

# MADHYA PRADESH

## 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 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](http://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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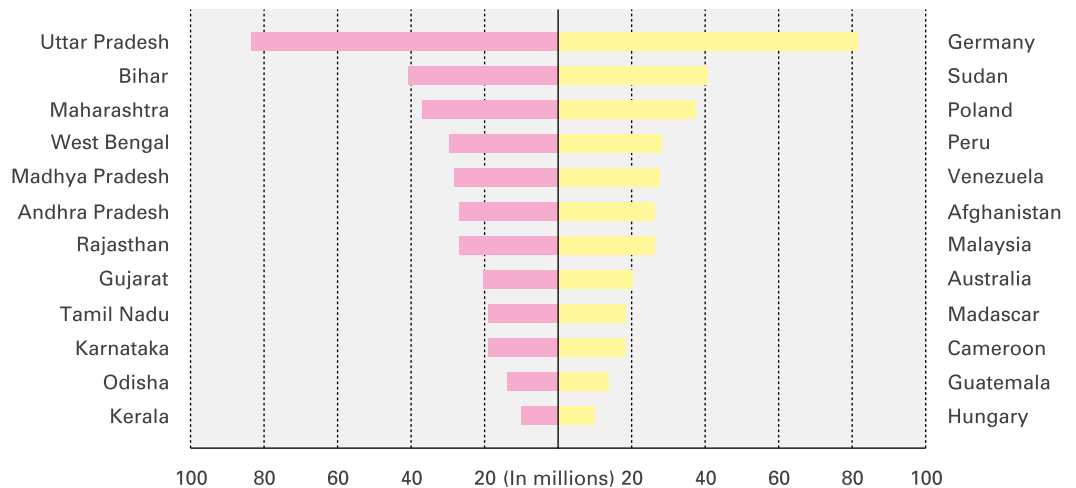
## 1. SETTING THE CONTEXT

Children (under 18 years) account for 45 per cent of Madhya Pradesh's total population, and 7 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).

**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

The proportion of malnourished children in the state has seen an alarming increase over time; nearly 60 per cent of children under 3 in the state were underweight in 2005-06.

Children account for 45 per cent of Madhya Pradesh's total population, and 7 per cent of India's children live in the state<sup>1</sup>.

The Infant Mortality Rate (IMR) in Madhya Pradesh has been declining steadily. Between 1990 and 2000 the IMR in the state declined from 110 deaths per 1,000 live births to 87 deaths per 1,000 live births. By 2008, this figure dropped further to 70 deaths per 1,000 live births<sup>2</sup>, but was still higher than some other states. By 2010 it had declined further to 62 deaths per 1,000 live births, compared to the national average of 47 in the same year<sup>3</sup>.

The percentage of fully immunised children aged 12-23 months increased between 1998-99 and 2005-06 from 22.6 per cent to 40.3 per cent<sup>4</sup>. However, this figure dropped to 36 per cent in 2007-08<sup>5</sup>.

In terms of child nutrition, the situation in Madhya Pradesh has arguably been deteriorating, with the percentage of children under 3 and underweight having increased steadily. Between 1992-93 and 1998-99 the percentage of children under 3 and underweight rose from 47.7 per cent to 53.5 per cent. By 2005-06, this figure had increased even further to 60.3 per cent<sup>6</sup>.

School attendance for children aged 6-10 years was moderately higher for boys than for girls in 2008 (92 per cent and 90 per cent respectively). This gender gap was more pronounced in rural Madhya Pradesh (92 per cent

<sup>1</sup> Calculated from unit level records of 61st round of NSS by the Institute of Human Development (IHD).

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

<sup>3</sup> SRS Bulletin 2010, released in 2011.

<sup>4</sup> NFHS (1998-99) and (2005-06) in *The Situation of Children in India: A Profile*. UNICEF, 2011.

<sup>5</sup> DLHS (2007-08) in *The Situation of Children in India: A Profile*. UNICEF, 2011.

<sup>6</sup> NFHS (1998-99) and (2005-06) in *The Situation of Children in India: A Profile*. UNICEF, 2011.

and 89 per cent respectively). Interestingly, however, in urban areas of the state, school attendance for children aged 6-10 is the same irrespective of gender<sup>7</sup>.

## 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. The Allocation of sufficient budgetary resources and the development of appropriate planning processes can contribute to systematically promoting child rights.

**This summary report, prepared by the Centre for Budget and Governance Accountability (CBGA), New Delhi with support from the United Nations Children's Fund (UNICEF) India, presents an analysis of public spending on children in Madhya Pradesh, 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, were used to analyse the available data, including both trends across years as well as states.

- a. expenditure on social services as a proportion of NSDP/total state budget (1993-94 to 2009-10); also per capita expenditure on social services and how MP fares viz. other states and across time (1998-99 to 2009-10);
- b. expenditure on child specific programmes as a proportion of state budget – trend from 1997-98 to 2006-07;
- c. sectoral composition of budget for children (1997-08 to 2006-07)/per child expenditure on child specific programmes (2006-07); and
- d. unpacking four child centred flagship programmes (SSA, RCH, ICDS and TSC) and considering expenditure as a proportion of approved outlay, funds available and funds released (looking at the

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<sup>7</sup> NSS (2007-08) in *The Situation of Children in India: A Profile*. UNICEF, 2011.

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 state budget 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 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 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.

## Budgetary allocations to social sectors

Between 1997-98 and 2000-01, the Government of Madhya Pradesh increased its allocations to the social sectors quite significantly. This, however, likely occurred primarily because of the rise in salaries of government employees in the social sectors, following the implementation of the Fifth Pay Commission recommendations. The subsequent decline in allocations to social services between 2001-02 and 2005-06, was largely attributable to the acute fiscal health crisis that affected most states, including Madhya Pradesh, between 2000-01 and 2004-05.

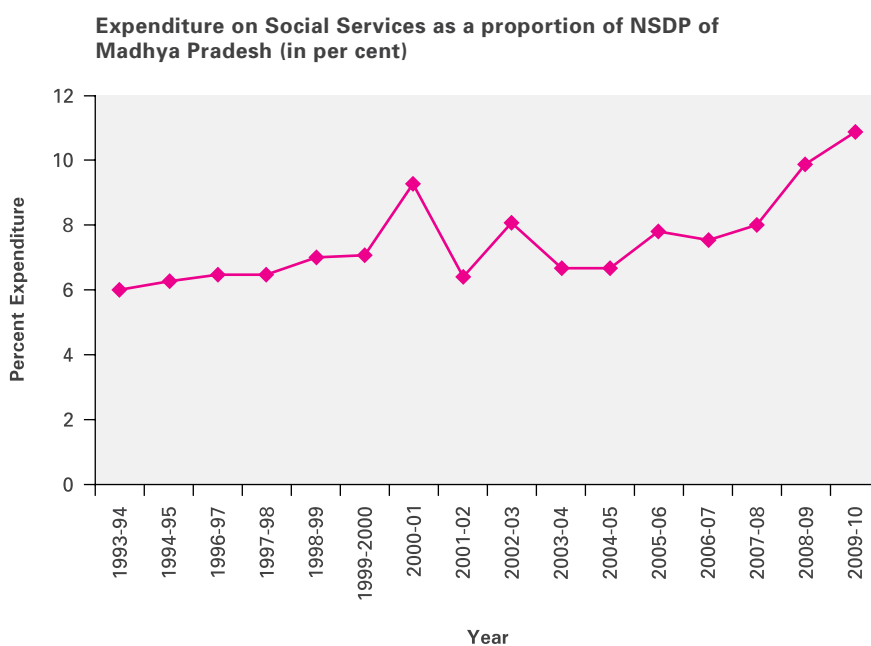
The situation changed after 2005-06 when the fiscal health of most states improved considerably as a result of several factors, including large transfer of resources from the Union Government to the states as recommended by the Twelfth Finance Commission, the acceleration in economic growth, and the consequent improvement in tax revenue collections. Madhya Pradesh's allocations to social services increased consistently between 2005-06 and 2009-10, from about 8 per cent of the Net State Domestic Product (NSDP) in 2006-07 to approximately 11 per cent in 2009-10.

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The share of social services in state budget has been increasing consistently from around 23 per cent in 2005-06 to around 32 per cent in 2009-10.

As a proportion of the state budget too, the priority given to social sector spending declined post 1999-2000. This drop was particularly sharp between 2003-04 and 2004-05. After 2005-06, however, the share of social services in the total state budget of Madhya Pradesh increased consistently from around 23 per cent in 2005-06 to around 32 per cent in 2009-10 (Figure 3).

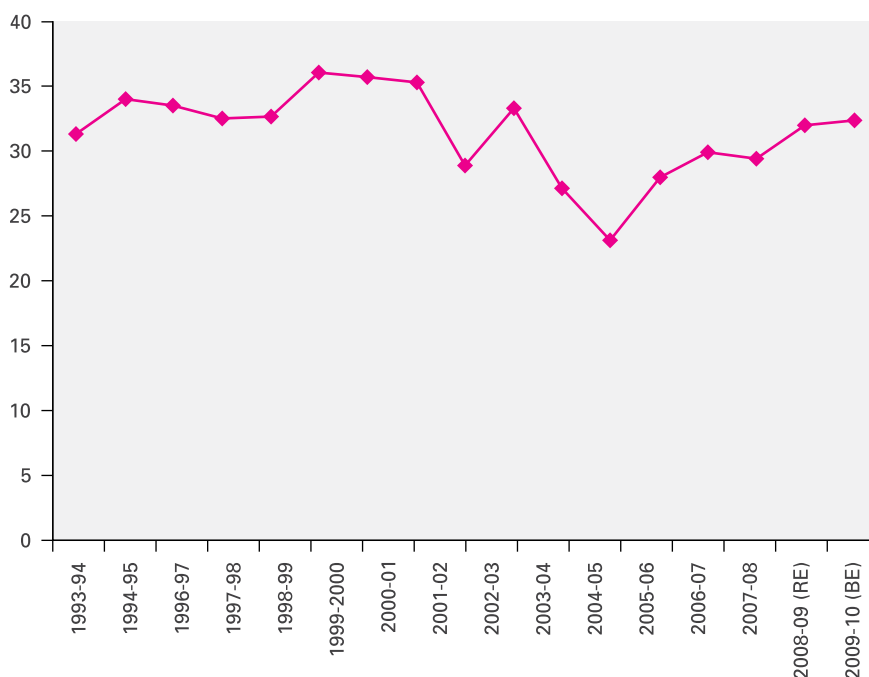
**Figure 2: Expenditure on Social Services as a percentage of Net State Domestic Product of Madhya Pradesh (1993-94 to 2009-10)**



Source: Compiled from the Reserve Bank of India State Finances data



**Figure 3: Expenditure on Social Services as a percentage of Total Expenditure in State Budget by Madhya Pradesh (1993-94 to 2009-10)**



Source: Constructed from Reserve Bank of India State Finances data

**But social sector spending is still inadequate when compared with other states: Madhya Pradesh spends the least amount on social services, per capita, after Bihar and Uttar Pradesh.**

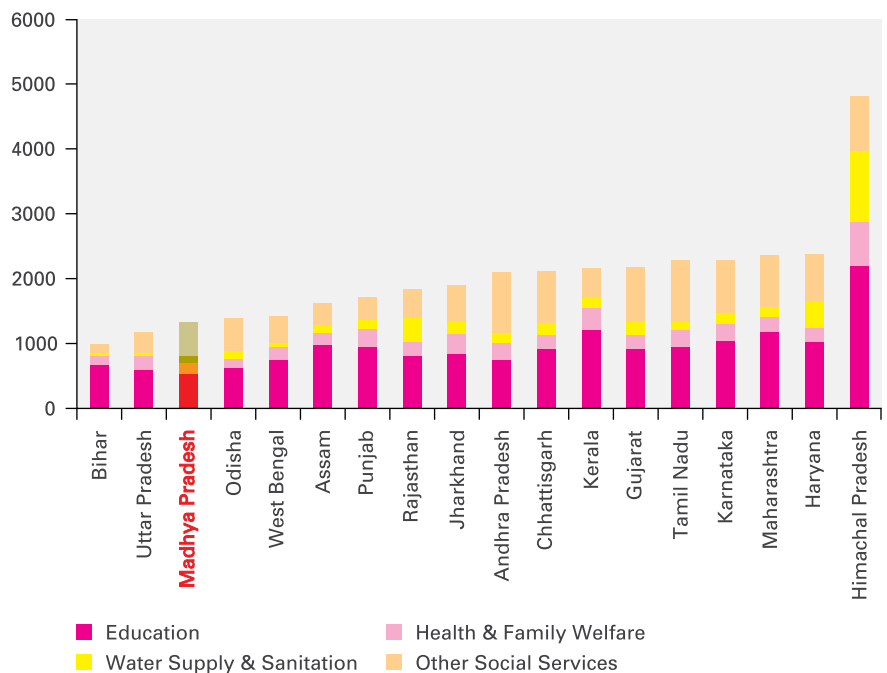
Despite the relative improvements in the public expenditure allocations to social services, Madhya Pradesh does not fare well compared to other states. An analysis of per capita annual public expenditures on total social services<sup>8</sup> in Madhya Pradesh (Tables A-C, Appendix) indicates that spending on total social services increased from Rs.781 between 1998-99 and 2000-01 (average for the three years) to Rs.1,318 between 2005-06 and 2007-08 (average for the three years). This rise would not look as impressive if the effect of inflation were taken into account. If one assumes inflation to be captured by the Wholesale Price Index, then Rs.100 at the price level prevailing during the 2005-06 to 2007-08 time period would be equivalent to Rs.72 of the time period 1998-99 to 2000-01. Hence, Rs. 1318 of annual per capita expenditure on social services would be equivalent to Rs. 949 – which is a small increase over a period of nearly six-seven years.

The inadequacy of social sector spending in Madhya Pradesh is also reflected in the fact that between 2005-06 and 2007-08, per capita expenditure by the Government of Madhya Pradesh on social services was the third lowest (after Bihar and Uttar Pradesh respectively) among the 18 most-populous 'major' states (Figure 4).

<sup>8</sup> The comparison includes per capita expenditures on three key services - Education, Health and Family Welfare, and Water Supply and Sanitation - with those from the budgets of other states, during three different time periods (average for the years 1998-99 to 2000-01, average for 2005-06 to 2007-08, and the average for 2008-09 and 2009-10).

What about the sectoral break-up of expenditure by social services provided? Madhya Pradesh's annual per capita expenditure on education from the state budget increased from Rs. 345 between 1998-99 and 2000-01 to Rs. 532 between 2005-06 and 2007-08. This figure increased from Rs. 86 to Rs. 170 for Health and Family Welfare and from Rs. 63 to

**Figure 4: 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).

Expenditure on child centred programmes has ranged anywhere between 12-15 per cent of Madhya Pradesh’s state budget.

Rs. 111 for Water and Sanitation. These figures indicate that expenditure has been disproportionately focused on education, with other social sectors remaining relatively neglected.

### Allocations for Child-Centred Programmes

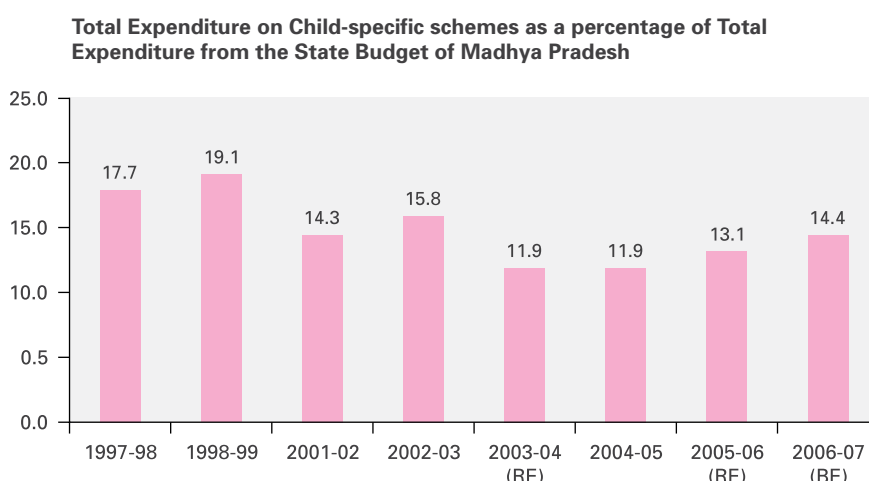
Of the total public resources worth Rs. 4,656 crore allocated for children in Madhya Pradesh in 2005-06, Rs. 3,795 crore was provided through the state budget, while funds worth Rs. 861 crore (provided by the Union government) were routed through Autonomous Societies in the state bypassing the state budget. In this aggregate outlay, the share of Child Education was the highest (83.4 per cent), followed by Child Development (9.3 per cent), Child Protection (3.9 per cent) and Child Health (3.4 per cent).

The share of the state budget of Madhya Pradesh earmarked for child-centred programmes<sup>9</sup> accounted for 19 per cent of the total State Budget in 1998-99 (Figure 5). However, this share subsequently declined to 12 per cent of the state budget by 2004-2005. Thereafter, the priority for child-centred programmes in the overall state budget registered rather small increases, reaching 14 per cent in 2006-07.

<sup>9</sup> Child-specific programmes include development schemes and government services meant exclusively for children – the Mid-Day Meal Scheme, Immunisation programmes, Integrated Child Development Services, schools, hospitals for children, crèches etc.

While children account for as much as 45 per cent of Madhya Pradesh’s population, expenditure on Child-Centred programmes amounted to only about 14 per cent of total expenditure in the State Budget in 2006-07.

**Figure 5: Expenditure on Child-Centred Programmes from the Budget of Madhya Pradesh (in per cent) (1997-98 to 2006-07)**



RE: Revised Estimates      BE: Budget Estimates  
 Source: Compiled from the Madhya Pradesh State Budgets

Despite its high child malnutrition levels, in 2006-07, Madhya Pradesh spent only 2 per cent of its budgetary resources allocated for children on health interventions which worked out to about Rs. 28 per child per annum.

An analysis of the sector-wise break-up of the total pool of resources set aside for children in the Government of Madhya Pradesh's budgets, between 1997-98 and 2006-07, reveals the following:

- **Child Education:** The share of Child Education in the total budgetary resources allocated for children has been very high all through, though this declined from 89.5 per cent in 1997-98 to 80 per cent in 2006-07. This gradual decline in the share (of Child Education in the total budgetary resources earmarked for children) instead of arising from significant increases in budgetary spending on other child-related sectors, occurred mainly due to the fact that Madhya Pradesh checked the growth of (non-plan) budgetary expenditure on school education by freezing the recruitment of regular teachers and relying heavily on low-paid contract teachers.
- **Child Development:** The share of Child Development in the total budgetary resources earmarked for children increased from 9.2 per

**Table 1: Sectoral Composition of Budget for Children in Madhya Pradesh (1997-98 to 2006-07)**

Year	Child Education as % of Child Budget	Child Development as % of Child Budget	Child Health as % of Child Budget	Child Protection as % of Child Budget
1997-98	89.5	7.4	2.0	1.1
1998-99	89.0	5.7	2.1	3.2
2001-02	85.9	7.8	3.4	2.9
2002-03	83.4	9.2	2.6	4.9
2003-04	82.1	10.6	3.1	4.3
2004-05	84.9	8.8	1.7	4.6
2005-06	81.8	11.3	2.2	4.7
2006-07	79.7	14.1	2.0	4.2

Source: Compiled from the Madhya Pradesh State Budgets.

**Table 2: Per Child Expenditure on Child Centred Programmes in Madhya Pradesh Budget (in Rs.) (2001-02 to 2006-10)**

	Child Education	Early Childhood Care & Development	Child Health	Child Protection	Total Expenditure on Child Specific Programmes
2001-02	716.9	65.1	28.5	23.8	834.4
2006-07 (BE)	1096.3	194.1	28.1	57.8	1376.3

Source: Compiled from the Madhya Pradesh State Budgets.

cent in 2002-2003 to 14.1 per cent in 2006-07. This increase was mostly because of the sizable increase of Union government funding for the Integrated Child Development Services and Supplementary Nutrition Programme in 2005-06 and 2006-07.

- **Child Health:** The share of Child Health in total budgetary resources set aside for children hovered at around 2 per cent over the decade from 1997-98 to 2006-07, indicating neglect of interventions focusing on child survival and health in Madhya Pradesh state budgets.
- **Child Protection:** Child Protection too has had a very small share in the total allocations reserved for children, which increased from 1 per cent in 1997-98 to 4.2 per cent in 2006-07. This figure, however, includes expenditures on educational or hostel facilities for children from some of the most socially disadvantaged sections of the population such as the Scheduled Castes and Scheduled Tribes. If the latter are excluded, the share of spending on Child Protection in total budgetary resources for children would be miniscule.

Annual per child expenditures from the State Budgets of Madhya Pradesh reveal, more starkly perhaps, the inadequacy of budgetary resources allocated to address the needs of children (Table 2). The annual per child expenditure on Child Education was Rs.717 in 2001-02 and increased to Rs.1,096 by 2006-07<sup>10</sup>. The per child per annum expenditure (from the State Budget) on Child Development was Rs.65 in 2001-02 and increased to Rs.194 by 2006-07. The per child per annum expenditure (from the State Budget) on Child Protection was Rs 24 in 2001-2002 and increased to Rs 58 by 2006-07. Per annum expenditure (from the state budget) on Child Health declined from Rs. 28.50 in 2001-02 to Rs. 28.10 by 2006-07.

### 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 four key social sector programmes – *Sarva Shiksha Abhiyan*, Integrated Child Development Services, Reproductive and Child Health programme, and the Total Sanitation Campaign in Madhya Pradesh. 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

<sup>10</sup> This is different as opposed to the per capita expenditure on education referred to earlier, which takes into account education expenditure on the entire population, not just children.

Fund utilisation under the *Sarva Shiksha Abhiyan* has been increasing over time and reached 85 per cent of the approved outlays for the programme in 2006-07.

The state has reported an encouraging trend in increasing its ICDS expenditures, but considering that other states like Andhra Pradesh, with lower malnutrition levels have done more, suggests room for improvement.

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.

### 1. Sarva Shiksha Abhiyan (SSA)

The pace of fund utilisation under the *Sarva Shiksha Abhiyan* has been slow in Madhya Pradesh, although there have been notable improvements since 2005-06. The delay in submission of the Annual Work Plan and Budget (pertaining to the *Sarva Shiksha Abhiyan*) by the state and the subsequent delay in its approval (by the Project Approval Board at the Centre) led to further delays in the flow of funds and the circulation of approved plans under the programme between 2001-02 and 2004-05. This resulted in very low levels of fund utilisation in the state. The expenditure under the *Sarva Shiksha Abhiyan* as a proportion of the annual outlay approved for Madhya Pradesh increased from 49 per cent to 56 per cent between 2002-03 and 2004-05. From 2005-06 onwards, the expenditure in *Sarva Shiksha Abhiyan* as a proportion of the annual outlay approved for Madhya Pradesh improved further, reaching 85 per cent by 2008-09. However, challenges have persisted with regard to the recruitment of teachers and the implementation of Teachers Training programmes, amongst other initiatives. This has meant that the pace of fund utilisation under the programme has been slower in Madhya Pradesh than in some other states (Table 3).

### 2. Integrated Child Development Services (ICDS)

The Integrated Child Development Services remains the most important programme for improving children's nutrition, especially in the early years of a child's life. In terms of the magnitude of expenditure on the Integrated Child Development Services (General) component of the programme, Madhya Pradesh has reported an encouraging trend over the last few years, as its expenditure increased from Rs.168 crore in 2006-07 to Rs.216 crore in 2007-08, further to Rs.241 crore in 2008-09.

**Table 3: Utilisation of Funds in *Sarva Shiksha Abhiyan* in Madhya Pradesh (2002-03 to 2008-09)**

Year	Expenditure as % of Total Funds Released	Expenditure as % of Total Funds Available	Expenditure as % of Approved Outlay
2002-03	78.9	64.0	49.4
2003-04	78.1	69.0	47.5
2004-05	105.7	80.8	56.2
2005-06	91.6	81.1	73.1
2006-07	83.8	73.7	79.6
2007-08	–	–	79.6
2008-09	–	–	85.1

**Table 4: State-wise Expenditures reported under Integrated Child Development Services Scheme (General) (Figures in Rs. Crore) (2006-07 to 2008-09)**

States	2006-07	2007-08	2008-09
Goa	4.3	4.6	6.3
Uttarakhand	23.5	28.3	32.6
Himachal Pradesh	39.2	45.7	71.6
J & K	54.7	51.8	85.3
Punjab	54.0	61.7	87.1
Haryana	59.8	65.2	88.0
Jharkhand	72.2	89.4	98.5
Chhattisgarh	70.5	83.7	120.5
Kerala	89.0	112.9	137.3
Gujarat	114.9	115.6	156.0
Odisha	121.0	132.8	180.8
Tamil Nadu	136.0	151.4	172.0
Rajasthan	121.8	137.1	202.3
Karnataka	141.0	167.8	224.7
Bihar	155.5	172.9	207.6
Madhya Pradesh	168.4	215.7	241.4
West Bengal	195.8	230.3	330.8
Maharashtra	233.8	300.9	278.9
Andhra Pradesh	224.0	240.0	472.4
Uttar Pradesh	315.6	347.7	482.3

However, some other states like Andhra Pradesh and West Bengal, have shown much faster growth in expenditure under the programme during this period (Table 4).

The Comptroller and Auditor General of India presented its assessment of the implementation of the Integrated Child Development Services in the state in the Audit Report (Civil) for Madhya Pradesh for 2004-05. The audit authority observed that a large number of posts were vacant across the state due to which work relating to implementation, coordination, monitoring and supervision in the districts had suffered. For example, 16 District Programme Officer posts were vacant, and there were almost 80 vacancies for the position of Child Development Project Officer across the state. It also pointed out that the work of assisting and guiding *Anganwadi* Workers, mobilising and motivating beneficiaries, as well as co-ordination between *Anganwadi* Workers and Child Development Project Officers, had been severely hampered, as 549 Supervisor posts in the state had not been filled.

### 3. Reproductive and Child Health (RCH) Programme

The Reproductive and Child Health programme, which was subsumed under the umbrella of the National Rural Health Mission in 2005-06, has been one of the very few major government interventions in the child health sector over the last two decades. The level of fund utilisation under the Reproductive and Child Health programme in Madhya Pradesh was very low in 2004-05 and 2005-06 (Table 5). From 2005-06, when the Reproductive and Child Health programme was incorporated under the National Rural Health Mission, there was a significant improvement in terms of the design of the latter, as under two of its largest components – Reproductive and Child Health Flexible Pool and Mission Flexible Pool – states have adequate flexibility to plan their health sector interventions. The expenditure of Madhya Pradesh under the National Rural Health Mission has shown a consistent rise from Rs. 153 crore in 2005-06 to Rs. 655 crore in 2009-10 (Tables 6 and 7).

**Table 5: Expenditure as a proportion of Funds Released under the Reproductive Child Health Programme (in per cent) (2002-03 to 2005-06)**

State	2002-03	2003-04	2004-05	2005-06
Madhya Pradesh	105.6	107.3	19.3	39.4

Source: Based on Provisional Data given in the Answer to Lok Sabha Unstarred Question No. 555, dated 17.07.2002

**Table 6: Expenditure on National Rural Health Mission in Madhya Pradesh from 2005-06 to 2009-10**

State	2005-06	2006-07	2007-08	2008-09	2009-10	Total Exp. from 2005-06 to 2009-10
Madhya Pradesh	153.2	377.5	685.0	747.4	655.5	2618.6

Source: Health MIS, Ministry of Health & Family Welfare

**Table 7: Utilisation of Funds Released in National Rural Health Mission in Madhya Pradesh from 2005-06 to 2009-10**

State	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 %)
Madhya Pradesh	3277.0	2735.4	2618.6	95.7

Source: Health Management Information System, Ministry of Health & Family Welfare

**Madhya Pradesh has utilised only 39 per cent of the budget approved for the Total Sanitation Campaign between 1999-2000 and 2010-11.**

However, the total funds released by the Union Government under the National Rural Health Mission to Madhya Pradesh between 2005-06 and 2009-10 has been only 83 per cent of the total outlay approved for the state over these five years. Madhya Pradesh needs to increase its rate of fund utilisation under the Mission to spend all Union Government outlays approved for the state.

### 4. Total Sanitation Campaign (TSC)

The state's pace of fund utilisation under the Total Sanitation Campaign has been very slow. The extent of utilisation of the Campaign funds in the state has been in the vicinity of 80 per cent between 2005-06 and 2007-08. However, the total expenditure on the

Campaign in Madhya Pradesh till date has been only 39 per cent of the total budget approved for the programme between 1999-2000 and 2010-11 (Tables 8 and 9).

**Box 1: The need for Convergence and Ownership to accelerate implementation**

The Madhya Pradesh Public Health Engineering Department feels alienated from the Total Sanitation Campaign (implemented by the Union Ministry of Rural Development) with the programme funds reaching the districts directly. Since the Union Government funds bypass the state budgets, they are unable to plan, implement and monitor the Campaign. There are various snags at the district and Panchayat level, particularly with regard to the flow of funds, due to which the Panchayats do not take much interest. The uncertainty about availability of funds is one of the major factors responsible for the low levels of fund utilisation under the programme.

Interviews with State-level officials responsible for implementation of the Total Sanitation Campaign in Madhya Pradesh, 2007, Bhopal.

**Table 8: Fund Utilisation as per cent of Fund Released in Total Sanitation Campaign in Madhya Pradesh (2002-03 to 2009-10)**

Financial Year	Funds Utilisation as % of Fund Released
2002-03	100.7
2003-04	55.1
2004-05	68.0
2005-06	81.0
2006-07	77.0
2007-08	81.0
2008-09	73.0
2009-10	138.0

Source: Data compiled from Dept. of Drinking Water Supply website - [www.ddws.nic.in](http://www.ddws.nic.in)



**Table 9: Fund Utilisation in Total Sanitation Campaign in Madhya Pradesh between 1999-2000 and 2010-11\***

	1999-2000 to 2010-11*				
	Total Approved Budget (in Rs. Crore)	Total Released Funds (in Rs. Crore)	Total Expenditure (in Rs. Crore)	Expenditure as % of Funds Released	Expenditure as % of Total Approved Budget
<b>Union Government's Share for TSC</b>	991.5	484.7	385.6	80.0	39.0
<b>State Government's Share for TSC</b>	380.0	162.5	143.8	88.0	38.0
<b>Total</b>	1371.5	647.2	529.4	82.0	39.0

Notes: Total Approved Budgets, Released Funds and Expenditure incurred are for the 50 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

## 4. DISCUSSION

Given the sizable under-18 population of Madhya Pradesh, the persistent development deficits among its children, and the fact that it ranks third lowest of 18 low-performing states in magnitude of annual per capita expenditure from the state budget on social services, the budgetary provisions of the state for the social sectors and services must be increased significantly. In particular, the overall priority given to child-centred interventions in the allocation of resources in the state budget must be enhanced, with a focus on the Child Health and Child Protection sectors. Important social sectors like Health and Family Welfare, Water Supply and Sanitation and Nutrition, which have so far been comparatively neglected by the state budget, also require additional budgetary resources.

**As with other states, staff and infrastructure shortages, delays in fund transfer, weak supervision and deficiencies in decentralised planning continue to plague programme delivery in Madhya Pradesh.**

The analysis in this summary report highlights several factors affecting the implementation of selected social sector programmes in Madhya Pradesh. The state has not been very successful in expediting fund utilisation (and ensuring quality utilisation in the proportion of funds that were used), due to critical implementation problems such as staff shortage, infrastructure gaps, deficiencies in decentralised planning, inadequate training and capacity building of staff, bottlenecks in fund transfer, and weak supervision and monitoring.

Claims of need-based, decentralised and participatory planning, in development programmes seem to have remained mainly on paper in Madhya Pradesh. Under the *Sarva Shiksha Abhiyan*, the Annual Work Plan and Budget for 2001-02 and 2002-03 respectively, were submitted with excessive delays that slowed down the process of approval and release of funds to subsequent levels of implementation. Delays in preparation and appraisal of the district plans also created problems in the implementation of the Reproductive Child Health programme in the state.

Staff shortages have been a significant impediment to the implementation of all social sector programmes under review. In the case of the *Sarva Shiksha Abhiyan*, there was an acute shortage of teachers, while in the Integrated Child Development Service, the work relating to implementation, coordination, monitoring and supervision in the districts suffered because of a large number of vacancies for the posts of Chief District Project Officer, District Project Officers, and Supervisors.

There was slow progress in the construction of buildings and infrastructural support for the programmes so that they could be implemented more effectively. Civil works were not started, resulting in the non-availability of basic facilities.

Regular and requisite training was not provided to programme staff and their capacity for planning, implementation and financial management was inadequate, which in turn, impinged on effective service delivery, particularly in the case of the Reproductive Child Health programme and Total Sanitation Campaign.

Monitoring and supervision are integral components of social sector programmes, and critical for ensuring the delivery of quality and robust services. However, staff shortages and limited training of officials, along with inadequate financial provisioning for these components, has led to inadequate and ineffective monitoring and supervision in all programmes.

As the utilisation of funds is a critical area affecting the implementation of development schemes, the Madhya Pradesh government should take measures to ensure the timely submission of Annual Plans (for the Central Schemes), and timely release of fund installments, besides operationalising the Electronic Fund Transfers system across all social sector programmes in the state<sup>11</sup>. The state government also needs to address other implementation bottlenecks, like staff shortages, by filling up vacancies for managerial positions, and strengthening the planning process in the districts through building capacity of government staff and community leaders.

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**11** We may note here that, in its State Budget for 2009-10, Madhya Pradesh government has announced a plan to implement Electronic Clearing System for government payments.

## APPENDIX

**Table A: Per Capita Expenditure on Social Services by the States (1998-99 to 2000-01)**

States	Average for the years 1998-99 to 2000-01 (in Rs. per annum)			
	Social Services (Total)	Education	Health & Family Welfare	Water Supply & Sanitation
Bihar	474.0	311.1	50.9	19.1
Uttar Pradesh	558.5	340.4	63.4	20.0
Madhya Pradesh	781.3	344.5	86.2	63.4
Assam	929.9	615.2	92.2	59.2
Odisha	931.2	463.1	94.7	56.2
West Bengal	958.2	512.3	136.8	42.5
Rajasthan	1020.7	545.3	128.3	111.5
Andhra Pradesh	1004.1	411.7	118.2	57.7
Karnataka	1083.9	558.3	135.7	60.3
Haryana	1145.4	587.6	122.1	102.1
Tamil Nadu	1240.9	651.5	154.4	38.3
Kerala	1254.8	713.3	172.3	52.3
Maharashtra	1276.1	730.9	131.7	79.7
Punjab	1220.5	716.3	221.1	55.0
Gujarat	1331.3	664.4	154.3	39.0

Note: Figures for Bihar, U.P. and M.P. considered above pertain to the undivided States.

Source: Government of India, Report of the Twelfth Finance Commission, December 2004.

**Table B: 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

**Table B: Contd...**

States	Average for the years 2005-06 to 2007-08 (in Rs. per annum)			
	Social Services (Total)	Education	Health & Family Welfare	Water Supply & Sanitation
<b>Kerala</b>	2151.3	1,203.1	343.9	158.3
<b>Gujarat</b>	2184.4	909.4	217.4	211.6
<b>Tamil Nadu</b>	2276.4	950.6	263.1	108.3
<b>Karnataka</b>	2281.6	1,041.0	256.7	178.0
<b>Maharashtra</b>	2356.1	1,175.4	232.9	153.2
<b>Haryana</b>	2363.0	1,021.9	219.1	416.4
<b>Himachal Pradesh</b>	4814.9	2,204.8	673.5	1098.4

Note: Figures for Bihar, Uttar Pradesh and Madhya Pradesh considered above pertain to the divided States.

**Table C: 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
<b>Bihar</b>	1746.5	870.1	188.2	128.2
<b>Uttar Pradesh</b>	1973.6	864.2	329.5	46.0
<b>Madhya Pradesh</b>	2010.4	878.2	228.1	148.6
<b>West Bengal</b>	2563.5	1197.5	311.1	129.8
<b>Jharkhand</b>	2813.6	1278.3	373.9	217.6
<b>Rajasthan</b>	2823.9	1279.6	354.1	569.8
<b>Odisha</b>	2892.1	1248.4	336.8	182.6
<b>Maharashtra</b>	3075.7	1655.1	329.2	69.9
<b>Punjab</b>	3169.4	1519.5	426.7	232.6
<b>Gujarat</b>	3226.7	1114.7	309.8	270.9
<b>Assam</b>	3278.2	1530.7	510.4	256.5
<b>Kerala</b>	3369.9	1741.6	475.6	344.7
<b>Karnataka</b>	3568.0	1535.9	403.1	305.7
<b>Tamil Nadu</b>	3726.4	1534.8	462.4	148.2
<b>Chhattisgarh</b>	3911.9	613.0	390.8	212.8
<b>Andhra Pradesh</b>	3999.0	1283.7	427.4	160.1
<b>Haryana</b>	4144.9	1946.7	380.5	595.5
<b>Himachal Pradesh</b>	6505.0	3434.0	918.9	1074.0

Note: Figures for Bihar, Uttar Pradesh and Madhya Pradesh considered above pertain to the divided States.

## GLOSSARY

### Acronyms

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

### Translations

*Anganwadi* : Community child care centre

*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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