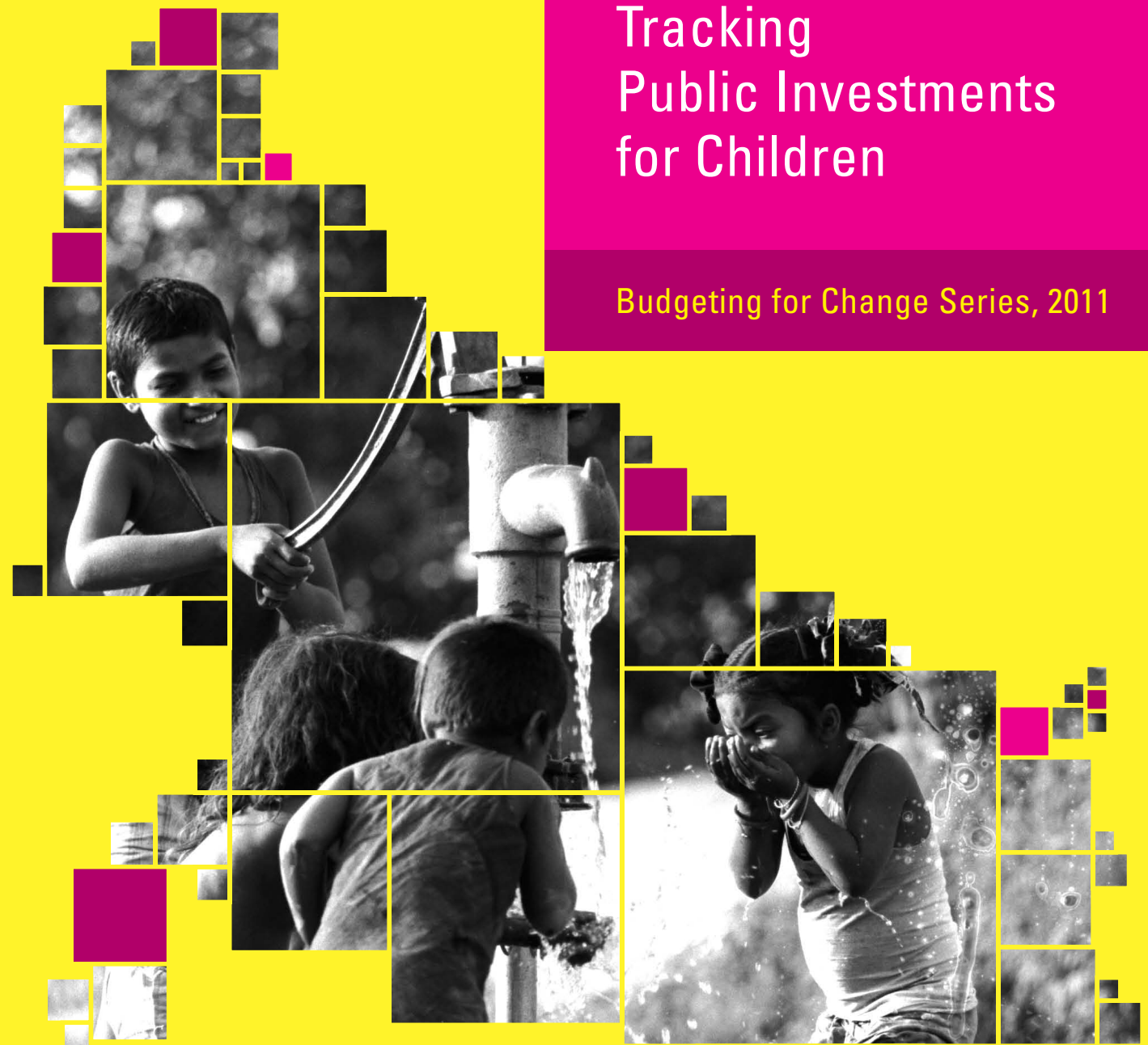


# UTTAR PRADESH

## 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.

For further information, please contact:  
Social Policy, Planning, Monitoring and Evaluation (SPPME)  
UNICEF India  
New Delhi December 2011

## CONTENTS

1. SETTING THE CONTEXT.....	1
2. SCOPE AND METHODOLOGY .....	2
3. CHILDREN AND PUBLIC INVESTMENTS .....	3
4. DISCUSSION.....	11
APPENDIX .....	14
GLOSSARY .....	17

### Note to readers:

Rs. 10 million is equivalent to Rs. 1 crore

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

## Index for the Data Fact Sheet

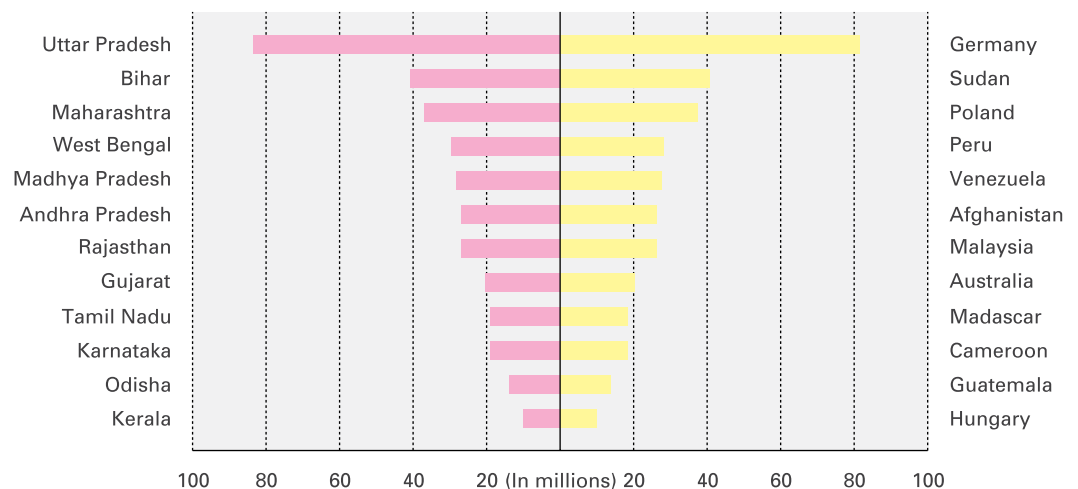
List of Figures	
<b>Figure 1</b>	India: The Scale 2008
<b>Figure 2</b>	Expenditure on Social Services as a percentage of Net State Domestic Product of Uttar Pradesh (1993-2010)
<b>Figure 3</b>	Expenditure on Social Services as a percentage of Total Expenditure from the State Budget of Uttar Pradesh (1993-2010)
<b>Figure 4</b>	Per Capita Expenditure on Social Services by the States from 2005-06 to 2007-08 (in Rs. per annum)
<b>Figure 5</b>	Total Expenditure on Child Specific Programmes as a percentage of the Total State Budget of Uttar Pradesh (1993-94 to 2006-07)
List of Tables	
<b>Table 1</b>	Sectoral Composition of Budget for Children in Uttar Pradesh (1993-94 to 2006-07)
<b>Table 2</b>	Per Child Expenditure on Child Specific Programmes in Uttar Pradesh Budget (in Rs.) (1996-94 to 2006-07)
<b>Table 3</b>	Utilisation of Funds in <i>Sarva Shiksha Abhiyan</i> in Uttar Pradesh (2001-02 to 2009-10)
<b>Table 4</b>	State-wise Expenditures in Integrated Child Development Services (General) (in Rs. Crore) (2006-07 to 2008-09)
<b>Table 5</b>	Expenditure as a proportion of Funds Released in Reproductive and Child Health programme (in per cent) (2002-03 to 2005-06)
<b>Table 6</b>	Expenditure on National Rural Health Mission in Uttar Pradesh from 2005-06 to 2009-10 (in Rs. Crore)
<b>Table 7</b>	Utilisation of Funds Released in National Rural Health Mission in Uttar Pradesh from 2005-06 to 2009-10
<b>Table 8</b>	Fund Utilisation as per cent of Funds Released in Total Sanitation Campaign in Uttar Pradesh (2002-03 to 2009-10)
<b>Table 9</b>	Fund Utilisation in Total Sanitation Campaign in Uttar Pradesh during 1999-2000 to 2010-11*
Appendix	
<b>Table A</b>	Per Capita Expenditure on Social Services by the States (1998-99 to 2000-01)
<b>Table B</b>	Per Capita Expenditure on Social Services by the States (2005-06 to 2007-08)
<b>Table C</b>	Per Capita Expenditure on Social Services by the States (2008-09 to 2009-10)

## 1. SETTING THE CONTEXT

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). Not surprisingly, the conjecture that the future of India's development depends, to a large extent, on how well its children fare, is a widely accepted one.

**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.

As figure 1 illustrates, the child population in U.P. is nearly equal to that of the entire population of Germany.

Among Indian states, Uttar Pradesh (U.P.) is critical for India's plans to invest its young population. As figure 1 illustrates, the child population in U.P. is nearly equal to that of the entire population of Germany. If one were to compare among Indian states, 1 in every 5 children in India live in U.P.<sup>1</sup> That is substantially more than the share contributed by any other state. Within U.P. too, children account for 50 per cent of the state's total population. Thus investments in children become imperative for the acceleration and sustainability of growth and human development in this otherwise lagging state.

Even so, and considering the importance of children to U.P.'s future, health and education indicators for children in the state remain poor at least relative to the national level. This is not to say that there have been no improvements. The percentage of fully immunised children aged 12-23 months in Uttar Pradesh has been increasing steadily, from 20.2 per cent in 1998-99, to 23 per cent (2005-06) to 30.2 per cent in 2007-08<sup>2</sup>. Similarly, the percentage of children under 3 years and underweight has also been declining. This dropped from 55.7 per cent in 1992-93, to 51.8 per cent in 1998-9 and further to 47.3 per cent in 2005-06<sup>3</sup>. Despite declining over time, the Infant Mortality Rate (IMR) in Uttar Pradesh was 67 deaths per 1,000 live births in 2008<sup>4</sup> and 61 deaths per 1,000 live births in 2010, notably higher than the corresponding national average of 47<sup>5</sup>.

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

<sup>2</sup> NFHS (1998-99) and (2005-06); DLHS (2007-08) in *The Situation of Children in India: A Profile*. UNICEF, 2011.

<sup>3</sup> NFHS (1998-99) and (2005-06) in *The Situation of Children in India: A Profile*. UNICEF, 2011.

<sup>4</sup> SRS 2008 in *The Situation of Children in India: A Profile*. UNICEF, 2011.

<sup>5</sup> SRS Bulletin 2010, released in 2011.

Gender gaps are also apparent, disturbingly so in growing urban centres. In 2008, only 76 per cent of females attended school in urban areas compared with 86 per cent of males (in rural areas these figures were 84 per cent and 86 per cent respectively)<sup>6</sup>.

## 2. SCOPE AND METHODOLOGY

Partly responsible for the uneven development outcomes for children, are distortions in the patterns of development expenditures that fail to create sufficient entitlements for this group. It is hypothesized that such entitlements can be either child specific or targeted at the level of the household in which the child resides. For instance, the fact that housing conditions e.g. housing quality, and provision of clean drinking water and sanitation can have a salutary impact on child health is well known. Then there are interventions specifically targeted at children and their mothers (e.g. early child hood care and education provided to children 3-6 years of age under the Integrated Child Development Services (ICDS) programme in India). Allocation of sufficient budgetary resources for these interventions and the development of appropriate planning processes that can result in better utilisation of available funds, 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 Uttar Pradesh, drawing on secondary data analysis and field interviews conducted in 2007-08.**

- a. Trends and patterns of public spending on social services over the past decade (here, and for our own purposes, we define social services to include education, health and family welfare, water and sanitation, housing and so forth);
- b. Trends and 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, across years as well as across states.

- a. expenditure on social services as a proportion of the Net State Domestic Product (NSDP) and as a proportion of total expenditure; (1993-94 to 2009-10)<sup>7</sup>;
- b. per capita expenditure on social services and how U.P. fares viz. other states and across time (1998-99 to 2009-10)<sup>8</sup>;
- c. sectoral composition of budget for children (1993-94 to 2006-07);

---

<sup>6</sup> NSS (2007-08) in *The Situation of Children in India: A Profile*. UNICEF, 2011.

<sup>7</sup> The latter can reflect the priority assigned by the state government to social sectors.

<sup>8</sup> This can give a sense of the relative adequacy of public spending on children.

- d. per child expenditure on child specific programmes (1996-97 to 2006-07);
- e. expenditure on child specific programmes (ICDS, SSA, RCH, TSC) between 2001-02 and 2009-10; and
- f. unpacking each programme and considering expenditure 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

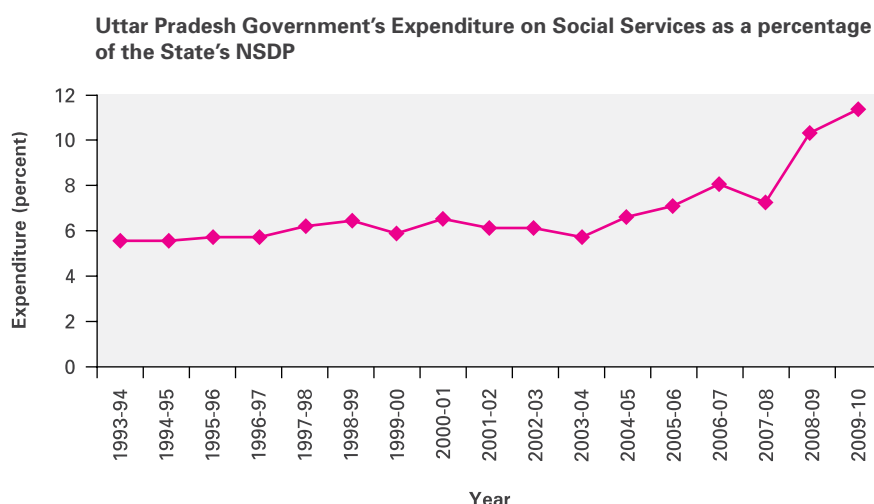
Children benefit from general public investments and development spending on a variety of services delivered by the government including Education, Health and Family Welfare, Water Supply and Sanitation, Housing and Urban Development, Social Security and Welfare, and Nutrition. Children from socially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

The total pool of budgetary resources earmarked for child-centred government interventions or the total 'Child Budget' can be divided into 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 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)
- **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.

**Figure 2: Expenditure on Social Services as a percentage of Net State Domestic Product of Uttar Pradesh (1993-2010)**



Source: Compiled from State Finances: A Study of Budgets, Reserve Bank of India, (several years).

In 2010, the Government of Uttar Pradesh once again reverted to spending close to 30 per cent of its budget on social services.

### Budgetary allocations to social sectors

Figure 2 shows the trends in public expenditure on social services as a proportion of Net State Domestic Product between 1993 and 2010. After almost a decade of stagnation between 1993 and 2004, the Government of Uttar Pradesh increased its allocations to the social sectors quite significantly between 2004 and 2010. The early period of stagnation was attributable to the acute fiscal health crisis that affected most states, including Uttar Pradesh. The situation changed after 2005 when the fiscal health of most states improved considerably as a result of several factors including larger transfer of resources from the Union Government to the states as recommended by the Twelfth Finance Commission, and the acceleration in economic growth (which in turn led to improvement in tax revenue collections).

However, when considered as a proportion of total public expenditure, the priority given to social sector spending has been declining.

In 1997-98, social services accounted for almost 30 per cent of the total public expenditure incurred by the Government of Uttar Pradesh. By 2004-05, this ratio had dropped to 17 per cent. The situation has improved since then, and in 2010, Government of Uttar Pradesh once again reverted to spending close to 30 per cent of its development expenditures on social services (Figure 3).

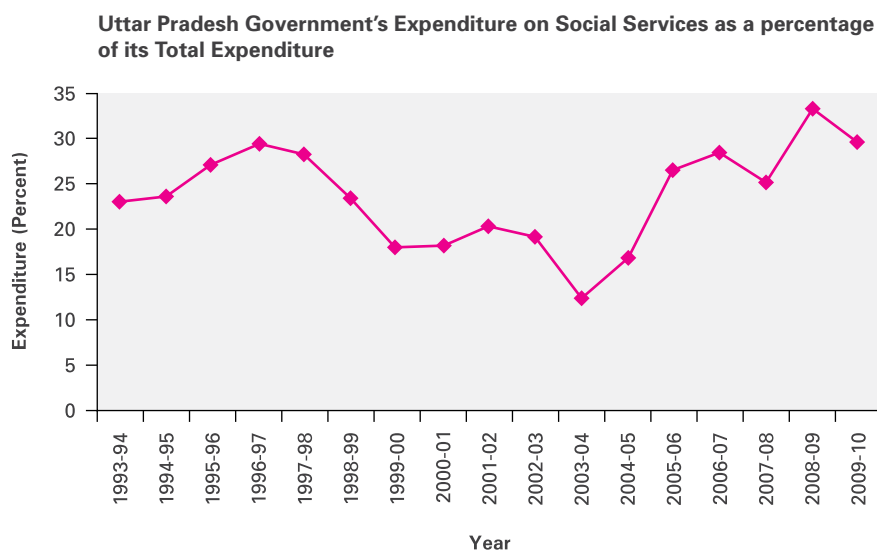
Despite the improvements registered over time in the public expenditure allocations to social services, Uttar Pradesh does not fare well compared to other states, when it comes to per capita allocations, mainly because of its large population.

An analysis of per capita annual public expenditures on social services in Uttar Pradesh (Tables A-C, Appendix)<sup>9</sup> indicates that the state's annual per capita spending on social services increased in nominal

<sup>9</sup> Three important services are compared—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).



**Figure 3: Expenditure on Social Services as a percentage of Total Expenditure from the State Budget of Uttar Pradesh (1993-2010)**

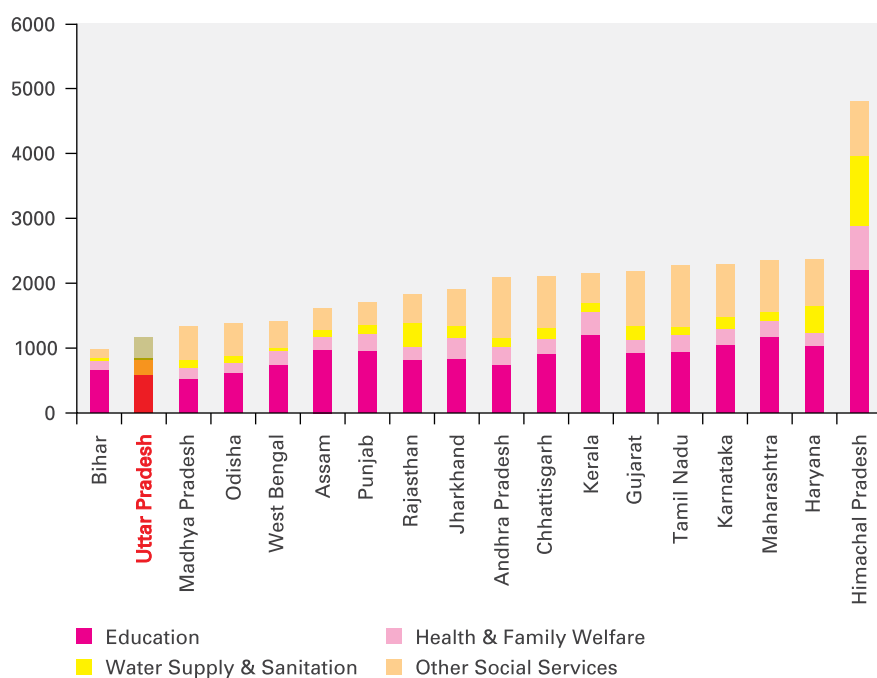


Source: Constructed from State Finances: A Study of Budgets, Reserve Bank of India, (several years).

In 2009-10, per capita expenditure by the Government of Uttar Pradesh on social services was the second lowest (after Bihar) among the 18 most-populous 'major' states.

terms from Rs. 559 (average for 1998-99 to 2000-01) to Rs. 1,158 (average for 2005-06 to 2007-08) and further to Rs. 1,974 (average for 2008-09 to 2009-10). But even this amount of per capita spending was relatively low and insufficient to address the acute development deficits in social sectors. In 2009-10, per capita expenditure by the Government of Uttar Pradesh on social services was the second lowest (after Bihar) among the 18 most-populous 'major' states – an

**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).

Child-centred programmes in the overall State Budget registered rather small increases and reached 14.8 per cent in 2006-07.

ignominious ranking that U.P. continues to hold since 1998-99. In other words, nearly a decade after and despite improving its share of spending on social sectors over time (Figure 4), U.P. still isn't spending enough on its social services, which its large and growing populace would warrant.

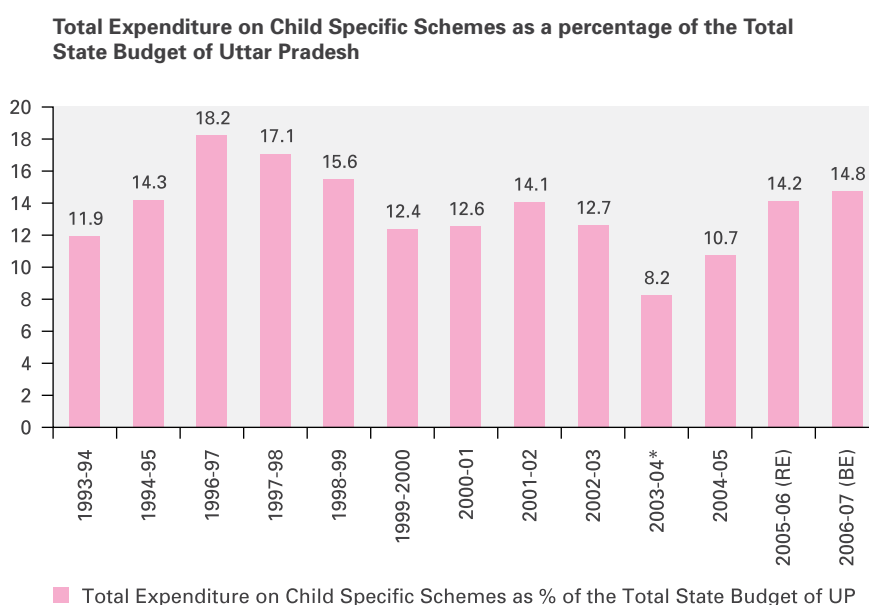
### Allocations for child-centred programmes

Turning next to the allocations by the Government of Uttar Pradesh to four child-centred sectors— child development, child education, child health and child protection, we find some interesting patterns. In 1996-97, the Government of Uttar Pradesh earmarked 18.2 per cent of the total State Budget for child-centred programmes<sup>10</sup> (Figure 5). However, this share subsequently declined to 8.2 per cent of the State Budget by 2003-2004. Thereafter, the priority for child-centred programmes in the overall State Budget registered rather small increases and reached 14.8 per cent in 2006-07.

A sectoral analysis of the total pool of resources set aside for children in the State Budgets by Government of Uttar Pradesh between 1997-98 and 2006-07 reveals the following (Table 1):

- **Child Education:** Child Education accounts for the majority of total budgetary resources earmarked for children (95 per cent).
- **Child Development:** The share of Child Development in the total budgetary resources allocated for children shows a steady increase

**Figure 5: Total Expenditure on Child Specific Programmes as a percentage of the Total State Budget of Uttar Pradesh (1993-94 to 2006-07)**



<sup>10</sup> Child-centred programmes include development programmes and government services that are meant exclusively for children like the Mid Day Meal programme, Immunisation programmes, Integrated Child Development Service, schools, hospitals for children and crèches, amongst others.

\* The Total Expenditure of U.P. increased exponentially in 2003-4 primarily because of an increase in its total receipts. The latter was on account of two factors: 1) the writing off of government loans taken by the State Electricity Board in 2003-04 and; 2) the Debt Swap Scheme with the Union Government in the same year. Because of the increase in the Total Expenditure figure (the base), the ratio of expenditure on social services to total expenditure showed a marked decline.

Source: Compiled from the State Budget of Uttar Pradesh (several years).

**Table 1: Sectoral Composition of Budget for Children in Uttar Pradesh (1993-94 to 2006-07)**

Year	Child Development as % of Child Budget	Child Education as % of Child Budget	Child Health as % of Child Budget	Child Protection as % of Child Budget
1993-94	2.5	91.6	3.7	2.2
1994-95	2.0	94.1	2.6	1.2
1996-97	2.4	93.6	3.8	0.3
1997-98	2.2	95.4	1.9	0.5
1998-99	1.1	97.6	0.5	0.9
2001-02	2.5	95.8	1.2	0.4
2002-03	3.1	95.4	1.1	0.4
2003-04	3.1	95.7	0.8	0.4
2004-05	5.0	94.3	0.4	0.3
2005-06	3.8	95.1	0.7	0.4
2006-07	8.0	90.2	1.3	0.4

Source: Compiled from the State Budget of Uttar Pradesh (several years).

**Child Education accounts for the majority of total budgetary resources earmarked for children.**

in budgetary allocation when compared with other sectors. This reflects mostly a push from the Union Government to all states to accord a priority to the Integrated Child Development Services programme as also for the Supplementary Nutrition Programme in 2005-06 and 2006-07.

- **Child Health:** In contrast to Child Development, Child Health accounts for only 2-3 per cent of the total budgetary resources reserved for children – a share that remains more or less stagnant over time. This is particularly abysmal, given the importance of investing in children's health at early stages. As suggested earlier, one of the most frequent health outcomes tracked for children is the Infant Mortality Rate (IMR). This remains high for U.P. when compared with other states. Poor outcomes such as the IMR suggest that there is no concomitant reflection of such outcomes in budgetary planning processes.
- **Child Protection:** Child Protection has a negligible share in the total allocations for children.

Given the large numbers of children in U.P., it is useful to look at annual per child expenditure on child specific programmes from the State Budget of Uttar Pradesh. The per child per annum expenditure (from the State Budget) on Child Education was Rs. 779 in 2001-02 and increased to Rs.1,267 by 2006-07. The per child per annum expenditure (from the State Budget) on Child Development was only Rs. 25 in 2001-02 and increased to Rs. 120 by 2006-07. Per child per annum expenditure on Child Protection (from the State Budget) was Rs 3.20 in 2001-2002 and increased to Rs.8.90 by 2006-07. Spending on child health was equally abysmal at Rs. 16.2 per child per annum in 2006-07.

**Table 2: Per Child Expenditure on Child Specific Programmes in Uttar Pradesh Budget (in Rs.) (1996-94 to 2006-07)**

	Child Development	Child Education	Child Health	Child Protection	Total Expenditure on Child Specific Programmes
1996-97	13.2	515.9	20.7	1.6	551.4
2001-02	25.2	779.0	6.4	3.2	813.8
2006-07 (Budget Estimates)	120.0	1267.2	16.2	8.9	1412.3

Source: Compiled from the State Budget of Uttar Pradesh (several years).

### 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 Total Sanitation Campaign in Uttar 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 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)

Table 3 presents the extent of fund utilisation under the *Sarva Shiksha Abhiyan* between 2001 and 2009. The expenditure under the *Sarva Shiksha Abhiyan* as a proportion of the annual outlay approved for Uttar Pradesh was 42.9 per cent in 2002-03. It increased considerably to 84.6 per cent by 2005-06 and then 89.3 percent in 2007-08, but dropped thereafter.

**Table 3: Utilisation of Funds in *Sarva Shiksha Abhiyan* in Uttar Pradesh (2001-02 to 2009-10)**

Year	Expenditure as per cent of Total Funds Released	Expenditure as per cent of Total Funds Available	Expenditure as per cent of Approved Outlay
2001-02	39.7	39.7	19.1
2002-03	68.7	57.2	42.9
2003-04	106.6	81.3	44.8
2004-05	107.0	97.5	78.0
2005-06	91.6	89.9	84.6
2006-07	92.3	85.2	76.3
2007-08	92.6	85.8	89.3
2008-09	98.2	85.9	85.9
2009-10	98.1	84.0	84.0

Source: State Project Office of *Sarva Shiksha Abhiyan*, Uttar Pradesh, 2008 and website of *Sarva Shiksha Abhiyan*, accessible at [www.ssa.nic.in](http://www.ssa.nic.in)

Though the utilisation rates fell subsequently, they have remained over 90 per cent and reached about 100 per cent in 2009-10.

An analysis of expenditure as a percentage of total funds released for the *Sarva Shiksha Abhiyan*, reveals that though it was low in 2001-02 (around 40 per cent), it increased noticeably to 107 per cent by 2004-05. Though the utilisation rates fell subsequently, they have remained over 90 per cent and reached about 100 per cent in 2009-10.

Among the many factors that account for low utilisation rates are delays in submission of the programme's Annual Work Plan and Budget by the state which in turn has often led to a series of further delays - in its approval (by the Project Approval Board at the Centre), the subsequent flow of funds and the circulation of approved plans under the *Sarva Shiksha Abhiyan* in the state.

## 2. Integrated Child Development Services (ICDS)

The Integrated Child Development Services (ICDS) has been an important intervention to address child nutrition especially in the critical early years of a child's life. Public expenditure on the General

**Table 4: State-wise Expenditures in Integrated Child Development Services (General) (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
Jammu and Kashmir	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

Source: Compiled from Ministry of Women and Child Development website, accessible at <http://wcd.nic.in/icdsdatatables.htm>

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

State	2002-03	2003-04	2004-05	2005-06
Uttar Pradesh	81.3	85.0	72.7	40.2

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 Uttar Pradesh from 2005-06 to 2009-10 (in Rs. Crore)**

State	2005-06	2006-07	2007-08	2008-09	2009-10	Total Exp. from 2005-06 to 2009-10
Uttar Pradesh	577.6	860.8	1213.2	1839.7	1780.2	6271.5

Source: Health Management Information System, Ministry of Health and Family Welfare.

**Table 7: Utilisation of Funds Released in National Rural Health Mission in Uttar 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)	Expenditure as a proportion of Funds Released from 2005-06 to 2009-10 (in per cent)
Uttar Pradesh	8748.6	7253.3	6271.5	86.5

Source: Health Management Information System, Ministry of Health and Family Welfare.

However, the total funds spent by Uttar Pradesh between 2005-06 and 2009-10 have of yet only reached 86.5 per cent of the total (Union Government) outlay released for the state.

component<sup>11</sup> of the programme by Government of Uttar Pradesh has shown an encouraging trend over the last few years with public spending increasing from Rs.315 crores in 2006-07 to Rs.347 crores in 2007-08 and further to Rs.482 crores in 2008-09 (Table 4).

### 3. Reproductive and 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 Government of Uttar Pradesh utilised 80-85 per cent of the funds released under the Reproductive and Child Health Programme in 2002-03 and 2003-04 (Table 5). This proportion declined sharply to 72.7 per cent in 2004-05 and 40.2 per cent in 2005-06, improving again after 2005-06, following the integration of the Reproductive and Child Health programme with the National Rural Health Mission (NRHM). The latter gave considerable flexibility to the states under two of its largest components – Reproductive and Child Health Flexible Pool and Mission Flexible Pool.

The Government of Uttar Pradesh's public expenditure under the NRHM has shown a consistent increase between 2005 and 2010 (Tables 6 and 7). However, the total funds spent by Uttar Pradesh between 2005-06 and 2009-10 have of yet only reached 86.5 per cent of the total (Union Government) outlay released for the state.

### 4. Total Sanitation Campaign (TSC)

In 2004-05, the Government of Uttar Pradesh utilised 95 per cent of the funds released by the Government of India under the Total Sanitation

<sup>11</sup> There are three components to the Integrated Child Development Services budget: General, Training and World Bank supported projects. The General component refers to the public resources committed by Government of India to the scheme.

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

Financial Year	Funds Utilisation as per cent of Fund Released
2002-03	53.6
2003-04	48.8
2004-05	95.3
2005-06	67.0
2006-07	85.0
2007-08	107.0
2008-09	63.0
2009-10	145.0

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 Uttar Pradesh during 1999-2000 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 Total Sanitation Campaign	1779.4	1177.6	1030.6	88.0	58.0
State Government's Share for Total Sanitation Campaign	914.5	1073.6	854.1	80.0	93.0
<b>Total</b>	<b>2693.9</b>	<b>2251.2</b>	<b>1884.7</b>	<b>84.0</b>	<b>70.0</b>

Note: Total Approved Budgets, Released Funds and Expenditure incurred are for the 50 approved project districts till fiscal year 2010-11. This excludes the shares of beneficiary.

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

Source: Website of Department of Drinking Water Supply, accessible at: [www.ddws.nic.in](http://www.ddws.nic.in)

Campaign. This proportion rose to 107 per cent in 2007-08 and 145 per cent in 2009-10. In total, while about 88 per cent of funds released by the Government of India between 1999-2000 and 2010-11 were expended, actual expenditures amounted to only 58 per cent of the total approved budget (Tables 8 and 9)<sup>12</sup>.

## 4. DISCUSSION

Adequate funding for social services is necessary but not sufficient to guarantee desired outcomes for children. Discussed below are some of the commonly reported factors that limit the efficiency and effectiveness of fund utilisation and the implementation of programmes affecting outcomes in Uttar Pradesh.

<sup>12</sup> Although the expenditure of the state's approved outlays for TSC is 93 per cent, it must be noted that the Centre contributes 70 per cent of the funds for the Total Sanitation Campaign.

**Staff shortage:** The shortage or absence of staff remains a significant constraint on programme implementation in several programmes. The implementation of the Reproductive Child Health programme in the

---

**The shortage or absence of staff remains a significant constraint on programme implementation in several programmes.**

state, for instance, has been hampered by an acute shortage of staff nurses and male Multi Purpose Workers for delivery and provision of essential services. Similarly, in some districts, no staff was designated specifically for the Total Sanitation Campaign.

**Inadequate training and capacity building of staff:** Even where staff was available, programmes were hampered by inadequate training and capacity building. The competency and skills required for planning, designing and implementation of programmes for children remain weak. For instance, it is reported that many of the Mid Day Meal programme cell coordinators assigned to prepare the annual work plans and budget do not have the necessary knowledge and expertise. Similarly, the Basic Shiksha Adhikari (Basic Education Officer) and other senior officials associated with the programme show very little interest in the process of planning. The plan is thus merely a collection of statistics from the blocks and lacks authenticity. In addition, no explanatory notes are prepared along with the data. The problem continues on similar lines at the block level also. Also, the Village Education Committee training programmes under the *Sarva Shiksha Abhiyan* are often both insufficient in frequency as well as coverage of members being trained. Specific workshop-based training (for maintaining proper records of receipts, expenditures, other supporting documents and supervising civil works) needs to be initiated by Government of Uttar Pradesh. Training programmes for paramedical staff under the Reproductive and Child Health programme are also urgently required. Addressing the shortage and skill deficit of staff is essential for ensuring timely submission of Annual Plans (for the flagship programmes) and timely release of fund installments.

**Gaps in decentralised planning:** Claims of need-based, decentralised and participatory planning remain mostly on paper. The *Sarva Shiksha Abhiyan*, for instance, was being implemented in the state without habitation-level plans that were to be developed based on community mobilisation and household surveys. Annual Work Plans and Budgets under the *Sarva Shiksha Abhiyan* were often prepared late and without involving Village Education Committees, School Management Committees and Parent-Teacher Associations. There was also no process of financial planning to support the annual plans.

**Bottlenecks in fund transfer:** The introduction of electronic transfers in Uttar Pradesh has eased the flow of funds under programmes like the *Sarva Shiksha Abhiyan* since 2004-05 but other problems remain. Unnecessary complexities in fund management continue to be a problem, especially at the district level. Transfer of funds from the state level to Lalitpur district, for example, takes place in multiple installments in the case of the Reproductive Child Health programme and Universal Immunisation Programme. In 2007-2008, funds were transferred in 23 installments, each according to activities. In 2006-2007, as many as



47 installments were received at the district. In the case of the Total Sanitation Campaign, the problem revolves around the release of funds to the panchayats.

Fund utilisation is also inconsistent across various components of a programme. For instance, in the case of the *Sarva Shiksha Abhiyan*, in 2005-2006 and 2006-2007, expenditure was high for components like Civil Works, Maintenance Grant, School Grant, Teacher Grant, and Textbooks, and was considerably low for many components like the Education Guarantee Scheme and Alternative Innovative Education (interventions for out-of-school children); Teacher's Training; Community Training; Innovative Activities; Research, Evaluation and Monitoring; and Management Costs.

***Weak coordination and oversight:*** *There are lacuna in coordination and communication between different components of a given programme.*

Urgently addressing some of these deficits in governance and financial management are critical for ensuring better utilisation of funds and outcomes for children.

While Electronic Fund Transfers have expedited fund flow from the state to the district, the same does not hold true for the levels below the district where the money is still sent by cheque and the notification is via telegraphic sanction. This causes inordinate delays and under-utilisation of funds. Multiple installments further compound the problem, causing difficulty in tracking transfers, managing and transferring funds to the blocks and subsequent levels. For instance, there was a three-month delay in issuing sanctions for each installment under the Mid Day Meal programme in Lalitpur during 2007 and 2008.

Mid Day Meal programme implementing official, Lalitpur district, Uttar Pradesh, 2007-08

## 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
<b>Bihar</b>	474.0	311.1	50.9	19.1
<b>Uttar Pradesh</b>	558.5	340.4	63.4	20.0
<b>Madhya Pradesh</b>	781.3	344.5	86.2	63.4
<b>Assam</b>	929.9	615.2	92.2	59.2
<b>Odisha</b>	931.2	463.1	94.7	56.2
<b>West Bengal</b>	958.2	512.3	136.8	42.5
<b>Rajasthan</b>	1020.7	545.3	128.3	111.5
<b>Andhra Pradesh</b>	1004.1	411.7	118.2	57.7
<b>Karnataka</b>	1083.9	558.3	135.7	60.3
<b>Haryana</b>	1145.4	587.6	122.1	102.1
<b>Tamil Nadu</b>	1240.9	651.5	154.4	38.3
<b>Kerala</b>	1254.8	713.3	172.3	52.3
<b>Maharashtra</b>	1276.1	730.9	131.7	79.7
<b>Punjab</b>	1220.5	716.3	221.1	55.0
<b>Gujarat</b>	1331.3	664.4	154.3	39.0

Note: Figures for Bihar, Uttar Pradesh and Madhya Pradesh 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
<b>Bihar</b>	967.0	668.4	130.4	55.5
<b>Uttar Pradesh</b>	1157.7	589.3	209.6	55.1
<b>Madhya Pradesh</b>	1318.3	532.2	169.7	110.5
<b>Odisha</b>	1369.3	611.7	155.0	108.7
<b>West Bengal</b>	1408.7	739.4	201.3	67.7
<b>Assam</b>	1618.9	966.8	190.4	127.8
<b>Punjab</b>	1695.6	942.4	276.1	146.6
<b>Rajasthan</b>	1821.5	811.0	216.0	360.6
<b>Jharkhand</b>	1895.0	828.6	322.7	185.1
<b>Andhra Pradesh</b>	2085.0	752.2	255.6	136.8
<b>Chhattisgarh</b>	2101.2	907.3	225.6	179.6
<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.

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

States	Average for 2008-09 (RE) and 2009-10 (BE) (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.

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

<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>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

*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.



NOTES: .....

NOTES: .....

---





**United Nations Children's Fund**

India Country Office  
UNICEF House  
73, Lodi Estate  
New Delhi - 110003  
Tel +91 11 24690401  
[www.unicef.in](http://www.unicef.in)



**CBGA**

Centre for Budget and  
Governance Accountability

B-7 Extn/110A (Ground Floor) Harsukh Marg  
Safdarjung Enclave, New Delhi - 110029  
Tel: +91 11 4920 0400, 4050 4846

[www.cbgaindia.org](http://www.cbgaindia.org)