

on which various departments are reporting allocations under Women's Component Plan / Gender Budgeting.

• The performance of the State in implementing Women's Component Plan is not assessed regularly during the course of a Five Year Plan.

### (viii) Practices relating to Fiscal

**Decentralisation** is the eighth parameter of transparency in the State Budget, which examines whether the State Government follows relevant budgetary practices relating to devolution of funds to Panchayati Raj Institutions and urban local bodies. It emphasises the need for providing disaggregated information on devolution of funds from the State Budget to the rural and urban local bodies at different tiers. It also examines whether the budget documents provide information on the district-wise break-up of allocations and expenditures from the State Budget.



#### Positives

• The State Finance Commission holds wide-ranging consultations with relevant stakeholders such as representatives of both RLBs and ULBs, legislators, civil society groups and academicians in the process of formulation of their recommendations.

#### Negatives

- The State Government has not constituted the State Finance Commission at regular intervals over the last decade.
- The State Government either does not present the Action Taken Report on the recommendations of the SFC to the legislature, or when it does, it is delayed by more than a year after the submission of the SFC Report.
- The executive holds consultations with representatives of RLBs and ULBs during the process of State Budget formulation, but these consultations cover only a few of the subjects that are devolved to the local bodies.
- The budget documents do not provide disaggregated information on devolution of funds from the State Budget to the rural local bodies (RLBs) and the urban local bodies (ULBs) at different tiers.
- The budget documents do not provide information on the district-wise break-up of allocations and expenditures from the State Budget.

### Good Practices and Gaps in Budget Transparency in Gujarat

The assessment of transparency in the State Budgets of Gujarat has identified a number of good practices and also found some major gaps in terms of ensuring public access to budget information that need to be addressed by the State Government. These are:

### Good Practices

- The State Government brings out almost all relevant documents related to the State Budget.
- With the help of information technology, the State Government has taken a number of initiatives for improving public access to budget information; it uploads all the published budget documents on its website on the day the budget is presented in the State Legislative Assembly.
- The budget documents present extensive information on the transfer of resources between public sector undertakings and the State Government.
- The budget formulation exercise begins with the first budget circular, which is placed on the government website, and the legislators are informed around 35 days in advance before the presentation of State Budget in the Assembly.
- The documents relating to formulation of the State Budget are made available to all stakeholders in a timely manner.
- The State Treasury is linked to internet and detailed information on its receipts and disbursements are provided on a monthly basis.
- The State Government provides extensive information on SCSP and TSP separately in the Annual Plan document, including details of the government strategies and specific programmes for development of SCs and STs.
- The budget documents provide comprehensive information on allocations for SCSP and TSP under all State Government departments.

### Gaps in Budget Transparency

- The documents related to the budget do not provide information on funds received from the Union Government, which are routed outside the State Treasury and hence not reflected in the State Budget.
- The State Government does not bring out assessment reports on the budget during the course of the fiscal year.
- The State Government does not bring out any document outlining information on the MoUs, which it has signed over the last one year.
- The State Government does not release to the public any report on the steps taken to address audit observations (i.e. C&AG's observations on the State Budget).
- The executive does not hold consultations with the legislature on the memoranda / demands to be submitted by the State to Finance Commission and Planning Commission.
- A full-fledged Gender Budget Statement is yet to be brought out.
- The budget documents do not provide disaggregated information on devolution of funds from the State Budget to the rural local bodies (RLBs) and the urban local bodies (ULBs) at different tiers.
- The budget documents do not provide information on the district-wise break-up of allocations and expenditures from the State Budget.

## Transparency in State Budgets in India Gujarat

### Overall Score



### Summary Scorecard on Budget Transparency in Selected States

Transparency Parameters	States									
	Andhra Pradesh	Assam	Chhattisgarh	Gujarat	Jharkhand	Madhya Pradesh	Maharashtra	Odisha	Rajasthan	Uttar Pradesh
	<b>Average Transparency Score</b>									
Availability of Budget Documents	68	67	65	87	72	68	65	68	80	64
Completeness of the Information	75	74	81	85	74	81	77	75	56	69
Facilitating Understanding and Interpretation of the Information	51	50	39	65	64	35	70	47	71	42
Timeliness of the Information	59	51	77	77	53	84	53	69	25	33
Audit and Performance Assessment	39	29	55	39	23	67	35	31	35	35
Scope for Legislative Scrutiny	50	55	43	55	38	62	41	60	36	36
Practices relating to Budgeting for Disadvantaged Sections	49	44	71	63	37	70	29	43	30	40
Practices relating to Fiscal Decentralisation	24	31	19	24	27	14	17	29	19	29
<b>Overall Budget Transparency Score (in %)</b>	<b>51.8</b>	<b>50.1</b>	<b>56.1</b>	<b>61.7</b>	<b>48.4</b>	<b>60.2</b>	<b>48.3</b>	<b>52.6</b>	<b>44.0</b>	<b>43.5</b>

### Notion of Budget Transparency

Transparency in budgets can be interpreted as public access to information on budgets. The extent and quality of such access (to information) shapes public understanding of government decisions pertaining to budgets, determines the scope for public participation in budget processes and forms the foundation on which the government can be held answerable for budgets.

### Scope of the Analysis

State-specific situations and factors should be taken into account in identifying the key parameters for assessing transparency in State Budgets in India. The present

(explained in the analysis refers to a set of transparency parameters subsequent pages) that would necessarily be relevant for the Budgets of all States though this set of parameters might not be adequate to capture all State-specific situations and factors.

The study emphasises the significance of the legislature, media and general public as key stakeholders and draws attention to budgetary strategies relating to disadvantaged sections of the population and budget practices pertaining to fiscal decentralisation.

A structured questionnaire was administered during the period August to December 2010 to collect the relevant information on the State Budget pertaining to the fiscal year 2009-10.

#### Study conducted by:



Pathya, Gujarat



CBGA  
Centre for Budget and Governance Accountability

#### In collaboration with:

- Budget Analysis Rajasthan Centre, Rajasthan
- Centre for Rural Studies and Development, Andhra Pradesh
- Centre for Youth and Social Development, Odisha
- Grameen Development Services, Uttar Pradesh
- Life Education and Development Support Trust, Jharkhand
- North East Network, Assam
- Samarthan, Maharashtra
- Sanket Development Group, Madhya Pradesh

#### Supported by:

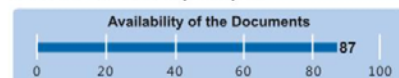
- Ford Foundation
- International Budget Partnership
- International Development Research Centre (Think Tank Initiative)
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## Transparency in the State Budget of Gujarat

**(i) Availability of Budget Documents / Reports / Statements** is the first parameter of budget transparency, which probes the availability of State Budget documents and other government documents related to the State Budget. Taking into account the Constitutional requirements as well as the requirements of planning, auditing, performance assessment, budgetary strategies for disadvantaged sections, and fiscal decentralisation, the analysis refers to a wide range of documents that need to be produced and made available to various stakeholders by the State Government for every fiscal year.



### Positives

- The State Government brings out almost all relevant documents related to the State Budget.
- It does make some efforts to ensure that the budget documents are available to the relevant stakeholders.

### Negatives

- The State Government does not bring out any Key to Budget Documents, Report of the State Finance Commission and reports on its assessment of the budget during the course of the fiscal year.

**(ii) Completeness of the Information** is the second parameter of budget transparency, and looks at whether the information given in the budget and other related documents provide a complete picture of the fiscal situation of the State. It examines whether the available documents capture different kinds of relevant information such as the magnitude and composition of tax revenue foregone due to tax exemptions; funds flowing from the Union Budget to the State that are routed outside the State Budget; budget allocations as well as audited figures of actual expenditure on the development schemes; submissions made by the State Government to the Union Government or central institutions (like the Planning Commission and Finance Commission); and information on the agreements/Memoranda of Understanding (MoUs) signed by the State Government with the Union Government or any other agency on matters pertaining to public finance.



### Positives

- The budget documents provide complete information on government expenditures and receipts during the fiscal year 2009-10, breaking it down in terms of different administrative units as well as various functions of the government.
- The budget documents present extensive information on transfer of resources from the Union Government to the State for the fiscal year 2009-10.
- The budget documents provide complete information about outstanding debt as at the beginning and the end of the fiscal year 2009-10; the documents also provide relevant details about the nature and composition of public debt.
- The budget documents present extensive information on the transfer of resources between public sector undertakings and the State Government.

- The budget documents provide a detailed account of the financial assets held by the State Government.
- The State Government produces all the statements that are required under the disclosure norms of the State's Fiscal Responsibility and Budget Management Act.

### Negatives

- The documents related to the budget do not share comprehensive information on funds received by the State from the Union Government, which are routed outside the State Treasury and hence not reflected in the State Budget.
- The budget documents do not present a detailed account of the physical assets held by the State Government.
- The documents related to the budget do not inform about the estimated amount of revenue foregone by the State Government for reasons such as tax exemptions.
- The documents related to the budget do not provide comprehensive information on the implementation of the previous year's budget proposals.

## (iii) Facilitating Understanding and Interpretation of the Information

as a transparency parameter, attempts to gauge whether the information provided by the State Government facilitates public understanding of its decisions relating to budgets. The questions pertaining to this parameter look at whether the budget documents help ordinary citizens to easily understand the budget proposals and whether these documents include any discussion of the relevant policy goals or priorities of the State Government.



### Positives

- Some of the budget documents produced and made available to the public facilitate a reasonably good understanding of the budget proposals.
- Some of the budget and other related documents include a discussion of the relevant policy goals or priorities of the State Government.

### Negatives

- There is scope for making the budget documents more comprehensible as well as incorporating discussion of the relevant policy objectives of the State Government. In this regard, the State Government should also consider bringing out a Key to Budget Documents.

**(iv) Timeliness of the Information** is the fourth parameter adopted for measuring budget transparency, which tries to assess whether the relevant documents are brought out in a timely manner. Some of the questions pertaining to this parameter also examine whether the State Treasury has been computerised and made available on the internet to enable easy access by the public.



### Positives

- The documents relating to formulation of the State Budget are made available to all stakeholders in a timely manner.
- The budget circular (for the next State Budget) is made available to the public, media and legislators in a timely manner.

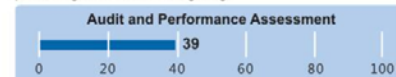
manner.

- The budget calendar (for the next State Budget) is made available to the public, media and legislators in a timely manner.
- The executive adheres to the budget calendar in formulation of the State Budget.
- The State Government obtains legislature's approval for the supplementary budget in a timely manner. • The State Treasury is linked to internet and detailed information on its receipts and disbursements are provided on a monthly basis.

### Negatives

- The reports of the Comptroller & Auditor General of India relating to the State Government, i.e. audit and accounts related reports, are made available more than eight months after the end of the fiscal year concerned.

**(v) Audit and Performance Assessment** is the fifth parameter, which examines the availability of information pertaining to audit of the State Budget (by the Comptroller & Auditor General of India) and performance assessment by the State Government itself. The questions relating to this parameter try to gauge whether – the State Budgets are audited regularly; the State Budget provides audited figures or provisional figures for the year before the previous year; the State Government brings out performance assessment reports at regular intervals; and, the State Government is following relevant practices pertaining to Outcome Budgeting.



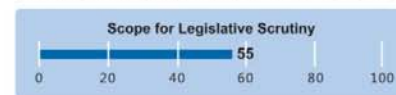
### Positives

- The State Government makes some effort to provide relevant information on the final outcomes of government interventions for all those administrative departments that are required to track such information.

### Negatives

- The State Government does not bring out assessment reports on the budget during the course of the fiscal year.
- The State Government does not bring out any document outlining information on the MoUs, which it has signed over the last one year.
- The State Government does not release to the public any report on the steps taken to address audit observations (i.e. C&AG's observations on the State Budget).

**(vi) Scope for Legislative Scrutiny** is the sixth parameter of budget transparency, which looks at the possibilities for the State Legislature to assess the budget and hold the government accountable. The key concerns raised by this parameter include whether all budget documents are shared with the legislators; which of the budget documents of the State are subject to scrutiny by the legislators; how much time is available for discussion of the budget by the legislators; whether the legislators are informed about the agreements or MoUs signed by the State Government on matters pertaining to public finance; and, whether appropriate committees within the State Legislature (for looking into budgetary matters) are functioning regularly.



### Positives

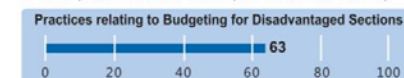
- The State Government provides budget documents to the legislators for scrutiny at least one month before the beginning of the next fiscal year.
- There are appropriate committees within the State legislature to look into the details of the budgetary provisions for various departments.
- The committees within the State legislature, which are meant to look into the details of the budgetary provisions for various departments, are functioning regularly.
- There are appropriate committees within the State legislature to look into the reports of the Comptroller & Auditor General of India relating to the State Government.

### Negatives

- The State Government does not present to the legislature any document outlining the MoUs to be signed by the State.
- The executive does not present to the legislature any document with the details of the funds received by the State Government, which are routed outside the State Treasury.
- The executive does not hold consultations with the legislature on the memoranda / demands to be submitted by the State to Finance Commission and Planning Commission.
- The Executive does not hold consultations on the memorandums/demands to be submitted by the State government to the Planning Commission or the Finance Commission.

## (vii) Practices relating to Budgeting for

**Disadvantaged Sections**, the seventh parameter of budget transparency, draws attention to the need for every State Government to follow relevant practices relating to budgetary strategies for the development of disadvantaged sections of the population such as women (Gender Budgeting), Scheduled Castes (Scheduled Caste Sub Plan or SCSP) and Scheduled Tribes (Tribal Sub Plan or TSP).



### Positives

- In the process of formulation of Five Year Plan and Annual Plans of the State, some of the relevant stakeholders are consulted in the preparation of Scheduled Caste Sub Plan, Tribal Sub Plan and Women's Component Plan.
- The State Government provides extensive information on Scheduled Caste Sub Plan and Tribal Sub Plan separately in the Annual Plan document, including details of the government strategies and specific programmes for development of SCs and STs.
- The budget documents provide comprehensive information on allocations for Scheduled Caste Sub Plan and Tribal Sub Plan under all State Government departments.
- The performance of the State in implementing Scheduled Caste Sub Plan and Tribal Sub Plan is assessed regularly during the course of a Five Year Plan.

### Negatives

- The Annual Plan documents do not provide comprehensive information on Women's Component Plan / Gender Budgeting.
- The State Government does not explain clearly the basis on which various departments are reporting allocations under Scheduled Caste Sub Plan and Tribal Sub Plan.
- The State Government does not explain clearly the basis