

CHHATTISGARH

Tracking Public Investments for Children

Budgeting for Change Series, 2011



This report is the product of a collaboration between the Centre for Budget and Governance Accountability (CBGA), New Delhi, Samarthan-Centre for Development Support (CDS), Chhattisgarh and UNICEF India.

It focuses on analysis of public spending on children in selected states and districts of India. Field data reported in this summary report was gathered during 2007-08. The long version of this report is available on www.cbgaindia.org. CBGA and UNICEF gratefully acknowledge the valuable guidance provided by Dr. N.C. Saxena and Dr. A.K. Shivakumar at all stages of the research and analysis.

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Note to readers:

Rs. 10 million is equivalent to Rs. 1 crore

Rs. 100,000 is equivalent to Rs. 1 lakh

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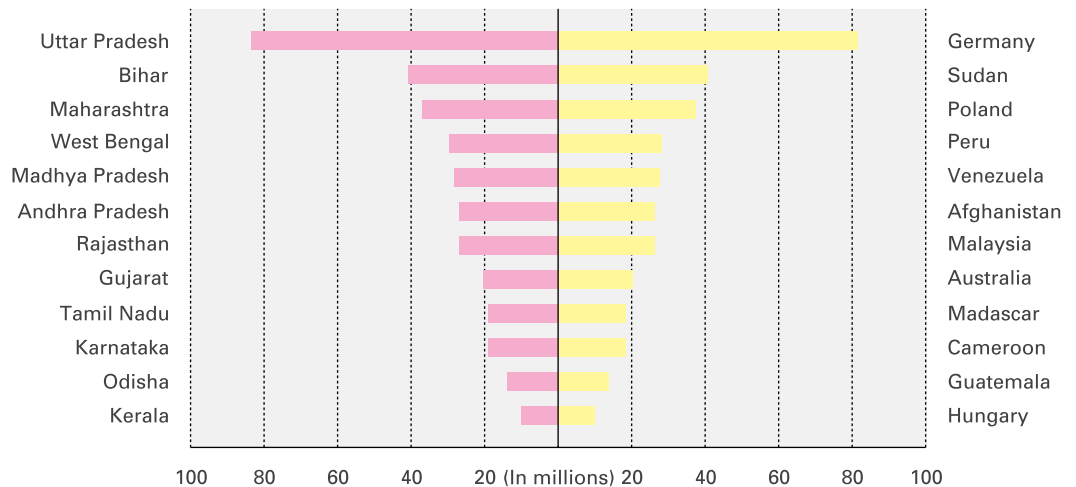
1. SETTING THE CONTEXT

Children (under 18 years) account for 44 per cent of Chhattisgarh's total population, and 2 per cent of India's children live in the state.

It is widely accepted that the future of India's development depends, to a large extent, on how well its children fare. Children below the age of 18 years account for over one-third (37 per cent) of India's population. Many Indian states have child populations that are similar to and even exceed the total populations of many countries (Figure 1). Investing in such a large young population is fundamental to the acceleration and sustainability of India's growth and human development.

Figure 1: India: The Scale 2008

India Population: 1,156 million Children (under 18 years): 424 million (37 per cent)
Many Indian states have child population similar to population of countries



Source: Registrar General of India Population projections; State of the world's Children 2009.

Children account for 44 per cent of Chhattisgarh's total population, and 2 per cent of India's children live in the state¹.

The Infant Mortality Rate (IMR) in Chhattisgarh has been declining steadily. Between 1990 – 2000 the IMR in the state declined from 99 deaths per 1,000 live births to 79 deaths per 1,000 live births. By 2008, this figure had dropped further to 57 deaths per 1,000 live births², and by 2010 it had declined even further to 51 deaths per 1,000 live births³. However, this was still higher than the national average IMR of 47 for the same year⁴.

The percentage of fully immunised children aged 12-23 months in Chhattisgarh has been increasing steadily, from 21.8 per cent to 48.7 per cent between 1998-99 and 2005-06⁵. By 2007-08 this figure had increased to 59.3 per cent⁶. The percentage of children under 3 years and underweight has also been declining, and dropped from 68.3 per cent to 60.8 per cent between 1992-93 and 1998-99⁷. By 2005-06 this figure had declined to 52.1 per cent⁸.

In 2008, the percentage of girls aged 6-10 years and attending school in Chhattisgarh was 89 per cent, while this figure was 93 per cent for boys. In urban areas, the gender gap in school attendance was interestingly

¹ Calculated from unit level records of 61st round of NSS by the institute of Human Development (IHD).

² SRS 2008 in *The Situation of Children in India: A Profile*. UNICEF, 2011.

³ SRS Bulletin 2010, released in 2011.

⁴ Ibid.

⁵ NFHS (1998-99) and (2005-06) in *The Situation of Children in India: A Profile*. UNICEF, 2011.

⁶ DLHS (2007-08) in *The Situation of Children in India: A Profile*. UNICEF, 2011.

⁷ NFHS (1998-99) and (2005-06) in *The Situation of Children in India: A Profile*. UNICEF, 2011.

⁸ Ibid.

in favour of girls, whereas in rural areas, the opposite was true (in urban areas 89 per cent of girls aged 6-10 were attending school, as opposed to only 82 per cent of boys. Conversely, in rural areas, 95 per cent of boys in the same age group were attending schools, compared to only 89 per cent of girls). Interestingly, the percentage of girls aged 6-10 attending school was constant in both rural and urban areas alike⁹.

2. SCOPE AND METHODOLOGY

Although India has recorded unprecedented economic growth over the past one and a half decades, the benefits of economic expansion, in the form of improvements in the quality and provision of public services, have not reached all segments of the population equitably. Partly responsible for the uneven development outcomes are distortions in the patterns of development expenditures that fail to create sufficient entitlements for the poor and disadvantaged groups. Allocation of sufficient budgetary resources and the development of appropriate planning processes can contribute to systematically promoting child rights.

This summary report has been prepared by the Centre for Budget and Governance Accountability (CBGA), New Delhi and the Samarthan-Centre for Development Support (CDS), Chhattisgarh, with support from the United Nations Children’s Fund (UNICEF) India. It presents an analysis of public spending on children in Chhattisgarh, drawing on secondary data analysis and field interviews conducted in 2007-2008.

Key aspects of budgets analysed include the following:

- a. Trends/patterns of public spending on social services over the past decade (social services meaning education, health and family welfare, water and sanitation, housing and so forth);
- b. Trends/patterns of public spending on child specific interventions (by major sectors and programmes);
- c. Sector wise composition of budgetary resources earmarked for children; and
- d. Factors that aid or hinder spending.

The following indicators, corresponding to the components above, have been used to analyse the available data, including both trends across years as well as across states.

- a. expenditure on social services as a proportion of Net State Domestic Product (NSDP)/total state budget (2001-02 to 2009-10); also per capita expenditure on social services and how Chhattisgarh fares viz. other states and across time (2005-06 to 2009-10);
- b. expenditure on child centred interventions as a proportion of state budget – trend from 2004-05 to 2007-08;
- c. sectoral composition of budget for children (2004-05 to 2007-08); and
- d. unpacking four major child centered national flagship programmes

⁹ NSS (2007-08) in *The Situation of Children in India: A Profile*. UNICEF, 2011.

(SSA, RCH, ICDS and TSC) and considering expenditure under them as a proportion of approved outlay, funds available and funds released (looking at the three is important as funds released are only a subset of funds available and approved outlay; further even for this fraction, quality of utilisation is poor).

3. CHILDREN AND PUBLIC INVESTMENTS

Children benefit from general public investments and development spending on a variety of services delivered by the government including Education, Health and Family Welfare, Water Supply and Sanitation, Housing and Urban Development, Social Security and Welfare, and Nutrition. Children from socially disadvantaged groups further benefit from targeted measures provided under budget heads for the welfare of Scheduled Castes, Scheduled Tribes, and Other Backward Classes.

Budgetary allocations to the social sectors both as a proportion of Net State Domestic Product, and as a percentage of total development expenditures reflect the priority assigned by the state government to social sectors. A better sense of the relative adequacy of public spending can also be obtained by examining annual per capita (or per child) public spending on social services.

The total pool of budgetary resources earmarked for child-centred government interventions or the total 'Child Budget' is made up of the following four components:

- **Child Education** (which includes expenditures on government schools up to higher secondary level, and all kinds of education related interventions up to higher secondary level);
- **Child Development** (which includes expenditures on nutrition and early childhood care such as expenditures towards the Integrated Child Development Services and the National Crèche scheme);
- **Child Health** (which includes expenditures on child survival and health such as expenditures towards the immunisation programmes as well as the Reproductive and Child Health programme); and
- **Child Protection** (which includes expenditures on protection of children in difficult circumstances – such as child labourers, street children, disabled children, children affected by calamities, and children affected by trafficking).

It is important to note, however, that the allocation of sufficient budgetary resources is only the first step. There is often a gap between budgeted outlays for child-centred interventions and actual expenditures that arises due to insufficient capacity to disburse and utilise public resources. The problem of low resource absorption capacity of state governments has its roots in many bottlenecks in the budgetary processes. Efficiency in public spending is also affected by limitations in the institutions involved in the planning, implementation and monitoring of development programmes.

Table 1: Expenditure on Social Services as per cent of the State Budget and Net State Domestic Product of Chhattisgarh (2001-02 to 2009-10)

	Expenditure on Social Services as per cent of total State Budget of Chhattisgarh	Expenditure on Social Services as per cent of Net State Domestic Product of Chhattisgarh
2001-02	37.3	7.9
2002-03	37.5	8.1
2003-04	30.5	7.1
2004-05	32.1	6.8
2005-06	35.3	7.2
2006-07	38.3	7.9
2007-08	34.0	7.0
2008-09 Revised Estimates	42.5	10.1
2009-10 Budget Estimates	45.0	10.6

Source: Computed from data available in Chhattisgarh State Budget, various years; State Finances: A Study of Budgets, Reserve Bank of India, various years; and the website of the Central Statistical Organisation (CSO).

Chhattisgarh spends about 45 per cent of its state budget on social services.

Budgetary allocations to social sectors

Table 1 shows trends in public expenditure on social services as a proportion of Net State Domestic Product between 2001 and 2010. It indicates that in the first two years after the creation of the state of Chhattisgarh (i.e. in 2001-02 and 2002-03), the share of the state's budget allocated towards social services stood at 37 per cent. This dipped to 30.5 per cent in 2003-04, although from 2004-05 onwards, the overall spending from the state budget indicated an upward trend ultimately reaching 45 per cent of the state budget in 2009-10.

Table 2 indicates that Expenditure on the Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes declined from 2.1 per cent of Net State Domestic Product in 2002-03 to 1.15 per cent in 2009-10, despite there being a relatively higher proportion of Scheduled Tribes in the total population of the state.

Analysis of per capita annual expenditures on social services in Chhattisgarh (Tables A-B, Appendix) indicates that budgets have increased significantly over the last decade, especially in the last two years. Chhattisgarh's annual per capita expenditure from the (total) state budget on social services increased from Rs. 2,101 between 2005-06 and 2007-08 (average for the three years) to Rs. 3,192 between 2008-09 and 2009-10 (average for the two years). This increase would be smaller if the rate of inflation were to be taken into account.

Chhattisgarh's annual per capita expenditure from the state budget on social services between 2005-06 and 2007-08, was higher than that of other states with poor human development indicators (i.e. Bihar, Uttar Pradesh, Odisha, Madhya Pradesh, Assam, Jharkhand and Rajasthan)

Table 2: Expenditure on Major Social Services as a proportion of Net State Domestic Product of Chhattisgarh (in per cent) (2000-01 to 2009-10)

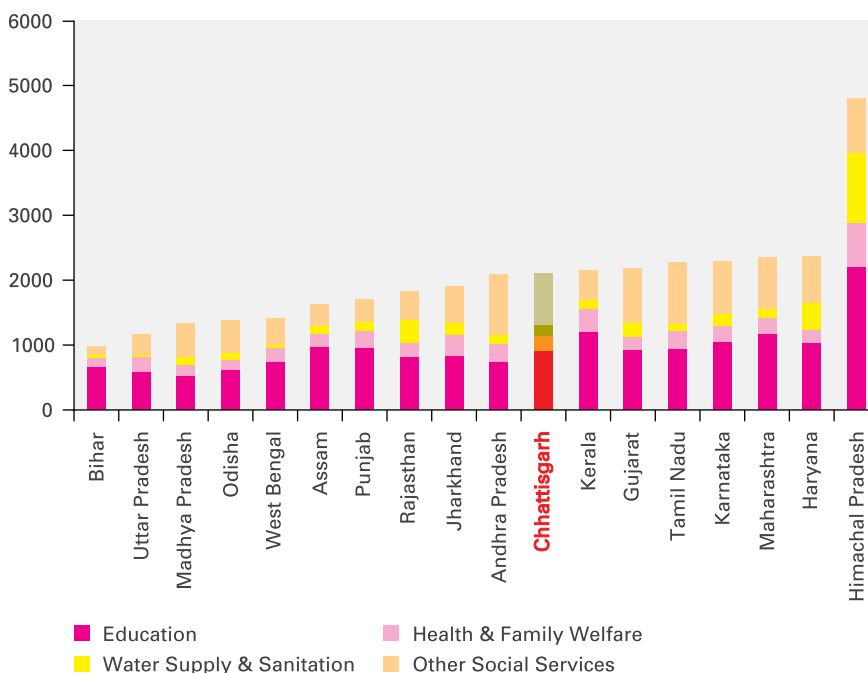
	Education, Sports, Art and Culture	Medical and Public Health	Family Welfare	Water Supply and Sanitation	Welfare of Scheduled Castes / Scheduled Tribes / Other Backward Classes	Social Security and Welfare
2000-01	1.1	0.3	0.1	0.2	0.9	0.2
2001-02	2.7	0.8	0.1	0.6	2.1	0.5
2002-03	2.7	0.9	0.1	0.6	2.1	0.6
2003-04	2.9	0.8	0.1	0.5	1.5	0.6
2004-05	3.1	0.7	0.1	0.4	1.4	0.5
2005-06	2.7	0.6	0.1	0.4	1.4	0.5
2006-07	2.7	0.6	0.1	0.6	1.2	0.5
2007-08	2.9	0.6	0.1	0.6	1.1	0.6
2008-09 Revised Estimates	3.7	0.9	0.1	0.7	1.1	1.8
2009-10 Budget Estimates	3.9	0.9	0.1	0.5	1.2	2.2

Source: Computed from data available in State Finances: A Study of Budgets, Reserve Bank of India, various years; and the website of the Central Statistical Organisation (CSO).

In per capita terms, Chhattisgarh's annual expenditure on social services is among the highest in the country.

(Figure 2). There has been a further increase in per capita expenditure over 2008-09 and 2009-10, due to which Chhattisgarh's per capita expenditure from the state budget on social services is now among the highest in the country (Table B, Appendix).

Figure 2: Per Capita Expenditure on Social Services by the States from 2005-06 to 2007-08 (in Rs. per annum)



Source: Computed from data available in State Finances: A Study of Budgets, Reserve Bank of India, various years; and the website of the Central Statistical Organisation (CSO).

Chhattisgarh's per capita expenditure from the state budget has increased from Rs. 907 between 2005-06 and 2007-08 to Rs. 1,613 between 2008-09 and 2009-10 for Education, from Rs. 226 to Rs. 391 for Health and Family Welfare, and from Rs. 180 to Rs. 213 for Water and Sanitation. Thus, in Chhattisgarh, like most other states, a large chunk of the incremental budgetary spending on social services has gone towards Education, with the resource needs of the Health, Water and Sanitation sectors and the Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes being relatively neglected.

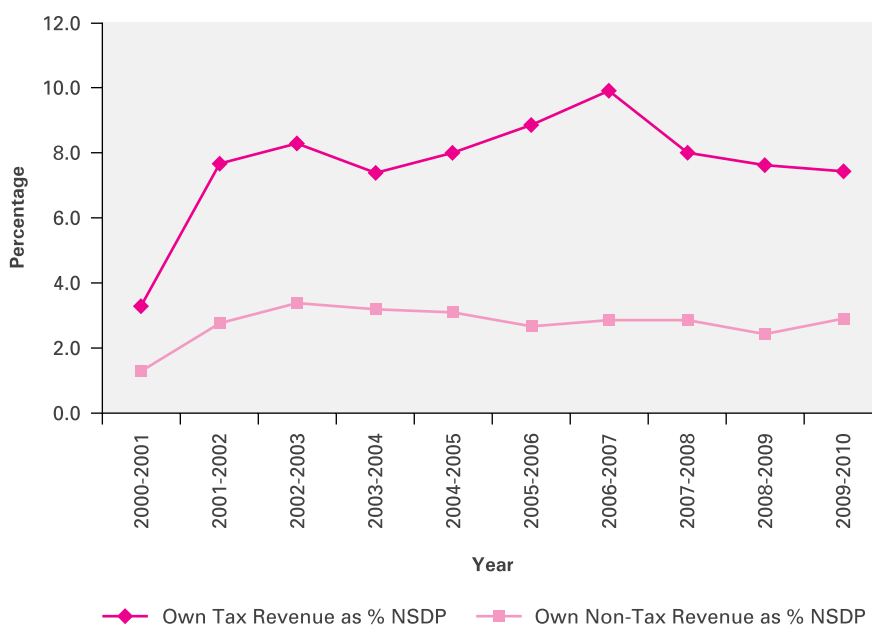
Chhattisgarh is also among the better performing states with regards to raising revenue (tax and non-tax) to fund its expenditure.

Fiscal health of Chhattisgarh: Performing better than many other states

The mobilisation of sufficient resources is a prerequisite for the adequate financing of developmental activities, and the smooth functioning of the administrative system. The state government's resource mobilisation efforts in terms of tax and non-tax revenues become particularly relevant. Chhattisgarh has been among the better performing states in the country with regard to the magnitude of own tax revenue and own non-tax revenue, especially given the size of the state's economy. The magnitude of own tax revenue collected by the state had gone up from around 8 per cent of Net State Domestic Product in 2001-02 to 10 per cent of NSDP in 2006-07, before it fell to 7.4 per cent in 2009-10. The state's own non-tax revenue has hovered at around 3 per cent of NSDP over the last decade (Figure 3).

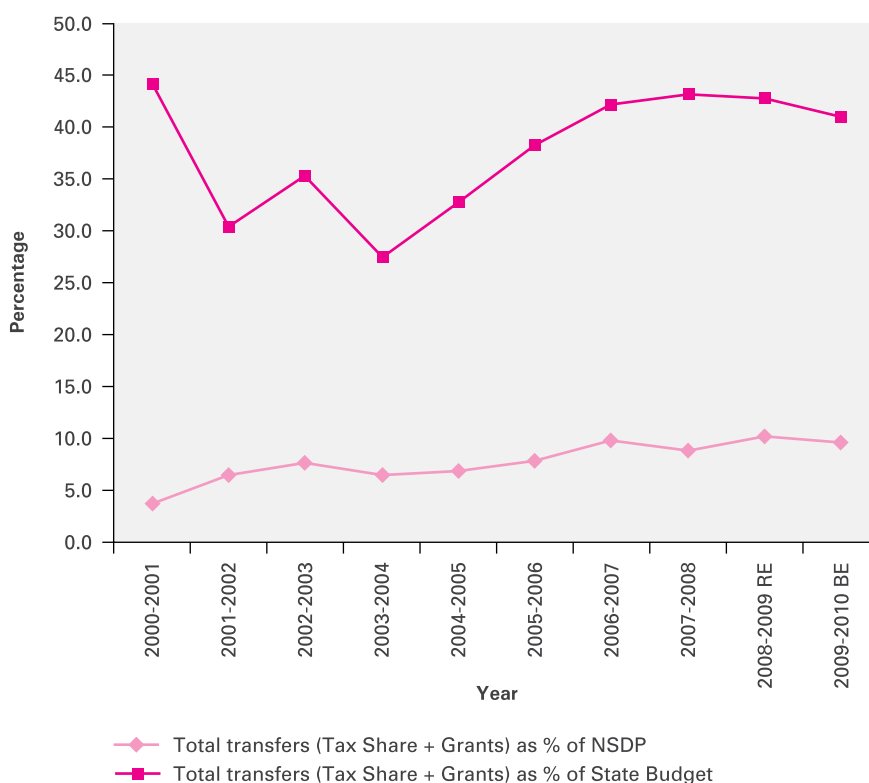
In terms of the state's magnitude of own tax and own non-tax revenue, as compared to the size of the state's economy, only a few of the

Figure 3: Own Tax Revenue and Own Non-Tax Revenue as a percentage of Net State Domestic Product of Chhattisgarh (2000-01 to 2009-10)



Source: Computed from data available in State Finances: A Study of Budgets, Reserve Bank of India, various years; and the website of the Central Statistical Organisation (CSO).

Figure 4: Total Union Government Transfers as per cent of State Budget and Net State Domestic Product of Chhattisgarh (2000-01 to 2009-10)



Source: Computed from data available in State Finances: A Study of Budgets, Reserve Bank of India, various years; and the website of the Central Statistical Organisation (CSO).

non-special category states (considered relatively more developed) like Goa, Karnataka, Tamil Nadu, Haryana, Punjab and Andhra Pradesh, have performed better than Chhattisgarh in the last five years¹⁰.

Union Government transfers to Chhattisgarh have also played an important role in shaping the state's fiscal health. Union transfers to Chhattisgarh accounted for around 33 per cent of the total state budget expenditure in 2004-05, but this share has increased noticeably in subsequent years (Figure 4).

Despite the impressive performance of Chhattisgarh in the mobilisation of own tax and non-tax revenues, the total volume of the state budget compared to the size of the state's economy has not shown any visible expansion over the last decade. The state budget has fluctuated between 21 per cent of the Net State Domestic Product, to 24 per cent of NSDP, during 2001-02 to 2009-10 (Table 3).

Even in the last two years (i.e., 2008-09 and 2009-10), when there was a need for an expansionary fiscal policy across the country to tackle the adverse effects of the economic recession, the total expenditure from the state budget was less than 24 per cent of the Net State Domestic Product. The reasons for this seem to be rooted in the persistent efforts by the state government towards the elimination of deficits in

¹⁰ State Finances: A Study of Budgets of 2009-10, Reserve Bank of India.

Table 3: Magnitude of the State Budget as per cent of Net State Domestic Product of Chhattisgarh (2001-02 to 2009-10)

	Magnitude of Budget of the State (Rs. Crore)	Net State Domestic Product (Rs. Crore)	Magnitude of the State Budget as per cent of Net State Domestic Product
2001-02	5471.3	26005.0	21.0
2002-03	6048.6	28131.0	21.5
2003-04	8173.6	35094.0	23.3
2004-05	8495.2	40292.0	21.1
2005-06	9291.5	45743.0	20.3
2006-07	11773.4	51011.0	23.1
2007-08	14472.9	70272.0	20.6
2008-09 Revised Estimates	19746.3	83104.0	23.8
2009-10 Budget Estimates	22211.1	94408.0	23.5

Source: Computed from data available in Chhattisgarh State Budget, various years; and the website of the Central Statistical Organisation (CSO).

The state has had a revenue surplus since 2004-05, but this has not reflected in increased budgetary spending on relatively neglected social services (e.g. health and water and sanitation).

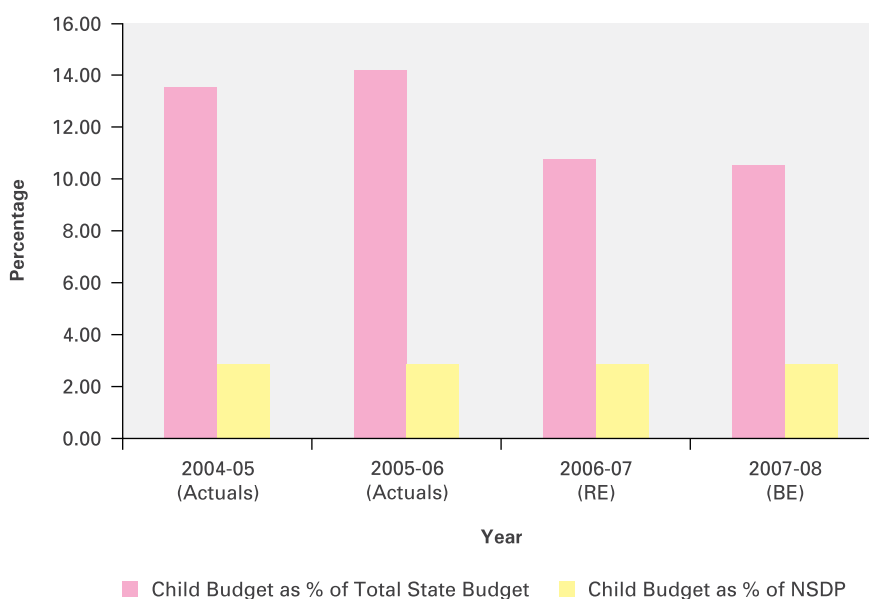
the state budget. In 2003-04, the gross fiscal deficit in the state budget stood at around 6 per cent of the Net State Domestic Product, and the revenue deficit stood at around 2 per cent of the Net State Domestic Product (Figure 5). Between 2004-05 and 2007-08, the gross fiscal deficit in the state budget was brought down, although it has gone up to around 3 per cent of the Net State Domestic Product in 2008-09 and 2009-10. Since 2004-05, Chhattisgarh has had a revenue surplus (i.e., total revenue expenditure from the state budget has been less than the total revenue receipts) in every state budget until 2009-10.

Figure 5: Gross Fiscal Deficit and Revenue Deficit as per cent of Net State Domestic Product of Chhattisgarh (2000-01 to 2009-10)



Source: Computed from data available in State Finances: A Study of Budgets, Reserve Bank of India, various years; and the website of the Central Statistical Organisation (CSO).

Figure 6: 'Child Budget' as a proportion of Total State Budget and Net State Domestic Product of Chhattisgarh (2004-05 to 2007-08)



Source: Compiled from Detailed Demands for Grants, State Budget of Chhattisgarh (for 2006-07 and 2007-08).

Since a sizeable proportion of budgetary expenditure on social services is reported as revenue expenditure, it can be argued that the Government of Chhattisgarh could have used these resources to enhance budgetary spending on the relatively neglected sectors, paying greater attention to provisioning of social services in rural areas, rather than maintaining significant magnitudes of revenue surplus.

Spending on child related interventions accounts for only 10 per cent of Chhattisgarh's total state budget.

Allocations for Child-Centred Programmes

In 2004-05, the total outlay earmarked for children was 13.5 per cent of the total state budget. It increased to 14.2 per cent in 2005-06 but declined over the next two years to 10.5 per cent of the state budget in 2007-08. The total state budget outlay earmarked for children as a proportion of Chhattisgarh's Net State Domestic Product was almost stagnant at less than 3 per cent for the four years from 2004-05 to 2007-08 (Figure 6). This indicates that the priority accorded to child-centred interventions in the state budget of Chhattisgarh has been relatively low, registering a decline between 2004-05 and 2007-08.

An analysis of the sector-wise break-up of the total pool of resources set aside for children in the State Budgets by Government of Chhattisgarh between 2004-05 and 2007-08 reveals the following (Table 4):

- **Child Education:** The share of Child Education in the total budgetary resources allocated for children was above 90 per cent between 2004-05 and 2006-07. While this declined in 2007-08, to around 86 per cent, it was still higher than any other social sector.
- **Child Development:** The share of Child Development programmes stood at 13 per cent of the total child budget in 2007-08, which was much higher than in the previous years.

About 90 per cent of funds allocated for children are used for funding education programmes; the share of health is virtually negligible.

Table 4: Composition of 'Child Budget' in Chhattisgarh (Figures in per cent) (2004-05 to 2007-08)

	2004-05 (Actuals)	2005-06 (Actuals)	2006-07 (Revised Estimates)	2007-08 (Budget Estimates)
Early Childhood Care & Development	8.2	8.0	4.3	13.0
Child Health	0.1	0.7	1.2	0.6
Protection of Children in Difficult Circumstances	0.2	0.4	0.5	0.4
Child Education	91.5	91.0	94.0	86.0
Total Child Budget	100.0	100.0	100.0	100.0

Source: Compiled from Detailed Demands for Grants, State Budget of Chhattisgarh (for 2006-07 and 2007-08).

- **Child Health:** The share of Child Health in the total budgetary resources reserved for children has been negligible, and allocations for this sector have remained low over the years, varying from Rs. 9 crore to Rs. 17 crore between 2004-05 and 2007-08.
- **Child Protection:** The share of Child Protection in the total budgetary resources reserved for children has been negligible, and even allocations have remained low over the years, varying from Rs. 7.58 crore and Rs. 7.24 crore between 2004-05 and 2007-08.

Fund Utilisation in Major Child-Centred National Flagship Programmes

The analysis below provides an overview of trends and factors in effective fund utilisation with respect to key social sector programmes – the *Sarva Shiksha Abhiyan*, the Reproductive Child Health Programme (subsumed under the umbrella of the National Rural Health Mission), Integrated Child Development Services, and the Total Sanitation Campaign in Chhattisgarh. Institutional and procedural bottlenecks in delivery systems often constrain the ability of the state government to utilise higher public expenditure, thereby reducing the potential impact of increased budget outlays on citizens and communities. Even when increased budget outlays do translate into higher levels of actual expenditure on the ground, deficiencies in composition and patterns of spending could reduce the impact of such expenditures.

Until 2006-07, Chhattisgarh was not able to spend one-fifth of the funds allocated for the *Sarva Shiksha Abhiyan*.

1. Sarva Shiksha Abhiyan (SSA)

Table 5 presents the extent of fund utilisation under the *Sarva Shiksha Abhiyan* between 2001 and 2007. While fund utilisation improved in 2004, Chhattisgarh's expenditure as a proportion of the approved budget was still under par in each of the three years from 2004-05 to 2006-07.

Table 5: Expenditure as a proportion of Available Funds and Approved Budget for *Sarva Shiksha Abhiyan* and National Programme for Education of Girls at the Elementary Level in Chhattisgarh (2001-02 to 2006-07)

Year	Outlay Approved (Rs. in Lakh)	Total Funds Available (Rs. in Lakh)	Expenditure (Rs. in Lakh)	Expenditure as per cent of Funds Available	Expenditure as per cent of Outlay Approved
2001-02	780.0	0.0	0.0	0.0	0.0
2002-03	7543.5	3752.0	2106.4	56.1	27.9
2003-04	21830.1	11808.3	7559.2	64.0	34.6
2004-05	39396.4	32677.2	29425.5	90.0	74.7
2005-06	55068.0	43569.4	42746.5	98.1	77.6
2006-07	82131.7	68932.1	64341.5	93.3	78.3

Source: State Project Office, Rajiv Gandhi Shiksha Mission, Chhattisgarh, 2008.

Table 6: Expenditure on National Rural Health Mission from 2005-06 to 2009-10 in Chhattisgarh (in Rs. Crore)

	2005-06	2006-07	2007-08	2008-09	2009-10	Total Exp. from 2005-06 to 2009-10
Chhattisgarh	84.6	138.2	173.0	242.0	186.7	824.5

Source: from the latest data available on <http://mohfw.nic.in/NRHM.htm>

Table 7: Utilisation of Funds Released by the Union Government to Chhattisgarh in National Rural Health Mission from 2005-06 to 2009-10

	Total Funds Allocated from 2005-06 to 2009-10 (in Rs. Crore)	Total Funds Released from 2005-06 to 2009-10 (in Rs. Crore)	Total Expenditure from 2005-06 to 2009-10 (in Rs. Crore)	Exp. as a proportion of Funds Released from 2005-06 to 2009-10 (in per cent)
Chhattisgarh	1371.6	1028.2	824.5	80.2

Source: Compiled from the latest data available on <http://mohfw.nic.in/NRHM.htm>

Fund utilisation rates for NRHM were similar with the state not being able to spend one-fifth the funds allocated to it by the Union Government between 2005-06 and 2009-10.

2. Reproductive Child Health (RCH) Programme

The Reproductive and Child Health Programme, which was brought under the National Rural Health Mission in 2005-06, has been a major government intervention in the child health sector.

The state's total expenditure under the National Rural Health Mission between 2005-06 and 2009-10, was around 80 per cent of the total funds released by the Union Government. However looking at expenditure as a proportion of total funds available, utilisation levels were far lower – less than 45 per cent - between 2005-06 and 2007-08 (Tables 6-7).

Table 8: Fund Utilisation reported under Integrated Child Development Services (General) (Rs. in Crore) (2006-07 to 2008-09)

	2006-07	2007-08	2008-09
Chhattisgarh	70.5	83.7	120.5

Source: (i) Figure for 2006-07 has been compiled from the Central Ministry of Women and Child Development's website: www.mwcd.nic.in; (ii) Figures for the years 2007-08 and 2008-09 have been compiled from the Statement referred to in response to Part 9 (b) of the Lok Sabha Un-starred Question No. 3440 for 16-04-2010 by Sri Adagooru Viswanath on Integrated Child Development Services.

Table 9: Fund Utilisation reported under Integrated Child Development Services for Supplementary Nutrition (Rs. in Crore) (2006-07 to 2008-09)

	2006-07	2007-08	2008-09
Chhattisgarh	72.5	124.9	183.6

Source: (i) Figure for 2006-07 has been compiled from the Central Ministry of Women and Child Development's website: www.mwcd.nic.in; (ii) Figures for the years 2007-08 and 2008-09 have been compiled from the Statement referred in response to Part 9 (b) of the Lok Sabha Un-starred Question No.3440 for 16-04-2010 by Shri Adagooru Viswanath on Integrated Child Development Services.

3. Integrated Child Development Services (ICDS)

Fund utilisation under the Integrated Child Development Services exceeded the amount allocated for the programme (Tables 8 and 9)¹¹.

4. Total Sanitation Campaign (TSC)

Chhattisgarh's total expenditure on the Total Sanitation Campaign, from the Union Government's share and state's own share of funds between 2000-01 and 2010-11 (up to August 2010), was only 51 per cent of the total funds approved.

Table 10: Fund Utilisation in Total Sanitation Campaign (TSC) in Chhattisgarh during 2000-01 to 2010-11*

	2000-01 to 2010-11*				
	Total Approved Budget (in Rs. Crore)	Total Released Funds (in Rs. Crore)	Total Expenditure (in Rs. Crore)	Expenditure as per cent of Funds Released	Expenditure as per cent of Total Approved Budget
Union Government's Share for TSC	401.6	229.1	194.5	85.0	48.0
State's Share for TSC	164.6	124.6	92.3	74.0	56.0
Total	566.2	353.7	286.8	81.0	51.0

Notes: Total Approved Budgets, Released Funds and Expenditure incurred are for the 16 approved project districts till 2010-11 (FY). This excludes the shares of beneficiary.

* The Financial Progress Report as per information received up to 05-08-2010.

Source: www.ddws.nic.in

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11 Reported totals for the General component of the programme are only the Union government estimates that do not include the State share. Owing to this, the total expenditure reported as a proportion of available total funds allocated for Integrated Child Development Services are exaggerated.

4. DISCUSSION

While its performance in terms of mobilisation of own tax and non-tax revenues, as well as the growing volume of Union Government transfers to the state is commendable, the overall fiscal policy space available to the Government of Chhattisgarh has not shown any expansion in the past decade. Instead of maintaining large magnitudes of revenue surplus, the Government of Chhattisgarh could use these resources for enhancing budgetary spending on those sectors that have remained relatively neglected.

Several bottlenecks still affect programme delivery including delays in fund transfer and shortage of trained staff.

It is a matter of concern that the emphasis given to child-centred interventions in the state budgets of Chhattisgarh has been relatively low and, during 2006-07 to 2007-08, it registered a decline with the lack of resources being most acute in the Child Health and Child Protection sectors. The state government needs to increase investments in all four children-centred sectors, with special attention on Child Health and Child Protection related interventions.

Fund utilisation (as well as quality of utilisation) in some of the important social sector programmes in Chhattisgarh, also appears to be a significant challenge. In this context, the state government needs to address a number of critical social sector implementation bottlenecks such as staff shortages, infrastructure inadequacies, weaknesses in decentralised planning, inadequate training and capacity building of staff, fund transfer bottlenecks, and the weak supervision and monitoring of programmes.

APPENDIX

Table A: Per Capita Expenditure on Social Services by the States (2005-06 to 2007-08)

States	Average for the years 2005-06 to 2007-08 (in Rs. per annum)			
	Social Services (Total)	Education	Health & Family Welfare	Water Supply & Sanitation
Bihar	967.0	668.4	130.4	55.5
Uttar Pradesh	1157.7	589.3	209.6	55.1
Madhya Pradesh	1318.3	532.2	169.7	110.5
Odisha	1369.3	611.7	155.0	108.7
West Bengal	1408.7	739.4	201.3	67.7
Assam	1618.9	966.8	190.4	127.8
Punjab	1695.6	942.4	276.1	146.6
Rajasthan	1821.5	811.0	216.0	360.6
Jharkhand	1895.0	828.6	322.7	185.1
Andhra Pradesh	2085.0	752.2	255.6	136.8
Chhattisgarh	2101.2	907.3	225.6	179.6
Kerala	2151.3	1,203.1	343.9	158.3
Gujarat	2184.4	909.4	217.4	211.6
Tamil Nadu	2276.4	950.6	263.1	108.3
Karnataka	2281.6	1,041.0	256.7	178.0
Maharashtra	2356.1	1,175.4	232.9	153.2
Haryana	2363.0	1,021.9	219.1	416.4
Himachal Pradesh	4814.9	2,204.8	673.5	1098.4

Source: Computed from data available in State Finances: A Study of Budgets, Reserve Bank of India, various years; and the website of the Central Statistical Organisation (CSO).

Table B: Per Capita Expenditure on Social Services by the States (2008-09 to 2009-10)

States	Average for 2008-09 (Revised Estimates) and 2009-10 (Budget Estimates) (in Rs. per annum)			
	Social Services (Total)	Education	Health & Family Welfare	Water Supply & Sanitation
Bihar	1746.5	870.1	188.2	128.2
Uttar Pradesh	1973.6	864.2	329.5	46.0
Madhya Pradesh	2010.4	878.2	228.1	148.6
West Bengal	2563.5	1197.5	311.1	129.8
Jharkhand	2813.6	1278.3	373.9	217.6
Rajasthan	2823.9	1279.6	354.1	569.8
Odisha	2892.1	1248.4	336.8	182.6
Maharashtra	3075.7	1655.1	329.2	69.9
Punjab	3169.4	1519.5	426.7	232.6
Gujarat	3226.7	1114.7	309.8	270.9
Assam	3278.2	1530.7	510.4	256.5
Kerala	3369.9	1741.6	475.6	344.7
Karnataka	3568.0	1535.9	403.1	305.7
Tamil Nadu	3726.4	1534.8	462.4	148.2
Chhattisgarh	3911.9	1613.0	390.8	212.8
Andhra Pradesh	3999.0	1283.7	427.4	160.1
Haryana	4144.9	1946.7	380.5	595.5
Himachal Pradesh	6505.0	3434.0	918.9	1074.0

Source: Computed from data available in State Finances: A Study of Budgets, Reserve Bank of India, various years; and the website of the Central Statistical Organisation (CSO).

GLOSSARY

Acronyms

CBGA	Centre for Budget and Governance Accountability
CSO	Central Statistical Organisation
DLHS	District Level Household Survey
ICDS	Integrated Child Development Services
MDM	Mid Day Meal
NFHS	National Family Health Survey
NRHM	National Rural Health Mission
NSDP	Net State Domestic Product
NSS	National Sample Survey
RCH	Reproductive and Child Health
SRS	Sample Registration System
SSA	Sarva Shiksha Abhiyan
TSC	Total Sanitation Campaign
UNICEF	United Nations Children's Fund

Translations

Sarva Shiksha Abhiyan : Education for All Scheme

Key Terms

Actuals: The figures (of receipts and expenditure) for the previous fiscal year would be referred to as Actuals or Accounts.

Approved Budget: It is the total amount of funds approved by the Central Government as expenditure for the financial year.

Budget Estimates (BE): The estimates presented in this Budget for the approaching fiscal year would be called Budget Estimates (BE).

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 (CSS): Government schemes wherein the Central Government provides a part of the funds and the State Government provides a matching grant. The ratio of contributions by the Centre and a State is pre-decided through negotiations between the two. CSS were formulated with monitorable targets at the central level with adequate provision of funds in the Union Budget under various

Ministries. The objectives, strategy and methodology of implementation are prescribed and funds are released to the States based on their requirements. These schemes which were initially restricted to a few well defined activities, have multiplied to include considerable areas of activity performed by the State Governments. CSS came into being also due to the availability of external funding for social sector programmes which was earlier available only for economic activities of the Government.

CSS also introduced a new mechanism for fund transfer from the Centre to the States, by routing the funds outside the State Budget through autonomous societies. This was done to address the growing fund flow problems faced by States during the first half of the financial year, leading to untimely releases and delayed implementation.

Electronic Fund Transfer (EFT): The Electronic Fund Transfer system (or National Electronic Fund Transfer) was introduced by Reserve Bank of India in March 2004 through which electronic instructions can be given by banks to transfer funds. EFT allows for paperless direct debit and credit transactions by banks. Prior to this system, a pay order was sent followed by the cheque, which delayed the transfer of funds from one level of government to the other.

Funds Available: It includes the total approved budget for the financial year plus unspent balances with the State Government plus the interest earned on money parked in the bank account.

Funds Released: It is the total amount of funds that are released by the Central Government as expenditure for the financial year. Owing to the problem of poor fund utilisation, the total funds released are usually lower than the total budget approved for the financial year.

Gross Domestic Product (GDP): The Gross Domestic Product (GDP) of a country indicates the size of the country's economy. Usually, GDP of a country for any particular year is expressed as a comparison with its value for the previous year. For instance, if we read somewhere that the GDP in 2007-08 will grow by 5 per cent, what it means is the economy will be 5 per cent larger than what it was last year.

Non-Plan expenditure: Any expenditure of the government that does not fall under the category of Plan Expenditure is referred to as Non-Plan Expenditure. Sectors like Defence, Interest Payments, Pensions, Subsidies, Police, Audits etc. have only Non-plan Expenditure since these services are completely outside the purview of the Planning Commission; while sectors like Agriculture, Education, Health, Water & Sanitation etc. have both Plan and Non-plan Expenditure.

Net State Domestic Product (NSDP): Net State Domestic Product (NSDP) equals the Gross State Domestic Product (GSDP) minus depreciation on capital goods. GSDP refers to the size of the State's economy. NSDP is the most complete measure of productive activity within the borders of a State, though its accuracy suffers from the difficulty of measuring depreciation (or capital consumption allowance).

Plan Expenditure: Plan Expenditure is meant for financing the development schemes formulated under the given 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 is not regarded as Plan Expenditure.

Public Expenditure: In the present set of outputs, the terms public expenditure and government expenditure are used interchangeably. Public expenditure is the amount of funds spent by the Government on provision of critical services and functions.

Revised Estimates (RE): 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).

Social Services: There are three kinds of government services/functions – economic, social and general. Government services/functions which usually lead to income generating activities for people and promote the expansion of economic activities in the country are called Economic Services. Social Services usually refer to the interventions by the Government which are expected to promote social development. Although better outcomes in the social sector, like better education and better health, also contribute towards economic development, this effect would be indirect and take more time to be realized. The term General is meant to distinguish these services from the other two kinds of services, i.e. Economic and Social. E.g. interest payments, repayment of debt, defence, law and order and pensions.

Social Sector: In the discourse on public policy in India, the terms Social Services and Social Sector are used interchangeably. In the present set of outputs, however, the term Social Sector refers to Reserve Bank of India's (RBI) definition of Social Sector. According to the RBI (in its document – State Finances: A Study of Budgets), Social Sector includes all Social Services, Rural Development, and Food Storage and Warehousing.

State Own Tax Revenue: Every State Government mobilises its Own Revenues from various sources. State Governments have been vested with the powers to levy certain types of taxes and duties, which include: Sales Tax (tax on intra-State sale of goods),

State Excise (a duty on manufacture of alcohol), Stamp Duty (a duty on transfer of property), Land Revenue (a levy on land used for agricultural/non-agricultural purposes), Duty on Entertainment and Tax on Professions.

State Own Non-Tax Revenue: State Governments can also mobilise from Non-Tax Revenue. Interest receipts, Fees/User Charges, and Dividend & Profits from Government Enterprises together constitute the Non-Tax Revenue of the Government. For instance, if a State owns a hospital and levies user fees, the revenue accruing from the same would comprise part of the State's Own Non-Tax Revenue.

State 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. 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 the 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.

Total Central Transfers: Total Central Transfers to State Governments include three components – Share of State in Central taxes, Loans from Centre and Grants from the Centre. Grants comprise of both Finance Commission-recommended grants as well as Planning Commission-recommended grants.



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