

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 Government has constituted the State Finance Commission at regular intervals over the last decade.
- There is a separate document which provides information on the district-wise breakup of allocations and expenditures of Plan Budget of the State Government and such information is provided for all the districts of the State.

Negatives

- 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 does not hold consultations with representatives of the RLBs and ULBs during the process of formulation of the State Budget.
- The budget documents do not provide disaggregated information on devolution of funds from the State Budget to the rural local bodies (RLBs) and urban local bodies (ULBs) at different tiers.
- The performance of the State Government in implementing the guidelines pertaining to devolution of funds to the RLBs and ULBs is not assessed at regular intervals.
- The budget documents do not provide information on the district-wise breakup of the Non-Plan allocations and expenditures from the State Budget.

Good Practices and Gaps in Budget Transparency in Maharashtra

An assessment of transparency in the Budget of Maharashtra has identified some good practices and also found a number of 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 Treasury is linked to internet and detailed information on its receipts and disbursements are provided on a monthly basis.

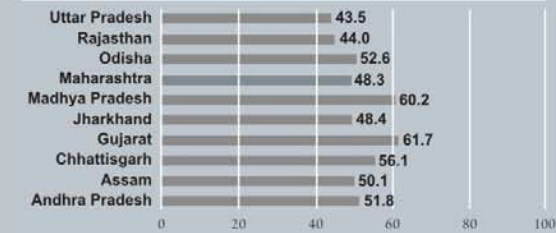
- All reports of the Comptroller & Auditor General of India relating to the State Government, i.e. audit as well as accounts related reports, are made public in a timely manner.
- District-specific Economic Survey, which presents a socio-economic profile of the district, is available for all districts in Maharashtra.
- There is a separate document which provides information on the district-wise breakup of allocations and expenditures of Plan Budget of the State Government and such information is provided for all the districts of the State.
- The State Government provides district-wise information on Tribal Sub Plan.

Gaps in Budget Transparency

- Maharashtra's State Five Year Plan document for the Eleventh Five Year Plan period is not available in public domain.
- The report of the latest State Finance Commission has not yet been published.
- The State Government departments bring out Performance Budgets, but they do not publish Annual Reports.
- The documents related to the State Budget do not provide information on Women's Component Plan / Gender Budgeting.
- There is no separate statement being prepared for Scheduled Caste Sub Plan.
- The budget documents do not provide disaggregated information on devolution of funds from the State Budget to the rural local bodies (RLBs) and urban local bodies (ULBs) at different tiers.
- The State Government does not bring out assessment reports (like in-year, mid-year and year-end review reports) on the budget during the course of the fiscal year.
- The budget documents do not share complete information on funds received by the State from the Union Government or external agencies, which are routed outside the State Treasury and hence not reflected in the State Budget.
- They do not inform about the estimated amount of revenue foregone by the State Government for reasons such as tax exemptions.
- 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.
- It does not make public the memoranda submitted to Finance Commission and Planning Commission.
- 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).

Transparency in State Budgets in India Maharashtra

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
	Average Transparency Score									
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
Overall Budget Transparency Score (in %)	51.8	50.1	56.1	61.7	48.4	60.2	48.3	52.6	44.0	43.5

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 analysis

refers to a set of transparency parameters (explained in the 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:



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
- Pathey, Gujarat
- Sanket Development Group, Madhya Pradesh

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Transparency in the State Budget of Maharashtra

(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 most of the 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 produce some of the documents like, Explanatory Memorandum and Key to Budget Documents.
- It does not present any separate document or statement on Women's Component Plan or Gender Budgeting.
- It does not prepare any separate document outlining allocations for rural local bodies (RLBs) and urban local bodies (ULBs).
- It does not make public the memoranda submitted to Finance Commission and Planning Commission.

(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

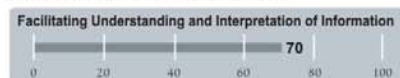
- The budget documents provide complete information on government expenditures and receipts during the fiscal year 2009-10.
- The budget documents present a detailed classification of government expenditures and receipts breaking it down in terms of different administrative units as well as various functions of the government.

- They outline information about the nature and composition of public debt with the relevant details.
- They present extensive information on the transfer of resources between public sector undertakings and the State Government.
- They provide a detailed account of the financial assets held by the State Government.
- The documents related to the budget share details of the future liabilities of the State Government.
- They provide useful information on the implementation of the previous year's budget proposals.

Negatives

- The budget documents do not share complete information on funds received by the State from the Union Government or external agencies, 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.
- They do not provide details of the contingent as well as deferred liabilities of the State Government.
- They do not inform about the estimated amount of revenue foregone by the State Government for reasons such as tax exemptions.

(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.



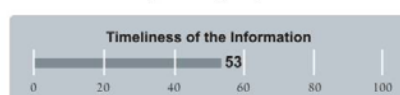
Positives

- 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 bring 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 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.
- All reports of the Comptroller & Auditor General of India relating to the State Government, i.e. audit as well as accounts related reports, are made public in a timely manner.

Negatives

- The budget circular and the budget calendar (for the formulation of the next State Budget) are not made available to relevant stakeholders in a timely manner.

(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.



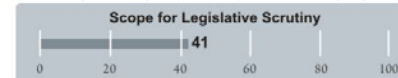
Positives

- All reports of the Comptroller & Auditor General of India relating to the State Government, i.e. audit as well as accounts related reports, have been made public consistently over the last three years.
- The State Government brings out Performance Budget documents for all administrative departments.

Negatives

- The State Government does not bring out assessment reports (like in-year, mid-year and year-end review 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.



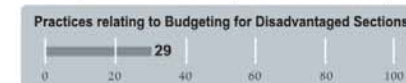
Positives

- 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, and these committees are functioning regularly.
- The executive seeks approval of the legislature before shifting funds between administrative units and functional heads during the course of the fiscal year.

Negatives

- The State Government provides budget documents to the legislators for scrutiny less than a month before the beginning of the next fiscal year.
- The executive 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 and hence not reflected in 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.

(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 Annual Plans of the State, most of the relevant stakeholders are consulted in the preparation of Tribal Sub Plan. The State provides extensive information on Tribal Sub Plan separately in the Annual Plan document which includes details of strategies and specific programmes for development of STs.
- The budget documents provide comprehensive information on allocations for Tribal Sub Plan under various State Government departments. The State Government provides information with regard to the basis on which various departments are reporting allocations under Tribal Sub Plan.
- The performance of the State in implementing Tribal Sub Plan is assessed regularly during the course of a Five Year Plan.

Negatives

- The documents related to the State Budget do not provide information on Women's Component Plan / Gender Budgeting.
- The State Plan documents do not provide much information on Scheduled Caste Sub Plan; details of government strategies and specific programmes for development of SCs are not shared.
- The performance of the State in implementing Scheduled Caste Sub 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