka, Haryana	West Bengal, Karnataka
< 70 per cent	Bihar, Assam	Bihar, West Bengal	Bihar, W.B., A.P., T.N., Kerala, Guj., Mahar., Punjab	Bihar

Note: For utilization under NREGS, figures for the year 2006-07 has been considered, while for others an average of 2005-06 and 2006-07 have been taken.

Source: Outcome Budgets 2007-08 and 2008-09, Ministry of Rural Development, Govt. of India.

While it is difficult to generalize the reasons behind under-utilization across states, it is also not desirable as geographical, climatic, socio-economic factors and administrative machinations peculiar to each of the states may impede or promote efficient implementation of these schemes. Neither can it be ascertained that higher income states with better infrastructure and manpower have performed better as a mere look at the table above shows that low income states like Madhya Pradesh, Rajasthan, Chattisgarh and Jharkhand has been consistently performing better across all the schemes. On the other hand states with higher income and better poised in terms of administration and infrastructures seem to falter consistently, West Bengal being one such example. It is to be noted that Bihar which is poorest of all the states has been consistently the worst performer in terms of utilization. Moreover, a strong Panchayati Raj Institution also seems to fail in explaining this diverse performance as both Kerala and Karnataka have fared poorly in the two out of four schemes listed above while Orissa have consistently performed better than others. One limitation to this line of argument is that it assumes better utilisation as indicative of better quality of expenditure, which may not be the case as there has surfaced time and again, allegations of misappropriation and leakage of funds meaning beneficiaries being deprived of their rightful share. Despite the inherent limitations of the above analysis, one issue that comes across clearly that operations of CSSs are not geared towards internalizing the local needs, costs of delivery, productivity norms and other local characteristics which are crucial to the operational efficiency of these schemes. Some of the major drawbacks as have been widely noted for most employment generation schemes are given in the box below.

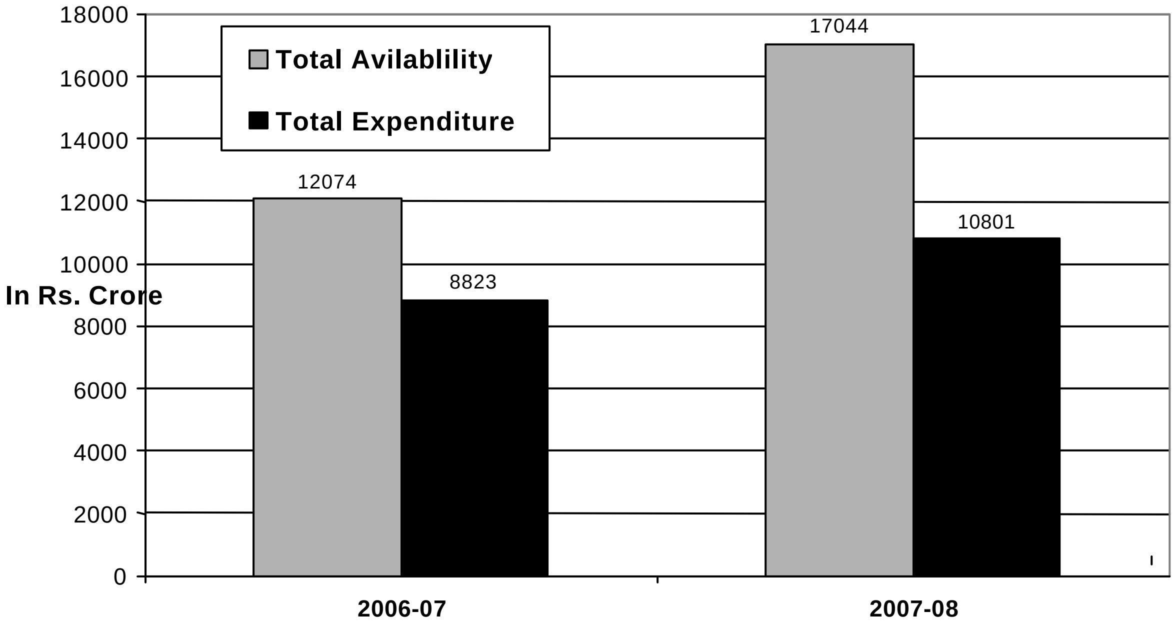
Major drawbacks in previous employment generation schemes:

- Lack of awareness among beneficiaries.
- Lack of community participation
- Lack of planning and policy formulation
- Quality of assets created are not always of requisite standards
- Reports of false muster role
- Problems in payment (less than prescribed wages)
- Contractor persisted
- Diversion of funds
- Weak monitoring, evaluation and verification systems.
- No comprehensive data base
- Inadequate capacity of implementing agencies.
- Multiple wage programmes running in parallels
- No public accountability

Rural Employment Programs: A Review of NREGS

The National Rural Employment Guarantee Act (NREGA) was passed in September, 2005, and the NREGS was implemented from February 2, 2006 in 200 identified districts of the country with the objective of providing 100 days of guaranteed wage employment to each rural household opting for it. The coverage had gone up to 330 districts with the addition of 130 new districts in 2007-08. The ongoing programmes of SGRY and National Food for Work Programme (NFWP) were subsumed under NREGS in these districts. The coverage of NREGS has been extended to all the 596 districts (excluding the urban districts) in the country in 2008-09. But **the large increase in coverage does not reflect in the increase in allocation for 2008-09 – a mere Rs. 4,000 crore increase from Rs. 12,000 crore in 2007-08 (RE) for 330 districts to Rs. 16,000 crore in 2008-09 for 596 districts**. Of the Rs. 12,000 crore allocated by the Centre in 2007-08 (BE), Rs. 11,144.72 crore was released (by Centre) up to February 29, 2008. While the fund release has shown greater improvement, utilization remains to be a major concern.

Availability and Utilization of Funds under NREGA (Centre + States)



Source: Response to Union Budget 2008-09, CBGA.

The physical as well as financial progress of NREGS has continued to vary across states. The implementation in many high potential states like Maharashtra, Karnataka, Bihar, West Bengal and Orissa is well below the national average in both physical and financial progress during 2007-08. **Maharashtra which has been topping the farmers' suicide chart could utilize only 25 percent of the total available funds in 2007-08** (till 29 February 2008). While some states have shown good progress in implementation over the previous year, many have retreated. In particular, Orissa could utilize only 51.76 percent of the available funds in 2007-08 against 82.39 percent in 2006-07. **The overall fund utilization at the national level has also fallen from 73.08 percent of available funds in 2006-07 to 63.37 percent in 2007-08** (till 29 February 2008).

Despite its low utilization it is still too early to comment on inadequacies of NREGS, as there exist considerable inertia within the administrative machinery as well as at the end of beneficiaries to understand and adapt to new schemes. Some of the positive features of NREGS through which it addresses the inadequacies of earlier employment programs (See Box II) are as: a) a paradigm shift to a rights based framework, which entails a legal guarantee of work unlike other programs could be withdrawn by a government at will; b) disincentive for underperformance as unemployment allowance has to be paid by the state government within 15 days if work is not provided within 15 days of demanding; c) resource availability under the scheme is demand driven; d) accountability of the public delivery systems through social audit. However, crucial to the success of this scheme is the dissemination of the provisions of this scheme among the beneficiaries. Moreover possibility of dovetailing with other schemes can be explored to create durable public assets which will potentially increase the productivity of the rural economy as a whole.

Apart from the employment generation, programs like SGSY, IAY which are directly implemented through panchayats are also fraught with weaknesses ranging from inaccurate or fudged beneficiary lists, insufficient funds being available for each beneficiary for exploring meaningful livelihood options or to construct houses in case of housing, increasing indebtedness of the beneficiaries, lack of markets and infrastructure. Particularly in case of SGSY some major problems are target driven SHG formation, subsidy driven large corruption, obsession with asset formation, lackadaisical nature of administration and banking staff leading to non-repayment of loans.

Notwithstanding their limitations, Centrally Sponsored Schemes operating particularly in the poverty alleviation and rural infrastructure sector are the primary workhorses which are driving rural development. One major reason behind this is the lack of fiscal capacity of the State governments to allocate adequate financial resources in this sector on their own. State governments are also often attributed with lacking proper expertise and foresight in planning and policy formulations and thereby failing to keep in step with national policy priorities. However, given that there is no dearth of fund for the CSSs the keys for these programs to deliver the desirables seem to lie in reforming the institutional mechanisms, strengthening monitoring mechanism at bureaucratic level and ensuring transparency and accountability at the grassroots level. There is however no single way of going about attaining these objectives but a significant achievement would be to strengthen the local self-government institutions in terms of ensuring their fiscal autonomy with well defined fiscal jurisdiction. This will not only allow the panchayats to raise resources to make local level planning effective, but also ensure complementarities between CSSs operational in their jurisdiction and grass-root planning. The CSSs on the other hand should have some form of flexibility to take into account the regional diversities across the country. This can be achieved through partnerships with the local bodies at the district level and the district planning committees.

II. Panchayati Raj Institutions in India: Carriers of Rural Development

The Panchayati Raj Institutions as envisaged in the 73rd Constitution Amendment Act 1992 were to be established as independent units of local self government institutions with a clear mandate of planning for economic development, social justice and implement schemes related to these as may be entrusted to them by their respective state governments. Accordingly the Eleventh Schedule of the Constitution laid down a list of 29 subjects to be devolved to the panchayats along with funds, functions and functionaries by each State Government. This initiative did not only tend to earmark a significant and viable jurisdiction for the PRIs but the subjects so chosen were those in which intervention where necessary was best suited at lower tier of governance than higher ones, which is also a thumb rule for effective decentralization of governance. However the extent of devolution was left to be decided by each State Government according to their local needs. This evidently led to each State Government bringing forth their respective Panchayati Raj Act as envisaged but the extent of devolution varied widely across the country. The table given below clearly enumerates the status of devolution of funds, functions and functionaries (3 Fs) to PRIs across all the states in India. States like Karnataka, Kerala, Sikkim, Rajasthan and Maharashtra while have made substantial efforts in strengthening their PRIs through concomitant transfer of funds and functionaries along with functions, most other states have with alacrity devolved the functions but have failed to devolve the other two F's as required. The lack of control over functionaries and inability to mobilize significant resources on their own have seriously impaired the functioning of the PRIs and has precipitated their role as mere agencies of development. In most of the states these local institutions are heavily dependent on the funds from Centrally Sponsored Schemes and State Plan Schemes for developmental activities within their jurisdiction. Untied grants from state governments and own revenue sources are usually too little to encourage local level planning and execution of these plans. There is also in some areas lack of clear demarcation of power and functions between the three tiers of PRIs.

Table 5: Status of Devolution of Funds, Functions and functionaries to PRIs

States	No. of Departments /Subjects Transferred to panchayats with		
	funds	Functions	Functionaries
Karnataka	29	29	29
Kerala	26	26	26
Sikkim	24	24	24
Maharashtra	18	18	18
Andhra Pradesh	05	17	02
Arunachal Pradesh	-	-	-
Assam	-	29	-
Bihar	8	25	Only functional control
Jharkhand	-	-	-
Goa	6	6	-
Gujarat	15	15	15
Haryana	-	16	-
Himachal Pradesh	02	26	11
MP	10	23	9
Chhattisgarh	10	29	09
Manipur	-	22	4
Orrisa	9	25	21
Punjab	-	7	-
Rajasthan	18	29	18
Tamil Nadu	-	29	-
Tripura	-	12	-
Uttar Pradesh	04	12	06
Uttrancahal	-	11	11
West Bengal	12	29	12
A&N Island	6	6	6
Chandigarh	-	-	-
D&N Haveli	-	3	3
Daman &Diu	5	9	3
NCT of Delhi	Panchayat System yet to be revived		
Pondicherry	-	-	-
Lakshdweep	-	6	-

Source: Ministry of Panchayati Raj, Govt. of India.

The inadequate devolution of powers and functions has created serious grey areas for political as well as administrative accountability. Since bureaucratic control over funds and implementation of the developmental schemes still exist to a large extent, political accountability of the elected representatives of the PRIs, which is a key cornerstone in the efficacy of these institutions, has been rendered ineffective. Conversely, given the plethora of schemes it is virtually impossible for officials to effectively monitor the implementation of these, thereby creating gaps in the administrative accountability of the PRIs.

Inadequate staffing is also a major source of ineffective functioning of panchayats mostly at the Gram Panchayat level which is the nodal agency for implementing rural development programs, village administration and also organizing Gram Sabhas. In some states like Kerala where Gram Panchayats has been endowed with proper administrative setup, delivery and maintenance of public services at local level has made rapid strides. However, in states like Rajasthan the responsibility of a Gram Panchayat lies entirely on the shoulders of a single ‘Panchayat Secretary’ whose major responsibilities are implementation and monitoring of major schemes like NREGS and IAY among others, hold Gram Sabha meetings and keep their minutes, manage finances of the panchayat and prepare accounting statements, administration of the panchayat office, dispense other administrative functions of the village and maintain all records. Dearth of requisite staff is also quite prominent at the Block and District Panchayat level. A particular area of weakness is that given the huge amount of fund flow to these institutions, there is a severe lack of trained accountants or fund managers and a very low emphasis on a harmonized system of process documentation and reporting even within the states.

Decentralized Planning and PRIs

There is no gainsaying the fact that effective decentralized planning is the basis of any sound development strategy. In case of rural development it is even more pertinent given the variegated facets of deprivation and poverty experienced across the country and therefore the huge diversity in remedial measures and type of assets that needs to be created in this sector. To encourage peoples' participation in local planning and ensure their needs and aspirations are captured in the process, Gram Sabhas formed the primary bedrock of Panchayati Raj. Gram Sabhas were also necessary to ensure social audit of schemes and programs already being implemented and also guarantee accountability of elected representatives and administrative officials. In this regard the Panchayats (Extension to Scheduled Areas) Act, 1996 had spelled out clearly the role of the Gram Sabhas. It quite succinctly puts down that every Gram Sabha should be responsible for safeguarding and preserving the traditions and customs of the people, their cultural identity, community resources and customary methods of dispute settlement. In addition every Gram Sabha shall be responsible for a) approve the plans, programs, projects for economic and social development before these are taken up for implementation by the panchayats at the village level, b) identification or selection of beneficiaries for poverty alleviation and other similar programs, c) issue certificate of utilization of funds by the panchayats for the plans, programs and projects already being implemented. Certainly application of such well-intentioned provisions in the Constitution needs to be strengthened and universalized. It may also be made mandatory for at least a block level official to attend the meetings of Gram Sabha and explain to the people recent policy initiatives by the State Governments or the Union Government, their financial details and the peoples' initiative that is required.

Given the heavy dependence of the PRIs on Centrally Sponsored Schemes for financing rural development, it is absolutely imperative that these schemes should be able complement local planning as articulated through the Gram Sabhas. One way achieving this would be to provide the panchayats with block grants with flexible set of guidelines, enumerating broad areas of spending with specific percentages to be devoted in each sector rather than a restrictive list of activities. In addition, productivity norms of employment programs and unit costs for provisioning public services like housing, water and sanitation may be determined with the help of line department officials at the district or block level; technical advisory groups may also be constituted for this purpose. As many states have taken initiative in preparation of a district level five year plans, such perspective planning while is a welcome initiative it needs to be backed up with strong financial support. In this context a commendable development is the introduction of Backward Region Grant Fund (BRGF) which seeks to address regional imbalances where existing inflow funds are not enough to bridge the development deficit. The BRGF provides untied funds to the panchayats based on a formula for division of funds devised on the basis of backwardness of the panchayats. Two important characteristics of BRGF are worth noting; firstly it has made the constitution of District Planning Committees mandatory for all the states and secondly has provisions for dovetailing with other schemes.

Fiscal Autonomy for PRIs

Any amount of decentralization in planning for development can only be successful if the local self-government institutions are capable of raising resources on their own to finance a significant part of these plans without depending on higher level of governments. In this regard it was mandated to the State governments to enact conformity laws and constitute the State Finance Commission (SFC) for fiscal decentralization to the PRIs. The role of SFC was to recommend a) the principles governing the distribution between the state and the local bodies of net proceeds of taxes leviable by the state; b) determination of the taxes, duties, tolls and fees which could be assigned to the local bodies c) quantum of grant-in-aid from the consolidated fund of the states. Additionally the SFCs were also to suggest measures to improve the financial performance of the local bodies. Consequently, the PRIs receive funds mainly from the following four sources:

(1) The Consolidated Fund of the State as per the recommendations of the SFCs;
(2) Grants-in–aid as per Central Finance Commission award;
(3) Centrally Sponsored Scheme (CSS); and
(4) Own Source Revenue (OSR).

The table below gives break up of the revenue receipts of the all tiers of Panchayati Raj in India.

Table 6: Revenue Receipts of the PRIs (All Tiers) in India

(in percentage)

	1998-99	1999-2000	2000-01	2001-02	2002-03
Own Tax	3.64	3.04	3.24	3.61	3.87
Own Non-Tax	3.07	2.95	2.86	2.77	2.98
Own Revenue	6.71	5.99	6.10	6.38	6.84
Assignment + Devolution	30.20	29.23	28.10	27.46	27.69
Grants-in-Aid	56.34	58.92	57.76	58.85	58.95
Others	6.75	5.85	8.04	7.32	6.52
Total Other Revenue	93.29	94.01	93.90	93.62	93.16
Total Revenue (A + B)	100	100	100	100	100

Source of Basic Data: Report of the Twelfth Finance Commission, Govt. of India.

Out of these own revenues had been a major source of contention. While it was noted that revenue efforts by the PRIs were extremely poor, it must also be acknowledged that in many cases the taxes or fees assigned to them lacked serious revenue potential. Moreover for efficient tax administration there is needed well-oiled administrative machinery for collection of taxes. Another thing that needs to be investigated in this context is the revenue generating potential for tax jurisdictions in case of lower tiers panchayats (especially Gram Panchayats). A major criticism in case viability of own revenue of panchayats is that user fees or taxes are not levied at the Gram Panchayat level because of the proximity of these institutions to the assessees. In such case taxes may also be assigned to higher tiers of the Panchayats and the inter se distribution of these should be well defined and deliberated through the SFCs.

An institutional predicament in ensuring the fiscal autonomy of the PRIs is the irregularity of instituting SFCs by the State Governments. Moreover, the State governments are also often reluctant to implement fully the recommendations of the SFCs. There is also a lack of synchronization in the award periods of the Central Finance Commission and the SFCs. The Twelfth Finance commission in this regard puts forward that "*we find that most states are yet to appreciate importance of this institution in terms of its potential to carry the process of democratic decentralization further…….The delays in constitution of the SFCs , their constitution in phases, frequent reconstitution, qualification of persons chosen, delayed submission of reports and delayed tabling of action taken report (ATR) in the legislature have in many cases defeated the very purpose of this institution*." Evidently, there is considerable inertia within the State Governments to initiate reforms that fast track the process decentralization. One reason that State governments have been dragging their feet on fiscal decentralization is the already existing vertical imbalance in sharing of resources between Centre and States and the overbearing presence committed expenditures (like salary, pension and interest payments) in the state budgets. Initiative therefore should to a great extent rest with the central finance commission to explore means of augmenting the resources of the State Governments and also deliberate on the share of local bodies in the Central Government finances. The Twelfth Finance Commission (TFC) made considerable headway in this context by awarding the PRIs an amount of Rs. 20,000 crores to improve their standard of civic services (mostly water and sanitation). The TFC also noted that most states lacked accurate information on the finances of the local bodies. They also noted that the Eleventh Finance Commission had awarded around Rs. 683crores for creation of database by local bodies and maintenance of accounts, out of which only 30 per cent had been utilized. The TFC however desisted from awarding any specific amount for strengthening of these activities, however a specific grant may be considered by the forthcoming Central Finance Commission for strengthening the establishment and administration of the PRIs and improve their management information systems (MIS). Such a grant may also provide incentive for the state government to devolve functionaries to the PRIs.

The Central Government may also consider devolving a part of the centrally sponsored schemes (particularly the ones reaching PRIs) as block grants or central assistance to District Plans, for states that have made considerable progress in empowering the panchayats and have taken up administrative and institutional reforms to improve the transparency and performance of these bodies. Such a policy would enable states, which have already overcome first generation problem of public service delivery through panchayats, perform better in maintenance and operation of their resources. This may also provide incentive for laggard states to improve their performance in this respect. Moreover, such initiatives would also liberate resources for the concerned ministries who can strengthen monitoring of their schemes operating in states which have low development indicators and have shown poor performance in terms of fund utilization. An index of decentralization, transparency, backwardness in terms of revenue capacity may be evolved for local self government institutions to categorize the states and determine their eligibility for such grants. A similar index has already been used by the TFC to allocate *inter se* distribution of grant in aid among the states.

III. Concluding Remarks

The above discussion makes an attempt at highlighting all the issues that are relevant in the process of rural development, including finacial and institutional parameters. The discussion as it has evolved mostly has already been documented in myriad studies on rural development and Panchayati Raj Institutions. Some of it though may seem regurgitation of well-established facts, the usefulness this review extends to situating the dominant strands of the debate into the larger context of federalism and evolving trends in its finances. After fifteen years have passed with the Constitutional recognition of the third tier of governance, these institutions still operate with rudimentary administrative framework and straitjacketed finances. Moreover the nature and performance of these institutions vary widely across the country, given the variegated levels decentralization by each State Government. In some states progress made has been often reverted to suit the political priorities of the incumbent government. Hence there is a need to initiate reforms which would ensure a minimum homogeneity in the structure and performance of panchayats across the country. A welcome initiative in this context would be to introduce a “Local Government List” in the Constitution along the line of the already existing State List, Centre List and the Concurrent List.

In case of financing development through centrally sponsored schemes a major criticism against it is that it allows the Union Government to encourage in distributive politics overriding developmental imperatives. While such allegations have not been well established in academic and policy research circle, a welcome initiative in this regard would be to make the allocations under CSSs more formula based and transparent.

Onus of success of the Panchayati Raj Institution does not rest squarely on government initiatives. Civil society initiatives in constant knowledge production and dissemination and use of these for capacity building of the communities and its leaders and administrative functionaries will catalyze the transition to decentralized governance.

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Rural Water Supply and Sanitation: In Pursuit of Health and Dignity

Trisha Agarwala

Water supply and sanitation sector has never been accorded adequate priority in public spending in India, given its huge implications for peoples' health, livelihood, dignity as well as social and economic justice. In fact, it impacts and affects all segments of the society especially women, children and backward castes. The sector is even more pertinent, keeping in mind that the current year 2008 has been declared the International Year of Sanitation and the years 2005-2015 as the Water for Life Decade. How then does the country measure up to the Millennium Development Goal (MDG) of seeking to halve the proportion of people without sustainable access to safe drinking water and full sanitation by 2015?

A stark reality is that the population practicing 'open defecation' in rural areas in 2006 is the most in South Asia (63 percent) is even higher than Sub-Saharan Africa (39 percent). Among the South Asian countries, an estimated 74 percent of rural population in India itself practice 'open defecation' as shown in Table 1a below.

Table 1a. Practice of 'Open defecation' in rural areas, 2006

(in percent)

Region/country	Estimated population practicing 'Open defecation' in rural areas
Sub-Saharan Africa	39
South-Asia	**63**
India	**74**
Pakistan	45
Bangladesh	14

Source: *Joint Monitoring Programme on Water and Sanitation-Unicef & WHO, 2008; Progress on Drinking Water and Sanitation: Special Focus on Sanitation*

When compared to neighboring countries, Bangladesh and Pakistan, Water and Sanitation indicators are also found to be lower in India. Table 1b. highlights the findings of the three countries:

Table 1b. Water and Sanitation Indicators, 2004

(in percent)

Country	India	Pakistan	Bangladesh
*Population using improved sanitation	**33**	**59**	**39**
#Population using an improved water source	86	91	74

Source: *Human Development Report 2007/08, UNDP*

* The percentage of the population with access to adequate excreta disposal facilities, such as a connection to a sewer or septic tank system, a pour-flush latrine, a simple pit latrine or a ventilated improved pit latrine. An excreta disposal system is considered adequate if it is private or shared (but not public) and if it can effectively prevent human, animal and insect contact with excreta.

\# The share of the population with reasonable access to any of the following types of water supply for drinking: household connections, public standpipes, boreholes, protected dug wells, protected springs and rainwater collection.

According to the World Health Organisation (WHO), there are at least 25 major Water and Sanitation related diseases in the world in which diarrhoeal disease alone is responsible for the deaths of 1.8 million people every year (WHO,2004). These various facts can only show how neglected the sector has been in the country. The background note will attempt to understand the problems ailing the sector and also bring out a Charter of demands which will address these issues.

To get a comprehensive understanding of the sector, keeping in view that this is the last year of the UPA-led government and Bharat Nirman, it is essential to examine the policies and schemes that have been framed to this effect. The Government aims to achieve its water supply and sanitation targets by 2012 which is the end of the Eleventh 5-year Plan period. A brief chronology of programmes and missions in the water and sanitation sector is given in the Table 1.c below.

Table 1c: Chronology of Water and Sanitation Programmes

Year	Programme
1954	National Water Supply and Sanitation Programme
1972-73	Accelerated Rural Water Supply Programme (ARWSP)
1986	-National Drinking Water Mission -Central Rural Sanitation Programme (CRSP)
1992	-Rajiv Gandhi National Drinking Water Mission (RGNDWM) -73rd Constitutional Amendment transferred drinking water to Panchayati Raj Institutions (PRIs)
1998	Sub-missions for Water Quality
1999	-Department of Drinking Water Supply (DDWS) created under Ministry of Rural Development (MoRD) -Total Sanitation Campaign (TSC); School Sanitation & Hygiene Education (SSHE) Programme
2002	-Swajaldhara/Sector reforms -Community Led Total Sanitation (CLTS)
2005	Bharat Nirman-component of creating drinking water infrastructure in rural areas
2006	National Rural Drinking Water Quality Monitoring & Surveillance Programme (NRDWQM & SP)

Source: *Ministry of Rural Development, GoI*

I. Trends in Budget Outlays on Rural Water and Sanitation

Rural water supply is a State subject; however, the government has been supplementing the efforts of the states by providing financial assistance to them over the years. Although most Water and Sanitation programmes are centrally sponsored, with states providing matching grants, many States in recent years have been facilitated by the DDWS to opt for external assistance such as the World Bank. The following Table shows that there is a gap between the amount proposed to the Planning Commission and the actual amount provided to the Department of Drinking Water Supply (DDWS) during each year of the Tenth Plan, Eleventh Plan and the first two years of Eleventh Plan (the years 2007-08 and 08-09).

Table 2a: Financial allocation to DDWS by Planning Commission

(Rs. in crore)

Year	Proposed to Planning Commission	Allocated by the Planning Commission	Revised Estimates
2005-06	4,950.00	4,050	4,060
2006-07	5,500.00	5,200	4,560
2007-08	9,632.36	6,500	6,400*
2008-09	9870.65	7,300	-

Source: *37th Report of the Standing Committee on Rural Development, MoRD, DDWS, Demand for Grants (2008-09)*
*Upto 29th Feb'08

For the rural water supply objectives under Bharat Nirman to be fulfilled, the DDWS put forward a demand of Rs.25,300 crore to the Planning Commission, however, as seen in the Table 2b. below, the actual amount allocated indicates a shortfall of more than Rs.2,000 crore.

Table 2b: Budget outlay & utilization of rural water supply component under Bharat Nirman

(Rs.in crore)

Year	Amount allocated for rural water supply component by Planning Commission	Revised Estimates	Actual Amount Utilised
2005-06	4,050	4,060	4,098.03
2006-07	5,200	4,560	4,560
2007-08	6,500	6,400	5,386.54*
2008-09	7,500	-	-
Total	23,250	-	-

Source: 37th Report of the Standing Committee on Rural Development, MoRD, DDWS, Demand for Grants (2008-09)
*Upto 29th Feb'08

The trend in allocation and utilization for sanitation is given in Table 2c. Since the Total Sanitation Campaign (TSC) is a demand driven programme, no annual targets have been set.
Source: 37th Report of the Standing Committee on Rural Development, MoRD, DDWS, Demand for Grants (2008-09)

Table 2c. Finacial Allocations and utilisation in total sanitation campaign

Year	Outlay	Actual amount spent
2005-06	700	660.71
2006-07	800	737.91
2007-08	1060	886.07*

*Upto 29th Feb'08

The above information on the existing and current trends in financial allocation show that there a shortfall between the amount allocated and the amount proposed. In addition, the utilization figures are lower than the amount allocated. One has to understand the causes and reasons behind the unspent and unopened balances lying within the State also.

II. Key Challenges

Rural Water supply

- Bharat Nirman, the ambitious flagship programme of the government has drinking water as one of its six components. More specifically it addresses coverage, sustainability and quality of water. Since 2008-09 is the last year for this programme, it is essential to take stock on it. The 37th Report of the Standing Committee on Rural Development, Ministry of Rural Development (MoRD), DDWS, Demand for Grants (2008-09), has analyzed that only 57 percent of the targets could be achieved under the category of uncovered habitations, 64 percent under slipped-back and 43 percent under quality affected habitations. These figures show that there is still a long way to go for the targets of Bharat Nirman to be achieved. The proposed allocation was never given for Bharat Nirman. (Refer to Table IIIb)

- After 1992, the 73rd Amendment Act gave Panchayati Raj Institutions (PRIs) a role in drinking water schemes; however, this is only in paper. The Swajaldhara programme was launched precisely for the purpose of community ownership. A sum of Rs 40 crore has been given by the 12th Finance Commission to the PRIs for operation and maintenance

(O&M) of drinking water projects. Nonetheless, one has to assess whether this sum is actually being utilized for the said purpose or not.

- Under the Rajiv Gandhi National Drinking Water Mission, the National Rural Drinking Water Quality Monitoring & Surveillance Programme was constituted to look into the problem of water quality. Arsenic and fluoride were identified as two of the most dangerous problems, however, targets have not been met and the problem still persists. The Comptroller and Auditor General's Report shows that funds earmarked to address specifically the issue of quality are lying unspent. Water testing laboratories were to be set up in various states however monitoring teams reported that funds meant for this purpose was not utilized.

- The depletion of ground water table has brought about a minor water crisis and raised questions on the sustainability of water sources. There have been very weak efforts by the government to tackle this issue. There is no punitive action or legal measures taken against the misuse and overuse of ground water sources by the States.

Issues in Rural Water Supply

- Few States viz. North East, Orissa, Jammu & Kashmir are unable to provide matching share.
- Increase in coverage cost, steep hike in the prices of material costs used in water supply schemes.
- Lack of sustainability of water supply systems and sources.
- Depleting ground water leading to slippage of already covered habitations & deterioration of water quality.
- Delay in transfer of funds from State to implementing agencies.
- Lack of capacity building of PRIs to operate & maintain water supply systems.

Source: NAC Discussion Papers, RGDWM, DDWS, MoRD, GoI, 28th Feb'08

Rural Sanitation

- Sanitation is not on track to meet the MDG targets. The problem of open defecation still persists in rural areas. This is despite the fact that rural coverage has increased to 50 percent as per DDWS data showing a marked improvement from 2001 when it was only a meager 22 percent. The figures primarily show 'coverage' (number of individual household latrines constructed) but not 'usage' making it difficult to assess. The lack of priority and traditional attitudes existing in sanitation habits has led to low usage. Findings of surveys reveal that social status and convenience were the primary reasons for building a toilet and health was the least important.

- It is a known fact that improved sanitation and hygiene have a greater health impact than a safe water supply. The late focus on sanitation in the country and a lack of political will has made it hard to get the attention and interest at the national as well as international arena. This may be the reason that there is no separate cell on sanitation in DDWS or a Sanitation Policy. Although there has been publicity generated through advertisements on the occasion of the International Year of Sanitation; it has had marginal impact at the ground level.

- The Nirmal Gram Puraskar (NGP) was constituted as an award for Gram Panchayats that have achieved 100 percent sanitation. NGP winners have grown from 38 in 2005 to 5,000 in 2007 showing a very optimistic picture. However, findings from the monitoring and evaluation teams reveal that it has become incentive and target driven.

- The TSC has not managed to create an impact in terms of behavioral change. It has a narrow focus on pushing toilets to Below Poverty Line families where there is an absence of community approach. It is gradually turning into just another subsidy and target driven programme.

- The inhuman occupation of 'manual scavenging' still persists in some parts of the country. Improved sanitation has never been linked to this issue. There are deeper reasons behind its existence but since 'sanitation' is a dirty word, no effort has been made to address it.

- Improved sanitation has a direct impact on the health, education and social status of women. In addition to providing safety and mobility, it can lead to enhanced decision making among women. Sadly, women are left out in the policy making process in this sector.

- The Finance minister in his 2008-09 Budget Speech announced a grant of Rs 200 crores for drinking water provision in schools. These are for stand-alone purification systems. On the face of it, the announcement looks generous but has there been any thought given to the O&M of the water supply.

- The Outcome budget had aimed to provide separate toilet blocks for school girls in 2007-08. But sadly the retention rate of school girls has not increased significantly nor has the drop-out rate gone down. Also are there any provisions made for water supply in the toilets?

Total Sanitation Campaign: Field-level Observations

As regards **Total Sanitation Campaign (TSC)**, we have already observed that the union budget outlay for the scheme has not been stepped up adequately during 2004-05 to 2008-09. In this regard, we may note here that field level investigations on the functioning of TSC reveal that there is an acute need for greater fund support for some of its components like, fund support for individual household latrines (IHHL) and Anganwadi latrines, programme implementing staff at the level of panchayats, and information, education and communication (IEC) activities in the scheme. Hence, the central government should provide significantly greater magnitude of resources for TSC.

Source: Based on the preliminary findings of a study being carried out by Centre for Budget and Governance Accountability (CBGA), New Delhi, titled 'District Level Analysis of Public Spending on Children'.

III. Policy Agenda for the Future

- In view of the fact that the time period for Bharat Nirman is coming to an end, the pace of the programme should be increased. More clarity is needed to define not- covered, partially-covered, fully-covered and slipped-back habitations. The reduction of slipped-back and NC habitations should be taken up as a priority.
- Adequate allocation for rural drinking water programmes and to ascertain the causes of outlay reduction at the Revised Estimate stage.
- A move from groundwater to surface water sources to address the problem of sustainability is needed. Linking water supply schemes with the National Rural Employment Guarantee Scheme where construction of water-harvesting structures can be a component.
- Legislation on the use, misuses and overuse of ground water by the Ministry of Water Resources should be implemented in the States.
- Provision of effective training on Water and Sanitation for not just Public Health Engineering Department engineers but also for other stakeholders in the sector
- Sanitation is a priority issue from the point of view of women. The responsibility for procuring water (usually trudging long distances) for the household also falls on the women's shoulders. Hence, it is imperative to include women at all levels of decision–making and to encourage women's active involvement and participation in the Water and Sanitation sector. To view Water and Sanitation with a gendered perspective.
- Formulation of a National Sanitation Policy and creation of a separate cell for Sanitation in the DDWS. Water and Sanitation schemes to be converged with health and education sector schemes.

- TSC should be tackled like the Polio and AIDS campaign. It should push for greater involvement in the WASH (Water, Sanitation and Hygiene-for All) Campaign*. The Community Led Total Sanitation programme should be adopted in a larger number of States to bring about greater people's participation and behavioral change.

  (*The Campaign is a concerted global advocacy effort by members and partners of the Water Supply and Sanitation Collaborative Council** (WSSCC) to place sanitation, hygiene and water firmly on the political agenda.
  **Mandated by a United Nations resolution in 1990 to maintain the momentum of the International Drinking Water and Sanitation Decade, the mission of the WSSCC is "to accelerate the achievement of sustainable water, sanitation and waste management services to all people, with special attention to the unserved poor, by enhancing collaboration among developing countries and external support agencies and through concerted action programmes.")

- The abolition of dry latrines in order to further the goals of the Employment of Manual Scavengers and Construction of Dry Latrines (Prohibition) Act, 1993.
- Water and Sanitation should be included in school curriculum. The Sarva Shiksha Abhiyan and National Rural Health Mission can be clubbed with the School Sanitation & Hygiene Education (SSHE) Programme which is a part of TSC. SSHE in private schools should be made necessary criteria for the school to get certification and recognition.

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Agriculture: Policy Rhetoric and the Harsh Reality

Nilachala Acharya

Agriculture has been the mainstay of Indian economy providing gainful employment to 52 percent of total workforce[1]. Of late, amid economic reforms and trade liberalization, considerable changes have been noticed in agriculture sector. The reform process introduced in the early 1990s failed to recognize the crucial importance of this sector due to which it has faced serious difficulties. These difficulties manifested in a variety of forms like loss of livelihood, consequent decrease in purchasing power of the rural masses, and a steady increase in input prices crippling the agricultural producers. It is a well established argument that growth of various sectors of the economy (like industry and services sector) depends on the growth of agriculture sector in our country. This sector has vast potential of backward and forward linkages. It is important to note here that agriculture sector has been neglected since the 1990s and has not been given due importance in terms of public investment by the successive governments.

The worsening condition of the small and marginal farmers in the post liberalization phase has become a matter of serious concern. It has also been realized that the grievances of the small and marginal farmers have remained largely unaddressed. Also, there has been a dearth of research support for this sector. Taking all these factors into consideration, the present note intends to document the current scenario of agrarian crisis in the country. In addition, an attempt has also been made to trace the priorities accorded to the agriculture sector in terms of budgetary allocation and spending. This brief also proposes a future policy agenda reflecting the concerns of the marginal farmers that urgently need to be addressed through the budget.

In this note, the first section presents an overview of Indian agriculture, the second section deals with the pattern in the Central Government's budgetary investment on agriculture and the third section proposes some pointers to consider for the development of this sector.

I. An Overview of Indian Agriculture

Agriculture plays an important role in the rural economy of India. As mentioned above, it provides gainful employment as well as raw materials for a large number of industries in the country. Thus, agriculture occupies a key position in India's economy both in terms of employment and its contribution to the national income. Due to the complete failure of land reform programmes in turn resulting in a distorted land holding pattern, the crisis in this sector post-liberalisation has aggravated. The gravity of agrarian crisis is reflected in most of the macro economic variables of the economy.

Table-1: Percentage distribution of Households and area owned over five broad classes in Rural India during 2003

Marginal 1 Ha	Small >1 2	Semi-Medium >2 4	Medium >4 10	Large >10
% distribution of households				
79.6	10.8	6.00	3.00	0.60
% distribution of area owned				
23.05	20.38	21.98	23.08	11.55

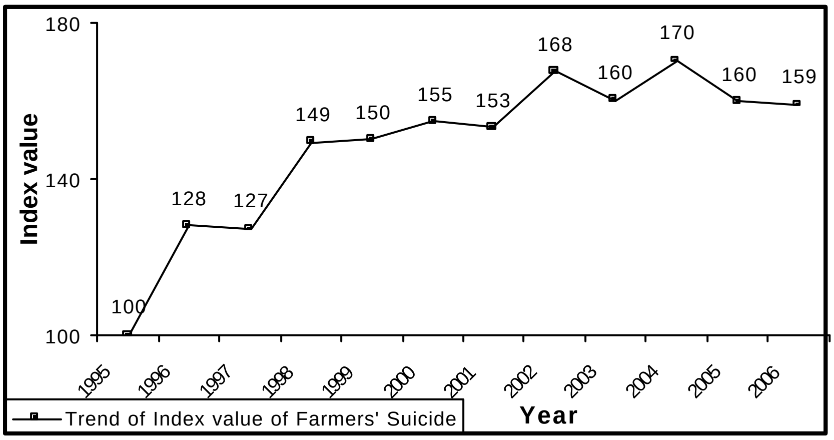
Source: NSSO Report No 491 (59/18.1/4); Household Ownership Holdings in India, 2003 P-19

Source: NSSO Report No 491 (59/18.1/4); Household Ownership Holdings in India, 2003 P-19

Data in table-1 clearly shows that the semi-medium, medium and large households those who are in the top 10 percent bracket own around 57 percent of land. Compared to this, 90 percent of total rural households owned around 43 percent of total land during 2003. The share of marginal holdings (area less than or equal to 1.000 ha) in the rural areas was 79.6 percent in the year 2003 compared to 72 percent in 1992 and 67 percent in 1982. And about 10 percent of the rural households in India were reported to be landless, i.e. owning either less than 0.002 hectares of land[2] or nothing at all.

Ever rising farmers' suicide rates in India is a glaring symptom of the acute crisis prevalent in agriculture sector. Farmers' suicides have been on an increase since 1995. Indebtedness and high interest rates on farm loans particularly from the non-institutional sources are the main reasons behind the ever increasing rate of suicides among the farmers. It has been found that out of 89.35 million farmer households, 43.42 million i.e. 48.6 percent were reported to be indebted. In terms of the principal source of income, 57 percent of farmer households were cultivators. Among them 48 percent were indebted. The most important source of loan (in terms of percentage of outstanding loan amount) was banks contributing 36 percent of the loan lent out, followed by moneylenders who contributed 26 percent[3]. The inability of the farmers to repay their loans compels them to commit suicide.

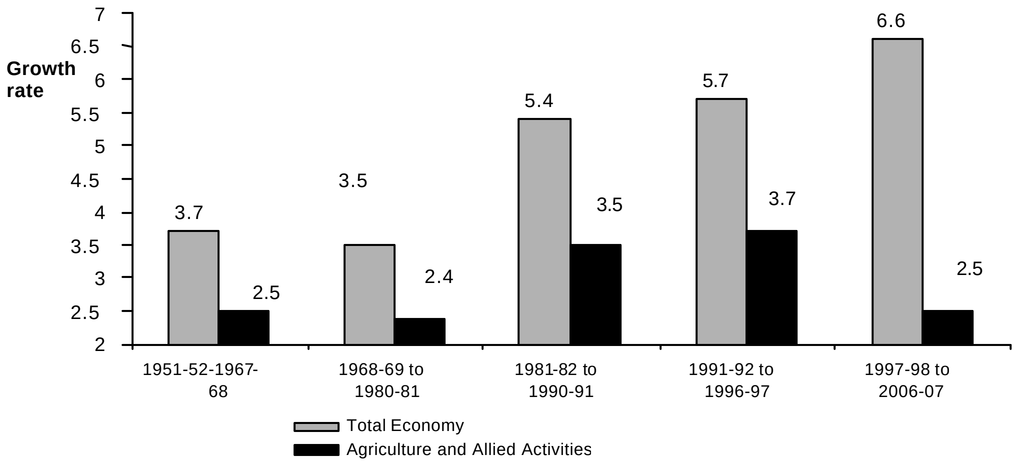
Figure 1: Index of Farmers Suicide in India since 1995



Source: Mohanty, S.S (2008); The People's Verdict, 4th Civil Society Review of the NCMP, P-24,

There has been a consistent decline in the growth of agriculture sector since 1990-91 and growth of this sector has always remained below the growth rate of non-agriculture sector. From 1980-81 to 1990-91, the annual average growth rate of agriculture and allied activities was 3.5 percent which got reduced to 2.5 percent during the period of 1997-98 to 2006-07. Increased gap between the annual average growth rates of agriculture sector and that of economy as a whole has been observed since 1951-52. This gap only widened during the period 1997-98 to 2006-07 (Graph-2).

Figure 2. Average GDP growth rates of agriculture sector and economy as a whole at 1999-00 prices (in percent)



Source: Economic Survey, 2007-08, Government of India

The contribution of agriculture to gross domestic product (GDP) has also declined over the years.. Contribution of agriculture to GDP declined from 22.9 percent in 1999-00 to 16.7 percent in 2006-07 (at current prices) (table-2).

Table-2: Contribution of Agriculture to GDP at factor cost		
Year	Percentage Share of Agriculture in GDP	
	At Current Prices	At 1999-00 Prices
1999-00	22.9	22.9
2000-01	21.2	21.8
2001-02	21.1	22.0
2002-03	18.8	19.4
2003-04	19.0	19.9
2004-05	17.4	18.5
2005-06	17.0	17.9
2006-07	16.7	17.0
Source: Central Statistical Organization (CSO), New Delhi, GoI		

The production of major agricultural crops in India since 1950-51 indicates a dismal progress vis-à-vis the needs of rising population even though it shows an increasing trend. Production of total food grains grew more than four times which was 50.83 million tonnes in 1950-51 and reached at 216.1 million tonnes during 2006-07[4]. The per capita (per day) availability of cereals and pulses witnessed a declining trend since 1991. During 1991, per capita availability of cereals and pulses were 468.5 grams and 41.6 grams respectively. This has further reduced to 412.1 grams and 32.5 grams respectively in 2006. When compared to the situation in 1981, availability of foodgrains in 2006 is much worse which shows the non-seriousness of the government in raising foodgrains to feed millions of population in India. (Table-3)

Table-3: Per capita Net availability of Cereals and Pulses (Per day in grams)			
Year	Cereals	Pulses	Total Food Grains
1981	417.3	37.5	454.8
1991	468.5	41.6	510.1
1996	442.5	32.7	475.2
2001	386.2	30	416.2
2006	412.1	32.5	444.6
Source: Economic Survey, 2007-08, Government of India			

Yet another, dismal picture is revealed if one looks at net availability[5] of per capita foodgrains per year in India. During 1991, net availability per capita foodgrains per annum in India was 186.2 kgs which got reduced to 180.4 kgs in 2002. The per capita decline was around 6 kgs. This further declined to 154.2 kgs during 2005. Within the period 2002 to 2005, per capita availability of foodgrains sharply declined to around 26 kgs per annum (table-4).

Table-4: Net Availability of Foodgrains (per Annum) in India (kgs. Per capita per year)							
Year	Rice	Wheat	Other Cereals	Total Cereals	Gram	Pulses	Per Capita Food grain available
1991	80.9	60	29.2	171	4.9	15.2	186.2
2001	69.5	49.6	20.5	141	2.9	10.9	151.9
2002	83.5	60.8	23.1	167.4	3.9	12.9	180.4
2003	66.2	65.8	17.1	149.1	3.1	10.6	159.7
2004	71.3	59.2	25.3	155.8	4.1	13.1	168.9
2005 (P)	64.7	56.3	21.7	142.7	3.9	11.5	154.2
Source: Economic Survey, 2007-08, Government of India							

Credit flow to agriculture sector is an indispensable input for the growth of this sector. Time and again, it has been argued that strengthening the institutional flow of credit can restore the present misery of this sector. It has also been said that government has to ensure cheap and timely flow of credit to the farmers to make agriculture as an occupation viable and also to retain confidence of farming community in this sector. A look at the annual growth rate of institutional flow of credit to agriculture sector since 2002-03 indicates a disappointing situation. During 2006-07 the growth rate was only 13 percent compared to previous two year's growth of around 44 percent. (Table-5).

Table-5: Institutional Credit Flow to Agriculture Sector (Rs. In Crore)		
Year	Total Flow of Credit to Agriculture sector	Growth rate
1998-99	36860	----
1999-00	46268	25.52
2000-01	52827	14.18
2001-02	62045	17.45
2002-03	69560	12.11
2003-04	86981	25.04
2004-05	125309	44.06
2005-06	180486	44.03
2006-07	203297	12.64
2007-08 *	137760	-32.24
Source: Economic Survey, 2007-08, Government of India, Note: * Up to November 2007		

The relative neglect suffered by agriculture sector during the past decade is testified by its steadily declining share in the country's capital formation. Since 1999-00, the share of agriculture in gross capital formation (at 1999 prices) has remained in single digits, barring the year 2001-02. This explains the slackening of its growth momentum during the past decade (Table-6).

Table-6: Gross Capital Formation (GCF) in Agriculture (at 1999-00 Prices)					
Year	GCF Total	GCF in Agriculture	Share of Agriculture in GCF (%)	GDP Agriculture	GCF/GDP in Agriculture (%)
1999-00	506244	43473	8.59	409660	10.61
2000-01	488658	39027	7.99	407176	9.58
2001-02	474448	48215	10.16	433475	11.12
2002-03	555287	46823	8.43	398206	11.76
2003-04	665625	44833	6.74	441360	10.16
2004-05	795642	49108	6.17	441183	11.13
2005-06	950102	54905	5.78	468013	11.73
2006-07	1053323	60762	5.77	485937	12.50
Source: Economic Survey, 2007-08, Government of India, Note: [i]					

Both Public and private investment in agriculture and allied sectors during initial four years of Tenth Five Year Plan was 2.3 percent of GDP. Out of this, public investment was only 0.4 percent and rest was carried out by the private players. It has been pointed that reduction in public investment in agriculture is primarily responsible for the decline in the private investment in this sector. During initial year of Tenth Five Year Plan i.e. 2002-03, private investment in agriculture was 2.1 percent of GDP which reduced to 1.8 percent in 2005-06 because of the fall in public investment in this sector during the same period. As there is a strong positive correlation between public and private investment in agriculture, increased private investment will follow only if there is an increase in public investment (Table-7).

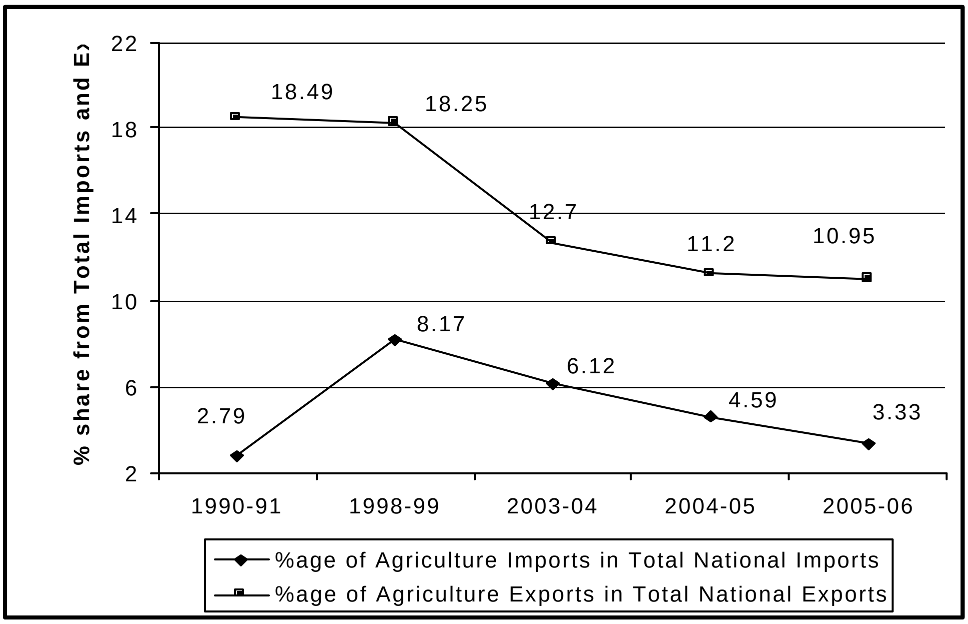
Table-7: Public and Private Investment in Agriculture and Allied Sectors and its Share in Total GDP at Market Prices (1999-00 Prices)

Year	Share of investment from GDP (in %)		
	Public	Private	Total
2002-03	0.4	2.1	2.5
2003-04	0.4	1.8	2.2
2004-05	0.4	1.8	2.2
2005-06	0.5	1.8	2.3
2002-03 to 2005-06	0.4	1.9	2.3

Source : Central Statistical Organisation, New Delhi, GOI

During 1990-91, share of imports in the agricultural commodities in total national imports constituted 2.79 percent and that of export was 18.49 percent. In fact in the subsequent years, import of agricultural commodities sharply increased to 8.17 percent and share of export remains almost same during 1998-99. There after share of both the imports and exports of agricultural commodities started declining. (Graph-3)

Figure 3: Imports and Exports of Agriculture Commodities vis-à-vis Total National Imports/ Exports during 1990-91 to 2005-06



Source: DGCI&S, Ministry of Commerce, Kolkata

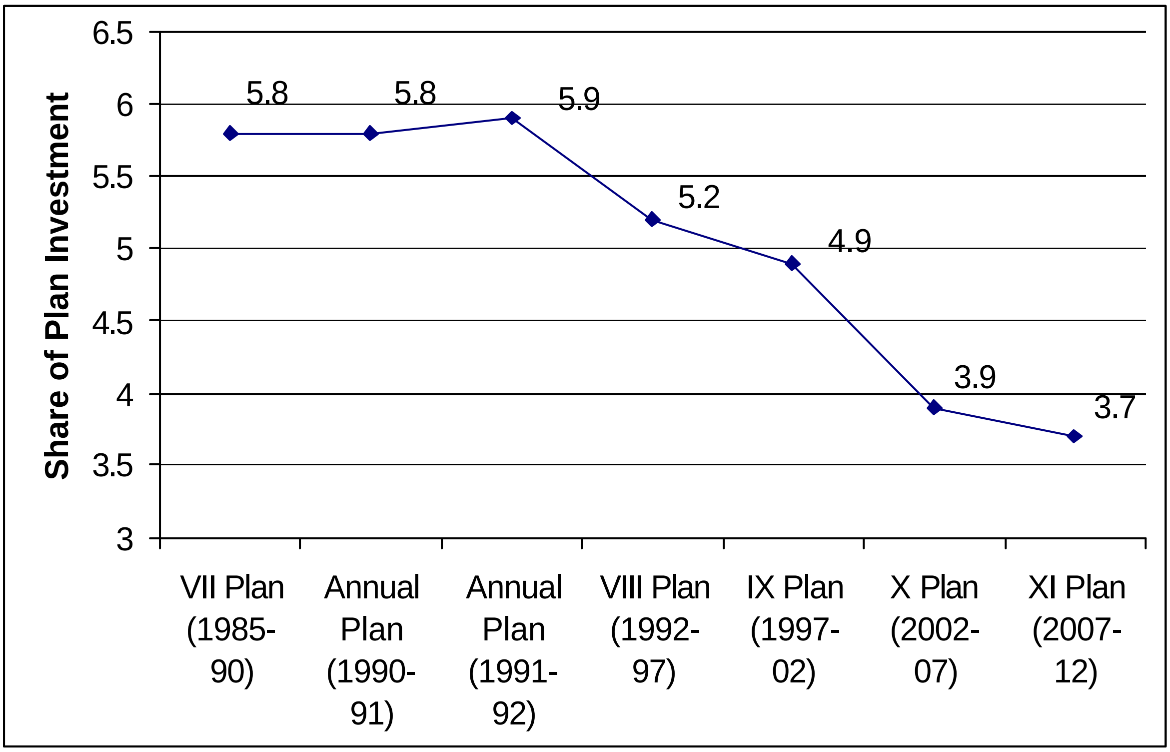
The development of our country is intricately tied to the growth of agriculture and its growth, therefore, must be at the core of our development agenda. Any form of laxity towards this sector would eventually lead to imbalances in other macro economic variables, something which has been experienced in the Indian economy during the last few years.

Given the above situation, it is important to devise strategies aimed at promoting the growth of the sector on a more sustainable basis. Studies have been carried out by eminent scholars in this field and they have suggested various strategies to be adopted by the government to deal with the present crisis in this sector. The root of the problem lies in the priorities given to this sector in budgetary spending over the time. Let us discuss the trend of budgetary investments in this sector.

II. Central Government's Allocation and Spending in Agriculture Sector

Share of plan investment (both Center and States/UTs) in agriculture sector has been declining since 1985. Decline in the share of investment in agriculture shows that less priority has been accorded to this sector. During Seventh Five Year Plan, the share of plan investment in agriculture and allied activities was 5.8 percent which reduced to 3.7 percent in recently proposed Eleventh Five year Plan. This shows a declining trend in plan investment priority of the government. (Graph-4)

Figure 4: Percentage Distribution of Plan Allocations in Agriculture and allied activities since seventh five year plan



Source: Economic Survey, 2007-08, Government of India

Annual growth of overall central plan allocation increased to 21.04 percent in 2008-09, from 19.76 percent of 1993-94. However, it has been observed a declining trend has been observed in plan investment in agriculture since 1991-92. During 1992-93, share of Central government's plan investment in agriculture and allied sectors was 9.59 percent and got reduced to 6.91 percent in 1999-00 and further to 5.57 percent in recent budget estimates. Similar trend has also been observed in case of annual growth of central plan investment in agriculture sector since 1991-92. The annual growth was 38 percent during 1991-92 and reached at 18 percent in 2008-09 budget estimates. (Table-8)

Table-8: Central Plan Investment Priority for Agriculture and Allied Activities			
Year	**Annual Growth of Central Plan Allocation**	**Share of Central Plan Allocation for Agriculture and Allied Activities (in %)**	**Annual Growth of Plan allocation for Agriculture and Allied Activities**
1991-92	-2.29	9.56	38
1992-93	15.68	9.59	16
1993-94	19.76	8.47	6
1999-00	**11.70**	**6.91**	**9**
2007-08 RE	19.56	5.69	11
2008-09 BE	21.04	5.57	18
Source: Expenditure Vol-I, Various years. Ministry of Finance, GoI			

Though agriculture sector contributes around one fifth to total GDP of the economy, the share of budgetary investment in this sector has been around 1 percent of GDP since 2001-02. It is pertinent to mention here that this sector provides employment to around 2/3rd of the country's population. Though the share of central government's budgetary spending increased from around 6 percent to 9 percent during the period of 1999-00 to 2008-09,much has to be done on budgetary front in order to reverse the present crisis of agriculture sector. (Table-9)

Table-9: Trend of Central Government Allocation in Agriculture and Allied Activities (in Rs. Crore)						
Year	Revenue Account *	Capital Account	Loan Account **	Total Agriculture and Allied Activities	Total Expenditure on Agriculture and Allied Activities As % of Total Central Government Expenditure	Total Expenditure on Agriculture and Allied Activities As % of GDP at Market Prices
1	2	3	4	5=2+3+4	6	7
1999-00 RE	16624.84	223.89	254.77	17103.5	5.63	0.88
2000-01 RE	19306.81	48.09	150.47	19505.37	5.81	0.93
2001-02 RE	25363.16	50.19	220.86	25634.21	7.03	1.12
2002-03 RE	31198.32	-323.69	205.74	31080.37	7.69	1.26
2003-04 RE	32882.41	66.11	85.82	33034.34	6.97	1.19
2004-05 RE	36127.98	78.75	100.09	36306.82	7.18	1.16
2005-06 RE	36490.86	47.75	102.55	36641.16	7.20	1.02
2006-07 RE	45439.8	73.35	60.49	45573.64	7.84	1.10
2007-08 RE	61994.49	374.48	73.01	62441.98	8.80	1.33
2008-09 BE	67835.49	709.37	68	68612.86	9.14	1.29

Source: Expenditure Budget Vol-I, Various Years, Government of India
*Note: * Excludes Grants to States and Union Territories (UTs) ** excludes loans advances to the states and UT governments*

As per the administrative classification of the budget, Ministry of Agriculture is the nodal agency for implementing Central Government's schemes and programmes for overall development of agriculture. In fact, looking at the budgetary flow to the Ministry of Agriculture during the period 1999-00 till date gives a dismal picture both in terms of ratio to GDP and total Central Government's expenditure. Share of expenditure of the Ministry in GDP and total expenditure was 0.39 and 2.56 percent respectively during 1999-00, and in the recent budget i.e. 2008-09, it got reduced to 0.21 and 1.50 percent respectively. (Table-10)

Table-10: Share of investment by Ministry of Agriculture from Central government's total expenditure and GDP

Year	As Proportion of GDP at MP				As Proportion of Central Government Expenditure			
	A&C	AR &E	AH&D	Total Ministry of Agriculture	A&C	AR &E	AH&D	Total Ministry of Agriculture
1999-00 RE	0.31	0.07	0.02	0.39	2.03	0.44	0.10	2.57
2000-01 RE	0.09	0.06	0.01	0.16	0.54	0.39	0.08	1.01
2001-02 RE	0.10	0.06	0.01	0.17	0.62	0.38	0.08	1.08
2002-03 RE	0.08	0.06	0.01	0.15	0.50	0.35	0.07	0.92
2003-04 RE	0.09	0.05	0.01	0.16	0.53	0.32	0.07	0.92
2004-05 RE	0.10	0.05	0.02	0.18	0.66	0.34	0.12	1.12
2005-06 RE	0.12	0.05	0.02	0.19	0.84	0.38	0.13	1.35
2006-07 RE	0.13	0.05	0.02	0.20	0.90	0.39	0.16	1.45
2007-08 RE	0.14	0.05	0.02	0.21	0.95	0.33	0.12	1.41
2008-09 BE	0.14	0.05	0.02	0.21	1.00	0.36	0.14	1.50

Source: Expenditure Budget Volume-I Various Years, Government of India
Note: A&C-Agriculture and Cooperation; AR&C- Agriculture Research and Education; AH&D-Animal Husbandry and Dairying

Any expenditure made under capital account is usually meant for asset creation. It is observed that, expenditure under capital heads of the Ministry of Agriculture reduced drastically since 2001-02 and reached 2.62 percent in 2008-09 (which was 10.36 % during 2001-02) out of the total expenditure. Creation of capital assets in agriculture will further promote the growth process of agriculture sector. But a decline in the share under capital account will further aggravate the crisis in this sector. (Table-11)

Table-11: Share of Revenue and Capital expenditure under Ministry of Agriculture

Year	Share of Expenditure under Revenue Account by Ministry of Agriculture	Share of Expenditure under Capital Account by Ministry of Agriculture
2001-02 RE	89.64	10.36
2002-03 RE	94.21	5.79
2003-04 RE	93.08	6.92
2004-05 RE	93.43	6.57
2005-06 RE	95.92	4.08
2006-07 RE	97.04	2.96
2007-08 RE	96.93	3.07
2008-09 BE	97.38	2.62

Source: Expenditure Budget Volume-I , Various years, GOI

Public Investment on Irrigation and Flood Control

Before highlighting the situation of public investment on irrigation sector, let's have a brief look into the present status of irrigation facilities in India. The proportion of irrigated area to net area sown for all categories of holdings was 38.9 percent in 2000-01 as compared to 37.5 percent in

1995-96, i.e., an increase of about 1.4 percent was noticed. This indicates improved irrigation facilities during the period between the two agriculture censuses. The percentage of irrigated area to net sown area was the maximum for the marginal holdings which increased from 49.9 percent during 1995-96 to 51.0 percent during 2000 01. (Table-12) Yet, there is a need to boost the efforts to increase the area under irrigation to avoid any natural disaster like drought in agriculture sector.

Table-12: Distribution of Net Irrigated Area and Net Area Sown in India by Major Size Classes of Holdings for All Social Groups during Agriculture Census 1995-96 and 2000-01. (Area in '000 ha.)

Major size classes	Net Irrigated Area		Net Sown Area		Percentage of Irrigated Area to Net Area Sown	
	1995-96	2000-01	1995-96	2000-01	1995-96	2000-01
Marginal	12280	12383	24599	24259	49.92	51.04
Small	10576	10888	27389	27845	38.61	39.10
Semi-medium	12401	11928	34360	32594	36.09	36.60
Medium	12208	11542	35654	32006	34.24	36.06
Large	5490	4870	19059	15936	28.81	30.56
All Size Classes	52955	51611	141062	132640	37.54	38.91

Source; Agriculture Census, 2001; Government of India.

Securing year round irrigation facilities will reduce the risk of drought while ensuring self sufficiency in foodgrains available to meet the domestic need. In this context, it is pertinent to give importance to this sector. The budgetary provisions of Central Government for irrigation and flood control reveal a disturbing trend since 2000-01. Share of irrigation and flood control in revenue and other than revenue accounts of the Central Government's budget and country's GDP constituted only 0.12 and 0.02 percent respectively during 2000-01. Further it reduced to 0.5 and 0.01 percent from total expenditure of the Central Government and GDP respectively. (Table-13).

Declining share of food subsidy is another area of concern in India. During 2002-03 Rs 24176 crores was earmarked for food subsidy which reduced to Rs. 24014 Cr in 2006-07. It is estimated to be Rs. 32667 Cr during current budget. Since 2002-03, the annual growth rates were not so encouraging. Food subsidy as percentage of country's GDP was 1.07 percent during 2002-03 which got reduced to 0.71 percent during 2008-09. In absolute term amount of food subsidy increased but as percentage of GDP it shows a decline. This is a matter of concern food security of the poor and the marginalized section of the population is concerned. (Table-14)

Table-13: Trend of Central Government Allocation in Irrigation and Flood Control (Rs. In Crore)

Year	Revenue Account *	Capital Account	Loan Account **	Total on Irrigation and Flood Control (FC)	Total allocation under Irrigation and FC as % of total expenditure	Total allocation under Irrigation and FC as % of GDP
1	2	3	4	5=2+3+4	6	7
2000-01 RE	**375.16**	**9.00**	**22.00**	**406.16**	**0.12**	**0.02**
2001-02 RE	**409.94**	**11.00**	**32.00**	**452.94**	**0.12**	**0.02**
2002-03 RE	**330.64**	**10.13**	**27.00**	**367.77**	**0.09**	**0.01**
2003-04 RE	**349.58**	**6.32**	**15.54**	**371.44**	**0.08**	**0.01**
2004-05 RE	**312.47**	**11.18**	**15.80**	**339.45**	**0.07**	**0.01**
2005-06 RE	**376.91**	**14.74**	**15.80**	**407.45**	**0.08**	**0.01**
2006-07 RE	**382.92**	**7.74**	**15.80**	**406.46**	**0.07**	**0.01**
2007-08 RE	**381.26**	**3.36**	**0.00**	**384.62**	**0.05**	**0.01**
2008-09 BE	**540.92**	**25.88**	**0.00**	**566.80**	**0.08**	**0.01**

Source: Expenditure Vol-I, Government of India, Various Years
Note: * Excludes Grants to States and Union Territories (UTs)
** Loans for Major and Medium Irrigation (Under Special Area Programme)

Table-14: Growth of Food Subsidy in India (Other than Sugar) and its share from GDP				
Year	Amount of Food Subsidy (Rs. In Cr)	Annual Growth	Food Subsidy as % of GDP at Factor Cost	Combined Tax revenue as % of GDP
2002-03	24176	38.16	1.07	15.75
2003-04	25181	4.16	0.99	16.31
2004-05	25798	2.45	0.90	17.18
2005-06	23077	-10.55	0.70	18.17
2006-07	24014	4.06	0.63	18.45
2007-08 RE	31456	30.99	0.73	0.00
2008-09 BE *	32667	3.85	0.71	0.00

Source: Expenditure Vol-I, Various years, Ministry of Finance, Government of India (GOI); and Indian Public Finance Statistics, 2006-07, Ministry of Finance, DEA, Economic Division; GOI
Note: * GDP for the year 2008-09 calculated based on the annual average growth rate of previous four years.

Concerns with the *Debt Waiver Scheme* for Farmers

The most significant announcement of Union Budget 2008-09 was the debt-waiver scheme for farmers. In his budget speech, the Finance Minister announced a debt waiver scheme worth Rs. 60,000 crore, under which all agricultural loans disbursed by scheduled commercial banks, regional rural banks and cooperative credit institutions up to March 31, 2007 and overdue as on December 31, 2007 would be covered. For marginal farmers (holding up to 1 hectare) and small farmers (holdings up to 1 to 2 hectare), there would be a complete waiver of all loans that were overdue on December 31, 2007 and which remained unpaid until February 29, 2008. In respect of other farmers, there would be a one time settlement (OTS) scheme for all loans that were overdue on December 31, 2007 and which remained unpaid until February 29, 2008. Under the OTS, a rebate of 25 per cent would be given against payment of the balance of 75 per cent.

The scheme was initially expected to benefit 3 crore small and medium farmers with loans worth Rs 50,000 crore and 1 crore more farmers from a 25 percent rebate against the one-time settlement of loans, which would cost an additional Rs 10,000 crore. The scheme has now been expanded and it is estimated that it would waive farm loans to the extent of Rs 71,680 crore, nearly 20 percent more than the amount initially provisioned, with a plan to cover around 4.2 crore beneficiaries. As it turns out, the number of small and marginal farmers covered is expected to be 3.7 crore, while the number of other farmers is estimated to be about around 60 lakh. This effort of the government to minimize the stress of farmers is indeed a welcome step.

However, the scheme has certain obvious limitations. Firstly, it does not address the issue of debt owed by farmers to money lenders which accounts for almost half of total farm debt. It is pertinent to note here that 48.6 percent of farmer households were reported to be indebted and the largest sources of loans (in terms of percentage of outstanding loan amount) were found to be banks (36 percent), followed by moneylenders **(26 percent)** [*Situation Assessment Survey of Farmers; Indebtedness of Farmer Households; NSS Report No. 498(59/33/1), MOSPI, GoI, 2005*]. Hence, the debt waiver scheme fails to address the crisis of farmers who have taken loans from the moneylenders. The government has also projected that the implementation of the scheme would require lots of resources and the Prime Minister has talked about the need to privatize public enterprises to finance the scheme.

Some prominent progressive economists have expressed their concerns over the nature of financing of the scheme. According to them, the government has to ask banks to substitute government bonds for agricultural debt in their portfolios. The government does not intend to use any fiscal resources for this purpose. The only thing that the government is obliged to do is to meet the interest payment obligation on these bonds whenever they fall due. However, it is to be noted that States would have to find fiscal resources to finance the scheme, given the strict control of the Centre over their borrowing. When the issue was raised in several quarters about the absence of budgetary provision for the debt waiver scheme, the government has come up with an amount of Rs. 10,000 crore in the third batch of supplementary demand for grants.

The central government needs to take care of all these concerns while implementing this scheme. Given the severity of agrarian crisis at this juncture, the debt waiver scheme is only a short term solution to the problem, but in the long run the crisis could aggravate again because of the ad hoc nature of this policy measure. In order to bring sustainability in agriculture, the government needs to address other reasons simultaneously, besides implementing the debt waiver scheme.

The issue of farmers' suicides, which has been in public discourse for almost the last seven years, has not been dealt with enough sensitivity by the UPA government. The delayed start of the scheme, just on the year before the General Elections and State Elections, has evoked serious doubts about the integrity of the UPA to overcome the acute agrarian crisis. It is imperative now that the central government implements this scheme very well.

III. Policy Agenda for the Future

Looking at the crisis that has engulfed this sector, it is vital for Indian planners and policy makers to adopt a multi-pronged strategy with regard to the agricultural sector. In the first place, to ensure sustainable livelihoods for the millions, government has to ensure that adequate resources are provided to this resource-starved sector in order to gather the necessary growth momentum. Subsequently, sufficient resources have to be earmarked to ensure low and cheap farm loans, adequate infrastructure for market linkages and godown facilities and to strengthen the public distribution system (PDS) to reach the masses.

It is worthwhile to note here that National Common Minimum Programme (NCMP) had made several promises to bring a strategic change in agriculture and rural development including announcements like doubling the rural credit facilities, significant public investment in the agricultural sector, massive expansion of irrigation facilities and above all universal & year round food security etc.

It is important to mention here that increased food subsidy will ensure the food security to the poor and the marginalised making it available through PDS. Decline in the budgetary allocation for food subsidy is usually justified by the rationale that it would make the system 'market-driven'. In a country like ours, where millions of people are under the so called official poverty line is it really possible that they would be able to fill their hungry stomach in a competitive market framework? The answer is obviously 'no'. Hence, the government has to ensure their food security in terms of raising food subsidy in the coming budget.

After 1991, the lending pattern of commercial banks, including nationalised banks, to agriculture sector has changed drastically. Loan was not easily available and the interest was also very high for the farming community. This has forced the farmers to rely on moneylenders and thus pushed up the cost of agriculture. Promises of NCMP in this regard seem to have remained only on paper. The promises were revival of rural co-operative credit system, doubling the flow of credit within three years and increase credit coverage for small and marginal farmers etc. Government should seriously think of supplying farm credit at a low rate of interest to farmers to keep the promises made in NCMP.

It has been well examined in the earlier paragraphs how public investment in agriculture sector has declined over the time. Hence, government should increase investment in the farm sector. Investment in agriculture and its allied sectors, including irrigation, and farm research, should also be increased significantly. Apart from this, the development and sustainability of agriculture in India depends on the development of basic infrastructures like rural road connectivity, marketing and storage facilities. In this regard, government should have clear budgetary provisions to ensure such facilities in the coming budgets.

In the coming years, while formulating budgets for agriculture sector several concerns need to be addressed, which are as given below:

- Increase the share of budgetary investment in agriculture and its allied sector in general and share of Central Government's plan expenditure in agriculture in particular.
- Scale up the flow of institutional credit to the farmers with a lower rate of interest. Ensure easy and cheap loan facilities, especially to the small and marginal farmers as well as to the share croppers.
- Maximum benefits of loan waiver scheme should reach to the targeted beneficiaries without much delay and administrative complexities.
- Clear and time bound approach for providing year round irrigation facilities to the cropped area and for this specific outlay should be earmarked in the budget.
- Food security for the poor will be ensured if the public distribution system functions efficiently. Hence, special budgetary provisions should be made to strengthen the existing structure of PDS to bring efficiency in the system.

- Rural electrification should be given a high priority as the prime mover for agricultural development. The quality and availability of electricity supply should be improved and the demand of the agriculture sector should be met adequately in a reliable and cost effective manner. For this budget 2009-10 should reflect a line of confirmation towards ensuring this.

- Extensive provisions be made for developing appropriate market linkages either through the direct intervention by the central government or through grants to state governments.

- Massive restructuring of the existing cold storages as well as creation of new cold storages need to be established to ensure fair prices to agriculture produce

- Special budgetary provisions for ensuring quality agricultural extension services to the farmers in terms of recruiting sufficient human resources as well as provision of other facilities.

Endnotes :

[1] Economic Survey, 2007-08, Government of India

[2] Household Ownership Holdings in India, 2003; Report No 491(59/18.1/4) National Sample Survey (NSS), Ministry of Statistics and Programme Implementation (MOSPI), government of India (GoI), 2006.

[3] Situation Assessment Survey of Farmers; Indebtedness of Farmer Households; NSS Report No. 498(59/33/1), MOSPI, GoI, 2005

[4] Economic Survey, Government of India, 2007-08

[5] Net availability of food grains=Net food production + Net Import + Net addition in stocks

[6] It is pertinent to note here that the rising trend in GCF in agriculture as percentage of agricultural GDP is, in some sense misleading. The declining share of agriculture in the GDP is accountable for such a trend. Trends in the share of agriculture GCF in overall GCF provide us the genuine picture of the situation.

Health: Some Critical Gaps in Policy and Implementation

Indranil

The tenure of the UPA government, which came with much enthusiasm and lots of promises for social sectors in general and specifically health, is almost over. In the last year of the UPA, when we look back to assess the performance of this government, we find that things have hardly changed. Some may say that five years (2004-05 to 2008-09) is a really short time to bring about a substantial change. Others may point out to the new initiatives and programmes which are there on paper. Even if one agrees that five years is a really short period to bring about major breakthroughs, one may be interested to understand the broad policy direction that the UPA has adopted.

Unfortunately, there is no significant reversal from the neo-liberal direction that the earlier governments had followed. More disturbing is the fact that there are clear cut signals of deterioration in outcome indicators reflecting the grim reality persisting in the health sector. On paper, there are talks about new initiatives, policies and measures and huge enthusiasm has been generated around them. The National Rural Health Mission (NRHM) has been launched, National Urban Health Mission is on the anvil, Swasthya Bima Yojana (Health Insurance Scheme) has been launched, a new National Drug Policy is being formulated but the ground reality has hardly changed.

Table 1: International Comparison of Spending Pattern and Outcome Indicators

Country	Per capita health expenditure	Public healthcare as percentage of GDP	Private healthcare as percentage of GDP	Life expectancy (in years)	Under-five mortality per 1000
India	$ 80 in 2004	0.9	4.2	63.7	93
Sri Lanka	$ 122	1.8	1.9	72.5	19
Canada	$ 2,792 in 2004	6.8	2.8	79.3	7
United Kingdom	$ 1,989	6.2	1.4	78.1	7
Spain	$ 1,607	5.4	2.2	79.2	6
South Africa	$ 652	3.6	5.1	48.8	65
Costa Rica	$ 562	4.9	2.3	78	11
Malaysia	$ 345	2.1	1.8	73	8
Cuba	$ 229	6.2	1.0	76.7	9

Source: UNDP Human Development Report, 2004

India has one of the worst health indices, even higher than a number of comparable countries in the world. It has the world's highest proportion of malnourished children and women. It also has the highest load of preventable and communicable diseases. The health system in India still remains the most privatized in the world, digging peoples' pocket heavily, causing indebtedness to a great extent. (Refer to Table1.) Despite the commitment of the UPA to step up public investment to 2-3 percent of GDP, there has been no significant advancement compared to the previous government. Life expectancy is substantially low in comparison to countries with equivalent socio-economic conditions; under-five mortality is also abysmally high. Health indicators for the marginalized sections of society- women, children, Scheduled Castes and Scheduled Tribes, landless laborers, slum dwellers, are far below the national average. The recent National Family Health Survey (NFHS) data clearly shows the existence of strong inequalities among income classes and caste groups in terms of access to reproductive health services.

Women's Health: Some Concerns

Women's poor health status is inextricably linked to their social and economic inequalities, which restrict their access to and control over resources. Lower status in the family and lack of decision making power regarding ill health, expenditure on health care and non-availability of health care facilities prevent them from seeking medical help.

Though the neo-natal mortality ratio is higher among men (female to male death rates are 0.83) the situation reverses in post-natal and subsequent periods where female to male death ratios are significantly higher than unity (Sarojini, 2006).

Even among women there is significant inequity in access among different income classes. In the lowest wealth quintile 41 percent pregnant women do not receive antenatal care, where as almost every pregnant woman (97.4 percent) from the highest income quintile receives antenatal care. Half the pregnant women in the poorest income class do not receive iron folic acid (IFA) tablets and only one in ten of them take IFA tablets or syrups for full ninety days (NFHS III).

Overall only 3.8 percent pregnant women receive any intestinal parasite drug and access to it for women in better off sections are much higher than those in the lower strata (NFHS III).

Delivery of mother from the poorest quintile is 4.6 times less likely to be attended by a medically trained person than her well off counterpart (NFHS III).

Maternal Mortality Ratio is 301 per 100,000 live births (SRS, 2001-03). In backward states, like Uttar Pradesh, the MMR is significantly higher.

In India, pneumonia and anemia constitute the major causes of death in the 0-4 age group, and tuberculosis of the lungs pose a risk in the 15-50 age groups. The other causes of mortality include bronchitis and asthma, gastroenteritis, diseases of the nervous system and maternal mortality.

The dietary pattern indicates that in comparison to adult men, women consume approximately 1,000 fewer calories per day, far below the Recommended Dietary Allowance. Almost half of the girls in age 15-19 are undernourished (NFHS III).

More than a third (36 percent) of women have a BMI below 18.5, indicating a high prevalence of nutritional deficiency. The anaemia prevalence levels are more than two times higher among women than men with almost half of them with moderate to severe anaemia (NFHS III).

Although both men and women are equally exposed to communicable diseases, there are concrete evidences to show that women suffer far more than men in terms of decision making and access to treatment and services.

Approximately, 15 percent of all women suffer from mental illnesses against 11 percent of all men. Rights of women, who have been diagnosed with mental problems, are violated, based on medical opinion and they are certified and forcibly detained. They are denied various social, political rights including the right to vote, right to enter into any kind of contract, custody of child.

Violence against women and girl children at the household and community levels has deep impacts on their survival, dignity, self-esteem, and overall health.

Sex ratios have witnessed an alarming decline for children in the 0-6 years of age group and stands at 927 girls for 1000 boys. Sex selective abortion of female fetus is a major challenge and account for approximately 11 percent of unsafe abortions in India.

Government programs and policies are also insensitive to the needs of women, especially poorer women. The burden of population stabilization solely falls on poor women, as they are believed to "produce irresponsibly". Though the government claims to focus extensively on women in reproductive age group, most of them do not get proper ante-natal care; even some of the common reproductive health problems are severely ignored in government program and policies.

The era of globalization marked by unemployment, depleting wages, rising health care costs, hazardous working and living environment has enormous impact on working class in general, women specifically.

The UPA had promised to step up public investment on health by 2-3 percent of GDP. This was a major promise which helped it mobilize support from different progressive groups.

In the following sections, we would like to identify the key issues concerning the provision of primary health care in India. We have identified three critical policy gaps, which need to be addressed immediately. These are – strengthening primary health institutions with a comprehensive view on necessary infrastructure, required human resources, basic amenities and critical elements like medicine and equipments; secondly, the issue of financing universal health care pointing out to the level and quality of investment made; thirdly, an overall review of the ongoing policy interventions.

I: Strengthening Primary Health Care

Need to Step-up Investment on Rural Health Infrastructure

Lack of proper primary health care infrastructure in rural areas is one of the major impediments in the provision of universal health care in India. Primary health care infrastructure has been developed as a three tier system with Sub-Centre, Primary Health Centre (PHC) and Community Health Centre (CHC) being the three pillars of the primary health care system. The progress of Sub-Centers, which is the most peripheral contact point between the primary health care system and the community, is a prerequisite for the overall progress of the entire system. As on March, 2007, for 5,111 people there exists one Sub Centre, whereas there is one PHC for 33,191 people and 1.83 lakh people for one CHC.

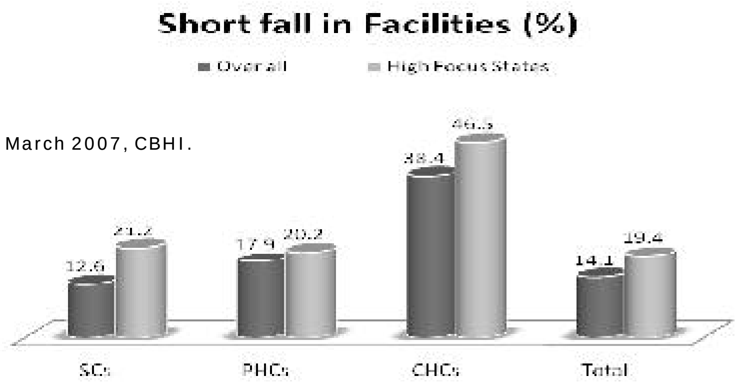
Table 2: Rural Health Infrastructure: Norms and Status

National	Norms		Present Status
Rural Population (2001) covered by a:	**General**	**Tribal / Hilly / Desert**	**General**
Sub Centre	5,000	3,000	5,111
Primary Health Centre(PHC)	30,000	20,000	33,191
Community Health Centre (CHC)	1,20,000	8,0000	1,83,000

Source: RHS bulletin, 2007, CBHI

The above table clearly suggests a huge shortfall in primary health care infrastructure in the country. According to the 2001 Population Census, the shortfall in the rural health infrastructure comes out to be of 20,855 Sub-Centers, 4,883 PHCs and 2,525 CHCs. This means that overall there is a shortage of 12.6 percent of Sub Centers; 17.8 percent of PHCs and 38.4 percent of CHCs. The shortage is more acute in High Focus States[1]. In the tribal areas though, the requirement of CHCs is relatively less compared to the other parts of the country. The shortfall in Sub-Centers and PHCs are relatively greater (Fig 1).

Figure 1.



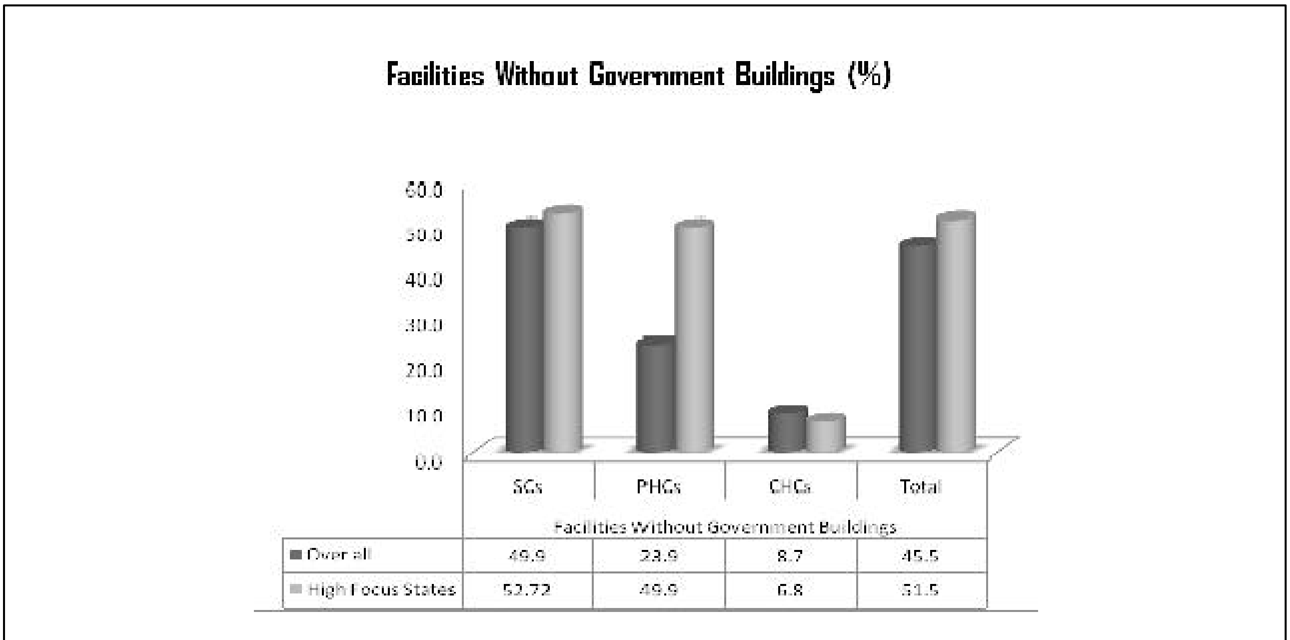
Source: RHS Bulletin, March 2007, CBHI.

Slow Growth in Creation of New Facilities

During the Seventh Plan period (1985-90) there was a surge in the growth of creation of rural health infrastructure in India. Unfortunately after the initiation of economic reforms, there was a gradual decline in growth rate, at every plan period. A look at the number of Sub-Centres functioning over the years reveal that at the end of the Sixth Plan (1981-85) there were 84,376 Sub-Centres. The figure rose to 1, 30,165 at the end of Seventh Plan (1985-90) and to 1,36,258 at the end of Eighth Plan (1992-97). At present, as on March, 2007, 1,45,272 Sub-Centres are functioning in the country.

Similar progress can be seen in the number of PHCs which was 9,115 at the end of Sixth Plan (1981-85) and the figure almost doubled to 18,671 at the end of Seventh Plan (1985-90) and rose to 22,149 at the end of Eighth Plan (1992-97). As on March 2007, there are 22,370 PHCs functioning in the country. In accordance with the progress in the number of SCs and PHCs, the number of CHCs has also increased from 761 at the end of Sixth Plan (1981-85) to 1,910 at the end of Seventh Plan (1985-90) and 2,633 at the end of Eighth Plan (1992-97).

Figure 2.



Source: RHS Bulletin, March 2007, CBHI.

Majority of the Healthcare Institutions Lack Basic Amenities

Those institutions which are there in place also lack basic amenities. About 50 percent of Sub-Centres, 76 percent of PHCs and 91 percent of CHCs are located in government buildings. The rest are located either in rented buildings or rent free Panchayat/ Voluntary Society buildings. The shortage of government building in High Focus States is much higher compared to the national average. Half of the PHCs in High Focus States are not in government buildings. (Fig 2) The situation is slightly better in tribal areas, than the rest of the country, due to special emphasis through the Tribal Sub-plan. As on March, 2007, in case of Sub-Centres, overall 66,382 buildings are required to be constructed. Similarly, for PHCs and CHC's, 3,618 and 199 buildings respectively are required to be constructed. Substantial allocation throughout the country is required to fulfill this basic minimum requirement.

Table 3: Sub-Centers Operating Without Basic Facilities

Sub-Centers Operating Without	ANM quarter	Water Supply	Electricity	ANM	Health Worker (Male)
Percentage	50.7	29.6	25.5	4.8	36.2

Source: RHS Bulletin, March 2007.

Very few institutions have adequate support infrastructure, like quarters, water supply, electricity etc. As the above Table suggests, more than half of the Sub-Centers do not have any ANM quarters. It is well-recognized that given the nature of work of the ANMs, it is essential that they stay close to the Sub-Centres. In the absence of lack of proper residential facilities, ANMs are required to travel to the Sub-Centres from their place of residence thus causing absenteeism and negligence of work. Water supply and electricity are crucial elements to have safe deliveries in Sub-Centres. Unfortunately, more than a quarter of them do not have electricity and almost 30 percent do not have access to water supply. More than one-third of the SCs do not have male health workers, thus creating difficulties for the ANMs in traveling or providing basic services.

Only 38 percent of total PHCs have the entire critical staff; whereas only 31 percent have the entire critical supplies (defined as 60 percent of critical inputs), with only 3 percent of PHCs having 80 percent of all critical inputs.

Table 4: PHCs Operating Without Basic Facilities

PHCs Operating Without	4-6 beds	24 hrs delivery facilities	Labor room	Operation Theatre	Electricity	Water supply	Motor able roads
Percent	39.1	77.8	49.8	55.7	5.7	7.9	10.5

Source: RHS Bulletin; March, 2007, CBHI.

The shortfall in the health units have continued from one plan period to another without necessary steps being initiated by the Centre and States in establishing these healthcare units. The Parliamentary Standing Committee on Health and Family Welfare has made several recommendations and observations on the necessity of bridging the gap by establishing the required Sub-Centres, PHCs and CHCs. However, their suggestions seem to have made no visible impact. By the time the Department wakes up to fill the shortfall, requirement for more health units would surely manifest with growing population in the country.

Table 5: Lower Attainment of Health Indicators among SCs and STs compared to National Average

Indicators	SCs	STs	All India
Infant Mortality	66.4	62.1	41.5
Under 5 Mortality	88.1	95.7	74.3
Under-five children acutely malnourished	47.9	54.5	42.5
No anti-natal care during pregnancy (%)	25.9	29.4	22.8
Delivered by a skilled provider (%)	40.6	25.4	46.6

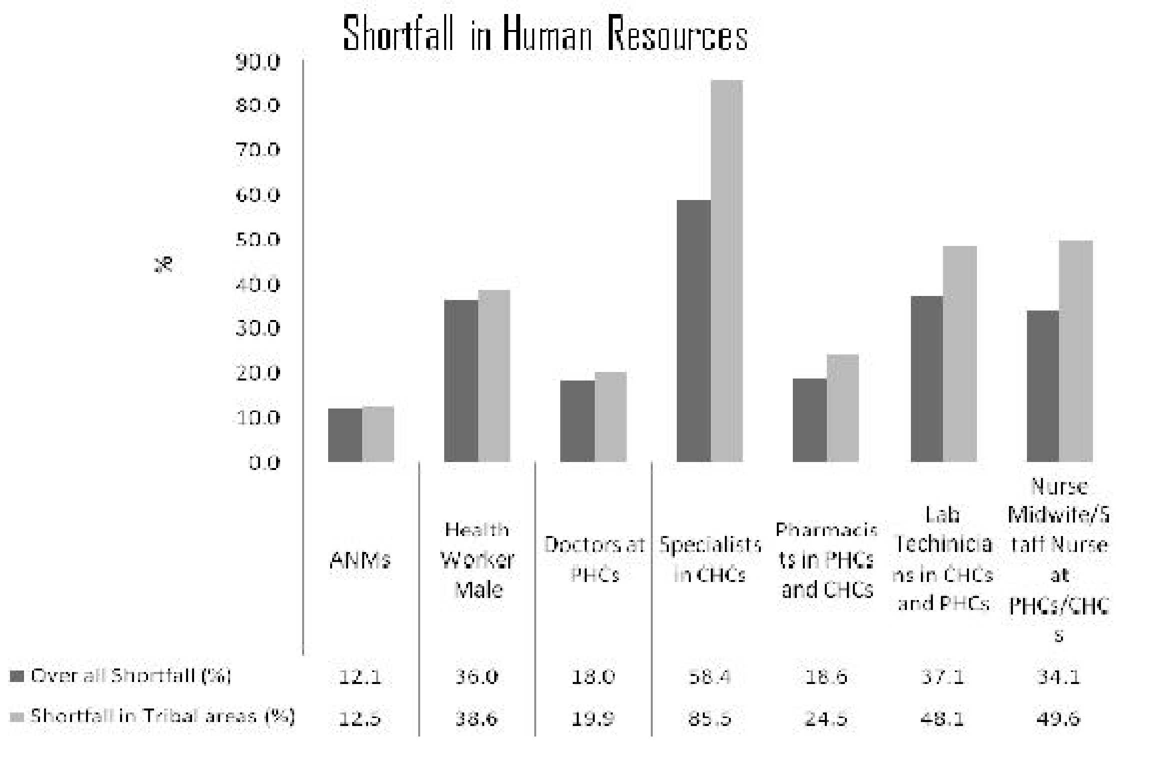
Source: NFHS III

Huge Shortage of Human Resources

Shortage of human power at every level of service delivery is one of the major impediments in delivery of comprehensive primary health care. Though, there are certain efforts from the centre to fulfill the vacancies of ANM in recent years, resulting in relatively less shortfall, over all there is a huge shortage of human resources at all levels (Fig 3). The shortage is more acute for posts like Specialists at CHCs, Male Health Workers, Laboratory Technicians and Staff Nurse. There is almost 60 percent shortage of Specialists in rural areas, for High Focus States the shortage is as high as 80 percent. Generally at every level, there is shortage of human resources but it is more in tribal areas- one fifth posts of doctors, almost half posts of staff nurse and lab technicians and more than 85 percent of specialist posts are vacant in tribal areas.

Accredited Social Health Workers or ASHAs are claimed to be one of the major innovations under NRHM. A huge number of ASHAs have been recruited in the last three years across India, to build a link between the health system and communities. In total, 6,31,855 ASHAs have been appointed, a majority of them in High Focus States (Table 5).Though the ASHAs are considered to be volunteers, they are provided incentives for various activities like motivating and accompanying pregnant women for institutional deliveries, organizing immunization camps etc. As of now only 35.6 percent of ASHAs have been provided with the basic drug kit. Though majority of them have been trained at least once, more than one-fourth of them have not received the second module of training, whereas they are supposed to be trained for five modules. Studies done by Jan Swasthya Abhiyan (2008) have revealed that there are discrepancies in the selection process of ASHAs. Most of the time the consultative process is undermined and ASHAs are selected by ANMs/AWWs or local leaders.

Figure 3.



Source: RHS Bulletin, March 2007, CBHI.

Table 5: Appointment of ASHA/ Link Workers

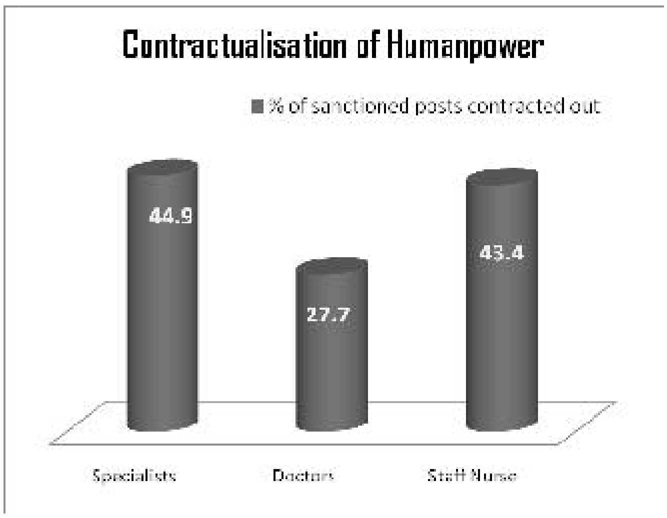
No. of ASHAs/ Link workers Selected	Total	High Focus
No. of ASHAs in position (Dec 2007)	631855	488210
No.of ASHAs in position with drug kits	224951	171858
% of ASHAs having drug kits	35.6	35.2
Percentage of ASHAs who received training		
1st module	84.8	89.9
2nd Module	24.1	31.2

Source: MIS, NRHM, December, 2007.

Contractualisation of Doctors and Specialists under NRHM

Along with vacancies in regular staff, significant posts of specialists, doctors and staff nurse have been contracted out. Almost 44.9 percent posts of specialists are presently filled by contractual doctors. Similarly 27.7 percent of posts of doctors and 43.4 percent of posts of staff nurses have been contracted out (Fig 4). Such measures of contractualisation have huge implications for the provision of comprehensive health care. While the specialists are in general, consulted for institutional deliveries and OPD, important aspects of public health get grossly neglected.

Figure 4.



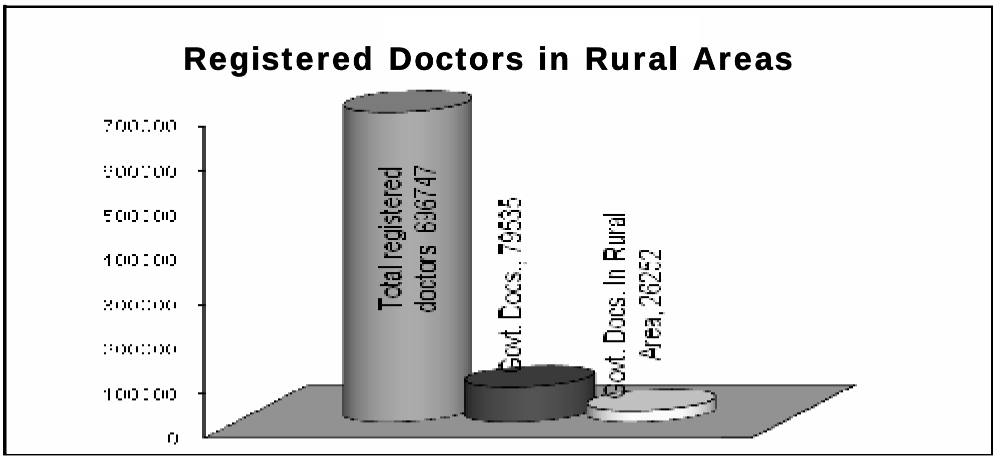
Source: MIS, NRHM, December, 2007

Further the restriction in NRHM guidelines on recruitment of permanent staff has worsened the situation. On one hand, States are tied down by unjustified ceiling on expenditure through legislations like the Fiscal Responsibility and Budget Management Act which prevent them from recruiting regular staff, on the other hand huge amount of funds under NRHM remain un-utilized due to absence of critical staff at all levels. Some States like Bihar and Rajasthan have privatized the process of appointing doctors. These are contractual positions and offering very low salary. Some States like Gujarat are hiring private specialists for running health services. These raise doubts whether the government is at all serious about recruiting doctors to run the public health system (JSA, 2008). Until and unless some measures are adopted to improve fiscal position of the States or fulfill human resource vacancies in crucial social sectors like health and education, universal access to such services will remain a distant dream.

Very few Doctors in Rural Areas

When we compare the scarcity of doctors in rural areas and overall availability of doctors, we find a huge mismatch. As many as 6, 96,747 doctors are registered in India. But out of them, only 79,535 (11.42 percent) are working in government facilities (Fig 5). Only a third of the government doctors, who constitutes merely 4 percent of all registered doctors, work in rural areas. Recently, there was a proposal by the Central government to introduce rural postings of fresh MBBS graduates. There have been oppositions to this move from different sections of the medical fraternity. Some consider it as a very retrogressive measure. The other argument, which sounds more logical, is that placing fresh graduates in positions which require the services of experienced professionals will deteriorate the overall quality of services. Although there is a strong logic behind this, we cannot deny that some methods have to be developed to encourage young graduates to join rural health services.

Figure 5.



Source: National Health Profile, CBHI, GoI

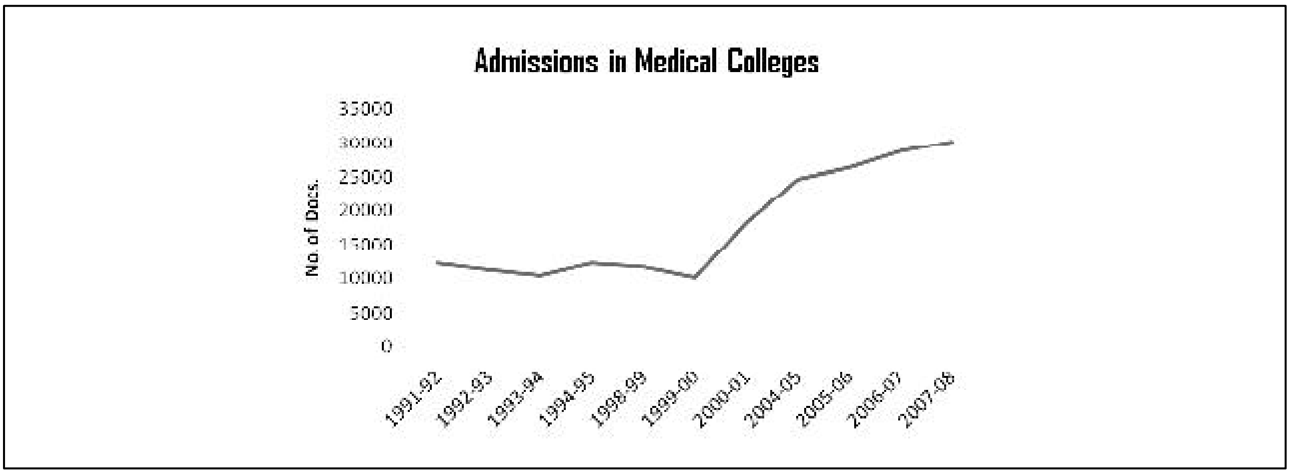
At the same time we need to recognize that there has been no sincere effort on the part of the government to ensure conducive working conditions for doctors and other health workers. There is an urgent to provide a better incentive structure for health professionals working in rural and difficult areas. This should be accompanied by a proper transfer policy and carrier opportunities in the form of promotions and non-medical service incentives (JSA, 2008).

Inherently Iniquitous Private Medical Education

The root cause of lack of human resources in rural areas can be looked into the growth of private medical education business. The following graph (Fig 6) clearly shows that since 1999-2000 there is surge in admissions in medical colleges. It will not be unrealistic to assume that this increase in admission has also led to an increase in the number of doctors being produced. Given that private medical institutions are heavily biased in favor of the relatively better-off sections of society, it also creates an elitist bias over the content of courses offered. Courses with a greater market demand are usually taught in these institutions whereas aspects of public health and community medicine get neglected. Unfortunately, there have been initiatives from both the Central government and the States to promote such education.

Most of the medical institutions including the public institutions are skewed in metropolitan cities. The Standing Committee on Health and Family Welfare has raised some serious concerns on the existing skewed distribution of medical colleges in the country. The Committee has strongly recommended a more pro-active role of government in the setting up of medical colleges in uncovered areas. The Committee accordingly recommends that the Department finalize with fair amount of promptitude its policy on offering incentives for removal of regional imbalance in the development of medical colleges in the country. There is a shortage of teaching staff in medical colleges. Consequently, the standards of medical colleges are going down. To meet the shortage of staff, the Committee strongly feels that the present age limit of 65 years may be relaxed.

Figure 6.



Source: National Health Profile, CBHI, GoI.

The seriousness of staff shortage can also be linked to the apathy from the medical fraternity to spread public-funded medical education and their resistance to create an army of semi-skilled professionals. The medical association has resisted all moves to recognize the Registered Medical Practitioners. The initiatives to create nurse practitioners have been dumped. Similarly, training institutes for nurses and paramedical staff have either been closed down or become defunct. Until and unless a holistic approach is adopted to tackle the human resource shortage in rural areas the problems cannot be solved.

The entire approach of the government towards public health has been very vertical and restrictive, which has resulted in the present sorry state of affairs. While there has been some short term measures like contractual appointment to fulfill the gap in human resources, almost no measures have been created, keeping the long terms visions of comprehensive primary health care. Huge investment is required to appoint all required human power, initiatives are required to be taken both at the level of the States and the Centre. The ban on permanent recruitment of staff through NRHM should be removed, States should be provided financial support from the Centre to fulfill vacancies in important social services like health and education; proper incentive should be provided to medical professionals working in rural areas, government should invest in setting up medical colleges and training institutes for nurses and other paramedical staff in remote areas also; some measures can be thought of to make public services compulsory for medical professionals; the skills of paramedical and nursing staffs should be gradually upgraded.

Ensure Access to Essential Medicines

In India, about 80 percent of the population does not have access to essential medicines and the purchase of drugs constitutes a major portion of out of pocket expenditure. It is important in this context, that access of essential medicines be given massive priority. However, the National

Drug Policy drafted in 2002 came as a major setback for the people as it proposed to dismantle all control over prices of essential drugs, and 100 percent FDI in drug manufacturing. The draft was opposed by various sections of the society; later on the UPA government proposed a re-drafted National Pharmaceutical Policy in 2006, which proposed control over all 354 essential drugs and 74 life saving drugs. Though there were some problems with the new draft, it was undoubtedly a progressive initiative. But the industry, especially the MNCs, came up with spiteful criticism against this Policy and ultimately the UPA had to succumb to the pressure and subsequently shelved the Bill. This clearly shows that, the UPA government is more interested in keeping the interest of the domestic industry and the MNCs and least interested in establishing an effective price control mechanism which benefits the entire nation as a whole.

> The Report of JSA on 'Health Services and the NRHM' observes that despite availability of funds there exist large scale gaps and shortages in availability of essential medicines. The report also notes that under national disease control programs and other programs with external assistance, procurement of drugs are done through consultants, bypassing the usual routes of Medical Stores Organisation (MSO). As a result, certain basic drugs like IFA and chloroquine are not available for long periods in certain States. While the procurement mechanism is basically contracted out, the MSO remained underutilized. As per Audit Reports, out of procurement worth Rs 6,148.85 crore of medicines and materials between 2002 and 2007 the contribution of purchases by MSO is only Rs 171.05 crores amounting to only 3 percent% of total procurement.

Source: JSA(2008): Health Services and the NRHM

II: Issues of Finance

No Significant Improvement in Public Investment on Health

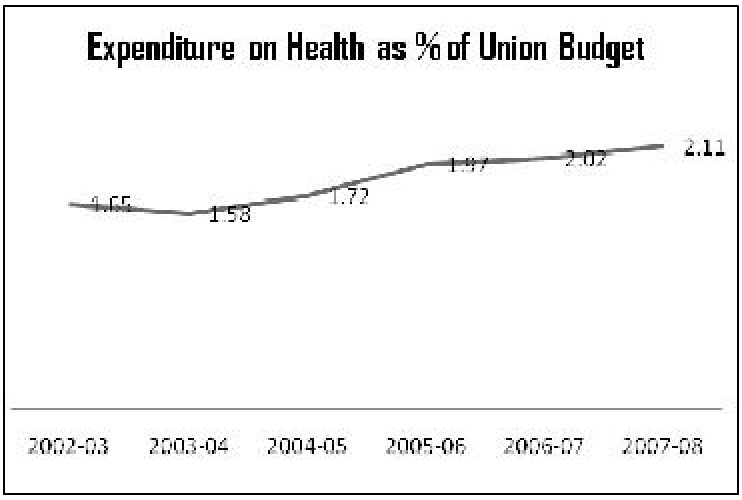
Unfortunately in the five years of the UPA, the commitment to spend 2-3 percent of GDP on health remained as elusive as ever. Though in absolute terms there is some increase in expenditure of the Central Government, when adjusted with growth rate of GDP and inflation the increase is meager. The Total Expenditure of the Union Government on Health and Family Welfare went up from Rs. 9,649.24 crore in 2005-06 to Rs. 11,757.74 crore in 2006-07 RE, which has further been increased to Rs. 15,854.88 crore in 2007-08 BE. However, the allocation is still around 1 percent of GDP at the national level.

Expenditure on Health

- India's public spending on health is only 0.9 percent of GDP, merely one-third of the less developed countries' average (WHO Report, 2003)
- 84 per cent of healthcare expenditure is out-of-pocket expense
- 40 percent of hospitalized people are forced to borrow money or sell assets to cover health expenses (NSS 42nd and 52nd).
- Only 20 percent percent of population has access to essential drugs (Jan Swasthya Abhiyan, 2004)

The Union government has recently accorded marginally higher priority towards Health and Family Welfare in the Union Budget. In 2003-04 only 1.58 percent of the Union Budget was spent on health. The share of health gradually increased to 2.11 percent in 2007-08 (Fig 7). Nevertheless, the share is much less than what is expected from the Union Government, or what it does to other sectors like Defense.

Figure 7.

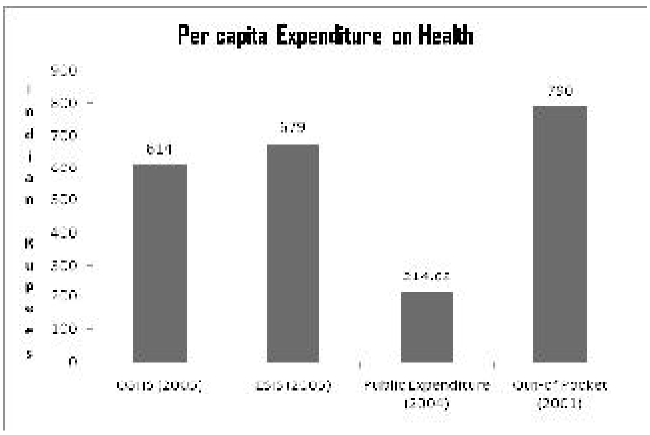


Source: Expenditure Budget, Vol I for various years, www.indiabudget.nic.in

Using CGHS and ESIS Levels of Public Spending as Benchmarks

India has one of the most privatized health care systems in the world, which essentially means that people spend from their own pocket to tide over health calamities. The National Commission on Macroeconomics and Health, in its report, calculated that the out of pocket expenditure on health was approximately Rs.790 in the year 2001. This constitutes about 85 percent of total expenditure on health. Several reports of NSS have also highlighted the fact that out-of-pocket expenditure causes indebtedness to a great extent; the proximity of costs involved in treatment keep most of people, mostly women and the poor, out of the health care system. There is an urgent need to revert this retrogressive system. Stepping up public investment to a great extent can be the only solution to this issue. Per capita public expenditure on health was around Rs 214.62 in 2004 (National Health Profile, 2007). But government spends substantially higher for its own employees. For instance, on Central Government Health Scheme (CGHS), Union government spends around Rs 614 per beneficiaries. Similarly, for the Employees State Insurance Scheme (ESIS) government spending per beneficiary is around Rs 679.These schemes, though have certain loopholes in implementation, do cover most of the health expenditure of the employees of Central and State governments. Given that public spending reduces overall spending, we can safely say that if the Union and State governments together spend around the same level of CGHS or ESIS, the burden on out-of-pocket expenditure can be significantly reduced.

Figure 8:



Source: Compiled from www.mohfw.nic.in, www.esic.nic.in and National Health Profile, 2007, CBHI.

Significant Under-utilisation of Funds

Under-utilisation of funds remains a major concern for Ministry of Health & Family Welfare (MoH&FW). There has been a significant increase in under-utilisation of funds in the last few years. For 2006-07, the BE allocation of Rs. 11,305.00 crores had to be brought down to Rs. 10,000.00 crores at the RE stage. By the end of financial year 2006-07, Department was able to utilise Rs.9, 295.55 crores against RE allocation of Rs. 10,000 crores. During 2005-06 also, allocated funds remained under-utilised. Against a total plan allocation of Rs. 9,332.00 crores, final expenditure figures were Rs. 7,926.55 crores.

Under-utilisation is relatively more for health than NRHM and FW. Data available for February 2008 shows that more than 46 percent of funds remain un-utilized under health activities. Under-utilisation under NRHM/FW has also increased significantly in the last few years (Fig 9).

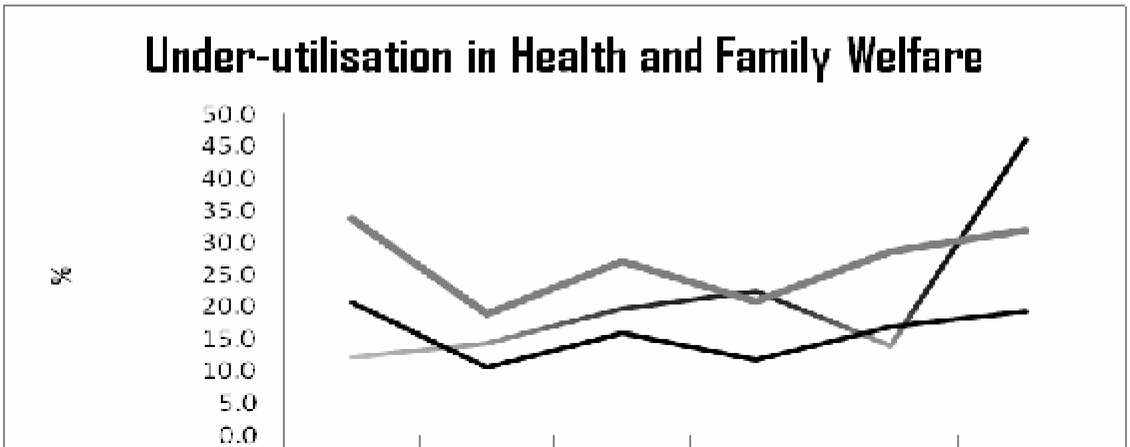
Preliminary Findings of the study on *District Fund Flow and Utilisation* by CBGA, in UP and Chhattisgarh.

The major reasons for underutilization of funds under NRHM are the following:

- A huge amount of funds have been spent during the last quarter of a year.
- Huge vacancies in staff at every level, including program implementation and management cause significant under-utilisation.
- Certain demand-driven heads like the Janani Suraksha Yojna (JSY) or family welfare programs receive more than allotted, whereas there is under utilisation in components like strengthening of sub-centers, untied grants etc.
- There are huge delays in submission of the audit reports, FMRS, Utilisation Certificates which increase delays in funds allotment and hence utilisation.
- Multiple channels involved in fund transfer cause delays.
- Lack of proper of training of staffs hamper utilisation of funds.

Source: CBGA (2008, forthcoming): Outlays to outcomes, A District-level Analysis of Public Spending on Children

Figure 9:



	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08*
Health	12.3	14.5	19.7	22.5	14.0	46.1
F.W./NRHM	20.6	10.6	15.9	11.7	16.8	19.2
Total	33.8	18.9	27.2	20.8	28.7	32.0

Source: Outcome Budget, MoHFW, 2008-09, GoI

Diversion of Plan funds to Non-plan Activities

The Standing Committee on Health and Family Welfare has expressed its concern on the diversion of plan funds to non-plan activities in several reports. In 2005-06, plan allocation of Rs. 9,332.00 crores were brought down by almost Rs.1, 000.00 crores (to Rs.8, 500.00 crores) at the RE stage and the actual expenditure reported was only Rs. 8,076.76 crores. While, every year utilisation of non-plan fund is more than the BE allocation, during the financial year 2006-07, Rs. 109.75 crores were likely to be diverted from plan to non-plan. This clearly depicts that plan funds under health schemes funds are being diverted to non-plan expenditures; as a result there remains a dearth of plan fund in Central government institutions and schemes on health[2].

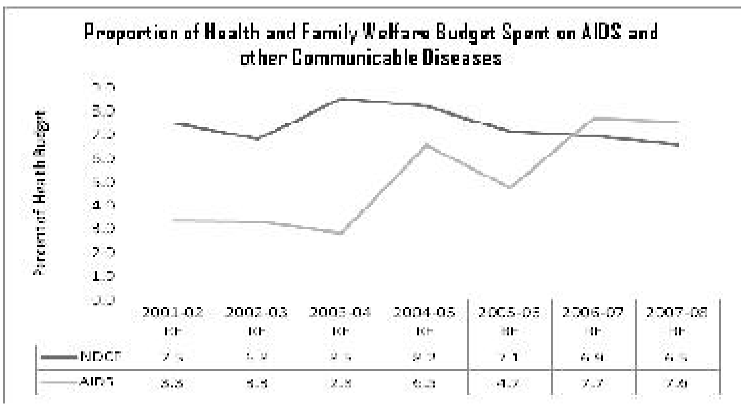
Communicable Diseases Accorded Lesser Priorities in Union Budget

Communicable diseases are still major killers in India. But unfortunately they are accorded very little priority in the Union Budgets. Since 2004-05, there is a continuous decline in share of National Disease Control Programme (NDCP) in the Union Budget. At the same time there is substantial increase in expenditure on HIV&AIDS alone. In 2001-02 RE, only Rs 199.7 crore were spent on HIV&AIDS, amounting to 3.3 percent of health budget. In 2007-08 RE, Rs1,133.39 crores were allotted, which is 7.6 percent of Union Budget (Fig 10). Compared to this the allocation on Disease Control Programmes, was Rs 482.46 crores in 2001-02 RE which increased to Rs 980.48 crores in 2007-08 RE. This does not mean that the amount spent on HIV&AIDS should be brought down, but communicable diseases should also be accorded adequate priority, which as of now does not get reflected in the Union Budget. In a situation where Pulse Polio Immunization Program alone gets Rs1, 100.58 crores, Rs 980.48 crore allotted to NDCP is no doubt a paltry sum.

Communicable Diseases

- Communicable, maternal and peri-natal, nutritional deficiencies contribute to the largest number of deaths in India (30 percent) (MoHFW Annual Report, 2006-07)
- Resurgence of various communicable diseases. Outbreak of Dengue during the year 2005, claimed 215 and 157 deaths of 12,754 and 11,985 cases respectively
- Each day in India, more than 20,000 people get infected with the tuberculosis bacillus (TB), 5,000 people develop TB, and more than a 1,000 die - that is nearly one person per minute. The annual number of TB deaths in India is 4, 21,000. (CBHI)
- More than 3,00,000 children leave school each year on account of parental TB.
- Proportion Union Government's expenditure on health used for TB: 1.9 percent.
- The latest estimate of HIV prevalence is as high as 0.28 percent (NFHS III).
- 0.8 million malaria cases and 0.3 million of cases with 819 deaths were reported till 17th November,2006
- 1,689 confirmed cases of Chikungunya reported from 12 States/UTs till 2006.

Figure 10:

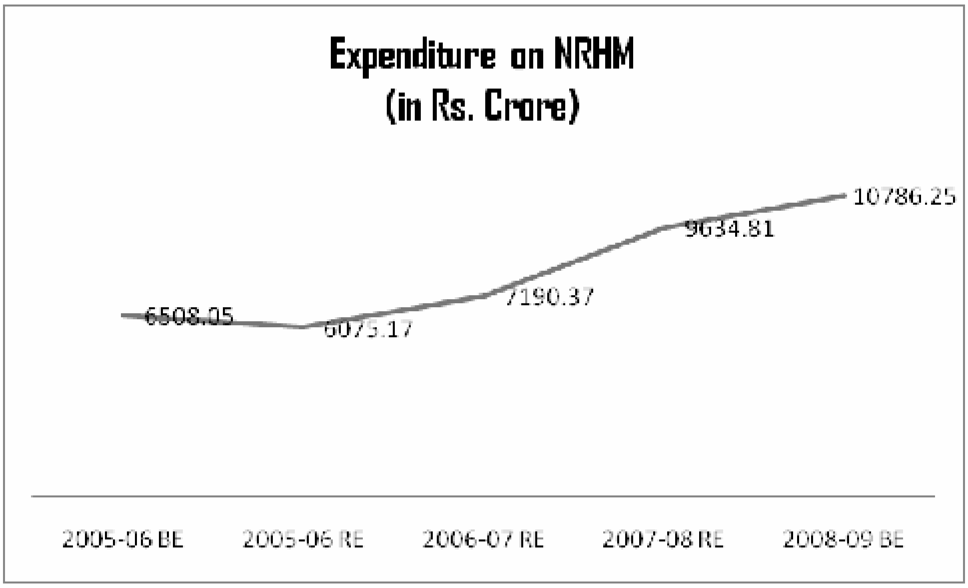


Source: Expenditure Budget Vol II, various years. www.indibudget.nic.in

Slow Growth of Allocation on NRHM

The financing of NRHM so far reveals that it focuses more on selective interventions and the aspect of universalisation is neglected. According to the mission document, the initial allocation for NRHM for the 2005-06 would be Rs.6,700 crores, and in subsequent years 30 percent increase will take place. But for 2005-06, no separate head for NRHM was created and funds for the existing programmes were used. For 2005-06, plan outlay on NRHM was Rs.6,075.17 crores. It received an increased outlay of Rs.7,155.97 crores (RE) as plan funds in 2006-07. This has further been increased to Rs.9,801 crores (BE) in 2007-08 and RS.10,786.25 crores. The non-plan outlays for these years remained almost stagnant at Rs.32.29 crores (2005-06 RE), Rs.34.40 crores (2006-07 RE), Rs.38 crores (2007-08 BE) and Rs 44.25 crores. Even the commitment of increasing allocations by 30 percent every year has been violated, the increase has been 18-20 percent in nominal terms whereas the real increase is much lesser. Further, around 80 percent of the increase in allocations took place in four components: HIV/AIDS program, Reproductive & Child Health (RCH), medical education and AYUSH; whereas strengthening of the PHC infrastructure remained grossly neglected. [3]

Figure 11:

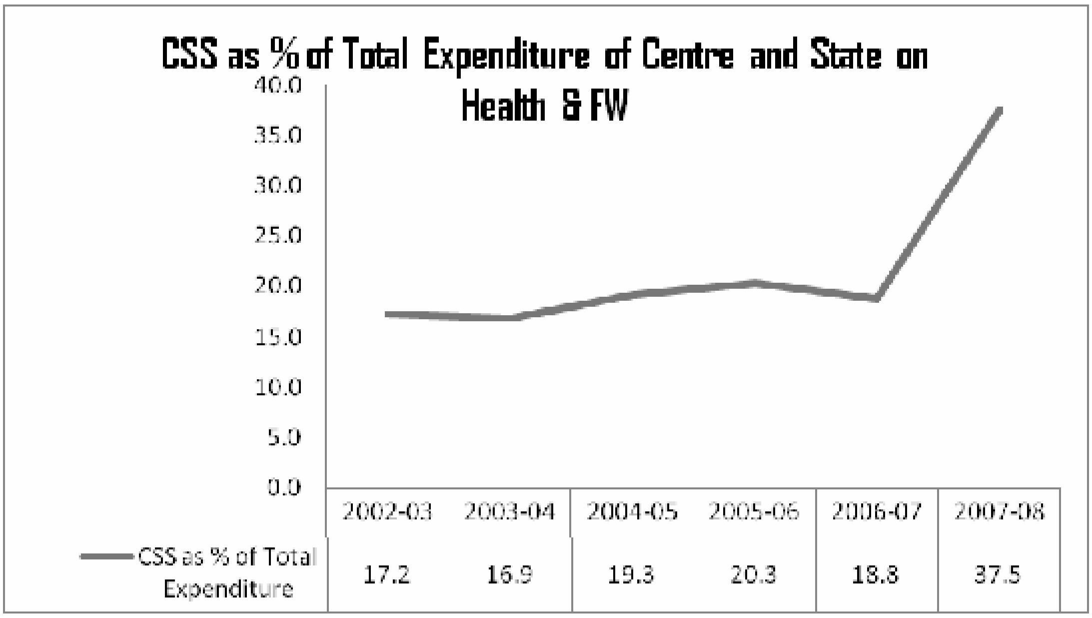


Source: Expenditure Budget Vol II, various years. www.indibudget.nic.in

Increasing Influence of Centrally Sponsored Schemes (CSS) in Public Spending

There is an ever growing influence of centrally sponsored schemes in health in recent years. Schemes like NRHM, the Vertical Disease Control Programs and RCH, which are financed partially or fully by the Centre, and implemented by the States, have gained increasing influence in the finances of health care. In 2002-03, even though only 17 percent of Health Budget of Centre and States were allocated to the CSS; there is a substantial increase since 2006-07. In 2007-08 RE as much as 37.5 percent allocation are through CSS only (Fig 12). This clearly reveals tendency of centralization in health care spending. Further, major CSS by pass State budgets, and are routed through different societies, thus leaving very little choice of States in spending. The increasing influence also reveals in some sense the inability of the States to step up public investment on health. Public Health, being a State subject, it is imperative that the States are devolved more funds by the Centre to spend on their priorities.

Figure 12.

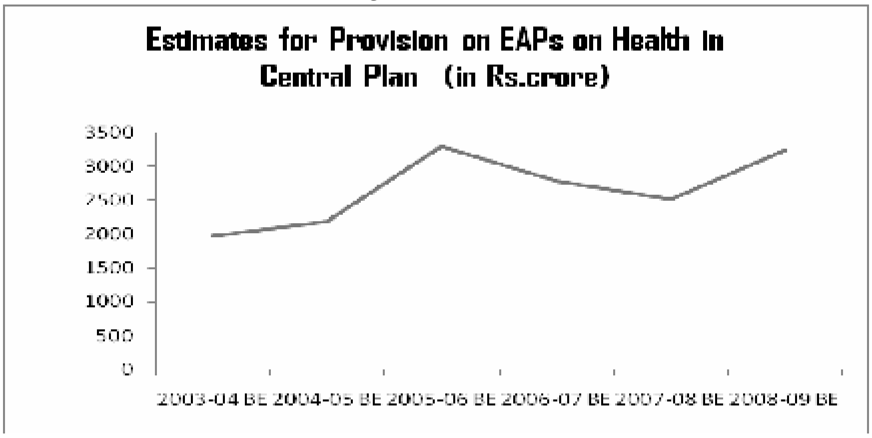


Source: Expenditure Budget Vol I, various years

Growing Influence of External Agencies

The Standing Committee on Health and Family Welfare in its 21st report registered strong objection over the practice of including external assistance in the gross Budget of the Department. In 2007-08 BE the provision for Externally Aided Projects in Central plan was Rs 3,237.71core (Fig 13). This is an increase of Rs 723.43 cores over the previous year. The Committee observed that if the practice of including external aid in domestic budget continues, then the commitment of the government to raise the allocation in the health sector to 2-3 percent of GDP will remain only on paper and not be realized in actual practice. Moreover, the Committee also felt that financing the non-plan expenditure by external aid is not a healthy practice. Further, it should be noted that the total contribution of external aid in health is merely 2 percent (Report of National Commission on Macroeconomics and Health, 2005) and there is no reason to believe that we desperately need such meager amounts. Given that there is an enormous influence of these foreign agencies on our health policies and the little contribution they make to our finances, India should completely do away with these funds and develop health services according to its national requirements. Unfortunately, there is no such effort in this direction and further there is the gradual tendency to fall prey to the whims of these donors.

Figure 13:



Source: Expenditure Budget Vol I, various years

Some Facts on the Health Status of Children in India

- IMR is as high as 58 per 1000 live births (SRS- 2005).
- Neo-natal mortality rate remained static, dropping only four points from 48 to 44 per 1000 live births between 1995 and 2000.
- About 35 percent of the districts registered child sex ratios below the national average of 927 females per 1000 males.
- Three completely avoidable child deaths occur every minute; 18 lakh deaths of under-five children could be avoided every year (Planning Commission Tenth plan Document).
- 60 percent of deaths under five years of age are entirely preventable.
- Every third malnourished child in the world lives in India (MWDCD Report, 2007).
- Every second Indian child is underweight (MWCD Report, 2007).
- Children born with low birth weight are 46 percent (NFHS-III).
- Four out of every five children are anemic (NFHS-III).

III: Recent Policy Developments

The flagship program of the UPA on health is the National Rural Health Mission (NRHM), launched in 2005. Its goal is to improve the availability of and access to quality health care by people, especially those residing in rural areas, the poor, women and children. Though it talks about comprehensive care, in reality NRHM is an umbrella program of existing schemes and programs like RCH, Family Welfare, and National Disease Control Program and apart from Accredited Social Health Activist (ASHA) and Janani Surakha Yojana (JSY), there is hardly any new initiative. The central motive of NRHM, disguised in the rhetoric of 'dramatic improvement in the health system' is family planning- which is regressive and coercive in any form and needs to be exposed and opposed.

There are problems of monitoring of the various schemes and benefits are not reaching adequately to the people. In principle, the NRHM talks about devolving power to the PRIs and also at the district level, but little has been done in this regard. The policy makers, influenced by the logic of limited absorption capacity of the rural sector, do nothing to devolve power to the villages. Fact of the matter is that a lot of innovations can be seen in setting up of rural health care delivery system if the local level governments are empowered to plan and given autonomy to allocate fund in accordance to the needs of the locality.

It is also very important to note that the lack of absorptive capacity of the state is an outcome of the chronic lack of investment on fundamental issues of infrastructure, availability of drugs, skilled manpower etc. Improving absorptive capacity is a long term process and will require sustained efforts towards strengthening management and institutional capacities, filling up of vacant posts, higher salaries, much greater expenditure on drugs and other consumables etc. Knee jerk responses like public-private participation (PPP) may not be the solution and rather it can aggravate the problem. The NRHM should aim towards the provision of universal comprehensive public health system with greater funding from domestic budget instead of a targeted approach based on donor funded priorities.

Another very significant policy announcement that has come up recently is the Swasthya Bima Yojana (Health Insurance Scheme) for BPL families in unorganised sector in all districts of the country. The broad contours of the proposed scheme are as following:

- Contribution by Government of India: 75 percent of the estimated annual premium of Rs.750, subject to a maximum of Rs. 565 per family per annum. The cost of smart card will be borne by the Central Government.
- Contribution by respective State Governments: 25 percent of the annual premium, as well as any additional premium.

- The beneficiary would pay Rs. 30 per annum as registration/renewal fee.
- The administrative and other related cost of administering the scheme would be borne by the respective State Governments
- The State Government while formulating the pilot project will determine the implementing agency on behalf of the State Government.
- Unorganized sector workers belonging to BPL category and their family members (a family unit of five) shall be the beneficiaries under the scheme.

Though the scheme is at a nascent stage and deserves deeper study to comment upon, this can be seen as a welcome step given the sorry state of social security in the unorganised sector in India. At the same time, restricting the scheme to BPL families' only, leaves out a significant section of unorganised workers, who may be marginally above BPL but definitely require social support against health difficulties.

At a time when influence of neo-liberal policies can be seen in every aspect of our life, it is quite unlikely that health as a social sector will remain insulated from the consequences of rampant liberalization. Further, liberalization which aims to weaken government as an institution comes through government initiatives. Health policy making in last decade and a half has revolved around the central theme of privatization of services. Important policy measures adopted in the erstwhile NDA regime, like the National Population Policy 2000, National Health Policy 2002, National Drug Policy 2002 advocated for rampant privatization of every sphere. Lots of hue and cry has been made by the civil society, including NGOs, a miniscule section of academia and few political parties, against liberalization. Unfortunately the UPA has done nothing to revert the liberalization process, it has only made things little more subtle- privatization has been disguised under greater civil society involvement. Whether private sector is really a part of civil society or not is million dollar question which nobody dares to answer.

Concluding Remarks

For last two decades, the main policy direction of the subsequent national governments and their state counter parts was to withdraw governments role in health sector. Development of a comprehensive health care system with the aim to provide universal access has been gradually narrowed down to provision of basic primary level care for a targeted section of population. The notions of overall development of the health system with inter-sectoral linkages with issues of livelihood, employment, working conditions, availability of food, safe drinking water and proper sanitation, upheld in Alma-Ata Declaration, have become things of the past. Donor-driven priorities in policies have created multiple vertical structures, even within the health system. As a result, several parallel machineries have been created, but the basic structure of public health has become weak. In NRHM, the government claims to strengthen health institutions, create a new army of volunteers, and bring about decentralization, in a form which helps to infuse donor- driven priorities into planning and monitoring. It however, restricts any recruitment of critical human resources and neglects the issue of creating proper referral system up to the tertiary level of care. Similarly, issues of finances are also governed in a way as to streamline flow of funds but overlooking the institutional gaps to strengthen capacities to utilize funds in a better way.

Another very disturbing phenomenon is the privatization of health services. This has become so deep-rooted into the psyche of the policy makers and into the system, that sometimes it becomes very difficult to even identify the nature of it. For instance, the audit of CSS like NRHM through empanelled auditors is also in some sense a privatization of audits, but remains disguised within the frame of CSS. The nature of privatization ranges from contracting out hospital management services to private players; allowing deliveries through private nursing homes under JSY; allowing private institutions to provide medical education; empanelling 'super-speciality' nursing homes in CGHS; taking services of government doctors by providing cheap land and special concessions in setting up private hospitals. All this happens without any regulatory mechanism in place. With the introduction of General Agreement in Trade in Services and India's eagerness to adopt it, in the days to come, we are going to see greater and rampant privatization, with the involvement of Foreign Direct Investment. A strong health movement involving every progressive section of the society, with the vision of comprehensive and universal public health system can only bring about radical changes.

Without doubt, there is an entire gamut of issues concerning health in general which will be directly or indirectly dealt with in other sections of the Background Note. The issues of water supply and sanitation, livelihood and food security, employment, education, upliftment of the marginalized sections of the society which have very strong bearing on the health of the society have not been covered in this section. Also, there will numerous issues concerning the health sector, for instance the issue of clinical trials, the entire field of Indian Systems of Medicine have also not been touched. The main aim of this note is to throw light on some of the important policy gaps, if not all, which require immediate attention.

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Endnotes:

[1] High Focus States in NRHM are Bihar, Jharkhand, MP, UP, Chhattisgarh, Rajasthan, Uttaranchal, Jammu and Kashmir, States of North East and Sikkim.

[2] It is to be noted that for the health sector, plan and non-plan division is a little misguiding. Because plan expenditures, which should actually be new investments, in the health sector do not necessarily mean that since a large part of plan budgets, for example the entire RCH and Family Welfare budget, include routine line item expenditures like salaries, transport, office expenses etc. and very little new investment. At the same time, if we consider capital and revenue expenditures divisions, at least at the union government level there remains gross under estimations of capital expenditure. This is because the grant -in - aid to states from the centre is revenue expenditure for the centre but it may be spent by state to create new facilities and it will be shown at state's budget as capital expenditure. Thus, analysis of Union Budget for capital expenditure will lead to underestimations. Further, given the mechanism of spending on NRHM through health societies, which bypass the state budgets and goes directly to State Health Societies, capital expenditure shown in state budgets will also be an under estimation.

[3] Funds under NRHM are provided to the State Health Societies, con ditional to the approval of Program Implementation Plans (PIP) for each state. The RCH Flexible Pool and Mission Flexible Pool for Part A & B of the PIP, through which flexible funds are provided to SHSs to spend on their own priorities, are with in the broad guidelines of the NRHM.

Education *For* All or Education *Far Away* From All?

Pooja Parvati

In our attempt to understand the priority given to education, a critical sector affecting human development in more ways than one, by the Union government, the People's Budget Initiative (PBI) has been reporting the status of relevant budgetary and policy trends in education. This year too, as a run up to the Union Budget 2009-10, this note looks at the various sectors within education, highlights the overall relevant budgetary and policy aspects and presents a critique of how the government has fared on account of the promises made last year. Some suggestions for the education sector focusing on Union Budget 2009-10 have also been made. Union Budget 2009-10 could be critical in terms of treatment of key governance agenda depending on which grouping is in power after the General Elections. Already, we are well into the Eleventh Plan period and the direction taken by the political leadership in this regard is decisive in setting the course for the next few years.

While we are all well aware of the several policy commitments made in the field of education, it would be useful at this juncture to state the Education For All goals. 'Education for All' was the motto adopted by the World Education Forum held in Dakar, Senegal in April 2000 and the six goals flagged by this Forum, to be attained by 2015, briefly summed up, are as follows:

- Expand early childhood care and education
- Provide free and compulsory primary education for all
- Promote learning and life skills for young people and adults
- Increase adult literacy by 50 %
- Achieve gender parity by 2005, gender equality by 2015
- Improve the quality of education

If we choose not to interpret the Dakar Goals in a narrow and conventional manner, these may be used as echoing the philosophy that was envisioned by the Delors Report, submitted to UNESCO in 1995, which found 'learning throughout life' as the key to a better future. This report put forward a four-pronged approach to lifelong learning, which includes: schools, vocational training, universities and adult education, and each one of these ought to be accorded equal importance in any society — *schools* cover pre-school/kindergarten to elementary and secondary levels for all children; *vocational training* broadly includes pre-qualification to in-service training; *universities* may be taken as a shorthand for the entire tertiary sector (from the college level to other forms of higher, including technical, education); finally, *adult education* should take into account the diverse learning needs of the younger adults to the elderly (including the adult literacy programmes). In this context, the present note will examine the inter-sectoral trends in financing in education in the country. Before that, a brief review of the overall budgetary trends in education would be useful.

I. Trends in Government Financing of Education in India

Table 1 profiles the current public spending levels by select countries and it becomes clear that India lags behind not only the developed countries but also developing countries like Kenya, Costa Rica, Republic of Korea and Brazil.

Table 1: Public Expenditure on Education in Select Countries as % of GDP

Country Name	1998	1999	2000	2001	2002	2003	*2004*	2005	2006
Cuba	6.7	7.5	7.2	9.0	8.9	9.2	*9.6*	9.8	9.1
Kenya		5.3	5.2	5.2	6.2	6.6	*6.9*	7.3	6.9
Malaysia		5.7	6.2	7.9	8.1	8.0	*6.2*		
France	5.8	5.8	5.7	5.6	5.6	5.9	*5.8*	5.7	
U.S.A.	5.0	5.1		5.7	5.7	5.9	*5.6*	5.3	
South Africa		6.0	5.6	5.3	5.2	5.1	*5.3*	5.3	5.4
Netherlands	4.7	4.6		4.8	4.9	5.1	*5.2*	5.3	
Costa Rica	4.9	4.9	4.4	4.7	5.1	5.1	*4.9*		4.7
Korea, Rep.	3.7	3.8		4.3	4.2	4.6	*4.6*		
Brazil	4.9	3.9	4.0	3.9	3.8		*4.0*		
Argentina	4.0	4.5	4.6	4.8	4.0	3.5	*3.8*		
India	**3.6**	**4.5**	**4.4**			**3.7**	***3.8***	**3.2**	
Japan	3.5	3.6	3.7	3.6	3.6	3.7	*3.7*	3.5	
Philippines	4.2		3.5	3.2	3.2	3.2	*2.7*	2.5	
Bangladesh		2.4	2.4	2.5	2.3	2.4	*2.2*	2.7	
Nepal		2.9	3.0	3.7	3.4	3.4			

Source: World Bank Education Statistics, various years

As in other areas of economic and social development, the progress on the educational front is also characterised by tremendous heterogeneity at the sub-national levels, i.e., there are significant inter-state as well as intra-state differences. As per the Constitution of India, public provisioning of education has primarily been a responsibility of State governments, although the Central government does play an important role as education is on the 'concurrent list'. A look at the education expenditure in India presents dismal trends (Table 2) with an overall decline in public spending.

Table 2: Public Expenditure on Education as a proportion of GDP in India

Items	**1981-82**	**1985-86**	**1990-91**	**1995-96**	**1999-2000**	**2001-02**	**2003-04**	**2004-05 (RE)**	**2005-06 (BE)**
Total Education	2.49	3.00	3.59	3.60	4.22	4.18	2.64	2.74	2.69
Elementary	1.09	1.39	1.58	1.44	1.58	1.66	1.31	1.40	1.42
Secondary	0.81	0.92	1.10	0.98	0.94	0.98	0.84	0.82	0.77
Higher	0.38	0.42	0.36	0.37	0.47	0.43	0.32	0.31	0.29
Adult	-	-	-	-	-	-	0.0118	0.0118	0.0114

Source: MHRD – Analysis of Budgeted Expenditure on Education, various years.

Expenditure on education in India is undertaken both by the Central government and the State governments. At both these levels, the major share of such spending is undertaken by the respective Education Departments. However, at both these levels, other Departments too incur expenditures on education in sizable amounts. This aspect has been captured by the data presented in Table 3. As is evident, 'Other Departments' at the Centre undertake significant amount of spending on education, whereas, in case of the States, the spending on education by Other Departments is at lower levels. Table 4 outlines the government spending per student at the elementary, secondary and higher stages over a ten-year period (1993-2003) and it finds that spending (in real prices) has shown a decline at the higher education level while the increase at the secondary level is miniscule.

Table 3: Centre and all States: Budget Expenditure on Education by Education Department and Other Departments

		Education Department (in Rs. Crore)	Other Departments (in Rs. Crore)	Total (in Rs. Crore)	Total Expenditure on Education as % to Total Budget of all Sectors
1995-96	Centre	3317.53	2233.49	5551.02	3.05
	States	28789.66	4428.01	33217.67	19.15
	Centre + States	32107.19	6661.5	38768.69	10.9
1996-97	Centre	3672.61	2642.22	6314.83	3.1
	States	33018.69	4882.62	37901.31	18.52
	Centre + States	36691.3	7524.84	44216.14	-
1997-98	Centre	4623.15	2498.86	7122.01	2.99
	States	36888.96	4943.96	41832.92	18.8
	Centre + States	41512.11	7442.82	48954.93	10.63
1998-99	Centre	6324.3	3352.22	9676.52	3.46
	States	45341.55	7001.43	52342.98	19.45
	Centre + States	51665.85	10353.65	62019.5	11.31
2000-01	Centre	7925.36	2270.7	10196.06	3.13
	States	54965.41	17717.69	72683.1	20.73
	Centre + States	62890.77	19988.39	82879.16	12.25
2001-02	Centre	8053.2	6082.54	14135.74	3.9
	States	57434.77	8935.46	66370.23	17.41
	Centre + States	65487.97	15018	80505.97	10.83
2002-03	Centre	9089.23	7067.38	16156.61	3.9
	States	59854.37	9878.41	69732.78	16.42
	Centre + States	68943.6	16945.79	85889.39	10.24
2003-04	Centre	10177.47	6923.5	17100.97	3.63
	States	63519.84	9110.82	72630.66	16.9
	Centre + States	73697.31	16034.32	89731.63	11.76
2004-05	Centre	13111.23	4914.73	18025.96	3.62
	States	68850.29	10498.52	79348.81	17.1
	Centre + States	81961.52	15413.25	97374.77	11.81
2005-06 RE	Centre	18336.34	5981.66	24318.0	4.78
	States	80504.19	13046.62	93550.81	16.67
	Centre + States	98840.53	19028.28	117868.81	12.09
2006-07 BE	Centre	24115.0	7058.36	31173.36	5.53
	States	89298.75	13802.28	103101.03	16.6
	Centre + States	113413.75	20860.64	134274.39	12.48

Source: Compiled from “Analysis of Budgeted Expenditure on Education”, Ministry of HRD, Govt. of India - various issues; Indian Public Finance Statistics, 2006-07, Ministry of Finance, June 2007

Table 4: Total Expenditure on Education as % to Total Budget of all Sectors – Centre, all States, and Total

Year	Centre	All States and UTs	Centre and all States/UTs
1995-96	3.05	19.15	10.9
1997-98	2.99	18.8	10.63
2000-01	3.13	20.73	12.25
2002-03	3.90	16.42	10.24
2003-04	3.63	16.89	11.76
2004-05	3.62	17.1	11.81
2005-06 RE	4.78	16.67	12.09
2006-07 BE	5.53	16.6	12.48

Source: Compiled from "Analysis of Budgeted Expenditure on Education", Ministry of Human Resource Development, GoI, various years

Note: The figures for all years, except 2005-06 and 2006-07, are Actuals.

Table 5: Public Expenditure Per Student – in Current Prices and Constant (1993-94) Prices

(In Rs.)

Year	ELEMENTARY		SECONDARY		HIGHER	
	Current Prices	Constant (1993-94) Prices	Current Prices	Constant (1993-94) Prices	Current Prices	Constant (1993-94) Prices
1993-94	825	825	3748	3748	8961	8961
1994-95	893	793	4040	3588	9821	8722
1995-96	1052	865	4517	3715	9384	7717
1996-97	1220	959	4890	3844	8438	6634
1997-98	1361	1025	5221	3932	9003	6779
1998-99	1654	1175	6285	4467	10238	7276
1999-00	1792	1233	7392	5087	13219	9097
2000-01	1900	1220	7153	4594	13956	8963
2001-02	2047	1269	6699	4153	12099	7501
2002-03	1977	1185	6641	3982	12294	7370
2003-04®	2162	1229	6852	3896	12518	7117

Source: Report of the Working Group on Higher Education, 11th Five Year Plan

While many of the social sector activities, like provisioning of education and healthcare facilities, etc, in India, are primarily the responsibility of the State governments, the Central government has an important role to play. However, given the overall fiscal architecture in the country, the States are largely dependent on the flow of funds from the Centre for taking new initiatives in these areas as well as for implementing the ongoing programmes. In such a scenario, the decline in devolution of funds from the Centre to the states means that social sector expenditure by the States may get undermined and the overall public expenditure may get constrained (Table 4). As is well-known, during the period of economic reforms since the early 1990s, Indian economy has been subjected to contractionary macroeconomic policies, and as usually happens in a context of 'structural adjustment' scenario, public investment in general and social sector expenditure in particular got hit adversely. Furthermore, with the Fiscal Responsibility and Budget Management (FRBM) Act in place, there is little scope for the much needed reversal of the contractionary policies.

Table 6 estimates the total outlays on education by the Central government for last four years. While there has been substantial increase in allocation at the elementary level, at the higher stage, the increase is only marginal. Another significant aspect is the almost absent capital outlays by the Ministry. Table 7 presents the total outlays on Education, Sports, Art & Culture by the Central Government. Looking at the total spending on Education, Sports, Arts and Culture from the Budgets of all States and UTs, (Table 8) between 1990-91 to 2007-08 BE, the trend reveals that revenue expenditure has gone down and capital outlay has increased but only marginally.

Table 6: Total Outlays on Education by the Central Government Ministry of Human Resource Development *(in Rupees crore)*

Ministry/Dept	Actuals 2005-06			Actuals 2006-07			Revised 2007-08			Budget 2008-09		
School Education & Literacy	Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total
Total	**11979.5**	**4.5**	**11984.1**	**16892.9**	**4.5**	**16897.5**	**22191.0**	**1000.3**	**23191.3**	**26800.0**	**1050.0**	**27850.0**
Revenue	11979.5	4.5	11984.1	16892.9	4.5	16892.9	22191.0	1000.3	23191.3	26800.0	1050.0	27850.0
Capital	-	-	-	-	-	-	-	-	-	-	-	-
Higher Education												
Total	**2558.6**	**3266.7**	**5825.4**	**3423.7**	**3488.3**	**6912.0**	**3261.3**	**3136.0**	**6397.3**	**7593.5**	**3259.3**	**10852.8**
Revenue	2558.6	3266.7	5825.4	3423.7	3488.3	6912.0	3261.3	3136.0	6397.3	7593.5	3259.3	10852.8
Capital	-	-	-	-	-	-	-	-	0.01	-	-	-

Source: Expenditure Budget, Volume I, Union Budget Documents 2007-08 & 2008-09, Government of India

Table 7: Total Outlays on Education, Sports, Art & Culture by the Central Government

(in Rupees crore)

	Major Head	Actuals 2005-06	Actuals 2006-07	Revised 2007-08	Budget 2008-09
Revenue Expenditure					
General Education	*2202*	13882.82	19891.41	21844.88	27908.96
Technical Education	*2203*	1508.49	1729.05	1989.34	4160.24
Sports and Youth Services	*2204*	396.57	448.08	625.66	764.69
Art and Culture	*2205*	632.67	685.70	834.83	902.59
Capital Outlay					
Education, Sports, Art and Culture	*4202*	28.48	17.40	37.65	53.85
Loans & Advances					
Education, Sports, Art and Culture	*6202*	-	-	95.21	132.74

Source: Annual Financial Statements, Statements 2 & 4, Union Budget 2007-08 & 2008-09, Government of India

Table 8: Total Outlays on Education, Sports, Art & Culture from the Budgets of all States & UTs (1990-91 to 2007-08 BE)

Item	1990-91	1995-96	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07 (RE)	2007-08 (BE)
Share of Education, Sports, Art & Culture as proportion of Revenue Expenditure	44.20	44.25	46.77	45.51	45.51	43.73	42.14	39.00	39.00	37.9
Share of Education, Sports, Art and Culture as proportion of Capital Outlay	0.81	0.69	0.35	0.47	0.42	0.51	0.65	0.90	1.10	1.1
Share of Education, Sports, Art and Culture as proportion of Loans & Advances by State	0	0.0321	0.0002	0.0023	0.0248	0.0327	0.0760	0.9000	-	0
Total Expenditure on Education as a share of Total Social Sector Spending	45.01	44.97	47.11	45.97	45.95	44.27	42.87	40.80	40.10	39.00

Source: Budget Documents of State Governments, State Finances: A Study of Budgets

http://www.rbi.org.in/scripts/PublicationsView.aspx?id=10015

II. Prioritisation of Education Budget across Different Sectors

Pre-school Education

With respect to pre-school care and education, it is commonly perceived that the family is best placed to look after the children. While parents can take the best care of the children, it does not obviate the need for social intervention, owing to factors that affect parents and in turn, come in the way of adequate care of the child, such as poverty and powerlessness (a phenomenon that can be checked with (as pointed out by the Report titled *Focus on Children Under Six*, 2006) long-term social interventions such as land reforms, employment programmes and income redistribution), easy access to public facilities, limited knowledge of childcare and nutrition and social norms. For all these, and several other reasons, child care must be viewed as a social responsibility, in terms of enabling parents to take better care of their children with regard to the provisioning for health, nutrition, pre-school education, related services and the larger societal context conducive to overall nurturing of children. As an African proverb, translated in English, puts it succinctly: 'It takes a village to raise a child'.

The 2001 Census estimates this demographic group to be 16 % of the total population. Recognizing the importance of giving special attention to three sub-groups within 0-6 years, the Government in the 10th Five Year Plan document had mentioned its intent to focus spending on the three sub-groups therein, viz. infants, toddlers, and pre-schoolers. It is, of course, a shocking commentary of the government's focus that in the 11th Plan document, pre-school education finds no mention when overall trends in education are examined. With the Right to Education Bill also having 'left out' children below the age of 6 years from the purview of such a legislation, this can only be seen as a callous neglect of this critical sector. Further, it is also well established that enrolment rates are determined by the emphasis given to pre-school component of education. It also becomes clear that adequate allocations have been missing as revealed by budgetary commitments. ICDS being the only major programme catering specifically to this age, (of the basic services offered under ICDS, pre-school education is one of the three, the other two being nutrition and health-related), it has been allocated Rs.5665 crore in 2008-09 (BE) which works out to much less than a rupee per child per day. Another area severely hit by inadequate provisioning is the Supplementary Nutrition Programme (SNP) under ICDS with wide inter-state differences: for instance, the government of Bihar was spending about Rs.0.15 per child per day while the corresponding figure for Tamil Nadu was Rs.1.20 for children below six years (as reported by the FOCUS field survey on ICDS in 2004 in select states).

As regards public provisioning for pre-school education under ICDS, the FOCUS survey shows that demand for it is proportionate to awareness and education levels of parents. Further, it also notes that development needs of children are not properly understood by communities, thus, making it difficult to appreciate the importance of pre-school education. Social barriers (of caste, gender and physical disabilities) and special needs (of children of migrant families and women employed in the informal sector) also compound the problem of assessing progress made by schemes such as ICDS as discrimination and inequity continue to be critical issues in many parts of the country. Several field reports have expressed deep concern about the functioning of pre-school education in many anganwadis. Physical constraints of space and other basic facilities, combined with lack of trained anganwadi workers, lead to low quality results.

Elementary Education

Focusing at the elementary stage, it is interesting to note that in spite of attaining universal primary education long ago, developed countries, almost without exception, continue to put substantial resources, to sustain quality education at this level. In an attempt to make a quick comparison, in terms of US dollars, adjusting for purchasing power parity (2000 estimates), while countries like U.S.A spent as much as 679.54 dollars per capita, Netherlands and Japan were comparable and in the range of 360-380 dollars. While South Africa spent 311.6 dollars, the comparable estimate for India was a mere 43 dollars. Low estimates of public spending by China at about 26.5 dollars could be explained by the difference in methodology adopted.

Most accounts seem to suggest that in several developing countries, including India, considerations of quality of education at all levels, including at the elementary stage, which has been at the centrestage in the recent official discourses, continue to create a huge sense of discomfort. Meeting basic learning needs of children is obviously the foundation of all educational endeavors, but merely expanding the number of schools and getting children into them would translate to nothing if the standard/quality of education were not satisfactory. Tables 9(a) & 9(b) give a snapshot of the elementary sector in the country. While several factors are likely to influence quality of education, key aspects include provisioning of resources, curriculum, learning material, pedagogic processes, etc.

Table 9(a): Progress in Elementary Education Since 1999

Indicators	1999-2000	2004-05
Primary Schools	642000	767520
Upper Primary Schools	198000	274731
Teachers in Primary	1919000	2310800
Teacher in Upper Primary	1298000	1439146
Enrolment in Primary	11.36 crore	13.16 crore
Enrolment in Upper Primary	4.2 crore	5.16 crore
Public Expenditure on Education (% of GDP)	3.77%	3.74% (2003-04)

Source: Selected Education Statistics, MHRD

Table 9(b): Growth of Educational Institutions since 1999

Year	Primary	Upper Primary	Pry vs U. Pry School
1999-2000	641695	198004	3.2
2000-2001	638738	206269	3.1
2001-2002	664041	219626	3.0
2002-2003	651382	245274	2.7
2003-2004	710471	262649	2.7
2004-2005	767520	274731	2.8
Annual Rate of Growth since 1997-98	2.7%	6.9%	

Source: Selected Education Statistics, MHRD

Further, a variety of undesirable features are gaining ground, and among these, growing informalisation of elementary education service delivery should be considered a major cause of concern. In an effort to cut down costs, concerns of quality have been given a short shrift with even the formal institutions getting informalised in a variety of ways; one of the most obvious manifestations of this growing malaise is the adoption of the para teacher schemes almost all over the country[1]. Such schemes rely for education delivery on contract teachers whose recruitment procedures, remuneration, service conditions, etc, are entirely different from regular teachers.

Educational outcomes depend on the number of teachers and their qualifications, prevailing pedagogy, availability of teaching and learning materials (TLM) in schools such as textbooks and blackboards, and the use made by teachers of these facilities in actual classroom activities, among other factors. Available evidence suggests that on several of these counts, ground reality in India is deeply unsatisfactory. For instance, as already noted in the foregoing, there are states in India where pupil-teacher ratio is almost abysmal. Additionally, given the large presence of single and two-teacher schools, there is multi-grade teaching, a fact that detracts from the quality of teaching even further. These different elements influencing educational outcomes can be thought of as comprising basic components of ‘quality’ of education.

Given the inadequate support to the government schools, it is hardly surprising that the number of private-run schools have been gradually on the rise (Table 10). As is well known, out of pocket expenditure on education has been rising at a very significant pace in the recent times, as per the last few rounds of the NSS data. This is interpreted as a ‘voluntary’ move out of government schools which, in turn, may become an alibi for further inadequate policy attention to such schools. As per the Working Class Income & Expenditure Survey 1999-2000, expenditure on education of children has increased the most for working class families. This is clear when we observe that an average working class family was spending around Rs. 25 per month on education of their children in 1981-82 which rose by around 1150 % or by almost 12.5 times to Rs. 306 per month in 1999-2000. Tables 11 to 15 highlight the level of inequity, exclusion focusing on indicators such as gender, drop out rates, pupil teacher ratio, and other aspects of physical infrastructure.

Table 10: Growth of Private Schools Providing Elementary Education

Year	Government	Private	Total	Private Schools as % total
1903	107196	38678	145874	26.5
1973	495758	53392	549150	9.7
1979	534260	45780	580040	7.9
1986	705560	113404	818964	13.8
2002	755792	140594	896386	15.7
2003	794265	125842	920107	13.7
2005	880545	157268	1037813	15.2
2006	929345	189521	1124033	16.8
2007	967263	225691	1196663	18.8

Note: Government includes both government and local bodies

Private includes private aided, private unaided and private unaided unrecognized. It is possible that the number of private schools reported here is an underestimate what with almost every town in the country having set up many 'education shops' in the name of schools!

Source: 1903 figure taken from "Statistical Abstract Relating to British India 1903-1912, Digital South Asia Library; 1973 figure taken from Third All India Education Survey; 1979 figure taken from Fourth All India Education Survey; 1986 figure taken from Fifth All India Education Survey; 2002 figure taken from Seventh All India Education Survey; 2003, 2005, 2006 and 2007 figures taken from Elementary Education in India: An Analytical Report.

Table 11: Enrolment of Girls per Hundred Boys at Different Levels of Education

Year	Primary (I-V)	Upper Primary (VI-VIII)	Secondary (IX-X)
1950-51	39	18	16
1960-61	48	32	23
1970-71	60	41	35
1980-81	63	49	44
1990-91	71	58	50
2000-01	78	69	63
2001-02	79	72	65
2002-03	88	78	70
2003-04	88	79	70
2004-05	88	80	71

Source: Selected Educational Statistics 2004-05

Table 12: Drop-out Rates at Primary and Upper Primary Levels (1999-2005)

Stage	1999-2000	2000-01	2001-02	2002-03	2003-04	2004-05
Class I-V						
Boys	38.7	39.7	38.4	35.9	33.7	31.37
Girls	42.3	41.9	39.9	33.7	28.6	24.82
Total	**40.3**	**40.7**	**39.0**	**34.9**	**31.5**	**28.49**

Stage	1999-2000	2000-01	2001-02	2002-03	2003-04	2004-05
Class I-VIII						
Boys	52.0	50.3	52.9	52.3	51.8	50.10
Girls	58.0	57.7	56.9	53.4	52.9	50.76
Total	**54.5**	**53.7**	**54.6**	**52.8**	**52.3**	**50.39**

Source: Selected Education Statistics, MHRD

Table 13: Drop-out Rates among Social Groups - SCs & STs (2001-04)

Class I – V				Class I – VIII		
SCs/STs	**2001-02**	**2002-03**	**2003-04**	**2001-02**	**2002-03**	**2003-04**
Boys	43.73	41.13	36.83	58.61	58.24	57.33
Girls	47.05	41.91	36.19	63.63	62.19	62.19
Total (SCs)	**45.18**	**41.47**	**36.5**	**71.14**	**59.91**	**59.42**
Boys	51.04	50.82	49.13	67.28	66.86	69.04
Girls	54.07	52.1	48.67	72.69	71.17	71.43
Total (STs)	**52.34**	**51.37**	**48.93**	**69.52**	**68.67**	**70.05**

Source: DISE, Selected Education Statistics

Table 14: Some Indicators of 'Worse Off' Districts in India in terms of Elementary Education

Indicators	**Number of States**	**Number of districts**
Student: Classroom Ratio (Primary) More than 60:1 (Appropriate: Less than 40:1)	3	116
Pupil: Teacher Ratio (Primary) More than 60:1 (Appropriate: Less than 40:1)	3	119
Primary to U.P. School Ratio more than 4:1 (At least 2:1 or lower)	1	96
Gender Gap (U. Primary) more than 15 %age points	3	160
%age out of school children (6-14) more than 15%	2	50
Dropout rates (Primary Stage) more than 15%	8	194

DISE 2004-05

Table 15: Key Indicators highlighting Access and Inclusion in Elementary Education in India (2004-07)

Key Indicators	**2006-07**
% Schools without Pucca Building	29.37
Average No. of Classrooms	4.1
% Schools without Drinking Water Facility	15.11
% Schools with Common Toilets	58.13
% Schools without Girl's Toilets	57.42
% Schools without Boundary Wall	50.74
% Schools without Computers	86.57
% Schools without Ramp	73.39
% Schools without Kitchen Sheds	70.64
Average Student-Classroom Ratio (SCR)	36
% Schools with SCR > 60	16.45
% Single-teacher Schools	11.76
% Schools with PTR > 60	15.94
% Schools with PTR > 100	4.94

Source: DISE 2006-07: Flash Statistics

Table 16 outlines the Central government spending on the two flagship schemes focusing on elementary education since 2003-04. In case of **Sarva Shiksha Abhiyan (SSA)**, the union budget outlay had been gradually stepped up from Rs. 4754 crore in 2004-05 (RE) to Rs. 12020 crore in 2007-08 (RE), but it has been reduced to Rs. 11940 crore in 2008-09 (BE). This is because of the change in SSA's pattern of fund sharing between Centre and States for the 11th Plan period, which now requires the financial burden (for SSA) on the States to increase progressively up to 2011-12, when the pattern of fund sharing between Centre and States would reach 50:50. While the Central government has been reiterating its concern for universalizing elementary education in the country and many of the states are unable to step up their education budgets significantly under the restrictions imposed by their Fiscal Responsibility Legislations, such a step from the Central government is highly questionable. Moreover, SSA is one of the few schemes in which the ability of the States to utilize available amounts of funds has improved significantly during the last five years. Hence, the Centre should have provided significantly greater magnitude of funds for SSA during the 11th Plan period rather than shifting a greater part of the financial burden on to the States.

In case of **Mid Day Meal (MDM)** scheme, the outlay has been increased progressively from Rs. 1508 crore in 2004-05 (RE) to Rs. 7200 crore in 2008-09 (BE). However, the coverage of this scheme has been extended in 2008-09 and it would now cover upper primary schools (along with primary schools) in all blocks across the country. Hence, the increase in outlay in 2008-09 as compared to 2007-08 (RE), which is around Rs. 1200 crore, might not be adequate. More importantly, field level investigations on implementation of MDM scheme (based on preliminary findings of a study by CBGA, New Delhi, titled "District Level Analysis of Public Spending on Children" in 2007-08) reveal that there is clearly a need for more funds for some of the components of this scheme, such as, conversion cost, kitchen devices, remuneration for cooks, transportation costs and management, monitoring and evaluation (MME) of the scheme. Hence, the magnitude of funds currently provided for MDM is inadequate and the Central government needs to increase the same adequately.

Table 16: Union Budget Outlays for Flagship Schemes in Elementary Education

(in Rs. Crore)

Flagship Programme/ Scheme	**2003-04**	**2004-05**	**2005-06**	**2006-07**	**2007-08**	**2008-09**
	RE	**RE**	**RE**	**RE**	**RE**	**BE**
Sarva Shiksha Abhiyan (SSA) [excluding lumpsum provision for North Eastern Region & Sikkim]	2732	4754	7166	10146	12020	11940
Mid Day Meal Scheme [excluding lumpsum provision for North Eastern Region & Sikkim]	1375	1508	3011	4813	6004	7200

Source: Compiled from *Expenditure Budget Vol. II (Notes on Demands for Grants), Union Budget*, various years.

Secondary Education

With the opening up of the Indian economy to the world, the rapid changes witnessed in science and technology, the pressing need to improve quality of life and to reduce poverty, it becomes more urgent that ever before that school leavers acquire higher levels of knowledge and skills than what they are provided in the 8 years of elementary education. The secondary stage has received inadequate attention in public policy discourses in India, almost throughout the post-Independence period, and the neglect in terms of its provisioning by the State has become even more acute in the last couple of decades.

Looking at the trends in financing of secondary education sector, as per the Report of the "Committee on National Common Minimum Programme's commitment of 6% GDP to Education" under the Chairmanship of Professor Tapas Majumdar, secondary education received 0.82% of GDP in 2004-05, whereas it has been recommended by the CABE Committee on Financing Education that out of 6% GDP to be devoted to education, 1.5% should be towards secondary education. Thus, there is a difference of 0.62% of GDP to the extent of which secondary education can be said to be under-funded. If secondary education has to be provided universal access, the major initiative has to be from the Central Government and hence a large share of additional funding required may have to be provided to by the Central Government. Since it is a highly productive investment for the future, and the quantum of additional investment is only a small fraction of the total Budget of Government of India, it would be in the interest of the future of the Indian economy and society to adequately fund this sector.

Higher Education

The story with the higher levels of education is almost similar. The situation has not changed much since last year when the Human Resource Development Minister Arjun Singh termed higher education to be the 'sick child' of education and called for academics to "come to terms with reality". The Minister also called upon the Vice Chancellors to define the parameters of higher education — the content, the extent of higher education, the methodology of teaching and the basic ingredients of the syllabus. It hardly needs emphasis that a vibrant and equitable system of higher education that encourages quality learning as a result of both teaching and research is fundamental for any kind of success in the emerging knowledge economy. The developed world appreciating this fact believes that any amount of investment in higher education **is purely legitimate (Prakash, Ved;** *"Trends in Growth and Financing of Higher Education in India"*, Economic and Political Weekly, August 4-10, 2007). As against a meager 0.37% share of GDP spending on higher education in India, the USA (1.41%), the UK (1.07%) and even China (0.5%) spend considerably more. The National Knowledge Commission estimates that a minimum of 1.5% of the GDP must go towards higher education, out of a total of 6% for education as a whole.

With regard to the increasing trend observed in terms of privatization of higher education, it may be of interest to note that, although there is a considerable share of private sector in higher education (in the form of private institutions) in countries like the USA (59.4%), Germany (29.5%), Israel (14%), and China (39.1%), student preference continues to tilt toward public institutions; this is evident from the share of enrolment in private institutions for the aforesaid countries which are, 23.2%, 3.7%, 11% and 8.9% respectively, as reported in 2005[2]. The comparable figures for India (63.21% as the share of private sector) are 51.53%. This, in large measure, connotes that, contrary to the trend in India, higher education is still taken more seriously as a 'public' service in these countries, and compares well, in terms of quality, with private institutions.

With regard to funding higher education, the sector has been affected by the vagaries of budget making along with the changing concerns of the government towards education. It is noted that (Chattopadhyay, Saumen, "*Exploring Alternative Sources of Financing Higher Education"*, Economic and Political Weekly, October 20, 2007) the share of total expenditure on higher education by Government of India fell to 16.7 % in 1996-97 from 20.6 % in 1990-91, climbing to 26 % in 1998-99 to fall again to 19 % in 2003-04. As a proportion of GDP, the share of higher education has been declining as noted in Table 2 above.

Adult Education

In the context of viewing education holistically, as under EFA, it is worth stressing that in most developing countries, a vital segment often ignored is adult education and the provisions for it are neither sufficient in quantity nor in quality. It is obvious that attention must be paid to increasing and sustaining adult participation rates; appropriate policies and institutions are obvious areas of core concern in this respect and, needless to add, that the situation in developing countries tend to be much worse. As is well known, adult education programmes are critical for several social groups, e.g. those unsuccessful in school and vocational education and lacking motivation; women owing to their twin roles as care-givers (in family) and workers; and households on account of financial stress, besides the multitude of illiterate adults in our country. Ideally then, adult learning would foster active citizenship, strengthen personal growth, secure social inclusion and thus go far beyond 'employability'. With regard to public financing of adult education, trends across the world, more so in developing countries, reveal inadequate allocations and adhocism. Also, the share of out of pocket expenditure by citizens on adult education has tended to be on the rise and needs to be viewed with caution. Table 2 clearly shows the drastic under-spending towards this level.

It is also necessary that besides general education up to secondary level, opportunities for improvement of vocational knowledge and skill should be provided at the secondary education level onwards to enable employability. In this respect again, India's record is quite dissatisfying. Even three years after graduation, over 60% of all graduates remained unemployed. Although a significant proportion of apprentices find employment, close to two-thirds of this population is not employed in the trade for which they were trained – a third of these had been trained in obsolete trades. There appear to be three reasons for this: (a) limited growth and labor demand in the manufacturing sector, (b) mismatch between the skills attained and those actually in demand, and (c) mismatch between the skills taught and the graduates' own labor market objectives. According to reliable estimates, the vocational education stream is quite small enrolling less than 3% of students at the upper secondary level. In per capita terms, vocational education is costlier than general education; however public expenditure on vocational education has been extremely low, as compared to general secondary education. Given the demand for skilled manpower in manufacturing and services, the government should aim to spend at least 10 - 15% of its total public expenditure on education, on vocational education, as recommended by the National Knowledge Commission in December 2006.

Vocational education courses are offered in schools (at classes XI and XII) and are aimed at preparing students for entry into the labor market. It has been observed though that students in the vocational stream appear intent on entering higher education. International experience suggests that employers mostly want young workers with strong basic academic skills, and not necessarily vocational skills. To make the existing vocational education system relevant to market needs, a major restructuring of the system and how it is managed will be needed.

NCMP Commitments: A Review

Raise public spending on education to 6% of GDP	The budget outlay for the Education Departments of centre and states combined remained at a meager 2.84 % of GDP in 2007-08. We may note here that the total budget outlay on education in India, i.e. including the budget outlays for Education Departments and education-related services delivered by the Other Departments[1] of the centre and states combined, is estimated to have been 3.54 % of the GDP in 2006-07 (BE)[2]. Thus, even after four years of the UPA Government staying in power, the NCMP promise of raising the country's total public spending on education to 6% of GDP remains unfulfilled.
Introduce a cess on all central taxes to finance the commitment to universalize access to quality basic education	Although, introduction of an Education Cess was a welcome move by the government, it was expected that the proceeds would complement the government's own initiatives rather than substituting the same. However, if adjustments are made for the external support as well as Education Cess, the proportionate contribution made from the resources of the present government itself has in fact declined from around 68% in the year 2001-02 RE to around 35% in 2007-08 BE and 31% in 2008-2009 BE.
Table a bill on education as a fundamental right	The Centre has re–drafted the Right to Education Bill, (2008) although there remain strong criticism on the provisions (or the lack thereof) in the Bill, in its present form.
Ensure nationwide coverage of the mid-day meal programme	Coverage of MDM; 12 crore children, 9.5 lakh govt.schools Up gradation of nutritional norms has occurred Provision has been made to extend the scheme in upper primary level in 3,479 educationally backward blocks.
Establish the National Commission on Education	The Kothari Commission was the last commission set up on education in 1964. However, a new Education Commission has not yet been set up.
Set up Knowledge Commission in January 2005	A National Knowledge Commission was set up in October 2005.
Review Sarva Shiksha Abhiyan and the progress in achieving primary education goals	New funding pattern for SSA in the XIth Plan with the first two years following 65:35 (Centre:State share) and subsequently tapering it off to 50:50 by the end of the Plan period. This can only be seen as a clear withdrawal by the Centre from its commitment to providing universal elementary education.

III. Suggestions for Provisioning for Education in Union Budget 2009-10

1. **Fundamental Right to Education** – The Right to Education Bill (2008), in its present form, is but a vindication of what the educationists and civil society activists have been fearing for a while now, that the government is not serious about putting a comprehensive legislation in place. While the efforts may be laudable, the provisions leave much to be desired. It is imperative that specific concerns with regard to the Bill are addressed:
- Financing aspects: A clear commitment on the part of the Centre to provide ***all*** the additional funding required to ensure the Right to Education
- Inclusion of children below 6 years of age within the purview of the Right

2. **6% of GDP for Education** – We need to reiterate our demand for allocating more towards education. A gradual shift seen towards funding education out of cess/ taxes as opposed to funding out of gross budgetary support is also a matter of concern. Of late, the issue of under-utilization of funds in the various government programmes and schemes is being highlighted in an attempt to do away with the demand for increased spending in education sector. While it is true that government schemes reveal substantial under-spending, the reasons for the same relate to issues of improper institutional mechanisms, patterns of fund flow from the Centre to the subsequent levels below, and need for greater and effective decentralization. The fundamental premise of the need for increase in spending in education, in general, and at all levels in a uniform manner, thus remains relevant.

3. **Universalizing Early Childhood Education** – The 12th Plan document, while outlining the proposals in education, makes no mention of this critical level, thereby making education out of bounds to a major proportion of population. Providing a year of pre-schooling in all institutions of elementary education could be explored. Implications for resource allocation and recruitment of adequate staff follow from this.

4. **Decentralization and delegation of powers of autonomous management** through school management committees (comprising parents, PRI representatives, and other stakeholders) including finance and accounting at the school level based on per child grants.

5. **Addressing Quality Issues** - There is a serious challenge of quality in Indian education, which has many dimensions, such as providing adequate physical facilities and infrastructure, making available adequate teachers of requisite quality, effectiveness of teaching-learning processes, attainment levels of students, teacher training (both in-service and during recruitment), institutional strengthening (such as NCERT, SCERTs, SIEs, DIETs, BRCs, etc.), curriculum and attention to pedagogy.

6. **Interventions to ensure access of educationally deprived categories** – In order to ensure enrolment, retention of girl child, SC/ST and other deprived sections of the country, support in terms of infrastructure and other measures is necessary. In this regard, apart from ensuring that there are facilities such as separate toilets in schools, the system of entitlements such as free textbooks, uniforms and scholarships must be strengthened and channelised to avoid vast regional/inter-state disparity.

7. **Doing away with Matching Share by States** – While the Centre needs to step up spending on critical interventions in education at all levels, the pre-condition that is inherent in many of the government schemes of the need for the State to provide for a matching grant to the Centre's share must be done away with. The existing fiscal condition in most States is hardly conducive to support this kind of 'arm-twisting' by the Centre.

8. **Check increasing role of private players in education –** The 11th Plan proposals for financing education (at all levels) shows an increasing reliance on the private sector that is camouflaged in different ways, such as the community contribution, public-private partnership, user fees, voucher system etc. This is an alarming feature and a concerted voice against this need to be prioritized appropriately.

9. **Licensing controls for foreign institutions in higher education –** With the proposed opening up of higher education to foreign private institutions through the acceptance of GATS, foreign institutions providing higher education would be allowed to set up shop in the country. There is not just the danger that private players of indeterminate quality and poor credentials fleece the students for a 'foreign' degree but also the overall issue of privatization of this critical stage of education. There is a need to put in place appropriate mechanisms to regulate and monitor this trend.

10. **Setting up a National Commission on Education –** Reiterating the demand made last year, there is an urgent need to establish a National Commission on Education. The last Education Commission was set up in 1964. With the economic reforms well in motion and the policy framework of the governments having changed considerably since 1960s, it is only appropriate that the Commission be constituted to address the relevant and emerging issues in education policy and financing.

Endnotes:

[1] For details, refer to Jha, Praveen, Subrat Das, Siba Sankar Mohanty, Nandan K. Jha, *Public Provisioning for Elementary Education in India*, Sage Publications, 2008

[2] Programme on Research on Private Higher Education, State University of New York at Albany 2005, available at www.albany.edu/dept/eaps/prophe/data/PHOPHEDatasummary.doc

[3] Other Departments, such as Dept. of Social Welfare or Welfare of SCs, STs and OBCs, Dept. of Rural Development and Panchayati Raj and Dept. of Labour and Employment etc. do incur some expenditures on education-related services.

[4] Figure for total budget outlay on Education (including the outlays for Education Departments and education services delivered by Other Departments at the centre and states combined) for 2006-07 (BE) has been taken from the

Analysis of Budgeted Expenditure on Education:2004-05 to 2006-07, Ministry of HRD, GoI, 2007, and the figure for GDP at factor cost (current prices) for 2006-07 has been taken from

Economic Survey 2007-08, Ministry of Finance, GoI, 2008.

Deepening Gender Budgeting in the Union Government: Reflections on Some Critical Issues

Bhumika Jhamb and Subrat Das

Despite the introduction of Gender Budgeting in many of the central government ministries, the overall implications of the Union Budget for women in India continue to generate serious concerns. This is because the Gender Budgeting exercise initiated by the central government, and extended gradually across its ministries, lacks depth. The overall emphasis has been mainly on identifying programmes/ schemes meant entirely for women or having visible components that benefit women, and subsequently reporting the relevant budget outlays in the *Gender Budgeting Statement*. There has been no concerted effort from the central government to deepen its Gender Budgeting exercise by evaluating thoroughly from a gender perspective– the objectives, norms, guidelines, unit costs and targeted beneficiaries under various development schemes and incorporating changes in the same to address the gender based disadvantages of women. While Gender Budget cells have been initiated in more than 40 central ministries, only very few of these ministries have taken steps towards making their overall budget or specific schemes gender sensitive. The present note highlights some of the major concerns in this regard and attempts to suggest specific inputs towards a policy agenda for the future.

It may be worthwhile to note here that one of the primary objectives of the *National Policy for Empowerment of Women 2001* is to ensure *de-jure* and *de-facto* enjoyment of all human rights and fundamental freedom by women on equal basis with men in all spheres – political, economic, social, cultural and civil. However, India getting a rank as low as 112, among 157 countries, in terms of the Gender Development Index (in 2005) reflects the fact that women in our country are still largely disadvantaged in almost every sphere.

Table 1: India's Rank on the basis of Gender Development Index Value

Country	GDI Rank		HDI Rank minus GDI Rank
	2000	2005	2005
Norway	3	3	-1
Australia	1	2	1
Sri Lanka	70	89	-1
China	77	73	1
Indonesia	91	94	1
India	105	112	0
Pakistan	120	125	-7
Bangladesh	121	121	1
Nepal	119	128	-4
Mozambique	144	150	2
Niger	146	155	-1

Source: UNDP Reports 2002 and 2007

I. Situation of Women in India: Some Glaring Facts

In order to comprehend the acute need for stepping up the priority for women in budgets and public policies in our country, we can take a quick look at the disadvantages confronting women in India in various spheres. The information compiled in Table 2, given below, show the persistence of gender based disadvantages confronting women in India. These gender based disadvantages manifest themselves in various forms, such as worsening health indicators of women, differential progress in literacy, increasing wage gaps, ever-increasing rates of crimes against women, and continuing low representation of women in higher positions in political leadership, administration and judiciary.

Table 2: Some Evidences of Gender-based Disadvantages Confronting Women

Indicator	Present Scenario in India	Eleventh Plan Target
Sex Ratio	933 in 2001 • Improved slightly from 927 to 933 in 2001	Raise the sex ratio for age group 0-6 from 927 in 2001 to 935 by 2011-12 and 950 by 2016-17
Child Sex Ratio (0-6 yrs) Sex Ratio at Birth (2003-05)	927 in 2001 880	
Incidence of Anaemia	• Among Pregnant Women: Risen from 49.7 % to **57.9 %** during 1998-99 to **2005-06** • Among Ever-married Women: Risen from 51.8% to **56.2%** during the same period	Reduce anaemia among women and girls by 50 % by the end of Eleventh Plan
Maternal Mortality Rate	**301 per 1 lakh live births in 2001-03** (Source: Sample Registration System of Office of Registrar General, India) • Way behind meeting the Tenth Plan target of reducing MMR to 200 per 1 lakh live births. • MMR particularly high in UP, Uttaranchal, Assam and MP • 51.7 % births take place without assistance of any health personnel • Under-age marriage among girls still widely prevalent	Reduce MMR to 100 per 1 lakh live births.
Gender Differentials in Education	Literacy Rate of women: 54.16 % (75.5 % for men) Gender Differential in education: 21.7% • Although in absolute numbers, illiterate women have decreased from 1991 to 2001, drop out rates of girls continue to remain high. • In 68 districts, SC or ST female literacy is more than 5 % but less than 10 %. • Compared to SC/ST girls, 61 % of whom are out of school, only about 12 % of girls from upper caste households are out of school.	Reduce drop out rate for primary and secondary schooling by 10 % for both girls as well as boys
Female Work Participation Rate	For rural females, the Work Participation Rate was **32.7 %** in 2004 as against **54.6%** for their male counterparts. The same for their urban counterparts was **16.6 % and 57. 9%** respectively.	
Wage Disparity Ratio in Males and Females	Average wage/salary earnings (Rs. per day) received by regular wage/salaried employees of age 15-59 yrs in 2004-05 for: **Rural Males & Rural Females is 144.9 and 85.5 respectively** **Urban Males & Urban Females is 203.3 and 153.2 respectively** • The wage disparity ratio has widened during 1999-00 to 2004-05 • Over 12% women in urban India work as domestic servants	
Women's Representation in Parliament	**9.1% in 2004** • Improved only slightly from 6.1% in 1989 • The figure is very low as against that of 14.8 %, 13.1 %, 15.0 % and 25 % respectively in Bangladesh, Malaysia, US and Mexico.	
Violence against Women	Crimes against women have been increasing persistently. • Rape cases have increased from 16,075 in 2001 to 18,233 in 2004 • Dowry deaths rose from 6,851 in 2001 to 7,026 in 2004. The number of deaths is particularly high in UP, Bihar and MP. • Cases of Abduction and Trafficking for sexual and other exploitations – 19.4 % and 7.2 % respectively in 2005	The Eleventh Plan document holds that budgetary allocations will be made for publicity and for creating the required infrastructure for effective implementation of the Domestic Violence Act, 2005.

Source: Compiled from Eleventh Five Year Plan Document (2007-2012), Planning Commission, Government of India

As noted above, India has failed to achieve the target for reduction in MMR set in the Tenth Five Year Plan (2002-03 to 2006-07). The increasing incidence of anemia among pregnant women and ever married women clearly reflects the lack of their accessibility to health care services. In addition, women suffering from HIV & AIDS are disowned by their families and without access to any assets, they face far greater discrimination. Several factors have contributed towards low literacy rate among females and the persistence of high drop out rates, the situation being worse in case of SC and ST girls.

On the work and employment front, female workforce participation rate was 28 % (in 2004) which is quite low compared to many developing countries. Further, 97 % of the female workforce is involved in the unorganized sector. A sectoral break up shows that agriculture is the primary employer of women informal workers. A whopping 85 % of rural women are employed in agriculture as wage workers or workers on own/contracted household farms. A recent report released by the International Labour Organisation[1] reinforces the situation of women workers in South Asia and the trends therein. According to the report, women continue to be largely an untapped potential in the region which is indicated by the female unemployment rate of 5.8 % as compared to 4.8 % for males in 2007. It further notes that women continue to carry a much higher risk of finding themselves in a vulnerable employment situation than men which definitely holds true when the involvement of women in the unorganized sector is taken into account. It is also disappointing to note that although there has been an increase in employment, the wage disparity ratio for men and women has widened between 1999-2000 and 2004-05, which implies that the average wage of men, across all categories, has shown an increase vis-à-vis women in rural as well as urban areas.

One of the major concerns noted in the *Concluding Comments of the Committee on the Elimination of Discrimination against Women (February 2007)* is the rise of all forms of discrimination against women. According to the National Crime Records Bureau, the incidence of dowry deaths, domestic violence, rape and molestation – all have registered an increase over the years and the conviction rates are abysmally low. The overall sex ratio stands at 933 in 2001 and the child sex ratio has declined from 945 in 1991 to 927 in 2001 which reflects the deeply entrenched patriarchy in Indian society. Therefore the *Comments* (mentioned above) lay special emphasis on India fully and consistently implementing and enforcing the Domestic Violence Act and ensuring that all women victims of domestic violence, including scheduled caste, scheduled tribe, backward class and minority women, are able to benefit from the legislative framework and also calls for establishment of adequate mechanisms and procedures for effective implementation and monitoring of the Pre-conception and Prenatal Diagnostic Technique (Prohibition of Sex Selection) Act. The challenges, therefore, as identified by the Planning Commission in the Eleventh Five Year Plan (2007-08 to 2011-12) document include: ensuring economic empowerment of women; engineering social empowerment; enabling political empowerment; effective implementation of women related legislations; and creating institutional mechanisms for gender mainstreaming and strengthening delivery mechanisms.

II. Some Recent Initiatives by the Union Government to address the Concerns of Women

The UPA Government's *'Report to the People: 2004-2008'* claims that it has given greater focus to issues relating to women through various efforts and initiatives which include– setting up an independent Ministry of Women and Child Development, enactment of various legislations promoting equality of women, gender budgeting and various programmes/schemes to address women's concerns.

Some of the new programmes/ schemes for women launched by the central government are as given below.

Anganwadi Karyakartri Bima Yojana

A social security group scheme of LIC was launched by the Government to cover the risks of Anganwadi workers and helpers. The premium amount per beneficiary per annum has been fixed at Rs. 280.

Dhan Laxmi – a Conditional Cash transfer Scheme for girl childThis scheme, launched initially on a pilot basis, aims to provide a set of staggered financial incentives for families to encourage them for better upbringing of girl child. The scheme is proposed to be piloted in 11 educationally backward blocks in 7 States with an outlay of Rs. 10 crore for 2008-09 benefiting 1,01,970 girls. Under the *Dhan Laxmi* scheme an insurance cover of Rs 1 lakh would be provided for the girl child at her birth and in all, cash package of around Rs 2 lakh will be provided to the girl's family, preferably to the mother.

Ujjawala- a Scheme for Rescue and Rehabilitation of Trafficked Women and Children
The scheme comprises 5 components – prevention, rescue, rehabilitation, reintegration and repatriation. The scheme is proposed to be implemented through about 50 projects initially benefiting over 2500 victims.

Incentive to Girls for Secondary Education
A centrally sponsored scheme to incentivise secondary education of girls with a total outlay of Rs.1500 crore would be initiated during the 11th Plan. The scheme will cover all SC/ST girls who pass class VIII, and girls who pass class VIII from Kasturba Gandhi Balika Vidhyalayas (irrespective of whether they belong to Scheduled Castes or Tribes), and enroll for class IX in State/UT Government, Government aided or local body schools in the academic year 2008-09 onwards. A sum of Rs.3000 would be deposited under term deposit/ fixed deposit in a public sector bank or in a post office in the name of every eligible girl child which will be given to the girl after she has attained 18 years of age and produced 10th class pass certificate.

On the legislative front, a number of amendments have been passed by Parliament prohibiting arrest of women after sunset and before sunrise; medical examination of persons accused of committing or attempting to commit rape; and mandatory judicial inquiry in case of rape while in police custody.

On the Legislative Front

- The Sexual Harassment of Women at Work place (Prevention, Prohibition & redressal) Bill is being finalized.
- Government introduced a bill in Parliament to amend the Factories Act, 1948 to provide flexibility to women employees during night and requiring employers to ensure safety and protection of the employees.
- Government has introduced a bill for amending the Immoral Trafficking (Prevention) Act, 1956 for addressing various concerns.
- A Committee under E. M. Sudarsana Natchiappan has been formed to seek suggestions from various political parties and help evolve consensus on the Women's Reservation Bill.
- Medical Termination of Pregnancy Act is being revised (the number of weeks being extended from 20 to 24)
- As per the Prohibition of Child Marriage Act, 2006, the punishments for a male adult marrying a child is rigorous imprisonment upto two years or fine upto one lakh rupees or both. Child Protection Officers are bound by law.

While the UPA Government did take a number of initiatives for addressing the concerns of women, such as those mentioned above, it has hardly succeeded in reducing the gender-based disadvantages of women in the country. This is mainly because of the piecemeal approach taken by it for addressing women's concerns. When we consider the promises made by this government in its National Common Minimum Programme (NCMP) in 2004, we find further cause for disappointment.

III. Commitments for Women in the NCMP

The UPA Government had laid down commitments for some of the crucial sectors of the economy and for addressing specific concerns of the vulnerable sections of the society in its charter of governance –the National Common Minimum Programme– in May, 2004. Apart from the six principles of governance in which it clearly mentioned, 'to fully empower women politically, educationally, economically and legally', it also detailed some specific promises to address women's concerns. As we are approaching the General Elections next year, it is pertinent that we take stock of what the UPA Government has been able to deliver vis-à-vis those promises.

- Although women have been able to seek political positions owing to the 73rd and 74th Constitutional Amendments, their representation in Parliament remains abysmally low. Despite several attempts to table the Women's Reservation Bill and various permutations and combinations as suggested by various political parties from increasing the total number of seats in Parliament to taking account of women belonging to Scheduled Castes, Scheduled Tribes and OBCs, the government has not been able to evolve a consensus. Although some political parties have gone for 33 % in their party cadre, the issue of women's reservation in Parliament still remains largely neglected.
- The government did fulfill its promise of enacting the Domestic Violence Act, 2005. However, the alarming rate of crimes against women reflects the grossly inadequate attention paid to the enforcement of this Act. The Eleventh Plan document emphasizes that budgetary allocations will be made for publicity and for creating the required infrastructure for effective implementation of the Domestic Violence Act, 2005.
- One of the crucial aspects that forces individuals to work as labourers is lack of assets and landlessness and the same is particularly of grave concern for women. The UPA Government amended the Hindu Succession Act; however Muslim women still remain out of the purview of the Act. The National Policy for Farmers, 2007 recognizes the urgent need for empowering women to access credit services through joint *pattas* for homestead as well as agricultural land. However, as noted by the Empowered Committee on Women and Children for the Eleventh Five Year Plan, individual titles or group *pattas* (to groups of women) would strengthen women's hands rather than joint *pattas*.
- Following the imposition of the neo-liberal economic policies, involuntary displacement of people, especially the marginalized groups such as SCs, STs, farmers and women has become a common phenomenon in our country. On one hand, the National Rehabilitation & Resettlement Policy, 2007 fails to lay down concrete commitments on the part of the appropriate governments to provide adequate protection to the affected families, and on the other, what is equally important is to devise a policy that is gender sensitive and includes equitable allocation of land to women.

IV. Need for Deepening of Gender Budgeting in the Union Government

A *Gender Budgeting Statement* was introduced in Union Budget for 2005-06, and its coverage of various Union Government Departments has been extended in the subsequent Union Budgets. This Statement is divided into two parts, viz. Part A and Part B. While Part A compiles the budget outlays for all schemes meant exclusively for women (or schemes where 100 % benefits accrue to women), Part B compiles the shares of budget outlays in composite expenditure schemes which benefit women if that share is at least 30 % of the total outlay for the scheme. Although this initiative, which has been the result of a long struggle by several women's rights groups and civil society organisations in the country, is commendable in itself; it is necessary to deepen the Gender Budgeting exercise being carried out across different ministries of the Union Government. As mentioned at the outset, the overall emphasis of this process in the Union Government has been mainly on identifying programmes/ schemes meant entirely for women or having visible components that benefit women, and subsequently reporting the relevant budget outlays in the *Gender Budgeting Statement*.

The methodology of preparation of this *Gender Budgeting Statement* for Union Budget is still evolving. While there have been several flaws in this methodology in the past, some of which have been corrected too, very little information is available in the public domain as regards the assumptions made by various ministries in the reviews of their expenditure profiles from a gender perspective. We have made an attempt to demystify such assumptions with regard to 21 of the largest schemes (in terms of budget outlays) benefiting women as per the *Gender Budgeting Statement* for Union Budget 2008-09.

Table 3: Largest Schemes (in terms of budget outlays) Benefiting Women as per the *Gender Budgeting Statement* for Union Budget 2008-09 [across various ministries]

S. No.	Programme/ Scheme (Ministry/ Dept.)	Outlay benefiting Women *as % of* Total Outlay for the scheme	Assumption(s) on which it is based (Source: Government documents referred to)
1.	RCH Project RCH Flexible Pool (Department of Health & Family Welfare)	100 % provisions benefiting women	Focus of the Reproductive and Child Health (RCH) programme is reproductive and child health, where the beneficiaries are primarily women and children. The benefits of major components such as Maternal Health Intervention, *Janani Suraksha Yojana,* and RCH Training (training of female and male functionaries) accrue to women. (Source: Performance Budget 2006-07 and Outcome Budget 2008-09 , MoHFW, GoI)
2.	Rural Family Welfare Services (Department of Health & Family Welfare)	100 %	The Union Government, under this scheme, provides the entire salary of all ANMs and LHVs recruited at the Sub-centres, which together account for 97 % of the total outlay made by the Union Govt. Ministry under this Scheme. (Source: Performance Budget 2006-07 and Outcome Budget 2008-09, MoHFW, GoI)
3.	Urban Family Welfare Services (Department of Health & Family Welfare)	97 %	95 % beneficiaries of the services provided by urban family welfare centres are women. (Source: Performance Budget 2006-07 and Outcome Budget 2008-09, MoHFW, GoI)
4.	National Vector Borne Disease Control Programme (Department of Health & Family Welfare)	40 %	Includes vector borne diseases: Malaria, Filaria, Japanese Encephalitis, Kala-azar and Dengue. The percentage (40) of allocation has been mentioned on the basis of data on number of actual beneficiaries. (Source: Performance Budget 2006-07 , and Outcome Budget 2008-09, MoHFW, GoI)
5.	AIIMS (Department of Health & Family Welfare)	40 %	The assumption behind 40 % of the outlay for AIIMS benefiting women is on the basis of data on the number of women indoor patients being 40 % (gender disaggregated data as collected by AIIMS since July 2005). (Source: Performance Budget 2006-07 and Outcome Budget 2008-09, MoHFW, GoI)
6.	National AIDS Control Programme (Department of Health & Family Welfare)	33 %	The percentage of allocation benefiting women has been made on the basis of number of women availing of the benefits under the programme (actual beneficiaries). Many of the activities under the programme such as Prevention of Parent to Child Transmission, Targeted Interventions, and Prevention of RTIs/STIs are focusing on women. (Source: Performance Budget 2006-07 , MoHFW, GoI)
7.	Central Government Health Scheme (Department of Health & Family Welfare)	48 %	Although there is paucity of data on the number of women beneficiaries availing of the scheme, the percentage allocation (48) has been mentioned on the basis of the fact that the scheme is not strictly gender neutral. (Source: Performance Budget 2006-07 , MoHFW, GoI)

Comments on the Methodology of Gender Budgeting : Several schemes of Ministry of Health and Family Welfare have been mentioned in the *Gender Budgeting Statement*, of which the important ones have been mentioned in this table. The Ministry included a detailed section on Gender Budgeting in its Performance Budget 2006-07 wherein it explains the rationale behind placing a specific scheme/programme in the Statement. Accordingly, the schemes of the Department of Health & Family Welfare were categorized into: (a) Women Specific, where expenditure on women is 100 %, (b) Pro Women, where expenditure is at least 30 % and (c) Residual Expenditure, where expenditure on women is less than 30 %. The Ministry has been following this methodology of categorization of schemes/programmes since 2006. Although the reporting as done by the Ministry of Health and Family Welfare in the *Gender Budgeting Statement* provides a good example, the information on actual beneficiaries could have become obsolete and such information need to be updated at regular intervals.

8.	Swayamsiddha (Ministry of Women and Child Development)	100 %	The scheme aims at formation of women SHGs in order to create awareness among members regarding various issues. (Source: Outcome Budget 2008-09, MWCD, GoI)
9.	Integrated Child Development Services (Ministry of Women and Child Development)	66 % (in 2007-08)	The Outcome Budget 2008-09 of the Ministry does not give gender disaggregated data on the number of women beneficiaries of the scheme, for instance the number of boys and girls receiving supplementary nutrition etc. Therefore, showing that 66 % of the budgetary provisions for ICDS are benefiting women and girls seems questionable.

Comments on the Methodology of Gender Budgeting : The Ministry of Women and Child Development is the nodal Ministry to implement policies and programmes relating to women and children. Integrated Child Development Services, the world's largest programmes for early childhood development had been placed in Part B of the *Gender Budgeting Statement*. Since the programme targets both boys and girls, it is important to have gender disaggregated data on beneficiaries.

10.	Swarnajayanti Gram Swarozgar Yojana (Department of Rural Development)	45 %	The guidelines of the scheme have clearly mentioned that 50 % of the groups formed in each block should be exclusively for women. (Outcome Budget 2008-09, MoRD, GoI)
11.	Indira Awas Yojana (Department of Rural Development)	100 %	As per the guidelines of the scheme, allotment of dwelling units should be in the name of female member of the beneficiary household. Alternatively, it can be allotted in the name of both husband and wife. (Outcome Budget 2008-09, MoRD, GoI)
12.	National Rural Employment Guarantee Scheme (Department of Rural Development)	37 %	The guidelines envisage at least one-third beneficiaries of the scheme to be women. The latest estimates show that women's participation in the scheme is 50 % (Source: www.nrega.nic.in and Outcome Budget 2008-09, MoRD, GoI)

Comments on the Methodology of Gender Budgeting : The Department of Rural Development clearly mentions the proportion of women beneficiaries under two of its schemes: 'National Rural Employment Guarantee Scheme' and 'Swarnajayanti Gram Swarozgar Yojana', both of which have been placed in the part B of the *Gender Budgeting Statement*. Further, the Department has commissioned studies to assess the benefits accruing to women under 'Pradhan Mantri Gram Sadak Yojana' and 'Integrated Wasteland Development Programme' – which had conventionally been considered gender neutral.

However, there is no strong logic for the Department to assume that 100 % benefits of 'Indira Awas Yojana' accrue to women, as the houses built can also be allotted in the name of both husband and wife. Hence, this scheme should be shifted to Part B of the *Statement*.

13.	New Model Schools (Department of School Education & Literacy)	44 %	Both the schemes have been initiated this year. The New Model Schools scheme aims at setting up 6,000 new high quality schools in every block in the country. SUCCESS is a centrally sponsored scheme for universalisation of and access to and improvement of quality education at secondary stage. One of the main objectives of the scheme is provision of extra support to girls. (Source: Outcome Budget 2008-09, MoHRD, GoI) The assumptions behind the allocation of 44 % and 30 % of budgetary provisions of these schemes in the *Gender Budgeting Statement* appear to be based on the proportion of girls in total enrolment in schools at the elementary level and secondary level respectively.
14.	SUCCESS (Department of School Education & Literacy)	30 %	
15.	Kendriya Vidyalaya Sangathan (Department of School Education & Literacy)	30 %	No information on the underlying assumptions available.
16.	Navodaya Vidyalayas (Department of School Education & Literacy)	44 %	No information on the underlying assumptions available.
17.	Sarva Shiksha Abhiyan (Department of School Education & Literacy)	46 % (in 2007-08)	One of the objectives of the scheme is to reduce gender gap in Gross Enrolment Ratio (GER) by 2 percentage points per annum at elementary level. No information is shared on the assumption behind mentioning 46 % provisions as women-specific. Moreover, gender disaggregated data is not given in terms of number of children enrolled.
18.	Mid Day Meal Scheme (Department of School Education & Literacy)	38 % (in 2007-08)	No information is shared on the assumption behind mentioning 38 % provisions as women-specific. Moreover, gender disaggregated data is not given in terms of number of children covered under the programme from Educationally Backward Districts.
19.	University Grants Commission (Department of Higher Education)	31 %	Budget outlay for UGC comprises three components benefiting women directly: Women's Hostels for Colleges, Setting up of Women Studies Centres in Colleges, and Part Time Research Associate-ship for women. However, the Department of Higher Education does not provide any information on placing 31 % funds as women specific in the Gender Budgeting Statement. However, the Outcome Budget 2008-09 of the Department mentions that the enrolment of women at the beginning of 2007-08 was 40.55 % of the total enrolment in higher education. (Outcome Budget 2008-09 and Annual Report 2007-08, Department of Higher Education, MoHRD, GoI)

Comments on the Methodology of Gender Budgeting : The Ministry of Human Resource Development has been running certain women-specific schemes such as Mahila Samakhya, Kasturba Gandhi Balika Vidyalaya (now merged in SSA), Girls' Hostel Scheme and the new centrally sponsored scheme, *Incentives to Girls for Secondary Education*, the total provisions for which constitute a small proportion of the total outlay of the Ministry. In addition to these schemes, the Ministry runs many schemes where it mentions significant proportion of provisions meant for women in the Gender Budgeting Statement. However, the Ministry does not provide any information on the assumptions behind placing particular proportion of outlays for these schemes in the *Gender Budgeting Statement*. For many such schemes, the assumption seems to be based on proportion of girls in total enrolment in educational institutions at different levels. If the MHRD indeed has made such assumptions, it is ignoring the fact that the unit cost of providing educational facilities to a girl at any level could be higher than that for providing educational facilities to a boy. Moreover, with the introduction of the *Child Budgeting Statement* in the Union Budget, flagship schemes such as SSA and Mid Day Meal have been left out of the *Gender Budgeting Statement*. This is conceptually flawed, as we shall discuss subsequently.

20.	SCA to SCP (Special Central Assistance to Schedules Caste Sub Plan) (Ministry of Social Justice & Empowerment)	29 %	The assumption behind mentioning 30 % of allocation for the scheme in the *Gender Budgeting Statement* is questionable since according to the Outcome Budget 2008-09 of the Ministry of Social Justice & Empowerment, women beneficiaries of the scheme, SCA to SCP are 15 % of the total beneficiaries. Therefore, putting 30 % provisions for women in the Gender Budget Statement needs to be clarified. (Source: Outcome Budget 2008-09, MoSJ&E, GoI)
21.	SCA to TSP (Special Central Assistance to Tribal Sub Plan) (Ministry of Tribal Affairs)	25 %	The scheme envisages atleast 30% funds released to states for benefit of women. Firstly, since the Part B of the Gender Budget Statement lists those schemes whereby atleast 30 % provisions are meant for women, the percentage outlay benefiting women as percentage of total outlay for this scheme amounting to 25 % itself is questionable. Secondly, the Outcome Budget 2008-09 of the Ministry of Tribal Affairs mentions that the gender segregation of beneficiaries is not possible owing to the fact that it is an area specific programme. (Source: Outcome Budget 2008-09, Ministry of Tribal Affairs, GoI)

Comments on the Methodology of Gender Budgeting Special Central Assistance is being provided by the Union Government to 27 States/Union Territories, which are formulating and implementing the Scheduled Castes Sub Plans. The Outcome Budget of the Ministry of Social Justice and Empowerment notes that the proportion of women beneficiaries of this Special Central Assistance to SCP to the total number of women beneficiaries was 15 %. However, the scheme has been placed under Part B of the Gender Budgeting Statement which is intended to list only those schemes where at least 30 % budgetary provisions are meant for women. Therefore, the assumption behind this scheme is questionable. Further, the Ministry of Tribal Affairs initiated the Special Central Assistance to Tribal Sub Plan to supplement the efforts of the State Governments. The Ministry of Tribal Affairs does not provide any information on the basis of which 25 % of the provisions of the scheme have been placed as women specific in the Gender Budgeting Statement.

22.	National Food Security Mission (Department of Agriculture and Cooperation)	30 %	The scheme envisages at least 33% allocation of funds for small, marginal and women farmers. Therefore, the assumption seems to be based on the number of women beneficiaries availing the scheme. No gender disaggregated data is available in the Outcome Budget 2008-09 of the Department. (Outcome Budget 2008-09, Department of Agriculture and Cooperation, Ministry of Agriculture, GoI)

It is worth mentioning that very important sectors from the perspective of women's needs such as **Water Supply**, **Sanitation**, and **Food & Public Distribution** still remain outside the purview of the *Gender Budgeting Statement*. It is a well known fact that women and girls spend hours fetching water and have to face severe hardships owing to lack of sanitation facilities. In rural areas, only 21.9 percent of population has latrines within/attached to their houses. The Department of Drinking Water Supply runs two major schemes – **Accelerated Rural Supply Programme (ARWSP)** and **Total Sanitation Campaign (TSC)**, none of which finds a mention in the

Statement. Moreover the annual report of the Department even mentions that the nature of these schemes is such that it is not possible to quantify allocations separately for women. Secondly, the issue of undernutrition of women and girls is a cause of serious concern. Owing to the patriarchal structure of the Indian society, the intra-household allocation of food is skewed against women and girls. Rising anaemia among pregnant women and ever-married women as shown by NFHS-3 clearly reflects the fact that this concern has not received adequate attention. Only Village Grain Bank Scheme run by the **Department of Food and Public Distribution** with a meagre allocation has been placed in Part B of the Statement. The Outcome Budget 2008-09 of the Department does not even mention the number of women beneficiaries availing the scheme. Therefore, there is no information on assumption behind placing the scheme under Part B.

Moreover, the **Ministry of Minority Affairs** set up in 2006 still does not report its pro-women component in the *Gender Budgeting Statement*. This is despite the fact that the Annual Report 2007-08 of the Ministry claims that the National Minorities Development and Finance Corporation catered to around 85 % women beneficiaries and the scholarship schemes run by the Ministry earmark 30 % scholarships for girls.

Backward Regions Grant Fund (BRGF) and Jawaharlal Nehru National Urban Renewal Mission (JNNURM) are two flagship schemes of the central government with large budget outlays; however they do not figure yet in the *Gender Budgeting Statement*.

We must note here that by incorporating appropriate changes in the operational guidelines of various development schemes, for improving coverage of women beneficiaries in the schemes, the government can bring all these important development schemes within the purview of gender budgeting.

Overlap between the *Gender Budgeting Statement* and *Child Budgeting Statement* in Union Budget

As mentioned earlier, the *Gender Budgeting Statement* was introduced in Union Budget for 2005-06, and its coverage of various Union Government Departments has been extended in the subsequent Union Budgets. Recently, a *Child Budgeting Statement* has been introduced in Union Budget for 2008-09, which compiles the budget outlays for all those schemes which are believed to be beneficial almost entirely for children (i.e. all persons up to 18 years of age).

Conceptually, the two Statements are meant to answer the following questions:
(i) What is the share of total union budget outlay which is expected to benefit women? (*Gender Budgeting Statement*)
(ii) What is the share of total union budget outlay which is expected to benefit children? (*Child Budgeting Statement*)
It is but obvious that there would be an overlap between these two *Statements*, since girls below 18 years of age figure among the beneficiaries in both the sections mentioned above. Accordingly, the budget outlays for schemes (or specific shares of outlays for some composite expenditure schemes) benefiting girl children should appear both in the *Gender Budgeting Statement* as well as the *Child Budgeting Statement*.

However, some of the important ministries in the Union Government, viz. Women and Child Development, Human Resource Development, and Health and Family Welfare, seem to have been unaware of this logic. This is because several schemes with clear benefits for girl children, which have been included in the *Child Budgeting Statement*, have been left out of the *Gender Budgeting Statement* in 2008-09. Some prominent examples of such schemes left out of the *Gender Budgeting Statement* in 2008-09 are the following:

<u>Ministry of Women and Child Development</u>
- Integrated Child Development Services (ICDS)
- Integrated Child Protection Services (ICPS)
- Rajiv Gandhi National Crèche Scheme
- Shishu Greh

- Scheme for Welfare of Children in Need of Care and Protection

Ministry of Health & Family Welfare
- Routine Immunisation Programme
- Pulse Polio Immunisation

Ministry of Human Resource Development
- Sarva Shiksha Abhiyan
- Mid Day Meal scheme

In case of each of these schemes, if girl children are expected to constitute at least 30 % of the beneficiaries then the scheme must be included in Part B of the *Gender Budgeting Statement*.

Roadmap for Gender Budgeting announced by the Union Government in 2005-06

Union Budget for 2005-06 had documented that an expert group on "Classification System of Government Transactions", which had submitted its report in July, 2004, had outlined the key issues and concerns for the Union Government vis-à-vis Gender Budgeting. Following its recommendations, the Union Government had identified a number of initiatives as significant for Gender Budgeting which are:
(i) Undertaking a review of the public expenditure profile of relevant Union Government Departments, through the gender lens;
(ii) Conducting beneficiary-incidence analysis;
(iii) Recommending specific changes in the operational guidelines of various development schemes so as to improve coverage of women beneficiaries of the public expenditures; and
(iv) Encouraging village women and their associations to assume responsibility for all development schemes relating to drinking water, sanitation, primary education, health and nutrition.
(as stated in Gender Budgeting Statement, Union Budget for 2005-06, GoI).

However, even though more than three years have passed since then, the Union Government has been able to institutionalize only the first of the four measures listed above. Needless to add that only a review of public expenditure profile of the various Departments, without any concomitant efforts at beneficiary incidence analysis or incorporating gender sensitive changes in operational guidelines of development schemes or giving women a visible say in implementation of schemes at the grassroots level, would not go far in improving the impact of Union Budget on women in India. Thus, gender budgeting being carried out in the Union Government has lacked depth, and consequently, the government has little to claim in terms of improving the impact of Union Budget on women in India.

V. Challenges Ahead

Concerns of women in our country cannot be addressed through the interventions of Ministry of Women and Child Development alone. Several aspects like the changing demographics of agriculture sector (with more than 75 % of all women workers engaged in agriculture and 85 % of rural all women workers being in agriculture), women's disproportionately large contribution to the export and services sector, and a large share workers in the unorganised sectors being women— all need to be factored in while making policies for the whole economy. In case of each of these sectors, the government needs to make concerted efforts to address women's concerns through:
a. Recognising women's contributions, addressing their specific concerns and organising their voice;
b. Investing in skills of women and upgrading their work spaces and providing common work facilities;
c. Providing them access to new technologies and credit schemes; and
d. Paying special attention to caste and minority derived exclusion within gender.

Gender budgeting is a tool that seeks to attain the larger goal of gender mainstreaming. Until now, gender budgeting in the Union Government has been limited mainly to answering the question 'how much of public spending is directed towards women'. However, the coverage of gender budgeting needs to be made broader and its parameters need to be made much deeper.

Until now, the gender budgeting efforts have primarily concentrated on expenditures in 'women related' sectors and several crucial aspects like taxation, trade, capital flows, etc. have remained out of the purview. Gender budgeting should not be confined to the programmes/schemes run by the ministries, since its' success is largely contingent on how far the macro level policies are engendered.

One of the main activities in gender budgeting as envisaged by the Ministry of WCD was to set up Gender Budget Cells in all central government ministries for which an allocation of Rs. 3 crore has been made under the 'Gender Budgeting' Scheme in 2008-09. Although, almost 50 Ministries/ Departments have already set up Gender Budget Cells, hardly any information is available on the functioning of the same. Therefore, it is imperative that the Cells which have been formed in the Union Government are made active in practice. Moreover, ministries such as Ministry of Finance, Ministry of Road Transport and Highways, Ministry of Minority Affairs and Department of Personnel and Training among others have still not set up GBCs, claiming that they are 'gender neutral'. A huge challenge lies before the MWCD to sensitise the Ministries/Departments to take up gender audit of their policies and programmes, so that the Gender Budget Cells achieve their goal.

The Mid term Appraisal of the Tenth Five Year Plan noted dismal implementation of the Women's Component Plan, even for Ministries having a higher potential for reporting on their WCP. Efforts need to be made to strengthen WCP since earmarking at least 30 % of Plan funds for women at the very least forces officials to think of the impact of policies on women which might not happen otherwise.

As noted in the previous section, many Ministries still do not explain the assumptions behind placing specific funds for women in the Gender Budgeting Statement. This shows a lack of seriousness on the part of the Ministries/Departments in reporting on the provisions meant for women. Proper justification needs to be given by every Ministry/Department reporting in the *Statement*.

Also, as rightly suggested in the Steering Committee Report for the 11th Plan**,** in order to ensure that funds actually reach women, a 'non-lapsable pool' of women's fund could be created in every State and also at the Centre. And, in case of under-utilisation of funds allocated for women specific programmes/schemes under any Ministry (Central or State), the unspent funds should be transferred to this pool of resources.

Moreover, the Union Government should implement the gender budgeting measures it had announced in 2005-06, and conduct beneficiary-incidence analysis for important schemes; incorporate specific changes in the operational guidelines of various development schemes so as to improve the coverage of women beneficiaries of the public expenditures; and enable village women and their associations to assume responsibility for all development schemes relating to drinking water, sanitation, primary education, health and nutrition.

Endnotes :

[1] Global Employment Trends for Women, 2007

Public Spending by the Union Government: Issues from the Perspective of Children

Sakti Golder

"Any strategy for removing disparities, bridging divides, and ensuring the well-being of our people, must begin by respecting the rights of our child population. Rights based development of children must be at the centre of the 11th Plan. We must ensure that our children do not lose their childhood because of work, disease or despair."

- Approach Paper 11th Five Year Plan, 2007.

Despite an impressive growth and some significant developments in many areas, India is still quite unsuccessful in assuring the rights to survival, protection and development of a majority of the total 400 million children in the country. Some of the recent evidences, generated by the National Family Health Survey (NFHS-3), have pointed out the glaring deficiencies in the development of children in India. It is quite disturbing to note that these deficiencies have persisted over the last decade in case of several of the outcome indicators for children. Thus, to crate an environment to meet their basic needs, improve the quality of their childhood and prepare them to be good citizens of the nation are the most pertinent issues. In light of this, it is relevant to discuss the possible implications of the Union Budget for the development of children in the country.

Firstly, it would be worthwhile to track the outlays on child-specific programmes/ schemes in the Union Budgets of the recent years in order to build a case for increasing significantly the priority on funding of important programmes/schemes for children in the forthcoming Union Budget. Further, an attempt has also been made here to appraise the key initiatives taken by the United Progressive Alliance (UPA) Government for child development and also the allocation for that purposes in the union budgets. It also highlights the significance of Union Budget 2009-10 from the point of view of the measures for child development that have been proposed for the 11th Five Year Plan and lastly, presents a few pointers with regard to the expectations from Union Budget 2009-10 in terms of the priority to be accorded to investments for children.

I. Deficits in Development of Children in India

In spite of significant declining in the Infant Mortality Rate (IMR) over the last one and half decades, India (58 per 1000 live births in 2004) is still lagging behind even compared to many developing countries, for instance Sri Lanka (15 in 2003) and China (37 in 2003). More importantly, the aggregate IMR for India conceals a vast disparity persisting across the States, especially between the six economically backward States, viz. Uttar Pradesh, Madhya Pradesh, Assam, Orissa, Rajasthan and Bihar (IMR above 60 per 1000 live births in 2005-06 for each of these, according to National Family Health Survey- III) and the rest of the states. This alarmingly high infant mortality could be attributable to various factors like low vaccination coverage, utilization of antenatal care, institutional deliveries etc. and it has been well demonstrated from the data provided by National Family Health Survey (NFHS). It reveals that the vaccination coverage (among children aged 12-23 months) in India has improved very marginally from 42 percent in 1998-99 to 44 percent in 2005-06. While the vaccination coverage in 2005-06 is found to be the lowest in Uttar Pradesh, Rajasthan, Assam and Bihar, the progress in this regard between 1998-99 and 2005-06 (among the economically backward States) has been the slowest in case of Uttar Pradesh. With regard to ante-natal care utilized by women (i.e. the percentage of women who utilized any ante-natal care provided by skilled personnel for reasons related to pregnancy at least once during pregnancy), the States like Madhya Pradesh, Rajasthan and Uttar Pradesh have recorded significant progress between 1998-99 to 2005-06, although Bihar and Orissa are lagging behind in this respect. However, the progress in coverage of institutional deliveries has been slow with only 40.7 percent coverage in the country in 2005-06 (NFHS-III). Again, the economically backward States like, U.P., Bihar, M.P., Rajasthan and Assam were lagging far behind other States in terms of coverage of institutional deliveries in 2005-06. The NFHS-III figures pertaining to IMR, vaccination coverage, utilization of ante-natal care by women, and coverage of institutional deliveries in the country clearly point to the very slow progress recorded with regard to most of these by the country in general, and by the economically backward States like U.P., Bihar, Rajasthan, Assam and M.P., in particular.

NFHS-III also shows a very disturbing picture, regarding child nutrition, which is regarded as very important because the nutritional status of children in their early childhood is known to have a strong bearing on their development later in life. The NFHS reveals that in between 1998-99 to 2005-06, the proportion of underweight children among all children under 3 years has declined by only 1 percent; from 47 percent to 46 percent. In this regard, the worst performers are Madhya Pradesh (60 percent in 2005-06) and Bihar (58 percent in 2005-06). Thus, the poor outcomes in nutritional status of children in India have persisted, and this problem has deteriorated in the States of M.P. and Bihar.

As regards educational attainments of children, although Gross Enrolment Ratios for boys and girls at the level of primary schooling has gone up significantly, the dropout rates at this level still continue to be unacceptably high. In upper primary classes, the dropout rates for both boys and girls are as high as high 52 percent (as of 2003-04). At the level of secondary schooling, the enrolment rates for both boys and girls are extremely low, which deserves immediate. Also, in most of the 15 major States, the dropout rate for girls has been higher than that for boys. While the indicators of school enrolment and dropout present a bleak picture, it must also be noted here that the learning achievements of children in many of the States have been found to be poor. Thus, child education continues to be one of the most significant areas where better state intervention is called for.

Protection of children in difficult circumstances is another important area, which needs to be highlighted here. In India, millions of children, those engaged in child labour, street children, child prostitutes, children of prostitutes, handicapped children, children affected by calamities and juvenile delinquency, etc. are exposed to different kinds of risks. For the protection of such children exposed to different kinds of difficult circumstances, a serious and comprehensive intervention from the government is essential. Thus, with regard to each of the important sectors relating to children, i.e. child health and survival, child nutrition, child education and protection of children in difficult circumstances, there are persisting problems in the country, which call for better policies and greater priorities for children.

II. Commitments for Children and Policy Initiatives of the Union Government in the Recent Years

Considering the grim reality surrounding children, there is an urgent need to take proper policy initiatives. When the present United Progressive Alliance (UPA) Government came into the power, it promised a significant stepping up of public spending on crucial economic and social services. Some of the major promises made in the National Common Minimum Programme (NCMP), which specifically talked about children, were the following:

- The UPA government will protect the rights of children, strive for the elimination of child labour, ensure facilities for schooling and extend special care to the girl child.
- The UPA will also universalize the Integrated Child Development Services (ICDS) scheme to provide a functional Anganwadi in every settlement and ensure full coverage for all children.
- Nutrition programmes, particularly for the girl child, will be expanded on a significant scale.
- The UPA government will ensure that at least one-third of all funds flowing into Panchayats will be earmarked for programmes for the development of women and children.

Apart from those promises in the NCMP, Government of India has also made specific commitments in the at national as well as international fora, such as the national development goals as envisaged in the Tenth & Eleventh Five Year Plan and MDGs (to be achieved by 2015) to strive for protection of children's rights and accelerate development of children in the country. In the 11^{th} Five Year Plan, some comprehensive set of policy initiatives has been proposed, viz.

- Developing specific interventions to address malnutrition, neonatal, and infant mortality.
- Creating child-friendly protective services.
- Identifying the most vulnerable and marginalized sections of children and ensuring age and situation-specific interventions.
- Reviewing all legal provisions for children and undertaking necessary amendments based on international commitments.
- Ensuring effective implementation of laws and polices by personnel trained to work with children.
- Establishing child impact as a core indicator of Eleventh Plan interventions, with special emphasis on the status of the girl child.
- Creating a protective environment for children through implementation of schemes and programmes based on *the best interest of the child.* Some of the current initiatives only address the needs of children once they have fallen through the protective net. While these initiatives to identify such children and rehabilitate them are critical, there is an equal need for legislative changes and programmatic interventions; so that prevention is foregrounded and children grow up in a protective environment.
- Undertaking a child rights review of all existing developmental policies and plans to assess their impact on children and to ensure that children are not further marginalized.
- Recognizing that crèches and day care are important for child development, empowerment of women, and retention of girls in schools.
- Ensuring survival of the girl child and her right to be born. Shift to 'lifecycle and capability approach' where the girl child's contribution in economic and social terms is recognized.
- Ensuring multi-pronged programme, focusing on preventing children from falling out of the protective net, ameliorative initiatives for children who are already out of the protective net, and ensuring long-term and sustainable rehabilitation by upgrading quality of services and addressing regional imbalances.
- Recognizing that children are best cared for in their own families, strengthening family capabilities to care and protect the child.
- Ensuring institutional care to those children who need the same.
- Involving PRIs, VOs, and urban local bodies in implementation, monitoring, and evaluation by devolving powers and resources to the Panchayat level, and providing them with technical and administrative support.
- Recognizing 'Child Budgeting' as an important policy analysis tool to take stock of development investments for children and identify gaps in resource investment and utilization.
- Strengthening capacity of families and communities, police, judiciary, teachers, PRI representatives, bureaucrats, and other implementation personnel who deal directly with children.

In the backdrop of the conditions of the children as well as the commitments of the governments, it would be worthwhile to take stock of the major initiatives taken by the present UPA Government with regard to the above-mentioned commitments.

In order to pay focused attention to the problems of women and children, the Government Has created a separate Ministry of Women and Child Development, which was earlier a Department under the Ministry of Human Resource Development. A comprehensive National Plan of Action for Children, 2005 has been drawn up for time-bound achievements in terms of reduction of infant and child mortality and HIV prevalence in infants, universal access to drinking water and basic sanitation, and the elimination of child marriages as well as the incidence of disabilities due to polio. The Government has initiated some legislative interventions for protection of child rights, which include the Commissions for Protection of Child Rights Bill, 2006 which provides for constitution of a National Commission, as well as State Commissions, for protection of child rights, and Children's Courts for trying offences against children and instances of violation of child rights without delay. A National Commission for Protection of Child Rights was constituted in February 2007, which would study and monitor all matters relating to child rights, examine and review legal safeguards, recommend measures for effective implementation of laws, review and suggest amendments to existing laws, look into cases involving violation of child rights, and monitor implementation of laws and programmes for children. In 2006, the Government brought an Amendment to the Juvenile Justice (Care and Protection of Children) Act, 2000. This amendment is meant to incorporate progressive measures and safeguards and introduce model rules under the Act. The Prohibition of Child Marriage Bill 2006 was enacted in the Winter Session of the Parliament in 2006. Apart from these legislative initiatives, the UPA Government has also taken some specific policy initiatives for addressing the development deficits of children, which according to one of the UPA documents (Report to the People: UPA Government 2004 – 2006) include the following.

- The phased expansion of ICDS scheme for universalising ICDS, the nearly universal National Cooked Mid-Day Meal Programme, and universalised Kishori Shakti Yojana.
- The scheme for crèches and day care centres has been revised with enhanced outlays for improved and better crèche facilities to children and working mothers, as well as training for service providers, and a new scheme launched, viz., the Rajiv Gandhi National Crèche Scheme for the Children of Working Mothers.
- Over a thousand Kasturba Gandhi Balika Vidyalayas have been sanctioned in educationally backward blocks of 21 states to provide free residential education to underprivileged girls at the upper primary level.

Public spending on important social services, like, education, health & family welfare, and water supply & sanitation, etc. are likely to have an impact on family well-being and the community which in turn can have significant positive implications for children. From this perspective, performance of the UPA Government has been appreciable. In the last few years, allocations for some of the important social sector schemes, such as, Sarva Shiksha Abhiyan (SSA), National Rural Health Mission (NRHM), ICDS, Mid Day Meals, and Total Sanitation Campaign (TSC) have been stepped up noticeably. Also, the National Rural Employment Guarantee Scheme (NREGS) launched by this Government is synergistically linked to the development of rural poor and marginalized communities and their children.

However, the adequacy of the public resources vis-à-vis the needs and their distribution across various child related sectors, translating budgetary allocations into better delivery of public services (or better state intervention) are still our concerns, especially in the backward States.

Section III: Resources for Children in the Union Budget

In a country where children are clearly a disadvantaged section of the population, there exists a strong case for identifying that part of the public expenditure which is meant specifically for addressing the needs of children. It should be clarified at the very beginning that the total magnitude of public expenditure on child specific schemes, which are specifically meant for addressing the needs of children, is referred to as the magnitude of total 'Child Budget'.

We must note here that in Union Budget 2008-09, the Government has introduced a Statement on 'Child Budgeting' (called *Budget Provisions for Schemes for the Welfare of Children, Statement 22, Expenditure Budget Vol. I, Union Budget 2008-09).* This is certainly a welcome step. This Statement captures most of the child specific schemes which figure in the Union Budget. In the analysis presented here, however, we have included several schemes that do not figure in the said Statement. As a result, the magnitude of 'Child Budget' as shown here exceeds the magnitude of 'Child Budget' as per the new Statement in Union Budget.

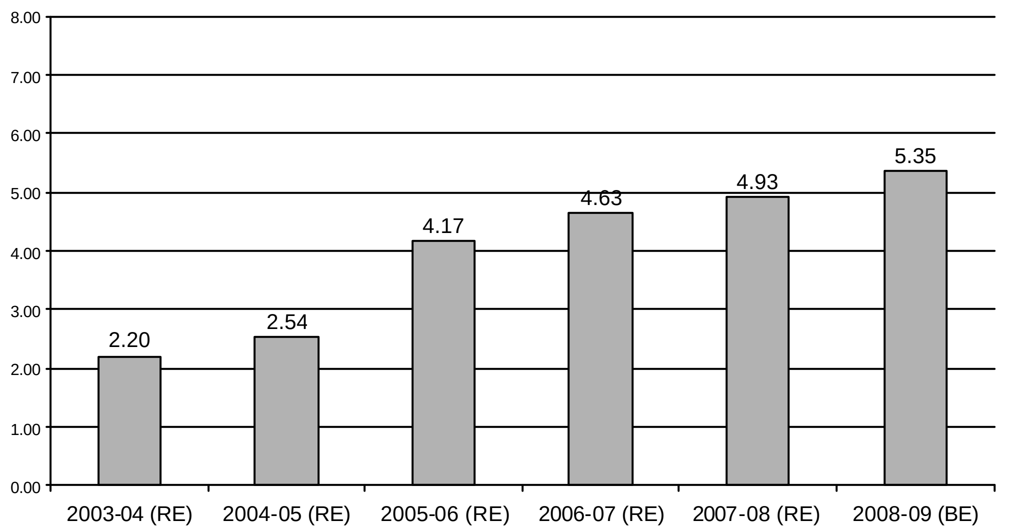
The Union Government Ministries, which have child specific schemes, are: *Women and Child Development*, *Human Resource Development*, *Health and Family Welfare*, *Labour and Employment*, *Social Justice and Empowerment*, *Tribal Affairs*, *Minority Affairs*, and *Youth Affairs and Sports*.

Magnitude of the 'Child Budget' in Union Budget 2008-09

As shown in Chart1 below, the magnitude of total 'Child Budget' within the Union Budget, i.e. the aggregate outlay for child specific schemes as a proportion of total budget outlay by the Union Government, has increased from 4.93 percent in 2007-08 (RE) to 5.35 percent in 2008-09 (BE).

If we take into account the fact that children (i.e. all persons up to the age of 18 years) constitute more than 40 percent of the country's population and that many of the outcome indicators for children, such as those captured by the successive rounds of National Family Health Survey (NFHS), point to the disadvantaged status of our children; the magnitude of Child Budget at 5.35 percent of total Union Budget in 2008-09 (BE) is quite inadequate. There can be little doubt about the fact that given the striking deficits in the development of children in India, the priority accorded to specific (or, direct) investments for children needs to be much higher than a meager 5 percent of the Budget.

Chart 1: Total Outlays for Child Specific Schemes as % of Total Union Budget



Note: The figure for Total Expenditure from Union Budget in 2007-08 (RE) used in the present analysis does not include the Rs. 35,531Crore worth of non-plan transaction undertaken in 2007-08 relating to the transfer of RBI's stake in SBI to the Government.
Source: Government of India, Expenditure Budget Vol. I & II, Union Budget, various issues.

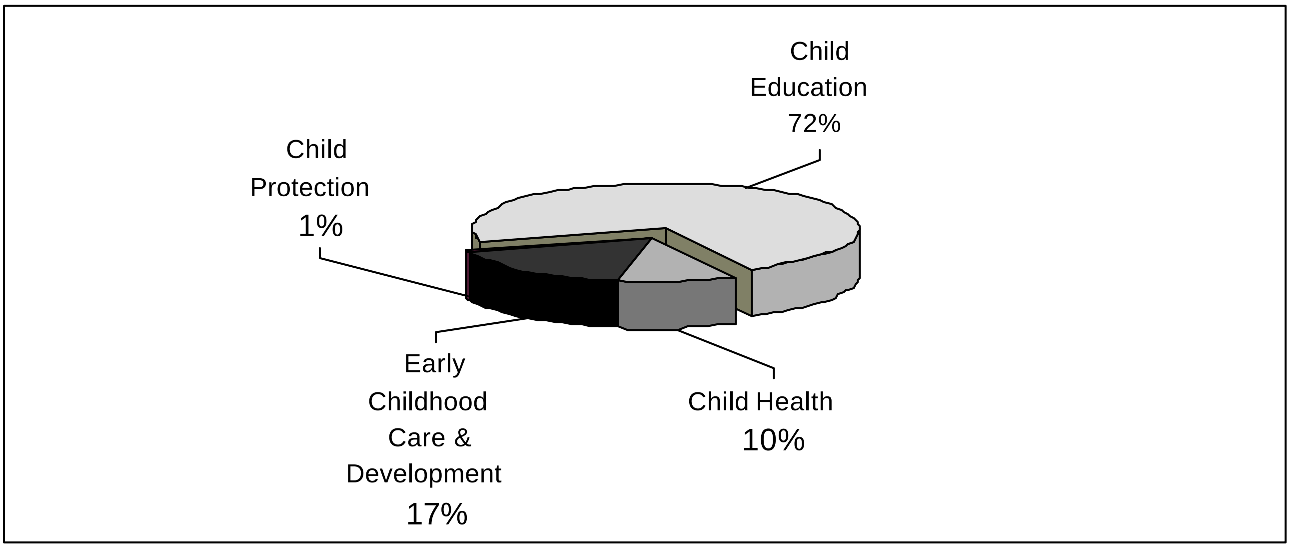
The increase in the magnitude of 'Child Budget' within the Union Budget 2008-09 (BE) is mainly on account of the increases in Union Budget outlays on *Integrated Child Development Services (ICDS)*, *Reproductive and Child Health (RCH) programme* and higher outlays for elementary and secondary education under the Department of School Education and Literacy. These are certainly welcome steps in the last Union Budget.

Prioritisation of Outlays Earmarked for Children in Union Budget 2008-09

While the magnitude of 'Child Budget' is still inadequate, the prioritisation of this total amount earmarked for children in Union Budget 2008-09 shows a skewed pattern. The present analysis divides the entire 'Child Budget' into four categories, viz. Early Childhood Care & Development, Child Health, Child Education, and Child Protection, based on the different needs of children. Each of the child specific schemes selected from the Union Budget is considered only under any one of these four categories.

Chart 2 below shows the sectoral composition of the total 'Child Budget' in Union Budget 2008-09. What it implies is: within the total resources earmarked for children in Union Budget 2008-09, as high as 72 percent is meant for Child Education, 17 percent is meant for Child Development, 10 percent is meant for Child Health and only 1 percent is meant for Child Protection. This is very disturbing given that many recent evidences have highlighted the vulnerability of children in the country, especially those children who are in various kinds of difficult circumstances.

Chart 2: Sectoral Composition of the Total Outlay for Children in Union Budget 2008-09



Outlays for (schemes under the sector) **Early Childhood Care & Development** as a proportion of total outlays by the Union Government has increased from 0.84 percent in 2007-08 (RE) to 0.89 percent in 2008-09 (BE). We may note here that Union Budget outlay for ICDS has been increased from Rs. 4857 crore in 2007-08 (RE) to Rs. 5665 crore in 2008-09 (BE). Outlays for (schemes under the sector) **Child Health** as a proportion of the total Union Budget outlay shows an increase from 0.45 percent in 2007-08 (RE) to 0.54 percent in 2008-09 (BE). We may note here that outlay for RCH has been stepped up from Rs. 1629 crore in 2007-08 (RE) to Rs. 2505 crore in 2008-09 (BE). This is a welcome step given the alarming state of outcomes relating to survival and health of children in the country. However, the Union Government and the States also need to take strong measures to ensure effective utilization of these outlays. Outlays for Child **Education** (schemes under the sector) register an increase from 3.6 percent of the total Union Budget in 2007-08 (RE) to 3.86 percent of the total Union Budget in 2008-98 (BE). While the outlays for many programmes/ schemes have been increased, the outlay for SSA, the flagship scheme of the UPA Government, shows a decline between 2007-08 (RE) and 2008-09 (BE). Despite the relatively higher magnitude of Union Budget outlays for Child Education, the total public spending on education in the country continues at a low level. According to the Economic Survey for 2007-08, the total budget outlay for Education Departments in the Centre and States combined stood at a meagre 2.84 percent of the GDP in 2007-08. Education Departments account for a substantial chunk of the total public spending on education in the country. Hence, there can be no doubt about the fact that even Child Education remains under-funded in the government budgets in India. However, it is the Child Protection sector which appears most neglected in the Union Budget. The outlay on (schemes meant for the sector) **Child Protection**, registers an increase from 0.04 percent of the total Union Budget in 2007-87 (RE) to 0.06 percent of the total Union Budget in 2008-09 (BE). While the outlay for Integrated Child Protection Scheme (ICPS) has gone up, the outlay for National Child Labour Project (NCLP) has been decreased in 2008-09 (BE) in comparison to 2007-08 (RE).

Table 1 Union Budget Outlays for Child Specific Schemes

	2004-05 (RE)	2005-06 (RE)	2006-07 (RE)	2007-08 (RE)	2008-09 (BE)
Budgetary Provisions for **Early Childhood Care & Development** (Rs.Crore)	2291.39	3947.91	4864.55	5642.24	6695.33
Allocations for Child Development as a proportion of Total Expenditure of Union Government	0.45	0.78	0.84	0.84	0.89
Budgetary Provisions for **Child Health** (Rs. Crore)	1576.71	2806.72	2649.33	3016.29	4064.33
Allocations for Child Health as a proportion of Total Expenditure of Union Government	0.31	0.55	0.46	0.45	0.54
Budgetary Provisions for **Child Education** (Rs. Crore)	8831.41	14294.1	19236.26	24244.56	29009.55
Allocations for Child Education as a proportion of Total Expenditure of Union Government	1.75	2.81	3.31	3.60	3.86
Budgetary Provisions for **Child Protection** (Rs. Crore)	152.87	173.04	183.53	283.79	429.9
Allocations for Child Protection as a proportion of Total Expenditure of Union Government	0.03	0.034	0.032	0.04	0.06
Total Outlays for Child Specific Schemes (Rs. Crore)	13092.38	21597.82	26933.67	33186.88	40199.11
Total Outlays from Union Budget (Rs. Crore)	505791	508705	581637	673842	750884
Total Child-Specific Outlays as % of Total Outlays from Union Budget	**2.59**	**4.25**	**4.63**	**4.93**	**5.35**

Notes : BE: Budget Estimates; RE: Revised Estimates. Expenditure Budget Volume II (Notes on Demands for Grants) in the Union Budget documents does not give Actuals, hence we have taken Revised Estimates for the years from 2004-05 to 2008-09. Total Expenditure figures for 2004-05 to 2007-08 are also *Revised Estimates.* The figure for Total Expenditure from Union Budget in 2007-08 (RE) used in the present analysis does not include the Rs. 35,531 Crore worth of non-plan transaction undertaken in 2007-08 relating to the transfer of RBI's stake in SBI to the Government.
Source: Compiled from Expenditure Budget (Vol. I & II), Union Budget, GoI, various years.

With Union Budget 2008-09, the Government has some new schemes for children. Table 2 given below, compiles these new schemes for children. While the launch of these schemes is a welcome step, the magnitude of funds provided for these schemes does not present a promising picture.

Table 2: New Schemes for Children in Union Budget 2008-09

Ministry/ Dept.	Scheme (Allocation for 2008-09)	Objective
School Education & Literacy (Secondary Education)	Support to One Year Pre-Primary in Government Local Body Schools **(Rs 100 crore)**	To formulate a new Centrally Sponsored Scheme for providing assistance for pre-primary classes in government/local body schools.
	Scheme for upgrading 2000 KGBVs (residential schools/girls hostels) **(Rs. 80 crore)**	To establish one girls hostel in each educationally backward block, about 3500 in all.
	New Model Schools **(Rs.58.80 crore)**	To set up 6000 new high quality schools, one in every block of the country.

Based on the discussion presented above, we may conclude that the efforts of the Union Government over the last few years at stepping up priorities for children in the Union Budget leave a lot to be attained.

- The total magnitude of resources earmarked for children in Union Budget 2008-09, at only 5.35 percent of the total Union Budget, appears inadequate to address the various problems confronting children in India.
- Moreover, even within this small quantum of resources earmarked for children, the sectoral composition is heavily skewed. The interventions in Child Protection and Child Health sectors are still grossly under funded.
- Special attention needs to be given to the public delivery systems.

Priorities for Scheduled Castes in the Union Budget

Dalit Arthik Adhikaar Andolan, NCDHR

The Indian economy has undergone substantial changes since the announcement of the economic reforms in 1991.The economic reforms involving several trade, tax and foreign exchange reforms brought about the liberalization of the Indian economy. One of the essential thrusts behind the reforms has been the reduction of fiscal deficit and cutbacks on public expenditure as an important mechanism to achieve this. While successive governments at centre, adhering to neo-liberal economic policies, preside over the curtailment of their own interventions, we are confronted with several important questions and concerns. What has this growth come to mean for the marginalized sections of society especially when the neo-liberal economic policy stipulates a withdrawal of state support from the various development sectors? Are the development measures taken by the government really meeting the demands and needs of these sections? The present article focuses on the Budget because this is the statement government presents every year to the country specifying their priorities and policies towards the economic and social development of the country.

I. Caste System and Economic Development

The Indian society has historically subscribed to an in-egalitarian caste system which involved a scripturally mandated, hierarchically structured classification of society into various castes. It stipulates the role, status and occupation of each caste and disallows any social mobility either within or between the castes through religious, social and economic sanctions. The religious scriptures played important role in stipulating the norms of the system and any disapproval to the established norms were met with boycott, punishments and atrocities against the violators. SCs have been at the bottom of caste system and have consistently suffered from the dual discrimination of economic exploitation and social exclusion. Social exclusion in the case of the SCs extends to the economic realm of wages, employment, and education and so on. While the mass movements have focused on securing for the SCs civil and political rights, their economic rights have rarely been fought for. Scheduled Caste Sub Plan (SCSP) is one of the important mechanisms for ensuring economic justice to the SCs.

Table 1: Stark differences in development indicators for SCs

	All India	SC	Non SC/ST
Infant Mortality Rate	73	83	68
Literacy	65	55	69
Undernourished children under 5	47	54	44
Households without access to Health care	40	44.15	37.15

NSSO Survey, NFHS, Census 2001

The Infant Mortality rate among SCs is 83 percent and Child Mortality rate is 39 percent which is higher than non SCs who have IMR and CMR at 61percent and 22 percent respectively. Around 56 percent of SC women suffer from anemia. The morbidity among SC children is also high; more than 3/4th of SC children are anemic. More than half of the SC children suffer from malnutrition and under nutrition. Malnutrition is generally considered a common disseminator of deprivation that reduces child survival. According to 2001 census, the literacy rates for both SC/STs were lower as compared to the non-SC/STs. Literacy rate at an all India level is 65 percent whereas for the SCs it is 55 percent compared to non SCs which is 69 percent. The literacy rate was particularly low among the SC women (41.9 percent). School attendance was about 10 percent less among SC boys than other boys, while the difference among girls was about 5 percent.

The indicator of undernourishment (in term of minimum weight for age) of the children is much higher for SC children - 54 percent for SC and 44 percent for non SC/ST. Similarly, undernourishment reflected in terms of stunting (height for age) was 52 percent for SC children and 43 percent non SC/ST children.

In 2000, overall, an average of about 40 percent persons/households did not have access to public health services. The percentage of persons/house holds was lower among SCs as compared to non-SC/ST. The percentage for the SC was 44.15 and for non SC/ST were 53.55.

Table 2: Access to Resources

	All India	SC	Non SC/ST
Monthly Per Capita Expenditure	361	Rs.285	Rs.393
Poverty	26	37	21
Aggregate Capital Assets	78783	49189	134500
Landless	7.8	10	6.2

NSSO Survey, Census 2001

In year 2000, at all India level, the Monthly Per Capita Expenditure for SCs was Rs. 285 much lower than the non-SCs which was Rs.393.With the lack of access of fixed source of income and low wage earning and under employment the SCs suffers from high incidences of poverty. In 2000, in the rural areas about 45 percent of SCs were poor compared to 21 percent among the non SCs. Compared with the non SCs, the incidence of aggregate poverty was 70 percent higher among SCs. About 80 percent of the SCs live in rural areas. In 2000, out of the total SC households only 16.8 percent of them pursued cultivation as an independent self employed occupation, whereas the others, non-SC/ST the percentage was more than double (41.11 percent). About 28 percent of SC households had acquired some access to fixed capital assets compared to 56 percent for others households. The percentage of landless households among the SCs in rural areas is about 10 percent compared with 6 percent for Non-SC households. The percentage of landless and near landless among SCs is about 75 percent as compared to 54 percent for the non-SCs.

II. Gender Difference

The development of any group /community must be assessed on the basis of the development of women within that group/community. In 2001, about 57 percent SC women workers in rural areas were agricultural laborers. Only 21 percent were cultivators compared to non-SCs who were 45 percent as cultivators. In rural areas 2.1 percent of SC women were unemployed out of the labour force as compared to 1.4 percent for non-SC/ST women. A large number of SCs women are engaged in unclean occupations such as scavenging. SC women who work as wage labourer faced discrimination in wage earning particularly in urban areas. In 2001, the SC women casual wage labourers received daily wage earning of Rs. 37 compared to Rs.56 for non-SC/ST (Report on Working Group on the Empowerment of Scheduled Caste, Eleventh Five Year Plan). In 2001, the literacy rate was lower among the SC women (41.9 percent) as compared to 58.2 percent for general female population. Besides low literacy rate another problem of SC/ST women was the high drop-out rate among them. SC women have the worst health indicators, such as high maternal mortality rates and low nutritional status measured by Body Mass Index (BMI). The women from the SC groups have poorer level of nutrition as compared to non-SC/ST women. In 1999/2000, among SC women, 42 percent had low BMI as compared to 33 percent of non-SC women.The maternal mortality rates are higher for SC women because of lack of access to health services both public and private. SC women are subjected to constant harassment and violence from non-SCs.

III. Scheduled Caste Sub Plan

The Scheduled Caste Sub Plan (SCSP) is a special strategy, which was adopted in 1979 by Planning Commission (Sixth Five Year Plan) with the prime objective of giving special and focused attention to social, economic and educational needs of Scheduled Castes (SC).
Under this strategy, States/UTs and Central Ministries are required to formulate and implement SCSP as part of their Annual Plans by earmarking resources from each sectors of the Plan in proportion to the SC population. The targeted flow of resources through SCSP is intended to

provide additional benefit to the SC population, over and above what they would get through the normal Plan. This is necessary to bridge the gap between the general population and SCs in terms of different indicators of development. Several recommendations and instructions were circulated to all ministries/departments for the implementation of SCSP. Separate Codes 789 was allotted and a copy of letter No. T-14018/25/95-Codes/336 dated 01.09.1995 was circulated with the correction slip No. 251 dated 16.01.1995 for incorporation in para 3.8 of General Direction to LMMHA (List of Major & Minor Heads of Accounts) by Comptroller and Auditor General to all concerned in States/UTs and Union of India. Despite all these attempts no Ministries/ Departments have been following the instruction, no allocations are made under SCSP and no separate code is opened. Looking at the gaps in allocations and implementation, Planning Commission in 2005 again gave the following instructions:

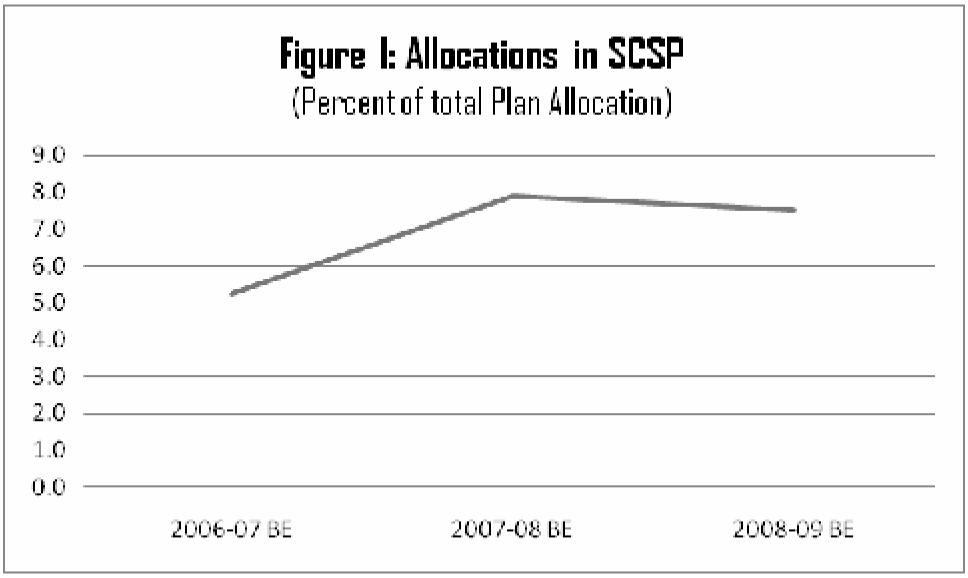
1. Earmarking of funds for SCSP from total State plan outlay at least in proportion to SC population
2. Making SCSP funds non divertible and non lapsable
3. Making the social welfare department/the department concerned with the development and welfare of SCs as the nodal department for formulation and implementation of SCSP
4. Placing the earmarked funds at the disposal of nodal department concerned, which in turn will reallocate the funds to sectoral departments for implementation of schemes directly relevant to SC development
5. Placing the earmarked funds for SCSP under separate budget head/subhead for each development Department

Since 1979 till date, the SCSP has not been accepted while making budget provisions. The allocations under SCSP have been very low. The legitimate amount meant to benefit the SCs has not been allocated and implemented properly. Thousands of crores of Rupees have been diverted from the SCSP to other sectors.

Table 3: Exclusion of SCs in the Union Budget

Year	Total Plan Outlay (Excluding Central Assistance for State and Union Territories)	Amount Due	Amount Allocated	Amount Denied	Allocation to SCs as % of Total Plan
2006-07 BE	134757	21,830.63	7055.86	14,774.77	5.2
2007-08 BE	1,58,491	25,675.54	12,517.91	13,157.63	7.9
2008-09 BE	1,83,528	29,731.54	13,783.13	15,948.41	7.5

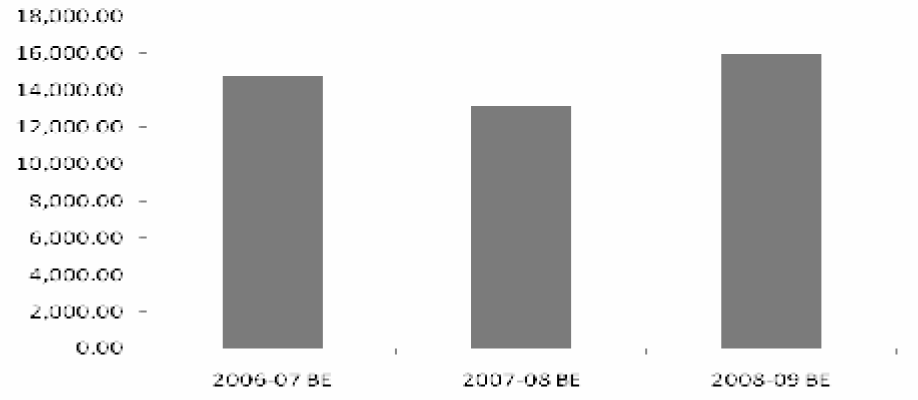
Source: Union Budget, various years, www.indiabudget.nic.in



Source: Union Budget, various years, www.indiabudget.nic.in

The total budget allocation under Plan Outlay (excluding Central Assistance to State Plans) for the year 2008-09 is Rs. 1,83,528 crores. Under the SC Sub Plan (SCSP) strategy, the Government of India is liable to allocate Rs. 29,731.54 crores exclusively for SCs (16.2 percent of the total plan budget) but it has allocated just Rs. 13783.13 crores for the welfare of SCs, which means, again, SCs have been deprived by Rs 15,948.41 crores. In 2007-08 BE, there was overall increase in allocations to SCs because of the inclusion of new Ministries/ Departments allocated funds for SCs. As a result the proportion of total Plan fund allocated to SCs increased from 5.2 percent in 2006-07 (BE) to 7.9 percent. Unfortunately in 2008-09(BE) it declined to 7.51 percent. The denied amount to SCs has also increased. In 2007-08 BE, it was Rs13157.63 crores. It increased to Rs.15948.41 crores in 2008-09 (BE).

Figure II: Amount Denied to SCs (in Rs crores)



The rest of the Ministries/Departments – prominently Road Transport and Highways, Science and Technology, Land Resources, Youth and Sports, Agriculture Research, Commerce, Urban Development and Water Resources have negligible or 'Zero' allocations. Ministry of Social Justice and Empowerment has cut down allocations for pre-Matric scholarship reducing it to Rs.731 crores from Rs.831 crores of the previous year. Department of Bio-technology has allocated only Rs.2.01 crores which is even less than the last year allocation of Rs.2.5 crores. Ministry of Panchayat has decreased the amount this year to Rs.20.1 crores from Rs.26.7 crores of the previous year. Similarly Ministry of Women and Child Development has allocated only Rs. 1134 crores compared to last year allocation of Rs. 1464 crores.

Out of 75 Departments, only 16 Departments/Ministries have allocated funds under SCSP excluding Ministry of Social Justice and Empowerment, Ministry of Health and Family Welfare, Department of School Education and Literacy, Department of Higher education, Ministry of Micro, Small and Medium enterprises, Ministry of Rural Development and Department of Women and Child Development. All Departments/Ministries have allocated nominal funds.

Table 4: Plan Outlay Earmarked for SCs by Central Government Departments/ Ministries

Department/ Ministry	Total Plan Allocation for the Dept./ Ministry in Union Budget (in Rs. Crore)		Plan Allocation Earmarked for SCs (in Rs. Crore)		Proportion of Total Plan Allocation of the Min./Dept. Earmarked for SCs (in %)	
	2007-08 BE	2008-09 BE	2007-08 BE	2008-09 BE	2007-08 BE	2008-09 BE
Dept. of Science & Technology	1526	1530	3.0	3.0	0.20	0.20
Ministry of Social Justice & Empowerment	2001	2400	1525.24	1820.69	76.22	75.86
*Department of Rural Development	27500	31500	2893	2876.6	10.52	9.13
*Ministry of Labour & Employment	325.48	771.5	0.66	0.60	0.20	0.08
*Ministry of Women & Child Development	5793	7200	1464	1134	25.27	15.75
*Dept. of Higher Education (Ministry of HRD)	6480.5	7593	769.86	1043.6	11.88	13.74
*Dept. of School Education & Literacy (Ministry of HRD)	22191	26800	3747.8	4225.6	16.89	15.77
*Ministry of Youth Affairs and Sports	700	890	22.5	3.88	3.21	0.44
*Ministry of Agriculture	8090	12865.67	96.2	249.2	1.19	1.94
*Department of Information Technology	1500	1680	20	22.4	1.33	1.33
*Department of Health & Family Welfare	13875	15580	1704.72	1871.4	12.29	12.01
*Ministry of Micro, Small & Medium Scale Industries	530	1794	137.8	406.08	26.00	22.64
*Ministry of Textiles	2243	2500	88	89.2	3.92	3.57
*Department of Biotechnology	675	900	2.5	2.0	0.37	0.22
*Ministry of Culture	557	600	3.2	3.6	0.57	0.60
*Ministry of Panchayati Raj	4770	4780	28.6	20	0.60	0.42
*Union Territory of Chandigarh	267.63	304.65	10.83	11.28	4.05	3.70

Note :
* The Union Budget documents do not segregate the total allocations earmarked for SCs/STs further to show allocations separately for SCs and STs in these Ministries/ Departments. We assume here that following the proportion of SCs and STs in total population of the country (i.e. 16.2 percent for SCs and 8.2 percent for STs as in Census 2001), out of the total funds earmarked for SCs and STs together, roughly two-third would be spent for SCs.

Source: Expenditure Budget Vol. I and Vol. II, Union Budget- 2007-08 & 2008-09.

Policy Agenda for the Future:

The note shows that for 28 years Government of India has not been taking SCSP seriously. From planning to allocation to implementation, SCSP is full of lacunae. There is no monitoring mechanism developed to monitor the flow to the beneficiaries. Planning Commission's Working Group on Empowerment of SC has suggested following recommendations for the improvement in the mechanism of SCSP from 2007-08 onwards:

- A fresh classification of Ministries into regulatory and service oriented should be undertaken. Within service oriented Ministries, those engaged in activities, which are divisible in nature, should be made to strictly comply with the guidelines for formulation and implementation of SCSP.
- Modalities should be worked out for earmarking of resources for such service oriented Ministries/Departments which implement infrastructure related projects.
- The earmarking of fund under SCSP in proportion to SC population should be done by the Planning Commission at the time of deciding the annual plan for each Ministry.
- Similarly the scheme-wise allocation of earmarked fund should be separately indicated under separate budget head by the Ministries in consultation with Planning Commission.
- The Planning Commission should not accept the budget by the Ministry unless it contains the scheme wise allocation under SCSP.
- Ministry of Social Justice and Empowerment should be the nodal Ministry to oversee the effective implementation of SCSP by the central ministries and also the State government.

The budget should represent the aspiration of all citizens of this country .It should focus on the marginalized communities who have traditionally been kept out of the mainstream economic discourse. There is, indeed, an urgent need to interrogate the reasons behind the government apathy which is clearly reflected in the various policies laid down in the successive annual budgets. The SCSP can create ample space for SCs to play important role in the economy. The Budget should allocate adequate funds for the social and economic development of the SCs making them self reliant.

Reference:

- Census Report, 2001
- NFHS Survey 2005-06
- NSSO 1999-2000
- National Commission for SC &ST, Sixth Report 2000-01
- Expenditure Budget Vol.1 and 2, Union Budget 2008-09
- Planning Commission Report of Working Group on Empowerment of SCs,2007
- XI Planning Commission report, 2005
- VI Planning Commission Report, 1980
- Reclaiming Scheduled Caste Sub Plan, NCDHR, 2007

Priorities for Scheduled Tribes in the Union Budget

Nilachala Acharya

Among the socially marginalized groups in India, the Scheduled Tribes (STs) are among the most disadvantaged. The severity of their deprivation is starkly evident when they are compared to the rest of the population in the country in terms of various socio-economic indicators. Successive governments in India have initiated a number of policy measures aimed at addressing these disparities. However, such efforts of the governments, at various levels, have borne limited positive results largely due to administrative and policy bottlenecks and complexities involved in their implementation. Budgetary allocations to improve the socio-economic profiles of the STs fall far short of expectations. In short, there is a clear case of development deficits to ameliorate the lots of the STs.

In the light of continued marginalization of the STs, the present brief intends to bring out some of the key concerns of the tribal communities in the context of forthcoming budget 2009-10. While Part-I of this note explains the severity of marginalization of scheduled tribes in India, Part-II would go on to focus on the budgetary allocations for the tribal communities in India as well as the commitments made by the successive governments during different points of time. Finally, Part-III of the brief proposes an alternative policy framework with regard to budgetary allocation and spending in the coming budget 2009-10.

I. Status of the Scheduled Tribes in India

The scheduled tribes which constitute a significant proportion of the total population of India (8.2 % of the total population as per 2001 Census) lag behind the rest of the population in terms of the various socio-economic indicators.

Table-1: Socio-Economic Indicators among Scheduled Tribes (STs) Vis-à-vis India

Indicators	**STs**	**All India**
Infant Mortality Rate (IMR)-NFHS-3	62.1	41.5
Under Five Mortality Rate-NFHS-3	95.7	74.3
Under Five Children Acutely Malnourished- NFHS-3	54.5	42.5
Literacy rate (2001, Census)	47.1	64.8
Drop Out rates-Total (Class I to X) 2004-05 Provisional	79.0	61.9
Drop Out rates-Girls (Class I to X) 2004-05 Provisional	80.7	63.9
Population living below poverty line (2004-05) Rural Areas	47.30	28.30
Population living below poverty line (2004-05) Urban Areas	33.30	25.70
% of ST representation in Central government Services as on 1.1.04	6.54	100.00
Total Workers (Rural) (Census, 2001)	50.37	41.75
Total Workers (Urban) (Census, 2001)	34.56	32.75
Total Cultivators (Census, 2001)	44.71	31.65
Total Agricultural Laborers (Census, 2001)	36.85	26.55

Source: National Family Health Survey (NFHS-3), GoI. And Eleventh five year Plan Document, Government of India.

Indicators on Socio-Economic Deprivations

Following socio-economic indicators reflect the deprivation of tribals vis-à-vis the rest of the population of the country.

High Infant and Under Five Mortality Rate

The Infant Mortality Rate (IMR) of the STs is an alarming 62.1 compared to an all India average of 41.5 during 2005-06. Similarly, under five mortality rate of tribals is 95.7 compared to an all India average of 74.3. Under five children acutely malnourished was also as high as 54.5 compared to the all India average of 42.5.

Low level of Educational Attainment

As per the 2001 Census, literacy rate among the STs is 47.1 % compared to the national average of 64.8%. Dropout rate, a critical indicator reflecting the lack of educational development is also too high. In case of the STs, dropout rate is an alarming 79% compared to national average of around 62 % during 2004-05. In the case of girls, the situation of drop out rate is even worse (i.e., 80.7% as compared to national averages of 63.9 % in classes I to X).

Lack of Basic Amenities and Infrastructure

Nearly 91 % of the STs in India reside in rural, hilly and inaccessible forest area which in a way hinders their access to quality infrastructure and basic services such as education, health care and so on. This further leads to their socio-economic backwardness.

Overcrowding in Traditional Occupation

The tribal communities occupy around 15%[1] of the country's areas in various ecological and geo-climatic conditions ranging from plains and forests to hills and inaccessible areas. They are mostly dependant on traditional agricultural activities for their livelihood. In fact, more than 81 % of total ST workers, both in rural and urban areas taken together are engaged in primary sector[2], out of which 44.74 %are cultivators and 36.85% are agricultural labourers.

High Poverty Concentration

The incidence of poverty among the STs continues to be very high (47.3 % in rural areas and 33.3 % in urban areas compared to 28.3 % and 25.7% of national average respectively[3]). The ST representation in Central Government services (including all categories of jobs as on 1.1.04) is only 6.54 %out of total Central Government employees.

II. Plan Outlay Earmarked for the Scheduled Tribes in Union Budgets

Before looking into the plan allocation earmarked for STs in the union budget, let's take a look at the guidelines of the Tribal Sub-Plan (TSP) and the promises made in National Common Minimum Programme (NCMP). We would also look at the various policy initiatives laid down in the Eleventh Five Year Plan of Government of India.

Guidelines of Tribal Sub-Plan

Tribal Sub-Plan focuses on earmarking population-proportionate funds from the general development sectors for the overall development of ST population in order to bring these deprived groups into the mainstream of economic development.
With regard to the budgetary allocation of the Central Government as well as the State and Union Territory Governments', main guidelines of TSP spell out like this (given in Table-2).

Table-2: Guidelines of Tribal Sub-Plan	
TSP with regard to Central Ministry/Department	**Main Guidelines for TSP with regard to the States/UTs**
• Earmarking of funds by every Central Ministry/Department towards TSP should be as per the proportion of ST population in the country. Non-earmarking of TSP funds by the Ministry/Department will result in non-approval of their Annual Plan. • TSP funds should be non-divertible. Creation of a separate budget head for TSP (i.e., 796 a minor/programme head) • A dedicated TSP unit should be created for the formulation and implementation of TSP scheme and programme • Only those schemes/programmes should be implemented which accrue direct benefit to STs	• Earmarking of funds for TSP from the total state plan outlay should be at least be proportion to the ST population of the state/UT • The Administrative department which is concerned with the development of STs should be the nodal department for formulation and implementation of TSP • Placing the funds earmarked for TSP at the disposal of the Principal Secretary who will work as Planning Secretary and have exclusive authority for reallocation of funds to other line departments for STs development schemes • Preparing a detailed TSP document with physical and financial targets against each scheme with the objective of bridging the gap between the rest of the population and the STs within 10 years. • Ensuring that the other line departments cooperate in the proper implementation of the TSP schemes allocated to them and put up the schemes before the nodal departments for sanction and release of funds. • Preventing the diversion and lapse of funds allocated to TSP in the Annual Plans, TSP should not allowed to be changed at revised estimate (RE) stage by the Planning Commission • Carrying forward the lapsed/unutilized TSP amount to the next annual plan of the state/UT as an additional fund for TSP • All Central Sponsored Scheme (CSS) and Special Central Assistant (SCA) schemes of the centre necessarily should have a TSP component in them as per the proportion of STs in the State/UTs
Source: Eleventh five year Plan Document, Planning Commission, Government of India	

Promises made in NCMP and Eleventh Plan Strategies Vis-à-vis Policy Announcements

The National Common Minimum Programme (NCMP) of the present United Progressive Alliance (UPA) Government promised several new initiatives aimed at addressing the developmental needs of the tribals. A comparative account of the promises made in NCMP, strategies formulated to achieve them as recommended in the Eleventh Five Year Plan and subsequent policies formulated by the Central Government is given below.

NCMP Promises	Eleventh Plan Approaches/ Strategies	Policy Formulated
• Urge the states to make legislation for conferring ownership rights in respect of minor forest produce, including tendu patta, on all those people from the weaker sections who work in the forests. • All reservation quotas, including those relating to promotions, will be fulfilled in a time-bound manner. To codify all reservations, a Reservation Act will be enacted. • Launch a comprehensive national programme for minor irrigation of all lands owned by Adivasis. Landless families will be endowed with land through implementation of land ceiling and land redistribution legislation. No reversal of ceilings legislation will be permitted. • All measures to reconcile the objectives of economic growth and environmental conservation, particularly as far as tribal communities dependent on forests are concerned. • Immediately review the overall strategy and programmes for the development of tribal areas to plug loopholes and to work out more viable livelihood strategies. In addition, more effective systems of relief and rehabilitation will be put in place for tribal and other groups displaced by development projects. Tribal people alienated from land will be rehabilitated. • Eviction of tribal communities and other forest-dwelling communities from forest areas will be discontinued. Cooperation of these communities will be sought for protecting forests and for undertaking social afforestation. The rights of tribal communities over mineral resources, water sources, etc as laid down by law will be fully safeguarded.	• Real operationalisation of PESA Act • Fifth schedule needs to be operationalise • The Tribes Advisory Council (TAC) needs to be made proactive, functioning as an advisory body to the state government in matters relating to STs. • Demarcation of Scheduled Areas should be notified down to the village level and other settlements • Establishment of requisite number of schools in the TSP areas, production of textbooks in tribal languages, timely distribution of fellowship and scholarships etc. • Realization of vision of National Forest Policy (NFP) Resolution 1988, tribal association with forestry will be maximized through tribal cooperatives and SHGs of tribal women. • Recruitment of tribal women under forest department to ensure safety of the women venturing in the forest areas for their livelihood needs. Necessary amendment of instruments like land acquisition act, 1894; Forest Act, 1927; Forest (Conservation) Act, 1980 Coal Bearing Areas (Acquisition and Development) Act, 1957 and National Mineral Policy, 1993 to eliminate iniquitous provisions ensuring protection of the interest of tribals. • Land reforms be implemented stringently • Integrating rehabilitation concerns into development planning and implementation. • Focused strategies for infrastructure development in sectors like education, drinking water, PDS, Health, Minor Irrigation, Roads, Housing, Tele-communications and Electrification will be pursued.	• The Scheduled Tribes and Other Traditional Forest Dwellers (Recognition of Forest Rights) Act 2006 • The National Tribal Policy 2006 (under consideration of Group of Ministries)
Source: National Common Minimum Programme of the Government of India, May 2004; Eleventh Five Year Plan Document and Outcome Budget, Ministry of Tribal Affairs, Government of India, 2008-09.		

Analysis of the budgetary allocations earmarked towards realizing all these promises reveals an extremely disappointing picture. Let's have a look at the plan allocation for tribals in Central Governments Budget.

Status of Implementation of TSP for STs of the Union in 2007-08 & 2008-09

The Union Budget every year makes a special allocation for the development of the STs. Let's have a look at the status of implementation of guidelines stipulated by the TSP in Union Budget of 2007-08 and of 2008-09.

The plan allocations earmarked for the Scheduled Tribes (STs) in the Union Budget show a dismal picture. The proportion of total Plan Outlay of the Central Government earmarked for STs declined from 4.77 percent in 2007-08 (BE) to 4.45 percent in 2008-09 (BE) (Table-3). This is grossly inadequate considering the proportion of ST population in total population of the country, i.e. 8.2 %. This, in turn, violates norms and guidelines of the Tribal Sub Plan.

Table-3: Proportion of Total Plan Outlay of the Central Government Earmarked for STs

Total Plan Outlay in Union Budget (excluding Central Assistance for State & UTs) (in Rs. Crore)		**Plan Allocations Earmarked for STs by all Ministries/ Departments** (in Rs. Crore)		**Proportion of Total Plan Outlay of the Central Govt. Earmarked for STs (in %)**	
2007-08 BE	2008-09 BE	2007-08 BE	2008-09 BE	2007-08 BE	2008-09 BE
1,58,491	1,83,528	7,556.98	8,172.79	4.77	4.45

Source: Expenditure Budget Vol. I and Vol. II, Union Budget- 2007-08 and 2008-09.

Therefore, the plan allocations earmarked for STs in the Union Budget 2008-09 are far below the norms stipulated by the Tribal Sub Plan. Looking at the vast development deficits in general and of the tribals in particular, non-implementation of the strategies of TSP even after more than 28 years of its announcement is reflective of the government apathy towards this section of the population. Since the year 2008-09 is the second year of the Eleventh Five Year Plan, lack of willingness on the part of the Central Government to seriously pursue the strategies of TSP is a matter of serious concern.

Some important and specific scheme/programmes related outlay in the plan budget 2008-09 of Ministry of Tribal Affairs, Government of India reflects the above referred apathy of the government in a significant way (Table-4). Looking at the present status of tribals, the schematic provision of Plan Funds, as provisioned in the 2008-09 Budget, under Center Sector Scheme and Centrally Sponsored Schemes seem highly inadequate.

A close look at the budgetary provisions and actual expenditure of plan funds under different schemes and programmes during Tenth Five year plan reveals that a large amount of the allocated fund remains unspent. More than 20% of the difference between budgeted allocation and actual expenditure can be accounted for, by the schemes like vocational training in tribal sub-plan areas, establishment of educational complex in low literacy pocket for development of women literacy in tribal areas and establishment of ashram schools. Incidence of over expenditure to the extent of 0.4 and 13 percent is found in the schemes on Post Matric Scholarship (PMS) and Grants-In-Aid to NGOs respectively during Tenth Five Year Plan.

Table-4: Programmatic/Schematic Allocation of Ministry of Tribal Affairs, Government of India

Name of the Scheme/Programme	Objective/ Outcome	Plan Outlay (Rs in Cr)	Physical Outputs	Projected Outcome (Male)	Projected Outcome (Female)
Center Sector Scheme					
Grants-in-aid to NGOs for STs including coaching and allied and award for exemplary service	To enhance the reach of welfare scheme of government and fill the gaps in service deficient tribal areas, in the sectors such as education, health, drinking water, agro-horticultural productivity, social security etc through the efforts of voluntary organization and to provide an environment for socio-economic upliftment and overall development of the STs. To provide coaching to ST students and incentives for improvement in infrastructures	40.00	Residential/ Non-residential Schools/hostels	14500 students (290 projects)	14500 students (290 projects)
			10 Bedded Hospitals/ Mobile Dispensaries	3.75 lakh Beneficiaries (105 Projects	3.75 lakh Beneficiaries (105 Projects
			Coaching for competitive examinations	2750 candidates	2750 candidates
Educational complex in low literacy pockets for development of women literacy in tribal areas	To ensure 100 % enrolment of tribal girls in schools, to ensure reduction in drop out rates, and promote girls education in low literacy tribal districts	60.00	Educational Complexes	Exclusively for girls (3000 beneficiaries)	
Development of PTGs	To ensure 100 % enrolment of tribal girls in schools to ensure reduction in drop out rates and promote girls education in low literacy districts	178.00	Consecration-cum-Development Plans for all states	Housing, land distribution, education, infrastructure, drinking water, Janashree Insurance Scheme	
Income generating activities and marketing support	Income generating activities by the eligible STs to raise their level of income, procurement and marketing of agriculture/forest product so as to avoid distress sale or produce and value addition of tribal products	50.00 + 62.00 (Complementary Extra Budget Resources)		12300+ 45000	9000
Centrally Sponsored Schemes					
Scheme of Post Matric Scholarship & up gradation of Merit of ST students	To promote higher education, provide text books and to provide special and remedial coaching to ST students studying XI, and XII	250.00	Students supported	Post Matric Scholarship 10.08 lakh students and upgradation of 1053 students	
Construction of Boys and Girls Hostels	To ensure adequate enrolment	66.00	No. of seats would be created	4850 students	
Construction of Ashram Schools in TSP areas	Promote education among STs living in remote areas	30.00	No. of seats would be created	3150 students	

Source: Outcome Budget, 2008-09, Ministry of Tribal Affairs, GOI

Table-5: Differences Between Budgeted Allocation and Actual expenditure of important schemes/programmes during Tenth Five Plan						
Schemes/Programmes	**% Differences Between Budgeted Allocation and Actual expenditure of important schemes/programmes during tenth plan**					
	2002-03	2003-04	2004-05	2005-06	2006-07	Total X Plan
G-I-A to NGOs for STs including Coaching and Allied Scheme and award for exemplary services	3.5	15.9	6.6	-15.0	-21.0	-0.4
Vocational training in Tribal Areas	47.5	35.3	40.5	-15.3	-54.4	21.0
Educational Complex in Low literacy pocket for development of women literacy in tribal areas	25.0	28.3	9.6	0.0	75.3	46.7
Scheme of Hostel for STs Girls and Boys	43.8	24.4	45.8	-100 *	9.3	14.2
Schemes of PMS, Book Bank and Up gradation of Merit of ST students	21.3	-18.9	-55.4	8.4	-35.2	-13.0
Establishment of Ashram Schools	32.1	53.8	60.7	-100 *	3.1	25.9

Source: Outcome Budget, 2008-09, Ministry of Tribal Affairs, GOI. * There were no provisions in budget estimates for the scheme/programme but expenditures made in the budget.
Note: Negative figures shows percentage of over expenditure compared to budget estimates

III. Policy Agenda for the Future

Looking at all spheres of deprivation of these disadvantaged groups, it is important to suggest that the budgetary outlay to these communities should be sufficient to address the existing deprivation. Besides, some special effort should be made at different levels of governance structure aimed at the upliftment of these groups.

- It is observed that only twenty-four Ministries/Departments of Union Government have ensured that some budgetary allocation is earmarked for the STs. This fundamentally violates the guidelines of the TSP. Therefore, there is an urgent need to ensure a strict implementation of the guidelines with respect to the funds earmarked in the Tribal Sub-plan in the forthcoming budget.

- Even those Ministries and departments that have earmarked funds for the TSP have not bothered to ensure that the funds allocated are in proportion to the ST population share. Hence, it is important to insist on Ministries and departments to follow TSP guidelines while allocating funds.

- High incidence of poverty and growing dependence on agriculture has come to be identified with the tribal communities in India. Keeping this in mind, special budgetary provisions should be made to reduce poverty concentration among these marginalized groups by diversifying them into other sector of the economy. Apart from this, specific targeted number of ST beneficiaries of each developmental programme should be identified in a time bound manner. The declarations of NCMP (National Common Minimum Programme) with regard to the STs should be honoured in terms of adequate provisions in the coming budget.

- Basic requirements of a decent life like minimum education and health care facilities are the key to social empowerment and are vital to reduce horizontal and vertical inequalities. Considering this, adequate resources should be earmarked in the coming budget for creating necessary infrastructures which will, in turn, ensure easy access to these basic facilities by the tribal communities.

- Until tribal communities in India are empowered socially and economically the existing gap between the tribals and the rest of the population will only widen further. Hence, a comprehensive plan scheme should be devised in a participatory way while prioritizing their needs. For this an action plan fully supported by budgetary provisions from the Central Government Budget should be made in the forth coming Budget 2009-10.

- Efficiency need to brought about in order to realize allocated funds under different schemes. Quality of budgeting only can ensure if budgeted amount of the programme/scheme utilized at the end of the financial year.

Endnotes :

[1] Seventeenth Report of Standing Committee on Social Justice and Empowerment New Delhi 2006, p-14

[2] Report of the Eleventh Five Year Plan; Government of India; 2007-12

[3] Planning Commission, 2004, New Delhi

Union Budget and the Unheard Voice of Minorities in India

Jawed A. Khan and Pooja Parvati

The United Nations, in order to strengthen the cause of the minorities, promulgated the "Declaration of Rights of Persons belonging to National or Ethnic, Religious and Linguistic Minorities" on 18th December 1992 proclaiming that, "States shall protect the existence of the national or ethnic, cultural, religious and linguistic identity of minorities within their respective territories and encourage conditions for the promotion of that identity." In this regard, the Constitution of India has provided for protection of rights of minorities and their welfare. Table 1 summarizes the same.

Table 1: Provisions in the Indian Constitution for the Minorities

Article 14 proclaims equality before law
Article 15 prohibits discrimination on the ground of religion.
Article 29 & 30 protects the interests of minorities and their right to establish administrative/ educational institutes.

According to the 2001 Census, religious minority groups constitute around 19% of the total population in India, which include Muslims, Christians, Sikhs, Buddhists, Jains and Parsis. The analyses of socio-economic condition of minority groups reveal a lot of variation in terms of development indicators amongst them. In this regard, the socio-economic situation of the Muslim community reflects poorly as compared to the other religious minority groups. While on the one hand it is contended that the level of backwardness among Muslims is owing to their having kept away from English education, science and modernity during pre and post Independence, on the other, there has been a continued neglect on part of the central and state governments to address these problems of minorities, especially with regard to the Muslim community with no concrete policy measures in the post Independence period for improving the conditions of minorities.

In 2004, the United Progressive Alliance (UPA) government in its Common Minimum Programme (CMP) promised to promote modern and technical education among all minority communities. Further, for social and economic empowerment of minorities, systematic attention to education and employment were to be accorded priority. The UPA government also intended to enact a model comprehensive law to deal with communal violence and encourage the states to adopt the same to generate faith and confidence in minority communities. In order to translate these promises into action, a High Level Committee was constituted on March 9, 2005 under the chairmanship of Justice Rajinder Sachar. The objective was to prepare a comprehensive report on the social, economic and educational status of the Muslim community due to non-availability of authentic information on the same. Such information was needed for concrete policy action. The Sachar Committee submitted its report on November 17, 2006, which was tabled in both the Houses of Parliament on November 30, 2006.

The Committee recognized at the very outset that Muslims, like other minorities, faced multi-faceted challenges related to security, identity and equity. The report analyzed the differentials between Muslims and Socio Religious categories (SRCs) in terms of demographic characteristics, level of education, conditions of employment, credit flows, participation in public programmes and access to infrastructure. The overall findings of the Committee reveal that the Muslim community lags behind in every aspect of socio-economic development. In response to the recommendations made by the Sachar Committee, the central government formulated an Action Taken Report (ATR). With almost a year having elapsed since the presentation of the ATR, the process of implementation of ATR has been tardy with important areas of intervention for welfare of Muslims, such as providing employment and economic opportunities, still not getting due attention of the policy implementing agencies. Added to that, the low budgetary support to the Ministry of Minority Affairs during 2006-07 and 2007-08 (Table 7) paints a disappointing picture and questions the sincerity of the government towards welfare of the minorities.

The note largely focuses on examining the socio-economic condition of minorities in India with special focus on the Sachar Committee Report and examines the gaps in implementation of the Action Taken Report (ATR). The paper has been divided into three sections. Section 1 highlights the differentials in socio-economic indicators of minorities, Section 2 deals with the findings of the Sachar Committee Report and Section 3 focuses on promises vis-à-vis action in implementation of the ATR.

I. Socio-economic and Educational Status of Minorities in India

Table 2 provides the proportionate break-up of the population based on their religious affiliations. It becomes clear that the Muslims comprise a major chunk of the minority population.

Table 2: Proportion of Population by Religious Communities 1961-2001 (Unadjusted*)

	1961	1971	1981	1991	2001
All religious communities	100.0	100.0	100.0	100.0	100.0
Hindus	83.4	82.7	82.6	82.0	80.5
Muslims	10.7	11.2	11.4	12.1	13.4
Christians	2.4	2.6	2.4	2.3	2.3
Sikhs	1.8	1.9	2.0	1.9	1.9
Buddhist	0.7	0.7	0.7	0.8	0.8
Jains	0.5	0.5	0.5	0.4	0.4
Others	0.3	0.4	0.4	0.4	0.6

* Includes Jammu & Kashmir and Assam for all decades from 1961-2001

A critical indicator assessing the socio-economic condition is the incidence of poverty within a group. The percent share of poverty among the Muslims in urban areas is 38.8%, while the comparable estimate for other minority groups is 12.2% of poor people. A distressing trend observed is that poverty among urban Muslims is higher while for other minority groups, it is lower as compared to the rural areas (Table 3) representative of the participation of Muslims in economic activities and the nature of these activities in urban areas.

Table 3: Rural Poverty Incidence in 2004-05 (in %)

	All	Muslim	Other Minorities
Urban	28.8	38.8	12.2
Rural	27.7	26.9	14.3

Literacy comprises the other critical dimension to assessing social development. Table 4 presents levels of literacy by religion and sex. Muslims lag behind all the religious groups in this regard. This is also substantiated by the findings of the Sachar report (as will be examined subsequently in the note) that Muslims in India have less access to education than other religious groups. The literacy rate among Muslims is only 59.1% while the national average is 64.8%. Female literacy rate is found to be lower in the Muslim community than other religious groups.

Table 4: Literacy Levels by Religion and Sex (in %)

Religion	Male	Female	Total
Hindu	76.16	53.21	65.09
Muslim	67.66	50.09	59.13
Christian	84.37	76.19	80.25
Sikh	75.23	63.09	69.45
Buddhist	83.13	61.69	72.66
Jain	97.41	90.58	94.08
Source: Census of India, 2001			

II. Key Findings of the Sachar Committee Report

Based on the findings on the Sachar Committee Report, it emerges that the Muslims, as a minority group, are among the most marginalized communities in India in terms of economic and educational indices as well as political empowerment. Further, having the largest share among the all the religious groups and spread across the country, they cannot be overlooked by the state and the policy-makers. While the report is too large and covers a whole range of issues, it is well beyond the scope of this note to cover all of these. Selected relevant findings have been highlighted in Table 5 relating to demographic, educational, employment, poverty and social conditions**.**

Table 5: Key Findings of the Sachar Committee Report

Variables	**Muslims** (%)	**National Average** (%)
Share in Population (2001)	13.4	-
Share in total OBC population	15.7	-
Urban Population	36	28
Literacy (2001)	59.1	64.4
Total drop out of children	25	-
Graduate	3.6	6.7
Diploma	o.4	0.7
Street vending	12	4
Worker - Population Ratio	54.9	64.4
IAS	3	-
IPS	1.8	-
IFS	4	-
Poverty (2004-05)	31	22.7
Infant Mortality Rate	59	73

Further, another vital indicator that assesses the extent of being marginalized is level of exclusion from the mainstream employment pattern. Table 6 reveals that the share of Muslims in government jobs is merely 6.4 %. The situation is worse in states with a greater share of Muslim population. For example, in West Bengal, Uttar Pradesh and Assam, while the Muslim population is 25.2 %, 18.5 % and 30.9 % of the population, respectively, their representation in government jobs is 4.7 %, 7.5 %, and 10.9 %, respectively. Only 4.5 % of railway employees are Muslims, and of these 98.7 % occupy lower-level positions. India's elite civil service corps has a miniscule 3.2 % of Muslims.

Table 6: Muslim Representation in Government Jobs

States	Muslims in Total population (%)	Muslim Representation in Govt Jobs (%)
Assam	30.9	11.2
West Bengal	25.2	4.2
Kerala	24.7	10.4
Uttar Pradesh	18.5	5.4
Bihar	16.5	7.6
Jharkhand	13.8	6.7
Karnataka	12.2	8.5
Delhi	11.7	3.2
Maharashtra	10.6	4.4
Andhra Pradesh	9.2	8.8
Gujarat	9.1	5.4
Tamilnadu	5.6	3.2
Total	15.4	6.4

Source: Sachar Committee Report, 2006

Broadly, the Committee formulated policy measures and made specific recommendations covering four key dimensions. First, mainstreaming and inclusiveness were to be the cornerstone of the policy framework for Muslim community. Second, an urgent need to increase the diversity in residential/ work places and educational institutions by incorporating Muslims was felt. Third, more equity-based measures are needed to reduce the sense of discrimination that the community perceives. Fourth, availability of detailed information and formation of data bank to facilitate action and monitoring of schemes and programmes meant for minorities.

III. Promise vis-à-vis Action – Follow-up of the Action Taken Report (ATR)

In response to the Sachar Committee recommendations, the Central Government's newly created Ministry for Minority Affairs has taken the initiative to follow up on the recommendations. It prepared an ATR to be implemented to improve the condition of Muslims especially in the area of education and economic empowerment. The salient features of ATR and its follow-up action are as enumerated below in Table 7:

Table 7: Status of Implementation of ATR

ATR by government	Status of Implementation
Special Development initiatives	*Special Development initiatives*
o Targeted intervention in 90 minority concentrated districts	o Multi Sectoral development scheme has been launched.
o Improvement in civic amenities and economic opportunities in 338 towns.	o Inter- ministerial task force was set up to look into the matter.
Access to Credit	*Access to Credit*
o Opening more branches of Bank in minority concentrated districts	o 496 branches opened in 2007-08
o Priority sector lending to Minorities	o RBI revised Master Circular to lend minorities from 9% to 15% over next three years
Access to Education	*Access to Education*
o Promotion of Girls Education	o 270 KGBVs sanctioned in blocks living more than 20% of minority population
o Provision for girls hostel	o No concrete action has been taken
o Provision for scholarship for students	o Many schemes have been launched
o Dissemination of information regarding the schemes	o A scheme has been started in this regard.
o Madrasa Modernization Programme	o Scheme is being revised to make it more attractive
o Recognition of Madrasa certificate to Universities	o UGC asked to work out modalities
Skill Development	*Skill Development*
o Promotion of skill development Initiative	o Inter-ministerial group formed for it
Promotion of Social Inclusion	*Promotion of Social Inclusion*
o Equal opportunity commission	o Report has been submitted on it
o Diversity index in areas of education, housing and employment	o Report has been submitted on it
o Compilation of national data bank	o Desk has been created in the Ministry of Statistics
o Autonomous assessment and monitoring authority	o A cell was constituted in the Planning Commission

Source: Ministry of Minority Affairs, Government of India

The Ministry of Minority Affairs had initiated a few schemes with scant budgetary allocation to implement ATR in 2006-07. Table 8 shows that there has been an increase in budgetary allocation since the formation of the Ministry in 2007 for the schemes related to welfare of minorities. That apart, the extent of backwardness of the Muslim minority community requires greater budgetary allocation. Most of the schemes run by the Ministry are based on the distribution of scholarships to students at different levels. A special scheme called Multi-Sectoral Development has been initiated for overall development of community. The scheme is being operated in 90 minority-dominated districts. Considering the coverage and level of backwardness of minority concentrated districts, this scheme needs more budgetary allocation for better implementation.

Table 8: Union Budget Outlays under Ministry of Minority Affairs (in Rs. Crore)

S.N	Schemes	2006-07 (RE)	2007-08 (RE)	2008-09 (BE)
1	Secretariat	3.87	4.46	5.76
2	Grants-in –Aids to Maulana Azad Foundation	100	50	60
3	Coaching and allied Scheme for Minorities	1.6	9	9
4	Research /Studies , Monitoring &Evaluation of development for Minorities including Publicity	1	10.99	4.5
5	Merit-cum –Means Scholarship for professional courses	10	48.6	112.4
6	Pre-Matric Scholaship for Minirities		9	71.9
7	Post-Matric Scholarship for Minirities		54	89.9
8	Multi Sectoral Development Programme for Minority concern districts		66.97	485.8
9	Grants-in Aids to State channelising agencies engaged in implementation of NMDFC		9	4.5
9	Special Officer for Linguistic Minorities	1.04	1.23	1.53
11	National Commission for Religious and Linguistic Minorities	1.99	0.16	
12	National Commission for Minorities	3.67	3.63	4.04
13	Grants-in-aid to Wakf	2.06	2.9	3
14	Investment in Public Enterprises	16.47	63	67.5
16	Grants in Aid to North East	1.82	29.44	94
	Grand Total	143.52	362.83	1013.83

Source: Ministry of Minority Affairs, Expenditure Budget, Vol-II

Implementation of ATR

It has been over a year since the Sachar Committee Report was tabled in the Parliament, based on which, an ATR was submitted by the Ministry of Minority Affairs to the Parliament. The major focus of the ATR in terms of implementation has been on education related issues like scholarship schemes for students and opening additional primary and upper primary schools in minority-dominated areas. Scant attention has been given to providing employment and economic opportunities. This section attempts to present a brief report card of the status of implementation of the ATR:

Education

Even before the submission of the report, the Ministry of Human Resource Development had announced some measures to improve the educational condition of the community through Sarva Siksha Abhiyan (SSA). It had proposed a Pre–Matric Scholarship Scheme for Muslims, OBCs, SCs/STs and the girl child. The Ministry also sanctioned 6,918 primary and upper primary schools along with 32,250 Education Guarantee Schemes (EGS) Centers for minority-dominated districts. From 2006 onwards, the category minority (Muslims) is being included in the reporting of enrollment from each school in the country under the District Information System (DISE) database of SSA.

In this process, a new Centrally Sponsored Scheme (CSS) for students belonging to minority community was launched in 2008-09. It involves an expenditure of Rs. 1,530 crore during the 11th plan. A total of 15 lakh scholarships will be given during the Plan period from 2007-12. Of this, 30% has been reserved for women. The scholarships will be awarded to those fulfilling the merit–cum-means criteria and those studying in any registered educational institution like schools, colleges, vocational institutes and universities. All the students coming from families with an annual income below Rs. 2 lakh will be eligible for the scholarship. The scheme will be implemented by the Ministry of Minority Affairs. The two schemes announced earlier were Coaching & Allied scheme and Merit–cum–Means scholarship scheme for minority community students.

Economic Empowerment

Focusing on the field of economic empowerment of Muslims, credit facility provided by commercial banks for the minority community will be increased by 15% in the coming years. The Ministry of Finance has also proposed to earmark 15% of the country's budget for religious minorities, including Muslims for implementation of Prime Minister's 15-point Programme. A sub-plan was proposed by the Eleventh Plan "Working Group on Empowering the Minorities" for allocation of funds under different heads broadly on the basis of the Muslims' share in the population (for programmes that are divisible). The two apex bodies namely Planning Commission and National Development Council (NDC) rejected the proposal to formulate a separate sub-plan for religious minorities to be integrated into the Eleventh Five-Year Plan. However, the NDC towards its commitment for the welfare of the minorities has assured implementation of Prime Minister's 15-point Programme. The programme stipulates that wherever possible, 15% of outlays under various schemes will be earmarked for the minorities. During 2006-07, various ministries like Human Resource Development, Labor and Employment, Housing and Urban Poverty Alleviation, Rural Development, and Women and Child Development have made separate allocations for minorities in their schemes. However, it is unclear how such an onerous task has been be undertaken in the absence of suitable mechanism at district and block level within the institutional set-up. Further, no separate statistical profile for minorities in the proforma, application forms and monitoring tools have been provided.

Employment

A review on employment carried out by central government itself has found that minority community members figure a mere 5% of the total direct recruitment made by different ministries during 2007. The Prime Minister's 15-point Programme for welfare of minorities gave special consideration to recruit minorities in central and state services along with public sector undertaking. A group of secretaries formed to review the selection process said that only few ministries are serious about the government directives. The whole recruitment drive seems farcical.

Policy Gaps at Implementation Level

The Sachar Committee recommendations were aimed at bringing about systemic changes in the institutional functioning and improvement in governance, essential to improve inclusiveness of the Muslim community. But the poor performance of the government is, to say the least, shocking; notwithstanding some token increases, it has failed to deliver in areas such as institutional reforms, appropriate policy initiatives and concrete action plans. It is also unfortunate that the proposal for a separate sub-plan for the religious minorities has been rejected, which needs to be integrated into the Eleventh Five-Year Plan. In the field of education, there has been progress made through SSA and the Scholarship scheme by Ministry of Minority Affairs. However, there is no specific strategy for promoting education amongst Muslim girls at primary level, including measures to reduce school dropout rates, an easier admission process in higher and vocational education, better hostel facilities and teacher training.

A separate Ministry (Minority Affairs) was created to ensure the implementation of more than 300 programmes by different ministries and department to alleviate poverty and improve overall human development. Practically speaking, it is impossible for a single ministry to deal with so much, efficiently and holistically. The larger malaise of exclusion has to be addressed by all 'regular line departments' and Ministries at the national and State levels, taken together.

The ATR appears to be largely unclear and vague and fraught with confusion. First, the ATR recommends 90 minority districts with "substantial minority population concentrations" to provide "basic amenities and employment opportunities identified on the basis of poor developmental parameters which cover only 30% of total Muslims, leaving the remaining 70% Muslim population spread all over India. Second, the Sachar Committee has highlighted the status of Muslims in a comparative perspective, but the ATR refers to "Minorities" thus diluting the Muslim focus. Third, the ATR does not have the clear vision for universalization of education among the minority community. Besides, no mention is made about promoting higher education among Muslims. Fourth, no clear strategy and appropriate mechanism has been devised to improve the representation of Muslims in the legislature/ Parliament, Central/ State administrations and Public Sector Undertakings.

IV. Suggestions

In the light of the recommendations of the Sachar Committee, the policies to deal with the relative deprivation of Muslims (the largest and most backward minority group) in India should focus on following points:

- Initiating policy reforms and creating an appropriate institutional mechanism at all level of government for better implementation of newly launched schemes for minorities. It also requires a definite timeline, a programme-specific strategy at planning and implementation level and clarity with respect to monitoring mechanisms and tools.

- Enhancing the access to credit and economic support programmes, better access to education, improved employment opportunities and conditions, and support for community initiatives are required on an urgent basis.

- A clear strategy and appropriate mechanism has to be devised to improve the representation of minorities in the legislature, defense establishment, police services, Central and State administrations and Public Sector Undertakings.

- The inclusion of a separate sub-plan for minorities is the pre-condition for an inclusive development and mainstreaming of the Muslim community while respecting its diversity.

- For better coordination between all 'regular line departments' and Ministries at the National, State and district levels, the steps taken to be together in process of programme implementation and monitoring and evaluation.

Resource Mobilization Efforts of the Union Government

Nilachala Acharya§

Pursuit of fiscal reforms as a part of the overall economic reforms in the country during the last two decades has remained the core agenda of mainstream thinking of the policy makers as well as development thinkers. The basic tenets of the fiscal reforms, dominated by fiscal conservatism, were to restrict the role of government in the economy through rationalization (or lowering) of taxes and limiting the deficits. This conservative fiscal thinking was given legal teeth through the Fiscal Responsibility and Budget Management (FRBM) Act in 2004. Post FRBM Act, the Union Government, governed by strict deficit reduction targets, has focused on expenditure rationalization or even expenditure cut measures instead of augmenting more resources. Given this backdrop, the present note begins with a situational analysis on resource mobilization efforts of the Union Government over the last few years. Subsequently, it highlights some of the key measures of the Government of India towards resource mobilization in the recent Budgets. It then suggests some key pointers to be taken up in formulating a charter of demands on resource mobilization which are needed to be incorporated in the forthcoming Union Budget.

The inability of the government to collect enough taxes to finance the developmental needs of the country had been one of the most worrying features of India's development experience, but reform measures since early nineties had worsened the situation further. The lowering of tax-GDP ratio had put enormous strain on the fiscal position of the Union Government. Reduction in fiscal deficit being the central agenda of successive governments at the centre, there were huge cut backs in public expenditure in important social sectors like health and education and economic sectors like agriculture and rural employment. What is even more disturbing is that in the period of economic reforms this tax-GDP ratio had taken a further beating implying that reduction in fiscal deficits over this period has been attained mainly at the cost of public expenditure.

We find that there has been a substantial increase in the tax-GDP ratio from around 9 percent of GDP in 2003-04 to around 13 percent of GDP in 2008-09 BE. But the non-tax revenue-GDP ratio declined sharply to around 2 percent of GDP in 2008-09, which was 2.78 percent during 2003-04.

Table-1: Trends in Tax-GDP and Non Tax -GDP Ratios for the Union Government

Year	Gross Tax Revenue as % of GDP	Non Tax Revenue as % of GDP
1999-00	8.80	2.73
2000-01	8.97	2.66
2001-02	8.20	2.97
2002-03	8.80	2.94
2003-04	9.20	2.78
2004-05	9.75	2.60
2005-06	10.23	2.15
2006-07	11.42	2.01
2007-08 RE @	12.47	1.99
2008-09 BE $	12.97	1.81

Source: Receipts Budget, Government of India
Notes: GDP at Market Price figures (Base 1999-2000; At current prices) are taken from CSO;
@ GDP for 2007-08 is Advanced Estimate provided by CSO;
$ GDP for 2008-09 is projection made by the Finance Minister in "Budget at a Glance, 2008-09"

Table-2: Union Government's Direct and Indirect Taxes as percent of GDP

Year	Gross Tax Revenue as % of GDP	Direct Taxes (Gross) as % of GDP	Indirect Taxes (Gross) as % of GDP
1999-00	8.80	2.97	5.83
2000-01	8.97	3.25	5.72
2001-02	8.20	3.03	5.17
2002-03	8.80	3.38	5.42
2003-04	9.20	3.80	5.40
2004-05	9.75	4.23	5.53
2005-06	10.23	4.40	5.83
2006-07	11.42	5.30	6.12
2007-08 RE @	12.47	6.49	5.98
2008-09 BE $	12.97	6.88	6.08

Source: Receipts Budget, Government of India
Notes: GDP at Market Price figures (Base 1999-2000; At current prices) are taken from CSO;
@ GDP for 2007-08 is Advanced Estimate provided by CSO;
$ GDP for 2008-09 is projection made by the Finance Minister in "Budget at a Glance, 2008-09"

There has been a substantial increase in the tax-GDP ratio of the Union Government over the last three fiscal years. There is a significant increase in direct tax collection (i.e. from around 4 percent to 7 percent of GDP during 2003-04 to 2008-09). However, given the huge growth in GDP, much greater buoyancy in tax collection could be expected, which the government failed to appropriate. Meanwhile, the proceeds from indirect taxes have also increased from around 5.4 percent of GDP to 6.08 percent during the period in between 2003-04 to 2008-09.

What is disturbing is that service sector, which has the largest contribution to GDP (55 percent), contributes only around 9 percent of gross tax collections and 20 percent of the total indirect tax proceeds. The largest proportion of the indirect taxes is actually collected from the consumers of final products of non-agricultural commodity producing sectors. This is not a desirable situation in a demand-constrained economy, given that the government is actually not trying to divert these proceeds in boosting the demand in the economy.

Table-3: Important Items of Tax Revenue as Proportion of GDP

Year	Corporation tax	Taxes on Income other than Corporation Tax	Customs	Union Excise Duty
	As Percent of GDP at MP			
2000-01	1.70	1.51	2.26	3.26
2001-02	1.60	1.40	1.77	3.18
2002-03	1.88	1.50	1.82	3.35
2003-04	2.30	1.50	1.76	3.28
2004-05	2.64	1.58	1.84	3.17
2005-06	2.83	1.56	1.82	3.11
2006-07	3.48	1.81	2.08	2.84
2007-08 RE	3.97	2.52	2.15	2.73
2008-09 BE	4.27	2.61	2.24	2.60

Source: Receipts Budget, Government of India
Notes: GDP at Market Price figures (Base 1999-2000; At current prices) are taken from CSO;
@ GDP for 2007-08 is Advanced Estimate provided by CSO;
$ GDP for 2008-09 is projection made by the Finance Minister in "Budget at a Glance, 2008-09"

Further segregations of some important sources of tax revenue reveals that there has been a substantial increase in corporation tax as well as taxes on income other than corporation tax, but tax-GDP ratio from customs and union excise duty is not showing any encouraging trend since 1999-2000. Falling share of customs duties as proportion of GDP since 2000-01 is a consequence of the overall policy of trade liberalisation, and the accompanying reduction in excise duties which, is basically meant to ensure that domestic producers are not at disadvantage. While the decline in the rates of both customs and excise duties became inevitable in the context of the opening up of the economy and the need to provide a level playing field to domestic producers, the persistence of exemptions and concessions for both of these taxes have substantially reduced the collection of these taxes.

Table-4: Some Items of Capital Receipts and Dividends and Profits as Proportion of GDP

Year	External Debt Net	Disinvestment Proceeds	Dividends & Profits
1999-00	0.06	0.09	0.49
2000-01	0.36	0.10	0.65
2001-02	0.25	0.16	0.76
2002-03	-0.49	0.13	0.86
2003-04	-0.49	0.61	0.77
2004-05	0.47	0.14	0.73
2005-06	0.21	0.04	0.71
2006-07	0.20	0.01	0.71
2007-08 RE @	0.21	0.77	0.77
2008-09 BE $	0.21	0.19	0.81

The government is still collecting a significant sum of resources through disinvestment proceeds. This indicates governments retreat from the objectives of socialistic sprit of a strong existence of a public sector. In order to achieve maximum wellbeing of the people, services provided by the public sectors is the only resort for the common mass in a competitive market framework. While during the initial years of the present regime of the government, the government restrained itself from undertaking disinvestment activities; it has been keen to revert back again to increased disinvestment activities especially during last two years. The resources from disinvestment proceeds increased sharply from around 0.01 percent of GDP in 2006-07, to around 0.77 percent in 2007-08 RE and to 0.19 percent in 2008-09 BE.

Table-5: International Comparison of Tax–GDP ratio

Total Tax Revenue as a proportion of GDP in 2004	
Countries	Gross Tax Revenue as % of GDP
Sweden	50.7
Denmark	49.6
Belgium	45.6
Netherlands	39.3
Spain	35.2
U.S.	25.4
S. Korea	24.6
Mexico	18.5
India *	16

Note: *2004-05 BE (Total tax revenue for the country)
Source: Background Note for National Convention on Union Budget, 2007-08, CBGA, New Delhi, India

The above table presents a comparative picture of the tax-GDP ratio of India vis-à-vis some of the countries in the world. Though for India, tax-GDP ratio has been rising over the last couple of years, it still falls far short of the levels attained by most developed countries as well as some of the developing countries of the world.

Table-6: Tax Revenue Foregone in Central Government Tax System due to Tax Exemptions/Incentives/Deductions (in Rs. Crore)

Items	Revenue foregone in 2006-07	Revenue Foregone as % of aggregate tax collection in 2006-07	Revenue foregone in 2007-08	Revenue Foregone as % of aggregate tax collection in 2007-08
Corporate Income Tax	45034	9.56	58665	10.09
Personal Income-tax	32143	6.82	42161	7.25
Excise Duty	75475	16.02	87992	15.14
Customs Duty	137105	29.11	148252	22.51
Total	289757	61.51	337060	58.00
Less (Related to Export Credit)	50045	10.62	58416	10.05
Grant Total	239712	50.89	278644	47.94

Notes: As per the Receipts Budget in Union Budget 2007-08, " the estimates and projections are intended to indicate the potential revenue gain that would be realized by removing exemptions, deductions, weighted deductions and affected by removal of such measures..... (Also) the cost of each tax concession is determined separately, assuming that all other tax provisions remain unchanged"
Aggregate Tax Collection refers to the aggregate of net direct and indirect tax collected by the Central Government.
The figure of Aggregate tax collection for 2007-08 is based on revised estimates.
Source: Receipts Budget 2008-09, government of India

Huge amount of resources are foregone every year on account of various tax exemptions in the central government tax system. The total revenue estimated to be foregone in the central government tax system for the year 2007-08 is around 6 percent of GDP. Such an amount is more than sufficient (180 percent) to pay for budgetary support for Central plan expenditure and around half of the gross tax collections (47.94 percent).

Table-7: Tax Revenue raised but not realised (Principal Taxes)

(Rs in Crore)

Description	As at the end of reporting year 2005-06			As at the end of reporting year 2006-07		
	Amounts Under Dispute	Amounts not Under Dispute	Grand Total	Amounts Under Dispute	Amounts not Under Dispute	Grand Total
Corporation Tax	28378	9626	38004	26603	12352	38955
Taxes on Income other than corporation tax	31549	5921	37470	24730	15391	40121
Customs	2442.94	810.02	3252.96	2897.05	1205.73	4102.78
Union Excise	7600.87	3413.43	11014.3	10573	4626.43	15199.43
Services Tax	409.33	105.29	514.62	721.03	193.8	914.83
Total	70380.14	19875.74	90255.88	65524.08	33768.96	99293.04

Source: Receipts Budget, Union Government, 2007-08 and 2008-09.

Moreover, the Union Finance Minister has not announced any significant measure until now for recovering those tax arrears which are not under dispute; such tax arrears (not under dispute) amounted to Rs. 19,875 crore at the end of the reporting year 2005-06 and Rs. 33769 crore at the end of the reporting year 2006-07.

Proposed Goods and Services Tax (GST): Some Concerns

Following an agreement between the Central Government and the State Governments, the rate of Central Sales Tax has been reduced from 4 per cent to 3 per cent during the previous financial year that is 2007-08. And for the current financial year it has been further reduced to 2 per cent which is with effect from April 1, 2008. The Finance Minister, in his budget speech made in Parliament for the current year announced that the consultations with the states are underway on the compensation for losses, if any, and once agreement is reached the new rate will be notified. He is also happy that there is considerable progress made in preparing a roadmap for introducing the Goods and Services Tax with effect from April 1, 2010.

In order to understand the change in the fiscal scenario from 2010, when the GST is expected to be introduced, the role of the Thirteenth Finance Commission (TFC) will be crucial to come out with a new basis for devolution of taxes between the center and the states.

While the Empowered Committee of State Finance Ministers has suggested a dual structure for GST with separate taxes at the Centre and the state level, the finance ministry is still looking into the feasibility of such a model. Let us examine some of the challenges surrounding the introduction of the dual-GST at this point of time while examining the impact of proposed GST.

While the professed objective of the GST is to subsume all indirect taxes that are currently imposed on the flow of goods and services, the states appear to have resisted the move to subsume several state taxes. The fundamental thing that is worth mentioning here is that GST, in its proposed form, is a stumbling block towards the sprit of fiscal decentralization. Many fear that, by centralizing the tax collection (indirect taxes) process through introduction of GST will concentrate the economic power at the centre and it will lead to further widen the gap of economic inequalities among the sub-national units.

There is no doubt that most of the local taxes will come under this proposed tax system which leads to squeezing the autonomy of the local governmental units in raising and spending money as per the their need. Hence, the challenges of how best to ensure that the revenues of the states and local governments are protected under this proposed regime of GST.

Another key policy challenge relating to GST is that of determination of a uniform threshold, which would apply for both the federal GST as well as the state GST. The present position wherein there are significantly differing thresholds across the two federal indirect taxes of CENVAT and service tax, together with the co-existence of multiple thresholds under the state VAT, is not conducive at all to the introduction of a uniform threshold under GST.

The objective of ensuring that compliance costs related to the dual GST are within manageable limits can only be met through standardization. The challenge here is that the present tax statutes across the federal indirect taxes (CENVAT and service tax) and the state VAT are considerably different with regard to their principles and procedures and hence, the task of standardization is necessary before implementing GST.

An obvious challenge that is emerging here with regard to time and effort will be required to be put in to ensure that the vast bureaucracy in the government tax departments is adequately informed and trained on the fundamentally different tax that is proposed to be introduced.

The present central government has been a strong proponent of fiscal conservatism and it has been zealously pursuing the targets for reduction of Revenue Deficit and Fiscal Deficit as dictated by the Fiscal Responsibility and Budget Management (FRBM) Act. The Finance Minister expects that the fiscal deficit for the year 2008-09 BE shall be maintained at 2.5 percent of GDP which is significantly lower than the FRBM target of 3 percent of GDP. The revenue deficit is expected to be at 1 percent of GDP during 2008-09 BE. The primary deficit has actually become negative.

Table-8: Deficits of the Central Government as percent of GDP

Year	GDP at MP	Revenue Deficit	Primary Deficit	Fiscal Deficit
1999-00	1952036	3.5	0.7	5.4
2000-01	2102375	4.1	0.9	5.7
2001-02	2281058	4.4	1.5	6.2
2002-03	2458084	4.4	1.1	5.9
2003-04	2765491	3.6	0.0	4.5
2004-05	3126596	2.5	0.0	4.0
2005-06	3580344	2.6	0.4	4.1
2006-07	4145810	1.9	-0.2	3.4
2007-08 RE @	4693602	1.4	-0.4	3.1
2008-09 BE $	5303770	1.0	-0.7	2.5

Source: Same as table-2

Off budget Subsidies through selling Bonds: How 'Meritorious' are they?

There are merit subsidies and there are non-merit subsidies. Merit subsidies would have to be continued with a view that most of such benefits are being reaped by the marginalized sections of the society. Most of non-merit subsidies are being funded by means of off-budget provisions through selling bonds. The question here is how one can see the accountability and transparency of the whole exercise as well as the accounting jugglery of preparing the budget in the context of FRBM and bringing down the deficits. Let us have a brief look into the whole exercise in the context of Budget 2008-09 and what could be its macro policy implications.

The government has largely funded the growing subsidy on petroleum products and fertilizers through bonds. The fertiliser and petroleum companies sell products lower than the cost and the government makes up the deficit through bonds. These are normally not shown within the budgetary classifications. The total subsidy bill in 2007-08, which was pegged at Rs 69,742 crores initially, inclusive of the off-budget oil and fertiliser bonds, increased to Rs 88,499 crores. In 2008-09, the subsidy bill will be substantially higher than the estimated Rs 71,431 crores. The government has projected a revenue receipt of Rs 6,02,935 crores and an expenditure of Rs 6,58,119 crores. The expenditure is expected to be substantially higher than the estimate in wake of the rise in global oil prices, fertiliser subsidy, implementation of pay commission recommendations and farm debt-waiver package. A clear example in this regard is the loan waiver scheme for farmers. Indeed it is a welcome announcement in the Budget by the Finance Minister. But the banking industry is asking a different question: who will bear the burden? It is not surprising that many of the subsidies, in general, remain off-Budget as only a small portion of them are explicitly shown in the budget documents (like food subsidy). But how justifiable are these subsidies for which government is afraid of making provision in the Budget?

In India, we find subsidy support for various goods and services, such as like food, fertiliser, petroleum, energy, irrigation, education, drinking water, and so on. The simple justification for such support is that the cost of providing these goods and services is so high that the common man cannot afford them. But there is an argue that in a welfare state, maximization of aggregate consumer welfare is facilitated through the subsidization of goods and services that benefit the poor. But unfortunately, much of the subsidy benefits go to the rich and undeserving in place of the poor.

Implementation of FRBM Act

The Indian Parliament, in August 2003, passed the Fiscal Responsibility and Budget Management (FRBM) Act, which imposes stringent fiscal discipline on the central government in its overall fiscal and macroeconomic management operations. The stated objectives behind this Act were:

- To maintain transparency in fiscal management systems in the country;
- To bring inter generational equity in debt management; and
- To bring long term fiscal stability in the economy

It provided for three statements to be presented by the central government namely;

1. The Medium Term Fiscal Policy statement;
2. Fiscal Policy Strategy Statement; and
3. Macro Economic Framework statement.

Targets Set in the FRBM Act

The FRBM Act has put forward a set of targets to be achieved over a period and these targets are:

- Elimination of Revenue Deficit (RD) by March 2009;
- Reduction of Fiscal Deficit (FD) to an amount equivalent to 3 % of GDP by March 2008;
- Reduction of RD by an amount equivalent of 0.5 per cent or more of the GDP at the end of each financial year, beginning with 2004-05; and
- Reduction of FD by an amount equivalent of 0.3 per cent or more of the GDP at the end of each financial year, beginning with 2004-05

In practice, the Act was a deficit management tool for the government. According to mainstream economists, deficits in government budgets are considered to be major factors affecting the growth process in the economy by contributing to inflation and increasing the debt burden leading to a greater resource drain on the exchequer in terms of interest payments. Deficits in general can be contained through different mechanisms. It can be a front loaded mechanism reducing deficits through greater resource mobilization or a back loaded method by reducing expenditure. In India, both the methods were followed in different intensities. In order to augment resources, policies like disinvestment were also followed along with major reforms in tax policies and administration. It is now necessary to assess the impact of the Act on various facets of Indian public policy paradigm. Some of the major findings are presented below.

Impact of FRBM

As a tool for bringing transparency, the fiscal policy and fiscal strategy statements brought out by the government are appreciable as these provide substantial information to the wider public and media for assessing the fiscal situation of the country on a regular basis. Much information on tax exemptions, details of internal and external debt, different short term forecasts on macro economic indicators are now available in public domain.

On the other front, a major logic behind reducing deficits was that deficits lead to inflation and this act call for reducing deficits in order to contain inflation. The Union Government has been able to show lower levels of deficits. However, according to many observers, the actual magnitude of government's indebtedness has not come down over the last few years; since some of the fiscal operations of the central government have been shifted off the budget by using the public sector undertakings.

Union budget 2008-09, with regard to deficits reflects that these are being maintained at a level far below the FRBM targets. The Finance Minister hopes that the fiscal deficit for the year 2008-09 BE shall be maintained at 2.5 percent of GDP compared to the FRBM target of 3 percent. The revenue deficit is expected to be controlled at 1 percent of GDP during 2008-09 BE. The primary deficit has actually turned out to be negative. In a country like ours with huge excess capacity of the factors of production, a higher primary deficit is actually beneficial for the economy as it creates more effective demand and thereby employment in the economy.

Based on the above discussion, we need to raise some key concerns with regard to the forthcoming Union Budget.

- Looking at the tax-GDP ratio of India vis-à-vis the same in other countries of the world, India is lagging far behind.
- Falling share of customs duties as a proportion of GDP since 2000-01, has added to the government's challenges in augmentation of more resources. The reductions in customs duties are consequences of the blind implementation of trade liberalisation policies and the existing rates are even at times below the requisite levels to meet commitments to WTO. Government should increase customs duties, at least to the WTO prescribed levels.
- Tax revenue forgone due to tax exemptions, incentives and deductions in the Central Government tax system- especially with regard to customs duty and corporate taxes should be limited as much as possible. Moreover, the government should try to collect the tax arrears which are not under dispute.
- At the present juncture, the Union Government should have expanded the size of Union Budget significantly (especially the Plan component) in order to provide adequate resource support to crucial economic sectors like, agriculture and rural development and the social sectors. However, the obsession of the present Government with the FRBM Act and its arbitrary targets has been too strong an obstacle in this regard.

This article has drawn significantly from CBGA (2008), "Budget 2008-09: Reaffirming Rhetoric - Response to the Union Budget 2008-09" , New Delhi (available at www.cbgaindia.org).

Public Policy on Climate Change and Environmental Protection in India: Some Key Issues and Challenges

Gyana Ranjan Panda and Kaushik Ganguly

One of the major critical challenges facing the 21st century world is the phenomenon of climate change. The major driving force behind this phenomenon is the uncontrolled expansion of human settlements and over-exploitation of natural resources pushing *nature* beyond its limit to absorb these anthropogenic interferences. Unmitigated mining of mineral resources, particularly mineral oil and gas to fuel the economic expansion of nations worldwide, is threatening the energy security of the entire developed and developing world. Also, accumulation of greenhouse gases (GHGs)[1] in the atmosphere is having unprecedented impact on the climate system across the world. According to Inter-governmental Panel on Climate Change (IPCC) 3rd Assessment Report on the state of climate the decade of 1990s have been the warmest decade and the particular year 1998 being the warmest year since instrumental recording have begun. The immediate effect of such global warming are already showing in the form of rise in sea level, depletion in snow cover and ice sheets, shift in rainfall patterns and rise in air temperature which in turn is affecting watersheds and ecosystems across the world. In addition to these, extreme weather conditions have become regular feature across the world, bringing untold misery to the populace in developing and the developed world. The economic costs associated with these extreme weather conditions leading to crop failures, loss of livelihood and lives are steadily growing higher. In case of small island countries impact of phenomena like rise in sea levels and adverse weather conditions are even more telling as there arises possibilities of decline in habitable space triggering large scale migration. While developed countries in many ways are better poised to tackle these issues, developing and less developed countries (LDCs) face more misery because of acute shortage of resources and infrastructure. India, a developing economy, has got vast swath of its population living in poverty, depending mostly on weather conditions and natural resources for their livelihood who are, thus, more vulnerable to the vagaries of nature. Alleviation of the condition of these people requires huge government intervention in terms of budgetary allocations and policy regulations for promoting sustainable means of livelihood. It also involves preventing over-exploitation of natural resources and building resilience of the society to extreme or erratic weather conditions. In addition, proactive initiative is also required from the government to build a national database on climate conditions and variations, promote research and development and create conducive atmosphere for assimilation of cleaner technologies.

The response of the international community to climate change has been almost unanimous and comprehensive. The United Nations Framework Convention on Climate Change (UNFCCC) provides the basis for collective action to mitigate climate change and lend a helping hand to developing and less developed countries to adapt to the effects of climate change. The overtly stated objective of the UNFCCC is stabilization of GHGs in the atmosphere by curbing human interferences with the climate systems. This stabilization of GHGs should be at an internationally agreed level and within a time frame that would enable ecosystems around the world to adapt naturally to climate change. The UNFCCC, however, does not lay down any explicit target for limiting the GHGs but it does recognize the differentiated responsibility of the developed and industrialized countries vis-à-vis the LDCs and developing countries in this regard. The Convention (UNFCCC) envisages the developed-industrialized countries (Annex I countries within the Convention) to bring down their GHGs emissions individually or jointly to the 1990 level. A differentiated group within the Annex I (countries listed as Annex II to the Convention) is required to provide financial assistance and facilitate transfer of technology to developing countries to help them implement their commitments to the convention. Non –Annex I countries have also been differentiated according to their capabilities to respond to climate change. Forty-eight countries have been identified by the United Nations as least developed countries (LDCs) and have been given special consideration because of their limited ability to respond and adapt to the effects of climate change. India, being a non-Annex I country, has been exempted from the binding obligations of reducing its GHGs emissions. However, being a party to the UNFCCC it recognizes the common but differentiated responsibility of all the countries in addressing climate change concerns and reaffirms the right of each inhabitant of earth an equal entitlement of global atmospheric resources.

I. Climate Change Concerns for India and its Response

The challenges owing to climate change confronting India are enormous and equally variegated. With around 72 percent of its population residing in rural areas and dependent on agriculture and allied activities, addressing the challenges is necessary to ensure food security and viable livelihood options for this vast majority of its population. Equally important is the preservation of the Himalayan ecosystems which is the cradle of immense biodiversity and variety of wildlife; its glacial and river systems forming critical backbone for the human civilization of the plains of northern India. Its huge coastline and island states makes a significantly large section of its population extremely vulnerable to phenomenon like rise in sea level, cyclones or storm surges and other extreme weather conditions. Moreover a large section of the population depends for their livelihood on the marine ecosystems around the coasts, therefore conservation of these as well as allowing for sustainable exploitation is a major challenge.

The National Action Plan on Climate Change (NAPCC) brought out by the Government of India, asserts that the Indian economy as closely as it is tied to the natural resource base and climate-sensitive sectors such as agriculture, water and forestry, a climate change driven alteration in the in the quality and distribution of its natural resources is bound to impair its development. It also acknowledges the nascent nature of the economy and the development process, thereby the wider variety of choices that India has in charting out a pathway that is ecologically sustainable. The NAPCC also lays down some guiding principles for the future course of action on development and climate change issues, which are: a) protect the poor and vulnerable of the society through sustainable development strategy sensitive to climate change; b) achieving national growth objectives through a qualitative change in direction that enhances ecological sustainability leading to further mitigation of GHGs; c) devising cost effective strategy for end use Demand Side Management; d) deploying appropriate technologies for both adaptation and mitigation of GHGs at an accelerated pace; e) engineering new and innovative forms of market, regulatory and voluntary mechanisms to promote sustainable development; f) effecting implementation of programmes through civil society, local self-government institutions and public-private partnership; g) ushering in international cooperation for research and development and technology transfer enabled by additional funding and a global IPR that facilitates transfer of technology to developing countries under UNFCCC. To aid the process of mainstreaming the above objectives within the development process the NAPCC envisages eight following missions:

- **National Solar Mission**: To increase the share of solar energy in the energy mix while recognizing the need for development of nuclear energy, wind energy and biomass.
- **National Mission for Enhanced Energy Efficiency**: It seeks to promote energy efficiency through the Bureau of Energy Efficiency (BEE) in the central government and designated agencies in each state. Programmes and measures have been initiated which would result in an anticipated energy saving to the tune of 10,000 MW by the end of 2012.
- **National Mission on Sustainable Habitat**: To make habitat sustainable through improvements in energy efficiency in buildings, management of solid waste and modal shift to public transport.
- **National Water Mission**: To ensure integrated water resource management helping to conserve water, minimize wastage and ensure more equitable distribution across and within states.
- **National Mission for Sustaining Himalayan Ecosystem**: Evolve management resources and measures to sustain and conserve Himalayan glacial systems and mountain ecosystems. Among others also try to understand and address the issue glacial recession in the Himalayas.
- **National Mission for Green India**: To enhance ecosystem services including development of carbon sinks like forests which are indispensable for preservation of ecological balance and biodiversity.

- **National Mission for Sustainable Agriculture**: To make Indian agriculture more resilient to variations in climate by identifying and developing new varieties of crops especially which would be thermal resistant, alternative cropping pattern capable of withstanding extreme weather conditions like long dry spells, flooding and moisture variability.
- **National Mission for Strategic Knowledge for Climate Change**: To foster international cooperation in research and development and knowledge dissemination. To set up a Strategic Knowledge Mission to identify the challenges and responses to climate change.

NAPCC while entrusting implementation responsibilities of these missions on inter-sectoral ministries also underlines the role of Planning Commission, industry, academia and civil society for its time-bound implementation. Prime minister's Council on Climate Change is expected to coordinate and supervise the effective implementation of the stated objectives set under various missions. The time line for mission accomplishment spans the remaining years of the 11th Plan and the whole of the 12th Plan period 2012-13 to 2016-17.

The eight missions envisaged in the NAPCC covers almost the entire gamut of issues except a clear articulation on the issues pertaining to the management and conservation of oceanic and coastal resources. Clear cut policy guidelines pertaining to financing of these missions and their institutional architecture of service delivery or the parameters of functioning of state governments and local self government institutions are yet to be made apparent. Therefore it is too early to comment on the viability of the policy commitments made in NAPCC, but it is evident that success of these programs would in large measure depend on necessary Constitutional reforms and large government investments in the sector.

II. Constitutional Framework for Environmental Protection in India

The Indian Constitution is amongst few in the World that contains specific provisions on environmental protection. After Stockholm Declaration (1972), the Indian Constitution (Forty-Second Amendment) Act, 1976 inserted for the first time very specific provisions to protect & improve the environment. Also, some generic constitutional provisions such as Article 47, 48A (Directive Principle of State Policy) and 51A (Fundamental Duties) & most importantly Article 21 (Fundamental Rights) have set constitutional obligations upon the State to protect and manage environment. Article 47 exclusively provides for the improvement of public health as one of the primary duties of the State; Article 48A further says "The State shall Endeavour to protect & improve the environment and to safeguard the forests and wildlife of the country."; Article 51A being Fundamental Duties of the citizen also states that, it is "duty of every citizen of India to protect & improve the natural environment including forests, lakes, rivers and wildlife and to have compassion for living creatures."

Besides Directive Principle of State Policy, the Fundamental Rights in Article 21 of the Indian Constitution provides that no person shall be deprived of his life or personal liberty except according to procedure established by law. It is much extended than the defined Right and Supreme Court in various cases has included the right to clean water and pollution free environment as inalienable parts of Right to Life and Personal Liberty and squarely put the environment under the "Public Trust Doctrine".[2] In the federal distribution of power, while environment is under residual power of the Center, however forest, protection of wildlife and birds are included under concurrent list leaving the state with very insignificant power in various facets of environment governance. The implicit as well as explicit provisions of Constitution, however, are backed by number of parliamentary acts, legislations and notifications, international conventions and agreements.

Institutionally, the Ministry of Environment and Forest (MOEF) is concerned with planning, promoting, coordinating and overseeing the implementation of environmental, wildlife, biodiversity and forestry policies and programmes. It also serves as the nodal agency for international cooperation in the domain of environment, including the subject of climate change. As environment protection and sustainable development requires cross-cutting governmental endeavours, various ministries/ departments both at the Centre and State level deal with area specific environmental issues and concerns and thus, complement the MOEF legal obligations and responsibilities to further the cause. At the implementation level, Local Bodies such as *Panchayat*s and city councils also have a stake in various schemes (empowered under 73rd and 74th Amendment Act) such as Joint Forestry Management (JFM) and Gram Van Yojana Scheme.

Besides, various scientific and technical institutions like National Environmental Engineering Research Institute (NEERI), Central Pollution Control Board (CPCB), State Pollution Control Board (SPCB), Wildlife Institute of India (WII), Indian Institute of Forest Management (IIFM) and experts groups support environment administrations at union and state levels.

III. Budgetary Allocation in the Sector

The programme wise plan outlays and expenditure of MOEF have been classified on some specific sectors such as Environment in general, National River Conservation Directorate, Forestry and Wildlife, National Afforestation and Eco-developmental Board and Animal Welfare.

While the 10th Plan outlays for the MOEF was Rs.5945.00 crores, the outlay of the Ministry for the 11th Plan has been approved at Rs.10005.00 crores which is nearly 100% growth over the last plan. The total annual budgetary expenditure for the MOEF though has increased in absolute number over the years, however, if one compares to total budgetary expenditure as well as its share to the GDP (Market Price) of same financial years, both shows a trend of stagnation or insignificant decline over the last five years. The annual growth rate of the budgetary allocation for the MOEF shows a rather fluctuating trend with the annual growth rate increasing to 13% in 2007-08; however the 2008-09 allocation entails a decline in growth rate to 7.3% over last year.

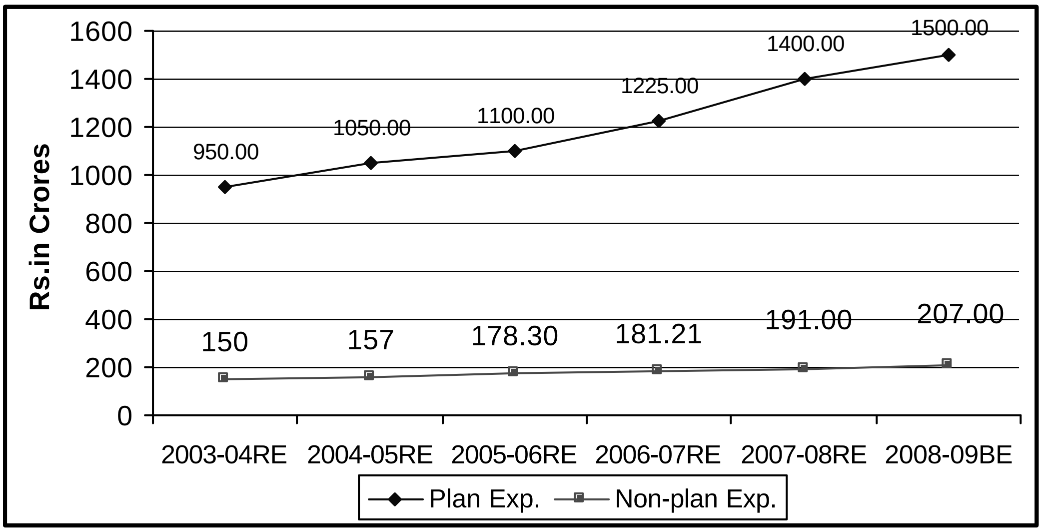
Table 1: Allocation of Ministry of Environment & Forest to Total Union Budget Expenditure

Year	Ministry of Environment & Forest Allocation (in Rs. Crore)	Annual Growth Rate (in per cent)	Percent to total Budgetary Expenditure	Percent to GDP (MP)
2003-04RE	1100.0	----	0.23	0.04
2004-05RE	1207.0	9.7	0.24	0.04
2005-06RE	1278.3	5.9	0.25	0.04
2006-07RE	1406.2	10.0	0.24	0.03
2007-08RE	1591.0	13.1	0.22	0.03
2008-09BE	1707.0	7.3	0.23	0.03

Source: Budget at Glance and Expenditure Budget II of various financial years

Like wise, while the Plan expenditure and Non-Plan expenditure of MOEF budget has been increased in absolute number, in percent wise it has been shown decline or remained constant with regard to total budgetary expenditure is concerned.

Chart 1: Share of Plan & Non-Plan Expenditure in MOEF



Source: Expenditure Budget, Volume II (various years).

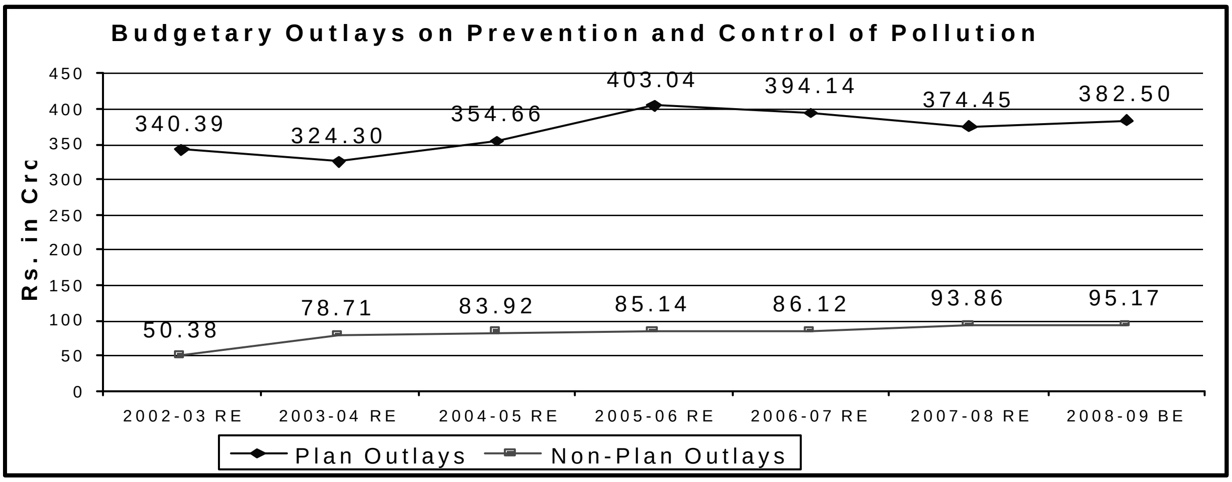
The ministry runs twelve Central sector scheme (CS) and ten Centrally Sponsored Scheme (CSS). Some of the major schemes under the ministry are Assistance for Abatement of Pollution, National Afforestation programme, National Coastal Management Programme and Social forestry Scheme.

The pollution in all its manifestation such as air pollution, water pollution[3], noise pollution, pollution of rivers and lake, solid waste management has contributed noticeably in the environmental degradation. Union Budget allocation particularly on prevention and control of pollution in the last four FY has declined significantly compared to total allocation for MOEF. In 2005-06 RE, It was 45% which has come down to 32% of total allocation of MOEF in 2008-09 BE. While the present plan expenditure for pollution prevention and allocation head has declined in absolute number compared to 2005-06 RE, the Non-plan expenditure has increased marginally.

Assistance for Abatement of Pollution:
Assistance for abatement of pollution, a Central Sector (CS) scheme is to meet the need to strengthen the various State Pollution Control Boards (SPCBs) and State Environment Departments for enforcing the statutory provisions for taking up pollution abatement measures. The purpose of funding is to strengthen the State Departments of Environment through additional technical manpower and State Pollution Control Boards through scientific analytic equipment that are expensive and hence cannot be procured on State Government's own funds. Funds to the State Boards are released for equipment and specific studies and projects which would need to be completed within a specific time frame to meet the objective of Policy Statement for abatement of pollution. However, in the last two financial years, the combined allocation for the scheme is Rs. 9 crore which is quite insignificant to support 15 State Pollution Control Board (SPCB) to manage their affairs.

National Coastal Management Programme:
With regard to Plan scheme for the protection and management of coastal zone, the National Coast Management Programme (NCMP) a Central Sector Plan, (CS) since 1991 intends to focus on the mapping of ecologically sensitive areas, institutional strengthening and capacity building including control of pollution in coastal waters are covered under NCMP. The Union Budget allocated very minuscule funds to this Central Sector (CS) scheme in the 10th plan. For the last two financial years (2006-07 & 2007-08), the NCMP just got 20 lakhs per year which has been substantially increased to 1.37 crore in the FY 2008-09 Union Budget. Such a very insignificant allocation on NCMP can hardly fulfill the vision of 11th Plan of participation of civil society and fishing/coastal communities in the conservation of ecologically and culturally significant resources.

Chart 2: Budgetary Outlays on Prevention and Control of Pollution



Source: Expenditure Budget Volume II of various financial years

National Afforestation Programme:

The National Afforestation Programme Scheme[4], the largest scheme of the ministry supports expansion for forest and tree cover through Forest Development Agency (FDA) and Joint Forest Management Committee (JFMC). This is considered to be important with regard to participatory forest management with local communities that ensures livelihood and rights and responsibilities of tribal as well as forest inmates towards forest management and protection. The Joint Forest Management (JFM) is being implemented with 1, 06, 479 such committees (with 22 million participants) are functioning in 28 states covering 22.02 million ha of forests. In 2007-08, the budgetary allocation was Rs. 322.57 crores and promised to create 800 Forest Development Agency (FDA) and 3000 new JFMCs to the existing JFMCs, however the achievements rate has been far from satisfactory as a total of 343 FDA and 550 JFMCs have been formed under the same financial year. The physical performance of NAP seems unsatisfactory as per State of Forest Report 2005, the country has 20.60% forest of the total geographical area of the country, a figure which is far below that targeted objectives of 33% forest cover of the country.

The case for social forestry which is a Panchayat subject under 73 and 74th Constitutional Amendment Act, has been failed to be implemented due to sheer neglect of Central as well as various state government. In the FY 2006-07 and 2007-08, the Gram Van Yojana, an important scheme for social forestry, just got mere Rs. 20 lakh which has been substantially increased to Rs. 100 crores in FY 2008-09. Though, the case for social forestry has been neglected since 8th Plan, sudden manifold increase of budgetary allocation though a welcome initiative may fail to meet its desired objectives without absorptive capacity.

IV. Concluding Remarks

This background note attempts a review of the issues involving climate change both nationally and internationally, identifying some major challenges that need to be overcome through proactive government intervention. The Government claims that the public investment on mitigation and adaptation measures on climate change through various programmes and schemes running across various ministries exceeds 2.6% of GDP. This is true to the extent that there exist quite a few centrally sponsored schemes and central sector schemes which are operating to promote sustainable livelihood among the poor and downtrodden and to create infrastructure for augmentation of agricultural productivity and general quality of life. However, most of these which has been operating for many years lack a clear focus on the issues pertaining to climate change or environmental protection, therefore to be complacent on these schemes achieving the desired objectives would be quite imprudent. Schemes specifically geared towards alleviating drought or flood conditions and wasteland development need to be undertaken with urgency and implemented with the help of local government institutions. Resource allocation in this sector should done carefully after proper estimation of resource gap in this sector. The Government so far after introducing the National Action Plan on Climate Change has not elucidated on financing of public expenditure on Climate Change. Environmental quality has long been recognized as a public good, the provision of which is inalienable to notion of good life. Therefore provision of this public good is the sole responsibility of the government, at the central, state and local level. However, the tier of governance at which this public service should be provided would definitely depend on the nature of service provided. For example, pollution of river water should be a Central subject given its inter-jurisdictional nature, but groundwater management or management of coastal resources may be done at the State level with help of the Centre. There is considerable overlap in jurisdiction in the provision of environmental services and these should be adequately addressed given the emerging global realities and for the sake of transparency and accountability. A separate budget statement clearly outlining the allocation and expenditure on environmental services and measures taken for adaptation needs may be explored. Given the relative newness of the present issues involved and the developing nature of the economy placing India mostly at the receiving end of climate change concerns, there is a need for heavy government investment in education and awareness on climate change to forge a national consensus.

(Endnotes)

[1] There are four gases and two major groups of gases which constitute Green House Gases and are important for mitigation. Carbon Dioxide (CO_2) accounts for 50% of the overall warming effects arising from human activities; Methane (CH_4) accounts for 18%; Nitrous Oxide (N_2O) 6% and Sulphur Hexafluoride (SF_6) accounts for rest. Besides these, two major groups of gases —Hydrofluorocarbon and Perfluorocarbon — are also responsible for global warming.

[2] Supreme Court in *M.C Mehta* v *Kamal Nath (1977) 1 SCC 388* case has enunciated the "Public Trust Doctrine" under Article 21. The idea under this theory was that certain common properties such as rivers, seashores, forests, and air were held by the Government in trusteeship for the free and unimpeded use of the general public. The resources like the air, sea, waters and the forests have such a great importance to the people as a whole, that it would be totally unjustified to make them a subject of private ownership. SC in the same case concluded that any disturbance of the basic environment elements namely air, water and soil which are necessary for "life" would be hazardous to "life" within the meaning of article 21 of the Constitution. Furthermore, against chemical and hazardous industries, SC in the case of *Vellore Citizens Welfare Forum* v. *Union of India AIR 1996* directed the High Court to set up a Green Bench. Again, SC defined the Right to Pollution free air within Article 21 in *Subhash* v. *State of Bihar* AIR 1991. See P.M Bakshi, (2005), The Constitution of India, New Delhi: Universal Law Publishing Co. Pvt Ltd. Pg 48-49

[3] The water pollution in India comes from three main sources: domestic sewage, industrial effluents and run off from activities such as agriculture. The total sewage generation in the country is about 33,000 MLD (million liters per day).
Against this, the total average treatment capacity is only 6190 MLD and 40% of that capacity is in Delhi. However, the irony is that Yumana considered being more polluted river in India. Besides, in Ganga, Krishna, Sabarmati, Tapi, Sutlej, the Biochemical Oxygen Standards is as low to be to the bathing standard. The Water (Prevention and Control of Pollution) Act, 1974 regulates water quality through the State pollution Control Board (PCBs). The CPCB, under the MOEF has established a nation wide network for water quality monitoring comprising 1019 stations in 27 States and 6 UTs. The monitoring is done on monthly or quarterly basis for surface water and on half yearly basis for ground water. The monitoring network covers 200 rivers, 60 lakhs, 5 tanks, 3 ponds, 3 creeks, 13 canals, 17drains and 321 wells. Water samples are analyzed for 28 parameters including physical parameters, nutrients, major ions, organic and bacteriological parameters. Out of the various parameters monitored, Biochemical Oxygen Demand (BOD) and Coli forms are critical. Source: 11th Five Year Plan Document, Environment and Climate Change, Vol-1, Planning Commission, pg23.

[4]The overall objective of the scheme is to develop the forest resources with people's participation, with focus on improvement in livelihoods of the forest-fringe communities, especially the poor. NAP Scheme aims to support and accelerate the ongoing process of devolving forest protection, management and development functions to decentralized institutions of Joint Forest Management Committee (JFMC) at the village level, and Forest Development Agency (FDA) at the forest division level.

ACRONYMS

AABY	- Aam Aadmi Bima Yojana
AAY	- Antyodaya Anna Yojana
AIBP	- Accelerated Irrigation Benefit Programme
AIDS	- Acquired Immune Deficiency Syndrome
AIIMS	- All India Institute of Medical Sciences
AITUC	- All India Trade Union Congress
APL	- Above Poverty Line
APMC	- Agriculture Produce Marketing Committee
ARWSP	- Accelerated Rural Water Supply Programme
ASSOCHAM	- Associated Chambers of Commerce and Industry of India
BE	- Budget Estimate
BEE	- Bureau of Energy Efficiency
BPL	- Below Poverty line
BRGF	- Backward Regions Grant Fund
BSUP	- Basic Services to Urban Poor
CAP	- Comprehensive Action Plan
CBGA	- Centre for Budget and Governance Accountability
CDS	- Current Daily Status
CHC	- Community Health Centre
CII	- Confederation of Indian Industries
CPCB	- Central Pollution Control Board
CS	- Central Sector schemes
CSOs	- Civil Society Organisations
CSS	- Centrally Sponsored Schemes
CVD	- Countervailing Duty
CWS	- Current Weekly Status
DDP	- Desert Development Programme
Dept.	- Department
DoNER	- Development of North Eastern Region
DPAP	- Drought Prone Area Programme
DPCs	- District Planning Committees
FCI	- Food Corporation of India
FDA	- Forest Development Agency
FDI	- Foreign Direct Investment
FICCI	- Federation of Indian Chambers of Commerce and Industry
FIIs	- Foreign Institutional Investors
FM	- Finance Minister
FRBM	- Fiscal Responsibility and Budget Management (Act)
GDP	- Gross Domestic Product
GHG	- Greenhouse Gases
GOI	- Government of India
HIV	- Human Immunodeficiency Virus
IAY	- Indira Awaas Yojana
ICDS	- Integrated Child Development Scheme
ICPS	- Integrated Child Protection Scheme

IEEMA	- Indian Electrical and Electronics Manufacturers' Association
IFPRI	- International Food Policy and Research Institute
IHSDP	- Integrated Housing and Slum Development
IIFM	- Indian Institute of Forest Management
IMR	- Infant Mortality Rate
INTUC	- Indian National Trade Union Congress
IPCC	- Inter-Governmental Panel on Climate Change
IWDP	- Integrated Wasteland Development Programme
JFM	- Joint Forest Management
JNNURM	- Jawaharlal Nehru National Urban Renewal Mission
KGBV	- Kasturba Gandhi Balika Vidyalaya
LDC	- Least Developed Countries
LDP	- Language Development Programmes
MDM	- Mid-day Meal (Scheme)
MH	- Million Hectares
MHRD	- Ministry of Human Resource Development
MIS	- Market Intervention Scheme
MMR	- Maternal Mortality Rate
MOEF	- Ministry of Environment and Forest
MRP	- Mixed Recall Period
NABARD	- National Bank for Agricultural and Rural Development
NAFED	- National Agriculture Cooperative Marketing Federation
NAIS	- National Agricultural Insurance Scheme
NAP	- National Afforestation Programme
NAPCC	- National Action Plan on Climate Change
NCMP	- National Common Minimum Programme
NCMP	- National Coastal Management Programme
NEN	- North East Network
NER	- North Eastern Region
NEERI	- National Environmental Engineering Research Institute
NFWP	- National Food for Work Programme
NREGA	- National Rural Employment Guarantee Act
NREGS	- National Rural Employment Guarantee Scheme
NRHM	- National Rural Health Mission
NSS	- National Sample Survey
NSSO	- National Sample Survey Organisation
MDM	- Mid Day Meal
MSJE	- Ministry of Social Justice and Empowerment
PDS	- Public Distribution System
PMGSY	- Pradhan Mantri Gram Sadak Yojana
PMSM	- Pre-Matric Scholarship for the Minorities
PPP	- Public Private Partnership
PPS	- Procurement Support Scheme
PSK	- Prambhik Siksha Kosh

RBI	- Reserve Bank of India
RCH	- Reproductive and Child Health
RE	- Revised Estimate
RGDWM	- Rajiv Gandhi Drinking Water Mission
RIDF	- Rural Infrastructure Development Fund
RSVY	- Rashtriya Sam Vikas Yojana
RGGVY	- Rajiv Gandhi Grameen Vidyutikaran Yojana
SBI	- State Bank of India
SCARDBs	- State Cooperative Agriculture Rural Development Banks
SCP for SCs	- Special Component Plan for SCs
SCs	- Scheduled Castes
SCSP	- Scheduled Caste Sub Plan
SGRY	- Sampoorna Gramin Rozgar Yojana
SGSY	- Swaranjayanti Gram Swarozgar Yojana
SHGs	- Self Help Groups
SJSRY	- Swarna Jayanti Shahari Rozgar Yojana
SLNA	- State Level Nodal Agency
SPCB	- State Pollution Control Board
SSA	- Sarva Siksha Abhiyan
STs	- Scheduled Tribes
SUCCESS	- Scheme for Universal Access and Quality at the Secondary Stage
TB	- Tuberculosis
TLE	- Teaching Learning Equipment
TSC	- Total Sanitation Campaign
TSP	- Tribal Sub Plan
UEE	- Universalisation of Elementary Education
UIDSSMT	- Urban Infrastructure Development for Small and Medium Town
UIG	- Urban Infrastructure and Governance
ULB	- Urban Local Bodies
UNDP	- United Nations Development Programme
UNFCCC	- United Nations Framework Convention on Climate Change
UPA	- United Progressive Alliance
URP	- Uniform Recall Period
UT	- Union Territory
UWEP	- Urban Wage Employment Programme
VAMBAY	- Valmiki Ambedkar Awas Yojana
VAT	- Value Added tax
VPTs	- Village Public Telephones
WHO	- World Health Organisation
WII	- Wildlife Institute of India

GLOSSARY OF KEY BUDGETARY TERMS

1. Revenue Receipts

Revenue receipts comprise proceeds of total tax and non-tax revenues of the government. With this receipt there is no change in asset-liability position of the government i.e. it neither decreases the asset of the government nor increases its liability. The main Revenue receipts of the government are tax revenues, such as, income tax, corporate tax, customs and excise duties, and non-tax revenues, such as, interest and dividend on investments made by government, fees and other receipts for services rendered to the public and private by the government. In 2008-09 Union Budget, total revenue receipts of the Central Government is projected to be Rs. 6,02,935 Crore.

1.a. Tax Revenue

Revenue from taxes constitutes the major revenue receipt of the government. In 2008-09 Union Budget, total tax revenue receipts of the Central Government is projected to be Rs. 5,07,150 Crore. ***Direct Taxes*** are the taxes of which the tax-burden cannot be shifted. That means the burden of the particular tax rests on the same person who directly pays it to the government e.g. income tax, expenditure tax, corporate income tax, property tax etc. Direct taxes are directly related to a person's ability to pay and considered the best way to reduce inequality of wealth and income in the society. ***Indirect Taxes*** are the taxes for which the tax-burden can be shifted. Those who initially pay indirect taxes to government can ultimately shift the tax-burden to other persons who consume the services or goods later, e.g. customs duty, excise duty and sales tax, etc. Hence, indirect taxes are considered a huge burden on the common people – even the poorest of the poor have to pay this tax when they buy or avail services irrespective of their income capacity.

1.b. Non-Tax Revenue

Non-tax revenue comprises revenue receipts of the government other than taxes and duties. Non-tax revenue mainly consists of interests receipts and dividends on investments made by government, fees (stamp fee, etc.) and other receipts for the service rendered by government to public as well as to private e.g. fiscal services, economic services, defence services, etc. Total non-tax revenue receipts of the Central Government during 2008-09 is projected to be Rs. 95,785 Crore.

2. Capital Receipts

Capital Receipts of the government are always accompanied by a reduction in the assets or increase in the liability of the government. Capital Receipts that are usually accompanied by a reduction in its assets are recoveries of loans given by the government in the past, proceeds from disinvestment, etc. Capital receipts through loans taken by the government, from domestic or foreign sources, lead to an increase in its liabilities. Total Capital Receipts of the Central Government for the year 2008-09 is projected to be Rs. 1,47,949 Crore.

3. Revenue Expenditure

Revenue Expenditure usually does not have any impact on creation of assets or reduction of liabilities. It is usually incurred for the normal running of government and to meet the administrative expenditures of the government (e.g. salaries, pension etc.), interest charges on debt incurred by government, subsidies, etc. The grants given to State governments and other parties are also treated as revenue expenditure by the Central government, even though some of the grants may be used subsequently for creation of assets. Total Revenue Expenditure by the Central Government is estimated at Rs. 6,58,119 Crore in Union Budget 2008-09.

4. Capital Expenditure

Capital expenditure refers to the government expenditure incurred with the purpose of either increasing assets or reducing liabilities. It is, however, not essential that the assets created should be productive in character or that they should even be revenue generating. After it has been decided to incur expenditure for the creation of a new or additional asset, Capital Expenditure bears all charges for the first construction of the project, while Revenue Expenditure bears all subsequent charges for maintenance and all working expenses. Total Capital Expenditure by the Central Government is estimated at Rs. 92,765 Crore in Union Budget 2008-09.

In India, Plan Expenditure covers a part of the total expenditure, which is meant for financing the schemes and programmes especially framed under the given Plan (the Five Year Plan) or the unfinished tasks of the previous Plans. Once a programme or scheme pursued under a specific Plan completes its duration, the maintenance cost and future running expenditures on the assets created or staff recruited are not regarded as Plan Expenditure. The plan expenditure is further divided into two categories, Plan Revenue Expenditure and Plan Capital Expenditure. Total Plan Expenditure by the Central Government is estimated at Rs. 2,43,386 Crore in Union Budget 2008-09.

6. Non-Plan Expenditure

Any expenditure of the government that does not fall under the Plan Expenditure is Non-Plan Expenditure. Non-Plan Expenditure is the expenses required for the maintenance and running costs (usually the administrative over-heads) of the completed schemes or programmes undertaken in various plans. Since the maintenance and administrative expenses increase over the period of time, the Non-Plan Expenditure of the government are usually much higher than the Plan Expenditure. Like in Plan Expenditure, Non-Plan expenditure is also divided into two categories, Non-Plan Revenue Expenditure and Non-Plan Capital Expenditure. Total Non-Plan Expenditure in the Central Government is estimated at Rs. 5,07,498 Crore in Union Budget 2008-09.

7. Deficit & Debt

The excess of expenditure over income or excess of liabilities over assets is known as 'Deficit'. In simple terms, Deficit means shortage [Deficit = Expenditure – Income]. Thus, deficit refers to a gap, and Debt covers that gap. The government usually raises Debt to make investments under various social and economic overheads like railways, roads, bridges, education, health etc. Such enhanced public expenditure could not be met otherwise from the current revenues of the government. Internal Debt is refers to Debt raised within the country from financial institutions and other bodies constituted in India. External Debt refers to Debt raised from foreign sources like, foreign nations, foreign banks and other foreign bodies. The total of both internal and external debt is known as 'Public Debt'. Total Public Debt of India is estimated at Rs. 18,84,985.73 Crore (of which, Rs. 18,65,775.8 Crore is from internal sources and Rs. 19,209.93 Crore is from external sources) in the Union Budget 2008-09.

7.a. Revenue Deficit

The excess of revenue expenditure over the revenue receipts is referred as 'Revenue Deficit'. Revenue deficit basically means dis-savings on government account and use the savings of other sectors of the economy to finance the consumption expenditure of the government [Revenue Deficit = Revenue expenditure – Revenue receipts]. Revenue Deficit of the Central Government is estimated at Rs. 55,184 Crore (about 1.5 per cent of the projected GDP) in Union Budget 2008-09.

7.b. Fiscal Deficit

Fiscal Deficit is the difference between the government's total expenditure and its total receipts excluding borrowing (or difference between government's total expenditure and its total non-debt creating receipts) in a given period of time. So, Fiscal Deficit is almost equal to the amount of borrowing by the government both from internal and external sources including interest payments [Fiscal Deficit = Total Expenditure (Total Revenue Expenditure + Total Capital Expenditure) – (Revenue Receipts + Recoveries of Loans + Other Capital Receipts)]. Fiscal Deficit of the Central Government is estimated at Rs. 1,33,287 Crore (about 3.3 per cent of the projected GDP) in Union Budget 2008-09.

7.c. Primary Deficit

Primary Deficit is the difference between Fiscal Deficit and Interest Payments
[Primary Deficit = Fiscal Deficit – Interest Payments].

8. Plan Schemes

There are three different kinds of Plan Schemes, which are implemented in any State, viz. State Plan Schemes, Central Sector Schemes and Centrally Sponsored Schemes.

State Plan Schemes – The funds for State Plan Schemes are provided only by the State Government, with no 'direct contribution' from the Centre. However, the Centre may provide, at the recommendation of Planning Commission, some assistance to the State Government for its State Plan schemes, which is known as *'Central Assistance for State & UT Plans'*. Unlike Centre's grants to a State under central schemes, the *'Central Assistance for State & UT Plans'* cannot be tied to any conditionalities of the central government ministries.

Central Sector Schemes (also known as Central Plan Schemes) – The entire amount of funds for a Central Sector Scheme/ Central Plan Scheme is provided by the Central Government from the Union Budget. The State Government implements the Scheme, but it does not provide any funds for such a Scheme from its State Budget.

Centrally Sponsored Schemes – In case of a Centrally Sponsored Scheme, the Central Government provides a part of the funds and the State Government provides a matching grant for the Scheme. The ratio of contributions by the Centre and a State is pre-decided through negotiations between the two.

9. Budget Estimates (BE) and Revised Estimates (RE)

Let's consider a new Budget being presented in Parliament. The estimates presented in this Budget for the approaching fiscal year would be called **Budget Estimates (BE)**. The estimates presented in this Budget for the current/ ongoing fiscal year based on the disbursements in the first two to three Quarters of the fiscal year would be called as **Revised Estimates (RE)**. However, the figures (of receipts and expenditure) for the previous fiscal year would be referred to as **Actuals** or **Accounts**.