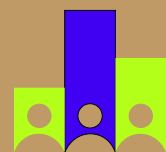


ORGANISING COMMITTEE OF
PEOPLE'S BUDGET INITIATIVE

- ActionAid India
- Budget Analysis Rajasthan Centre
- Centre for Budget and Governance Accountability
- Centre for Democracy and Social Action
- Centre for Enquiry into Health and Allied Themes
- Centre for Rural Studies and Development
- Charkha Development Communication Network
- Centre for Legislative Research and Advocacy
- Centre for Youth and Social Development
- Christian Aid India
- Life Education and Development Support
- Grameen Development Services
- Human Rights Law Network
- Indian Social Studies Trust
- National Campaign on Dalit Human Rights
- National Confederation of Dalit Organisations
- National Social Watch Coalition
- National Centre for Advocacy Studies
- Nirantar
- North East Network
- One World South Asia
- Open Learning Systems
- Oxfam India
- Patheya
- Programme on Women's Economic, Social and Cultural Rights
- Samarthan
- Social Watch – Tamil Nadu
- Sanket
- UNIFEM
- Wada Na Todo Abhiyan
- WaterAid India
- World Vision India

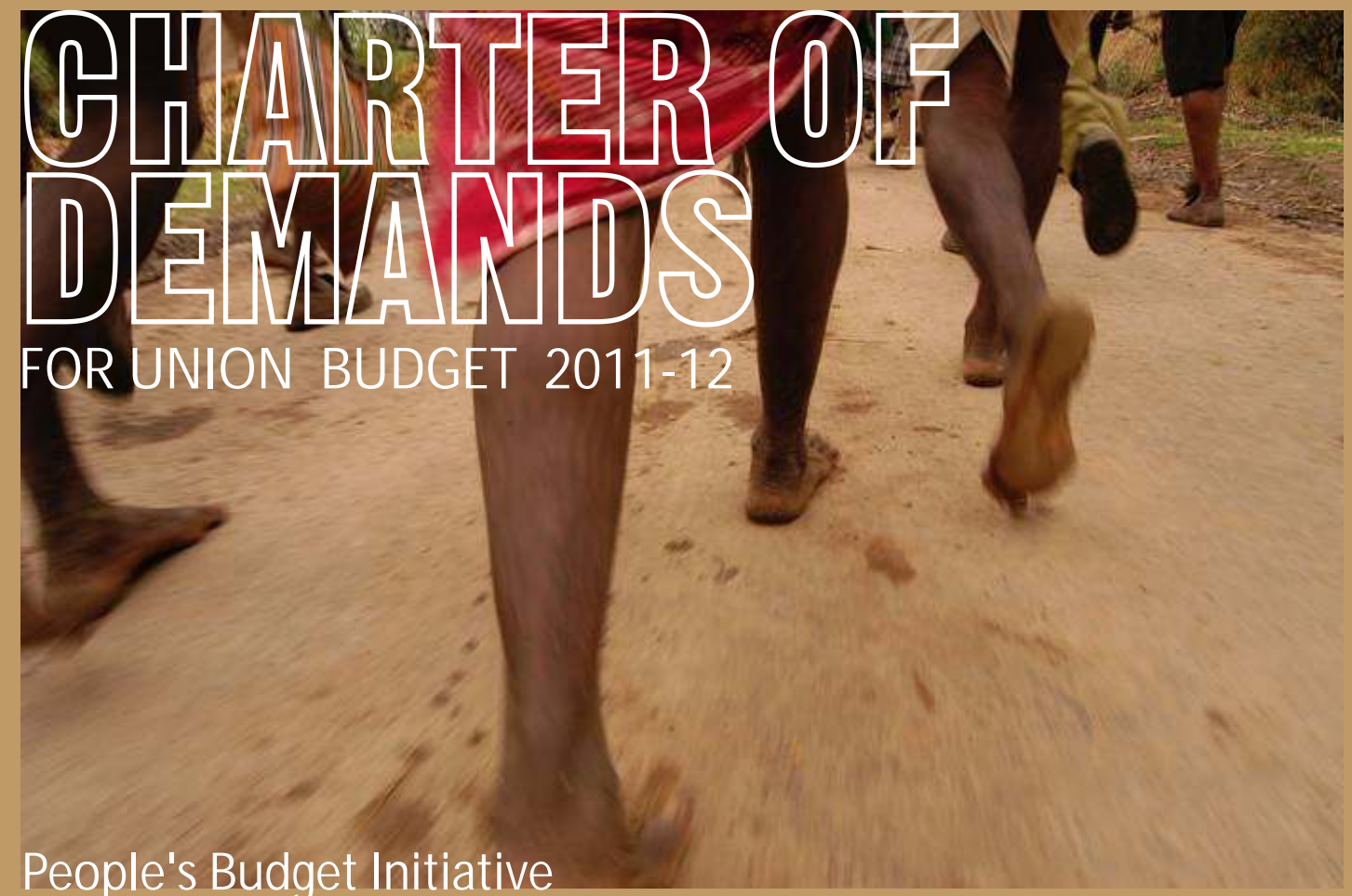


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FOREWORD

The key to substantive democracy is active involvement of the people in every aspect of governance; and budgets as an important instrument of governance are no exception. However, the budget-making process in India has been closed and largely opaque. It is in this context that a number of civil society organisations got together in 2006 to form a coalition - the *People's Budget Initiative*, which has facilitated involvement of civil society in the budget process of the Union Government every year by creating a platform where the civil society articulates key demands and expectations from the forthcoming Union Budget. The members of this coalition come from people's movements, grassroot organisations, national and international development organisations, academia and the media.

The People's Budget Initiative had organised a National Convention on Union Budget 2011-12 in New Delhi on November 19 and 20, 2010. Representatives of more than a hundred civil society organisations from eighteen different States, members of some of the associations and federations of frontline service providers in the Government social sector schemes, leaders of Panchayati Raj Institutions and a number of academicians had participated in this two-day Convention. The participants discussed several concerns and expectations pertaining mainly to disadvantaged sections of population and social sectors in the context of the forthcoming Union Budget, and drafted a set of recommendations and demands for the Union Budget 2011-12. This **Charter of Demands** presents the key budgetary and policy-related concerns and recommendations that have emerged out of this consultative process.

Centre for Budget and Governance Accountability
(Secretariat of the People's Budget Initiative)

January 2011



Education

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- The long-overdue promise of raising government spending on education to 6 percent of Gross Domestic Product (GDP) is yet to be fulfilled. At present, the country's total government spending on education is about 3.4 percent of GDP (as of 2008-09), which is way below the benchmark that had been recommended more than 40 years ago. Hence, the Union Government needs to take adequate measures towards increasing the country's total budgetary spending on education significantly.
- It needs to be ensured that the Right to Education (RTE) Act actually delivers on its promise of providing free, compulsory and quality education to all children. Over and above the existing levels of budgetary spending on elementary education, the government intends to provide budget outlays to the tune of Rs. 1.82 lakh crore over a period of five years from 2010 for implementing RTE. A preliminary analysis suggests that this would increase annual government spending on every school at the elementary level to some extent, but even this increased amount would be around one-fifth of what the government is spending on each Kendriya Vidyalaya; which might be inadequate to address quality concerns. In this regard, the government needs to significantly increase its outlays in Sarva Shiksha Abhiyan for universalizing quality elementary education.
- To ensure that the disadvantaged sections of population are able to access quality education at all levels, budget provision earmarked for education of Scheduled Caste and Scheduled Tribe children should be increased from the present level of Rs. 1073 per SC/ST child to at least Rs. 2000 per SC/ST child in the Union Budget 2011-12. Similarly, budget provision earmarked for education of girl children should be enhanced from the present level of Rs. 1297 per girl child to at least Rs. 2000 per girl child in the Union Budget 2011-12.
- In the *Rashtriya Madhyamik Shiksha Abhiyan* (RMSA), which is emerging as the Union Government's primary vehicle to step up public provisioning of secondary level education, the unit costs for specific components, such as Maintenance, School Annual Grant and In-service Training of Teachers should be increased adequately. Budget provisions should also be made for increasing the number of teachers at the secondary level.
- Constraints in implementation of government schemes pertaining to education such as Sarva Shiksha Abhiyan (SSA), Mid Day Meal (MDM) and RMSA, etc. need to be addressed in order to ensure that funds allocated are effectively and fully utilised. In this regard, the Union Government needs to initiate appropriate measures for addressing the systemic weaknesses in education sector across the country, the bottlenecks in budgetary processes and the deficiencies in the process of needs assessment at the grassroots level.
- Evidence from other countries clearly shows that in the interest of a strong and vibrant citizenship, financing education is primarily the government's responsibility and cannot be left to market forces. In this context, the increasing trend of private sector participation in education sector through different modes, e.g. Public Private Partnership (PPP) and vouchers, needs to be reviewed.



Health

- **Increasing total government spending on health to 3 percent of GDP**

The United Progressive Alliance government had made a commitment in 2004 to raise the country's total budgetary spending on health to 2 - 3 percent of GDP. However, even in 2009-10, India's total budgetary spending on health was only 1.06 percent of GDP. Hence, the Union Government needs to take adequate measures towards increasing the country's total budgetary spending on health significantly.

- **Increasing public investment in human resources for health**

The need for increasing investment in human resources for health finds resonance in the National Council for Human Resources in Health Draft Bill, 2009. Adequate budgetary provision should be made for creating autonomous training institutions in different regions. Dedicated staff should be recruited for vertical disease control programmes instead of relying solely upon the existing health workers.

- **Improving maternal and child health**

The country's progress in reducing Maternal Mortality Ratio and Infant Mortality Rate has not been encouraging and we are lagging behind in terms of meeting the relevant Millennium Development Goals (MDGs). In this context, the Union Government should improve the financial norms and other guidelines in the Janani Suraksha Yojana (JSY) and the Indira Gandhi Matritva Sahayog Yojana (IGMSY).

Also, budgetary provisions should be made for the adoption of home-based newborn care, spreading awareness on the Integrated Management of Neonatal and Childhood Illnesses (IMNCI) strategy, and special training on neonatal care for community and facility level health workers. Budgetary provisions should also be made for promoting and supporting the infant and young child feeding (IYCF) practices.

- **Public spending on occupational health of workers needs to be stepped up**

Despite an alarmingly high prevalence of occupational diseases like Silicosis in the country, there has been scant attention by the government in terms of provisioning for occupational health of workers. The Union Government should provide budgetary resources for strengthening the National Institutes of Occupational Health, training of doctors and awareness generation.

In addition, budgetary support should be provided for strengthening the institutions responsible for enforcement of legal provisions pertaining to safety of workers. More effective legal enforcement of existing guidelines for compensation and redress of workers, especially in the unorganized sector, would go a long way in addressing the problem.

- **Upgrading district hospitals to provide quality health facilities for all**

District hospitals play a key role in providing healthcare services to the poor and substantial improvements in their infrastructure and other facilities are required so that these hospitals can perform their role more effectively. In the Union Budget 2011-12, fund allocations for strengthening of district hospitals need to be enhanced significantly.

- **Ensuring regular supply of all essential medicines through the public health system**

The government should try to ensure regular supply of essential medicines of good quality in the public healthcare system. Further, it is necessary to bring all essential drugs under price control. Related to this is ensuring that hazardous formulations of medicines be weeded out from the market.

- **Regulation of private sector in provisioning of healthcare services to curtail out of pocket expenses and promoting a rights-based approach to health**

A major part of healthcare expenditure in India is out-of-pocket expenditure by people, which has strong adverse implications for the poor. Hence, regulation of private sector in provisioning of healthcare services is essential. As stated in the 11th Five Year Plan, a National Regulatory Authority should be set up for private hospitals, nursing homes and special care facilities to ensure quality services, affordable fees and prevention of malpractices. In this context, a financial memorandum must be clearly outlined in the draft Right to Health bill.





Food Security



Strengthening the Public Distribution System

- Food subsidy in the Union Budget should be increased significantly from the current amount of Rs. 55,578 crore (provided in 2010-11 BE).
- The norms of targeting beneficiaries in the current Public Distribution System (PDS) regime need to be changed; the unit of distribution of food grains should ideally focus on individuals rather than the family.
- PDS should be expanded to cover food grains such as millets, pulses, and edible oils.
- There is a need to include special provisions in the PDS for disaster and drought prone areas.
- In this context, it is also relevant to adequately budget for transparent and accountable procedures in the PDS. More specifically, 'social audit' could be incorporated in the PDS guidelines as a means to ensure accountability.
- Prescribed food limit for malnourished children needs to be revised and included in the food security net. In this regard, specific linkages with the Mid Day Meal scheme could be considered.
- The fair price shops under PDS, for distributing food grains, should be run by the government rather than private players.

Increases in transportation costs need to be taken into account

- Currently, the cost for transportation of food grains has been fixed at Rs. 9.60 for the first 10 kilometers and 35 paise for every subsequent kilometer, which is seen as inadequate. Budgetary provisions for fuel costs with regard to transportation of food grains must be made at the currently prevailing prices. In this regard, the Justice D.P Wadhwa Committee recommendation (2007) should be accepted while changing the transportation cost norm in the PDS.

Storage facilities under Village Grain Banks (VGBs) should be expanded

- There is a need to increase the budgetary allocation for the Village Grain Banks scheme, which at present is a meager Rs. 15 crore. In this regard, the policy for establishing VGBs should be State-driven so as to ensure that the locally felt needs are reflected in the planning for this scheme.



Children

- The aggregate outlay for all child-specific schemes in the Union Budget accounted for only 4.1 percent of the total budget outlay by the Union Government in 2010-11 (BE). There can be little doubt about the need for stepping up this overall priority for child-specific schemes in the Union Budget, given that children constitute more than 40 percent of the country's population and their development indicators in a number of sectors raise serious concerns. Hence, the overall allocations for child-specific schemes must be stepped up in Union Budget 2011-12.
- In the country's total budgetary resources earmarked for child-specific interventions, i.e. taking the Union Budget and State Budgets together, Child Health and Child Protection are likely to be the sectors facing the problem of resource shortage much more intensely than the other sectors pertaining to children. Hence, Union Budget provisions for schemes pertaining to Child Health and Child Protection should be enhanced significantly in 2011-12.
- Special allocation of funds is necessary for detecting and addressing early childhood disorders to prevent potential disability and permanent liability of continued medical care.
- Malnutrition of women and children should be addressed with a lot more sense of urgency by the government and adequate budgetary allocations are necessary in this regard. Allocation for ICDS should be enhanced significantly in 2011-12 in order to ensure universal coverage with good quality of services.
- The Union Government and States should provide budgetary resources for universal maternity entitlement with six months of minimum wages for all women workers.
- Budgetary allocation should be made for fostering sports and extra-curricular activity for ensuring overall development of children. Vocational training, disaster management training and life skills education should form essential parts of children's education.
- Budgetary allocation should be made for putting appropriate mechanisms in place to enable the children of migrant families avail the benefits of government schemes wherever they go.
- The North Eastern Council (NEC) and the Union ministry for Development of North Eastern Region (DONER) should provide funds earmarked for development of children in the north eastern region.
- Within each of the sub-sectors pertaining to children (Education, Development, Health and Protection), a specific proportion of funds should be set aside for improving monitoring and governance and also for enabling civil society organisations to help in effective implementation of schemes.
- There should be some allocation for creating special cells in PRIs to periodically monitor and evaluate child related schemes; allocation for the infrastructure and human resources required for this purpose should be made.
- Special allocation of funds should be made for creating a strong data base on all aspects of child development and fostering research on child specific issues in the country.



Women

Regularisation of Women Workers in ICDS and NRHM

The recent years have witnessed an increasing number of women in low paying jobs; and, the government seems to be one of the largest benefactors of women's underpaid work. Several of the Union Government's flagship programmes are being implemented by women who work as frontline service providers. The most telling example perhaps is that of Anganwadi Workers (AWWs) and Anganwadi Helpers (AWHs) in the Integrated Child Development Services (ICDS) and Accredited Social Health Activists (ASHAs) in the National Rural Health Mission (NRHM). As compared to the range of activities that they are expected to perform, their 'remuneration' remains very low and work conditions deplorable. What is more disturbing is the categorisation of their work as 'honorary' or 'voluntary'. Such categorisation further justifies the complete absence of support structures, rendering these women extremely vulnerable to exploitation. In this context, we demand the following:

Service Provider	Salary Component	Estimated Amount of Funds required per year	Other Benefits
Anganwadi Workers and Helpers	Proposal 1: Convert the posts of AWWs and AWHs to regular government posts (equivalent to that of Grade III and Grade IV employees respectively). [®]	Rs. 11,502 crore {for approx. 13.5 lakh sanctioned AWWs posts}	a) Grievance redressal mechanisms must be put in place and AWWs and AWHs should be made members of the grievance redressal cells;
	Proposal 2: Ensure minimum wages equivalent to those for a skilled labourer and semi-skilled labourer for AWWs and AWHs respectively	Rs. 6642 crore* {for approx. 13.5 lakh sanctioned AWWs posts}	b) Welfare Boards of AWWs and AWHs should be set up and a pension scheme for them should be initiated by the government; and c) A lumpsum amount should also be provided to AWWs and AWHs on retirement.
Accredited Social Health Activists (ASHAs)	Proposal 1: Regularise ASHAs as permanent rural health workers		a) All incentives must be paid regularly and through individual bank accounts; b) Adequate infrastructure such as rooms, medical kits etc. must be provided at PHCs, CHCs and hospitals; and
	Proposal 2: Ensure minimum wages equivalent to that of a skilled labourer for ASHAs	Rs. 3882 crore* (for approx. 7.89 lakh ASHAs)	c) Grievance redressal mechanism should be put in place and ASHAs should be made members of the grievance redressal cells.

NOTE:

[®] The Puducherry government has set a precedent in this regard. In Puducherry, the scale of pay of AWWs is in the range of Rs. 5200 - Rs. 20200 [i.e. the pay scale of Lower Divisional Clerk (LDC)], along with Grade Pay of Rs. 1900 and with usual allowances like Dearness Allowance, Transport Allowance, House Rent Allowance etc.

* Here, the area-wise minimum rates of wages for skilled agricultural workers in Area C, i.e. rural agglomerates, as stipulated by the Union Ministry of Labour and Employment has been considered to calculate the minimum wages for AWWs.

Deepening of Gender Budgeting in the Union Government

The Gender Budgeting exercise, adopted by the Union Government, has resulted in the preparation of a *Gender Budget Statement* every year since 2005-06. This exercise requires the Union ministries / departments to segregate those schemes from all development schemes, in which at least 30 percent of the funds are earmarked for women and girls; the magnitudes of funds earmarked for women are also reported along with the respective schemes. In this context, the following measures need to be taken for deepening of Gender Budgeting in the Union Government.

- The scope of the *Gender Budget Statement* should be expanded to cover all Union ministries and departments. (Those ministries and departments, which do not have any scheme / intervention with funds earmarked for women, should report a nil statement to the Finance Ministry.)
- Total budget outlay for each of the schemes / interventions, mentioned in the *Gender Budget Statement*, should also be reflected in this Statement. This will help clarify the proportions of funds in various schemes / interventions, which according to the ministries and departments are earmarked for women. The Gender Budget Statement should also include a note explaining the available information on the proportion of women beneficiaries in various schemes or the assumptions being made in this regard by the Union ministries and departments.
- The *Gender Budget Statement* in 2011-12, apart from presenting figures for 2010-11 (Revised Estimates) and 2011-12 (Budget Estimates), should also present the figures for 2009-10 (Actuals).
- Although several of the Union Government schemes are being reported in the *Gender Budget Statement*, very few of them seem to have been designed taking into account the gender-based disadvantages of women in our country. Hence, there is a pressing need to make the objectives, operational guidelines, financial norms and unit costs of the existing schemes across various ministries / departments more gender responsive.

- It may be difficult for some of the ministries and departments to report any funds or benefits earmarked for women in their existing schemes / interventions. However, in case of each of these so called 'indivisible' sectors, it is imperative to formulate new schemes / interventions focusing on women. In fact, Kerala has already started taking such initiatives under Gender Budgeting since more than a year now.

Setting up a Flexible Pool of Funds for the Implementation of *Protection of Women from Domestic Violence Act*

The Convention on the Elimination of All Forms of Discrimination against Women (CEDAW) Committee in its Concluding Comments (2007-2009) had expressed its concern over the lack of any financial support from Union Government to State Governments for the enforcement of the PWDV Act 2005. While there are some States that have allocated funds for implementation of the PWDV Act, many States have not yet provided any allocations. Moreover, in the few States that have made a beginning in this regard, there seems to be no objective criteria on which States have allocated funds. Therefore,

a) The Union Government should provide a Flexible Pool of funds to the States for strengthening the implementation of the PWDV Act. The funds provided by the Union Government should be used to supplement and not substitute the provision of funds for this purpose by the States.

b) Adequate fund allocations must be made for (i) the office of Protection Officers (including their salaries, support staff, infrastructure, their training, travel, stationery and contingency); (ii) training and capacity building of all relevant functionaries such as Police, Medical Officers and Judiciary; and (iii) Awareness Generation among people.

Setting up a National Task Force on Violence against Women in Zones of Conflict

The 11th Five Year Plan (2007-08 to 2011-12) had mentioned setting up of a *National Task Force on Violence Against Women in Zones of Conflict* to effectively monitor violence against women in conflict zones and facilitate relief and access to justice for affected women; which has not been implemented yet. Given the acute need for ending violence against women in the conflict zones in our country, the Union Budget 2011-12 should provide allocations for setting up the said Task Force at the earliest.



Scheduled Castes



Scheduled Tribes

- The Union Government should ensure that at least 16 percent of the total Plan budget of its ministries and departments is earmarked for Scheduled Castes, as is required under the strategy of Scheduled Caste Sub Plan (which takes into account the proportion of Scheduled Castes in total population of the country). Further, the government needs to ensure that the budget provisions earmarked for Scheduled Castes are spent exclusively for them.
- It may be difficult for some of the ministries and departments to report any funds or benefits earmarked for Scheduled Castes in their existing schemes / interventions. In case of each of these so called 'indivisible' sectors, the Union Government should formulate new schemes / interventions focusing on Scheduled Castes.
- In order to ensure that Scheduled Caste Sub Plan is implemented effectively and reflected in the budget books of all Union ministries, the relevant budgetary code (Minor Head- 789) should be opened in the Detailed Demands for Grants of all Union ministries and departments. (Those ministries and departments, which do not have any scheme / intervention with funds earmarked for Scheduled Castes, should report nil figures against Minor Head- 789 in their Detailed Demands for Grants.)
- The 'Union Government Finance Accounts', published by the Controller General of Accounts, have incorporated only Tribal Sub Plan (with code 796) as a Minor Head below the functional Major Heads/ Sub Major Heads; Scheduled Caste Sub Plan (with code 789) too should be incorporated as a Minor Head in the 'Union Government Finance Accounts'.
- Statement 21 in Expenditure Budget Vol. I (in the Union Budget documents) reflects all the schemes incorporating budget provisions that are substantially meant for the welfare of Scheduled Castes and Scheduled Tribes. This Statement should be modified so as to present separately – the figures for scheme-wise budget provisions that are meant substantially for the welfare of Scheduled Castes, and those meant substantially for the welfare of Scheduled Tribes.
- This Statement should include a note explaining the available information on the proportions of Scheduled Caste beneficiaries in the schemes (or the assumptions made in this regard) based on which various ministries / departments of the Union Government have reported the figures for scheme-wise budget provisions (in Statement 21).
- This Statement in Union Budget 2011-12, apart from presenting figures for 2010-11 (Revised Estimates) and 2011-12 (Budget Estimates), should also present the figures for 2009-10 (Actuals) to enable evaluation of the gap in terms of the amounts allocated and actually spent in 2009-10.
- The Union Ministry of Social Justice and Empowerment should be authorised to scrutinize regularly the implementation of Scheduled Caste Sub Plan by various Union ministries / departments.
- The Unit Costs prevalent in most of the development schemes / interventions for Scheduled Castes need to be made more realistic. For instance, the scholarship amount provided under Post-Matric scholarship scheme needs to be increased and brought to a more realistic level. Another instance is the scholarship amount provided under Rajiv Gandhi National Fellowship scheme, which has not been revised in the last five years. Also, the provisioning for hostels meant for Scheduled Caste students should be similar to that of Navodaya Vidyalayas. Further, the unit costs for rehabilitation of manual scavengers and Devadasis should be increased adequately.
- In the last Union Budget, a large chunk of the funds (shown as) earmarked for Scheduled Castes was meant only for basic social services and employment generation programmes; there was hardly any emphasis on providing funds for long term development and empowerment of the Scheduled Castes. In this context, to encourage entrepreneurial spirit among the Scheduled Castes, specific programmes must be designed to provide training and, subsequently, access to loans for entrepreneurship. Moreover, any development intervention for the Scheduled Castes would be incomplete without balancing the inequitable land rights in the country. Hence, comprehensive land development programmes should be developed for the landless Scheduled Castes.

- In 2010-11 (Budget Estimates), only 4.3 percent of the total Plan budget of the Union ministries was earmarked for Scheduled Tribes, which is way below the level required under the strategy of Tribal Sub Plan (that takes into account the proportion of Scheduled Tribes in total population of the country). The Union Government should ensure that at least 8 percent of the total Plan budget of its ministries and departments is earmarked for Scheduled Tribes in the Union Budget for 2011-12. Further, the government needs to ensure that the budget provisions earmarked for Scheduled Tribes are spent exclusively for them.
- In Union Budget 2010-11, only 18 out of the 105 Demands for Grants showed allocations earmarked for Scheduled Tribes. It may be difficult for some of the ministries and departments to report any funds or benefits earmarked for Scheduled Tribes in their existing schemes / interventions. In case of each of these so called 'indivisible' sectors, the Union Government should formulate new schemes / interventions focusing on Scheduled Tribes.
- In order to ensure that Tribal Sub Plan is implemented effectively and reflected in the budget books of all Union ministries, the relevant budgetary code (Minor Head- 796) should be opened in the Detailed Demands for Grants of all Union ministries and departments. (Those ministries and departments, which do not have any scheme / intervention with funds earmarked for Scheduled Tribes, should report nil figures against Minor Head- 796 in their Detailed Demands for Grants.)
- Statement 21 in Expenditure Budget Vol. I (in the Union Budget documents) reflects all the schemes incorporating budget provisions that are substantially meant for the welfare of Scheduled Castes and Scheduled Tribes. This Statement should be modified so as to present separately – the figures for scheme-wise budget provisions that are meant substantially for the welfare of Scheduled Castes, and those meant substantially for the welfare of Scheduled Tribes.
- This Statement should include a note explaining the available information on the proportions of Scheduled Tribe beneficiaries in the schemes (or the assumptions made in this regard) based on which various ministries / departments of the Union Government have reported the figures for scheme-wise budget provisions (in Statement 21).
- This Statement in Union Budget 2011-12, apart from presenting figures for 2010-11 (Revised Estimates) and 2011-12 (Budget Estimates), should also present the figures for 2009-10 (Actuals) to enable evaluation of the gap in terms of the amounts allocated and actually spent in 2009-10.
- The Union Ministry of Tribal Affairs should be authorised to scrutinize regularly the implementation of Tribal Sub Plan by various Union ministries / departments.
- Funds must be provided to ensure that there is at least one nodal officer in every State to look after the developmental interventions for the Scheduled Tribes. Additional funds should be allocated specifically for recruitment of human resources for the developmental interventions, training, and provision of incentives such as scholarships.
- Budgetary provisions on relevant schemes / interventions need to be stepped up in order to ensure effective implementation of The Scheduled Tribes and Other Traditional Forest Dwellers (Recognition of Forest Rights) Act, 2006, and the Panchayat (Extension to Scheduled Areas) Act, 1996.
- In the relevant schemes / interventions for Scheduled Tribes, priority should be given to basic and higher education, health, housing, skill development, infrastructure, agriculture and irrigation, land development, and processing and marketing of non timber forest products.



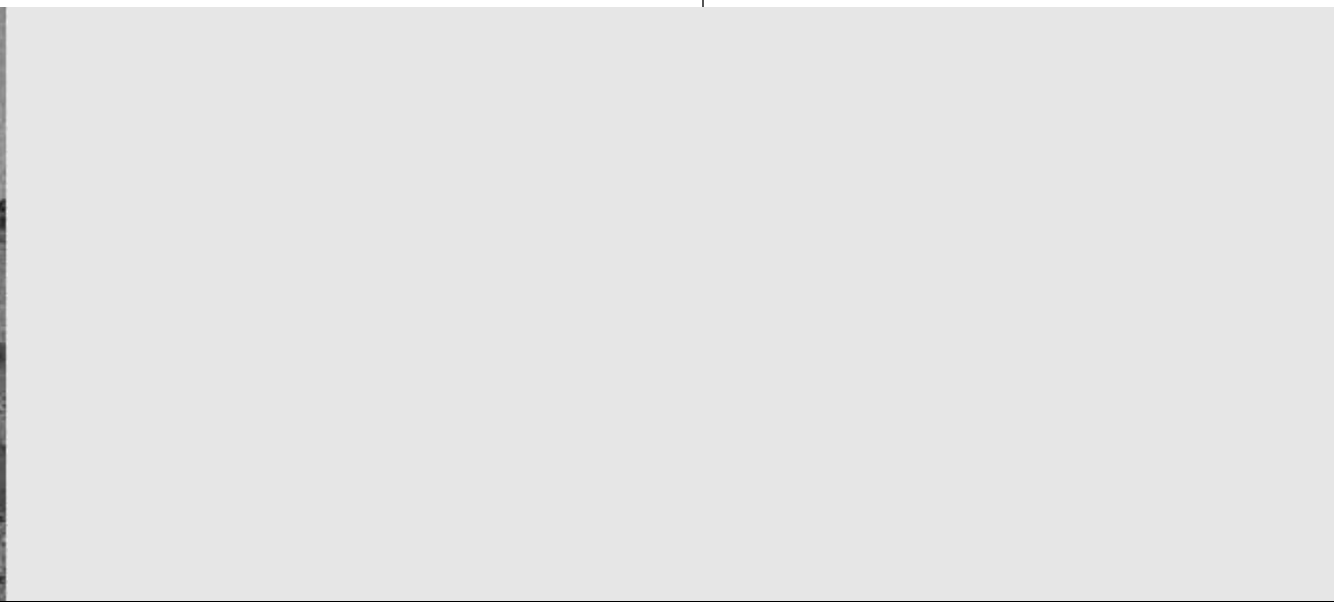
Religious Minorities

Rural Development and PRIs



- It is crucial to extend the coverage of the Multi Sectoral Development Programme (MSDP) – an umbrella programme of the Union Government to prioritise the developmental needs of the minorities, specifically Muslims – beyond the 90 Minority Concentration Districts along with increased budgetary provisions.
- The MSDP needs to pay greater attention to the acute development deficits of women and children among minorities. In this regard, the budgetary provisions under MSDP need to be re-prioritised towards removing the existing imbalances within the community – for instance, financial provision should be made for special schools for girls in the neighbourhood with female teachers in the Minority Concentration Districts and higher budgetary provisions should be made for the Maulana Azad National Scholarship Scheme for Meritorious Girls.
- Also, the MSDP should give greater emphasis on health, skill development and financial assistance for livelihood support rather than focusing mainly on infrastructure. With regard to promoting local crafts as well as generation of gainful employment opportunities, budgetary provisions should be made for creation of artisan clusters in Minority Concentration Districts across the country.
- Further, the involvement of civil society for effective implementation of the MSDP should be promoted by incorporating social audits in the policy guidelines of the programme.
- To ensure gender responsiveness in the implementation of the MSDP and the Prime Minister's New 15-Point Programme for the Welfare of Minorities, a minimum of 15 percent representation by women in the committees constituted for monitoring implementation of these programmes should be made mandatory. A case in point is the introduction of such a provision in Maharashtra in the implementation of the Prime Minister's 15-Point Programme.
- The low extent of utilisation of funds available with the Union Ministry of Minority Affairs (MMA) and the Prime Minister's 15-Point Programme remains a major concern. In order to improve the extent and quality of fund utilisation, the resource absorption capacity should be enhanced by – appointment of adequate number of qualified and trained staff, improvement of infrastructure for programme implementation, and improvement in the capacity for decentralised planning at State, district and block levels with greater involvement of Panchayats.
- Given the acute need for stepping up the budgetary priority for the development of minorities and creation of strong planning and budgetary mechanisms for the same, the Prime Minister's 15-Point Programme for the Welfare of Minorities, which was initiated in 2006, should be converted into a Minority Sub Plan. Appropriate budgetary codes should also be introduced (in the Detailed Demands for Grants of the Union ministries and State Governments) for the Minority Sub Plan, which would improve transparency and accountability in the process of planning and budgeting for minorities.
- However, until the government initiates the strategy of a Minority Sub Plan, the Union Budget should present a special Statement on the Prime Minister's 15-Point Programme for Minorities. Union Budget 2011-12 should include a Statement on all the schemes incorporating budget provisions that are substantially meant for the development of religious minorities in the country. This would not only enhance transparency of the Union Government's budget from the perspective of minorities, it would also help the government channelize greater amount of funds for the development of minorities in future.

- There should be a realistic indexation of minimum wage to inflation and, in this context, it is important that real wages under the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) must not be frozen. Also, since MGNREGS is a demand-driven scheme, the government must not put a cap on the number of days of employment that are being provided through the scheme.
- Review of the implementation of MGNREGS indicates a number of problems in several States, which include – infrastructure and human resource gaps at the Gram Panchayat level, lack of awareness about the provisions in the scheme among workers and a weak grievance redressal system. The Union Government should take appropriate steps for addressing these problems, some of which would necessarily require additional budgetary support. Also, additional budgetary provisions should be made for facilitating social audits and management of information and communication infrastructure in MGNREGS.
- The Indira Awaas Yojana (IAY), one of the prominent interventions of the Union Government for rural development, provides financial assistance for construction of dwelling units for shelter less rural Below Poverty Line households. In 2010-11, the amount of assistance per dwelling unit constructed through IAY was increased from Rs. 35000 to Rs. 45000 for new construction in plains areas and from Rs. 38500 to Rs. 48500 for new construction in hilly areas. However, the total Union Budget outlay for this scheme had witnessed a modest increase from Rs. 8800 crore in 2009-10 (RE) to Rs. 10000 crore in 2010-11 (BE), which implied a lack of effort on the part of the government to expand the overall coverage of IAY in 2010-11. In this context, the government needs to ensure significantly higher magnitude of budget outlay for IAY in 2011-12 in order to ensure a much greater coverage of the scheme.
- The basic objective of the 73rd Constitutional Amendment was to provide Panchayati Raj Institutions (PRIs) a degree of financial autonomy for formulating and implementing policies with regard to the various functional responsibilities assigned to them. But in reality, across a number of States, the fiscal space available to the PRIs had shrunk during 1998-99 to 2002-03, the latest period for which evidence is available. Total expenditure of PRIs as a proportion of combined expenditure of Union, State and local governments in the country had declined from 3.9 percent in 1998-99 to 3.5 percent in 2002-03. In this context, it is pertinent that the share of PRIs in the consolidated public expenditure in the country should be increased to at least 10 percent in 2011-12. In this regard, of the total funds allocated to the Plan schemes of the Union ministries (i.e. the Central Sector Schemes and the Centrally Sponsored Schemes), at least 30 percent of the funds should be devolved to Panchayats through the State Governments and these funds should be given as untied resources for Panchayats.
- There is a need to prioritise interventions for disadvantaged sections of population, like women, children and disabled persons, among others, within the untied pool of funds devolved to the PRIs. Appropriate guidelines in this regard should be developed and implemented by PRIs across the country.
- Special budgetary provisions should be made for strengthening people's planning through Panchayats in all States. The government should also take steps for strengthening the process of decentralised planning in the development schemes of all Union ministries / departments with adequate involvement of PRIs.
- Budgetary support is also required for setting up monitoring and grievance redressal mechanisms like 'ombudsman' for Panchayats in all States.
- The government also needs to provide adequate funds for putting in place a comprehensive and regular capacity building programme for members of PRIs, Standing Committees and Panchayat functionaries at various levels. Such capacity building programmes should include exposure visits, peer learning opportunities, sharing of good practices, developing manuals and awareness generation efforts on the programmes implemented by PRIs.



Agriculture



In a period of steady rise in the prices of agricultural inputs, low farm incomes and limited purchasing power of the farming community, the priority given to agriculture sector in the Union Budget seems quite inadequate. The share of the Ministry of Agriculture in the total Union Budget outlay has declined from 1.4 percent in 2006-07 to 1.27 percent in 2010-11 (BE), which raises doubts over the sense of urgency of the government to tackle the deep-rooted problems confronting India's farmers. In this context, the following suggestions could be taken into account for the Union Budget 2011-12.

Increasing the level of budgetary investment towards Agriculture

- Higher magnitudes of funds should be provided by the Union Government for strengthening agricultural extension services across the country with the help of additional human resources and establishment of service and testing centres.
- The Union Government should also provide greater fund support for strengthening the existing marketing infrastructure and network of federations, co-operatives and other government agencies in agriculture sector.

Prioritising budgetary investment towards rainfed / dryland agriculture

- Adequate budget allocations should be made towards improvement of dryland agriculture within the existing schemes (such as the Integrated Watershed Management Programme) as well as through introduction of new programmes and schemes that take into account the needs of dryland agriculture.
- Higher magnitudes of funds should be provided for irrigation projects and watershed development projects; special schemes may be introduced for rain water harvesting.

Introducing additional support measures for the farming community

- The government needs to consider introducing a Farmers' Pension Scheme that tries to secure the livelihoods of the farming community, especially the small and marginal farmers.

Increasing budgetary spending on Agricultural Research and Education

- The government needs to step up the budgetary provisions for Agricultural Research and Education in the country. While the total budget outlay in this regard is estimated to be around Rs. 7000 crore per year at present, around half of which is provided by the Union Government, experts have suggested that this magnitude should be increased at least to the level of one percent of Agricultural GDP (Gross Domestic Product), which would be around Rs. 11000 crore per year.



Resource Mobilisation

- India's tax-GDP ratio (which measures the total tax revenue collected as a proportion of the size of the country's economy) at 18 percent is quite low compared to many developed and also some of the developing countries. The tax-GDP ratio for the Union Government had shown a small increase from 10.3 percent in 2009-10 (RE) to 10.8 percent in 2010-11 (BE). The Union Government needs to take strong measures in the coming Budget towards improving the country's tax-GDP ratio, which would also help the government strengthen its development interventions in various sectors.
- The impetus in Union Budget 2010-11 towards further reduction of the direct tax rates had raised a concern, while the increases in the duties on crude oil, petrol, and in particular diesel, were seen as ill-timed given the persistence of the problem of price rise in the country. In 2011-12, the government needs to take steps towards increasing the revenue generated from direct taxes as indirect taxes are essentially regressive in nature (i.e. they impact the rich and the poor alike).
- The government needs to take into account the fact that India's corporate tax rates are already at moderate levels as compared to a number of countries. Despite lower rates, the country's tax collection from corporate sector is not quite impressive. Also, the presumption that lowering the corporate tax rates further would lead to collection of greater tax revenue is questionable in the Indian context.
- A liberal estimate of the amount of additional tax revenue which could have been collected by the Union Government in 2009-10, if all exemptions / incentives / deductions (both in direct and indirect taxes) had been eliminated, stands at a staggering 8.1 percent of GDP. Hence, the Union Government needs to take strong measures for removing all those exemptions that are benefiting mainly the privileged sections of population.
- In the Direct Taxes Code Bill, 2010 (a Bill introduced in Lok Sabha last year that relates to direct taxes like income tax and corporate tax), the proposed income tax exemption limit (up to Rs. 2 Lakh) is equal for men and women, a deviation from the existing system in which women are entitled to a higher exemption limit than men. The government should review this proposal taking into account the need for gender responsiveness of the country's tax system.
- Several experts have also drawn attention to the fact that the Direct Taxes Code Bill proposes to retain the 100 percent tax exemption on long term capital gains (i.e. no tax on the gains arising on sale of listed securities if sold after one year of purchase) and, for short term capital gains, it proposes the imposition of tax only on half of the gains. The government needs to review these proposals taking into account the

need for both increasing revenue from direct taxes and regulating speculative investments in the stock markets.

- A Double Taxation Avoidance Agreement (DTAA), signed between two countries, ensures that income arising out of one country and received in the other is taxed only once. In the case of the DTAA between India and Mauritius, there is considerable loss of revenue owing to some of the legal loopholes in the agreement. It has been reported that a huge amount of capital flow from India to Mauritius and vice versa, which make quick profits mostly in stock markets, remains untaxed. Hence, the government needs to take immediate measures for plugging the loopholes in India's DTAA with Mauritius.

Transparency in the Union Budget

Improving the comprehensibility of *Budget at a Glance* document

- The Budget at a Glance document in the Union Budget presents a summary of the expenditure as well as receipts side of the budget, which is critical for developing an informed opinion about the government's budget proposals. However, this important document is replete with budgetary jargon, which makes this document quite inaccessible for those interested readers who are not well-versed with the technicalities of budget. In this context, the Union Ministry of Finance should try to simplify the Budget at a Glance document and improve its comprehensibility for the lay audience by introducing appropriate charts and figures as well as explanatory notes.

Presenting information on Actual Expenditure in the Central Schemes

- The Expenditure Budget Vol. II (Notes on Demands for Grants) in the Union Budget documents presents only the Budget Estimates (BE) of expenditure on schemes in the forthcoming financial year and Revised Estimates (RE) of expenditure on schemes in the ongoing financial year; it does not present the Actuals for expenditure on schemes in the last financial year. As a result, it becomes difficult to assess the performance of various Ministries / Departments of the Union Government with regard to their budgets. The figures for actual expenditure on schemes in the previous financial years are hardly there in the public domain. Hence, the Union Ministry of Finance should try to include the figures for actual expenditure on schemes in the last financial year in its budget documents for 2011-12.

Presenting information on State-wise break up of Union Budget allocations made for the Central Schemes

- None of the Union Budget documents, published by the Ministry of Finance, compiles information on State-wise break up of the allocations for various Central Schemes. The Central Schemes have attracted criticism on the ground of the discretion available to the Central Ministries in deciding the budget allocations for different States. The absence of such State-wise break ups of the total budget allocations for the Central Schemes proves to be a bottleneck in assessing the functioning of the Central Ministries.

Presenting information on item-wise collection of tax revenue (from indirect taxes)

- None of the Union Budget documents presents information on how much tax revenue is being collected (through indirect taxes, like Customs Duties, Excise Duties, Central Value Added Tax, and Service Tax) from various items or commodities. Such information, if provided, would facilitate an assessment of the progressivity of India's indirect taxes (for instance, taxes collected on items of mass consumption vs. taxes collected on luxurious goods).

Improving the Statements pertaining to Budgetary Strategies for Disadvantaged Sections

- Several gaps have been found in Statement 20 (Gender Budget) and Statement 21 (Schemes for the Development of Scheduled Castes and Scheduled Tribes) in Expenditure Budget Vol. I in the Union Budget. (These gaps have been discussed in Sections 5, 6 and 7 of this document). The government needs to address the gaps in these Statements.

Improving the process of Legislative Scrutiny of the Budget

- The various Departmentally Related Standing Committees discuss the Demands for Grants for their respective Union Ministries / Departments during the 'Recess' in the Budget Session of Parliament and then submit their reports to Parliament. The proceedings / minutes of these meetings / discussions held by the Departmentally Related Standing Committees should be made available in the public domain.

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