How Has the Dice Rolled?

Response to Union Budget 2013-14

CBGA
Centre for Budget and Governance Accountability

March 2013

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Cover Illustration: Vikram Nayak
Designed and Printed by:
Shivam Sundram (shivamsundram9@gmail.com)

For any queries, please contact:

CBGA

Centre for Budget and Governance Accountability
B-7 Extn./110 A (Ground Floor), Harsukh Marg,
Safdarjung Enclave, New Delhi-110029
Ph: +91-11-49 200 400 / 401 / 402, Fax: +91-11-4050 4846
Email:info@cbgaindia.org

Website: www.cbgaindia.org

Foreword

Response to Union Budget is a publication, which Centre for Budget and Governance Accountability (CBGA) brings out every year following the presentation of the Union Budget in Parliament. This document presents our analysis of the priorities and trends in the Union Budget with regard to those sectors and issues that are directly relevant for the poorer sections of the population.

Accordingly, this publication focuses on social sectors, such as, health, education, water and sanitation and food security, and, some of the economic sectors, such as, Agriculture and Rural Development. It also discusses the implications of the Union Budget for disadvantaged sections of the population, such as, women, children, dalits, adivasis, religious minorities, and persons with disabilities. With regard to the concerns pertaining to climate change, our analysis in this publication focuses on the budgetary priority for renewable energy. The analysis of Union Government's resource mobilisation policies focuses on taxation policies not only from the perspective of adequacy of public resources in the country for development spending but also for concerns relating to equity and social justice. Finally, this publication also pays attention to issues in the domain of Centre-State fiscal relations.

However, the analysis presented in this document does not capture the complete depth of CBGA's research on the sectors and issues mentioned above. For instance, CBGA's research includes a significant amount of work on the bottlenecks in the implementation of major development schemes in the country, which are published in other documents brought out by us such as reports of research studies, discussion papers and policy briefs (available on our website). We do not include those discussions in this particular publication, which, as mentioned earlier, focuses solely on the priorities and trends in the Union Budget with regard to a number of important sectors and issues.

The draft version of this publication is brought out within 24 hours of the presentation of Union Budget in Parliament, which is shared with a large number of Members of Parliament, civil society leaders and media representatives. We hope this publication would inform a range of important stakeholders about the policy priorities underlying the Union Budget and their implications for the disadvantaged sections of population.

Subrat Das
Executive Director
Centre for Budget and Governance Accountability

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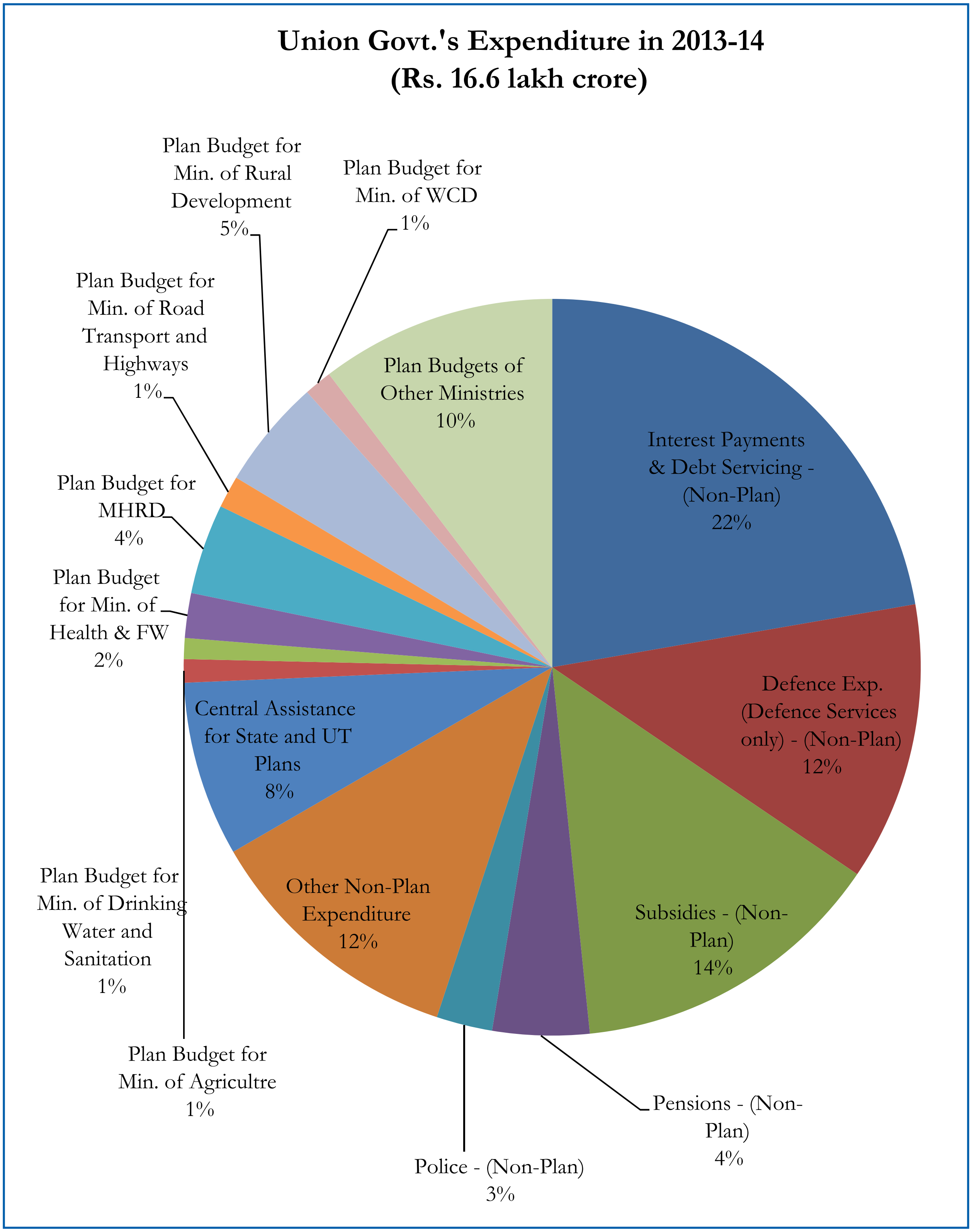
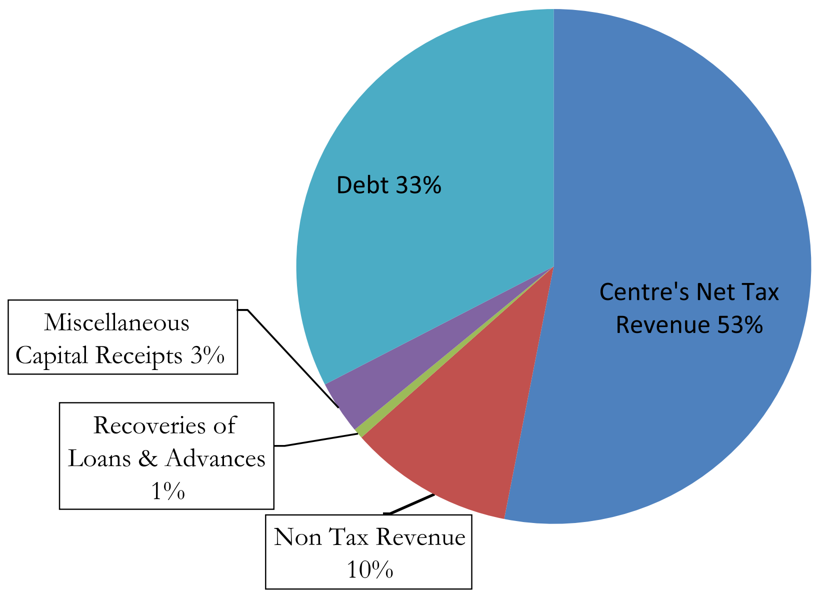
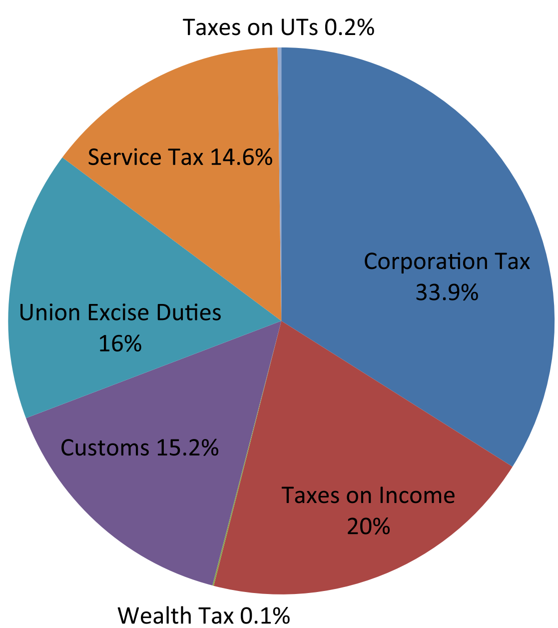

Union Govt.'s Expenditure in 2013-14
(Rs. 16.6 lakh crore)
Plan Budget for Min. of Rural Development 5%
Plan Budget for Min. of WCD 1%
Plan Budget for Min. of Road Transport and Highways 1%
Plan Budgets of Other Ministries 10%
Interest Payments & Debt Servicing - (Non-Plan) 22%
Plan Budget for MHRD 4%
Plan Budget for Min. of Health & FW 2%
Defence Exp. (Defence Services only) - (Non-Plan) 12%
Central Assistance for State and UT Plans 8%
Plan Budget for Min. of Drinking Water and Sanitation 1%
Other Non-Plan Expenditure 12%
Subsidies - (Non-Plan) 14%
Plan Budget for Min. of Agricultre 1%
Pensions - (Non-Plan) 4%
Police - (Non-Plan) 3%

Union Govt.'s Receipts in 2013-14 (Rs. 16.6 lakh crore)



Gross Tax Revenue of Centre (Centre's Net Tax Revenue + States' Share) in 2013-14 [Rs. 12.3 lakh crore]



C. Summary

After the 12th Five Year Plan and the Economic Survey 2012-13, the Union Budget 2013-14 is yet another important policy pronouncement by the United Progressive Alliance (UPA) – II government, where it has been asserted that "Growth is a necessary condition and we must unhesitatingly embrace growth as the highest goal. It is growth that will lead to inclusive development, without growth there will be neither development nor inclusiveness". This proclamation arises from the fact that since 2004-05 the Union Government has increased the budget allocations for some its programmes/schemes in development sectors, in absolute numbers (or current prices), for which the government has relied largely on tax revenue and not higher magnitudes of borrowing (with some exception during the years of recession in 2008-09 and 2009-10).

That the government managed to collect increasing magnitudes of tax revenue, during the years from 2004-05 to 2008-09, without any major change in its tax policies (with the exception of Service Tax, which was stepped up) seems to have led to this conviction among policymakers at the Centre that: it was the faster pace of economic growth during 2002-03 to 2008-09, which enabled the government to collect increasing amounts of tax revenue over time (during this period), and that in turn helped it provide much greater magnitudes of budgetary resources for its programmes/schemes in development sectors in the years following 2004-05.

We may pose two questions here, as stated in the following:

(i) Whether the Union Government's allocation of budgetary resources for development sectors in general, and social sectors (like, health, education, water and sanitation, nutrition, and social security for marginalised sections) in particular, since 2004-05, has increased significantly?

- The answer would be yes, if we compare just the Union Budget allocation figures for some of the schemes (known as the 'flagship' schemes) in current prices over these years.
- The answer would be a clear no, if we look at these allocations against – inflation (and hence increasing cost of delivering the same services over time), deficiencies in the social sectors (such as, shortage of skilled human resources, shortage of quality infrastructure, inadequacy of unit costs etc.) aggravating over time, and, most importantly, the total magnitude of public spending on social sectors in the country (in which the State Governments still contribute a much larger share than the Union Government) over these years.

(ii) Whether the Union Government would have been able to allocate the same amounts of budgetary resources for development sectors since 2004-05 (as it has allocated) if the pace of economic growth in India had been slower?

- The answer would be yes, primarily because the increase in allocations for such schemes has not been very significant in any case. Even if the pace of economic growth in India had been slower during 2002-03 to 2008-09, the government could have made much stronger efforts to increase its tax revenue (through better policies as well as more effective implementation of taxes) in the years since 2004-05 and it could also have pursued a much stronger policy of 're-prioritization' of its budget (i.e. it could have reduced the priority in the Union Budget for some sectors and increased the priority for social sectors) during these years. Also, (as has been argued by many economists) a policy of significant prioritization of social sectors in terms of provisioning of public resources could have led to strengthening of human capabilities, which would have led to stronger economic growth in the long run.
- Since the above-mentioned possibility has not materialized, it seems the implicit conviction of the policymakers that faster economic growth has indeed led to inclusive development (through the flagship schemes of the Centre) could be fragile.

However, the notion of 'adequacy' or 'sufficiency', whether with regard to tax revenue or with regard to public expenditure, is subjective to some extent; it depends on the perspective that one adheres to.

The Finance Minister, in his Speech for Union Budget 2013-14, did acknowledge that "Owing to the plurality and diversity of India, and centuries of neglect, discrimination and deprivation, many sections of the people will be left behind if we do not pay special attention to them"; but the 'attention' paid to the poor and disadvantaged sections in terms of the resource allocations in the budget falls far short of the requirements at the present juncture.

Table 1: Priority for Social Services in the Union Budget

Year	Expenditure from the Union Budget on Social Services* (in Rs. Crore)	Expenditure from the Union Budget on Social Services*	
		as % of Total Expenditure from the Union Budget	as % of GDP
2004-05	39,123	7.9	1.2
2005-06	49,535	9.8	1.3
2006-07	55,246	9.5	1.3
2007-08	78,818	11.1	1.6
2008-09	1,10,542	12.5	2.0
2009-10	1,22,345	11.9	1.9
2010-11	1,51,013	12.6	2.0
2011-12	1,49,053	11.4	1.7
2012-13 (RE)	1,70,682	11.9	1.7
2013-14 (BE)	2,13,689	12.8	1.9

Notes:
*(1) This includes the Plan Expenditure and Non-Plan Revenue Expenditure from the Union Budget on the following services: Education, Youth Affairs and Sports, Art & Culture; Health & Family Welfare: Water Supply & Sanitation; Housing & Urban Development; Information & Broadcasting; Welfare of SCs, STs and OBCs; Labour & Labour Welfare: Social Welfare & Nutrition; and Other Social Services.
(2) This does not include Non-Plan Capital Expenditure from Union Budget on Social Services, if any. Non-Plan Capital Expenditure on Social Services is sporadic and usually of a very small magnitude. Hence, this figure captures almost the entire magnitude of expenditure on Social Services from the Union Budget.
Source: Compiled from Expenditure Budget Vol. I, Union Budget 2013-14, Govt. of India

Total Union Budget outlay for social sectors (excluding only Non-Plan Capital Expenditure on such sectors, which is usually very small and sporadic), registers a modest increase from 1.7 percent of GDP in 2012-13 (Revised Estimates or RE) to 1.9 percent of GDP in 2013-14 (Budget Estimates or BE). Moreover, with the Union Budget contributing funds worth only 2 percent of GDP (or less) for social sectors (such as, health, education, water and sanitation, nutrition, and social security for marginalised sections), the country's total budgetary spending on these sectors would continue to be around 7 percent of GDP in 2013-14, which is way behind the average level of social sector spending not only in the developed countries (like, the OECD countries for which this average is as high as 14 percent of GDP) but also in some of the developing countries.

The lack of adequate priority for social sectors in Union Budget 2013-14 has translated into low priorities for a number of critical sectors. The budget for the Ministry of Human Resource Development was Rs. 74056 crore in 2012-13 (BE), it has fallen to Rs. 66819 crore in 2012-13 (RE), and it is pegged at Rs. 79451 crore in 2013-14 (BE). Likewise, the budget for the Ministry of Health and Family Welfare was Rs. 34388 crore in 2012-13 (BE), which has been reduced to Rs. 29273 crore in 2012-13 (RE); it shows a small increase to Rs. 37330 crore in

2013-14 (BE). The Department of Rural Development had been allocated Rs. 73221.8 crore in 2012-13 (BE), which in 2013-14 (BE) has been increased marginally to Rs. 74477.6 crore; in constant prices, the allocation for the Department of Rural Development in 2013-14 would be less than the same last year.

With regard to Social Security schemes, the only concrete measure in Budget 2013-14 pertains to *Rashtriya Swasthya Bima Yojana (RSBY)*, which would be extended to a few other categories. However, beyond a proposal for convergence among some of the existing schemes in this domain, the Finance Minister did not mention anything substantive with regard to social security schemes in his Speech. The allocation for *National Social Assistance Programme (NSAP)* has been increased from Rs. 8382 crore in 2012-13 (BE) to Rs. 9541 crore in 2013-14 (BE), but this small increase would be hardly able to ensure the improvements required in the coverage of beneficiaries or in the amounts of entitlements in schemes like the *National Old Age Pension Scheme*, *Widow Pension Scheme* and *Disability Pension Scheme* and *National Maternity Benefit Scheme*, all of which are part of the *NSAP*.

The following Table presents the priorities in the Union Budget during 2011-12 to 2013-14 for selected Ministries; the budget for each of the 20 selected Ministries has been compared with the total Union Budget as well as with the country's GDP in the respective years.

Table 2: Priorities for Selected Ministries in the Union Budget (2011-12 to 2013-14)

	(Figures in Rs. Crore, except where mentioned as % of GDP)	**2011-12 (Actuals)**	**2012-13 (BE)**	**2012-13 (RE)**	**2013-14 (BE)**
A	**GDP (at current market prices)**	**89,74,947**	**100,28,118**	**100,28,118**	**113,71,886**
B	**Total Union Budget**	**13,04,365**	**14,90,925**	**14,30,825**	**16,65,297**
	as % of GDP	**14.5**	**14.9**	**14.3**	**14.6**
	BUDGET FOR THE UNION MINISTRY OF				
1	**Agriculture** (excluding Special Central Asst. for State Plans, like, RKVY)	**14,936.8**	**18,714.6**	**16,272.1**	**19,818.8**
	as % of Total Union Budget	1.15	1.26	1.14	1.19
	as % of GDP	0.17	0.19	0.16	0.17
2	**Consumer Affairs, Food and Public Distribution**	**74,277.5**	**76,869.4**	**86,707.5**	**91,591.4**
	as % of Total Union Budget	5.69	5.16	6.06	5.50
	as % of GDP	0.83	0.77	0.86	0.81
3	**Defence** (including Defence - Civil Estimates)	**2,13,673.3**	**2,38,205.5**	**2,23,003.5**	**2,53,345.9**
	as % of Total Union Budget	16.38	15.98	15.59	15.21
	as % of GDP	2.38	2.38	2.22	2.23
4	**Drinking Water and Sanitation**	**9,997.7**	**14,005.2**	**13,005.3**	**15,265.7**
	as % of Total Union Budget	0.77	0.94	0.91	0.92
	as % of GDP	0.11	0.14	0.13	0.13
5	**Health and Family Welfare**	**27,198.5**	**34,488.0**	**29,272.6**	**37,330.0**

	(Figures in Rs. Crore, except where mentioned as % of GDP)	2011-12 (Actuals)	2012-13 (BE)	2012-13 (RE)	2013-14 (BE)
	as % of Total Union Budget	2.09	2.31	2.05	2.24
	as % of GDP	0.30	0.34	0.29	0.33
6	**Housing and Urban Poverty Alleviation**	**957.1**	**1,163.0**	**957.3**	**1,468.0**
	as % of Total Union Budget	0.07	0.08	0.07	0.09
	as % of GDP	0.01	0.01	0.01	0.01
7	**Human Resource Development**	**60,146.4**	**74,056.0**	**66,819.0**	**79,451.0**
	as % of Total Union Budget	4.61	4.97	4.67	4.77
	as % of GDP	0.67	0.74	0.67	0.70
8	**Labour and Employment**	**3,317.8**	**4,333.7**	**3,943.9**	**5,081.2**
	as % of Total Union Budget	0.25	0.29	0.28	0.31
	as % of GDP	0.04	0.04	0.04	0.04
9	**Minority Affairs**	**2,297.5**	**3,154.7**	**2,218.3**	**3,531.0**
	as % of Total Union Budget	0.18	0.21	0.16	0.21
	as % of GDP	0.03	0.03	0.02	0.03
10	**New and Renewable Energy**	**1,196.8**	**1,397.8**	**1,163.5**	**1,533.5**
	as % of Total Union Budget	0.09	0.09	0.08	0.09
	as % of GDP	0.01	0.01	0.01	0.01
11	**Petroleum and Natural Gas**	**70,099.7**	**43,759.8**	**97,514.1**	**65,188.4**
	as % of Total Union Budget	5.37	2.94	6.82	3.91
	as % of GDP	0.78	0.44	0.97	0.57
12	**Power**	**4,315.8**	**9,519.1**	**7,901.9**	**10,073.1**
	as % of Total Union Budget	0.33	0.64	0.55	0.60
	as % of GDP	0.05	0.09	0.08	0.09
13	**Road Transport and Highways** (excluding Special Central Asst. for State Plans)	**23,784.0**	**28,438.2**	**20,465.2**	**28,942.2**
	as % of Total Union Budget	1.82	1.91	1.43	1.74
	as % of GDP	0.27	0.28	0.20	0.25
14	**Rural Development**	**66,689.2**	**76,430.0**	**55,052.0**	**80,250.5**
	as % of Total Union Budget	5.11	5.13	3.85	4.82
	as % of GDP	0.74	0.76	0.55	0.71
15	**Social Justice and Empowerment**	**5,029.3**	**6,008.3**	**5,105.2**	**6,725.3**
	as % of Total Union Budget	0.39	0.40	0.36	0.40
	as % of GDP	0.06	0.06	0.05	0.06
16	**Tribal Affairs (excluding Special Central Asst. for State Plans)**	**1,576.5**	**1,591.0**	**1,443.0**	**1,778.9**
	as % of Total Union Budget	0.12	0.11	0.10	0.11
	as % of GDP	0.02	0.02	0.01	0.02

	(Figures in Rs. Crore, except where mentioned as % of GDP)	2011-12 (Actuals)	2012-13 (BE)	2012-13 (RE)	2013-14 (BE)
17	**Urban Development**	**8,619.0**	**9,686.0**	**8,423.6**	**10,363.7**
	as % of Total Union Budget	0.66	0.65	0.59	0.62
	as % of GDP	0.10	0.10	0.08	0.09
18	**Water Resources**	**10,43.1**	**2,041.0**	**1,209.8**	**2,076.5**
	as % of Total Union Budget	0.08	0.14	0.08	0.12
	as % of GDP	0.01	0.02	0.01	0.02
19	**Women and Child Development**	**15,671.1**	**18,584.0**	**17,263.0**	**20,440.0**
	as % of Total Union Budget	1.20	1.25	1.21	1.23
	as % of GDP	0.17	0.19	0.17	0.18
20	**Youth Affairs and Sports**	**970.3**	**1,152.0**	**1,005.6**	**1,219.0**
	as % of Total Union Budget	**0.07**	**0.08**	**0.07**	**0.07**
	as % of GDP	0.01	0.01	0.01	0.01

Source: Compiled by CBGA from Union Budget documents for 2013-14

In addition to the analysis of the overall allocations for various Ministries, a closer scrutiny of the proposals and budgets for some of the relevant sectors reveals a number of concerns. Some of these are outlined in the following.

Education

- The UPA promise reiterating the Kothari Commission recommendation of 1966 remains unfulfilled even in 2013-14; India's total public spending on Education at 3.31 percent of GDP (2012-13 BE as per the Economic Survey 2012-13) is nowhere near the promised level of 6 percent of GDP.
- Union Government's total allocation for Education in 2013-14 (BE) stands at 0.69 percent of GDP, which is slightly better than the 0.66 percent of GDP recorded for 2012-13 (RE).
- Union Government's spending on Education as a proportion of total Union Budget has increased marginally from 4.66 percent in 2012-13 (RE) to 4.77 percent in 2013-14 (BE).
- Allocation for *Sarva Shiksha Abhiyan* (SSA) has gone up by just Rs. 3613 crore, from Rs. 23645 crore in 2012-13 (RE) to Rs. 27258 crore in 2013-14 (BE). This is hardly adequate if we are looking at meeting the deadlines of the Right to Education Act.
- *Rashtriya Uchcha Shiksha Abhiyan* (RUSA) has been introduced this year with a very small outlay of Rs. 400 crore.
- Allocations of several schemes meant for addressing exclusion in accessing education have been slashed, such as, Inclusive Education for the Disabled at Secondary School (IEDSS), Appointment of Language Teachers, and Women's Hostels in Polytechnics, to name a few.
- The outlays for *Rashtriya Madhyamik Shiksha Abhiyan* (RMSA) have been stepped up from Rs. 2423 crore in 2011-12 (RE) to Rs. 3124 crore in 2012-13 (BE).
- The Credit Guarantee Fund that was set up last year with the intent to effectively implement the Educational Loan Interest Subsidy scheme of Dept. of Higher Education, has been renamed as 'Interest Subsidy and Contribution for Guarantee Fund' with an increased outlay of Rs. 1100 crore.

Health

- The combined budgetary expenditure of the Centre and states on health stood at around 1 percent of the GDP in 2012-13.
- The Union Budget allocation for Min. of Health and Family Welfare has been increased by Rs. 8057 crore in 2013-14, which is almost 28 percent higher than the Revised Estimate (RE) of 2012-13. However, if the Budget Estimates (BE) for 2012-13 and 2013-14 are compared, the increase is up to the tune of Rs. 2842 crore only, which is an increase of just 8 percent.
- The Centre's total expenditure on Health & Family Welfare as a proportion of the GDP shows stagnation at 0.3 percent in 2013-14.
- The allocation on health is 2.25 percent of the total Union Budget in 2013-14 (BE).
- The National Rural Health Mission (NRHM) has been expanded into National Health Mission (NHM) to include the Urban Health Mission and the proposed allocation is of Rs. 21,239 crore, which is 24.3 percent higher than the 2012-13 Revised Estimate.
- Larger allocations have been made towards Medical Education, Training and Research.
- Allocations have been made separately to mainstream AYUSH through the NHM.
- Separate allocation to the tune of Rs.150 crore has been made towards Health Care of Elderly and development of regional Geriatric centres.
- The cash-less health insurance programme of the Union Government for BPL families *Rashtriya Swasthya Bima Yojana* (RSBY), has been proposed to be extended to include rickshaw-pullers, auto and taxi drivers, rag-pickers and sanitation workers but the allocation for the scheme shows a small increase from Rs. 1060.7 crore in 2011-12 (RE) to Rs. 1141.5 crore in 2013-14 (BE).
- Despite the fact that there exists an acute shortage of 64 lakh allied health professionals according to the government's own reports, no separate allocation has been made under the heads Human Resource for Health or for District Hospitals to meet the infrastructural gaps.
- No concrete proposal towards achieving Universalisation of Health Care has been provisioned in the second budget of the 12th Five Year Plan (FYP) period. The budget belies the expectation of separate allocation towards universal access to free generic drugs.

Water & Sanitation

- According to Census 2011, merely 43.5 percent of population gets tap water supply (30.8 Rural & 70.6 Urban); 11 percent receive well water (13.3 Rural & 6.2 Urban); 42 percent Handpump/tubewell (51.9 rural & 20.8 urban); other sources 3.5 percent (4 rural & 2.5 Urban). On the other hand, in Sanitation, 53.1 percent of total households have no latrine facilities and defecate in the open. In rural India, 69.3 percent of households defecate in the open.
- Union Budget has allocated resources worth 0.13 percent of GDP for rural water and sanitation in 2013-14 (BE), a marginal decline from the 0.14 percent of GDP allocated in 2012-13 (BE).
- As a proportion of the total Union Budget, 0.91 percent is the budget for rural water and sanitation in 2013-14, which was 0.94 percent in 2012-13 (BE).
- The overall Union Budget allocation for rural water supply and sanitation has shown a slight increase, less than the inflation rate, from Rs. 14,005.2 crore in 2012-13 (BE) to Rs. 15,260 crore in 2013-14 (BE).
- In rural water supply (*National Rural Drinking Water Programme*), there has been a negligible increase in allocation from Rs. 10,500 crore in 2012-13 (BE) to Rs. 11,000 crore in 2013-14 (BE). In rural sanitation (*Nirmal Bharat Abhiyan* /Total Sanitation Campaign), the hike in allocation is from Rs. 3,500 crore in 2012-13 (BE) to Rs. 4,260 crore in 2013-14 (BE).

Rural Development

- In 2013-14 (BE), total budget allocation for the Department of Rural Development has been increased to Rs. 74,477.65 crore from Rs. 73,175 crore in 2012-13 (BE), which is a minor increase of less than Rs. 1302 crore.
- The 2013-14 allocation for the Department of Rural Development is 0.7 percent of GDP and 4.8 percent of total Union Budget.
- This year's budget does not make any effort to step up the priority for major rural development programmes. The allocations for *Pradhan Mantri Gram Sadak Yojana* (PMGSY) and Backward Regions Grant Fund (BRGF) scheme have declined. The current budget allocation for PMGSY has declined to Rs. 21,700 crore from Rs. 24,000 crore in 2012-13 (BE), which is a perceptible decline.
- In Backward Regions Grant Fund (BRGF) scheme, this year's allocation has decreased to Rs. 11,500 crore from Rs. 12040 crore in 2012-13 (BE)
    - Allocation for the State Component was Rs. 6990 crore in 2012-13 (BE) but this has been reduced to Rs. 5000 crore in 2012-13 (BE)
    - Allocation for the District Component was Rs. 5050*.00* crore in 2012-13 (BE); it has been raised to Rs. 6500 crore in 2012-13 (BE).
- The allocation for Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) in 2013-14 (BE) is Rs. 33,000 crore, which is the same as previous year's allocation.
- There is a visible increase in the allocation for *Indira Awas Yojana* (IAY). In IAY, the allocation has gone up to Rs.15,184 crore in 2013-14 (BE) from Rs.11,075 crore in 2012-13 (BE).
- In *Aajeevika* scheme, the allocation has been increased to Rs. 4000 crore in 2013-14 (BE) from Rs. 3,915 crore in 2012-13 (BE).
- There is no increase in the allocation for Rural Infrastructure Development Fund (RIDF) in 2013-14 BE at Rs. 20,000 crore which is the same as 2012-13 (BE).

Agriculture

- The Union government's total expenditure on the "rural economy" (which includes expenditure on Agriculture and Allied Activities, Rural Development, Special Area Programmes, Irrigation and Flood Control and Village and Small Industries) has declined from 2.3 percent of the GDP in 2012-13 (Revised Estimates) to 2.2 percent of GDP in 2013-14 (Budget Estimates).
- As a proportion of total expenditure from the Union Budget, the expenditure on Agriculture and Allied Activities shows a decline from 11.8 percent in 2011-12 (Actuals) to 10.4 percent in 2013-14 (BE). Expenditure on Agriculture and Allied Activities, as a proportion of the GDP, has also dipped from 1.7 percent in 2011-12 (Actuals) to 1.5 percent in 2013-14 (BE).
- The Budget 2013-14 has proposed to allocate Rs. 500 crore for crop diversification, a new programme, in the original Green Revolution states, in order to help promote technological innovation and encourage farmers to choose crop alternatives.
- The total plan outlay for the Department of Agriculture and Cooperation has been marked by an increase of only 7 percent from Rs. 20,208 crore in 2012-13 (BE) to Rs. 21,609 crore in 2013-14 (BE).
- Allocation for the scheme Bringing Green Revolution to Eastern India (BGREI) remains constant with Rs. 1,000 crore in 2013-14 (BE) compared to the previous year.
- The government has raised the target of credit flow to agriculture sector from Rs. 5.75 lakh crore in 2012-13 (BE) to Rs. 7.00 lakh crore in 2013-14 (BE).

- A National Livestock Mission will be launched in 2013-14 to attract investment and to enhance productivity taking into account local agro-climatic conditions. A budget allocation of Rs. 307 crore has been made towards this purpose.

Food Security

- There is a decline in total subsidy in the Union Budget from Rs. 2,57,654 crore in 2012-13 (RE) to Rs. 2,31,084 crore in 2013-14 (BE). The outlay for Petroleum Subsidy has been reduced significantly from Rs. 96,880 crore in 2012-13 (RE) to Rs. 65,000 crore in 2013-14 (BE), which would further increase the prices of petroleum products and affect price rise all round.
- Food Subsidy has been pegged at Rs. 90,000 crore in 2013-14 (BE), a small increase from Rs. 85,000 crore in 2012-13 (RE) – despite the growing recognition of the need to expand coverage of the Public Distribution System (PDS) for food grains, the food price spiral and the urgency of implementing the National Food Security Bill.
- This allocation of Rs. 90,000 crore for 2013-14 includes an amount of Rs. 10,000 crore that the government expects to be the incremental cost towards implementation of the National Food Security legislation. This expectation of the government that the incremental cost of implementation of the National Food Security legislation in 2013-14 would be a meagre Rs. 10,000 crore not only implies the lack of sense of urgency on its part to enact the bill but also the gross underestimation of the additional resources required.
- Universal distribution of rice and/or wheat and millets under PDS in the country would require additional funds to the tune of Rs. 148, 471 crore over and above the provision made in 2013-14 (BE), i.e., Rs. 90,000 crore for food subsidy.

Renewable Energy

- The government intends to evolve programmes to reuse municipal solid waste (MSW) to create energy through fiscal instruments such as viability gap funding, repayable grant and low cost capital; these measures would be meant to support efforts of municipalities and civil bodies to reclaim landfill sites and check environmental pollution.
- The prescription to use resources available under National Clean Energy Fund (NCEF) to lend low interest bearing funds to Renewable Energy (RE) projects is a step in the right direction; it may help make the cost of using renewable energy competitive with conventional energy. This could help in reducing high initial capital costs involved in producing Renewable Energy.
- Allocations of Rs. 800 crore for wind energy through the "Generation-based incentive" scheme may help power producers to invest in wind-power projects and it may encourage actual energy generation rather than capacity addition only resulting in optimum utilization of wind resource and additional flow of power to the grid may lead to power stabilization in the long-run.
- However, the Union Budget 2013-14 has not responded to the need to allocate greater resources for adapting to and mitigating climate change. Notwithstanding significant amounts of proposals announced on investments required to strengthen physical infrastructure, the absence of clear policy priorities in the budget to implement the eight missions under National Action Plan on Climate Change (NAPCC) reflects policy stagnation with regard to the challenges of climate change.

Women

- Union Budget allocation for the Ministry of Women and Child Development shows a small increase from Rs. 18,584 crore in 2012-13 (BE) to Rs. 20,440 crore in 2013-14 (BE). Of this, the allocation for ICDS alone is Rs. 17,664.02 crore.

- The coverage of the *Gender Budget Statement* in terms of the number of Demands (which refer to the budget documents of departments) reported in the statement has increased marginally from 34 in 2012-13 to 35 in 2013-14.
- However, the assumptions being made by the Union Ministries in reporting funds in Part B of the Gender Budget Statement (i.e. in case of schemes, where the Ministries claim that at least 30 percent of the funds for their schemes is meant for benefitting women, and report a certain proportion of funds) remain unclear.
- The total magnitude of the *Gender Budget Statement* is Rs. 97,134 crore in 2013-14 (BE). This represents an increase of 10.2 percent from Rs. 88,143 crore in 2012-13 (BE). Total allocation in the *Gender Budget Statement* is 5.83 percent of the total Union Budget in 2013-14 (BE).
- However, given the lack of clarity about the reporting by a number of Ministries in this Statement (with regard to the proportions of funds in composite expenditure schemes being perceived as meant for women/girl children), this figure of Rs. 97,134 crore (as the Union Budget outlay earmarked for women) is questionable.
- Setting up of the *'Nirbhaya'* fund with an allocation of Rs. 1,000 crore in 2013-14 to empower women and ensure their security is a new initiative in the Union Budget 2013-14. Ministry of Women and Child Development and other ministries concerned would work out the details of the structure, scope and application of the fund.
- Setting up of India's first Women's Bank as a public sector bank with an initial capital of Rs. 1,000 crore is another specific measure in this budget .The bank's mandate will be to lend primarily to women and women-run businesses, support women SHGs and women's livelihood, employ predominantly women, and that address gender related aspects of empowerment and financial inclusion.
- Union Budget outlay on interventions addressing violence against women have increased from Rs. 456.58 crore in 2012-13 (RE) to Rs. 789.78 crore in 2013-14 (BE).

Children

- Children, who represent 42 percent of the population of the country, have been earmarked allocations worth 0.67 percent of GDP in Union Budget 2013-14 (BE).
- Total allocation for children has decreased from 4.8 percent of the Union Budget in 2012-13 (BE) to 4.6 percent of the Union Budget in 2013-14 (BE).
- Within the "Child Budget" (i.e. total allocation for all child-specific schemes) in 2013-14 (BE), which stands at Rs. 77,235.95 crore, the share of Child Education is 72 percent, Child Development 24 percent, Child Health 3 percent and Child Protection accounts for 1 percent.
- The outlay for Integrated Child Protection Services (ICPS) scheme has been reduced by Rs.100 crore in 2013-14 (BE).
- Allocation for "Child Health" has decreased from 3.77 percent of the Child Budget in 2012-13 to 3.0 percent in 2013-14.
- Allocation for Inclusive Education for the Disabled at Secondary School (IEDSS) under the Department of School Education and Literacy has dropped to Rs. 50 crore in 2013-14 (BE) from Rs. 70 crore in 2012-13 (BE). Outlay for the Institute of Mentally Retarded Children has also shrunk from Rs. 7.69 crore in 2012-13 (BE) to Rs. 6.01 crore in 2013-14 (BE).

Scheduled Castes

- The government's allocation under the Scheduled Caste Sub Plan (SCSP) in Union Budget 2013-14 has increased to Rs.41561 crore from Rs. 37113.03 crore in 2012-13 (BE). This marks an increase of Rs. 4447.97 crore.

- However, this implies a fall in the share of SCSP in the total plan allocations (excluding Central Assistance to States and Union Territories) from 10.43 percent in 2012-13 (RE) to 9.92 percent in 2013-14 (BE).
- The Finance Minister has reiterated in his budget speech that the funds allocated to the sub plan cannot be diverted and must be spent for the specified purposes.
- For the first time, the figures for Actual Expenditures have been reported in the Statement 21 of Expenditure Budget Vol. I.
- No new schemes have been introduced for welfare of SCs and the number of Ministries/Departments reporting under Statement 21 remains the same as last year.
- Reporting under Statement 21 remains mainly a retrospective planning process.
- In keeping with the objectives of the 12th Five Year Plan, the budget stresses on educational development of SCs and STs. A total of Rs. 5284 crore has been allocated in 2013-14 (BE) for the scholarships for SCs, STs, Minorities, OBCs and the girl child. This marks an increase of around Rs. 709 crore over 2012-13 (RE).
- 10 percent of the Special Central Assistance to the Scheduled Caste sub plan and the Tribal sub plan to be used for National Skill Development Corporation

Scheduled Tribes

- As per Statement 21A (in Expenditure Budget Vol. I) of Union Budget 2013-14, the government's allocation under the Tribal Sub Plan (TSP) has increased to Rs. 24,598.39 crore from Rs. 21,710.11 crore in 2012-13 (BE). This marks an increase of Rs. 2,888.28 crore.
- There has been a small decrease in the share of TSP in the Total Plan Allocations of Union Budget (excluding Central Assistance to States and Union Territories) from 5.90 percent in 2012-13 RE to 5.87 percent in 2013-14 BE.
- The Finance Minister reiterated in his budget speech that the funds allocated to the Sub Plan cannot be diverted and must be spent for the purposes of the Sub Plan.
- For the first time, the figures for Actual Expenditures have been reported in the Statement 21A.
- Keeping with the objectives of the 12th FYP, this budget stresses the need for educational development of SCs and STs. Rs. 5,284 crore have been allocated in Union Budget 2013-14 BE, for the scholarships for SCs, STs, Minorities and OBCs and girl children. This marks an increase of around Rs. 709 crore over last year's RE.

Minorities

- In 2013-14, total allocation for Ministry of Minority Affairs has increased to Rs. 3,530 crore from Rs. 3151.98 in 2012-13 (BE). This is an increase of only 12 percent over 2012-13 BE.
- The Multi-Sectoral Development Programme (MSDP) was being implemented in 90 districts during 11th Plan and now it will be scaled up to cover 200 districts in 2013-14. There is an increase of 222 crore in the allocation for the MSDP in 2013-14. It has increased to Rs. 1110 crore in 2013-14 from 887.90 in 2012-13.
- The Maulana Azad Education Foundation (MAEF) works as a vehicle to implement educational schemes. The MAEF will start providing medical facilities such as an infirmary or a resident doctor in the educational institutions run or funded by the MAEF. Finance Minister proposed to allocate 100 crore to launch this initiative, but no mention has been made in the Note on Demand for Grants of Ministry of Minority Affairs for 2013-14. The allocation of MAEF has been increased to Rs. 160 crore in 2013-14 from Rs. 100 Crore in 2012-13.

- Four important schemes which were initiated in 2012-13 for development of minorities have been scrapped in 2013-14. These include Scheme for promotion of education in 100 minority concentration towns/cities (out of 251 such town/cities identified as backward), Village Development Programme for Villages not covered by Minority Concentrated Blocks (MCBs) / Minority Concentrated Districts (MCDs), Support to District Level Institution in MCDs and Free Cycle for Girl Students of Class IX.

Persons with Disabilities

- An outlay of Rs. 110 crore announced for ADIP scheme under the Dept. of Disability Affairs. However the analysis of the demand for grant document revealed an outlay of only Rs. 96 crore.
- Premium to be paid by the persons with disabilities for the LIC is hiked. This implies that persons with disabilities will be eligible for tax exemption even if his premium is 15 percent of the policy value.
- Rs. 523.25 crore has been earmarked for the Department of Disability Affairs, which is an increase of 50 crore from Rs. 471.10 crore of 2012-13.
- The outlay for the Inclusive Education for the Disabled at the secondary stage has been reduced from 63 crore in 2012-13 (BE) to 45 crore for 2013 -14(BE).
- Allocation for the National Mental Health Progamme has been increased from Rs. 117 crore in 2012-13 to Rs. 133.28 crore.
- The Ministry of Youth Affairs and Sports has allocated Rs. 7 crore for promotion of sports among persons with disabilities. The Budget Estimate for the current year amount to 5 crore.

Taxation

- The Budget Speech reflected the acknowledgement by the government that India has a low tax-GDP ratio compared to other developing countries and that 'fiscal consolidation' cannot be accomplished without mobilizing adequate tax revenue. However, the budget proposals do not have any substantive policy measure to ensure a visible increase in the country's tax-GDP ratio. The ratio of Union Government's gross tax receipts (i.e. including the share of States in the same) is projected to increase from 10.4 percent of GDP in 2012-13 (RE) to only 10.9 percent of GDP in 2013-14 (BE).
- The proposed income tax surcharge on super rich (i.e. of 10 percent on persons whose taxable income exceeds Rs. 1 crore per year) is welcome, but it would imply a small increase of only 3 percent on the peak tax rate paid by such people, as there have been no changes in the income tax brackets or tax rates. Proposals to increase surcharge on companies (i.e. from 5 percent to 10 percent on domestic companies whose taxable income exceeds Rs. 10 crore per year and from 2 percent to 5 percent on foreign companies) too are steps in the right direction, but it is questionable whether such minor increases will be able to reduce the visible gap between the statutory and effective rates of corporate income tax in India. Moreover, the fact that these increases in surcharge will be applicable only for one year raises a doubt on political will of the present government to improve the direct tax collections and make the country's tax system more progressive in the long run.
- While the proposal of withholding tax at the rate of 20 percent on profits distributed by unlisted companies to shareholders through buyback of shares is a welcome step as a measure to combat such tax avoidance practices, the broader measure of the General Anti Avoidance Rules (GAAR) should be expedited as an apex measure to combat tax avoidance procedures.

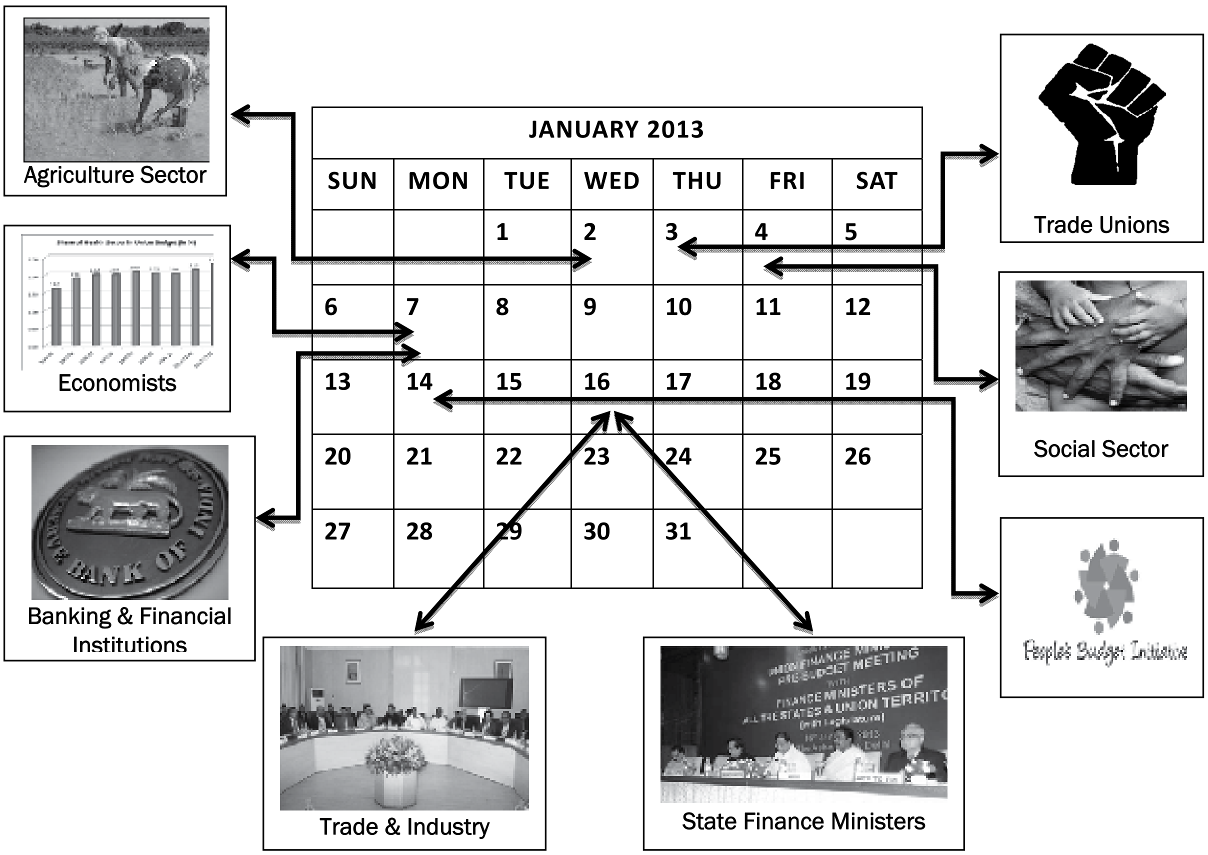
Sharing of Resources between Centre and States

- The government recognizes the need for stepping up mobilization of tax revenue; one of the main efforts in this regard has been the proposed 10 percent surcharge on the super-rich (taxable incomes above Rs.

1 crore a year), and similarly higher surcharges on companies reaping large profits. However, the revenue collected from surcharge or cess is not shared with States, it is retained entirely by the Centre.

- The budget has proposed to reduce the number of CSS to 70 from an existing 173 to reduce proliferation of CSS and ACA linked plan schemes in keeping with the recommendations of the B. K. Chaturvedi committee report.
- The budget proposes to transfer resources to the tune of Rs. 587,082 crore to the States and UTs under share of taxes, non-plan grants and loans and central assistance in the year 2013-14.

A. Who Does the FM Meet?



Finance Minister P Chidambaram began pre-budget consultations with various stakeholders in the run-up to Union Budget 2013-14 in January, 2013. Representatives from the agriculture sector were the first to meet the FM on January 2nd followed by delegates of various trade unions, social sector groups, economists and banking and financial institutions over the week. The FM held consultations with Finance Ministers of States/Union Territories as well as Trade and Industry representatives on January 16th.

Among others, a delegation of People's Budget Initiative (PBI) met Finance Ministry officials and shared a Charter of Demands (on Union Budget 2013-14) on January 14th.

The pre-budget consultation process is crucial in that it helps the FM take decisions on suitable fiscal policy changes to be announced during the budget. But this year too, like in previous years, the process started late. Desired changes in expenditure programmes and policies can be influenced only if the consultations begin earlier, preferably in October.

Promises in the Election Manifesto of Congress vs. Union Budget Commitments

Sectors	Promises made in the Congress Manifesto 2009	Promises addressed in Union Budget 2009-10	Promises addressed in Union Budget 2010-11	Promises addressed in Union Budget 2011-12	Promises addressed in Union Budget 2012-13	Promises addressed in Union Budget 2013-14
Health	**Health Insurance Cover across all the BPL families.** **Quality health facilities in every district.**	All BPL families to be covered under *Rashtriya Swasthya Bima Yojana* (RSBY). Allocation under RSBY increased by 40 % over previous year's allocation to Rs. 350 crore in Budget 2009-10. Not addressed specifically though allocation under National Rural Health Mission (NRHM) increased by Rs. 2,057 crore over Interim BE 2009-10 of Rs. 12,070 crore.	*Rashtriya Swasthya Bima Yojana* (RSBY) benefits extended to all such as *Mahatma Gandhi NREGA* beneficiaries who have worked for more than 15 days during the preceding financial year. Allocation for "District Hospitals" under Ministry of Health and Family Welfare increased from Rs. 16 crore in 2009-10 to Rs. 200 crore for 2010-11. Allocation for NRHM registers a small increase.	Scope of *Rashtriya Swasthya Bima Yojana* expanded to widen the coverage. [Was extended to building, other construction workers, MGNREGA beneficiaries, street vendors, *beedi* workers, domestic workers, rickshaw pullers, auto rickshaw drivers, taxi drivers, sanitation workers and rag pickers as well as those workers in hazardous occupation are under consideration] Not addressed specifically. Plan allocations for health were stepped-up by 20 %.	No specific commitments regarding health insurance The scope of ASHAs' activities is being enlarged to include prevention of Iodine Deficiency Disorders, ensure 100 % immunisation and better spacing of children. Allocation to National Rural Health Mission from Rs.18, 115 crore in 2011-12 to Rs.20, 822 crore in 2012-13. National Urban Health Mission is being launched to encompass the primary healthcare needs of people in the urban areas. The Pradhan Mantri Swasthya Suraksha Yojana (PMSSY) aimed at setting up AIIMS-like institutions and upgradation of existing Government medical colleges is being expanded to cover upgradation of 7 more Government medical colleges; however no allocations made for this.	The *RSBY* covers 34 million families below the poverty line. It will now be extended to other categories such as rickshaw, auto-rickshaw and taxi drivers, sanitation workers, rag pickers and mine workers. The new National Health Mission that combines the rural mission and the proposed urban mission will get Rs. 21,239 crore, an increase of 24.3 % over the RE. Ayurveda, Unani, Siddha and Homoeopathy are being mainstreamed through the National Health Mission. Allocation of Rs. 1,069 crore to Department of AYUSH. Rs. 1,650 crore allocated for six AIIMS-like institutions. The hospitals attached to the colleges would be functional in 2013-14 The National Programme for the Health Care of Elderly is being implemented in 100 selected districts of 21 States. Eight regional geriatric centres are being funded for the development of dedicated geriatric departments. An allocation of Rs. 150 crore provided for National Programme for the Health Care of Elderly.

Education	**Two model schools in every block**	Scheme for setting up 6000 model schools as benchmark of excellence in every block of the country launched.	Allocation for "Model Schools" scheme increased from Rs. 350 crore in 2009-10 to Rs. 425 crore in 2010-11; but far short of the required level of funds.	Allocation for education was increased by 16.1% from 2010-11 (RE) to 2011-12 (BE) + Rs.21, 000 crore allocated for *Sarva Shiksha Abhyan* which is 10.5 % higher than 2010-11 RE. [Existing operational norms of *Sarva Shiksha Abhiyan* have been revised, Model Schools in Educationally Backward Blocks have been operational; Rs. 1,55,459 crore sanctioned till 31st October 2011 for setting up 1,469 schools in 19 states; Annual Work Plan and Budgets (AWP&B) of all States/UTs for 2011-12 have been completed. Rs. 19, 53,525 lakh (93% of BE) has been released to States/UTs implementing societies for Sarva Shiksha Abhiyan.]	For 2012-13, an allocation for Rs. 25,555 crore has been earmarked for RTE-SSA. This is an increase of 21.7 % over 2011-12.	Rs. 1000 crore has been allocated in 2013-14 for setting up of 6000 Model Schools at Block level under RTE-SSA.
	Free Education across stages for dalits and adivasis.	Not addressed.	Ministry of Social Justice & Empowerment to revise rates of scholarship under its post-matric scholarship schemes for SC and OBC students.	A pre-matric scholarship for needy students belonging to the Scheduled Castes and Scheduled Tribes studying in classes ninth and tenth [For SCs, Concept Paper prepared and approved for this by Planning Commission; Regarding introduction of new centrally sponsored Pre-matric scholarship scheme for ST students, EFC memo was considered; both schemes have not started in practice]	Statement 21A mentions that an amount of Rs. 86 crore has been allocated for the Pre-Matric Scholarship for STs; however scheme not operational. Statement 21 mentions that an amount of Rs. 824 crore has been allocated for the Pre-Matric Scholarship for STs; however scheme not operational	Rs. 5,284 crore allocated to Ministries/Departments in 2013-14 for scholarships to students belonging to SC, ST, OBC, Minorities and girl children.

Work and Social Security	**100 days of work at Rs. 100 a day for everyone**	Allocation under MGNREGS increased by 30 % to Rs. 39,100 crore in 2009-10 (BE) over 2008-09 (RE).	Allocation for the MGNREGS increased from Rs. 39,100 crore in 2009-10 to Rs. 40,100 crore in 2010-11.	Government decided to index the wage rates notified under the MGNREGS to the Consumer Price Index for Agricultural Labour. [The Government of India decided to index wage rate notified under MGNREGS to the Consumer Price Index for Agriculture Labour and accordingly issued necessary notification revising wage under the Mahatma Gandhi National Guarantee Employment Act, 2005.] Remuneration of Anganwadi workers increased from Rs.1, 500 p.m. to Rs.3, 000 p.m. and for Anganwadi helpers from Rs.750 p.m. to Rs.1, 500 p.m. [Honorarium has been enhanced with effect from April 2011]	No specific commitment towards MGNREGS wages.	An allocation of Rs. 33,000 crore has been made towards MGNREGS in 2013-14.

	Preferential policies in govt. contracts for SC/ST and women's groups, 50 % of rural women linked to SHGs and Banks **Social security for high risk groups**	FM, in his Budget Speech said that 50 % of rural women will be linked to SHGs over next five years. However, allocation for all SHG-based programmes under MWCD have gone down including *Rashtriya Mahila Kosh*, *Swayamsiddha*, STEP, *Priyadarshini* among others. Action initiated to ensure implementation of social security schemes under occupations like weavers, fishermen and women, toddy tappers, leather and handicraft workers, plantation labour, construction labour, mine workers, *bidi* workers and *rickshaw* pullers. Necessary financial allocation will be made for these schemes.	The fund corpus for the 'Micro-Finance Development and Equity Fund is being doubled to Rs. 400 crore in 2010-11. National Social Security Fund for unorganised sector workers to be set up with an initial allocation of Rs. 1,000 crore. To encourage people from the unorganised sector to voluntarily save for their retirement and to lower the cost of operations of the New Pension Scheme (NPS) for such subscribers, Government will contribute Rs. 1,000 per year to each NPS account opened in the year 2010-11. This initiative is called *"Swavalamban"*.	"Women's SHG's Development Fund" was created with a corpus of Rs 500 crore. [Awaiting approval of the cabinet] Rs 3,000 crore was provided to NABARD to provide support to handloom weavers' co-operative societies. [The Planning Commission has given 'in-principle' approval on 'Revival, Reform and Restructuring Package for Handloom Sector'] Exit norms under contributory pension scheme "*Swavalamban*" have been relaxed. [Amendments to operational guidelines, for the Swavalamban scheme have been given the benefit of early exit and longer period of contribution from the Government has been formulated in consultation with the Interim Pension Fund Regulatory and Development Authority] Eligibility for pension under *Indira Gandhi National Old Age Pension Scheme* for BPL beneficiaries was reduced from 65 years of age to 60 years. Those above 80 years of age would get pension of Rs 500 per month instead of Rs 200 at present. [Necessary notification has been issued by Department of Rural Development on 30.06.2011.]	'Women's SHG's Development Fund' to be increased by Rs. 200 crore. Provision of assistance in setting up of dormitories for women workers in the 5 mega clusters relating to handloom, power loom and leather sectors Technical Support Centres for poor weavers have been proposed in Mizoram, Nagaland and Jharkhand. A Rs. 500 crore pilot scheme in the Twelfth Plan for promotion and application of Geo-textiles in the North East Region is proposed. A power loom mega cluster with a Budget allocation of Rs 70 crore is proposed in Ichalkaranji in Maharashtra. LIC has been appointed as an Aggregator and all Public Sector Banks have also been appointed as Points of Presence (PoP) and Aggregator for Swavalamban. The monthly pension amount per person for Indira Gandhi National Widow Pension Scheme and Indira Gandhi National Disability Pension Scheme for BPL beneficiaries is proposed to be raised from Rs. 200 to Rs. 300	Proposal to set up India's first Women's Bank as a public sector bank. Provision of Rs.1,000 crore as initial capital in 2013-14. The aim of this initiative would be to support women SHGs and women's livelihood, that employs predominantly women, and that addresses gender related aspects of empowerment and financial inclusion. Group insurance products will now be offered to homogenous groups such as SHGs, domestic workers associations, anganwadi workers, teachers in schools, nurses in hospitals etc. Proposal for a comprehensive social security package for unorganized sector by facilitating convergence among different schemes such as AABY, JSBY, RSBY, JSY and IGMSY.

Food Security	**National Food Security Act and Universal ICDS by 2012** **25 kgs of rice/ wheat a month at Rs. 3 per kg for BPL families**	National Food Security Act to be brought in to ensure entitlement of 25 kilo of rice or wheat per month at Rs.3 per kilo to every family living below the poverty line in rural or urban areas. However, no allocation has been made for this yet.	Union Budget outlay for "Food Subsidy" reduced from Rs. 56,000 crore in 2009-10 (RE) to Rs. 55578 crore in 2010-11 (BE). Allocation for ICDS increased from Rs. 6,705 crore in 2009-10 (BE) to Rs. 8,700 crore in 2010-11 (BE); but even this increased budget allocation is grossly inadequate for universalisation of ICDS with quality.	National Food Security Bill (NFSB) has been introduced in Parliament within 2011-12 [The National Food Security Bill, 2011 has been introduced in the Lok Sabha on December 22, 2011] National Mission for Protein Supplements was launched in 2011-12 with outlays of Rs. 300 crore. It would take up activities to promote animal-based protein production through livestock development, dairy farming, piggery, goat rearing and fisheries in selected blocks. [The detailed guidelines of National Mission for Protein Supplements have been issued to the participating States, who were advised to prepare detailed project proposals at their level and get the sanction of State Level Sanctioning Committee (SLSC) of the respective States. An amount of Rs. 226.73 crore has been released to all the participating States] A provision of Rs. 300 crore has been made to promote higher production of nutri-cereals like *ragi, bajra*, cereals; upgrade their processing technologies; and create awareness regarding their health benefits [Action Plans of all States have been approved by SLSCs and so far Rs. 274.66 crore has been released to States. Release of funds is an ongoing process.]	The National Food Security Bill, 2011 is before the Parliamentary Standing Committee. A Public Distribution System Network is being created using the Aadhaar platform. A National Information Utility for the computerisation of PDS is being created. It will be operational by December 2012. ICDS is being strengthened and re-structured. For 2012-13, an allocation of Rs. 15,850 crore has been made as against Rs. 10,000 crore in 2011-12. This amounts to an increase of over 58 % over the last year. Mission for Protein Supplement is being strengthened. To improve productivity in the dairy sector, a Rs. 2,242 crore project is being launched with World Bank assistance. To broaden the scope of production of fish to coastal aquaculture, the outlay in 2012-13 is being stepped up to Rs. 500 crore. Suitable allocations are also being made for poultry, piggery and goat rearing. Promotion of Nutri-cereals will become a part of the National Food Security Mission.	Additional provision of Rs. 10,000 crore has been made for National Food Security Act which is over and above the normal provision for food subsidy toward the incremental cost that is likely under the Act. Rs. 17,700 crore allocated for ICDS in 2013-14 representing an increase of 11.7 % over 2012-13. Allocation of Rs. 300 crore in 2013-14 for a multi-sectoral programme aimed at overcoming maternal and child malnutrition. Programme to be implemented in 100 districts during 2013-14 to be scaled to cover 200 districts the year after. Mid-Day Meal Scheme (MDM) to be provided with Rs.13,215 crore in 2013-14.

Agriculture	**Interest relief for farmers on timely repayment of loans** **Support to the farmers and economically vulnerable regions**	Interest subvention scheme for short term crop loans up to Rs. 3 lakh per farmer at 7 % p.a. interest rate to be continued. Additional subvention of 1 % to be paid from 2009-10 as incentive to farmers who repay short term crop loans on schedule. Additional allocation of Rs. 411 crore over Interim B.E. 2009-10 made. Time given to farmers having more than two hectares of land to pay 75 % of their overdue under Debt Waiver and Debt Relief Scheme extended from 30th June, 2009 to 31st December, 2009. Target for agriculture credit flow set at Rs. 3, 25,000 crore for 2009-10. In 2008-09, agriculture credit flow was at Rs. 2, 87,000 crore. Allocation under Accelerated Irrigation Benefit Programme (AIBP) increased by 75 % over 2008-09 (BE). Allocation under *Rashtriya Krishi Vikas Yojana* (RKVY) stepped up by 30 % in. 2009-10 (BE) over 2008-09 (BE).	Period of repayment of loan amount by farmers extended by six months from December 31, 2009 to June 30, 2010 under Debt waiver and Debt relief scheme for farmers. Incentive of additional 1 % interest subvention to farmers who repay short-term crop loans as per schedule, increased to 2 % for 2010-11. Provision of further capital to strengthen Regional Rural Banks (RRBs) to ensure adequate capital base to support increased lending to rural economy. Allocation for National Agricultural Insurance Scheme (NAIS) reduced from Rs. 1219 crore in 2009-10 (RE) to Rs. 950 crore in 2010-11 (BE).	Credit flow for farmers was to be raised from Rs. 3, 75,000 crore to Rs.4, 75,000 crore in 2011-12 (BE). Interest subvention was proposed to be enhanced from 2 % to 3 % for providing short-term crop loans to farmers who repay their crop loan on time. In view of enhanced target for flow of agriculture credit, capital base of NABARD was to be strengthened by Rs. 3,000 crore in a phased manner. Rs. 10,000 crore had to be contributed to NABARD's Short-term Rural Credit fund for 2011-12. Nutrient Based Subsidy (NBS) had improved the availability of fertiliser; could extend NBS regime to cover urea [This is under consideration with a Committee constituted by The Group of Ministers (GoM)] There was a move towards direct transfer of cash subsidy to people living below poverty line in a phased manner for better delivery of kerosene, LPG and fertilisers. Task force was set up to work out modalities for proposed system. Allocation under Rashtriya Krishi Vikas Yojana (RKVY) was increased from Rs. 6,755 crore to Rs 7,860 crore. [Out of the fund allocation of Rs. 7860 crore for 2011-12, an amount of Rs. 4185 crore had been released mid-year under RKVY. In addition, Rs. 49.13 crore has been available for UTs, which is to be released by MHA.]	The interest subvention scheme for providing short term crop loans to farmers at 7 % interest per annum will be continued in 2012-13. An additional subvention of 3 % will be available to prompt paying farmers. In addition, the same interest subvention on post-harvest loans up to six months against negotiable warehouse receipt will also be available. Target for agricultural credit in 2012-13 proposed to be raised to Rs.5,75,000 crore. A Short term Regional Rural Banks Credit Refinance Fund allocated with Rs.1000 Crore is being set-up to enhance the capacity of RRBs to disburse short term crop loans to the small and marginal farmers. The outlay for Rashtriya Krishi Vikas Yojana (RKVY) to be increased from Rs. 7,860 crore in 2011-12 to Rs. 9,217 crore in 2012-13.	The interest subvention scheme for short-term crop loans will be continued in 2013-14 and a farmer who repays the loan on time will be able to get credit at 4 % per annum. The scheme has been extended to crop loans borrowed from private sector scheduled commercial banks. Target for agricultural credit in 2013-14 proposed to be raised to Rs.7,00,000 crore from Rs.5,75,000 crore. Matching equity grants to be provided to registered Farmer Producer Organisations (FPOs) up to a maximum of Rs. 10 lakh per FPO to enable them to leverage working capital from financial institutions. Rs. 50 crore allocated for this. The outlay for Rashtriya Krishi Vikas Yojana (RKVY) to be increased from Rs. 9,217 crore in 2012-13 to Rs. 9,954 crore in 2013-14.

Agriculture			The agriculture credit flow target for the year Rs.3,75,000 crore. Rs 400 crore provided to extend the green revolution to the eastern region of the country; Rs 300 crore provided to 60,000 "pulses and oil seeds villages" in rain-fed areas during 2010-11 and Rs. 200 crore provided for sustaining the gains already made in the green revolution areas through conservation farming. A *Mahila Kisan Sashaktikaran* Pariyojana to meet the specific needs of women farmers to be re-launched as subcomponent of *NRLM*.	For bringing Green Revolution to Eastern Region an allocation of Rs. 400 crore has been made. Allocation of Rs. 300 crore has been made to promote 60,000 pulses to villages in rain fed areas. Allocation of Rs. 300 crore has been made for implementation of vegetable initiative to provide quality vegetable at competitive prices. Government had to promote organic farming methods, combining modern technology with traditional farming practices. [Rs. 198.31 Crore of the proposed Rs. 400 Crore has been allocated in the first installment. Further installments are pending]	An increase in allocation from Rs. 400 crore in 2011-12 to Rs. 1000 crore in 2012-13 for Bringing Green Revolution to Eastern India (BGREI).	Support for bringing the green revolution to Eastern Indian States to be continued in 2013-14. The proposed allocation is Rs. 1000 crore for 2013-14, same as the previous year. Programme of crop diversification introduced to combat the problem of stagnating yields and over-exploitation of water resources faced by the original Green Revolution States. Rs. 500 crore allocated to start this programme to promote technological innovation and encourage farmers to choose crop alternatives.

Infrastructure	**Water security, IT for rural transformation, Rural electrification and housing**	Allocations for Rural Water Supply has shown a very marginal increase but not sufficient to ensure *'water security'*. IT issue not addressed specifically. Allocation for *Bharat Nirman* increased by 45 % in 2009-10 over 2008-09 (BE). Allocations under *Pradhan Mantri Gram Sadak Yojana* (PMGSY) increased by 59 % over 2008-09 (BE) to Rs. 12,000 crore in 2009-10 (BE). Under *Rajiv Gandhi Grameen Vidyutikaran Yojana* (RGGVY), allocation increased by 27 % to Rs. 7,000 crore. Allocation under *Indira Awaas Yojana* (IAY) increased by 63 % to Rs. 8,800 crore in 2009-10 (BE). Allocation of Rs. 2,000 crore made for Rural Housing Fund (RHF) in National Housing Bank (NHB) to boost the resource base of NHB for refinance operations in rural housing sector.	Not addressed Not addressed specifically but a sizable chunk of the plan allocations are devoted to the development of rural infrastructure. Provision of Rs. 66,100 crore for Rural Development. Allocation of Rs. 48,000 crore for programmes under *Bharat Nirman* proposed. Allocation for *Indira Awas Yojana* increased to Rs. 10,000 crore. Proposal to enhance allocation to Backward Region Grant Fund by 26 % from Rs. 5,800 crore in 2009-10 to Rs. 7,300 crore in 2010-11.	Outlays for *Bharat Nirman* had been proposed to be increased by Rs 10,000 crore in the current year to Rs 58,000 crore in 2011-12. *Bharat Nirman,* includes *Pradhan Mantri Gram Sadak Yojna (PMGSY),* Accelerated Irrigation Benefit Programme, *Rajiv Gandhi Grameen Vidyutikaran Yojana, Indira Awas Yojana,* National Rural Drinking Water Programme and Rural telephony. A Corpus of RIDF XVII was to be raised from Rs 16,000 crore to Rs 18,000 crore for 2011-12. [Administrative order advising RBI to allocate funds for RIDF have been issued on April 18, 2011. Operational guidelines have been issued to NABARD on September 16, 2011] Plan was to provide Rural Broadband Connectivity to all 2,50,000 *Panchayats* in the country in three years [Out of 62,302 villages, Village Public Telephones (VPTs) have been provided in 62,046 villages. VPTs in Remaining 256 villages would be provided on Digital Satellite Phone Terminals (DSPTs) for which procurement of DSPTs by BSNL is under progress. Rural tele-density as of December, 2011 is 37.52%. As of January, 2012, broadband coverage has been provided to 1,43,714 Panchayats; Action partially implemented]	During the current financial year, Rs.10,000/- crore were allocated for Rural Housing, out of which Rs. 9,461crore were earmarked for release to District Rural Development Agencies under Indira Awas Yojana (IAY) for construction of 27.27 lakh houses. Upto the month of September, 2011, Rs.4436.49 crore have been released and 6.15 lakh houses have been constructed up to August, 2011. Allocation under Rural Infrastructure Development Fund (RIDF) increased to Rs. 20,000 crore. Further in view of the warehousing shortage in the country, an amount of Rs. 5,000 crore earmarked from the above allocation exclusively for creating warehousing facilities under RIDF.	*Indira Awas Yojana* (IAY) has been allocated Rs. 15,184 crore and Rural electrification under the *Rajiv Gandhi Gramin Vidyutikaran Yojana* (RGG VY) has been allocated Rs. 4,499.7. The National Rural Drinking Water Programme (NRDWP) has been allocated Rs. 11,000 crore in 2013-14, an increase from Rs. 10,500 crore in 2012-13. Allocation under Rural Infrastructure Development Fund (RIDF) to remain at Rs. 20,000 crore. Rs. 5000 crore continues to be earmarked to finance construction of warehouses, godowns, silos and cold storage units designed to store agricultural produce, both in the public and the private sectors. Rural Housing Fund set up through the National Housing Bank is used to refinance lending institutions, including RRBs, that extend loans for rural housing. Rs. 6,000 crore allocated in 2013-14, an increase from Rs. 4,000 crore allocated in 2012-13.

	Urban housing and sanitation	Allocation under Jawaharlal Nehru National Urban Renewal Mission (JNNURM) stepped up by 87 % to Rs. 12,887 crore in 2009-10 (BE) over 2008-09 (BE). Allocation for housing and provision of basic amenities to urban poor enhanced to Rs. 3,973 crore in 2009-10 (BE). This includes provision for *Rajiv Awas Yojana* (RAY), a new scheme announced.	Proposal to increase the allocation for urban development by more than 75% from Rs.3,060 crore to Rs. 5,400 crore. In addition, allocation for Housing and Urban Poverty Alleviation is also being raised from Rs. 850 crore to Rs. 1,000 crore in 2010-11.	Provision under Rural Housing Fund has been enhanced to Rs 3,000 crore. [Orders have been issued to RBI on April 18, 2011 for allocation to Rural Housing Fund; Action implemented] To enhance credit worthiness of economically weaker sections and LIG households, a Mortgage Risk Guarantee Fund would be created under *Rajiv Awas Yojana*	Provisions under Rural Housing Fund enhanced from Rs. 3000 crore to Rs. 4000 crore	Urban Housing Fund to be set up by National Housing Bank, in consultation with RBI in 2013-14. Rs. 2,000 crore has been allocated to this for 2013-14. The *Nirmal Bharat Abhiyan* (NBA) has been allocated Rs. 4,260 crore as against Rs. 3,500 crore in 2012-13.
Economy	**Goods and Services Tax (GST)**	Will be implemented from April 2010.	The government is holding discussions with the Empowered Committee of the State Finance Ministers to finalise the structure of GST as well as the modalities of its expeditious implementation. It should be introduced along with the Direct Tax Code in April, 2011.	Areas of divergence with States on proposed Goods and Services Tax (GST) have been narrowed. As a step towards roll out of GST, Constitution Amendment Bill was proposed to be introduced in this session of Parliament. [Bill under consideration with Rajya Sabha for further amendments]	The Constitution Amendment Bill, a preparatory step in the implementation of Goods and Services Tax (GST) was introduced in Parliament in March 2011 and is before the Parliamentary Standing Committee.	Rs. 9,000 crore set aside in 2013-14 towards the first installment of the balance of GST compensation.

Social Inclusion and Integration of the Backward Regions	**Women's Reservation Bill enacted**	Not addressed.	Cabinet's approval obtained.	No Action has been taken post its passage in *Rajya Sabha*.	No Mention	No Mention
	Allocation for Dalits and Tribal Sub Plans and Women.	Allocation for the SCSP out of the total plan expenditure of Union Government reduced from 7.07 % (2008-09 RE) to 6.49 % (2009-10 BE). Similarly for the TSP from 4.21 % to 4.10 % respectively.	Proposal to enhance the plan outlay of the Ministry of Social Justice and Empowerment to Rs. 4500 crore, but the implementation of SCSP and TSP continue to be neglected. This budget proposes to step up the plan outlay for Min. of Women and Child Development by almost 50 %.	Allocation for social sector in 2011-12 (Rs. 1, 60,887 crore) has been increased by 17 % over 2010-11(BE). It amounts to 36.4% of total plan allocation. Specific allocation has been earmarked towards Schedule Castes Sub-plan and Tribal Sub-plan in the Budget. Allocation for primitive Tribal groups increased from Rs. 185 crore in 2010-11(BE) to Rs. 244 crore in 2011-12(BE)	The temporary arrangement to use disinvestment proceeds for capital expenditure in social sector schemes is being extended for one more year to 2012-13. In 2012-13, the allocation for SCSP is Rs. 37,113 crore which represents an increase of 18 % over 2011-12. The allocation for TSP in 2012-13 is Rs. 21,710 crore representing an increase of 17.6% over 2011-12.	Rs. 41,561 crore allocated for SCSP in 2013-14, increased from Rs. 37,113 crore in 2012-13. The allocation for TSP in 2013-14 is Rs. 24,598 crore which has been increased from Rs. 21,710 crore in 2012-13.
	Development of Backward regions.	National Mission for Female Literacy to be launched with focus on minorities, SCs, STs and other marginalised groups with the aim to reduce level of female illiteracy by half in three years.		Special Assistance to North Eastern Region and Special Category States, allocation was doubled. Allocation under Backward Regions Grant Fund was increased by over 35 %. Public sector banks had to achieve a target of 15 % as outstanding loans to minority communities under priority sector lending at the earliest. [As per progress reports received from PSBs, the achievement of total outstanding loans to Minority communities as on September 30, 2011 stood at Rs. 1,47,083 crore, which works out to 14.50 % of the total priority sector advances.]	Backward Regions Grant Fund scheme will be carried into the Twelfth Plan with an enhanced allocation of Rs.12,040 crore in 2012-13, an increase of about 22 % over BE of 2011-12.	Backward Regions Grant Fund scheme allocated Rs. 11,500 crore in 2013-14 with an additional Rs. 1,000 crore specifically for LWE (Left Wing Extremism) affected districts. New criteria for determining backwardness to be evolved for future planning and devolution of funds.

Peace & Security	**Unique Identity Card for all by 2011**	Unique Identification Authority of India (UIDAI) to set up online data base with identity and biometric details of Indian residents and provide enrolment and verification services across country. Provision of Rs. 120 crore made for this in the Budget.	Since the UIDAI will now get into the operational phase, this budget has allocated Rs. 1,900 crore to the Authority for 2010-11.	From 1st October, 2011, 10 lakh *Aadhaar* numbers would be generated per day. [12.1 crore Aadhar numbers have been generated as on January 31st, 2012 out of which 2.52 crore (at an average of 8 lakh numbers per day) were generated in January 2012.]	Allocation of funds to complete another 40 crore enrolments starting from April 1, 2012 has been proposed.	Unique ID Authority of India allocated Rs. 2,620 crore in 2013-14, an increase from Rs. 1,758 crore in 2012-13. The total Aadhaar generated so far is approximately 29 crore.
	Women and Dalits protected from atrocities	Not Addressed. No allocation for the Domestic Violence Act yet.	No allocation in Union Budget for the Domestic Violence Act yet.	No allocation had been made for implementation of the Protection of Women from Domestic Violence (PWDV) Act.	Allocation of Rs. 20 crore in 2012-13 (BE) for the PWDV Act.	Allocation of Rs. 59.5 crore in 2013-14 for the PWDV Act. Setting up of the *(Nirbhaya)* fund with an allocation of Rs. 1,000 crore in 2013-14 to empower women and ensure their security is a new initiative in the Union Budget 2013-14.

Education

- The UPA promise reiterating the Kothari Commission recommendation of 1966 remains unfulfilled even in 2013-14; India's total public spending on Education at 3.31 percent of GDP (2012-13 (BE) as per the Economic Survey, 2012-13) is nowhere near the promised level of 6 percent of GDP.
- Union Government's total allocation for Education in 2013-14 (BE) stands at 0.69 percent of GDP, which is slightly better than the 0.66 percent of GDP recorded for 2012-13 (RE).
- Union Government's spending on Education as a proportion of total Union Budget has increased marginally from 4.66 percent in 2012-13 (RE) to 4.77 percent in 2013-14 (BE).
- Allocation for *Sarva Shiksha Abhiyan* (SSA) has gone up by just Rs. 3,613 crore, from Rs. 23,645 crore in 2012-13 (RE) to Rs. 27,258 crore in 2013-14 (BE). This is hardly adequate if we are looking at meeting the deadlines of the Right to Education Act.
- *Rashtriya Uchcha Shiksha Abhiyan* (RUSA) has been introduced this year with a very small outlay of Rs. 400 crore.
- Allocations of several schemes that are meant for addressing exclusion with regard to accessing education have been slashed, such as, Inclusive Education for the Disabled at Secondary School (IEDSS), Appointment of Language Teachers, and Women's Hostels in Polytechnics, to name a few.
- The outlays for *Rashtriya Madhyamik Shiksha Abhiyan* (RMSA) have been stepped up from Rs. 2,423 crore in 2011-12 (RE) to Rs. 3,124 crore in 2012-13 (BE).
- The Credit Guarantee Fund that was set up last year with the intent to effectively implement the Educational Loan Interest Subsidy scheme of Dept. of Higher Education, has been renamed as 'Interest Subsidy and Contribution for Guarantee Fund' with an increased outlay of Rs. 1100 crore.

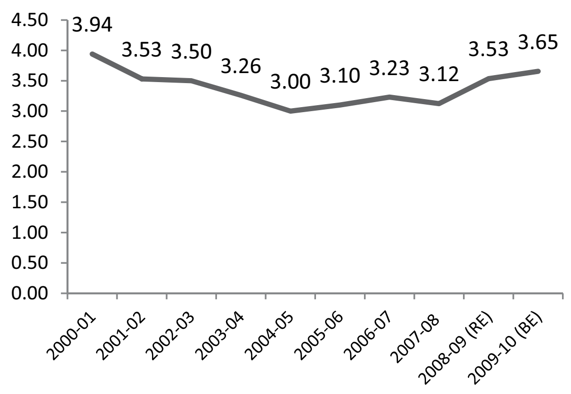
The Finance Minister waxed eloquent on the need to "unhesitatingly embrace growth as the highest goal" while also conceding that "a country's most important resource is its people". The latter part of the FM's statement is in sync with the well-known fact that investments in human capital are extremely important, both for instrumental and intrinsic reasons and focusing on human capital implies not only provisioning for physical resources, such as machines, raw materials, well-defined labour units, but also on skills and knowledge. Going by this yardstick, one would have thought that the budget would reflect this commitment to its people through adequate outlays towards basic entitlements such as health and education in order to ensure a healthy and good quality citizenry. Focusing only on education, the numbers do not seem to mirror this commitment.

Overall Budgetary Allocation

The total expenditure on education as a proportion of GDP is nowhere near the Kothari Commission recommendation of 1966 seeking 6 percent of GDP for education. According to the Economic Survey 2012-13, the outlays on education are pegged at 3.31 percent of GDP in 2012-13 (BE). CBGA's own estimations reveal that the total spending on education was 3.65 percent in 2009-10 (BE) (as per latest publicly-available data on total education spending by Centre and State governments combined).

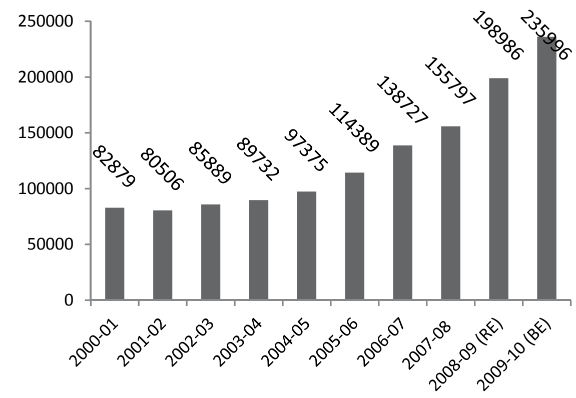
A decline in the size of public spending on education in proportion to the GDP indicates the progressively decreasing priority of education for the Union Government even though when seen in absolute terms, there seem to be significant increases (Figures 1.a and 1.b). Another development that continues to rankle since the past few years is the gradual establishment of privatisation in education – yet another indicator of the government's adherence to a neoliberal policy paradigm.

Figure 1.a: Total Govt. Exp. on Education as percent of GDP



Source: Compiled by CBGA from "Analysis of Budgeted Expenditure on Education 2007-08 to 2009-10", Ministry of HRD, Govt. of India - various issues; Economic Survey 2012-13

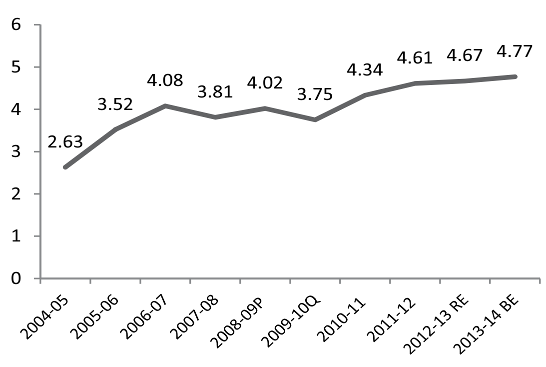
Figure 1.b: Govt. Exp. on Education in the Country



Source: Compiled by CBGA from "Analysis of Budgeted Expenditure on Education 2007-08 to 2009-10", Ministry of HRD, Govt. of India - various issues

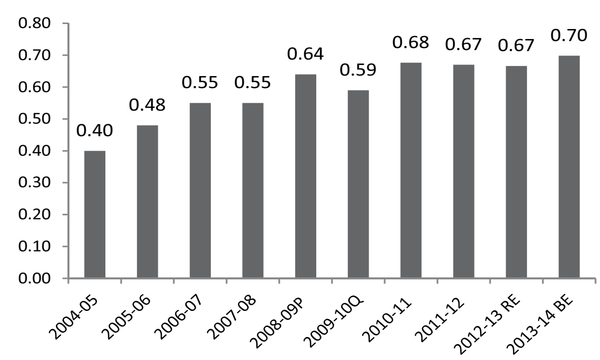
As is presented in Figures 1.c and 1.d, the Union Government's total allocation for Education in 2013-14 (BE) stands at 0.70 percent of GDP, which is slightly better than the 0.67 percent of GDP recorded for 2012-13 (RE). As a proportion of its total budget outlay, there is an increase in outlays for education from 4.67 percent in 2012-13 (RE) to 4.77 percent in 2013-14 (BE).

Figure 1.c: Union Govt. Spending on Education as percent of Total Union Budget



Source: Compiled by CBGA from Union Budget documents for various years

Figure 1.d: Union Govt. Spending on Education as percent of GDP



Source: Compiled by CBGA from Union Budget documents for various years; GDP figures from Economic Survey 2010

A cursory look at the overall composition of government spending on education in the country (taking Union and State Governments) reveals that the inter-se allocations have been stagnant over the last few years (Table 1.a). The Kothari Commission as well as subsequent government Committees had recommended that of the 6 percent of GDP for education, outlays to the tune of 3 percent must be earmarked for elementary education. This also remains a distant dream.

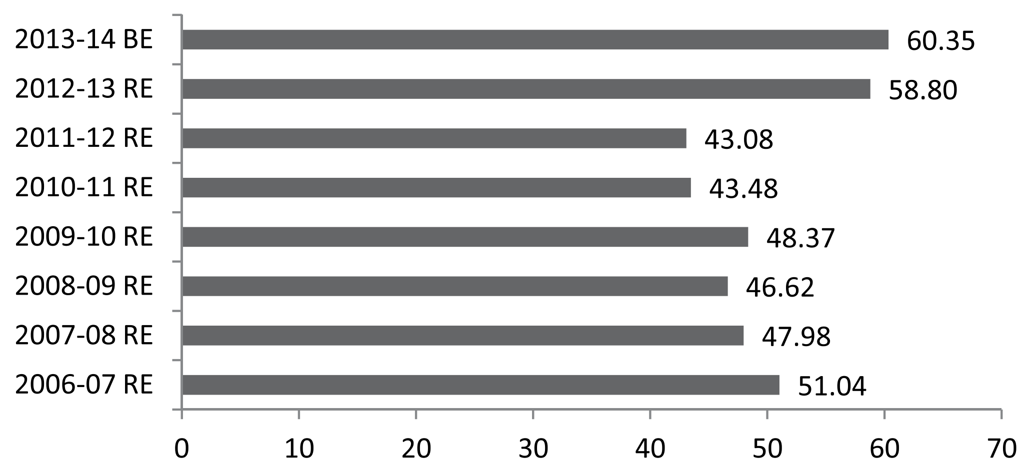
Table 1.a: Composition of Public Expenditure on Education as percent of GDP (2003-04 to 2009-10)

Items	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09 RE	2009-10 BE
Elementary	1.43	1.55	1.57	1.597	1.52	1.64	1.61
Secondary	0.92	0.91	0.86	0.85	0.78	0.89	0.98
Adult	0.013	0.014	0.013	0.009	0.01	0.01	0.01
University & Other Higher	0.36	0.35	0.33	0.339	0.83	0.90	0.91
Technical	0.11	0.12	0.12	0.113	0.11	0.33	0.34

Source: Compiled by CBGA from "Analysis of Budgeted Expenditure on Education 2007-08 to 2009-10", Ministry of HRD, Govt. of India - various issues

It is also worthwhile to note that over the last few years, the major chunk of government financing of elementary and secondary education had been through education cess. While this began as a measure to inject additional amounts to *supplement* government's own support, it grew to be more of a *substitute*. While a gradual course correction was evident in the two years after 2009-10, there is a sharp increase in the share of *Prarambhik Shiksha Kosh* towards financing of elementary education in 2012-13 and 2013-14 (Figure 1.e).

Figure 1.e: Financing Elementary Education through Cess



Source: Compiled by CBGA from Union Budget documents, GoI, various years

Minor increases are visible for Strengthening of Teachers Training Institutions but the overall outlay at Rs. 449 crore is inadequate considering the need for enhancing quality in education. National Mission on Teachers and Training and the Interest Subsidy and Contribution for Guarantee Fund has shown substantial increases.

Allocations of several schemes that cater to addressing exclusion with regard to accessing education have been slashed. These include: Inclusive Education for the Disabled at Secondary School (IEDSS), Appointment of Language Teachers, Women's Hostels in Polytechnics, Vocationalisation of Education, among others. Not only have the allocations of IEDSS not increased, the conditionality on the State governments to provide top-up of Rs. 600 per annum for each child constraints its implementation further as most of the State governments are cash-starved and unable to even pay their regular government employees.

While celebrated as a successful model worldwide, Mahila Samakhya has seen a decline in its outlay. The allocations of another important programme the National Means-cum-Merit Scholarship Scheme has been stagnant since the last two years. Similarly, the outlays towards National Institute of Open Schooling, which was already negligible at Rs. 0.03 crore in 2012-13 RE has only been brought to Rs. 0.10 crore in 2013-14 BE.

Further, regardless of the government making pronouncements since some time now that the attention has moved from elementary to secondary education (an erroneous assumption to begin with), the outlays for *Rashtriya Madhyamik Shiksha Abhiyan* (RMSA) have not increased significantly. It has been stepped up from Rs. 3172.63 crore in 2012-13 (RE) to Rs. 3983 crore in 2013-14 (BE).

Outlays towards Education in the 12th Plan

The 12th Plan document provides a Ministry-wise comparison of previous Plan realisation with the 12th Plan projections. For education, the overall 11th Plan education expenditures was Rs. 1,37,734 crore, which is being projected to be about Rs. 3,43,028 crore in the 12th Plan period, i.e. more than twice the 11th Plan expenditures. A quick calculation shows that for select schemes and sectors within education, the allocations in the first two years of the 12th Plan when compared to the total recommended outlays for the Plan period are not up to the mark (Table 1.b).

Union Budget allocations for schemes such as *Sarva Shiksha Abhiyan* (SSA), Mid Day Meal Scheme (MDM), *Rashtriya Madhyamik Shiksha Abhiyan* (RMSA), and the newly-introduced *Rashtriya Uchcha Shiksha Abhiyan* (RUSA) are not in keeping with the 12th Plan recommendations as with two years' Budgets gone by, the allocations must be somewhere near 40 percent of the total recommendation outlays for the Plan period. This is also true for the Department of School Education and Literacy. University Grants Commission (UGC) is the only component that shows more than 200 percent allocations when compared to the 12th Plan suggested outlays for the total Plan period.

Table 1.b: Recommended 12th Plan Outlay vs. Budgetary Allocations in Education

Plan / Scheme	Outlay for 12th Plan (in Rs. Crore)	Union Budget Allocations		Union Budget Outlay corresponding the 12th Plan period (in Rs. Crore)	% Outlay
		2012-13 RE (in Rs. Crore)	2013-14 BE (in Rs. Crore)		
SSA	192726	23645	27258	50903	***26.4***
MDM	90155	11479	13215	24715	***27.4***
RMSA	27466	2922.72	3747.2	6669.92	***24.3***
Dept. of School Education and Literacy	343028	45542	52701	98243	***28.6***
State Universities and Colleges, including RUSA	25000	114.67*	3008.97*	3123.64	***12.5***
Dept. of Higher Education	110700	21277	26750	48027	*43.4*

* For our analysis, we have included the following schemes/programmes: Assistance to State Governments for Degree Colleges, Improvement in Salary Scale of University & College Teachers, National Mission on Teachers and Teaching, Incentivising States for Expansion Inclusion and Excellence, *Rashtriya Uchcha Shiksha Abhiyan* (RUSA)

Source: Compiled by CBGA from 12th Plan Document and Union Budget documents, various years

Another related aspect is the increasing trend of private schools to government-funded schools. The latest round of Annual Status of Education Report (ASER) 2012 - Rural points to 23 percent of schools being private-funded (for children in the age group 6-14 years) with government schools not being preferred owing to constraints in implementation coupled with poor learning outcomes. This seems to point to the poor quality of education being imparted in government schools that also double as a strong 'push' factor for children to study in private schools, it is contended that inadequate attention to government schools by starving them of sufficient financial and human resources and thrusting them with tenuous institutional mechanisms have led to their gradual and continued disintegration. To add to this, poor utilisation of available funds is seen as a reason to check increased outlays whereas addressing the factors constraining poor utilisation of funds would bolster the government apparatus.

Financing Right to Education

With the enactment of the Right of the Children to Free and Compulsory Education Act, 2009 that came into effect from April 1, 2010, the Indian Government committed to all the children of the age group 6-14 years free and compulsory education. A success of the concerted civil society pressure as also the result of positive response from the government, the way this critical entitlement is being implemented leaves a lot to question.

This is substantiated by focusing on three arguments – (a) financing of the RTE Act, (b) progress made in filling infrastructure shortfalls, and (c) reviewing the norms of Sarva Shiksha Abhiyan (SSA) in alignment to the RTE Act

(a) Financing of the RTE Act

The government mandated SSA to be the vehicle operationalizing RTE Act. SSA (or Education for All Mission) is a Centrally-Sponsored Plan Scheme operational since 2001. It is critical to underscore here that SSA accounts only for 20 percent of the total education budget. Additionally, it is also worth noting that at the Union and State levels, the share of Plan spending is only about 35 percent while the rest 65 percent comprises of Non-Plan expenditure that takes care of recurring expenses related to maintenance and upkeep, salaries of regular staff and expenditure towards operation and maintenance of assets created through development schemes (when schemes spill over to the next Plan period).

The government approved a total outlay of Rs. 2.31 lakh crore to implement the RTE Act through SSA over a five-year period from 2010-11 to 2014-15 as per the following break-up:

Table 1.c: Plan for Implementation of RTE through SSA during 2010-11 to 2014-15

Item	Last two years of 11th Plan (in Rs. Crore)	First three years of 12th Plan (in Rs. Crore)	Total (in Rs. Crore)
Child Entitlements	28852	21535	37626
Teacher-related costs	38307	82584	120889
Infrastructure	17544	23417	40959
School-related costs	5351	5566	12918
Research, Evaluation and Management	5540	9533	14973
Total	84408	146825	231233

Source: Working Group Report on Elementary Education and Literacy, 12th Five Year Plan, 2012-2017, MHRD, Govt. of India, October 2011

The 13th Finance Commission (FC) provided a grant of Rs. 24,068 crore for the period 2010-15, representing 15 percent of the estimated SSA expenditure of each State to cover the difference between the targeted State share of 50 percent by the terminal year of the 11th Plan under SSA and the State share of 35 percent in the year 2008-09. This grant amount was deducted from the overall approved outlay of Rs. 2.31 lakh crore, bringing the amount provided for implementing RTE in the five-year period from 2010-11 to 2014-15 to Rs. 2.07 lakh crore.

By its own admission, the government acknowledges that adequate resources have not been provided to implement this critical legislation in the last three years of the 11th Plan period. The 12th Plan Working Group Report notes that, total government expenditure for the 11th Plan period was Rs. 70,870 crore (till August 2011). Going by its own target of spending more than this amount in just the last two years of the 11th Plan period (i.e. Rs. 84,408 crore), there is clearly a gap in terms of commitment and reality.

Going by the 12th Plan Working Group Report recommendation, the first three years of the 12th Plan must allocate Rs. 1,46,825 crore, thus making it Rs. 48,941 crore in 2012-13. Comparing this to the 12th Plan dispensation, the significantly watered-down allocations proposed for five years for SSA is Rs. 1,92,726 crore, making it Rs. 38,545 crore for a year. What would have been desirable is for the Planning Commission to have accepted the 12th Plan Working Group recommendations by at least incorporating the suggested outlays for SSA and not diluting the allocations any further.

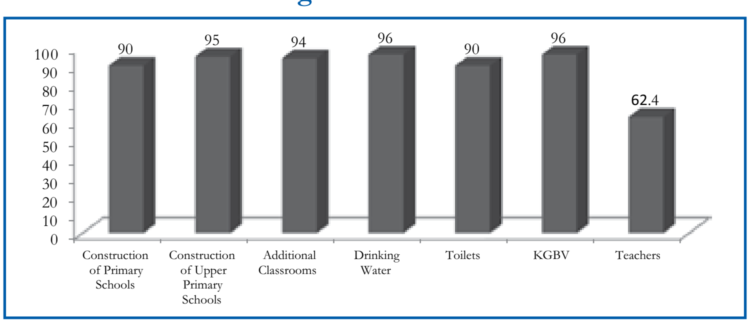
In this regard, the Department Related Parliamentary Standing Committee Report on Human Resource Development observes that 2012-13 (the 1st year of the 12th Plan) saw a shortfall of Rs.15,000 crore in terms of what was allocated (Rs. 25,555 crore) to what was demanded by the Department (Rs. 40,000 crore). This gap would affect not just the time frames but also the quality of outputs being provided.

The Committee also notes that given that SSA is a Central government initiative, it is the Union government that must shoulder the resource mobilisation in the light of the poor fiscal condition of most of the State governments. The States that continue to seek additional resources for SSA are Uttar Pradesh, Odisha, Madhya Pradesh, Bihar, Chhattisgarh, Rajasthan and Andhra Pradesh (all States with considerable education deficits and huge share of child population).

(b) Progress made in filling infrastructure shortfalls

Looking at the other vital aspect of infrastructure, one would hope that the progress in terms of filling the shortfalls would have been met. The national picture, although encouraging, does not reflect the regional disparities and the disaggregation of this progress at the State level (Figure 1.f). Even here, the situation with regard to teachers (with over 37 percent vacant positions) does not provoke confidence in attainment of RTE requirements.

Figure 1.f: National-level Cumulative Progress in Infrastructure till December 2011 (in percent)



Source: Parliamentary Standing Committee Report on HRD, 2012-13

The State-level scenario substantiates this apprehension. 15 States/ UTs reveal a declining trend in terms of setting up elementary schools and teacher recruitments. These are Andhra Pradesh, Arunachal Pradesh, Dadra & Nagar Haveli, Daman & Diu, Delhi, Haryana, Himachal Pradesh, Lakshadweep, Madhya Pradesh, Maharashtra, Manipur, Mizoram, Nagaland, Rajasthan and Tamil Nadu.

State-wise data compiled by the Department reflects wide regional disparities. In terms of progress made in setting up primary schools, Chandigarh (8.33 percent) Himachal Pradesh (with 11.25 percent completion), West Bengal (59.25 percent) are among the poorest-performers. With regard to opening up Upper Primary Schools, Himachal Pradesh (with 0 percent completion of its targeted 20 schools), Meghalaya (29.94 percent), Nagaland (34.56 percent) and West Bengal (44.99 percent) reveal the skewed regional progress. Provision of drinking water and toilet facilities also reveal similar skewed trends at the State level.

At the district and block levels, many States continue to report vacancies in positions of State Project Officers, District Project Officers and Block Resource Coordinators apart from key finance management staff.

With the deadline for compliance to the RTE requirement of SSA infrastructure development / creation on us in a month's time, i.e. March 31, 2013, one can conclude that the shortfalls in allocating necessary resources has also translated in inadequate infrastructure development.

RTE not only envisaged universal access to education to all children between 6-14 years but also proposed quality education for which trained teachers are a prerequisite. With over 8 lakh teachers not adequately trained, quality education does not seem to be a priority. Bihar, Uttar Pradesh, West Bengal, Jharkhand, Chhattisgarh, Andhra Pradesh, Odisha, Madhya Pradesh and Assam report a huge proportion of untrained teachers (Standing Committee Report).

(c) Reviewing the SSA norms in alignment to the RTE Act

The discussion on SSA's implementation (necessary to understand the operationalization of the Act) would be incomplete without dwelling on the scheme design and outlays for specific components within the scheme. Such an analysis throws up interesting findings. Not only do the financial norms of the scheme not promote equity as it set out to, it also does not allocate adequately for critical components.

Taking the case of the government subsidising private schools to provide education to 25 percent children from economically-weaker sections, it fixes Rs. 9190 as the cost per child and also provides additional cost-subsidisation by paying for textbooks and uniforms at rates much higher than what it sets for children going to government schools. While the government subsidises an unaided school to the tune of Rs. 1750 for textbooks and uniforms for a primary school-going child and Rs. 2500 for an upper primary school-going child, comparable figures for a child going to a government primary school is Rs. 750 and Rs. 950 at the upper primary level. Moreover, the government school-going child gets two sets of uniforms (summer and winter) from the princely sum of Rs. 600 for primary and Rs. 700 for upper primary level.

Another illustration relates to the multiple and irrational pay scales being set for teachers by categorising them as Regular teachers (with varying salary costs for Primary and Upper Primary), Contract teachers (with varying salary costs for Primary and Upper Primary), Subject-specific Regular teachers, Subject-specific Contract teachers, Additional teachers, Upper Primary teachers for Upgraded UPS, UP teachers for Integration fo Class VIII, Additional Regular teachers against Pupil Teacher Ratio (PTR), Additional Contract teachers against PTR, Upper Primary Existing Regular teachers, Upper Primary Existing Contract teachers, and even Others!

The unit costs seem to have followed an almost clinical approach without actually taking into account the need for favouring specific components over others. For instance, the unit costs set for building a separate girl's toilet including disabled-friendly provision are the same as the cost for building a toilet/urinal for boys in urban areas. Further, in residential schools for ST children, the scheme does not budget for any maintenance costs at all. Seemingly, residential schools for tribal children would not need any repairs.

The lack of adequate provisioning for key components is evident from many of the afore-mentioned examples. Additional illustrations can be found from the under-funding of salary costs of key implementing personnel such as the Cluster Resource Person (who is in charge of about 18 schools in a block) and an Accountant-cum-Support staff at the Block Resource Centre level who caters to 50 schools. Vital support in the form of maintenance costs gets reduced to Rs. 2000 at the CRC level from Rs. 10,000 at the BRC level. Similarly, addressing needs of children with disability is inadequately budgeted for with Rs. 3000 that would need to cover provision of an accessible education system for children with various kinds of disabilities (Table 1.d).

Table 1.d: Select Unit Costs for SSA-RTE

S.No.	Activity/Component	Unit Cost (in Rs.)
1	**Reimbursement of Expenditure incurred on 25% of children admitted to unaided schools**	9190
2	**Textbooks to Unaided Schools (against 25% enrolment)**	
2.a	Primary	750
2.b	Upper Primary	1000
3	**Uniforms to Unaided Schools (against 25% enrolment)**	
3.a	Primary	1000
3.b	Upper Primary	1500
4	**New Teachers Salary**	
4.a	Primary Teachers (Regular)	10000
4.b	Primary Teachers (Contract)	5000
5	**Upper Primary Teachers (Regular) Subject-wise**	
5.a	Science and Mathematics	12500
5.b	Social Studies	12500
5.c	Languages	12500
6	**Subject-specific Upper Primary Teachers (Contract)**	
6.a	Science and Mathematics	12500
6.b	Social Studies	12500
6.c	Languages	12500
7	**Upper Primary Teachers for Upgraded UPS**	5000
8	**UP Teachers for Integration fo Class VIII**	5000
9	**Additional Teachers against PTR**	
9.a	New Additional Teachers - PS (Regular)	10000
9.b	New Additional Teachers - PS (Contract)	5000
10	**New Additional Teachers - UPS (Regular)**	
10.a	Science and Mathematics	12500
10.b	Social Studies	12500
10.c	Languages	12500
11	**New Additional Teachers - UPS (Contract)**	
11.a	Science and Mathematics	5000
11.b	Social Studies	5000

S.No.	Activity/Component	Unit Cost (in Rs.)
11.c	Languages	5000
12	**Additional Teachers**	
12.a	Additional Teachers - PS (Regular)	10000
12.b	Additional Teachers - PS (Contract)	5000
13	**UP Teachers (Regular) Existing**	12500
14	**UP Teachers (Contract) Existing**	5000
15	**UP Teachers**	12500
16	**UP Teachers (Regular) Subject-wise**	12500
17	**UP Teachers (Contract) Subject-wise**	5000
18	**Others**	3500
19	**Civil Works**	
19.a	Toilet / Urinals in Urban Areas	75000
19.b	Separate Girls' Toilet including Disabled-Friendly	75000
20	**Residential Schools for specific category of children**	
20.a	Major Repairs	0
21	**Block Resource Centre / URC**	
21.a	Salary of 1 Accountant-cum-Support Staff for every 50 schools	10000
21.b	Maintenance Grant	10000
22	**Cluster Resource Centre**	
22.a	Salary of Cluster Resource Person (on an average of 1 Resource Person per 18 schools in a block)	12500
22.b	Maintenance Grant	2000
23	**Textbook / Teaching Learning Materials**	
23.a	Free Textbook (Primary)	150
23.b	Free Textbook (Upper Primary)	250
24	**2 sets of Uniforms to children studying in Govt. Schools**	
24.a	Primary	600
24.b	Upper Primary	700
25	**Interventions for Children With Special Needs (CWSN)**	
25.a	Provision for Inclusive Education	3000

Source: Working Group Report on Elementary Education and Literacy, 12th Five Year Plan, 2012-2017, MHRD, Govt. of India, October 2011

Many of the deadlines for compliance to RTE norms expire on March 30, 2013 and it becomes clear that with inadequate financial provision, skewed progress on outputs and, most importantly, flawed design of the scheme that attempts 'subsuming' the Act within its confines of rigid and unrealistic unit costs and scant regard for inclusion, makes the fulfilment of this critical entitlement for so many children a distant reality.

While there seems to be some sporadic increases in select schemes and programmes without any clear vision guiding these outlays; the critical building block (i.e. government provisioning) to ensuring that the "most important resource of the country" (i.e. the people) is nurtured to develop into a quality, educated and civilised citizenry has not been cemented properly. It seems the FM has found ways to 'discern as right' and 'fulfil' what according to the government seems appropriate and must be accomplished, even if it is on flawed premise and myopic in its vision.

Health

- The combined budgetary expenditure of the Centre and states on health stood at around 1 percent of the GDP in 2012-13.
- The Union Budget allocation for Min. of Health and Family Welfare has been increased by Rs. 8057 crore in 2013-14, which is almost 28 percent higher than the Revised Estimate (RE) of 2012-13. However, if the Budget Estimates (BE) for 2012-13 and 2013-14 are compared, the increase is up to the tune of Rs. 2842 crore only, which is an increase of just 8 percent.
- The Centre's total expenditure on Health & Family Welfare as a proportion of the GDP shows stagnation at 0.3 percent in 2013-14.
- The allocation on health is 2.25 percent of the total Union Budget in 2013-14 (BE).
- The National Rural Health Mission (NRHM) has been expanded into National Health Mission (NHM) to include the Urban Health Mission and the proposed allocation is of Rs. 21,239 crore, which is 24.3 percent higher than the 2012-13 Revised Estimate.
- Larger allocations have been made towards Medical Education, Training and Research.
- Allocations have been made separately to mainstream AYUSH through the NHM.
- Separate allocation to the tune of Rs. 150 crore has been made towards Health Care of Elderly and development of regional Geriatric centres.
- The cash-less health insurance programme of the Union Government for BPL families *Rashtriya Swasthya Bima Yojana* (RSBY), has been proposed to be extended to include rickshaw-pullers, auto and taxi drivers, rag-pickers and sanitation workers but the allocation for the scheme shows a small increase from Rs. 1060.7 crore in 2011-12 (RE) to Rs. 1141.5 crore in 2013-14 (BE).
- Despite the fact that there exists an acute shortage of 64 lakh allied health professionals according to the government's own reports, no separate allocation has been made under the heads Human Resource for Health or for District Hospitals to meet the infrastructural gaps.
- No concrete proposal towards achieving Universalisation of Health Care has been provisioned in the second budget of the 12th Five Year Plan (FYP) period. The budget belies the expectation of separate allocation towards universal access to free generic drugs.

India's public spending on health, at about 1 percent of the country's Gross Domestic Product (GDP) in the year 2012-13 (Table 2.a), has been among the lowest in the world. Faced with a high burden of out of pocket spending on health, millions of people in the country are reported to be pushed below the poverty line every year due to their expenses on health care alone. As a result, provisioning of health care has emerged as the most critical public policy challenge confronting India at the present juncture. Keeping in mind the proposal of the 12th Five Year Plan (FYP) to increase expenditure on health to the tune of 2.5 percent of GDP and achieving Universal Health Care in the country, the Union Budget 2013-14 belies the expectation of the common people.

The Plan targets set by the 12th FYP (Box 2.a) is the evidence of the fact that little was achieved during the last Plan period from 2007 to 2012 and the targets remain almost similar. However, the Union Budget 2013-14 being the second budget of the 12th FYP also does not provide much to celebrate. While Table 2.a shows stagnation in the share of Centre's health expenditure to GDP at 0.3 percent for the last few years, the share of Centre's health expenditure to total expenditure has increased from 2.05 percent in 2012-13 to 2.24 percent in the current year's Budget Estimates (BE) (Figure 2.a). Given the fact that the total budgeted expenditure increased by only 16 percent approximately since last year's RE, one may also note that the Centre's annual increment of health expenditure by 28 percent approximately for 2013-14 BE is quite significant (Table 2.b). However, the annual increment seems to be substantial also due to the relatively lower health budget of 2012-13 RE. If a comparison is made between 2012-13 BE to 2013-14 BE, the increase is only to the tune of approximately 8 percent.

Box 2.a. Plan Targets set by the 12th Five Year Plan

- Reduce IMR to 25 by 2017
- Reduce MMR to 1 per 1000 live births by 2017
- Improve Child Sex Ratio (0–6 years) to 950 from 914
- Reduce Total Fertility Rate to 2.1 by 2017
- Reduce under-nutrition among children aged 0–3 years to half of the NFHS-3 levels, i.e. to 27 percent
- Prevention and reduction of anaemia among women aged 15-49 years to 28 percent
- Reduction of poor households' out-of-pocket expenditure by increasing public expenditure on health spending to 1.87 percent of GDP by 2016-17

Table 2.a. Public Expenditure on Health & Family Welfare from Centre and States

	Centre's expenditure$ (in Rs. Crore)	States' expenditure@ (in Rs. Crore)	Combined expenditure (in Rs. Crore)	Share of Centre's expenditure to GDP (in %)	Share of Combined expenditure to GDP (in %)
2004-05	8086.0	18771.0	26857.0	0.25	0.83
2005-06	9649.2	22031.0	31680.2	0.26	0.86
2006-07	11757.7	25375.0	37132.7	0.27	0.86
2007-08	14410.4	28907.7	43318.1	0.29	0.87
2008-09	18476.0	34500.4	52976.4	0.33	0.94
2009-10	20996.1	45590.2	66586.3	0.32	1.03
2010-11	24449.9	50415.6	74865.5	0.31	0.96
2011-12	27198.6	55038.4	82237.0	0.30	0.92
2012-13 RE	29272.6	71940.0	101212.6	0.29	1.01
2013-14 BE	37330.0	-	-	0.33	-

$ Centre's expenditure on *Health and Family Welfare* refers to the expenditure by Ministry of Health and Family Welfare only. It doesn't include the expenditure of other Ministries.
@ These figures may involve double counting of the grants-in-aid from Centre to States under *Health and Family Welfare*.
Source: Compiled by CBGA from Union Budget, various years, GoI and RBI: State Finances – A Study of Budgets, various years.

Figure 2.a. Share of Health Budget in Union Budget (in percent)

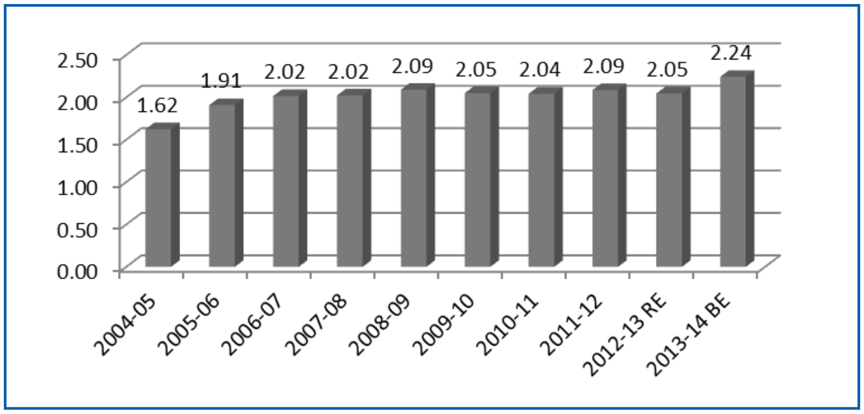


Table 2.b. Union Government's Health Budget and Annual Increases

	MoHFW expenditure (in Rs. Crore)	% increase over previous year
2004-05	8086.0	-
2005-06	9649.2	19.33
2006-07	11757.7	21.85
2007-08	14410.4	22.56
2008-09	18476.0	28.21
2009-10	20996.1	13.64
2010-11	24449.9	16.45
2011-12	27198.6	11.24
2012-13 (RE)	29272.6	7.63
2012-13 (BE)	34488.0	-
2013-14 (BE)	37330.0	27.53 (RE) 8.24 (BE)

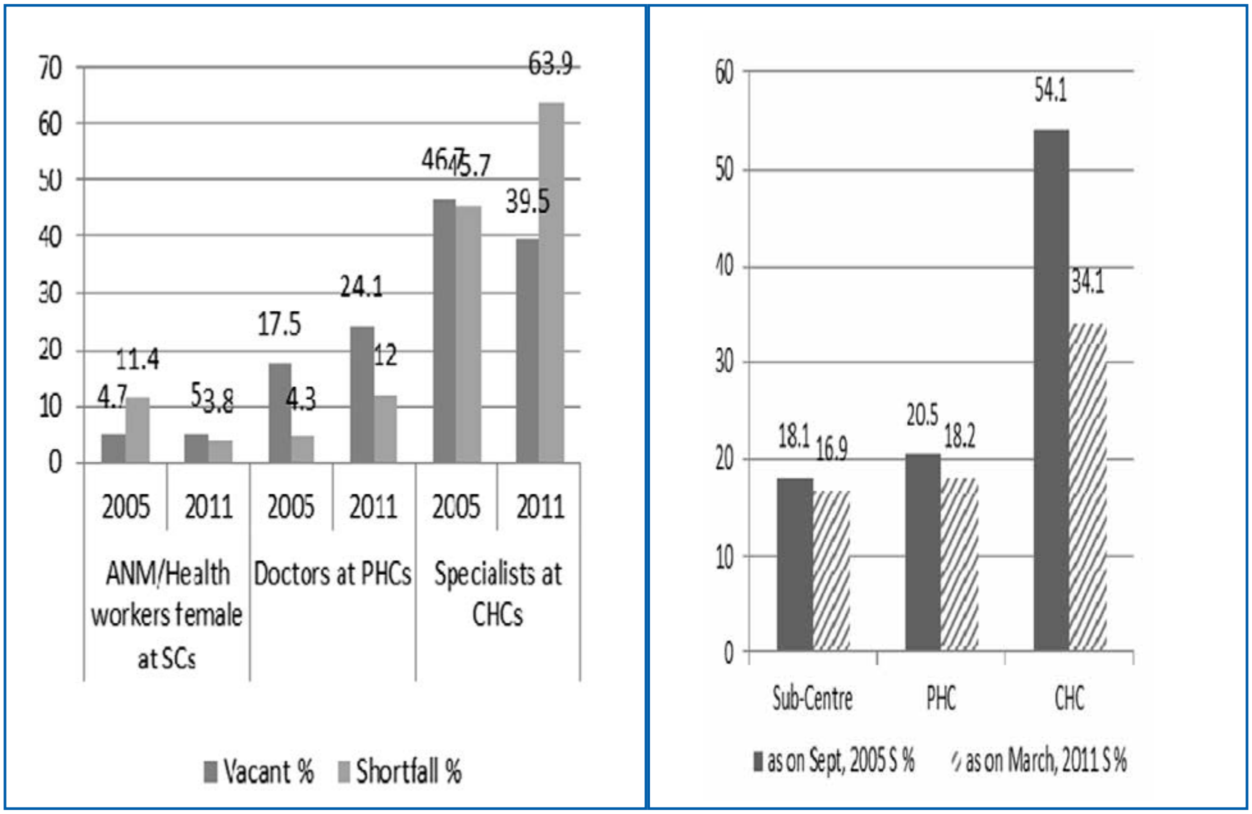
Source: Compiled by CBGA from *Union Budget*, GoI, various years.

The Union Budget 2012-13 proposed for the NRHM to include the Urban Health Mission as per the recommendation of the High Level Expert Group on Health and the 12th Plan proposals for universalisation and renamed it as National Health Mission (NHM). The Union Budget 2013-14 has allocated Rs. 21,239 crore towards it. However, the share of NHM to total health budget of the Union Government, which would have been expected to increase due to its expansionary strategy, shows a decline.

The budget however has provided certain targeted sops in the health sector. The budget has allocated Rs. 4,727 crore for Medical Education, Training and Research and an additional Rs. 150 crore for the National Programme for the Health Care of Elderly and towards eight regional geriatric centres dedicated towards development of geriatric treatment. It has also provisioned for a sum of Rs. 1,650 crore for the six AIIMS-like institutions which are expected to make the hospitals attached to the colleges functional in 2013-14.

The much-hyped cashless health insurance programme of the Union government, Rashtriya Swasthya Bima Yojana (RSBY), has been proposed to include the vulnerable sections like the rickshaw-pullers, auto and taxi drivers, rag-pickers and 34 million Below Poverty Line (BPL) households. However, the allocation for the scheme shows a small increase from Rs. 1060.7 crore in 2011-12 (RE) to Rs. 1141.5 crore in 2013-14 (BE).

Figure 2.b. Shortages in Human Resource and Infrastructure in Health



The overall contractionary nature of the current budget is reflected in its allocation towards the health sector. Although at a glance the increments look substantial, a closer analysis finds that the budget although in the second year of the 12th FYP does not put forward any step towards the Universalisation aspect of the plan proposals. Despite the fact that there exists acute shortage of Human Resource in Health as well gaps and inequity in infrastructural facilities in health (Figure 2.b), the budget 2013-14 does not provide any separate allocation to plug these gaps. The budget further belies the expectation of common people for separate allocations towards universal access to free generic drugs and setting up of *Jan Aushadhi* counters for the same across rural India.

While there is no overt tendency in the budget proposals to bring in the public-private-partnership (PPP) model for delivering health facilities within the country, yet the budget's reluctance and its insufficient allocation in health, paves way for private service providers to creep into the existing system. In fact this is the only aspect in which the budget complies with the 12th Plan proposals of facilitating the PPP model in a subtle manner. The relatively low allocation towards health in the Union Budget 2013-14 also reflects the wishful thinking on part of the government for private investment in the sector which unfortunately would not be realized and, in fact, act against the policy of universalisation of the services.

Water Supply & Sanitation

- The allocation to rural water and sanitation in Union Budget 2013-14 (BE) is 0.13 percent of GDP, a marginal decline from 0.14 percent of GDP allocated to the sector in 2012-13 (BE).
- The budgetary allocation for rural water and sanitation has declined from 0.94 percent in 2012-13 (BE) as a proportion of the Union Budget to 0.91 percent in 2013-14 (BE).
- The overall Union Budget allocation for rural water supply and sanitation has shown a slight increase, less than the inflation rate, from Rs. 14,005.2 crore in 2012-13 (BE) to Rs. 15,260 crore in 2013-14 (BE).
- In rural water supply (*National Rural Drinking Water Programme*), there has been a negligible increase in allocation from Rs. 10,500 crore in 2012-13 (BE) to Rs. 11,000 crore in 2013-14 (BE). In rural sanitation (*Nirmal Bharat Abhiyan* /Total Sanitation Campaign), the hike in allocation is from Rs. 3,500 crore in 2012-13 (BE) to Rs. 4,260 crore in 2013-14 (BE).

Budgetary Allocations and Expenditure

Water and sanitation are a basic necessity for human survival. These basic essential services are not only linked with the sustainability of life on earth but also to human health and dignity. In recognition of the importance of the need to provide safe drinking water and sanitation services, India has developed a policy to provide drinking water and sanitation in rural as well in urban areas. Though water and sanitation are recognized as state subjects under the Constitution, the Union Government until the end of 11th Five Year Plan (FYP) had invested approximately Rs. 1,45,000 crore in rural drinking water programmes. This has enabled India to achieve the Millennium Development Goal (MDG) goal of reducing by half, the proportion of population without sustainable access to safe drinking water and basic sanitation.

However, a close look at some indicators pertaining to drinking water and sanitation reflect that there is a long way to go before access to safe drinking water and sanitation is ensured for the entire population. According to the Census 2011 merely 43.5 percent of the population has access to tap water (30.8 percent rural & 70.6 percent urban). 3.5 percent of the population (4 percent rural & 2.5 percent urban) continues to depend on 'other' sources of water which includes spring, rivers, canals, tanks and ponds.

Similarly 53.1 percent of total households in India have no latrine facilities and defecate in the open. It is estimated that globally, nearly 60 percent of those who defecate in the open live in India[1]. There are also concerns regarding equitable access of different social groups to drinking water and sanitation services. Indicators reflecting access of Schedule Caste (SC) and Schedule Tribe (ST) households to drinking water and sanitation services reveal the unequal access that different social groups enjoy to these basic essential services. Table 3.a highlights the inequitable access of SC and ST population to drinking water and sanitation services.

[1] Progress report by UNICEF & WHO on Drinking Water and Sanitation, 2012

Table 3.a Select indicators reflecting differential access to drinking water and sanitation of different social categories

	Total rural % households	SC rural % households	ST rural % households
Availability of drinking water within premises	35.0	28.01	14.13
Availability of latrine within premises	30.8	22.9	15.8

Note: Availability of latrine within premises: Percentage of Total Rural Households with latrines within premises has been derived by adding the various different categories of toilets which include piped sewer system (2.2 percent), septic tank (14.7 percent), other systems (2.5 percent) with slab/ventilated improved pit (8.2 percent), without slab/open pit (2.3 percent), night soil disposed into open drain (0.2 percent), night soil removed by humans (0.3 percent), night soil by animals (0.2 percent)
Source: Census 2011, Government of India

The 12th FYP recognises that clean drinking water and sanitation are critical determinants of health and are complementary to each other. Accordingly, a number of goals and monitorable targets have been set for rural drinking water and sanitation in the 12th FYP, as depicted in table 3.b

Table 3.b Monitorable goals as envisaged in 12th Five Year Plan

Rural Water Supply	Rural Sanitation
• To provide households with safe piped drinking water supply at the rate of 55 litres per capita per day (lpcd) in the 12th FYP. • 50 percent of rural population will have access to 55 (lpcd) within the household premises or within 100 meters radius of the household. • By 2017, it is targeted that at least 35 percent of rural population have individual household connections. • All government schools and aganwadis (in govt. or community buildings) will be provided with water supply for drinking and for toilets as per convergence between National Rural Drinking Water Programme(NRDWP) and Sarva Shiksha Abhiyan (SSA). • All community toilets built with public funds and maintained for public use will be provided with running water supply • Solar powered pumps will be provided for implementation in remote, small habitations and those with irregular power supply, especially in Integrated Action Plan (IAP) districts.	• During the Plan period 50 percent of the gram panchayats attain 'Nirmal' status. • Toilet designs will be fine-tuned in accordance with local social and ecological considerations. • 2 percent of district project outlay will be used for capacity building • Running water availability must also be ensured in all government school toilets, anganwadi and community sanitary complexes. • Child-friendly toilets will be developed in anganwadis and schools.

Source: 12th Five Year Plan, Volume I, Planning Commission, GoI

To achieve the goals set forth in 12th FYP, the Working Group on Rural Domestic Water and Sanitation has presented two estimates of the required budget as shown in table 3.c

Table 3.c: Proposed outlays by Working Group on Rural Domestic Water and Sanitation

(in Rs.crore)

	Proposed outlay for Water				Proposed outlay for Sanitation	
	Estimation 1		Estimation 2			
	Centre	State	Centre	State	Centre	State
	1,22,570	14,98,07	13,64,24	1,66,741	44,116	14,600
Total Proposed outlay	2,72,377		3,03,165		58,716	

Source: Report of the Working Group on Rural Water Supply and Sanitation, 12th Five Year Plan, Planning Commission, GoI
Note: ****Estimate 1 (Scenario 1):*** In the first scenario, the States of Andhra Pradesh, Arunachal Pradesh, Gujarat, Haryana, Himachal Pradesh, Karnataka, Kerala, Manipur, Meghalaya, Mizoram, Nagaland, Punjab and Tamil Nadu already have more than 55 percent piped water coverage as per Integrated Management Information System (IMIS) data. These States are allocated about 35 percent of the total NRDWP allocation as per present criteria. These states would require funds for raising their present covered population from 40 lpcd to 55 lpcd. The remaining states would require funds for raising the coverage of piped water supply from their present levels to 55 percent population at 55lpcd. The requirement of funds would be Rs. 2,72,377 crore.
** Estimate 2 (Scenario 2):* In the second scenario, the balance of all India rural population required to be covered to reach 55 percent coverage is calculated and a uniform per capita cost of Rs. 3600 taken at present prices. This would cover only those States where the rural population covered is less than 55 percent. For the 13 States that have already crossed 55 percent coverage a proportionate allocation of 35 percent is made. The requirement of funds works out to Rs. 3,03,165 crore.

The Ministry of Drinking Water and Sanitation (MDWS) presented a budgetary requirement of Rs. 1,66,686 crore or an annual requirement of Rs. 33,337.2 crore for the 12th FYP (2012-2017) .[2] For 2013-14, the ministry submitted a requirement of Rs. 16, 900 crore i.e. Rs. 11, 700 crore for NRDWP and Rs. 5,200 crore for NBA.[3]

The allocations to MDWS, of Rs. 15,260 crore in 2013-14(BE) is hardly adequate to meet the resource requirements of the ministry. In fact, the trend is showing a downward shift in the allocation for rural water and sanitation. Of the total Union Government expenditure, merely 0 .91 percent has been earmarked for water and sanitation in 2013-14 (BE). As a proportion of GDP, the allocations to rural water and sanitation have never increased beyond 0.15 percent. In fact, in the current financial year it has reduced to 0.13 percent.

Table 3.d: Outlays for Rural Water and Sanitation (in Rs. Crore)

Year	Outlays for rural water	Outlays for rural sanitation	Total outlays for rural water and sanitation	Expenditure on rural water and sanitation as proportion of GDP (in Current Prices) [in %]	Expenditure on rural water and sanitation as a percent of total union Budget Expenditure
2010-11 (RE)	9000	1580	10580	0.13	0.88
2011-12 (RE)	8,500	1,500	10,000	0.11	0.76
2012-13 (RE)	10,500	2,500	13,000	0.12	0.90
2013-14 (BE)	11,000	4,260	15,260	0.13	0.91

Source: Expenditure Budget Volume 2, Union Budget, Various years
Note: Figures include lumpsum provision for NER and Sikkim; Prior to 2010-11 disaggregated figures for NER and Sikkim under NRDWP and NBA were not provided, hence figures have been taken only 2010-11 onwards.

[2] Standing Committee Report on Rural Development, Ministry of Drinking Water & Sanitation, Fifteenth Lok Sabha, Twenty Seventh Report, 2011-12
[3] Standing Committee Report on Rural Development, Ministry of Drinking Water & Sanitation, Fifteenth Lok Sabha, Fortieth Report, 2012-13

Concerns with rural water and sanitation:

Out of pocket expenditure in NRDWP

The burden of out of pocket expenditure to be borne by users in the form of capital cost sharing and operation and maintenance costs in NRDWP is an area of concern. Although 15 percent of NRDWP funds are earmarked for operation and maintenance (O&M) costs, a number of states do require users to contribute towards these costs. Likewise, the renewed focus on sharing of capital costs as mentioned in the scheme guidelines and the 12th FYP is likely to prove to be a significant financial burden on the rural population. Provision of piped water supply being contingent on the condition of cost sharing by users is likely to result in excluding households that do not have the capacity to bear the recurring costs for operation and maintenance.

Responsiveness to Disadvantaged Sections

A number of budgetary strategies to make rural water and sanitation services more equitable have been laid down. MDWS is required to earmark allocations for expenditure under gender budgeting, earmarking of 3 percent funds towards persons with disabilities (PWD) in pursuance of the Persons with Disabilities (Equal Opportunities, Protection of Rights and Full Participation) Act 1995 and Scheduled Caste Sub Plan (22 percent) and Tribal Sub Plan (10 percent).[4] However, with the exception of earmarking of funds for SCSP and TSP, which was initiated in 2011-12, no other budgetary strategy is being implemented by MDWS at present.

Concerns with regard to data on coverage

Data with regard to coverage of rural drinking water and sanitation is maintained by the Ministry of Drinking Water and Sanitation, National Sample Survey Organisation (NSSO) and the Census. However, there are considerable differences in the estimates regarding coverage as reported by these various sources. While MDWS reports that 74.8 percent habitations are getting safe and adequate drinking water supply, NSSO reports that 90.2 percent rural households have access to water from safe sources.[5] There is also a considerable difference between the data on coverage of toilets. While the Ministry reports approximately 8.71 crore latrines built, the corresponding figure reported by Census 2011 is 5.16 crore. The absence in uniformity in data is an area of concern, particularly with regard to planning and budgeting for these programmes.

Unspent Balances in NRDWP and TSC

In the context of inadequate financing for the sector, the issue of unspent balances has raised significant eyebrows of the Standing Committee of Rural Development. For instance, in 2011-12, the unspent funds in NRDWP was Rs. 4,894 crore (with the Empowered Action Group states such as UP, MP, Orissa reporting high levels of underutilisation of funds); and for TSC/*Nirmal Bharat Abhiyan*, in 2011-12, the unspent funds were Rs. 1,637 crore.

During 12th FYP, the government has renewed its national goal. It aims to provide every rural citizen with adequate safe water for drinking, cooking and other domestic basic needs. This basic requirement should meet the minimum water quality standards and be readily and conveniently accessible at all times and in all situations. It also aims to provide 50 percent of the rural population with 55 lpcd water within their household premises and 50 percent gram panchayats to attain '*Nirmal*' status. However, with a mere Rs. 500 crore increase from the previous year's allocation for rural water would be difficult to achieve the set target. Similarly, the outlay for sanitation is inadequate to have 50 percent of gram panchayats attain "*Nirmal*" status.

[4] As per the Recommendations of the Task Force to Review Guidelines on Scheduled Castes Sub-Plan & Tribal Sub-Plan, 2010

[5] Standing Committee Report on Rural Development, Ministry of Drinking Water & Sanitation, Fifteenth Lok Sabha, Twenty Seventh Report, 2011-12

Although water is recognized as a priority sector by the Planning Commission, budgetary allocations to rural water and sanitation programmes will need significant enhancement to meet the goals of providing safe and adequate drinking water and basic sanitation facilities to all.

Rural Development

- In 2013-14 (BE), the total budget allocation for the Department of Rural Development has been increased to Rs. 74,477.65 crore from Rs. 73,175 crore in 2012-13 (BE), which is a minor increase of less than Rs. 1302 crore.
- The 2013-14 allocation for the Department of Rural Development is 0.7 percent of GDP and 4.8 percent of total Union Budget.
- This year's budget does not make any effort to step up the priority for major rural development programmes. The allocations for *Pradhan Mantri Gram Sadak Yojana* (PMGSY) and Backward Regions Grant Fund (BRGF) scheme have reduced. The current budget allocation for PMGSY has declined to Rs. 21,700 crore from Rs. 24,000 crore in 2012-13 (BE), which is a perceptible decline.
- In Backward Regions Grant Fund (BRGF) scheme, this year's allocation has decreased to Rs. 11,500 crore from Rs. 12040 crore in 2012-13 (BE)
  - Allocation for the State Component was Rs. 6990 crore in 2012-13 (BE) but this has been reduced to Rs. 5000 crore in 2012-13 (BE)
  - Allocation for the District Component was Rs. 5050.00 crore in 2012-13 (BE); it has been raised to Rs. 6500 crore in 2012-13 (BE).
- The allocation for Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) in 2013-14 (BE) is Rs. 33,000 crore, which is the same as previous year's allocation.
- There is a visible increase in the allocation for *Indira Awas Yojana* (IAY). In IAY, the allocation has gone up to Rs. 15,184 crore in 2013-14 (BE) from Rs.11,075 crore in 2012-13 (BE).
- In *Aajeevika* scheme, the allocation has been increased to Rs. 4000 crore in 2013-14 (BE) from Rs.3,915 crore in 2012-13 (BE).
- There is no increase in the allocation for Rural Infrastructure Development Fund (RIDF) in 2013-14 BE at Rs. 20,000 crore which is the same as 2012-13 (BE).

Since 2005-06, a host of policy initiatives were undertaken by the Union Government to promote rural development. A landmark legislation was passed in the form of *National Rural Employment Guarantee Act (NREGA), 2005*, which promises at least 100 days of legal entitlement of wage employment to a household seeking employment. In the subsequent years, the UPA government initiated rural infrastructure development under the umbrella programme *Bharat Nirman,* which consisted of rural housing, rural electrification, all-weather road connectivity, safe drinking water, sanitation and expansion of irrigation capacity. Further, a decade-old programme of self-employment, *Swarnajayanti Gram Swarozgar Yojana* (SGSY), was restructured into National Rural Livelihood Mission (NRLM) in 2010-11, currently renamed as *Ajeevika*.

The total budgetary allocation for all rural development programmes by the Government of India in the 11th Plan was Rs. 2,91,682 crore, which accounted for 25 percent of the total central plan provision. The tentative Plan support for the Ministry of Rural Development for the 12th Plan (2012–17) is Rs. 4,43,261 crore, which accounts for 16 percent of the total 12th Plan outlay.

The assessment of the physical and financial targets set forth in the 12th Plan shows substantial gaps in *Indira Awas Yojana* (IAY), SGSY and MGNREGS. As this is the second budget of 12th Plan period, it should have apportioned more financial resources for rural development in keeping with the recommendations of the Working Group on the 12th Plan.

This year's budget does not make any effort to step up the priority for major rural development programmes. In fact, the quantum of total budgetary allocation has increased marginally by just Rs. 1302 crore from the previous year's allocation. At a first glance, one notices the lower allocations towards some of the major rural development programmes when compared to the proposed recommendations in the 12th FYP. (Table 4.a)

The marginal increase in allocation for the Rural Development Department is grossly inadequate to address the existing level of deprivation in rural areas. Some of the major programmes have suffered a setback in terms of allocations. The current budget allocation for PMGSY has declined to Rs. 21,700 crore from Rs. 24,000 crore in 2012-13 (BE), which is a substantial decrease. The 2013-14 allocation for the Backward Regions Grant Fund (BRGF) scheme has also decreased to Rs. 11,500 crore from Rs.12,040 crore in 2012-13 (BE). The allocation for Rural Infrastructure Development Fund (RIDF) in 2013-14 has remained at the same level of Rs. 20,000 crore as in the previous year's budget.

Assessment of Outlays for Rural Development Programmes:

An assessment of the 11th Plan budgetary outlays and actual expenditure for the schemes such as MGNREGS, IAY and PMGSY shows that the utilisation levels have been substantial, yet budgetary allocations in the two consecutive budgets for the 12th Plan does not show significant increases. The schemes like SGSY/NRLM/*Aajeevika*, Total Sanitation Campaign (TSC) and Integrated Watershed Management Programme (IWMP), have also not received the desired allocations (Table 4.a).

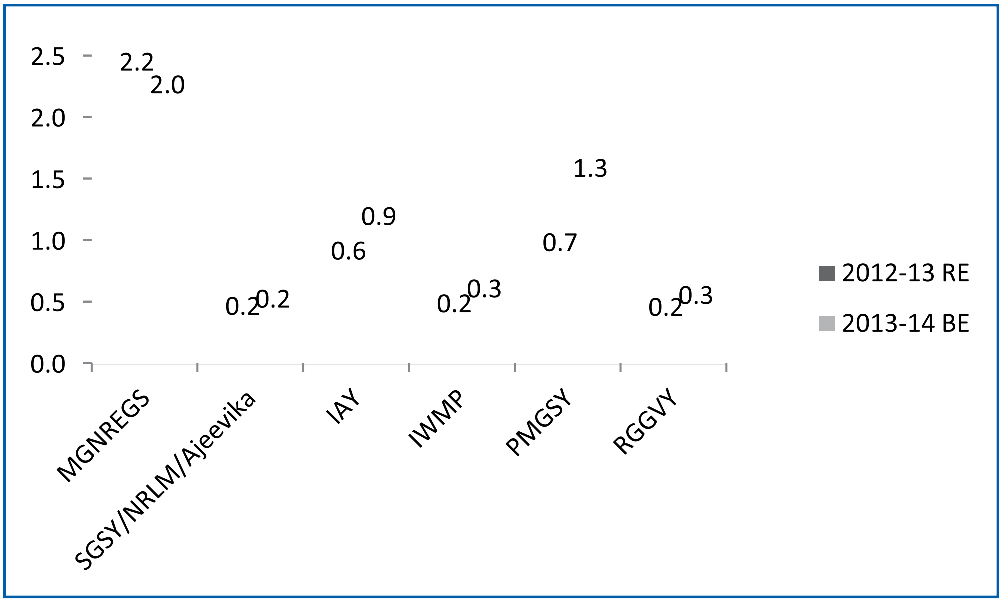
Table 4.a: Budgetary Allocations in Rural Development Programmes

	Total 11th Plan Allocation (in Rs. Crore)	Total Expenditure in 11th Plan (in Rs. Crore)	% of Utilisation in 11th Plan	2012-13 (BE) (in Rs. Crore)	2012-13 (RE) (in Rs. Crore)	2013-14 (BE) (in Rs. Crore)
MGNREGS	151000.2	141257.33	93.54	33000.0	31,000	33,000
SGSY/NRLM/ *Aajeevika*	12064.3	11324.62	93.86	3915	2600	4000
IAY	40683.2	41695	102.48	11075	9024	15,184
IWMP	9084.9	-		3048.9	2903.5	5387
PMGSY	81223.2	67362	82.93	24000	10000	21,700
RGGVY	25818.1	-		4900	2492	4499.7

Note: National Rural Employment Guarantee Scheme (NREGS), Swarnajayanti Gram Swarozgar Yojana (SGSY), Indira Awas Yojana (IAY), Integrated Watershed Management Programme (IWMP), Pradhan Mantri Gram Sadak Yojna (PMGSY), Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY)
Source: Compiled by CBGA from the Report of Departmentally Related Standing Committee of Rural Development and Union Budget documents.

In terms of the proposed allocations, the share of major schemes to total budgetary expenditure shows minor increments in all the schemes apart from MGNREGS (Figure 4.a). MGNREGS shows a decline in the share of allocation to total expenditure for the current budget which is a concern and reflects the deflationary nature of the budget. In a climate when the National Sample Survey (NSS) data shows rising unemployment and declining rates of employment, such declines in share of MGNREGS casts doubts on the revivalist strategy of the current budget.

Figure 4.a. Share (in percent) of Major RD Schemes in Union Budget



The review of the performance of some of these major schemes provided in the next section shows how effective these have been to address the existing vulnerabilities and inadequacies in the rural areas.

Review of Performance of Major Rural Development Schemes

Introduction of MGNREGS has been one of the most significant interventions made by the government in the sphere of rural development. However, its performance in terms of fund utilisation has been below expectations, as seen in Table 4.b where the utilisation figures vary from 72 to 73 percent for the period under consideration. In terms of providing employment, the average person days has been 42 days per household while only 8 percent of job seekers have received the promised 100 days of employment in 2011-12. The average completion of the targeted work has not exceeded 50 percent.

Table 4.b: Overview of MGNREGA Performance (2006-2012)

	(FY 2006-07) 200 Districts	(FY 2007-08) 330 Districts	(FY 2008-09) 615 Districts	(FY 2009-10) 619 Districts	(FY 2010-11) 626 Districts	(FY 2011-12)
Total job card issued (crore)	3.78	6.47	10.01	11.25	11.98	12.25
Total HH employment demanded (crore)	2.12	3.42	4.55	5.29	5.57	4.97
Households employed (crore)	2.0	3.0	5.0	5.0	5.49	4.92
Person-days of Employment Generated (crore)	91	144	216	284	257	206

	(FY 2006-07) 200 Districts	(FY 2007-08) 330 Districts	(FY 2008-09) 615 Districts	(FY 2009-10) 619 Districts	(FY 2010-11) 626 Districts	(FY 2011-12)
Jobs Provided per Year to Households who worked (days)	43	42	48	54	47	42
Total Funds Available (including Opening Balance) (Rs. crore)	12074	19306	37397	49579	54172	37893
Budget Outlays (Rs. crore)	11300	12000	30000	39100	40100	33000.0
Expenditure (Rs. crore)	8823	15857	27250	37905	39377	27350
% Expenditure over available fund	73	82	73	76	73	72
Average Wage per Day (Rs.)	65	75	84	90	100	117
Average earning per HH				4860	4700	4289
% of Work Completed	46	46	44	49	51	20

Source: : Report of Departmentally Related Standing Committee of Rural Development, Report of Working Group on MGNREGA towards formulation of 12th Five Year Plan, October 2011

SGSY was restructured as the "National Rural Livelihoods Mission /*Ajeevika*" in 2010-11, with a time-bound aim to reach out to 7 crore rural poor households and stay engaged with them till they come out of poverty. Towards this goal, the Working Group on Rural Housing has proposed an allocation of Rs. 52,722 crore for the 12th Plan period. As per the guidelines, the states are expected to implement NRLM in a phased manner, with both SGSY and NRLM/*Ajeevika* running side by side. NRLM would also give continuous support, through its own organisations and continuous capacity building and nurturing, to poor households for at least 6-8 years. A minimum assistance of at least Rs.1 lakh per family in repeat doses should be given. The Mission has five main areas of interventions which include dedicated support structures at the national, state, district and sub-district levels, linkages with PRIs, financial inclusion and support from banks, sustainable livelihood promotion and partnerships with NGOs, the private sector and training institutions. The Working Group pointed out the lack of dedicated units at the national, state, district and sub-district levels as one of the major gaps in the earlier programmes.

Further, an analysis of SGSY shows that financial achievement and credit disbursal targets were unmet during the first ten years of its implementation. Only 74 percent of available funds were utilised.

Table 4.c: Financial Progress under SGSY at All India level (1999-2000 to 2009-10)

1	Total Available Fund (in Rs Crore)	20138
2	Total Fund Utilised (in Rs Crore)	14866
3	Percentage of Average Utilisation to Available Fund	74
4	Percentage of Average Utilisation to Subsidy	66
5	Percentage of Average Utilisation on Revolving Fund	10
6	Percentage of Average Utilisation on Infrastructure Development	16
7	Percentage of Total Credit Mobilised	60
8	Per Capita Investment (in Rs.)	32008

Source: Compiled from Annual Report, 2009-10, Ministry of Rural Development, GoI

Looking at the outcome indicators, Table 4.d shows that out of 3.7 million Self-Help Groups (SHGs) formed, only 0.08 million have taken up the economic activities. It can also be seen that the physical outcome of SGSY has not been up to the mark due to which the government restructured it and renamed it NRLM.

Table 4.d: Physical Progress under SGSY at All India level (1999-2000 to 2009-10)

1	SHGs formed (Millions)	3.7
2	Women SHGs (Millions)	2.5
3	Percentage of Women SHGs	68
4	No. of SHGs Passed Grade -I (Millions)	2.4
5	No. of SHGs Passed Grade -II (Millions)	1.1
6	SHGs Taken up Economic Activities (Millions)	0.08

Source: Compiled from Annual Report, 2009-10, Ministry of Rural Development, GoI

The Working Group on Rural Housing for the 12th Plan has proposed grant assistance for 3 crore households and subsidy assistance for 1 crore households in IAY. With regard to budgetary allocation, it has suggested an infrastructure development allocation for clusters of houses under a habitat approach, capacity development of various stakeholders and management support. Taking all of these components into account, the proposed budget for rural housing made for the 12th Plan is Rs 150,000 crore. As suggested by the Working Group, the assistance for house construction under IAY for BPL households should be raised to Rs. 75,000, and at the same time, the unit assistance should be enhanced incrementally each year to absorb escalation in cost of materials and labour.

The progress regarding utilisation and release of funds for IAY has also not been satisfactory as in other rural development programmes. From Table 4.e, it is evident that the targeted dwelling units of the scheme have been unable to meet its physical targets. The achievement was a little over 47 percent in 2011-12.

Table 4.e: Overview of Physical Performance of *Indira Awas Yojana* (IAY), 2007-2012

Year	Target	Achievement (Houses Constructed)	% of Achievement
2007 - 2008	2127184	1992349	93.66
2008 - 2009	2127165	2134061	100.32
2009 - 2010	4052243	3385619	83.55

Year	Target	Achievement (Houses Constructed)	% of Achievement
2010 - 2011	2908697	2715433	93.36
2011 - 2012*	2726702	1288418	47.25

* Progress up to 17 February, 2012

Source: Report of Departmentally Related Standing Committee of Rural Development

Major rural development programmes like MGNREGA, *Ajeevika* and IAY, which are supposed to be implemented in coordination with the Panchayats, are plagued by proper local planning, inadequate trained staff, inaccurately BPL/beneficiary lists. There are insufficient unit costs for beneficiaries in IAY and SGSY for decent housing and also for exploring meaningful/sustainable livelihood options. In the case of SGSY, major snags in implementation such as target-driven SHG formation, subsidy-driven corruption and obsession with asset formation without proper marketing were observed. Associated problems included increased indebtedness of beneficiaries, lack of markets and infrastructure etc., poor administration and management of the scheme as well as inadequate banking staff leading to non-repayment of loans. Various reasons have been attributed to the poor implementation of rural development schemes/programmes such as inadequate devolution of powers and functions to PRIs, and acute shortage of trained staff mostly at the level of Panchayati Raj Institutions (PRIs). The 12th Plan document promises to address the problems in implementation found during 11th Plan.

Box 4.a: Policy Priority for Rural Development in 12th Plan

- Rapid expansion of employment and income opportunities as well as rural infrastructure
- Strategy of inclusive growth to ensure benefits of economic development to be shared by all sections of society
- Poverty reduction through an appropriate social security net of the poor and providing sustainable self-employment
- Strengthening the planning and implementation process in MGNREGA
- Enhancement of per unit assistance for house construction under IAY
- Convergence of rural development schemes and programmes with other programmes
- Involvement of PRIs in rural development programmes through strengthening the capacity of elected and non-elected representatives

However, despite such drawbacks, the schemes have been able to provide some relief to rural poor. From the above analysis of the current budget, it is found that there exists gap in the budgetary provisioning for rural development. While the government has announced an additional Rs. 200 crore for the *Rajiv Gandhi Panchayat Shashaktikaran Yojana* (RGPSSY) to strengthen the *Panchayats* for better implementation of the rural development schemes, yet 2013-14 budgetary allocations towards rural development currently seem inadequate to address the problems of rising prices, unemployment, homelessness and joblessness.

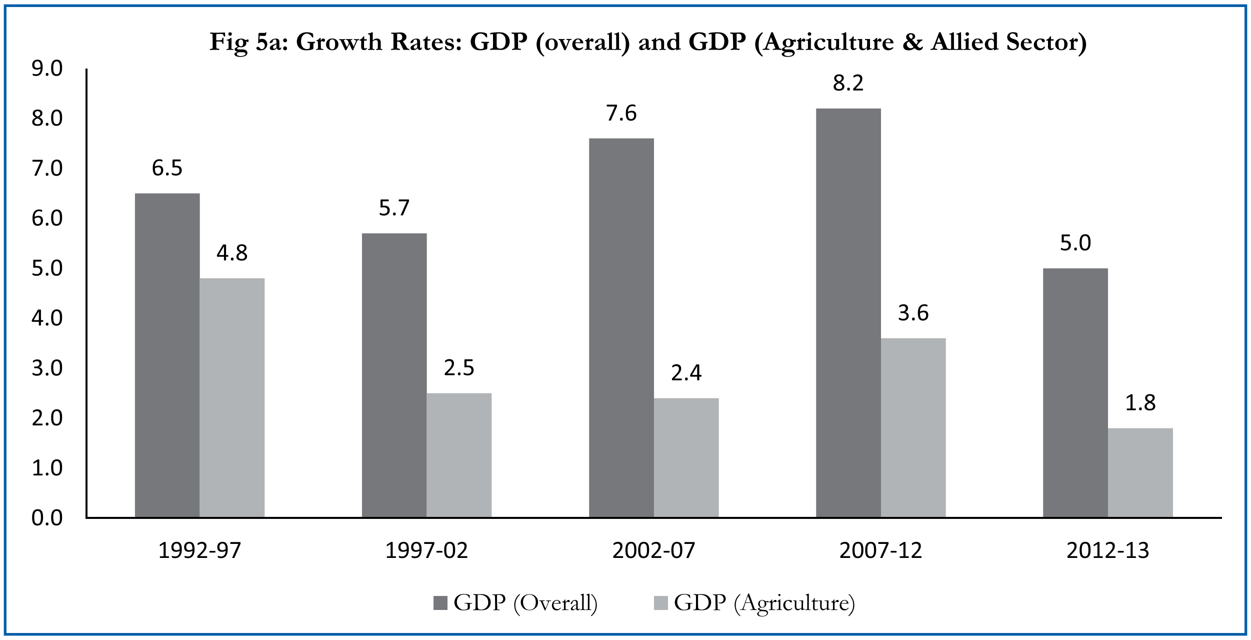
Agriculture

- The Union government's total expenditure on the "rural economy" (which includes expenditure on Agriculture and Allied Activities, Rural Development, Special Area Programmes, Irrigation and Flood Control and Village and Small Industries) has declined from 2.3 percent of the GDP in 2012-13 (Revised Estimates) to 2.2 percent of GDP in 2013-14 (Budget Estimates).
- As a proportion of total expenditure from the Union Budget, the expenditure on Agriculture and Allied Activities shows a decline from 11.8 percent in 2011-12 (Actuals) to 10.4 percent in 2013-14 (BE). Expenditure on Agriculture and Allied Activities, as a proportion of the GDP, has also dipped from 1.7 percent in 2011-12 (Actuals) to 1.5 percent in 2013-14 (BE).
- The Budget 2013-14 has proposed to allocate Rs. 500 crore for crop diversification, a new programme, in the original Green Revolution states, in order to help promote technological innovation and encourage farmers to choose crop alternatives.
- The total plan outlay for the Department of Agriculture and Cooperation has been marked by an increase of only 7 percent from Rs. 20,208 crore in 2012-13 (BE) to Rs. 21,609 crore in 2013-14 (BE).
- Allocation for the scheme Bringing Green Revolution to Eastern India (BGREI) remains constant with Rs. 1,000 crore in 2013-14 (BE) compared to the previous year.
- A National Livestock Mission will be launched in 2013-14 to attract investment and to enhance productivity taking into account local agro-climatic conditions. A budget allocation of Rs. 307 crore has been made towards this purpose.

Agriculture is a critical sector of India's economy that has remained the mainstay of livelihood of two-thirds of the country's rural population. However, it has not been prioritised in terms of public sector plan investment, particularly since the Eighth Five-Year Plan, due to which the expected annual growth of the sector has fallen short of targets. The contribution of the agriculture sector to the overall Gross Domestic Product (GDP) has shrunk over the years to 14 percent (2011-12 RE) from more than 55 percent in the early 1950s; yet our policymakers seem to be reluctant to recognise the need for greater public investment for the sector.

Growth Performance of Agricultural Sector

The growth performance of the agricultural sector has been fluctuating since the early 1990s. It recorded a growth rate of 4.8 percent during the 8th Five Year Plan (average of 1992-97), which saw a downturn in the 9th Plan (average of 1997–2002), 10th Plan (average of 2002–07) and during 11th Plan (average of 2007-12). Although the targeted annual growth rate during the 12th Plan is 4 percent in the Agriculture and Allied sector, there was a drastic decline in growth of this sector during the first year of the Five Year Plan (FYP). This is a cause for serious concern (Figure 5.a).



Source: Computed from the Economic Survey, 2012-13, Government of India

Considering the stunted growth of the agriculture sector over the years, and keeping in tune with the "faster and inclusiveness" tagline of the 12th FYP, it was expected that Union Budget 2013-14 (the second budget of the new Plan period) would accord priority to this sector with adequate budgetary provision. Before going into details of the provisions made for the agriculture sector, the priorities accorded to the "rural economy" in Budget 2013-14 need to be examined (Table 5.a).

Table 5.a: Spending on Rural Economy* as percent of Total Union Budget Expenditure and GDP

Year	Expenditure on Rural Economy		Expenditure on Agriculture and Allied Activities	
	As % of Total Union Budget Expenditure	As % of GDP at current market prices	As % of Total Union Budget Expenditure	As % of GDP at current market prices
2004-05	9.9	1.5	7.3	1.1
2005-06	11.3	1.6	7.4	1.0
2006-07	14.6	2.0	8.3	1.1
2007-08	13.1	1.9	9.6	1.4
2008-09	21.1	3.3	15.7	2.5
2009-10	15.7	2.5	11.4	1.8
2010-11	16.9	2.6	12.9	2.0
2011-12	15.2	2.2	11.8	1.7
2012-13 (RE)	16.2	2.3	11.5	1.6
2013-14 (BE)	15.3	2.2	10.4	1.5

Note: Expenditure on Rural Economy includes (i) Agriculture and Allied Activities, (ii) Rural Development, (iii) Special Area Programmes, (iv) Irrigation and Flood Control and (v) Village and Small Industries.

Source: Compiled by CBGA

The Union government's total expenditure on the "rural economy" has declined from 3.3 percent of GDP in 2008-09 (Actuals) to 2.2 percent of GDP in 2013-14 (BE). A similar trend is noticed with regard to its share in the total Union Budget. It has dipped from 15.7 percent in 2009-10 to 15.3 percent in 2013-14 (BE). As a proportion of total expenditure from the Union Budget, the expenditure on Agriculture and Allied Activities showed a marked decline from 11.8 percent in 2011-12 (Actuals) to 10.4 percent in 2013- 14 (BE). Similarly, the government's expenditure on Agriculture and Allied Activities, as a proportion of the GDP, also declined from 1.7 percent in 2011-12 (Actuals) to 1.5 percent in 2013-14 (BE) (Table 5.a).

In absolute figures, the allocation for the Ministry of Agriculture in 2013-14 (BE) has shown a marked increase of about Rs. 5,215 crore over the actual expenditure during 2011-12. The increase is due to a higher allocation for the National Food Security Mission (NFSM). In fact, the proposed allocation under NFSM has increased from Rs. 1,286 crore in 2011-12 (AE) to Rs. 2,025 crore in 2013-14 (BE). This is a welcome step. However, the shares of allocation for the Ministry of Agriculture out of total Union Budget and GDP were 1.77 and 0.25 percent respectively in 2011-12, increased marginally by 1.79 and 0.26 percent respectively in 2013-14 BE (Table 5.b). The 12th Plan document has recommended a number of new schemes to address the problems of agriculture sector growth. Among these, Monitoring, Control and Surveillance (MCS) and Horticulture Information System (HIS) are essential for augmenting growth and Budget 2013-14 has not made any allocation towards the proposed schemes.

There is a proposal to have a comprehensive crop insurance scheme named National Agricultural Insurance Programme (NAIP). The proposed programme would include existing full-fledged insurance schemes such as National Agricultural Insurance Scheme and evaluate three erstwhile pilot insurance programmes such as Modified National Agricultural Insurance Scheme, Weather Based Insurance Scheme and Coconut Palm Insurance Scheme. However, the proposal has no substantive discussion on the changes that would be needed in the implementation procedures relating to such insurance schemes. There has not been any announcement on NAIP but the outlay for National Agricultural Insurance Scheme (NAIS) has increased from Rs. 700 crore in 2012-13(RE) to Rs. 1,200 crore in 2013-14 (BE).

Table 5.b: Allocations Under three Deptts. of Ministry of Agriculture since 2011-12 (in Rs. Crore)

Ministry of Agriculture	2011-2012			2012-2013 (RE)			2013-2014 (BE)		
	P	NP	T	P	NP	T	P	NP	T
Deptt. of Agriculture and Cooperation	16523.58	194.97	16718.55	17867.32	306.62	18173.94	21609.00	324.50	21933.50
Deptt. of Agricultural Research and Education	2572.97	2156.34	4729.31	2520.00	2100.00	4620.00	3415.00	2314.17	5729.17
Deptt. of Animal Husbandry Dairying and Fisheries	1230.01	103.07	1333.08	1800.00	78.20	1878.20	2025.00	85.16	2110.16
Total Expenditure by the Ministry of Agriculture	20326.56	2454.38	22780.94	22187.32	2484.82	24672.14	27049.00	2723.83	29772.83

Ministry of Agriculture	2011-2012			2012-2013 (RE)			2013-2014 (BE)		
	P	NP	T	P	NP	T	P	NP	T
Total allocation of the Ministry as proportion of total Union Budget (in %)			1.75			1.72			1.79
Total allocation of the Ministry as proportion of GDP (in %)			0.25			0.25			0.26

Source: Compiled by CBGA from Union Budget documents, 2013-14
Note: P-Plan; NP-Non-Plan; and T-Total

The Plan document has made some promises on the agriculture research and education front as well. These include increased spending, at least to the level of one percent of Agri.-GDP by the end of the Plan period (by 2016-17), but the chances of this level being reached during the plan period seem bleak given the trend of low budget outlays for such interventions in the past. The plan expenditure for the Department of Agricultural Research and Education has been raised from Rs. 2,520 crore in 2012-13 (RE) to Rs. 3,415 crore in 2013-14 (BE).

Union Government Expenditure on Special Interventions for Rainfed / Dryland Agriculture

Agricultural activities in rainfed areas are critical for performance of the sector in the sense that nearly 65 percent of the cultivated area in the country is rainfed. Rainfed agriculture also provides a wide range of livelihood opportunities to millions of livestock-dependent households, those living in hilly and difficult terrains, forest dwellers and so on. Hence, any sort of public intervention should aim at addressing the core issues and concerns of such agricultural practices but the allocation towards bringing Green Revolution in the eastern region of India remains Rs. 1,000 crore in 2013-14, the same as in 2012-13 (BE).

The Department for Land Resources is the administrative unit within the Ministry of Rural Development responsible for development of dryland/rainfed agriculture and implementing of the programmes and schemes. Table 5.c details the priorities of the Union government through this department since 2007-08.

Table 5.c. Expenditure by Department of Land Resources since 2007-08 (in Rs. Crore)

Years	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13 RE	2013-14 BE
Total exp. under Department of Land Resources	1406	1793	2025	2618	2426	3007	5773
As % of Total Union Government Exp.	0.20	0.20	0.20	0.22	0.19	0.21	0.35
As % of GDP at Market Prices	0.03	0.03	0.03	0.03	0.03	0.03	0.05

Source: Compiled by CBGA from Union Budget documents (various years)
Note: RE-Revised Estimate; BE-Budget Estimate

The Budget allocations for the Department of Land Resources (total allocation under the Department in absolute terms) has increased from Rs. 3,007 crore in 2012-13 (RE) to Rs. 5,773 crore in 2013-14 (BE), However, as a share of the total government expenditure as well as GDP, this constitutes a meagre increase due to the higher allocation for the Integrated Watershed Management Programme (IWMP), which has gone up from Rs. 2,613 crore in 2012-13 (RE) to Rs. 4,848 crore in 2013-14 (BE).

Development and sustainability of agriculture in India critically depends on public investment in the sector (Box 5.a) and in this context, adequate allocation for reviving the growth of agriculture sector was expected from Budget 2013-14. The introduction of National Livestock Mission is a step in the right direction since it would attract investment and enhance productivity taking into account local agro-climatic conditions. Further, the hike in the allocation for the Integrated Watershed Management Programme from Rs. 3,050 crore in 2012-13 (BE) to Rs. 5,387 crore will improve productivity of land and water use. The 12th FYP document had also recommended outlays for the Mission on Oilseeds and Oil Palm to increase oilseeds production by at least 4.5 percent per annum but the current budget has made no allocation in this regard. The total proposed allocation for development of seeds has, in fact, declined from Rs. 621 crore in 2011-12 (AE) to Rs. 484 crore in 2013-14 (BE).

Union Budget 2013-14 may partially help achieve the projected growth rate of 4 percent for the agriculture sector in the coming years but still more concerted investment efforts are required for the country to recover significantly from the slump.

Box 5.a: 12th Plan Proposals for Farm Sector and the Union Budget 2013-14: A Cursory Look

Proposals in 12th Five Year Plan	Provisions in Union Budget 2013-14	Remarks
Expenditure on agricultural R&D and education needs to be raised at least to 1.0 % of Agri-GDP. Increased allocation for public sector R&D particularly for Krishi Vikas Kendras (KVKs). Discussion about the Agricultural Technology Management Agencies (ATMA) which need be strengthened.	The estimated plan allocation for the Department of Agriculture Research & Education has increased from Rs. 2,520 crore in 2012-13 (RE) to Rs. 3,415 crore in 2013-14. The National Institute of Biotic Stress Management for addressing plant protection issues will be established at Raipur and Chhattisgarh. The Indian Institute of Agricultural Bio-technology will be established at Ranchi, Jharkhand and will serve as a centre of excellence in agricultural bio-technology.	Union Budget 2013-14 certainly addresses the concern of low public investment priorities towards Agriculture Research Development and Education. But the obvious question arises whether these institutions, who have received grants to carry forward the research initiatives for agriculture sector, would help promoting agricultural productivity and production or not.
Rashtriya Krishi Vikas Yojana (RKVY)	As a sub-scheme of RKVY: continuation of the initiative of Bringing Green Revolution to Eastern India (BGREI) with same allocation of Rs. 1,000 crore as in previous budget.	The outlay for Rashtriya Krishi Vikas Yojana (RKVY) has been increased from Rs. 7,794 crore in 2011-12 to Rs. 9,954 crore in 2012-13.

Proposals in 12th Five Year Plan	Provisions in Union Budget 2013-14	Remarks
The new mission named "National Mission for Sustainable Agriculture" would be to transform Indian agriculture into a climate-resilient production system through adoption and mitigation of appropriate measures in the domains of both crops and animal husbandry. For this, National Mission on Micro-Irrigation, National Project on Management of Soil Health and Fertility, and Rainfed Areas Development Programme will be merged with NMSA.		The budget document did not show merger of the existing schemes (National Mission on Micro-Irrigation, National Project on Management of Soil Health and Fertility, and Rainfed Areas Development Programme) into NMSA.
The following schemes Central Fodder Development Organisations, Central Sheep Breeding Farm, Central Poultry Development Organisations, Integrated Development of Small Ruminants and Rabbits, Piggery Development, Poultry Venture Capital Fund, Establishment of Rural Slaughter houses and CSS like Centrally Sponsored Fodder and Feed Development Scheme, Conservation of Threatened Breeds of Livestock, Poultry Development, Utilisation of Fallen Animals and Livestock Insurance will be merged into the **National Livestock Mission (NLM).**	The National Livestock Mission will be launched in 2013-14 to attract investment and to enhance productivity taking into account local agro-climatic conditions. The budget allocated Rs. 307 crore for the Mission.	
Other Initiatives taken in the Budget 2013-14		
A pilot scheme to replant and rejuvenate coconut gardens that was implemented in some districts of Kerala and the Andaman & Nicobar Islands will be extended to the entire State of Kerala, and additional sum of Rs. 75 crore allocated in 2013-14	The target for agricultural credit has increased from Rs. 575,000 crore in 2012-13 to Rs. 700,000 crore in 2013-14.	The budget proposed for a pilot programme on Nutri-Farms for introducing new crop varieties that are rich in micro-nutrients such as iron-rich bajra, protein-rich maize and zinc-rich wheat. The budget allocated of Rs. 200 crore for this pilot programme.

Proposals in 12th Five Year Plan	Provisions in Union Budget 2013-14	Remarks
Few existing schemes will be merged into National Livestock Mission (NLM). The sub-mission under MLM are Sub-Mission on Livestock Development, Sub-Mission on Pig Development in North-Eastern Region, Sub-Mission on Fodder and Feed Development, Sub-Mission on Skill Development, Technology Transfer and Extension.	The National Livestock Mission will be launched in 2013-14 to attract investment and to enhance productivity taking into account local agro-climatic conditions.	It is a welcome step and will help for revitalising rainfed agriculture.

Source: Compiled by CBGA from Union Budget documents & draft 12th Plan Document, GoI

Food Security

- There is a decline in total subsidy in the Union Budget from Rs. 257,654 crore in 2012-13 (RE) to Rs. 231,084 crore in 2013-14 (BE). The outlay for petroleum subsidy has been reduced significantly from Rs. 96,880 crore in 2012-13 (RE) to Rs. 65,000 crore in 2013-14 (BE), which would further increase the prices of petroleum products and affect price rise all round.
- Food Subsidy has been pegged at Rs. 90,000 crore in 2013-14 (BE), a small increase from Rs. 85,000 crore in 2012-13 (RE) – despite the growing recognition of the need to expand coverage of the Public Distribution System (PDS) for food grains, the food price spiral and the urgency of implementing the National Food Security Bill - 2011.
- This allocation of Rs. 90,000 crore for 2013-14 includes an amount of Rs. 10,000 crore that the government expects to be the incremental cost towards implementation of the National Food Security legislation. This expectation of the government that the incremental cost of implementation of the National Food Security legislation in 2013-14 would be a meagre Rs. 10,000 crore not only implies the lack of sense of urgency on its part to enact the bill but also the gross underestimation of the additional resources required.
- Universal distribution of rice and/or wheat and millets under PDS in the country would require additional funds to the tune of Rs. 148,471 crore over and above the provision made in 2013-14 (BE), i.e., Rs. 90,000 crore for food subsidy.

The latest Global Hunger Index (GHI) Report (2012) indicates that 20 countries in the world today have "alarming" or "extremely alarming" levels of hunger. Most of the countries with alarming GHI are in the regions of Sub-Saharan Africa and South Asia. The report ranks India 65th among 120 nations while and countries like South Africa, Ghana and Botswana in the African continent and Sri Lanka, Pakistan and Nepal in Asia have better indices compared to India. India's GHI score in 2012 was 22.9, slightly better than 23.7 in 2011, but it is still much lower than what it was in 1990 (Table 6.a). Hence, the country's performance in terms of mitigating hunger and securing food for its citizens has been consistently poor with the number of people plagued by malnutrition and hunger being dismal even during the much-talked about period of rapid economic growth.

Table 6.a: GHI Scores and Ranks of some Selected African and Asian Countries

Country	GHI Score					GHI Rank in 2012
	1990	1996	2001	2011	2012	
South Africa	7.0	6.5	7.4	6.4	5.8	9
Ghana	21.0	16.1	13.0	8.7	8.9	20
The Republic of Congo	23.2	24.2	16.0	13.2	11.4	27
Botswana	13.4	15.5	15.9	13.2	13.7	35
Sri Lanka	20.2	17.8	14.9	14.0	14.4	37
Nigeria	24.1	21.2	18.2	15.5	15.7	40
Uganda	19.0	20.4	17.7	16.7	16.1	42

Country	GHI Score					GHI Rank in 2012
	1990	1996	2001	2011	2012	
Zimbabwe	18.7	22.3	21.3	17.7	17.3	47
Kenya	20.6	20.3	19.9	18.6	19.3	54
Pakistan	25.7	32.7	25.2	21.0	19.7	57
Nepal	27.1	24.6	23.0	19.9	20.3	60
India	**30.4**	**22.9**	**24.1**	**23.7**	**22.9**	**65**
Bangladesh	38.1	36.3	27.6	24.5	24.0	68

Source: Compiled from basic data given in Global Hunger Index report, "The Challenge of Hunger: Ensuring Sustainable Food Security under Land, Water, and Energy Stresses", 2012, published jointly by the International Food Policy Research Institute (IFPRI), Concern Worldwide, and Welthungerhilfe.

Despite rapid growth of food grains production, the extent of food insecurity, both at the macro and household levels, has been a major challenge for decades. Looking at the severity of the issue, many promises have been made to the public by the present government from its election manifesto to its subsequent announcements to introduction of the draft National Food Security Bill (NFSB), 2011. The proposed bill (expected to be passed in Parliament during the current budget session) claims to address the problem of food and nutrition security through a paradigm shift from the current welfare approach to a rights-based approach. In this regard, it was expected that Union Budget 2013-14 would accord top priority in terms of allocating adequate resources under the food subsidy head to address these concerns.

A look at budgetary trends towards major subsidies, including food subsidy, in Union Budgets over the past decade suggests an increase in allocations (in absolute numbers) in Budget 2013-14 as compared to 2004-05. However, the share from total expenditure and from the country's GDP (Gross Domestic Product) has only registered a slight growth. For instance, the share of total subsidy in the GDP and total expenditure of the Union Budget in 2004-05 were 1.42 and 9.22 percent respectively. In Union Budget 2013-14 (BE), the same ratios are pegged at 2.03 and 13.88 percent. On the other hand, a dip has been noticed in the share of total subsidies from the GDP since 2008-09. Total subsidy as a proportion to GDP was 2.3 percent in 2008-09, which has dropped to 2.0 percent in 2013-14 (BE).

Table 6.b: Major Subsidies given in the Union Budget since 2004-05 (in Rs. Crore)

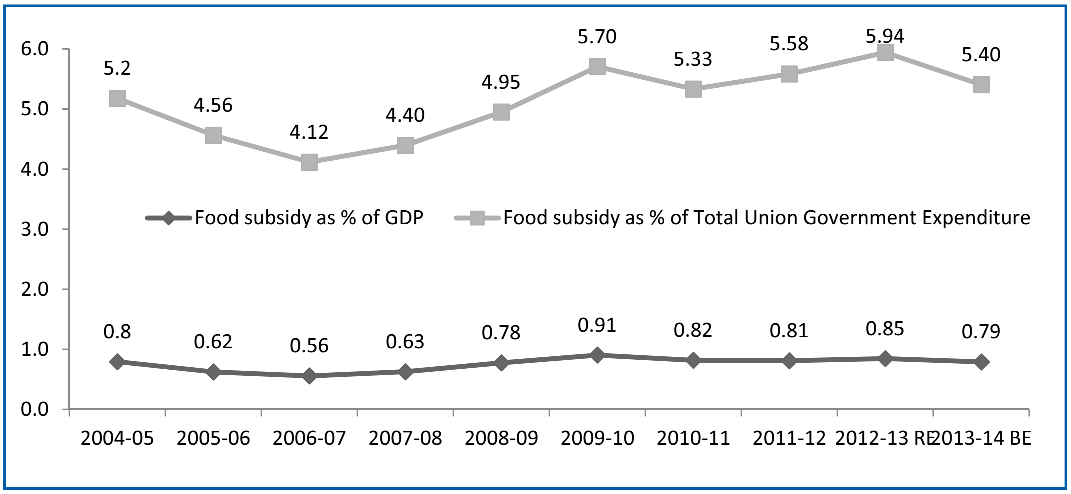
Heads of Subsidy	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13 (RE)	2013-14 (BE)
A. Major Subsidies	**44633**	**44220**	**52935**	**66638**	**123206**	**134658**	**164516**	**211319**	**247854**	**220972**
Food Subsidy	25798	23077	24014	31328	43751	58443	63844	72822	85000	90000
Indigenous (Urea) Subsidies	10243	10653	12650	12950	17969	17580	15081	20208	20000	21000
Imported (Urea) Subsidies	494	1211	3274	6606	10079	4603	6454	13716	15398	15545
Sale of decontrolled fertilizer with concession to farmers	5142	6596	10298	12934	48555	39081	40766	36089	30576	29427

Heads of Subsidy	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13 (RE)	2013-14 (BE)
Total Fertiliser Subsidy	15879	18460	26222	32490	76603	61264	62301	70013	65974	65972
Petroleum Subsidy	2956	2683	2699	2820	2852	14951	38371	68484	96880	65000
B. Other Subsidies	**1324**	**3302**	**4190**	**4288**	**6502**	**6693**	**8904**	**6622**	**9800**	**10112**
Total Subsidy	**45957**	**47522**	**57125**	**70926**	**129708**	**141351**	**173420**	**217941**	**257654**	**231084**
GDP at Market Prices	3242209	3693369	4294706	4987090	5630063	6457352	7795314	8974947	10028118	11371886
Total Expenditure from the Union Budget	498252	505738	583387	712671	883956	1024487	1197328	1304365	1430825	1665297
Total Subsidies as % of GDP	1.42	1.29	1.33	1.42	2.30	2.19	2.22	2.43	2.57	2.03
Total Subsidies as % of Total Union Government Expenditure	9.22	9.40	9.79	9.95	14.67	13.80	14.48	16.71	18.01	13.88
Food subsidy as % of GDP	0.8	0.62	0.56	0.63	0.78	0.91	0.82	0.81	0.85	0.79
Food subsidy as % of Total Union Government Expenditure	**5.2**	**4.56**	**4.12**	**4.40**	**4.95**	**5.70**	**5.33**	**5.58**	**5.94**	**5.40**

Source: Compiled by CBGA from Union Budget documents (various years)

In absolute terms, there has also been a decline in allocation towards total subsidy in the current budget compared to allocations in last year's budget (2012-13 RE). The decline in total subsidy is to the tune of Rs. 26, 570 crore. The amount of total subsidy in 2013-14 (BE) is Rs. 231, 084 crore which is a fall from the Rs. 257, 654 crore in 2012-13 RE.

Figure 6.a: Union Budget allocation for Food Subsidy as percent of GDP and Total Union Govt. Expenditure



Source: Compiled by CBGA

Similarly, the hike in allocation under food subsidy in 2013-14 is not enough to ensure food for all. In fact, this budget too indicates that the proposed NFSB is unlikely to be implemented in the coming fiscal. The outlay towards food security has increased marginally by Rs. 5,000 crore in 2013-14 (BE) compared to the allocation of Rs. 85,000 crore in 2012-13 (RE), which is way below what is expected to implement the much-flaunted food security legislation of UPA-II.

Food subsidy as a proportion of GDP and the total Union Budget has declined since 2009-10 even though it has recorded an increase in allocation in absolute terms in the budget 2013-14 compared to 2012-13 (RE) (Figure 6.a). The Finance Minister in his budget speech mentioned that Rs. 10,000 crore has been allocated as an additional outlay for implementing NFSB but the revised budget allocation for the 2012-13 (Rs. 85, 000 crore) indicates only an additional Rs. 5,000 crore allocated towards implementing the food security law. This calls for immediate action in the form of increased public expenditure under the head of food subsidy.

The following section presents an estimation of the budgetary allocation that would be required to universalise distribution of rice and/or wheat and millets to secure food for all in the forthcoming budgets.

Estimating the amount of Food Subsidy required for Universal distribution of Rice/Wheat and Millets under Public Distribution System (PDS)

The present provision of food subsidy in the Union Budget is based on the allocation of food grains to different sections of the population, – *Antyodaya Anna Yojana* (AAY), Below Poverty Line (BPL) and Above Poverty Line (APL) – at different issue prices. The Central Issue Price (CIP) per quintal of wheat for AAY, BPL and APL is Rs. 200, Rs. 415 and Rs. 610 respectively. Similarly, the CIP per quintal of rice for AAY, BPL and APL is pegged at Rs. 300, Rs. 565 and Rs. 830 (for Grade 'A') respectively**.** Further, the present provision of food subsidy has been made on the basis of the opening stock adjusted weighted Economic Cost (EC) per quintal of wheat and rice, i.e., Rs. 2010.22 and Rs. 2643.61 respectively for the year 2013-14 (based on the information given by Food Corporation of India, the projected EC for 2013-14).

A simple exercise can be undertaken to arrive at an estimation of the funds required for universal PDS for provisioning of rice/wheat and millets in the coming budgets.

The exercise is based on the following assumptions:

- Total number of households at present is 24 crore (approximate);
- Provision of distribution of rice and/or wheat under PDS to all households at 35 kg per month per household;
- Provision of distribution of millets under PDS to all households at 5 kg per month per household;
- EC of wheat and rice will not increase from the present levels of Rs. 2010.22 and Rs. 2643.61 per quintal of wheat and rice respectively; and assuming Rs. 1,500 per quintal for millets; and
- Distribution of rice and wheat is in the ratio of 2:1, and millets, in addition to wheat and rice to all the households.

Based on the above assumptions, the total amount of cereals (rice, wheat and millets) needed for distribution through PDS would be around 115.2 million tonnes. Of this, the amount of rice, wheat and millets needed for distribution would be around 67.2, 33.6 and 14.4 million tonnes respectively. For distribution of these food grains, the total amount of food subsidy required per annum would be Rs. 238,471 crore. The food subsidy bill (only for the Union government) accounted for Rs. 90,000 crore in 2013-14 BE. Thus, an additional outlay of Rs.148,471 crore would be needed in the forthcoming Union Budget (Table-6.c).

Table-6.c: Estimating the Funds Required for a Universal PDS of Cereals

S. No.	Description	Units	Amount
A	**Total Amount of Foodgrains to be Required (I+II+III)**	Million ton	**115.2**
I	Amount of rice required to be distributed (per annum) at 23.33 kg per month per household	Million ton	67.2
II	Amount of wheat required to be distributed (per annum) at 11.67 kg per month per household	Million ton	33.6
III	Amount of millets required to be distributed (per annum) at 5 kg per month per household	Million ton	14.4
B	**Central Issue Prices (CIPs)**		
IV	Proposed CIP for Rice per ton (Rs. 3 per kg x 1,000 kg)	In Rs.	3,000
V	Total amount to be recovered for the distribution of rice (per annum) (I x IV)	in Rs. Cr.	20,160
VI	Proposed CIP for wheat per ton (Rs. 2 per kg x 1,000 kg)	In Rs.	2,000
VII	Total amount to be recovered through CIP for the distribution of wheat (per annum) (II x VI)	in Rs. Cr.	6,720
VIII	Proposed CIP for millets per ton (Rs. 1 per kg x 1,000 kg)	In Rs.	1,000
IX	Total amount to be recovered through CIP for the distribution of millets (per annum) (III x VIII)	in Rs. Cr.	1,440
C	**Total amount which would be recovered through CIP (V+VII+IX)**	**in Rs. Cr.**	**28,320**
D	**Economic Cost (EC)**		
X	EC per ton of rice (Rs. 2,643.6 x 10)	In Rs.	26,436
XI	Total EC for the distribution of proposed amount of rice	in Rs. Cr.	177,649
XII	EC per ton of wheat (Rs. 2,010.2 x 10)	In Rs.	20,102
XIII	Total EC for the distribution of proposed amount of wheat	in Rs. Cr.	67,542
XIV	EC per ton of millets (Rs. 1,500 x 10)	In Rs.	15,000

S. No.	Description	Units	Amount
XV	Total EC for the distribution of proposed amount of millets	in Rs. Cr.	21,600
E	**Total EC for the distribution of rice, wheat and millets (XI+XIII+XV)**		**266,791**
F	**Amount of Food Subsidy to be required per annum (E-C)**	in Rs. Cr.	**238,471**
G	Present Budgetary Provision as Food Subsidy (2013-14 BE)	in Rs. Cr.	90,000
H	Food subsidy required for the coming Budget (2014-15 over and above the existing provision (H=F-G)	in Rs. Cr.	148,471

Source: Computed by CBGA

Given the estimated amount of subsidy required for distribution of cereals under universal PDS, the frequently asked question would be: where would the government get the additional resources to finance the food subsidy bill? There is no simple, unanimous answer to this question but it is not beyond the means of the government. Some of the possible means to augment resources are wealth tax, expansion of the coverage of services for taxation, better tax compliance mechanisms and so on. Even if one ignores these possibilities of resource mobilisation, it is quite clear that a degree of rationalisation in the total quantum of revenue foregone through exemptions made by the Union government can help a great deal in expanding the coverage of the PDS with adequate supply of cereals.

Besides, there are instances of some states going beyond the provisions made under Targeted PDS (TPDS) and including other items like edible and cooking oils, sugar and pulses while also extending its coverage to other segments of the population. Tamil Nadu has had a universal system for some time and started distributing free food grains since June 2011. In Andhra Pradesh and Chhattisgarh, the systems are near universal. The states have separate CIPs for BPL and APL population while the food grains entitlement for both categories is the same in Himachal Pradesh. In undivided KBK (Kalahandi, Bolangir and Koraput) region of Odisha, there is a universal PDS with a different CIP. And more recently, the Odisha government declared one rupee rice distribution scheme in the KBK region.

The Union government could take a leaf from the experiences of these states and evolve a universal system of food grains distribution for the entire country. Despite many valid recommendations put forward by the relevant committees as well as by independent researchers, the present PDS continues to suffer from several inherent and systemic flaws. Instead of addressing the problems encountered by the present PDS in the country, the policy makers are again attempting another version of targeted provisioning. For instance, the National Food Security Bill addresses the concerns of "priority" and "general" category simply by using other "connotations" of the existing division of households like BPL and APL, which is no way different from the earlier targeted system of public distribution.

Renewable Energy

- The government intends to evolve programmes to reuse municipal solid waste (MSW) to create energy through fiscal instruments such as viability gap funding, repayable grant and low cost capital; these measures would be meant to support efforts of municipalities and civil bodies to reclaim landfill sites and check environmental pollution.
- The prescription to use resources available under National Clean Energy Fund (NCEF) to lend low interest bearing funds to Renewable Energy (RE) projects is a step in the right direction; it may help make the cost of using renewable energy competitive with conventional energy. This could help in reducing high initial capital costs involved in producing Renewable Energy.
- Allocations of Rs. 800 crore for wind energy through the "Generation-based incentive" scheme may help power producers to invest in wind-power projects and it may encourage actual energy generation of wind resource and additional flow of power to the grid, leading to power stabilization in the long-run.
- However, the Union Budget 2013-14 has not responded to the need to allocate greater resources for adapting to and mitigating climate change. Notwithstanding significant amounts of proposals announced on investments meant to strengthen physical infrastructure in the country. The absence of clear policy priorities in the budget to implement the eight missions under National Action Plan on Climate Change (NAPCC) reflects policy stagnation with regard to the challenges of climate change.

The budget 2013-14 was expected to be the watershed in allocating required public resources for the renewable energy sector, but it only reflected the business-as-usual approach of the Government as the current budget reflects a mere incremental budgeting over the previous year's budget. This evaporated the high hopes raised for the sector as the country approaches to implement the second annual plan of the 12th Plan period (2012-16). Even though the Budget Speech mentions the sector, the budgetary outlays for renewable energy in 2013-14 downplay the high policy premium placed for the sector in the 12th Plan. The current energy roadmap for the country is high on conventional sources of energy. As the country strives to achieve high economic growth of 8 percent to 9 percent by 2016-17, meeting energy requirements of the population at affordable prices would pose significant challenge for the economy. Hence there is a need to expand access to clean energy sources both at commercial and non-commercial level and the shift was particularly felt in allocating higher public provisioning and prioritising regulatory issues for the sector. The extent of public investment needed for the significant shift is yet to be realized and what the budget 2013-14 reflects is a piecemeal approach to prioritize the sector and hence can be viewed as a missed opportunity.

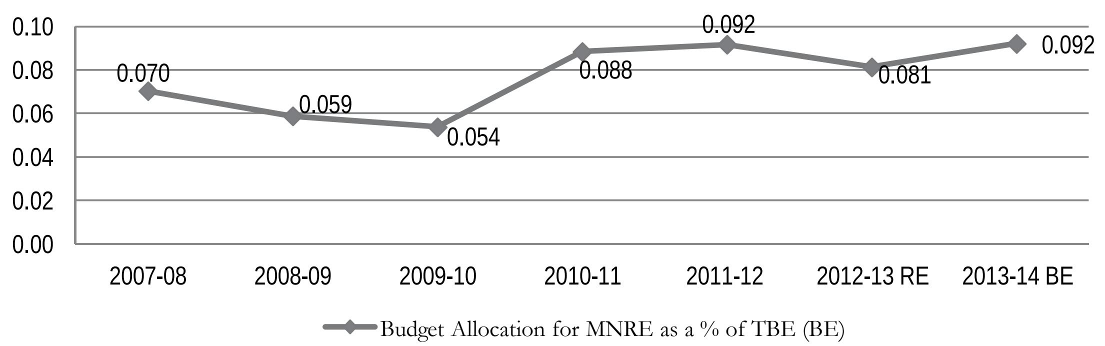
There is enormous unmet demand for access to electricity and clean energy in the country. The latest Census (2011) figures indicate that only 55 percent of the rural households have access to electricity and 85 percent of the rural households are significantly dependent upon biomass fuels for their energy requirements. The 66th Round of National Sample Survey (NSS) for 2009-10 shows that nearly 67.3 percent of the rural households have access to electricity and as low as 15.5 percent of the rural households have LPG connections. The per capita consumption of electricity is only 18 units per month at rural household compared to 24 units in urban areas. This reflects poor quality of electricity supplies and reflects significant unmet demand.

At present, fossil fuels (Coal and lignite, Oil and Natural Gas) as the primary energy source constitute approximately 92 percent of the total energy supply, while the share of renewable energy is a meager 1 percent in the total energy supply in the country in 2011. The NAPCC norms envisage that the share of renewable electricity in the electricity mix which was 7 percent in 2011–12 should reach 12 percent by 2016–17. For this the corresponding renewable power requirement would be 132 BU or 52000 MW considering the conservative average capacity utilisation factor of 30 percent. The present installed capacity of renewable power is around 25000 MW and, consequently, the renewable power capacity addition required for the Twelfth plan would be about 30000 MW. If we go by the 12th Plan projections, the share of renewable energy in 2021 would be 2 percent of the total energy consumption, unless substantiated with proactive planning and significant investments.

Inadequate Allocation:

Contrary to the potentiality of the sector, the budgetary investments to realize the potentiality have always been inadequate. Since 11th Plan, the budgets for the renewable energy have never touched 1 percent of the total budgetary spending. As the nodal implementing ministry, the Ministry of New and Renewable Energy (MNRE) has been mandated to formulate and execute renewable energy programmes in the country; however, the annual outlay for renewable energy has remained at just 0.09 percent of the total budgetary expenditure (TBE) in 2012-13 (see Figure 7a). What is also important to note is that the average allocation for the sector for the whole 11th plan period was merely 0.072 percent which have increased to 0.081 percent in 2012-13 (RE) and 0.092 percent in 2013-14 (BE) respectively in the 12th Plan period.

Figure 7a: Budget Allocation for MNRE as % of TBE since 2007-08 till 2013-14

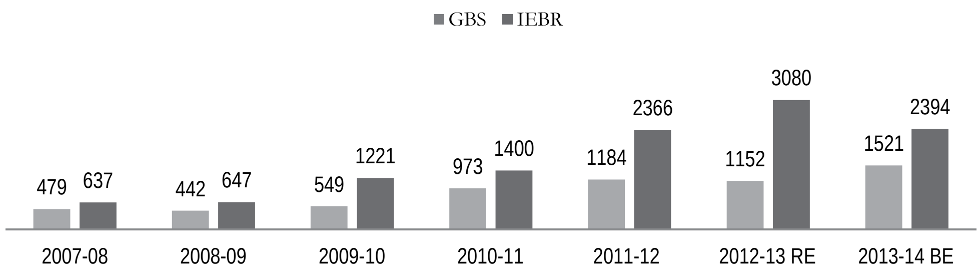


Source: Compilation from Union Budget Documents, Govt. of India, Various years

Significant variation can be observed in the spending pattern on renewable energy in the post-NAPCC phase of the 11th Plan period. As the NAPCC launched the National Solar Mission in 2010 and placed high priorities on the clean and renewable energy, the budgetary spending made significant jump since then. There were nearly Rs. 424 crore hike in FY2010-11 over the FY2009-10; and approximately Rs. 210 crore in 2011-12 over the 2010-11 budget. The current budget 2013-14 has registered the spike of nearly Rs. 370 crore over preceding financial year. It is important to observe that contrary to GBS, the Intra-Extra Budgetary Resources (IEBR) for the public sector entity particularly Indian Renewable Energy Development Agency (IREDA) has received significant budgetary allocation in the post-NAPCC phase (Figure 7b).

In the context of increasing share of renewable energy in the total domestic energy production and in order to move away from the fossil fuels dependence, the current level of investment do not seem adequate. The sector requires large initial capital investments not only in creating infrastructure, but also in developing technological breakthrough and markets to make the sector competitive like the many conventional sources of energy in the country. Further, significant capital investments are also needed to establish robust transmission infrastructure from remotely located generating plants to the load centers. As per the Power Grid Corporation (Ltd) estimates, for the capacity addition plans for the 12th Plan period, an investment of around Rs. 3000 crore would be required for creating renewable power infrastructure. The current budgetary outlays hence can be categorized as grossly inadequate.

Figure 7b: Budgetary allocation for Renewable Energy since 2007-08 (in Rs. Crore)



GBS: Gross Budgetary Support,
IEBR: Internal and Extra Budgetary Resources (i.e. investments by PSUs)

Financial Performance since 11th Plan:

The potential of renewable energy has always been revised upwards and the actual capacity addition through Grid interactive renewable energy has surpassed the targets for generation and capacity in the 11th Plan. Even though renewable energy sectors have shown immense potentiality, it is not duly matched with concomitant public spending during 11th Plan period. Against the 11th Plan (2007-12) outlays of Rs. 4068 crore, the MNRE has utilized nearly 93 percent of the total budgetary outlays which is nearly Rs. 3798 crore (Table 7.a).

Significant variations on the utilization of funds are also observed among different programme implemented by MNRE. While the allocation particularly for Grid Interactive & Off-grid Renewable Power generation and Renewable Energy for Rural Application programme registered higher utilization, the programmes like Renewable Energy for Urban, Industrial and Commercial Applications and Research, Design and Development in Renewable Energy Programmes and Support Programmes, the utilization of the funds are at the lower end. The Grid Interactive Renewable Power and Renewable for Rural Application have received higher priority in the ministry budget and combined together these two programme components have utilized nearly 72 percent of the total budgetary spending for the 11th Plan period (See Table 7.b).

Contrary to the outlays of the 11th Plan period, the proposed outlays for the 12th Plan are nearly Rs 40876 crore for the renewable energy. This budgetary allocation for the five years does not appear to be adequate at all compared to the plan outlays approved for the Ministry of Power and the Ministry of Petroleum and Natural Gas which have received as high as Rs. 8.8 lakh crore for the 12th Plan period. Even though the nodal ministry, MNRE, has received the projected GBS of Rs. 19113 crore till 2016-17, the outlays for the first two annual plans are not accorded with adequate financial resources. Against the total requirements of Rs. 2979 crore for the annual plan 2012-13, the MNRE received nearly Rs. 1163 crore, a short fall of Rs. 1816 crore. Further, the nodal ministry has received Rs. 1533 crore against the annual plan requirements of approximately Rs. 4000 crore. The estimated funds for the next three annual plans are Rs. 38534 crore to be utilized. This skewed allocations across annual plans may affects the capacity of the implementing agencies to utilize resources effectively.

Table 7.a: Financial Performances of the key Programmes in Ministry of New and Renewable Energy under 11th and 12th Plan (in Rs. Crore)

Key programme	Plan Outlays under 11th Plan	Total Expenditure under 11th Plan	Expenditure as % of the Budgetary Outlays of 11th Plan	Outlays for 12th Plan Proposed by MNRE*	2012-13 RE	2013-14 BE	Funds likely to be utilized in the remaining 12th Plan period
Grid Interactive and Distributed Renewable Power	1779	1840	103	27732	805	910	26017
RE for Rural Applications	910	911	100	3195	109	118	2968
RE for Urban, Industrial and Commercial Applications	216	147	68	1724	16	21	1688
Research, Design & Development in RE	481	340	71	2300	126	158	2016
Supporting Programme	682	560	82	5925	28	52	5846
Total GBS	4068	3798	93	40876	1083	1259	38534

* The proposed figures compiled from the Departmentally Related Standing Committee Report of MNRE on DDG 2012-13, GoI & Expenditure Budgets (Vol-II) of various years.

Table 7.b: Financial Performances of Key Programmes under Ministry of New and Renewable Energy from 2007-08 till 2012-13 (in Rs. Crore)

Key programme#	2007-08*	2008-09*	2009-10*	2010-11*	2011-12*	2012-13 RE*	2013-14 BE*
Grid Interactive and Distributed Renewable Power	87.92	116.2	200.88	533.01	901.81	805.15	910
RE for Rural Applications	190.29	151.19	152.42	199.17	218.11	109	117.9
RE for Urban, Industrial and Commercial Applications	22.22	16.55	64.72	36.88	6.91	15.5	21
Research, Design & Development in RE	31.74	27.8	59.47	111.4	110.4	126	158
Supporting Programme	146.55	130.04	71.34	99.74	47.5	27.55	51.65
Total GBS	478.72	441.78	548.83	980.2	1284.73	1083.2	1258.55

#The budgetary outlays for 2012-13 does not include two components such as "other expenditure- to cater to the spillover liabilities of the 11th Plan" and "Investment in Public Enterprises- includes provision for equity support to the Indian Renewable Energy Development Agency (IREDA).

*The figure does not include budget allocated for NE regions and outlays and expenditures under IEBR components

Source: Departmentally Related Standing Committee Report of MNRE on DDG 2012-13, GoI & Expenditure Budgets (Vol-II) of various years.

Besides the investment shortfalls for the sector, certain other issues relating to renewable energy were expected to be addressed in the incumbent budget. As commercial energy consumption increases over time, there would be a huge challenge for our policymakers to make renewable energy as a viable and affordable source of energy for such purposes. The challenge before the policy planners is to make adequate provisions to incentivize the sectors to attain grid parity. The 'generation based incentives' proposal made by the budget 2013-14 would induce the producer the produce wind and solar energy at competitive prices, which may significantly reduce tariffs and may help the consumers to access the supply at reasonable base. Further, the financial instruments like tax-free renewable energy bonds on the line of infrastructure bonds would facilitate low cost and long-term lending to the renewable energy. Priority sector lending status may be granted by the public sector banks to the renewable energy sectors in view of the social and environmental benefits of the projects. This will act as a major policy push for the off-grid applications, which face the maximum barriers in receiving low cost finances.

Significantly, the funds accumulated under the NCEF should be targeted to meet out the viability gap requirement both at the level of grid and off-grid renewable energy application. Till 2013-14, the NCEF has accrued nearly Rs. 10,000 crore, but its diversion to meet shortfalls in many sectoral budgets may defeat the purpose for which it has been created.

Further, there are certain regulatory issues that need to be addressed to incentivize the sector. The Electricity Act 2003 (amended in 2007) needs to be amended further to make it mandatory for the State Electricity Regulatory Commissions (SERCs) to use their respective Renewable Energy Purchase Obligations (RPOs) in their respective States to promote renewable energy. Finally, to accelerate the pace for the off-grid energy application, a holistic policy approach need to be adopted to integrate the uses of renewable energy in many social sector flagship schemes to meet the energy requirements at the primary service delivery level.

Women

- The total allocation to the Ministry of Women and Child Development shows a marginal increase from Rs. 18,584 crore (2012-13 BE) to Rs. 20,440 crore (2013-14 BE). Of this total, the allocation for ICDS alone is Rs. 17,846 crore
- The coverage of the Gender Budgeting Statement in terms of the number of demands reported in the statement has increased marginally from 34 in 2012-13 (RE) to 35 in 2013-14 (BE). No steps have been taken to review the format of GBS.
- The total magnitude of the Gender Budget Statement is Rs. 97,134 crore (2013-14 BE). This represents an increase of 10.2 percent from Rs. 88,143 crore (2012-13 BE).
- Total allocation in the Gender Budget Statement is 5.83 percent of the total Union Budget expenditure.
- Setting up of the *'Nirbhaya'* fund with an allocation of Rs. 1,000 crore in 2013-14 to empower women and ensure their security is a new initiative in the Union Budget 2013-14. Ministry of Women and Child Development and other ministries concerned will work out the details of the structure, scope and application of the fund.
- Setting up of India's first Women's Bank as a public sector bank with an initial capital of Rs. 1,000 crore. The bank's mandate will be to lend primarily to women and women-run businesses, support women SHGs and women's livelihood, employ predominantly women, and address gender related aspects of empowerment and financial inclusion.
- Expenditure on key interventions addressing violence against women in the Union Budget have varied from Rs. 528.14 crore (2011-12 RE), Rs. 456.58 crore (2012-13 RE) to Rs. 789.78 crore (2013-14 BE).

Women in India continue to remain discriminated and lag behind men in almost all major socio economic indicators. India's Gender Inequality Index Value of 0.617 in 2011 places the country at 129th position among the 149 countries globally and is reflective of the high gender inequality that is prevalent. The Table 8.a highlights the glaring gaps in human development indicators with respect to women.

Table 8.a: Selected Indicators on Status of Women

Indicators	Male	Female
Literacy Rate (%) Census 2011	82.14	65.46
Maternal mortality ratio (per100,000 live births) SRS 2009-10		212
Sex Ratio Census 2011	1000	940
Child Sex Ratio (0-6 years) Census 2011	1000	914

Indicators	Male	Female
Worker Population ratios Census, 2011	819	336
MPs in Lok Sabha (%)	89.18	10.82
PRIs (in million)	1.03 (2008)	1.78 (2008)

Source: Report of the Working Group on Women's Agency and Empowerment, 12th Five Year Plan 2012-17, Ministry of Women and Child Development, Govt. of India

Given the development deficits being faced by women in almost all spheres of life, it is important that adequate measures are put in place to address the specific disadvantages faced by them. Such policies backed by appropriate budgetary strategies are instrumental to improving the status of women.

Union Budget 2013-14 stands out as a budget that acknowledges the need to increase the gender responsiveness of budgets. In a country like India, where gender based inequality continues to persist and gender based violence has been growing at an alarming rate, this recognition is certainly a welcome step. It is well acknowledged that budgets are not gender neutral. Since gender based differences and discrimination are built into the entire socio-economic and political fabric of almost all societies, a gender neutral government budget is bound to reach and benefit more men than women, unless concerted efforts are made to correct gender based discrimination. Hence, what needs to be analysed is whether the extent of budgetary outlays in Union Budget 2013-14 addresses these gender based disadvantages.

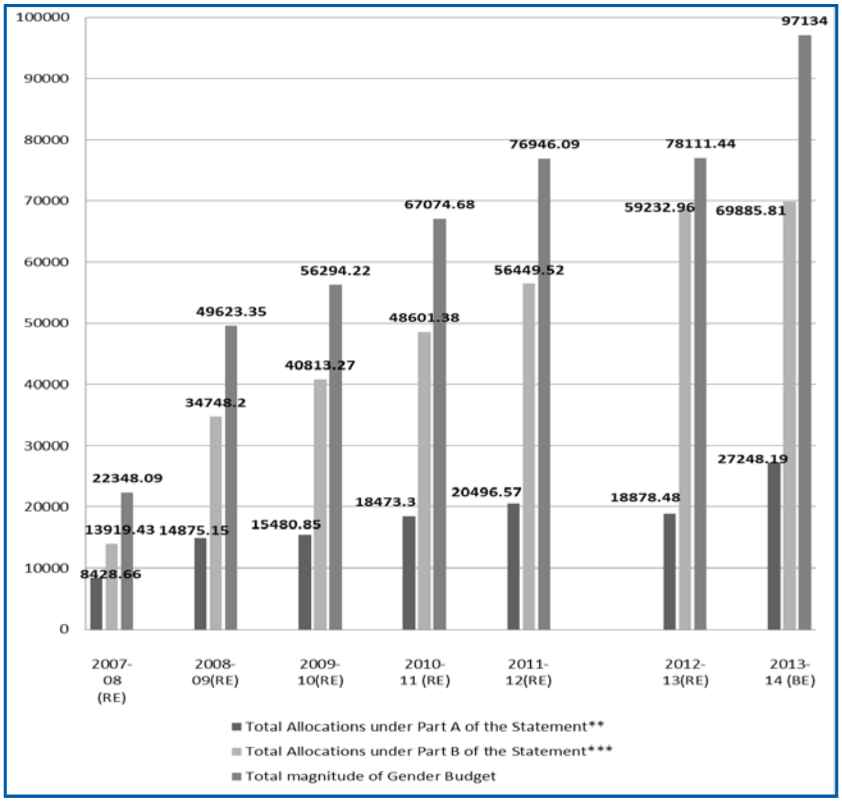
Analysis of the Gender Budget Statement

Gender Budget Statement (GBS) was initiated in 2005-06 as a tool to scrutinize the budget from a gender lens. This was a step forward over the Women Component Plan which had been in practice since the 9th Five Year Plan, as it didn't restrict itself to the Plan component of the budget and also marked a move away from earmarking ad-hoc 30 percent funds under selected so-called women specific sectors. The GBS captures the total quantum of resources earmarked for women in a financial year. The information is presented in two parts – Part A reflects those schemes in which 100 percent funds are meant for women and girls and Part B enlists those with at least 30 percent but not the entire amount of funds earmarked for women and girls.

The GBS exercise has come a long way since its inception in 2005-06. At the time when GBS was initiated, merely 10 ministries/departments had been reporting under the GBS. However, this number has gone up substantially to 35 demands in Union Budget 2013-14. However, the increase in the number of demands being reported under the GBS has remained almost static in the last few years.

The graph below shows the allocations reported by the various ministries/departments under the GBS 2013-14. The total magnitude of the Gender Budget Statement is Rs. 97,134 crore (2013-14 BE). This represents an increase of nearly 10 percent from Rs. 88,143 crore (2012-13 BE). The total allocation under the GBS has seen an incremental increase in the last few years.

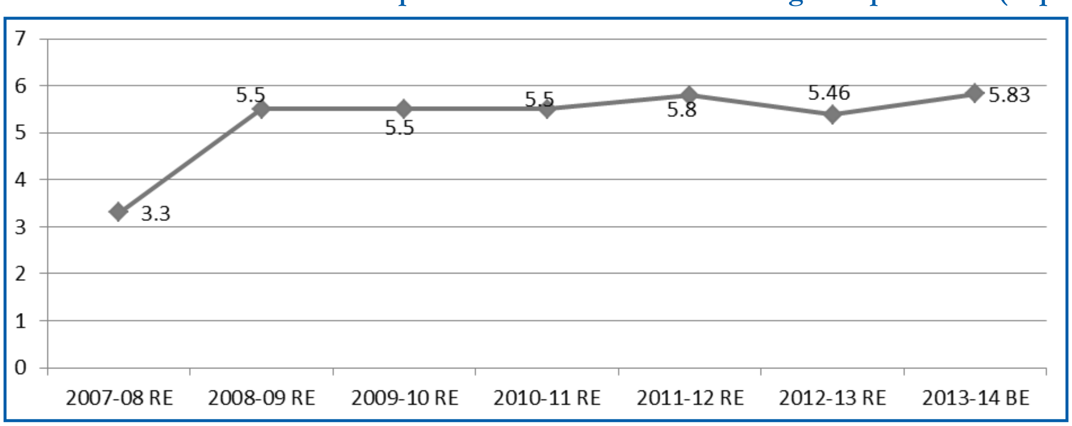
Figure 8.a. Allocations under the Gender Budget Statement (in Rs. Crore)



Source: Statement 20, Expenditure Budget Volume 1, Union Budget-, Government of India, Various Years

Since GBS is reflective of the quantum of funds flowing to women (atleast in principle) across sectors, it is also important is to examine the proportion of the GBS in the total budget of the Union Government in order to assess priority accorded to women. Figure 8.b shows the share of GBS in the total Union Budget over the years. As can be seen, this share has seen a steady but marginal increase over the years. Total allocation in the Gender Budget Statement is 5.83 percent of the total Union Budget expenditure in Union Budget 2013-14 (BE) which marks a small increase over the 2012-13 (RE). The share of the GBS has remained more or less in the range of 5.5 to 5.8 percent over the last few years.

Figure 8.b. Allocation in GBS as a Proportion of the Total Union Budget Expenditure (in percent)



Source: Statement 20 and Budget at a Glance, Expenditure Budget Volume 1, Union Budget-, Government of India, Various Years

GBS as an exercise is a very important tool to try and gauge to what extent the budgets in a country are engendered. India is credited as one of the first countries to institutionalize the process of GRB. While this is worth appreciating, it is also worthwhile to examine the exercise itself and see how robust it is in practice.

As has been noted above, Part B of GBS captures schemes with at least 30 percent allocations for women. The Table 8.b shows some of the major schemes along with their allocations as reported by the various departments/ministries under Part B of the GBS.

Table: 8.b. Comparison of Allocations being reported in Part B of the Gender Budgeting Statement with the Total Allocation of the Schemes (in Rs. Crore)

Ministry/ Department	Scheme	2012-13 RE			2013-14 BE		
		Allocation reported in Part B of GBS	Total Allocation of the scheme	Allocation in Part B as a % of Total Allocation	Allocation reported in Part B of GBS	Total Allocation of the scheme	Allocation in Part B as a % of Total Allocation
Agriculture and Cooperation	Integrated Oilseeds, Oilpalm, Pulses and Maize Development	0	397.8	0	90	475	18.95
	Support to State Extension Services	75	447.67	16.75	83	495	16.77
	National Food Security Mission	529	1654.51	31.97	675	2025	33.33
Information Technology	Department of Electronics-Accredited Computer Courses*	0.6	9.53	6.30	0.70	11.45	6.11
	Manpower Development (including Skill Development and IT for Masses)	0	65.14	0	2	90	2.22
Food & Public Distribution	Village Grain Bank Scheme	0.3	0	-	0.6	1.8	33.33
Ministry of Culture	Zonal Culture Centres	9.3	31	30	11.85	39.5	30
	Financial Assistance for Professionals & Individual for Specified Performing Art Projects	11.71	Not Found	-	13.27	Not Found	-
Ministry of Earth Sciences	Ocean Technology	22	65	33.85	30	90	33.33
	Ocean Science & Services	24	67.45	35.58	30	86	34.88

Ministry/ Department	Scheme	2012-13 RE			2013-14 BE		
		Allocation reported in Part B of GBS	Total Allocation of the scheme	Allocation in Part B as a % of Total Allocation	Allocation reported in Part B of GBS	Total Allocation of the scheme	Allocation in Part B as a % of Total Allocation
Health & Family Welfare	All India Institute of Medical Sciences, New Delhi	655.2	1284.7	51.00	683.4	1340	51
	National Vector Borne Disease Control Programme (including Filaria & Kala Azar)**	189.85	373.04	50.89	237.97	0	-
	Mission Flexible Pool**	2067.8	3610	57.28	2824.36	0	-
Department of AYUSH	Central Council for Research in Homoeopathy	38.64	63.76	60.60	54.07	75.69	71.44
	Central Council for Research in Unani Medicine	21.35	89.04	23.98	24.36	96.5	25.24
Department of AIDS Control	National AIDS Control Programme	527.87	Not Found	-	535.5	Not Found	-
Ministry of Housing & Urban Poverty Alleviation	Swarnajayanti Shahari Rozgar Yojana	211.33	704.46	30.00	285	950	30
Department of School Education and Literacy	Sarva Shiksha Abhiyan (SSA) #	11444.18	23645	48.4	13192.87	27258	48.40
	National Programme of Nutritional Support to Primary Education (Mid-Day Meal Scheme) #	4830	11500	42	5550.3	13215	42
	Rashtriya Madhyamik Shiksha Abhiyan (RMSA) #	1395.96	3172.63	44.00	1477.52	3983	37.10
Department of Higher Education	University Grants Commission	3114.1	9811.4	31.74	3235.22	10213.74	31.68

Ministry/ Department	Scheme	2012-13 RE			2013-14 BE		
		Allocation reported in Part B of GBS	Total Allocation of the scheme	Allocation in Part B as a % of Total Allocation	Allocation reported in Part B of GBS	Total Allocation of the scheme	Allocation in Part B as a % of Total Allocation
	National Mission in Education through ICT	66.6	222	30	120	340	35.29
Ministry of Labour & Employment	Improvement in working conditions of child/women labour #	132	132	100	200	200	100
Ministry of Micro, Small & Medium Enterprises	Prime Minister's Employment Generation Programme #	382.88	1276.28	30	425.48	1418.28	30
	Khadi Reform Development Package (ADB Assistance)	0	0	-	15	45	33.33
Ministry of Minority Affairs	Pre-Matric Scholarship for Minorities #	795.78	795.78	100	950	950	100
	Post-Matric Scholarship for Minorities #	340.75	340.75	100	548.5	548.50	100
Ministry of New & Renewable Energy	Biogas Programme***	118	109	108.26	123	117.9	104.32
Ministry of Panchayati Raj	Rajiv Gandhi Panchayat Sashaktikaran Abhiyan (RGPSA)	50	45	111.11	455	406.8	111.85
Department of Rural Development	NREGA #	9794.68	29387	33.33	11000	33000	33.33
	Aajeevika #	1300	2600	50	2000	4000	50
Ministry of Social Justice & Empowerment	Special Central Assistance for Scheduled Castes Sub Plan	308.4	1028	30	309	1030	30
	Post Matric Scholarship for SCs #	438.6	1462	30	441	1470	30

Ministry/ Department	Scheme	2012-13 RE			2013-14 BE		
		Allocation reported in Part B of GBS	Total Allocation of the scheme	Allocation in Part B as a % of Total Allocation	Allocation reported in Part B of GBS	Total Allocation of the scheme	Allocation in Part B as a % of Total Allocation
Ministry of Textiles	Handloom Weavers Comprehensive Welfare Scheme	42	105	40.00	28.5	65	43.85
	Catalytic Development Programme	65.76	-	-	70	213	32.86
Ministry of Tribal Affairs	SCA to Tribal Sub-Plan	304.5	852.54	35.72	360	1200	30
	Grants under Article 275(1) of the Constitution	333.38	820	40.66	395.1	1317	30
	Post Matric Scholarship	410.84	628.84	65.33	374.25	625	59.88
Ministry of Women & Child Development	Integrated Child Development Scheme (ICDS) #	9351.5	15858	58.97	10443	17846	58.52
	Integrated Child Protection Scheme (ICPS) #	136.6	273.20	50	150	300	50
Ministry of Youth Affairs and Sports #	National Youth Corps #	15.81	52.72	29.99	15.78	52.62	29.99

Source: Statement 20, Expenditure Budget Vol 1, and Expenditure Budget Vol 2, 2013-14 (BE), Union Budget, Government of India

Note: # Allocation figures for these Schemes include the "lumpsum provision for NER and Sikkim". Allocation figures for the other Schemes do not include the NER component

* DOEACC has been renamed as National Institute of Electronics & Information Technology (NIELIT)

**Schemes of Mission Flexible Pool and National Vector Borne Disease Control Programme have been merged under NRHM-RCH Flexible Pool and Flexible Pool for communicable diseases respectively

*** Given in the Expenditure Budget Volume as Renewable Energy for Rural Applications which would be used for construction of 1.00 lakh family type Biogas plants and start of a new programme on Cook stoves. It also includes provision for Scheduled Castes beneficiaries.

The analysis of the reporting by ministries and departments in Part B of the Gender Budget Statement shows that the exercise of GBS is far from perfect. It brings out certain gaps in reporting as well as some major anomalies worth mentioning. At the same time there are some other departments which have taken up this exercise seriously and are have taken steps to engender their schemes and programmes. Some major observations that arise from the analysis are:

- No rationale has been provided by departments and ministries to justify the amounts being reported in Part B of the Gender Budget Statement
- Part B of the Gender Budget Statement is meant to capture interventions which have earmarked at least 30 percent for women and girls but not the entire amount of funds. Certain departments and

ministries such as Ministry of Labour & Employment, Ministry of Minority Affairs, Ministry of New & Renewable Energy and Ministry of Panchayati Raj are reporting 100 percent of the allocations under specific schemes in Part B of the Gender Budget Statement

- Department of Police under Ministry of Home Affairs has reported 'Opening of Crèche, Day Care Centre, Gender Sensitization , Health Care Centre, Nutritional Care Centre, Women's Rest rooms (furniture and fixtures)/Washing Drying/ women's Laundry' under ITBP both in part A as well as Part B of the GBS. It also makes one wonder about the rationale behind including an initiative like women's laundry and washing drying under the GBS in either part of the statement.
- Certain ministries such as the Ministry of Rural Development have specific provisions for women in the scheme guidelines itself. This ensures that the reporting carried out in Part B of the Gender Budget Statement is a reflection of the actual benefits accrued to women.
- A number of ministries like the Ministry of Human Resource Development are reporting based on beneficiary data
- Some important schemes like Short Stay Homes, Women's Helpline, One Stop Crisis Center, Implementation of Protection of Women from Domestic Violence Act, Awareness Generation Programme under Ministry of Women and Child Development do not find mention in the GBS. These schemes may be small in terms of the allocated budgets but are critical interventions from a gender perspective.
- The Ministry of New and Renewable Energy has reported interventions like Solar Cooker, Biogas Programme and Cook Stove in part B of the GBS. Such interventions though important in short term, whereby it is difficult to bring about a change in the pre-defined societal roles (which treat cooking as the primary responsibility of women), should just be treated as immediate or short term interventions. The ministry should try and introduce some new or modify the existing schemes/programmes to engender them such that they can contribute to bringing about a change in the status of women in the coming years and redefine the existing roles prevalent in the society.

A major concern with the process of reporting under Part B is that in most cases, departments and ministries are carrying out an ex-poste exercise. What is missing is incorporating gender concerns in the planning process of the schemes and programmes. Additionally, many sectors, such as power, roads and highways etc. are considered 'indivisible'. However, there is a need to recognize the fact that no sector is gender neutral and there is a need to engender the planning and implementation of programmes in these sectors. In line with the above observation, there is a need to appreciate some initiatives being undertaken by the 'mainstream' ministries like Agriculture, Science and Technology and Bio Technology to promote specific interventions for women.

Although GBS is a key instrument for ensuring empowerment of women, allocations to the Ministry of Women and Child Development, the nodal ministry for women also needs to be reviewed to analyse the gender responsiveness of the Union Budget.

Allocations under the Ministry of Women and Child Development in Union Budget 2013-14

Although Union Budget 2013-14 emphasises that - "*Women belonging to the most vulnerable groups, including single women and widows, must be able to live with self-esteem and dignity*" the intent does not seem to be matched by adequate budgetary outlays for the interventions by the Ministry of Women and Child Development (MWCD) . The approved outlay in the 12th Five Year Plan for Ministry of Women and Child Development is Rs. 1,17,707 crore or an annual outlay of Rs. 23, 541 crore. The allocation to Ministry of Women and Child Development in Union Budget 2013-14 is Rs. 20,440 crore (BE), a marginal increase of less than Rs. 200 crore from Rs. 18,584 crore (BE) allocated to the Ministry in 2012-13.

Table 8.c.: Outlays towards key interventions under MWCD (in Rs. Crore)

Schemes/Programmes	Proposed Funds for 12th Five Year Plan By Steering Committee	Proposed Allocation for one year	Allocations in Union Budget 2012-13		Allocations in Union Budget 2013-14
			(BE)	(RE)	(BE)
Hostels for Working Women	100	20	9	7.47	18
Support to Training & Employment of Women	260	52	17.5	6.75	18
Central Social Welfare Board	1000	200	56.85	52.19	65.23
National Commission for Women	90.22	18.04	14.03	15.6	18.45
Swadhar Greh	675	135	90	49.5	67.5
Ujjwala	50	10	10.8	6.66	11.7
Priyadarshini	140	28	15	14	15
National Mission for Empowerment of Women	655	131	22.5	9.9	49.5
Rashtriya Mahila Kosh	400	80	90	0	18
Swayamsidha	1700	340	0	0	0
Strengthening of implementation of laws	450	90	0	0	0
Setting up One Stop Crisis Centres	150	30	5	0	9
24 hour National Women's Helpline	60	12	2	0	18
Compensation to Rape Victims	1300	260	19	0.84	76.6
Distance Learning Programme on Rights of Women	0.5	0.1	0.1	0	0
Media Plan	500	100	0	0	0
Scheme for coaching classes to increase representation of women in Central govt. jobs	15	3	0	0	0
Implementation of Protection of Women from Domestic Violence Act (PWDVA)	450	90	20	0	67.5
Support for Gender Training	5	1	0	0	0

Source: Steering Committee Report on Women's Agency and Empowerment and Expenditure Budget Volume II, Union Budget 2013-14
Note: Allocations for schemes do not include lump sum provision for North East region.

- Focus on strengthening existing interventions that address violence and contribute towards empowerment of women has been low. Instead, a knee jerk reaction in the form of the *'Nirbhaya'* fund with no clear guidelines involving coordination between a number of ministries has been introduced.
- Some significant interventions recommended by the Working Group on Women's Agency and Empowerment for the 12th five year plan have not been introduced in Union Budge 2013-14 as well.

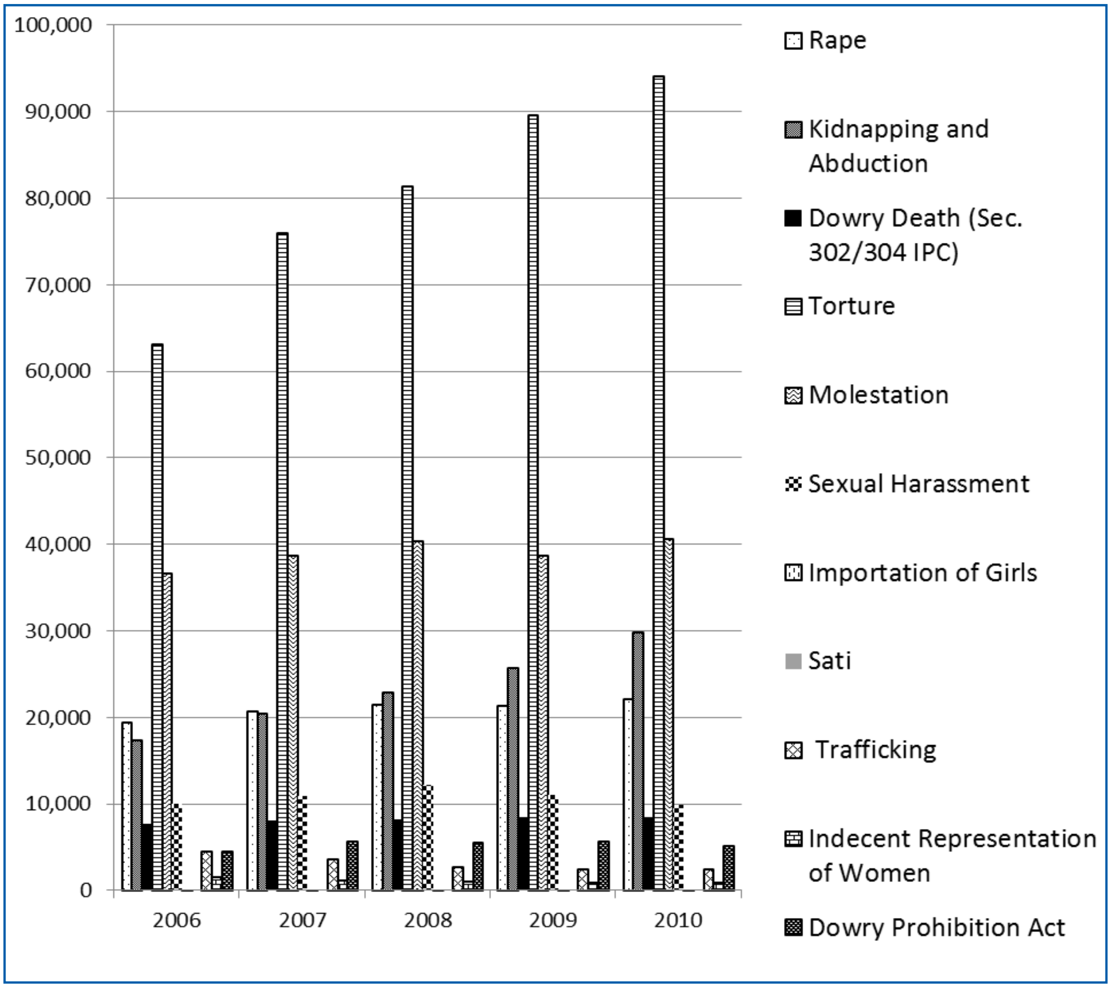
These include media plan, support to gender training, scheme for strengthening of implementation of laws and scheme for coaching classes to increase representation of women in Central Govt. jobs

- Distance Learning Programme on Rights of Women was introduced in 2012-13. However, no allocations towards this intervention have been made in 2013-14. Allocations for a number of interventions remain low. Schemes like STEP, *Priyadarshini* and Central Social Welfare Board, are too low for them to be able to make any significant impact.

Interventions on gender based violence in the Union Budget 2013-14

The incidence of gender based violence has been growing at an alarming rate over the last few years. Various measures undertaken by the Government have failed to curb the spate of crimes against women. Figure 8.c below illustrates the increase in the various types of crimes against women and girl children.

Figure 8.c. Incidents of Crime against Women during 2006-2010



The Union Budget 2013-14 recognises that "*As more women enter public spaces – for education or work or access to services or leisure – there are more reports of violence against them*". However, despite this recognition, the budgetary allocations for measures to address violence remain disappointing. .As reflected in the Gender Budget Statement, only a few ministries have significant interventions to prevent and address gender based violence.

Table 8.d captures some of the major interventions for addressing violence against women.

Table 8.d: Key Interventions to Address Violence Against Women in Union Budget 2013-14

(in Rs. Crore)

Department/ Ministry	Scheme	2011-12 (RE)	2012-13 (RE)	2013-14 (BE)
Ministry of Home Affairs	Gender sensitisation and other interventions for Indo Tibetian Border Police*	0.17	0.12	0.04
	Gender sensitisation and other interventions forCentral ReservePolice Force*	33	37	41.5
	Gender sensitisation and other interventions for Shashatsra Seema Bal*	0	0.15	0.42
	Organising courses on crime against women vis a via Human Rights, Juvenile Justice &Investigation of female foeticide cases	0.08	0.09	0.2
	Organising Workshop/Seminar on Trafficking in States to sensitise Police Officers on these issues	0.15	0.68	0.56
	Organising the Virtual Interactive Courses for IPS & other senior police officers to sensitise them on issues relating to Gender Categories	0.15	0.13	0.15
	Fellowship scheme for doctoral work in criminology and police science for women, award etc**	0	10.44	8.51
Ministry of Overseas Indian Affairs	Legal assistance to Indian Women facing problems in NRI marriages	0.15	0.65	0.75
Ministry of Women & Child Development	Hostels for Working Women	4.9	8.3	20
	Swadhar	30	55	75
	Relief and rehabilitation of rape victims	45.5	0	85
	National Comission for Women	12.3	15.57	19.13
	Gender Budgeting	1	0.71	1
	Conditional Cash Transfer for girl child with Insurance cover	5	5	10
	Comprehensive scheme for combating trafficking	10	7.4	13
	Rajiv Gandhi National Creche Scheme**	42.5	53.75	55
	Integrated Child Protection Scheme**	106.7	136.6	150
	National Commission for the Protection of Child Rights**	5.95	5.25	6.5
	Central Adoption Resource Agency**	4.5	4.7	5.45
	Women's Help Line#	-	0	18
	One stop crisis Centre#	-	0	9
	Implementation of Protection of Women from Domestic Violence Act #	-	0	67.5
	Scheme for the welfare of Working Children in Need of Care and Protection **		4.25	5
	National Mission for Empowerment of Women	40	11	55

Ministry of Social Justice & Empowerment	Machinery for Implementation of PCRAct 1955 & Prevention of Atrocities Act 1989**	20.7	24.6	26.4
	National Comission for Scheduled Castes**	3.49	3.49	3.77
	Assistance to Voluntary Organisationfor Old age home**	6.6	4.8	12
	Assistance to voluntary organisations for providing social defence servicess**	0.9	0.9	0.9
Ministry of Labour and Employement	Improvement in working conditions of child/women labour***	154.4	66	100
Total expenditure on key programmes addressing gender based violence		**528.14**	**456.58**	**789.78**

Source: Statement 20, Expenditure Budget Vol 1, and Expenditure Budget Vol 2, Union Budget, Government of India , Various years

*Other Interventions include opening of crèche, day care center, health centre, nutritional care centre, women's rest rooms, washing drying/women's laundry

Does not include lumpsum provision for NE

** Reported in Part B of the Gender Budget Statement; reflects part of the total allocation towards the programme

***Allocations towards Improvement in working conditions of child/woman labour reported in the Gender Budget Statement reflect the total allocation towards the scheme. Assuming that 50 % of the allocation benefits girl children, half of the total allocation has been included in the table

- As can be seen from table 8.d, only a few ministries have specific interventions to address gender based violence. Ministries like Human Resource Development and Ministry of Health and Family Welfare that could institute specific interventions for gender sensitization in educational curriculum and counseling of women and girl children facing violence have not yet undertaken such initiatives.
- Allocations towards new interventions introduced by the Ministry of Women and Child Development in the 12th five year period like women's help line scheme, protection of women from domestic violence act, and one stop crisis centre remained unutilsed in 2012-13. This in part may be attributable to the fact that these schemes, in the first year of implementation may be facing difficulties in implementation.
- A major hindrance in addressing violence is the lack of gender sensitivity of stakeholders including the police, government functionaries and even the judiciary. While some initiatives have been undertaken to sensitise the police force the same needs to be done for functionaries and officials across ministries and departments to engender programmes and address violence against women
- A concern remains with the utilization of allocations towards relief and rehabilitation of rape victims. Utilisation of the allocated funds for the 2009-10, 2010-11 and 2011-12 have been less than 1 percent. In 2012-13, the utilization was 4.42 percent.

Key Provisions for Women in the 12th Five Year Plan

The 12th Plan presents a comprehensive analysis of the vulnerabilities of various categories of women and the measures needed to be adopted to address these. Several new schemes were suggested by the Steering Group on Women's Agency and Child Rights for the 12th Five Year Plan, some of which were introduced in Union Budget 2012-13, the first year of the Plan period.

While the 12th Plan lays out a comprehensive set of measures that would significantly help address key concerns with respect to women, the outlays for the same do not seem adequate to meet the requirements. The Steering Group on Women's Agency and Child Rights had proposed an amount of Rs. 7699.22 crore for schemes and programmes for women alone. The total outlay for the Ministry for Women and Child Development for the 12th Plan period is Rs. 1,17,707 crore. Keeping in mind the fact that the allocation towards Integrated Child Development Services alone is Rs. 1,08,503 crore, there seems to be a mismatch between the total outlay towards the Ministry of Women and Child Development and the ambitious targets laid out in the 12th Plan.

The key elements for Gender Equity to be addressed in the Twelfth Plan are as follows:

- **Economic Empowerment**

The 12th Plan will endeavor to increase women's employability in the formal sector as well as their asset base. The plan will focus on

  - employment generation with equity in work conditions
  - skill development
  - special promotion of enterprises of home based workers/small producer
  - quota for women in agriculture related schemes
  - social security for women in the unorganised sector
  - Initiatives to enhance women's land access
  - Promotion of marketable manufacturing skills in production activities with special emphasis on skill development of women from marginalised sections.

- **Social and physical infrastructure**
  - Widening of emphasis from women's reproductive health to a life cycle approach towards overall health and well-being.
  - Dovetailing of IGMSY, National Food Security Bill and NRHM for effective convergence of programmes relating to pregnant and lactating mothers.
  - increase in the number of women teachers in rural schools and remote, inaccessible areas
  - gender impact assessment of Total Sanitation Campaign
  - pre project rapid gender assessment survey of major transport projects
  - gender audit of transport terminals and safety measures for women
  - gender sensitive energy development
  - Gender assessment of national and state action plans on climate change
  - Engendering different channels of media
- **Enabling Legislations**
  - Strengthening enforcement of the Pre Conception and Pre Natal Diagnostic Techniques (PC-PNDT)Act
  - Review if Maternity Benefit Act
  - Strict enforcement of Equal Remuneration Act, 1976
  - Improving implementation of Protection of Women from Domestic Violence Act and Dowry Prohibition Act

- **Women's participation in Governance**
  - Power of elected women representatives must be harnessed as change agents for better governance and social change
  - Strengthening women's participation in elections and training of elected
  - women representatives
  - Gender budget and gender audit in rural and urban local bodies
- **Special Problems of Women in Vulnerable Groups**
  - SC, ST women, women of religious minorities, differently abled women, single women and widows, elderly women, women affected with HIV/AIDS, migrant workers, women in disturbed areas, trafficked women, women in prison and transgender communities have been identified as women in vulnerable groups. A comprehensive analysis of the vulnerabilities of these various groups have been done and specific interventions for the same have been planned.
- **Engendering Flagship Programmes**

  The need to engender all flagship programmes of the government has been clearly articulated. Measures that could be initiated in this direction have also been suggested in the twelfth plan.
- **Institutionalising Gender Budgeting with Greater Visibility**
  - Gender Budgeting at the design stage for new policies/programmes/schemes
  - Gender analysis and audit by ministries/departments
  - Gender appraisal, monitoring and evaluation
  - Generation of sex disaggregated data
  - Continued emphasis on capacity building
  - Establishment of gender focal points within ministries, departments and institutions to identify and respond to gender issues
  - Provision of technical support for gender budgeting
  - Increasing accountability on gender budgeting through results framework document.

Children

- Children, who represent 43 percent of the population of the country, have been earmarked allocations worth 0.67 percent of GDP in Union Budget 2013-14 (BE).
- Total allocation for children has decreased from 4.8 percent of the Union Budget in 2012-13 (BE) to 4.6 percent of the Union Budget in 2013-14 (BE).
- Within the "Child Budget" (i.e. total allocation for all child-specific schemes) in 2013-14 (BE), which stands at Rs. 77,235.95 crore, the share of Child Education is 72 percent, Child Development 24 percent, Child Health 3 percent and Child Protection accounts for 1 percent.
- The outlay for Integrated Child Protection Services (ICPS) scheme has been reduced by Rs.100 crore in 2013-14 (BE).
- Allocation for "Child Health" has decreased from 3.77 percent of the Child Budget in 2012-13 to 3.0 percent in 2013-14.
- Allocation for Inclusive Education for the Disabled at Secondary School (IEDSS) under the Department of School Education and Literacy has dropped to Rs. 50 crore in 2013-14 (BE) from Rs. 70 crore in 2012-13 (BE). Outlay for the Institute of Mentally Retarded Children has also shrunk from Rs. 7.69 crore in 2012-13 (BE) to Rs. 6.01 crore in 2013-14 (BE).

With India being home to the largest child population in the world, the status of its children and the priority accorded to them by the government needs to be closely examined. The Prime Minister himself had admitted that despite an impressive GDP growth, the level of under-nutrition among children in the country is unacceptable and a matter of "national shame"[1]. India also houses the largest number of child labourers and has one of the worst rates of malnutrition in the world. Table 9.a provides a detailed overview of the status of children in the country and gives the context for the analysis that follows detailing the various aspects of the budget priorities.

It is important that budgeting for children ensures children's best interests come first, child-friendly social and economic policies are in place, that budgetary allocations are child-informed, adequate and do not decline over time, and, effective utilisation of allocated resources[2].

Table 9.a. Children in India: Status at a Glance

Child Sex Ratio (2011 Census)	914
Infant Mortality Rate (IMR) Per 1000 Live Births	44
Maternal Mortality Rate (MMR) per Lakh live birth	212

[1] pib.nic.in
[2] *Budgeting for Children,* The African Report on Child Wellbeing, The African Child Policy Forum, 2011.

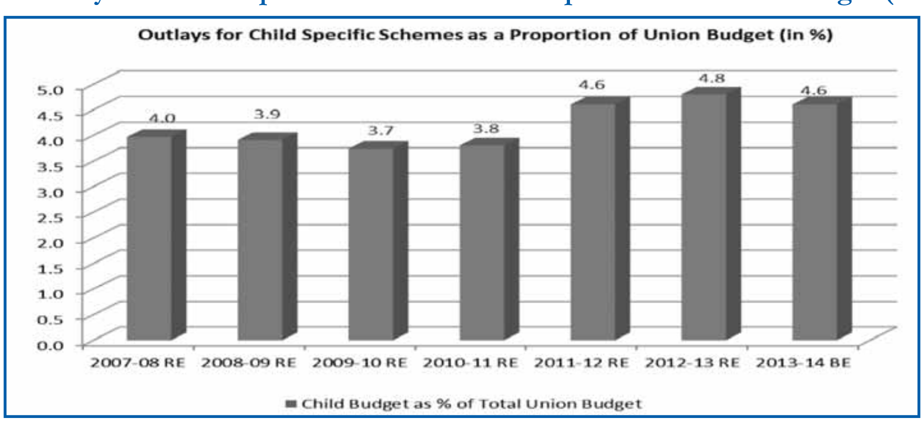
Anaemia (NFHS-3, 2005-06)	69.5% children (6-59 months) 55.8% in girls (15-19 years) 55.3% women (15-49 years)
Underweight (NFHS-3, 2005-06)	42.5% children under 5 years 35.6% of women in the age group of 15-49 years are Chronic Energy Deficient (*measured as Body Mass Index [Wt. (Kg)/Ht. (m2)]
Low Birth Weight (NFHS-3, 2005-06)	Nearly 22% newly born children have Low Birth Weight (LBW) i.e. below 2.5 kg.
Child Immunization (DLHS Survey-3, 2007-08)	54 % children received full immunisation. 86.7 % of Children received BCG. 63.4 % of Children received 3 doses of DPT. 65.6 % of Children received Oral Polio vaccine 3. 69.1 % of Children received Measles vaccine.
Vitamin A (DLHS Survey-3, 2007-08)	54.5 % of Children (9 months & above) received at least 1 dose of Vitamin-A supplement.
Initiation of breast feeding (DLHS Survey-3, 2007-08)	40.5 % Children Breast fed within 1 hour of birth.
Child Labour in Hazardous Occupations (Report of the Working Group on Child Rights (2012-2017))	1,219,470 (5-14 years)

With 43 percent of the population being children[3] (defined as below 18 years of age), the Working Group on Child Rights for the 12th Five Year Plan (2012-2017) had recommended that the 12th Plan should represent a new "Child Rights Paradigm" to ensure that children's rights to survival, development, protection and participation are met. As the country enters the second year of the 12th Plan, to what extent is the budget reflecting the call for a new child rights paradigm?

Resources Earmarked for Children (Child Budget) in Union Budget 2012-13:

Within the Child Budget in 2013-14 (BE), which stands at Rs. 77,235.95 crore, the share of Child Education is 72 percent, Child Development 24 percent, Child Health 3 percent and Child Protection accounts for 1 percent.

Chart 9.a: Outlays for Child Specific Schemes as a Proportion of Union Budget (in percent)



[3] 12th Five Year Plan, Vol III, P. 182

Source: Compiled from Expenditure Budget Vol. I, Union Budget, GoI, various years.

The political commitment towards fulfilling the rights of children is comes under question taking into account the 0.2 percent reduction in the already low outlays for child specific schemes as a proportion of the Union Budget. Considering the poor status of children in India (highlighted in Table 9.a), an allocation of 4.6 percent of the Union Budget is inadequate for addressing the various needs of children.

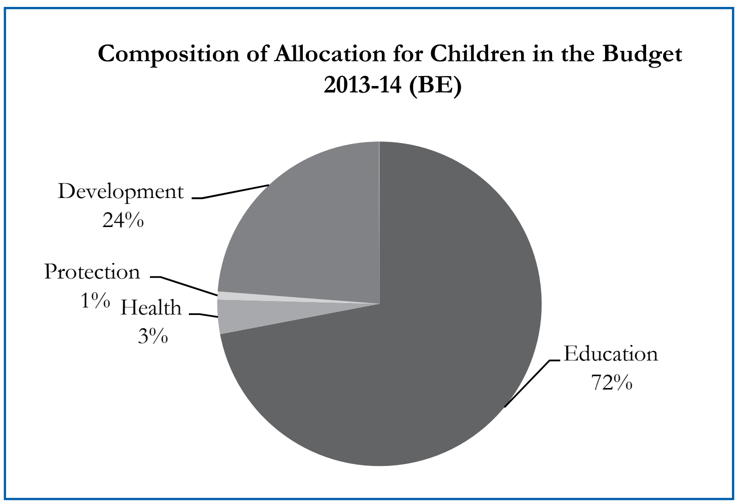
Sector-wise Prioritisation of the Child Budget

Taking into account the different needs of children, all child-focused programmes and schemes of the Union government can be categorised into four sectors. These are:

- Child Development (interventions for early childhood care and nutrition);
- Child Health (interventions for child survival and health);
- Child Education (education related interventions up to secondary level); and
- Child Protection (i.e., government interventions for protection of children in various kinds of difficult circumstances).

The sector-wise prioritisation of the Child Budget continues to be highly skewed in favour of Child Education and Child Development, whereas Child Health and Child Protection are neglected (Figure 9.b).

Figure 9.b: Sector-wise Composition of the Total Outlay for Children



Source: Statement 22, Expenditure Budget, Vol.I, Union Budget 2013-14.

Of the total resources earmarked for children in Union Budget 2013-14 (BE):

- A total of 72 percent (same in 2012-13 BE) is meant for Child Education, which includes funds for Sarva Shiksha Abhiyan (SSA), Mid-Day Meal Scheme, Rashtriya Madhyamik Shiksha Abhiyan, Kendriya Vidyalayas and Navodaya Vidyalayas.
- Altogether 24 percent (23 percent in 2012-13 BE) is meant for Child Development, which includes funds for schemes like ICDS and National Crèche Scheme.
- Three percent (3.8 percent in 2012-13 BE) is for Child Health, which includes funds for schemes like Immunisation Programmes, RCH programme and Children's Hospitals.
- One percent (.93 percent in 2012-13 BE) is meant for Child Protection, which includes ICPS among others.

Comparing this sector-wise prioritisation to the previous fiscal year points to a mere redistribution in resource allocation rather than any focused, committed intervention. No new scheme has been introduced by the government. Although the allocation for ICDS sees a 11.67 percent increase to Rs. 17,700 crore over last year, this is far short of the target average annual amount of Rs 36,600 crore recommended by the 12th Plan Working Group on Child Rights for ICDS (Rs. 183,000 crore over the entire plan period). Even with over 40 percent of children in the country being underweight, there is still no commitment towards universalisation of ICDS. On the basis of ICDS norms and guidelines, CBGA estimated that Rs. 87,750 crore was required in Union Budget 2012-13 to universalise ICDS.

An allocation of Rs. 585 crore has been proposed for the Rajiv Gandhi Scheme for Empowerment of Adolescent Girls (SABLA), which is lower than the previous year's allocation of Rs. 750 crore. This figure again does not come close to the working group recommendation of an average annual amount of Rs. 6,400 crore.

The allocation for the Integrated Child Protection Scheme (ICPS) has also gone down by Rs. 100 crore this year and is nowhere near the Rs. 1,060 crore recommended by the Planning Commission's working group. The scheme for Adolescent Boys (Saksham) on the other hand has been neglected since the beginning of the 12th Plan.

Table 9.b Working Group Recommendations on Child Rights vs Allocations in Union Budget 2013-14

S. No.	Programme Key Activities		Projected Financial Requirement during 12th Plan Period (in Rs. Crore) (For five years)	Annual Projection of require fund during 12th Plan (per year)	Allocation in 2012-13 Union Budget (in Rs. Crore)	Allocation in 2013-14 (BE) Union Budget (in Rs. Crore)
1.	**ICDS**	ICDS	183000	36600	15850	17,700
		IG Matritva Sahyog Yojna	60000	12000	468	450
		Integrated Child Development Services (under **Early Childhood Care & Education**)	5000	1000		
		SABLA	32000	6400	675	585
		Total ICDS	**280,000**	56000		
2.	ICPS		5300	1060	400.0	300
3.	RG National Creche Schemes		1920	384	110.0	110
4.	Strengthening of NCPCR		75	15	12.0	13
5.	Scheme for Adolescent Boys – Saksham		9729	1945.80	0.10	18
6.	Strengthening of NIPCCD		125	25	28.50	30.75

Source: Working Group Report on Child Rights; Union Budget 2012-13, Expenditure Vol. 1, p.99

It is evident from Table 9.c that the allocations in Union Budget 2012-13 for some of the key programmes for the welfare of children are far below the amount recommended by the Planning Commission's working group.

The budget figures by the working group was towards a new "child rights paradigm" which would fulfil the rights of all children but those estimates are far from being met.

While making the case for inadequate resources for meeting the needs and rights of children in the country by examining child specific schemes in the Union Budget, it is important to place these debates in the wider socio-economic context. De Vylder (2011)[4] notes that governments that "budget for children" should see that children are impacted by macroeconomic policies, fiscal policies, monetary policies and so on. All economic and social policies of the government should be scrutinised from the lens of children and the impact they have on the well-being of children as early and as comprehensively as possible. In addition, it is also imperative that the government puts in place a framework for the participation of children in the budget setting, monitoring and implementation processes. If the government is serious about child-friendly budgeting, it starts with the recognition that budget priorities should also be informed by children.

[4] de Vylder, S. (2011). "A macroeconomic policy for children in the era of globalisation." In Cornia, G.A.(ed). "Harnessing Globalisation for Children: a Report to UNICEF"

Scheduled Castes

- The government's allocation under the Scheduled Caste Sub Plan (SCSP) in Union Budget 2013-14 has increased to Rs. 41561 crore from Rs. 37113.03 crore in 2012-13 (BE). This marks an increase of Rs. 4447.97 crore.
- There has been a fall in the share of SCSP in the total plan allocations (excluding Central Assistance to States and Union Territories) from 10.43 percent in 2012-13 (RE) to 9.92 percent in 2013-14 (BE).
- The Finance Minister has reiterated in his budget speech that the funds allocated to the sub plan cannot be diverted and must be spent for the specified purposes.
- For the first time, the figures for Actual Expenditures have been reported in the Statement 21 of Expenditure Budget Vol. I.
- No new schemes have been introduced for welfare of SCs and the number of Ministries/Departments reporting under Statement 21 remains the same as last year.
- Reporting under Statement 21 remains a retrospective planning process.
- In keeping with the objectives of the 12th Five Year Plan, the budget stresses on educational development of SCs and STs. A total of Rs. 5284 crore has been allocated in 2013-14 (BE) for the scholarships for SCs, STs, Minorities, OBCs and the girl child. This marks an increase of around Rs. 709 crore over 2012-13 (RE).
- 10 percent of the Special Central Assistance to the Scheduled Caste Sub Plan and the Tribal Sub Plan to be used for National Skill Development Corporation

Scheduled Castes (SCs) have been among the most disadvantaged sections of society due to socio-economic exploitation and isolation over the centuries. They lag behind the rest of the population in terms of both human development and economic indicators. Steps have been initiated over the past 60 years to bring them at par with the rest of the population but gaps persist. SCs today fare poorly with regard to levels of literacy, employment rates as well as health indicators. Table 10.a reflects a marked difference in the social and economic indicators of SCs as compared to other social groups.

Table 10.a: Socio-Economic Indicators for Scheduled Castes

Indicators	Year	SCs	Other Groups
Literacy Rate (Rural) %	2007-08	60.5	76.9
Literacy Rate (Urban) %		74.9	89.9
Unemployment Rate by Current Daily Status (Rural)	2007-08	11.9	8.4
Unemployment Rate by Current Daily Status (Urban)		10.1	7.4
Women with BMI < 18.5 (%)	2005-06	41.2	29.3
Women with Anaemia (%)	2005-06	58.3	51.2

Indicators	Year	SCs	Other Groups
Infant Mortality Rate (per 1000)	2005-06	66.4	48.9
Households with Pucca houses (%)	2008-09	38.3	77.9
Households with electricity (%)	2008-10	61.2	84.3

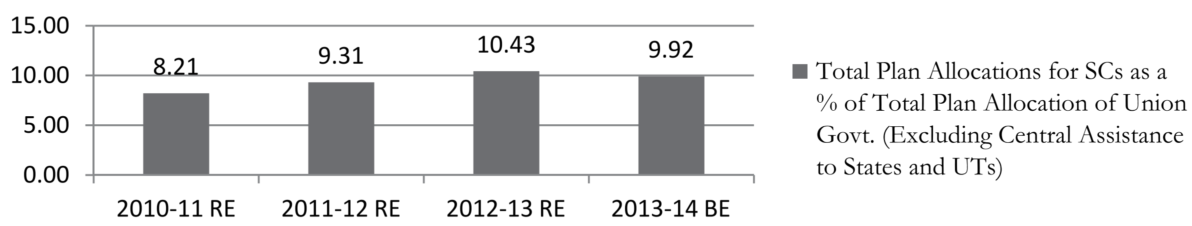
Source: India Human Development Report 2011, Towards Social Inclusion, Institute of Applied Manpower Research, Planning Commission, GoI (computed from NFHS, NSS various years)

The government has introduced several measures and schemes to bridge the existing developmental gaps faced by these groups with the Ministry of Social Justice and Empowerment being the nodal ministry responsible for development of SCs and for implementation of key welfare programmes targeted for them. During the 1970s, the Planning Commission introduced an important plan strategy –Special Component Plan for SCs (SCP) – to ensure direct policy-driven benefits for SCs through specific interventions. The SCP for SCs was later renamed Scheduled Caste Sub Plan (SCSP) and its main objective of SCSP is to channel Plan funds for the development of SCs in accordance with their proportion in the total population (16 percent at the national level as of Census 2001).

Under SCSP, Plan funds are earmarked for SCs under separate budget heads for each ministry implementing the sub plan. SCSP with code/budget head 789 denotes spending specifically for SCs. These could also include outlays for area-oriented schemes that benefit SC hamlets having a majority SC population. This strategy calls for designing new and appropriate developmental programmes/schemes relevant for the development of SCs. The sub plan is being reported under the Union Budget, Expenditure Budget Vol. 1 as Statement 21 since 2010 BE, which shows the allocations by various ministries/departments for welfare of SCs. Graph 10.a shows the trend of the share of allocations for SCs as a proportion of Total Plan allocations of the Union Government.

Allocations for SCs reached an all-time high at 10.43 percent of the total plan allocation of Union Budget 2012-13 (RE) but this too fell short of the 16.2 percent share stipulated by SCSP norms. The increase in outlay was mainly due to a substantial fall in the total plan allocation of the Union government from Rs. 321405.55 crore to Rs. 317184.62 crore, which increased the proportionate share of SCSP in the total allocations. However, the share of SCSP in the total plan allocations of Union Budget (excluding Central Assistance to States and Union Territories) has dipped to 9.92 percent in 2013-14 BE.

Graph 10.a Total Plan Allocations for SCs as a % of Total Plan Allocation of Union Govt. (Excluding Central Assistance to States and UTs)



Source: Compiled from Statement 21 and Statement 1, Expenditure Budget Vol. I, Union Budget, GoI, Various years

Reporting within Statement 21 is not being undertaken by all the ministries/departments, even among those which are liable to allocate funds under SCSP. That apart, a few Departments and UTs have stopped reporting under the statement. Table 10.b shows allocations under this Statement by various ministries/departments:

Table 10.b. Assessment of Fund Allocation through Statement 21 in Union Budget 2013-14

(in Rs. Crore)

S. No.	Ministry/Department	2010-11 RE	2011-12 RE	2012-13 RE	2013-14 BE
1	Department of Animal Husbandry, Dairying and Fisheries	0	160.11	291.59	328.05
2	Department of Agriculture and Cooperation	-	1401.98	1533.71	1888.11
3	Department of Commerce	-	90	94	100
4	Ministry of Civil Aviation	0.1	-	-	-
5	Police	2.66	-	-	-
6	Ministry of Labour and Employment	9.8	210.6	352.59	408.89
7	Ministry of New and Renewable Energy	0	42	40.25	53.23
8	Department of Science and Technology	3	31.52	25.97	69.43
9	Department of Biotechnology	3.5	-	-	-
10	Ministry of Social Justice and Empowerment	3434.76	4019.1	3888.93	4755.8
11	UT of Chandigarh	10.41	-	-	-
12	UT of Daman and Diu	0.56	-	-	-
13	Ministry of Agriculture	272.5	-	-	
14	Department of Industrial Policy and Promotion	30.73	30.01	5.8	42
15	Department of Information Technology	53.2	45.08	51.74	60
16	Ministry of Environment and Forest	0	51	43.36	53.46
17	Department of Health and Family Welfare	2163	3137.61	3712.88	4433.08
18	Department of AYUSH	-	32.5	33.5	53.45
19	Department of AIDS Control	0	228	267.45	271.32
20	Ministry of HUPA	0	234.91	162.5	328.5
21	Department of School Education and Literacy	5881.83	7791.4	8545.8	9931.8
22	Department of Higher Education	2175.67	1922.85	2076.91	2431.51
23	Ministry of Micro, Small and Medium Enterprises	276.26	186.09	309.69	357.24
24	Ministry of Panchayati Raj	11	14.01	23.78	75.49
25	Ministry of Power	-	502.23	390.76	800
26	Department of Rural Development	7492	4375.06	3819.74	6358.37

S. No.	Ministry/Department	2010-11 RE	2011-12 RE	2012-13 RE	2013-14 BE
27	Department of Land Resources	0	279.75	491.69	933.85
28	Department of Drinking Water and Sanitation	0	2200	2860	3358
29	Ministry of Textiles	139.2	265.16	225	231.55
30	Ministry of Women and Child Development	2349	2530	3700	4070
31	Ministry of Youth Affairs and Sports	204.98	136.55	137.4	168
	Total Allocation	**24514.16**	**29917.52**	**33085.04**	**41561.13**

Source: Statement 21 from Expenditure Budget Volume 1, Union Budget various years

As per Statement 21 of Union Budget 2013-14, the government's allocation under SCSP has gone up to Rs. 41,561 crore from Rs. 33085.04 crore in 2012-13 (RE). This marks an increase of Rs. 8476.09 crore over the year. Even so, several ministries and departments still remain out of the ambit of the SCSP.

On the positive side, the Statement has for the first time reported figures of Actuals, which could be seen as a step towards greater transparency. Moreover, the Finance Minister in his budget speech has emphasised that that the funds allocated to the sub plan cannot be diverted and must be spent for the specified purposes. However, much remains to be done with regard to the reporting under this.

Reporting under SCSP is flawed with several problems. First, the total outlay reflected in the Statement **falls far short of 16 percent of total Plan Budgets of all Union Ministries**, which is the benchmark for earmarking Plan funds under SCSP. Second, **only some of the Ministries have been reporting under this Statement**, implying that the others were not even trying to implement SCSP. Third, of those Ministries that have been reporting under Statement 21, **only a few had the required codes/budget heads for SCSP in their detailed budget books** (Detailed Demands for Grants).

Further, the Narendra Jadhav Committee's roadmap for implementation of SCSP has not addressed a core problem. In several schemes, nodal Ministries are reporting a part of their Plan allocations as the proportion of funds meant for benefiting SCs even though the schemes/any component(s) may not target the specific needs and challenges of SCs. In fact, a majority of the schemes are designed for the entire population and the nodal Ministry has assumed that SCs would benefit from it along with other sections of the population.

Reporting under SCSP over the years has been more in the nature of "retrospective budgeting" where allocations for SCs are earmarked after the Plan budgets of the ministries were finalised in the process of formulation of the Union Budget without any special measure taken for formulating SCSP during the budget preparation phase. A scrutiny of the programmes/schemes across several such ministries also indicates that they were merely 'assuming' that a certain proportion of funds in a certain scheme would benefit SCs based on the share of SC population in the country's total population. This defies the purpose of initiating a strategy like SCSP. Projects meant for SCs should have a beneficiary oriented approach as far as possible and cover SC dominated hamlets in projects related to infrastructure and basic amenities.

Further, the main objective of SCSP should not be to just report/show that 16 percent of the total plan budgets of all ministries are for benefiting SCs, as such an objective pushes several ministries to focus merely on retrospective reporting. The main objective of the sub plan should be to encourage all ministries to – (i) identify what could be the additional difficulties /challenges confronting SCs in their sectors of concern, (ii) what kind of measures could be taken by them to address those special difficulties/challenges, and (iii) how much additional resources would be required for such special measures. These additional resources devoted for the special measures for SCs should then be reported under SCSP. Clearly, it would be neither feasible nor necessary for all ministries to meet the 16 percent benchmark for SCSP. But if the ministries make serious efforts along these lines, the combined Plan allocations reported for all ministries is quite likely to be higher than the benchmarks - if not in the first year itself, then over a span of a few years.

Main Provisions under the 12th Five Year Plan

The policy measures suggested under the 12th FYP are mainly along the lines of those suggested in 11th Plan. Emphasis has been laid on the educational development of SC students, especially girls. Outlined below are some of the major provisions under the 12th FYP for development of SCs:

Educational Development

- Introduction of Pre-Matric scholarship for SC students (other than children of those engaged in manual scavenging) for Classes IX and X; need to extend it up to Classes I-VIII
- Need for regular revision of rate of scholarship based on CPI
- Increase the coverage of all scholarships by raising income ceiling under eligibility criteria; extending courses; increasing the number of beneficiaries under the schemes etc.
- Attention to be paid to retention in schools through MDMS, free books etc.
- Building up new good quality residential schools & upgrading existing ones, especially for girls

Economic Development

- Need for channelising credit to SCs and safai karamcharis through National Safai Karamcharis Development Corporation (NSKFDC) to assist at least one lakh beneficiaries
- Scheduled Caste Development Corporations (SCDC) should focus on capacity building, network building with micro financing, risk sharing and mitigation, and selection of viable economic ventures for them; create institutional mechanisms for marketing
- Redistribute surplus govt. land to SC agricultural labourers in rural areas in time-bound manner
- Establish National Fund for Innovative Development Activities for SCs for supporting SC talent in diverse areas not covered under existing schemes

Other provisions

- Any shortfall in allocations for SCP may be kept with the Planning Commission as "Special Central Assistance" to support programmes that demonstratively benefit SCs. These could be allocated to ministries or states in consultation with the Ministry for Social Justice and Empowerment.
- New Operational Guidelines for MGNREGA: Blocks where either SCs or STs form greater than 30 percent of the population or the annual MGNREGA expenditure is greater than Rs.12 crore in any year since the programme started will mandatorily have at least three Cluster Facilitation Teams (CFT)

While the efforts to improve the reporting mechanisms under Statement 21 by introducing Actuals figures this year and to make these funds non-divertible are welcome, much needs to be done to ensure a focused and targeted approach towards SC welfare and development. Moreover, SCSP, the main intervention for the development of SCs, is plagued by shortcomings and needs a thorough revision to iron out its flaws and make it a more targeted intervention.

Scheduled Tribes

- As per Statement 21A (in Expenditure Budget Vol. I) of Union Budget 2013-14, the government's allocation under the Tribal Sub Plan (TSP) has increased to Rs. 24,598.39 crore from Rs. 21,710.11 crore in 2012-13 (BE). This marks an increase of Rs. 2,888.28 crore.
- There has been a small decrease of 0.03 percent in the share of TSP in the Total Plan Allocations of Union Budget (excluding Central Assistance to States and Union Territories) from 5.90 percent in 2012-13 RE to 5.87 percent in 2013-14 BE.
- Finance Minister reiterated in his budget speech that the funds allocated to the Sub Plan cannot be diverted and must be spent for the purposes of the Sub Plan
- For the first time, the figures for Actual Expenditures have been reported in the Statement 21A
- The reporting under the Statement 21A remains a retrospective process where the allocations are done under TSP as an ex-post exercise
- Keeping with the objectives of the 12th FYP, this budget stresses the need for educational development of SCs and STs. Rs. 5,284 crore have been allocated in Union Budget 2013-14 BE, for the scholarships for SCs, STs, Minorities and OBCs and girl children. This marks an increase of around Rs. 709 crore over last year's RE.
- 10 percent of the Special Central Assistance to the Scheduled Caste Sub Plan and the Tribal Sub Plan to be used for National Skill Development Corporation

Scheduled Tribes (STs) are among the most disadvantaged sections of the society. Their socio-economic status is far below that of the other social groups due to various discriminatory and exploitative practices followed through the years against them as well as their geographical and social exclusion. In this regard the 12th Five Year Plan (FYP) has noted that "This calls for an inclusive growth process which provides opportunities for all to participate in the growth process combined with schemes that would either deliver benefits directly or more importantly help these groups to benefit from the opportunities thrown up by the general development process." Over the years several initiatives have been introduced for raising the level of development of STs in the country, but they still suffer from various deficits both in terms of their socio-economic indicators as well as access to basic services. Table 11.a highlights some of the development indicators for STs as compared to other social groups. STs fare badly in almost all the indicators.

Table 11 a: Socio-Economic Indicators for Scheduled Tribes

Indicators	Year	STs	Other Groups
Literacy Rate (Rural) %	2007-08	58.8	76.9
Literacy Rate (Urbanl) %		78	89.9
Unemployment Rate by Current Daily Status (Rural)	2007-08	7.5	8.4
Unemployment Rate by Current Daily Status (Urban)		10	7.4
Women with BMI < 18.5 (%)	2005-06	46.6	29.3

Indicators	Year	STs	Other Groups
Women with Anaemia (%)	2005-06	68.5	51.2
Infant Mortality Rate (per 1000)	2005-06	62.1	48.9
Households with Pucca houses (%)	2008-09	57.9	77.9
Households with Kutcha houses (%)	2008-09	18.8	7.7
Households with electricity (%)	2008-10	66.4	84.3
Source: India Human Development Report 2011, Towards Social Inclusion, Institute of Applied Manpower Research, Planning Commission, GoI [computed from NFHS, NSS various years)			

Recognising the low socio-economic standing of STs, the government has undertaken several initiatives to address the gaps. Ministry of Tribal Affairs is the nodal ministry for undertaking programmes for the development of STs in the country. Thus, it is important to analyse the performance of this ministry with regard to the allocations and utilisation of funds over the 11th Five Year Plan (FYP) period. As is evident from Table 11.b, the fund utilisation of the ministry has been quite high consistently.

Table: 11.b: Fund Utilisation under 11th FYP by Ministry of Tribal Affairs (in Rs. Crore)

Year	BE	RE	Expenditure	Exp. As % of RE
2007-08	1719.71	1719.71	1524.32	88.638
2008-09	2121	1970	1805.27	91.638
2009-10	3205.5	2000	1996.75	99.838
2010-11	3206.5	3205.7	3136.48	97.841
2011-12	3723.01	3723.01	3623.56	97.329
Total	13976	12618	12086.38	95.784

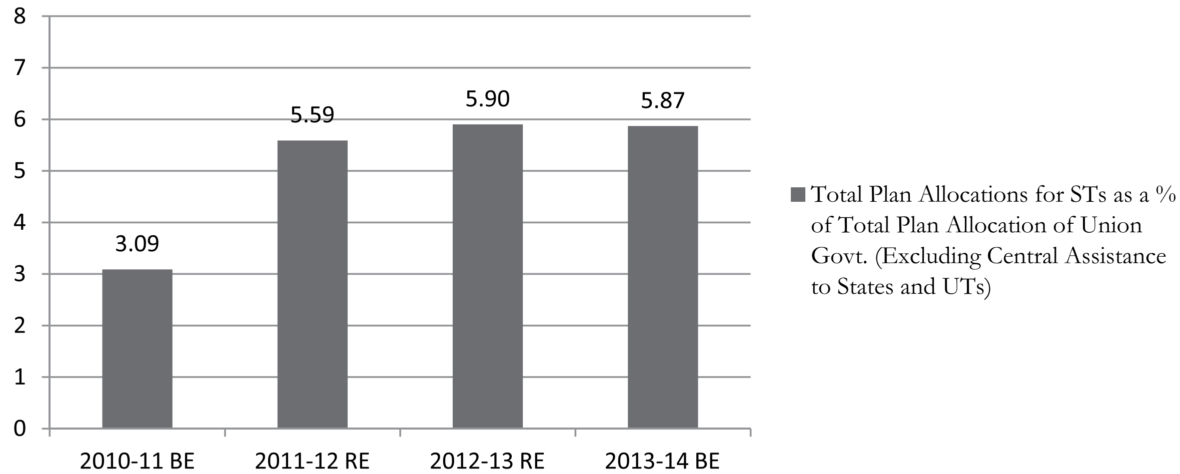
Source: DR SCR on Tribal Affairs (2011-12) on Ministry of Tribal Affairs Demand for Grants 2012-13, Lok Sabha Secretariat, GoI

Although this reflects well on the stand-alone performance of the ministry with respect to fund utilisation, to ensure that there is a positive impact on the overall development of STs, it is important to introduce a comprehensive strategy cutting across all sectors. It was with this intent that the Tribal Sub-Plan (TSP) was introduced by the Planning Commission during the 1970s. The primary objective of the TSP is to channelize funds and benefits through existing schemes for the welfare of the STs, both at the Union government level as well at the level of the States/UTs in proportion to the population share of the STs (8 percent according to 2001 Census).

Under this strategy, Plan funds are to be earmarked for STs (through TSP) under separate budget heads for each ministry implementing TSP. Tribal Sub Plan with code/budget head 796 is to denote spending specifically for STs. These outlays could also include outlays for area-oriented schemes that benefit ST hamlets having a majority of ST population. These strategies also call for designing new and appropriate developmental programmes/schemes relevant for the development of STs. The TSP funds should be non-divertible and non-lapsable.

Graph 11.a shows the trend of the proportion for allocations for STs out of the Total Allocations of the Union Government over the years. It is interesting to see that in no year have the allocations reached the stipulated 8 percent mark.

Graph 11.a Total Plan Allocations for STs as a % of Total Plan Allocation of Union Govt. (Excluding Central Assistance to States and UTs)



Source: Compiled from Statement 1 and 21, Expenditure Budget Vol. I, Union Budget (various years)

As has been the case with the SCSP, even in TSP not all the ministries/departments are allocating funds under this Statement. Ministry of Agriculture which had been reporting funds till 2012-13 BE has stopped reporting under Statement 21A from 2012-13 RE. Same is the case with the Ministry of Civil Aviation and Department of Biotechnology which had reported allocations for only one year (2010-11 RE). There hasn't been any increase in the number of ministries/departments reporting under it from last year. Table 11.b shows the allocations made by various ministries/departments over the years for TSP.

Table 11.b: Assessment of Fund Allocation through Statement 21A in Union Budget 2013-14

(in Rs. Crore)

S. No.	Dept./Ministry	2010-11 RE	2011-12 RE	2012-13 RE	2013-14 BE
1	Ministry of Agriculture	139.3	692.33	-	-
2	Dept. of Agricultural Research & Education		100.8	86.4	123
3	Dept. Agriculture and Cooperation			757.3	932.5
4	Ministry of Coal		27	31.01	31.6
5	Dept. of Telecommunications	0	5.02	5.99	14.5
6	Dept. of Information Technology	0	196.2	138.46	201
7	Dept. of Food & Public Distribution	0	1.96	3.44	6.28
8	Ministry of Culture	7.4	16.1	17.28	28.7
9	Ministry of Environment & Forests		15	14.51	16
10	Dept. of Health & Family Welfare	1167	1683.7	1804	2391.53
11	Dept. of AYUSH	8.21	13	13.4	21.38
12	Dept. of AIDS Control	0	123	144.28	146.37
13	Ministry of Housing & Urban Poverty Alleviation	0	25.06	17.32	35.04
14	Dept. of School Education & Literacy	3441.06	4168.4	4572	5313.52

S. No.	Dept./Ministry	2010-11 RE	2011-12 RE	2012-13 RE	2013-14 BE
15	Dept. of Higher Education	621.29	961.33	1021.53	1219.59
16	Ministry of Labour and Employment	0	106.6	169.01	206.95
17	Ministry of Micro, Small & Medium Enterprises	147.32	133.96	211.11	244.21
18	Ministry of Mines		8.12	8.72	9.72
19	Ministry of Panchayati Raj	11	7.08	12.27	37.55
20	Ministry of Road Transport & Highways		375	500	800
21	Ministry of Rural Development	0	3081.94	2778.87	4452.03
22	Dept. of Land Resources	0	246.42	302.4	576.45
23	Dept. of Drinking Water & Sanitation	0	1000	1300	1526
24	Dept. of Science & Technology	3	32.75	21.86	69.43
25	Ministry of Social Justice and Empowerment			0	46
26	Ministry of Textiles	27.6	63.63	54.75	55.57
27	Ministry of Tourism	0	27.5	23.75	32.05
28	Ministry of Tribal Affairs	3203.3	3723.01	3100	4279
29	Union Territories (Andaman & Nicobar Islands)		2.71	2.94	2.94
30	Union Territories (D&D)		1.16	1	1
31	Ministry of Water Resources	0	10.4	17.5	19.5
32	Ministry of Women and Child Development	0	1037.3	1517	1668.7
33	Ministry of Youth Affairs & Sports	75.9	72.55	73.23	90.28
34	Ministry of Civil Aviation	0.05			
35	Department of Biotechnology	1.75			
36	UTs of Andaman & Nicobar Islands, Dadra and Nagar Haveli, Daman and Diu and Lakshadweep	367.13			
	Total	**9221.31**	**17959.03**	**18721.33**	**24598.39**

Source: Statement 21A, 2013-14, Expenditure Budget Volume-I, Ministry of Finance, Government of India

As per Statement 21A of Union Budget 2013-14, the government's allocation under the Tribal Sub Plan (TSP) has increased to Rs. 24,598.39 crore from Rs. 18,721.33 crore in 2012-13 (RE). This marks an increase of Rs. 5,877.57crore.

An important development in the Statement 21 A this year has been the introduction of the Actuals' figures. The same has been made available for the year 2011-12, which shows that Rs. 17453.61 crore were spent out of the Budget Estimates of Rs. 18466.23 crore for the same year. This amounts to a fund utilisation of almost 95 percent. Introduction of Actuals' figures this year is a welcome step towards greater transparency.

Moreover, the Finance Minister in his Budget Speech has emphasised that the funds allocated to the sub plan cannot be diverted and must be spent for the purposes of the sub plan. However much remains to be done with regard to the reporting under this. As has been seen in the case of SCSP, similar problems are being faced with regard to the format and reporting under the TSP.

The first problem was that the total outlay reflecting in the Statement 21A **fell far short of the 8 percent of total Plan Budgets of all Union Ministries**, which should be the benchmark for earmarking Plan funds under TSP. Secondly, **only some of the Ministries were reporting in this Statement**, implying that the other Ministries were not even trying to implement TSP. Thirdly, out of those Ministries that were reporting in Statement 21A, **only a couple of Ministries had the required codes / budget heads for TSP in their detailed budget books** (i.e. the Detailed Demands for Grants).

The Narendra Jadhav Task Force, which was mandated to revamp the SCSP/TSP, laid down several recommendations to ensure effective and accurate reporting under the TSP. However it failed to address the main problem that most of the schemes being reported under the TSP are not schemes/programmes meant specially for addressing the needs and the challenges faced by the STs, they are schemes designed for the entire populations and the nodal Ministry is 'assuming' that STs will also benefit from it along with other sections of the population. As with the SCs such 'incidental' benefits do accrue to STs from most development schemes; and, in case of some Ministries, like the Min. of Rural Development, the data on beneficiaries do validate such assumptions of benefits. But this approach doesn't encourage devising new strategies within the existing programmes and schemes to make them more attuned to the needs of these groups.

The Task Force also included several ministries and departments in the No-Obligation List with regard to the reporting under TSP. These are the so-called indivisible sectors. However, by placing some ministries/ departments under the No-Obligation List, the Task Force discourages these sectors from trying to devise new interventions targeted for address specific disadvantages faced by these groups or from trying to make their existing policies more targeted to address their needs.

The entire exercise of reporting allocations under the Statement 21A has been an ex-post exercise wherein the allocations are earmarked for the STs based on the assumptions with regard to the ST population in the country's total population, after the respective budgets of the ministries/ departments have been finalized. What is missing in such an approach is the specific policy interventions, at the time of formulating the policy guidelines or while finalizing the budget of the ministry, for the benefit of the STs. This flouts the purpose of initiating a policy driven approach like TSP which aims at addressing the specific developmental deficits and challenges being faced by the STs.

As with the SCs the projects meant for STs should have a beneficiary oriented approach as far as possible and they should cover the ST dominated hamlets in the projects related to infrastructure and basic amenities.

To reiterate the point made under the SCSP, the main objective of TSP should not be to just report / show that 8 percent of the total Plan Budgets of all Ministries is meant for benefiting STs, as such an objective pushes several Ministries to focus merely on retrospective reporting; rather the main objective of TSP should be to encourage all Ministries to – (i) identify what could be the additional difficulties / challenges confronting STs in their sectors of concern, (ii) what kind of measures could be taken by them to address those special difficulties / challenges, and (iii) how much additional resources would be required for such special measures. These additional resources devoted for the special measures for STs should then be reported under TSP. Clearly, it would be neither feasible nor necessary for all Ministries to meet the 8 percent benchmark for TSP. But, if the Ministries make serious efforts along these lines, the combined Plan allocations reported for all Ministries is quite likely to be higher than the 8 percent benchmarks, if not in the first year itself then certainly over a span of a few years.

Provisions under the 12th Five Year Plan

The 12th FYP has laid great stress on the overall development of the STs, with special emphasis on the educational development and enhancing the opportunities for economic empowerment.

Educational Development

- Extend Pre-Matric scholarship to classes I to VIII
- Regular revision of rate of scholarship based on CPI
- Increase the coverage of all scholarships: raise income ceiling; extend courses; increase beneficiaries etc.
- Building new good quality residential schools & upgrading existing ones, especially for girls
- Focus on elementary education overcoming the existing language barrier; training teachers from the local tribes to be placed in Ashram Schools
- 100 percent grant-in-aid be given for establishment of Ashram schools & Hostel for boys even in non-naxal areas

Economic Development

- Land should be provided to the landless Tribals under a crash programme; uncultivable land to be brought under affirmative action of NREGA to make it cultivable and ensuring irrigation facilities; prevent acquisition of tribal land keeping in mind provision of PESA Act
- Promote entrepreneurial development for the STs with availability of funds to set up enterprises and encouraging exports of tribal handicrafts
- Developing their skills and creating employment opportunities for them apart from MGNREGA near their habitations
- With regard to the MGNREGA, the work should be decided by the *Gram Sabhas* according to PESA; artisan work (main livelihood for tribals) should be included, remove the limit of 100 days of work for the tribal areas
- Tribal communities should have full right to minor forest produce

Other Provisions

- **Implementation, Monitoring & Sensitizing of officials**
  - Improve the implementation mechanism
  - Fill up any vacancies in the tribal areas
  - Sensitising officials serving tribal areas
  - Preferential policy to engage people from tribal areas for providing basic services (even if it involves relaxing the eligibility criteria a bit)
- **Better infrastructure & Connectivity**
  - Better connectivity through roads and railways as well as other basic amenities
  - Special Package for development of roads in the Schedule Areas (under Fifth Schedule) under Tribal Sub-Plan—1000 km for total GBS requirement of Rs.5000 crore under Bharat Nirman
- **Empowerment of Tribal Women**
- Vocational training for women
- Atleast two ITIs/polytechnics should be established in each development block of TSP areas
- Handing over of the PDS to tribal women
- Provision of credit for agricultural & entrepreneurial development
- Special programmes for agricultural extension
- **Health**
- Taking up health programmes/projects in a big way, through Public-Private Partnership especially for running PHCs in remote tribal areas
- Develop indigenous tribal knowledge of medicines as independent system of medicine

The government has introduced several initiatives for the development of the STs both through the Ministry of Tribal Affairs as well as through the TSP approach. But a lot still remains to be done with regard to formulation and implementation of the TSP. Some steps have been taken this year to improve the reporting under the TSP with the introduction of the Actuals this year which is a welcome step. However the overall approach and strategy for the welfare of STs needs to be reviewed and appropriate steps to be taken to make it more responsive to the needs of the STs.

Muslims

- In 2013-14, total allocation for Ministry of Minority Affairs has increased to Rs. 3,530 crore from Rs. 3154.70 crore in 2012-13 (BE). This is an increase of only 12 percent over 2012-13 BE.
- The Multi-Sectoral Development Programme (MSDP) was being implemented in 90 districts during 11th Plan and now it will be scaled up to cover 200 districts in 2013-14. There is an increase of Rs. 222 crore in the allocation for the MSDP in 2013-14. It has increased to Rs.1110 crore in 2013-14 from Rs. 887.90 in 2012-13 (BE).
- The Maulana Azad Education Foundation (MAEF) works as a vehicle to implement educational schemes. The MAEF will start providing medical facilities such as an infirmary or a resident doctor in the educational institutions run or funded by the MAEF. Finance Minister proposed to allocate 100 crore to launch this initiative, but no mention has been made in the Note on Demand for Grants of Ministry of Minority Affairs for 2013-14. The allocation of MAEF has been increased to Rs. 160 crore in 2013-14 from Rs. 100 Crore in 2012-13 (BE).
- Four important schemes which were initiated in 2012-13 for development of minorities have been scrapped in 2013-14. These include Scheme for promotion of education in 100 minority concentration towns/cities (out of 251 such town/cities identified as backward), Village Development Programme for Villages not covered by Minority Concentrated Blocks (MCBs) / Minority Concentrated Districts (MCDs), Support to District Level Institution in MCDs and Free Cycle for Girl Students of Class IX.

The Union government committed to address the problems of inequality, deprivation and exclusion among Muslims in the 11th Plan period through the overall approach of 'faster and inclusive growth'. In this process it has adopted a four-pronged strategy since 2006-07, which included educational and economic empowerment, access to public services, strengthening of minority institutions and area development programme. In 2006, the Union government revamped the Prime Minister's 15 Point Programme that was operational since the 80s and brought to focus the vital concerns of (a) education; (b) employment and skill development; (c) living conditions; and (d) security among Muslims by bringing within its ambit select flagship schemes and interventions. Also, new development schemes and programmes for targeting minorities directly (100 percent) were devised in this process.

In 2007-08, the Ministry of Minority Affairs (MMA) launched the Multi Sectoral Development Programme (MSDP) in 90 Minority-Concentrated Districts (MCDs) that adopted an area development approach with a bouquet of schemes to address deficits related to housing, health, anganwadi and school infrastructure, drinking water, electricity to improve literacy and female work participation. In terms of institutional strengthening, the National Minorities Development Finance Corporation (NMDFC), the Maulana Azad Education Foundation (MAEF) and the Waqf Board also need to be strengthened.

By the end of the 11th Five Year Plan, the policy initiatives of the government towards the development of Muslims leave a lot to be desired. There are still huge gaps in the resource allocation, utilisation of funds and programme implementation specific to the development of minorities.

The design of MSDP and the guidelines for the PM's new 15 Point Programme do not have much scope for creating a tailor-made project that suits the needs of the Muslim community. In these two programmes, the norms and guidelines of the existing Centrally Sponsored Schemes (CSSs) were adopted. There are several instances where the targeted benefits for Muslims have been diverted to other communities due to adoption of the area approach (which treats the district instead of Muslim-dominated hamlets/*bastis* as the implementation unit) in certain states like Uttar Pradesh, Bihar and Haryana.

Box 12.a: Socio-Economic Indices of Muslims

The Rajendar Sachar Committee Report (2006) report established that Muslims fare badly in terms of socio-economic indices as compared to other socio-religious groups. A look at development indicators for minorities also suggests that Muslims are at the bottom of the socio-economic pyramid. Poverty indicators (2004-05) show that about 12.4 percent of the Muslims in rural areas and 27.9 percent in urban areas fall below the poverty line. Around 35 percent of Muslim women had body mass index (BMI) less than 18.5 and 54.7 percent women were anaemic as of 2005-06. The indicators with respect to children are also dismal with the infant mortality rate (IMR) found to be around 52.4 percent and under-five mortality rate as high as 82.7 percent in 2005-06. Besides, around 29 percent of children (aged 6 to 17 years) reported to be out-of-school were from the Muslim community, which is much higher than the figures for other religious groups in the country. In the year 2008-09, only 67.5 percent of Muslim households had access to electricity for domestic use compared too much higher rates for other groups (Human Development Report, 2011).

Union Budget 2013-14

In 2013-14, total allocation for Ministry of Minority Affairs has increased to Rs. 3,530 crore from Rs. 3154.70 in 2012-13 (BE). This is an increase of 12 percent over 2012-13 BE which is very insignificant. Multi-Sectoral Development Programme (MSDP) was being implemented in 90 districts till now and it will be scaled up to cover 200 districts in 2013-14. There is an increase of Rs. 222 crore in the allocation for the programme in 2013-14. It has increased to Rs. 1110 crore in 2013-14 (BE) from Rs. 887.90 crore in 2012-13 (BE).

The Maulana Azad Education Foundation (MAEF) works as a vehicle to implement educational schemes. The MAEF will start medical aid by providing medical facilities such as an infirmary or a resident doctor in the educational institutions run or funded by the MAEF. Finance Minister proposed to allocate Rs. 100 crore to launch this initiative, but no mention has been made in the Note on Demand for Grants of Ministry of Minority Affairs for 2013-14. The allocation of MAEF has been increased to Rs. 160 crore in 2013-14 from Rs. 100 crore in 2012-13 (BE).

There were four important schemes initiated in 2012-13 for development of minorities which have been scrapped in 2013-14. These includes schemes like Scheme for Promotion of Education in 100 minority concentration towns/cities (out of 251 such town/cities were identified as backward), Village Development Programme for Villages not covered by MCB/MCD, Support to District Level Institutions in MCDs and Free Cycle for Girl Students of Class IX. The table 12.a shows scheme wise details of allocations for 2012-13 and 2013-14.

Table 12.a: Scheme Wise Allocation (in Rs. Crore)

Schemes /Programmes	**2012-13 (BE)**	**2012-13(RE)**	**2013-14 (BE)**
Grants-in-aid to Maulana Azad Education Foundation	100.00	0.01	160.00
Free Coaching and Allied Scheme for Minorities	17.98	13.00	22.50
Research/Studies, Monitoring and Evaluation of development schemes for Minorities including Publicity	39.70	33.00	44.70
Merit-cum-means scholarship for professional and technical courses of undergraduate and post-graduate level	198.00	170.07	243.00
Pre-Matric Scholarship for Minorities	810.00	720.78	855.00
Post-Matric Scholarship for Minorities	450.00	308.25	493.50
Multi-Sectoral Development Programme for Minorities in selected minority concentration districts	887.90	579.56	1110.00
Maulana Azad National Fellowship for Minority Students	63.00	59.40	81.00
Grants-in-aid to State Channelising Agencies(SCA) engaged for implementation of NMDFC programme	1.80	0.60	1.80
Support for Students clearing Prelims conducted by UPSC, SSC, State Public Services Commission etc.	3.50	0.01	2.70
Scheme for promotion of education in 100 minority concentration towns/cities, out of 251 such town/cities identified as backward	45.00	0.03	...
Village Development Programme for Villages not covered by MCB/MCD	45.00	0.03	...
Support to District Level Institution in MCDs	22.50	0.03	...
Free Cycle for Girl Students of Class IX	4.50	0.03	...
Scheme for Leadership Development of Minority Women	13.50	11.50	13.50
Computerisation of records of State Waqf Boards	4.50	1.49	2.70
Strengthening of the State Waqf Boards	4.50	0.08	6.30
Interest subsidy on Educational Loans for overseas studies	1.80	0.01	1.80
Skill Development Initiatives	18.00	0.04	15.00
Scheme for containing population decline of small minority community	2.00	0.01	2.00
Investment in Public Enterprises	90.00	89.64	108.00
Total Plan Allocation under Minority Affairs Ministry	**3135.00**	**2200.00**	**3511.00**

Source: Ministry of Minority Affairs, Expenditure Budget Vol.II, Union Budget 2013-14, Government of India.
Note: The table lists out the Plan allocations for the Ministry of Minority Affairs. It does not include the NER component which is a part of the total Plan Budget of the Ministry.

Box 12.b: Policy Priorities for Development of Muslims /Minorities in 12th Five Year Plan

- In 12th Five Year Plan, as far as the strategies for social inclusion of Muslims is concerned, there is a major departure from the approach of 11th Plan. There is adequate focus on development of Muslims through special provision for inclusion of the community in public policies and programmes
- Expansion of the coverage and scope of the 15 PP in a large number of programmes and schemes
- In order to ensure adequate funds, the existing guidelines of earmarking '15 percent wherever possible' should be revised to '15 percent and above in proportion to the size of minority population.
- Expanding the coverage of MSDP to more MCDs
- Making educational scholarship schemes demand driven
- Initiating new Programmes/schemes for minorities
- Annual targets and /outlays of 15 PP/MSDP should be broken down to hamlet/ward level
- Blocks with minority population concentration subject to backwardness parameters
- The population criterion to identify MCDs will be brought down from 25 percent to 15 percent
- Programmes will adopt a project approach in order to reach individual beneficiaries/localities
- Revised MSDP guidelines will do away with the 'topping up' approach in existing CSS, emphasis will be on local needs based plans to overcome deficits
- MSDP and 15 PP will work in synergy rather than the former duplicating the latter
- 15 PP will take care of sectoral investments/ongoing CSS while MSDP will fill gaps that particular communities /or settlements face, that not covered by existing CSS
- Minority concentrated villages/towns (having total 50 percent minority population in total population) outside MCDs will have a separate programme
- Revision in unit cost of scholarship schemes in accordance with Consumer Price Index on a regular basis
- Doing away with the two child norm in scholarship schemes, all eligible minority students to be covered, demand driven approach

An Assessment of 11th Five Year Plan

According to the Census 2001, Muslims constitute around 14 percent of the total population of the country. In 11th Plan, fund allocation for minorities accounted for 6 percent of the total Plan funds (excluding the disbursement through Priority Sector Lending). This constitutes 60 to 70 percent of the total allocation intended for the minorities. However, the operationalisation of JNNURM is found to be almost non-existent at the state and district levels. Most of the allocation made under the Mission is notional and the scheme does not report the actual expenditure and beneficiary data on minorities. Projects and programmes like the Industrial Training Institutes (ITIs) and Swarna Jayanti Shahari Rozgar Yojana (SJSRY) have been allocated very small shares of the total outlay.

The performance of the Ministry in terms of fund utilisation itself is unsatisfactory. Table 12.b shows that the total allocation for the Ministry has witnessed a trend of marginal increase in allocations in subsequent budgets. The total outlay in the 11th Plan exceeded the initial amount that had been allocated for MMA (Rs. 7, 000 crore). However, poor utilisation of funds has remained a major concern even till the end of the financial year 2011-12.

The status of fund utilisation under PM's New 15 Point programme has not been captured due to unavailability of expenditure data in many schemes. In the programme, no scheme other than IAY reports disaggrgated expenditure data for minorities. With regard to fund utilisation, the average utilisation of funds accounted for 78 percent of the total outlay for MMA in the 11thPlan period (total tentative plan outlay for MMA was Rs. 8,690 crore). MMA noted that poor utilisation is also owing to late start in implementation of major schemes such as pre-matric scholarship and Multi Sectoral Development Programme (MSDP) for select Minority Concentration Districts (MCDs).

Further, non-receipt of insufficient proposals for scholarship schemes from the North-Eastern States also account for delays. It was also shared that the MMA had not received 'in-principle' approval of the Planning Commission to initiate four proposed schemes and the scheme of 'Leadership Development of Minority Women' also did not get rolled out in the 11th Plan period. In some states, promulgation of model code of conduct due to elections delayed the sanction of funds.

Related factors include non-submission of complete proposals by the State governments for MSDP and delays in the submission of Utilization Certificate. These implementation bottlenecks are evident more in the scholarship schemes and the MSDP where lack of institutional arrangements, inadequate planning capacity, shortage of staff and infrastructure and insufficient funds to monitor the programmes have crippled effective working of these schemes. In this section, we will examine the status of fund utilisation in the scholarship schemes and the MSDP.

Table 12.b: Status of Fund Allocation and Utilisation under Ministry of Minority Affairs (in Rs. Crore)

Year	Allocation		Expenditure	Utilisation* (in %)
	B.E	R.E		
2007-08	500	350	196.65	39.33
2008-09	1000	650	619.09	61.86
2009-10	1740	1740	1709.42	98.24
2010-11	2600	2500	2080.86	77.26
2011-12	2850	2750	2292.27	80.43
2012-13	3154.70	2218	-	-
2013-14	3531	-	-	-

Note: *Utilisation has been reported taking into account BE figures.
BE: Budget Estimate
RE: Revised Estimate
Source: Ministry of Minority Affairs, Govt. of India

An important intervention by the MMA for overall development of the minorities has been the Multi-Sectoral Development Programme. Being the largest programme to address the socio-economic deficits among Muslims, MSDP was allocated 42 percent of the total MMA budget in the 11th Plan. The performance of this programme, however, has been far from satisfactory. Of the total tentative allocation of Rs. 3,734 crore made in the 11th Plan for MSDP, the proportion of expenditure of total projects approved was only 51 percent.

Table 12.c: Financial Performance of MSDP in Major Muslim Concentrated States in 11th Plan
(in Rs. Crore)

Select States	No. of MCDs	Tentative allocation	Total expenditure	% Utilisation over Tentative Allocation
Uttar Pradesh	21	1003.9	505	50.31
West Bengal	12	685.8	534	77.87
Assam	13	692.7	181.85	26.25
Bihar	7	522.8	254.78	48.73
All India	90	3734	1909	51

*Data as on December, 2012
Source: Ministry of Minority Affairs, GoI

Besides inadequate financial outlays for MMA and underutilisation of funds, the physical performance has also been sluggish. The completion of major activities like construction under Indira Awas Yojana (IAY), health sub centres and Anganwadi Centres (AWCs) have been able to reach just half-way mark at the end of 11th Plan. The main constraint has been delayed submission of detailed project reports due to lack of capacity, inadequate human resources and lack of implementing institutions at the district level.

Table 12.d: Physical Performance* of MSDPs in Major Muslim Concentrated States in 11th Plan

Activities	Target	Achievement	% of Achievement
IAY	301221	168370	55.90
Total of Health	2531	1411	55.75
AWC	27595	14927	54.09
Hand pumps/DWS	35775	18094	50.58
ACR	13508	6234	46.15
School building	662	237	35.80
ITI buildings	71	3	4.23
Polytechnic	31	0	0.00
Hostels	334	44	13.17
Toilets	3398	452	13.30
Total Activities	**385126**	**209772**	**54.47**

* As on 31/12/2012
T = Target; A = Achievement
IAY = Indira Awas Yojana; AWC = Anganwadi Centre, Total of Health: Construction of Health Sub Centre and Primary and Community Health Centre; ACR = Additional Class Room; ITI = Industrial Training Institutes
Source: Ministry of Minority Affairs, Govt. of India

Scholarship Schemes

Fund utilisation under all the four schemes[1] has improved in the 11th Plan period although the three schemes, i.e. Pre-Matric, Post–Matric, and Merit-cum-Means, report inadequate utilisation (Table 12.e). The low rate of utilisation is mostly reflective of the government's inability to make these schemes popular among the beneficiaries although the actual performance would depend on how far the physical targets are met.

Table 12.e: Fund Utilisation in Scholarship schemes for Minorities during 11th Plan

	Allocation	Expenditure	Utilisation (in %)
Pre-Matric	1400	1327.33	94.81
Post-matric	1150	820.85	71.38
Merit-Cum-Means	600	427.35	71.23
Free Coaching	45	54.61	121.36

Source: Budget Allocation and Expenditure for the 11th Five Year Plan, Ministry of Minority Affairs, Govt. of India

In this regard, all five schemes (as mentioned in Table 12.f) have witnessed improvement in meeting targets. The schemes - Pre-matric, Post-matric and Merit-cum-Means scholarships - have fared better in terms of the physical targets but not well enough to achieve the financial targets set in the 11th Plan (Table 12.f). As can be seen from the table, there is a significant increase in the number of scholarships which could be due to the

[1] The schemes include: Pre-Matric, Post-Matric, Merit-cum-Means, and Free Coaching

inclusion of renewal of existing scholarship grantees with the new allotments. However, the mismatch between financial and physical achievements could be due to scholarships getting concentrated within courses (non-vocational, non-technical, day scholars)/income groups that require lower fees[2].

Table 12.f: Physical Performance in in Scholarship schemes during 11th Plan (in Lakh)

Schemes	Target	Achievement
Pre-Matric	72	121.91
Post-Matric	14.25	17.87
Merit - Cum Means	2.07	1.62
Free Coaching	0.25	0.28
Maulana Azad National Fellowship	0.02	0.02
Total	**88.59**	**141.7**

Source: Ministry of Minority Affairs, Govt. Of India

From the analysis, it is evident that still there are gaps in resource allocation, fund utilisation and programme implementation specific to the development of Muslims. The commitment made in 12th Plan has not reflected much in Union Budget 2013-14 in terms of policy priorities and budgetary allocation. Considering the problems in the guidelines and designs of the schemes, the PM's new 15-Point Programe could be implemented along the lines of Scheduled Caste Sub Plan and Tribal Sub Plan with Additional Central Assistance (ACA). The plan funds for minorities should have allocated funds in proportion to population in the Union Budget 2013-14 out of which 73 percent should have gone to the Muslims.

The coverage of MSDP has been extended/expanded to 200 districts from 90 Minority Concentration Districts without providing adequate funds. Muslim concentrated states such as Uttar Pradesh, Bihar, West Bengal and Assam should be given priority/adequate funds through MSDP. There is no separate budget statement on schemes and programmes covered through 15 Point Programme. It would also help to have a "separate budget statement" in the Union Budget on the 15-Point Programme as is already being done in the case of women, children, SCs and STs (for expenditure reporting). There were four important schemes initiated in 2012-13 for development of minorities which has been scrapped in 2013-14.The government should now also give serious thought to focusing on Muslim-concentrated *Gram Panchayats* and targeting beneficiaries in Muslim *bastis*/hamlets (on the model of the *Adarsh Gram Yojana* for SCs) rather than at the block and district level. In addition, there is a need for dedicated staff and institutions at the state and district level to implement the programmes for development of the minorities.

[2] Steering Committee on Empowerment of Minorities in the 12th Plan

Persons with Disablities*

- No separate Demand for Grants for the Department of Disability Affairs has been presented indicating that the commitment to have a separate department is only on paper.
- An outlay of Rs.110 crore has been announced for Assistance to Disable Persons (ADIP) scheme under the Department of Disability Affairs. However, an analysis of the Demand for Grants document revealed an outlay of only Rs. 96 crore.
- The premium to be paid by persons with disabilities for LIC is hiked. The budget has proposed *"I propose to relax the eligibility conditions for life insurance policies for persons suffering from disability or certain ailments by increasing the permissible premium rate from 10 percent to 15 percent of the sum assured. This relaxation shall be available in respect of policies issued on or after 1.4.2013"*. This implies that persons with disabilities will be eligible for tax exemption even if his/her premium is 15 percent of the policy value.
- An amount of Rs. 523.25 crore has been earmarked for the Department of Disability Affairs, which is an increase of Rs. 50 crore from Rs. 471.10 crore in 2012-13.
- The outlay for the Inclusive Education for the Disabled at the secondary stage has been reduced from Rs. 63 crore in 2012-13 (BE) to Rs. 45 crore for 2013 -14 (BE).
- Allocation for the National Mental Health Progamme has been increased from Rs. 117 crore in 2012-13 to Rs. 133.28 crore.
- The Ministry of Youth Affairs and Sports has allocated Rs. 7 crore for promotion of sports among persons with disabilities. The Budget Estimate for the current year amounts to Rs. 5 crore.

(i). Department for Disability Affairs, Ministry of Social Justice and Empowerment

The division for the Welfare of Persons with Disability has been upgraded into a separate department with effect from 14th of May 2012.

The budget allocation can be referred from the budget statement of the Ministry of Social Justice and Empowerment. There is no separate budget statement for the department for this financial year.

***** This section has been written by **Meenakshi Rajivrajan** and **Sudha Ramamoorti** of 'Equals - Development Solutions' (Centre for the Promotion of Social Justice with specific focus on Persons with Disabilities)

(ii).Ministry of Social Justice and Empowerment (MSJE)

Table13.a: Expenditure under various schemes for persons with disabilities

Schemes	2007-08(Actual)	2008-09 (Actual)	2009-10 (Actual)	2010-11 (Actual)	2011-12 (Actual)	2012-13 (RE)	2013-14 (BE)
Deendayal Disabled Rehabilitation Scheme (DDRS)	69	60.5	61.56	82.27	86.16	66	106.85
National Institutes	73.79	80.82	82.42	91.93	107.63	102.39	123.50
Assistance to Disabled Persons (ADIP)	59.05	69.5	67.35	69.68	75.99	66.30	96
Implementation of Persons Disability Act	13.1	14.5	10.84	50.41	34.91	18	99
Scheme for the employment of the physically challengend		7	1	0	0.5	0.50	4
Other programmes for the welfare of the physically handicapped	11.02	9.97	6.82	6.40	5.86	8.67	63.90
Post Matric Scholarship for students with disabilities						0.01	30
National Handicapped Finance and Development Corporation (NHFDC)		18	9	45	45		
Artificial Limbs Manufacturing Corporation of India (ALIMCO)							
Indian Spinal Injury Centre							
Rehabilitation Council of India (RCI)	3	3.58					
Total	228.96	263.87	238.99	345.69	356.05	261.87	523.25

Source: Expenditure Budget, Volume II, Union Budge, Various Years

ALIMCO, Indian Spinal Injury Centre, RCI, fellowships and other new programmes planned will be included under the other programmes for the welfare of physically handicapped.

If we analyse the Budget Estimate of the current year we could find that there has not been much increase except the programme "other programmes for the welfare of the physically handicapped", which is Rs. 31 crore. This could be assumed to be the allocation for all the proposed new schemes towards the implementation of the 12th plan commitments.

(iii). Ministry of Health & Family Welfare

For the first time the Ministry of Health and Family Welfare has a specific chapter on inclusive agenda in the 12th plan document, which covers accessible medical and public health facilities including facilities for deaf persons, accessible information for all people with visual impairment, incorporation of disability rights in the training programme for health and rehabilitation professionals.

For people with psychosocial disabilities the plan document mentions the following: "(a) Mass media campaigns on mental illness should be launched, to reduce the stigma, pro-mote early care seeking and encourage family members to be supportive and sensitive (b) prevention, early detection, treatment and rehabilitation to reduce the burden of mental illness is covered as one of the priority areas for health research (c) ethical guidelines for conducting research on mental illness (d) training of non-physician mental health professionals and implementation of community based mental health programmes are needed to reduce the rising burden of mental health disorders"[1].

National Child Development programme need to be integrated within National Rural Health Mission to provide preventive, testing care and referral services.

Table 13.b: Expenditure towards programmes for Persons with Disabilities as a percentage of total expenditure of the Ministry of Health and Family Welfare: (in Rs. Crore)

Year	Total Expenditure of Ministry of Health & Family Welfare	Total Expenditure incurred for disabled people	% of total Expenditure of Ministry of Health and Family Welfare
2007 – 08 (RE)	14500	129.60	0.89
2008 – 09 (RE)	17307	217.36	1.25
2009 – 10 (Actual)	19554.09	262.17	1.3
2010 – 11 (Actual)	22764.50	305.05	1.3
2011 – 12 (Actual)	24355.08	382.23	1.56
2012-13 (RE)	25927	418.14	1.61
2013-14 (BE)	33278	568.22	1.71

Source: Expenditure Budget, Volume II, Union Budge, Various Years

From the above table it can be inferred that there hardly any increase in the outlay for the ministry and for specific interventions for persons with disability. The allocation is insufficient to meet the general and specific health care needs of persons with disabilities and the above mentioned 12th plan commitments.

[1] Twelfth Five Year Plan, Vol 3

Table 13.c: Expenditure incurred by the Ministry of Health and Family Welfare on Persons with Disabilities (in Rs. Crore)

Schemes	2007-08 (RE)	2008-09 (RE)	2009-10 (Actual)	2010-11 (Actual)	2011-12 (Actual)	2012-13 (RE)	2013-14 (BE)
Central Institute of Psychiatry – Ranchi	22.95	42.62	48.17	39.30	52.45	72.80	81
All India Institute of Physical Medicine and Rehabilitation, Mumbai	9.65	8.80	11.87	12.21	14.03	20.20	26.50
National Institute of Mental Health &Neuro-Sciences, Bangalore	58	89.86	125.69	132.56	173.23	195.41	232.80
All India Institute of Speech & Hearing, Mysore	11	18.08	24.85	30.53	29.02	43.03	94.64
National Mental Health Programme	28	58	51.59	90.76	113.50	87	133.28
Total	129.6	217.36	262.17	305.05	382.23	418.14	568.22

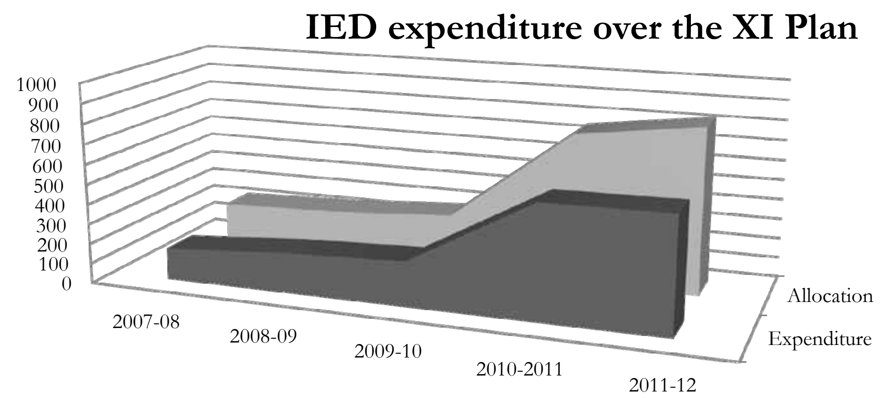
Source: Expenditure Budget, Volume II, Union Budget, GoI, Various years

The above table indicates the lack of effort on the part of the ministry to fulfil its commitment to an inclusive agenda vis-a-vis persons with disabilities. Only the existing programmes have been continued without any modifications.

(iv). Ministry of Human Resource Development:

The 12th Plan Education sector has also focussed on barrier free environment only to the extent of provision of ramps at primary, secondary and higher educational institutions.

Figure 13.a: Allocation & Expenditure under the SSA - IED[2]



	2007-08	2008-09	2009-10	2010-2011	2011-12
Expenditure	156.42	200.95	223.32	568.08	574.67
Allocation	228.49	245.74	283.1	753.08	831.25

Table 13.d: Outlay for the Ministry of Human Resource Development and Expenditure on Children/Students with Disabilities (in Rs. Crore)

Year	Outlay of Department of School Education (MHRD)	Allocation towards Children with disabilities	%	Outlay of Department of Higher Education (MHRD)	Allocation towards disabled students	%
2007–08 (RE)	23191.35	54	0.2	6397.36	2.60	0.04
2008 – 09 (RE)	26026.57	63	0.2	11340	3.60	0.03
2009 – 10 (Actual)	24466.07	55.13	0.2	13963.33	3.22	0.02
2010 – 11 (Actual)	36432.50	80.34	0.2	18206	3.60	0.019
2011 – 12 (Actual)	40641.35	83.16	0.2	19505.07	2.22	0.02
2012 – 13 (RE)	45542	25.25	0.055	21277	1.6	0.0075
2013-14 (BE	52701	45	0.085	26750	0.00	0.00

Source: Expenditure Budget, Volume II, Union Budget, GoI, Various years

As per the 12th plan the existing Inclusive Education of the Disabled at Secondary Stage (IEDSS) programme will get subsumed within the *Rashtriya Madyamik Shiksha Abhiyan (RMSA)* .It is obvious that the allocation for the programme has been reduced considerably.

A National Initiative on Inclusion of Persons with disabilities in Higher Education has been proposed for the department in the 12th plan, which will include all the existing schemes under higher education and all new initiatives (scholarships, creation of model universities and colleges at the state and district levels, create curricula, and provide research and training-related support to enhance awareness, knowledge and sensitivity about disability issues).This is not reflected in the budget statement and the allocation for the programme " Polytechnics for the disabled" has also been withdrawn.

[2] Source: RTI filed for the CRPD compliant Budget Analysis by NCPEDP & CBGA

The Indian Sign Language Institute and regional colleges for the deaf persons finds no place in the document.

(v). Ministry of Rural Development

Poverty Alleviation Schemes

According to the Persons with Disabilities (Equal Opportunities, Protection of Rights and Full Participation) Act 1995, 3 percent of the resources of all poverty alleviation schemes shall be allocated for persons with disabilities.

The government has not taken any effort to disaggregate the data based on disability. Data on the houses allotted for disabled people under the *Indira Awaas Yojana* could be culled out for 4 years starting from 2008 – 09 to 2011-12. Percentage of disabled people benefited under this scheme never reached the 3 percent mandate as mentioned in the law. The same is the case with *Swarnajayanti Gram Swarojgar Yojana* (SGSY).

Table 13.e: Allotment of Houses through Indira Awaas Yojana

Year	Houses Sanctioned	Houses Sanctioned to Disabled People	% of Total Sanctions
2008-09	3005084	53791	1.79
2009-10	4238474	74483	1.75
2010-11	3159297	47380	1.5
2011-12	2687422	34612	1.28

Source- Annual Report and Monthly Report Period, Ministry of Rural Development, www.rural.nic.in

Table 13.f :Total Swarojgaris under SGSY Scheme

Year	Total Swarozgaris	Coverage of Persons with Disabilities	%	Total investment (Credit+Subsidy)	Per Capita Investment for Disabled Swarozgari
2007-2008	776408	36113	4.6	8500.92	23540
2008-2009	1861875	42315	2.27	9958.28	23534
2009-2010	978045	45869	4.7	12854.29	28024
2010-2011	1281221	40838	3.1	12989.84	31808
2011-2012	608602 (till Dec 2011)	Data not available	0.64	Data not available	Data not available

Source: Annual Report of Ministry of Rural Development and www.rural.nic.in

The Mahatma Gandhi National Rural Employment Guarantee Act 2005 (MGNREGA), Operational Guidelines, 2008, states, if a rural disabled person applies for work, work suitable to his/her ability and qualifications will have to be given. This may also be in the form of services that are identified as integral to the programme. Provisions of the Persons with Disabilities (Equal Opportunities, Protection of Rights and Full Participation) Act, 1995 will be kept in view and implemented.

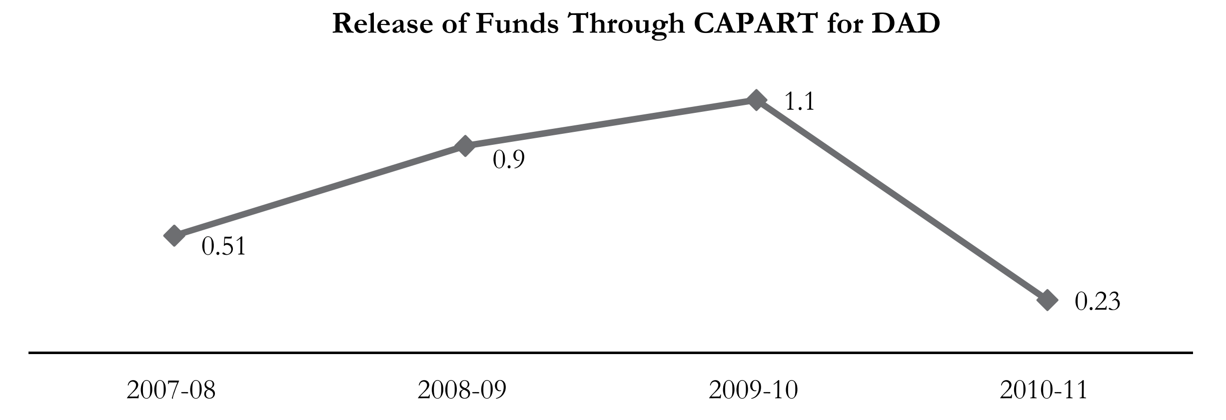
The reporting of the disabled people covered under this scheme has been inconsistent, which makes it non-conducive for any kind of analysis for fund utilisation purposes.

Table 13.g: Coverage of Persons with Disabilities under MGNREGA

Year	Persons with disabilities covered under MGNREGA
2007-2008	Benefits accrued to disabled persons were in 230179 households out of 25749968*
2008-2009	204552
2009-2010	184241
2010-2011	Data not available
2011 –2012	282915

Source: Annual Report of Ministry of Rural Development and www.rural.nic.in
*There is no clarity as to whether it the household with a disabled adult or a disabled person who has got the employment under the scheme.

Figure 13.b: Council for Action for People's Advancement and Rural Technology (CAPART) through Disability Action Department (DAD)



Source: Annual Report CAPART & Annual Report Ministry of Rural Development

In the year 2010-11, only one project was sanctioned for Rs. 23 lakh. Clearly, the utilization towards persons with disabilities is way below the mandated amount. This scheme is implemented through projects for development of persons with disabilities designed by NGOS.

Indira Gandhi Disability Pension (IGNDP) is available for the persons with multiple disabilities belonging to household below poverty line, between the ages 18 years to 64 years at the rate of Rs. 200 per persontill1st April 2011. From the year 2012 this has been increased by Rs. 100. The age has since been revised to 18-59 years beyond which they are covered under the Indira Gandhi Old Age Pension Scheme.

Table 13.h: Beneficiaries of Disability Pension Scheme

Year	Total Release to All the NSAP (in Rs. Crore)	Total Expenditure on all the NSAP (in Rs. Crore)	Estimated beneficiaries to be covered	Number of beneficiary covered under IGNDP	% of beneficiaries to estimated beneficiaries
2009-10	5155.00	4914.88	1500000	699680	46.64
2010-11	5162	5346.0	14 00000	728004	52.00
2011-12	5081.92	3866.96	1500000	770339	51.3

Source: Annual Report, Ministry of Rural Development

The 12th plan document has no mention on the efforts that will be made towards amending the various policies and schemes under the Ministry of Rural Development in order to be responsive to protect the rights of persons with disabilities.

(vi). Ministry of Labour & Employment

The Director General of Employment and Training (DGET), under the Ministry, deal with vocational training. This directorate lists assistance to persons with disabilities by enhancing their capabilities for wage employment and self-employment as one of its functions. Towards achieving this, they run Vocational Rehabilitation Centres (VRC) specifically for disabled people. This programme was started in 1968 with 2 VRC's and has now expanded to 20 VRC's with 1 VRCs specifically dedicated to train women with disabilities.

Table 13.i: Financial Outlay for the Vocational Rehabilitation Centres

Year (Rs in crore)	Expenditure towards VRCs	Total outlay for Employment and Training	Total Outlay of the Ministry	Expenditure towards employment of the disabled people as % of outlay for employment& Training / total Ministry's outlay
2008-09 (Actual)	13.9326	396.62	1972.39	3.512/0.7
2009-10 (Actual)	18.1488	446.92	2233	4.06/0.81
2010-11 (Actual)	14.72	467.29	2767.74	3.15/0.53
2011-12(RE)	18.65	480.86	2902.05	3.87/0.64
2012-13 (BE)	18.98	999.44	4042.19	1.89/0.46

Source: Union Budget & Economic Survey/detailed demands for grant Ministry of Labour& employment

We observe that around 4 percent of the outlay towards employment and training under the ministry is earmarked for VRC's for disabled people.

The other trainings offered by DGET like the apprenticeship and the craftsmen training do not have disability disaggregated data, though a 3 percent reservation has been made for persons with disabilities. The design of the programme VRCs under DGET is not in consonance with the provisions of the various articles of the UNCRPD.

1. Training is given only for specific identified jobs in violation of Articles 3, 24 and 27 of UNCRPD.
2. The principle of assessment and training is based on a deficit model focusing on restoration/normalising as opposed to accessibility and non-discrimination of UNCRPD. They are not looking at reasonable accommodation and adaptations in work place/training. There is no evidence of money allocated for procuring accessible equipments and making adaptations in the machinery used for training. Instead persons with disabilities are assessed for fitness for a particular trade.
3. VRC training programme is not designed for career advancement as the persons carrying the certificate issued by the VRC are not eligible for other trainings under DGET.
4. This programme does not include people with multiple and psychosocial disabilities
5. Only 4 out of the 20 VRCs have been made accessible so far.

There has been no effort on the part of the implementing agency to amend the structure of the programme in lines with the UNCRPD.

(vii). Ministry of Youth Affairs and Sports

Table 13.j: Percentage of Allocation made by the Ministry for the Promotion of Sports among Disabled Persons (in Rs. Crore)

Year	Allocation for sports among disabled persons	Total outlay of the Ministry	%
2009 -10 (Actual)	0.74	3670.13	.02
2010 – 11 (Actual)	5.96	2841	0.2
2011 – 12 (Actual)	4.39	970.33	0.45
2012 – 13 (RE)	7	1005.60	0.69
2013 - 14 (BE)	7	1219.00	0.57

Source: Union Budget & Economic Survey

The 12th Plan has observed the need for a Disability Sports Centre instead of a facilitating centre for the development and participation of sports persons with disabilities. Similarly there is no mention on accessible environment, affordable sports equipments, quality training services for all sports persons with disabilities

12th Plan Commitments:

Government of India's Commitment towards ensuring, promoting and protecting the rights of persons with disabilities[3]:

1. **All Central Ministries/Departments,** especially those concerned with infra-structure, social sector and poverty alleviation corresponding Departments of State Governments and Panchayats, Municipalities and other Urban Local Bodies should **earmark reasonable amounts** in their Plan outlay for disability related interventions. An appropriate mechanism should be put in place for this purpose for programmes empowering Persons with Disabilities and monitoring of their utilisation at all levels—Central, State, District, City/Town, Block and so on.
2. **It is imperative to ensure** that they have equal and rightful access and entitlement to the services provided by the concerned Ministries/Departments of both Central and State Governments.
3. Empower Municipalities and Panchayats to perform their assigned roles towards the empowerment of persons with disabilities.
4. Increased sensitisation and awareness level of different stake holders and the community at large.
5. Re-designing products, processes, public places and services so as to make them accessible to persons with disabilities.
6. Improved delivery and monitoring mechanism; development of an integrated management system for the coordination of disability planning, implementation and monitoring in the various line functions at all spheres of government;
7. Establishing National, State and subsequent District structures that will continuously update and link strategy and policy developments with operational planning initiatives involving all role-players (District Project Officers [DPOs], government, the private sector.
8. Establishment of National Accessible Library
9. To make sports more accessible to Persons with Disabilities and to encourage their participation in the sports, there is a **need** for a Centre for Disability Sports.
10. **Efforts also need to be directed** to provide needed support and assistance for (i) Rehabilitation Centres for treating mentally ill persons; (ii) Model multi-disability independent living centres; (iii) setting up of State Spinal Injury Centres; (iv) provisioning accessibility in State Government institutions;

[3] Draft 12th Plan Document

(v) making State Governments' websites accessible; (vi) preparation of comprehensive database and online State depository of resources on disabilities; (vii) establishment of State Missions and District Coordinators; (viii) awareness generation and publicity; (ix) training of care-givers: In-service training and sensitisation of State Governments, local bodies and other service providers; (x) Establishment of National Institute of Mental Health Rehabilitation; (xi) Establishment of State Disability Resource Centres; (xii) Establishment of Micro-enterprises Incubation Centres for persons with disabilities; (xiii) grant of Association for Rehabilitation Under National Trust Initiative of Marketing (ARUNIM) for supporting its marketing activities and (xiv) Research on disability related technology and products.

11. National and State level Missions for Empowerment of Persons with Disabilities **may be considered** with full-time Mission Director and supporting staff, on the pattern of SSA, NRHM, JNNURM and so on.
12. Efforts will be made to ensure access and barrier-free environment in transport services, educational services and in all government buildings and government websites.

Key Concerns:

1. The analysis reveals the regressive nature of the document vis-a-vis persons with disabilities. **Some examples**: a. it aims to redress discrimination by service delivery and awareness raising and not by rights protection and realisation and b. by mentioning "**acknowledging that Persons with Disabilities have 'un-evolved' capacities as a consequence of their disabilities**" the 12th plan does not endorse the paradigm shift to the social and human rights model as mandated by the UNCRPD as envisaged by persons with disabilities.
2. No outlay earmarked for the Department of Disability Affairs and lack of role clarity for this department.
3. Lack of concrete financial commitments towards protecting, ensuring and promoting the rights of persons with disabilities by various ministries and departments.
4. Lack of commitment for provision of disability disaggregated data on both the physical and financial performance
5. There is no mention on the amendment to the various women's' protection laws of the land to include women with disabilities. No mention of reviewing of the existing policies and programmes of the various ministries and department to make them responsive enough to protect and promote the rights of women with disabilities. There is also lack of commitment to disaggregate the Gender Budget Statement on women with disabilities.
6. The 12th Plan is far from including children with disabilities in the development and protection programmes of the concerned ministries. Again the Child Budget Statement will not be disaggregated based on children with disabilities.
7. The plan document suggests setting up of National Institute of Mental Health Rehabilitation, leading to institutionalisation, which is in violation of the various socio, economic, civil, political and cultural rights, and when the disability sector demands for community based interventions as mandated by UNCRPD.
8. The plan has failed to address the general and specific health care needs of persons with disabilities including children and women with disabilities. There is no mention of health insurance scheme covering the specific needs of persons with disabilities.
9. Though the plan document expects all ministries and departments to earmark reasonable amounts towards protection and promotion of the rights of persons with disabilities, it has restricted the inclusive agenda to only the sectors dealing with infrastructure, poverty alleviation, health, education, labour & employment, transport and women and child development.
10. The inclusive agenda of the Government of India has made obvious the need for a Persons With Disability Budget Statement

Check List on the Union Government's efforts towards Implementation of the Charter of Demands for Union Budget 2013-14 submitted by the disability sector:

Demands for Union Budget 2013 -14	Union Government's efforts towards implementation
A separate budget statement on allocations for protecting and promoting the rights of persons with disabilities should be introduced at the Union Governmental level	×
Cells for ensuring, protecting and promoting the rights of persons with disabilities in all Ministries / Departments of the Union Government	×
Inclusive public procurement	×
Increased outlays are required for pilot projects on community mental health and evaluation of the existing district mental health programme. We also seek provisioning of necessary community services for all persons with disabilities including persons with psychosocial and intellectual disabilities. Special provision must be made to support the medical needs of persons with disabling medical conditions such as multiple sclerosis, MPS, etc.	×
Budget outlays should be earmarked for establishing a National Employment Portal for persons with disabilities, National Labour institute for persons with disabilities.	×

Source: Charter of Demands for Union Budget 2013-14, prepared by People's Budget Initiative: http://www.cbgaindia.org/files/recent_publications/Charter%20of%20Demands-2013-14.pdf

Taxation

- The Central Government's Total Expenditure as a proportion of GDP is projected to increase marginally from 14.3 percent of GDP in 2012-13 (RE) to 14.6 percent of GDP in 2013-14 (BE), reflecting some optimism towards an expansionary public outlay, given the relatively shrinking expenditure during previous two budgets.
- The Budget Speech reflected the acknowledgement by the government that India has a low tax-GDP ratio compared to other developing countries and that 'fiscal consolidation' cannot be accomplished without mobilizing adequate tax revenue. However, the budget proposals do not have any substantive policy measure to ensure a visible increase in the country's tax-GDP ratio. The ratio of Union Government's gross tax receipts (i.e. including the share of States in the same) is projected to increase from 10.4 percent of GDP in 2012-13 (RE) to only 10.9 percent of GDP in 2013-14 (BE).
- The proposed income tax surcharge on super rich (i.e. of 10 percent on persons whose taxable income exceeds Rs. 1 crore per year) is welcome, but it would imply a small increase of only 3 percent on the peak tax rate paid by such people, as there have been no changes in the income tax brackets or tax rates. Proposals to increase surcharge on companies (i.e. from 5 percent to 10 percent on domestic companies whose taxable income exceeds Rs. 10 crore per year and from 2 percent to 5 percent on foreign companies) too are steps in the right direction, but it is questionable whether such minor increases will be able to reduce the visible gap between the statutory and effective rates of corporate income tax in India. Moreover, the fact that these increases in surcharge will be applicable only for one year raises a doubt on the political will of the present government to improve the direct tax collections and make the country's tax system more progressive in the long run.
- While the proposal of withholding tax at the rate of 20 percent on profits distributed by unlisted companies to shareholders through buyback of shares is a welcome step as a measure to combat such tax avoidance practices, the broader measure of the General Anti Avoidance Rules (GAAR) should be expedited as an apex measure to combat tax avoidance procedures.

Overall Magnitude of the Union Budget

The magnitude of the Union Budget is projected to increase marginally from 14.3 percent of GDP in 2012-13 (RE) to 14.6 percent of GDP in 2013-14 (BE) (see Table 14.a). The overall size of the Union Budget had been around 15.7 percent to 15.4 percent of the GDP during 2008-09 to 2010-11, i.e. the years of global economic recession in which the Union Government had recognized and tried to address the need for stepping up public spending in the country. In the last two budgets, the overall size of the Union Budget has shrunk as compared to the size of India's economy, in particular during 2012-13 (RE). However, the persistence of acute development deficits in many areas requires the country to step up public provisioning for promoting human development, which would be possible only when the Union Government adopts a fiscal policy that is much more progressive.

Table 14.a: Total Magnitude of the Union Budget as compared to the size of India's economy

Year	Total Expenditure from the Union Budget (in Rs. Crore)	GDP at Market Prices (in Rs. Crore)	Total Expenditure from the Union Budget as % of GDP
2004-05	498252	3242209	15.4
2005-06	505738	3693369	13.7
2006-07	583387	4294706	13.6
2007-08	712671	4987090	14.3
2008-09	883956	5630063	15.7
2009-10	1024487	6457352	15.9
2010-11	1197328	7795314(2RE)	15.4
2011-12	1304365	8974947(1RE)	14.5
2012-13 (RE)	1430825	10028118(AE)	14.3
2013-14 (BE)	1665297	11371886*	14.6

Note: The estimate of GDP for the year 2010-11, i.e. 77,95,314 (Rs. Crore) is the second revised estimate (2RE), the estimate for the year 2011-12, i.e. 89,74,947(Rs. Crore) is the first revised estimate(1RE) and the estimate for the year 2012-13 (RE) is the advanced estimate (AE) by the Central Statistical Organisation; *Projected by Ministry of Finance, GoI, assuming GDP (at current prices) growth at 14 percent over previous year.
Source: Compiled by CBGA from *Economic Survey 2012-13*, GoI, and *Union Budget Document*, GoI, 2013-14.

Table 14.b: Deficits in the Union Budget

Year	Revenue Deficit as % of GDP	Effective Revenue Deficit as % of GDP	Fiscal Deficit as % of GDP
2003-04	3.5	-	4.3
2004-05	2.4	-	3.9
2005-06	2.5	-	4.0
2006-07	1.9	-	3.3
2007-08	1.1	-	2.5
2008-09	4.5	-	6.0
2009-10	5.2	-	6.5
2010-11	3.2	2.1	4.8
2011-12 (BE)	3.4	2.9	4.6
2011-12 (P)	4.3	-	5.7
2012-13 (BE)	3.4	1.8	5.1
2012-13 (RE)	3.5	2.7	5.2
2013-14 (BE)	3.3	1.8	4.8

Note: (1)*Effective Revenue Deficit* refers to the gap between Revenue Expenditure and Revenue Receipts of the government, where Grants-in-Aid made by the Centre to States & UTs that get used for creation of capital assets by the latter are not included in the figure for Revenue Expenditure. Since such capital assets are not owned by the Centre, the funds provided by Centre to States and UTs for these cannot be reported in the Capital Account of the Union Budget.
(2) P: Provisional Actuals(Unaudited)
(3) BE: Budget Estimates; RE: Revised Estimates
(4) The ratios to GDP at current market prices (CMP) are based on the Central Statistics Office's (CSO) National Accounts 2004-5 series.
Source: Controller General of Accounts, Economic Survey 2012-13, *Budget at a Glance*, Union Budget, GoI, 2013-14.

The economic space of the Government of India (GoI) is somewhat restricted due to the recommendations of the Kelkar Committee on fiscal consolidation and containing fiscal deficit at 5.3 percent of GDP in 2012-13 and 4.8 percent of GDP in 2013-14. The projections of Gross Budgetary Support (GBS) for the Plan increasing from 4.92 percent of GDP in 2011-12 to 5.75 percent of GDP by the end of Twelfth Plan period, which however, as a percentage of GDP over a five year period is only 0.83 percent of GDP. There are several sectors where Plan allocations must increase as a percentage of GDP, notably health, education and infrastructure.

Projection of Centre's Resources for the Twelfth Five Year Plan (2012-17) reflects the following features:

(i) The Net Tax Revenue for the Centre is expected to increase from 7.4 percent of GDP in 2011-12 (BE) to 8.91 percent of GDP in 2016-17, an increase of 1.51 percentage points.

(ii) Non-Tax Revenues are expected to fall from 1.4 percent of GDP in 2011-12 to 0.88 percent of GDP in 2016-17.

(iii) The contribution of Non-Debt Capital Receipts (mainly dis-investment proceeds) as a ratio of GDP is also expected to fall.

Effective targeting of subsidies is treated as crucial for achieving the Plan resource target. The only alternative would be to raise additional tax resources so as to achieve a tax-GDP ratio higher than average 12.0 percent of GDP, as implied in the above projections. The 2013-14 Union Budget and Economic Survey 2012-13 recognize the need for augmenting tax base, however, apart from some piecemeal approaches, there is a lack of a comprehensive plan to do so.

Table 14.c: Fiscal Indicators of the Union Government

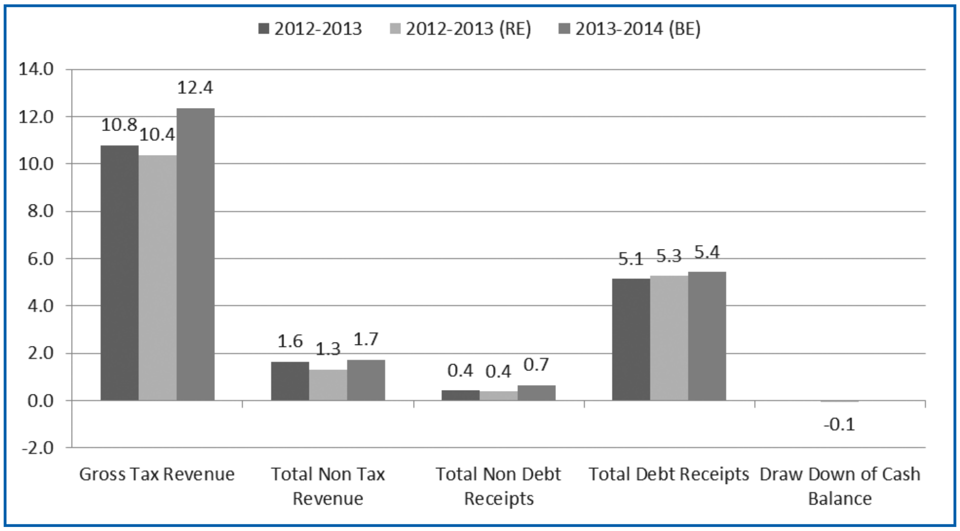
	2010-11	2011-12 (RE)	2012-13 (RE)	2013-14 (BE)	Targets for	
					2014-15	2015-16
Gross Tax Revenue of the Centre as % of GDP	10.3	9.9	10.4	10.9	11.2	11.5
Effective Revenue Deficit as % of GDP	2.1	2.9	2.7	1.8	0.9	0.0
Fiscal Deficit as % of GDP	4.8	5.7	5.2	4.8	4.2	3.6
Total Outstanding Liabilities at the end of the year as % of GDP	45.3@	45.7	45.9	45.7	44.3	42.3

Note: (a) "GDP" is the Gross Domestic Product at current market prices as per new series from 2004-05.
(b) "Total outstanding liabilities" include external public debt at current exchange rates. For projections, for 2014-15 and 2015-16, constant exchange rates have been assumed); @ Revised Estimates for 2010-11. Liabilities do not include part of NSSF and total MSS liabilities which are not used for Central Government deficit
Source: Compiled from *Medium Term Fiscal Policy Statement* and *Budget at a Glance*, Union Budget 2013-14, GoI.

Mobilisation of Tax Revenue

Budget 2013-14 expects to raise around Rs. 12.4 lakh crore from tax revenues and compared to Rs. 1.7 lakh crore from non-tax revenue, Rs. 0.7 lakh crore from non-debt receipts and around Rs. 5.4 lakh crore from debt receipts (Chart 14.a).

Chart 14.a: Major Sources of Receipts for Union Budget (in Rs. Lakh Crore)



Source: Receipt Budget, Union Budget 2013-14, GoI

However even at these values, Gross Tax to GDP ratio for central government is expected to reach only 10.9 percent, which is below the peak of 11.9 percent that India already achieved in 2007-08 as shown in table 14.d.

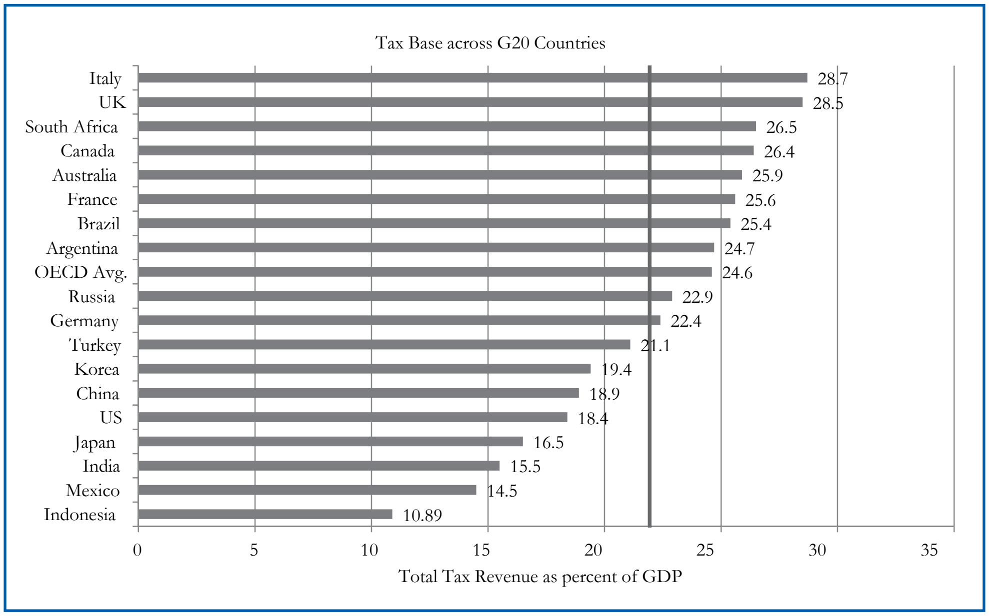
Table 14.d: Centre's Gross Tax Revenue - GDP Ratio

Year	Gross Tax Revenue of the Centre (in Rs. Crore)	GDP at market prices (in Rs. Crore)	Central Gross Tax Revenue-GDP Ratio (in %)
2002-03	215905	2338200	9.2
2003-04	254348	2622216	9.7
2004-05	304957	3242209	9.4
2005-06	366151	3692485	9.9
2006-07	473513	4293672	11
2007-08	593147	4986426	11.9
2008-09	605298	5582623	10.8
2009-10	624527	6550271	9.5
2010-11	786888	7674148	10.3
2011-12(RE)	889176	8974947	9.9
2012-13(RE)	1038037	10028118	10.4
2013-14 (BE)	1235870	11371886	10.9

Source: Receipts Budget, Union Budge 2013-14 and Economic Survey, GoI

Narrow tax base resulting in low tax-GDP ratio is one of main weaknesses plaguing the Indian tax system. While Budget 2013-14 itself explicitly acknowledges this, it reveals no concrete policy measure to expand the same. International comparison for General Government (Centre and State government combined for India) across G20 countries, in chart 14.b below, also substantiates the fact that India has one of narrowest tax bases compared to other developing and developed countries. We may also note that the tax-GDP ratio reported here are those in which the tax revenue figure does not include social security contributions (if any). However, the methodology adopted in some of OECD's publications does make a strong case for including social security contributions (which are compulsory, unrequited and made to the government) in the tax revenue figures for countries. If we take into account the tax-GDP ratios for all these countries including the social security contributions, the differences between their figures and those of India would be even bigger.

Chart 14.b: Tax GDP Ratio across G20 Countries



Source: Compiled from the data provided in:
Government Finance Statistics 2011, IMF
For Argentina and Brazil, Revenue Statistics in Latin America, 2011 OECD/ECLAC/CIAT
For India: India Public Finance Statistics 2011-12, Government of India.
For Mexico and OECD: Revenue Statistics 2011. OECD
Note: All country values are for year 2010, except Argentina (2009), OECD Avg. (2009), China (2009), Mexico (2009) and India (2009-10).

Though Budget 2013-14 has taken some favorable policy measures, as discussed below, these alone won't be sufficient enough to increase the tax-GDP ratio of the country which might need some more concrete policy measures. Some of specific favorable policy measures proposed in Budget 2013-14 are as follows;

1. **Proposal to set up the Tax Administrative Reform Commission to review application of tax policies and tax laws**: This measure become important in light of the fact that India has a low compliance level and also tax exemptions offered needs to be better targeted and rationalized.

2. **A surcharge of 10 percent on persons whose taxable income exceeds Rs. 1 crore per year:** Given the high amount of inequality in India an increase in peak tax on super rich was much needed. A 10 percent surcharge on peak tax rate of 30 percent will increase effective tax rate by 3 percent. Even after this increase, peak tax rate in India will continue to be below many developed and developing countries of the world. But still the importance of surcharge on rich cannot be denied and it can be regarded as an important step in right direction for ensuring inclusive growth.

3. **Increase in surcharge from 5 percent to 10 percent for domestic companies (whose taxable income exceeds Rs. 10 crore per year) and from 2 percent to 5 percent for foreign companies:** This is also a welcome step given the huge gap that exists between Effective and Statutory corporate tax rates in India due to tax planning. However, it needs to be seen if this increase will be able to suffice for gap in Effective and Statutory tax rate in India.

4. **Increase in surcharge on Dividend Distribution Tax from 5 percent to 10 percent:** This is another positive step as it will help increase share of Direct taxes in total taxes.

5. **Tax Deduction at Source (TDS) at rate of 1 percent on the value of the transfer of immovable property with consideration exceeding Rs. 50 lakh:** This is a positive development in light of the fact that property transactions are grossly underreported in India to avoid stamp duties and capital gains tax.

6. **Increase in tax rate on payments by way of royalty and fees for technical services to non-residents from 10 percent to 25 percent:** This measure rightfully acknowledges one of the flaws plaguing the international tax structure in India. However the overriding effects that Double Tax Avoidance Agreements (DTAAs) will have on this policy change makes it necessary to revisit various DTAAs on same lines.

7. **Levy of Commodities Transaction Tax on non-agricultural commodities futures contract at 0.01 percent of the price of the trade:** This is a welcome step as it can help raise revenue and check speculative transactions

8. **Increase in excise duty on cigarettes, cigars, cheroots and cigarillos by 18 percent:** Tobacco products in India are under taxed compared to the global standards. This measure is expected to raise revenue and at the same time have positive implications for the health of the people.

Another positive development has been the fact that government did not roll back the retrospective amendment introduced in Section 9 of the Income Tax Act by the last year's budget. This can have implications for tax base of the country by bringing international transactions involving indirect transfer of capital assets under the tax net.

However in addition to above policy measures, there are some other proposals in Budget 2013-14 which can have negative implications in term of revenue raised for already resource constrained government. Reduction of Securities Transaction Tax on Equity futures (from 0.021 percent to 0.01 percent), Mutual Funds (MF) / Exchange Traded Funds (ETF) redemptions at fund counters (from 0.25 percent to 0.001 percent) and MF/ ETF purchase/sale on exchanges (from 0.1 percent to 0.0001 percent) will result in revenue loss and can also promote speculative transactions.

Another issue that needs further discussion is Budget's recommendation that it is not possible to keep track of service tax payers and hence the proposal of 'Voluntary Compliance Encouragement Scheme'. Here it needs to be mentioned that such schemes can have a demoralizing effect on honest tax paying individuals and at the same time promote complacency and laxity in non-complying citizens. Strict deterrent measures to increase compliance and increased investment in administration to ensure better tracking of tax evaders are some other alternatives that the government could resort to.

Tax Structure of the Country

Progressivity of tax structure of a country is determined by share of Direct Tax revenue in Total Tax revenue of the country. Taxes for which the tax-burden cannot be shifted or passed on are called Direct Taxes. This means that any person who directly pays such taxes to the government bears the burden of that particular tax. Indirect Tax on any good or service affects the rich and the poor alike. Unlike Indirect Taxes, Direct Taxes are linked to the tax-payer's ability to pay, and hence are considered to be progressive.

As Table 14.e. below shows, the performance of general government (central and state government combined) in India leaves a lot to be desired in terms of progressivity of tax structure. In year 2011-12, while Direct taxes constituted 5.99 percent of GDP, Indirect taxes constituted around 10.65 percent of GDP for general government combined. Hence Direct taxes constitute only around 36 percent of total taxes in India.

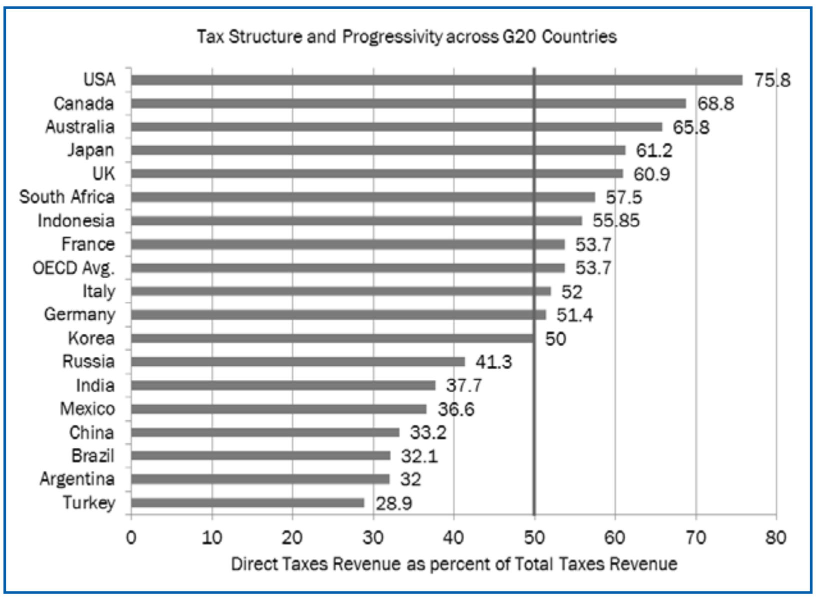
Table 14.e: Direct Taxes vs. Indirect Taxes in India's Total tax-GDP Ratio

Year	Direct Tax (% of GDP)	Indirect Tax (% of GDP)	Tax-GDP Ratio (%)
2002-03	3.56	10.96	14.52
2003-04	3.98	11.06	15.04
2004-05	4.23	11.02	15.25
2005-06	4.54	11.38	15.92
2006-07	5.39	11.77	17.16
2007-08	6.39	11.06	17.45
2008-09	5.88	10.53	16.41
2009-10	5.83	9.67	15.5
2010-11(R.E.)	5.48	9.25	14.73
2011-12 (B.E.)	5.99	10.65	16.64

Source: Indian Public Finance Statistics 2011-12, 2010-11.

Lack of progressivity in Indian tax structure is further proved by comparing the share of direct taxes in total taxes across G20 countries given in chart 14.c below.

Chart 14.c: Direct Taxes Revenue as percent of Total Taxes Revenue across G20 Countries



Source:
Calculated from the data provided in:
Government Finance Statistics 2011, IMF
For Argentina and Brazil- Revenue Statistics in Latin America 2011, OECD/ECLAC/CIAT
For India- India Public Finance Statistics 2011-12, Government of India
For Mexico and OECD- Revenue Statistics 2011, OECD
Note: All country values are for year 2010, except Argentina (2009), OECD Avg. (2009), China (2009), Mexico (2009) and India (2009-10).

Chart 14.c clearly shows that India is far behind majority of G20 countries in terms of progressivity and hence needs to take up concrete policy measures to address the same. Given this background, it can be safely asserted that though Budget 2013-14, which expects to yield direct taxes amounting to Rs. 13,300 crore and Indirect taxes amounting to Rs. 4,700 crore, have proposed some measures in the right direction, yet a lot more needs to be done to bring about a structural change in the Indian tax system. Some of policy measures discussed in the preceding section are positive steps in but the government needs to gradually build up the same to bring about the desired changes.

Exemptions in the Central Government Tax System

The overall magnitude of public resources available to the government in India has been grossly inadequate in comparison to several other countries, mainly owing to the low magnitude of tax revenue collected in our country. In this context, it is important to note that **the total magnitude of tax revenue forgone due to exemptions/deductions/incentives in the Central government tax system is estimated (by the Union Ministry of Finance) to be Rs. 5,29,432 crore in 2011-12**. What it implies is that – the estimated amount of additional tax revenue that could have been collected by the Union Government in 2011-12, if all exemptions/ deductions/incentives (both in direct and indirect taxes in the Central tax system) had been eliminated, stands at a staggering 6 percent of GDP.

The actual magnitude of revenue that would be possibly collected if all exemptions in the Central tax system are eliminated would be less than the above stated figure of 6 percent of GDP, since the estimation by the Union Ministry of Finance is based on some assumptions (that are inevitable for such an exercise of estimation); however, the actual revenue potential associated with elimination of tax exemptions cannot be small.

Moreover, not all kinds of exemptions/deductions/incentives in the Central government tax system are meant for corporations alone; these exemptions also include those that are meant for common people (like exemptions in some of the indirect taxes) and a number of other purposes linked to the direct benefit of the people. However, **there is a need for a detailed scrutiny of all kinds of tax exemptions to find out which of those are justified at present with sound social and economic reasons, and which ones should be eliminated or reduced**.

The nature of tax exemptions varies between countries. For instance, China started offering substantial tax exemptions to Special Economic Zones (SEZs) in late 1970s in order to boost its manufacturing sector while India introduced tax exemptions in SEZs in the early 1990s. Countries like Japan, Malaysia, Ghana and Brazil offer tax exemptions for inward investments. In contrast, the Indonesian tax reforms of 1984 saw corporate tax rates reduced from 45 to 35 percent and discriminatory tax preferences (tax holidays, accelerated depreciation, special investment allowances and preferential tax rates) abolished; though in later years, some tax concessions such as loss carry forwards and other tax preferences were allowed.

In the Indian context, **three major committees relating to taxation- Chelliah, Shome and Kelkar committees - have in their reports unanimously recommended rationalisation and minimisation of the tax exemption system in the country**. SEZs should be used as a strategic instrument specifically for export promotion purposes, and not become a haven for other corporations seeking tax sops. Even if the controversial Chinese model of SEZ is thought to be a successful one, similar intent towards such policy direction is currently lacking in India. The policymakers should adopt aspects like strategic locations, smaller number of SEZs, better infrastructure and proactive role of the government as against private financing, which are largely non-existent in the current Indian SEZ model.

The removal/minimisation of exemptions, particularly for the corporate sector might also reduce vertical inequality, since larger profit-making companies are paying a lower Effective Tax Rate (ETR) compared to lower profit-making companies. A better policy option might be removal/minimisation of tax exemptions and maintaining the existing level of Statutory Tax Rate (STR) on corporations.

There is **a need for an in-depth industry-level review of the extent to which the anticipated benefits of tax exemptions are being fulfilled in certain industries, e.g. software development agencies, power and energy, petroleum and petrochemicals, and drugs and pharmaceuticals, given that the effective tax rates (ETRs) for these are much lower**, as reflected in the Union Budget documents. Revenue forgone in the Central tax system on account of deduction of export profits for STPI Units (software technology industries), Export-oriented Units (EOUs), Free Trade Zones (FTZs) and accelerated depreciation are substantial; in particular the depreciation allowance/accelerated depreciation[1] is a dominant factor underlying the tax revenue foregone in case of Corporation Tax. Tax breaks should be project-specific and not be treated as a "cost-saving" source for corporations seeking sustained tax holidays.

In the Budget Speech for the Union Budget 2009-10, the then Finance Minister had recognized that India's tax base continues to be low compared to other countries, mainly due to a plethora of exemptions in the Central government tax system. However, the government has not taken any significant corrective measures in this regard in the last four Union Budgets.

Usually, tax exemptions/deductions/incentives are provided for a number of purposes, which include the following:

- for encouraging individual savings (by providing tax reliefs to various savings schemes),
- to provide a boost to exports,
- to achieve balanced regional development,
- to encourage infrastructure development,
- to increase employment by providing tax incentives to employers in certain sectors, and
- for enabling the provision of resources for charity, cooperatives and for rural development etc.

However, a cost-benefit analysis for each type of exemption is required on a periodic basis as a measurement of their effectiveness in terms of the basic objectives of such exemptions.

With regard to tax exemptions, the forty-ninth report of the Parliamentary Standing Committee on Finance emphasizes that each exemption should serve an economic purpose; and add that an annual or periodical review of each of the exemptions is also crucial in assessing the fulfillment of their economic purposes. It also opines that exemptions should not be for a very long period.

Table 14.f: Tax Revenue Foregone in the Central Government Tax System due to Tax Breaks

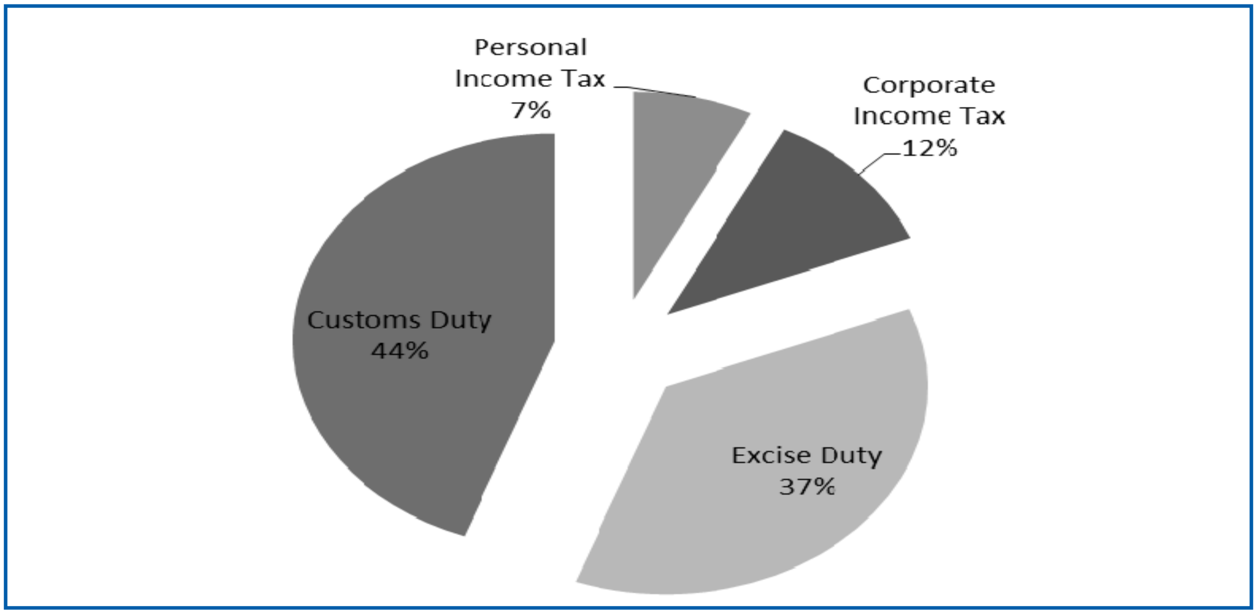
Items	Corporate Income Tax	Personal Income Tax	Excise Duty	Customs Duty	Total	Less Export Credit related	Grand Total (=Total -Export Credit Related)
Revenue Foregone in 2005-06 (in Rs. Crore)	34618	13550	66760	127730	242658	37590	205068
Revenue Forgone as % of GDP in 2005-06	0.9	0.4	1.8	3.5	6.6	1.0	5.6

[1] Accelerated Depreciation: It is a practice of several companies to avail tax benefits by charging high depreciation of assets in the initial years of their operation. It provides a way of deferring corporate income taxes by reducing taxable income in current years.

Items	Corporate Income Tax	Personal Income Tax	Excise Duty	Customs Duty	Total	Less Export Credit related	Grand Total (=Total -Export Credit Related)
Revenue Foregone in 2006-07 (in Rs.Crore)	50075	15512	99690	123682	288959	53768	235191
Revenue Forgone as % of GDP in 2006-07	1.2	0.4	2.3	2.9	6.7	1.3	5.5
Revenue Foregone in 2007-08 (in Rs. Crore)	62199	38057	87468	153593	341317	56265	285052
Revenue Foregone as % of GDP in 2007-08	1.2	0.8	1.8	3.1	6.8	1.1	5.7
Revenue Foregone in 2008-09 (in Rs. Crore)	66901	37570	128293	225752	458516	44417	414099
Revenue Foregone as % of GDP in 2008-09	1.2	0.7	2.3	4.0	8.2	0.8	7.4
Revenue Forgone in 2009-10 (in Rs. Crore)	72881	45142	169121	195288*	482432		482432
Revenue Forgone as % of GDP in 2009-10	1.1	0.7	2.6	3.0	7.4		7.4
Revenue Foregone in 2010-11 (in Rs. Crore)	57912	36826	192227	172740	459705		459705
Revenue Foregone as % of GDP in 2010-11	0.8	0.5	2.5	2.3	6.0		6.0
Revenue Foregone in 2011-12 (in Rs. Crore)	61765	39375	195590	236852	533583		533583
Revenue Foregone as % of GDP in 2011-12	0.7	0.4	2.2	2.6	5.9		5.9
Projected Revenue Foregone in 2012-13 (in Rs. Crore)	67995.0	45480.1	206188.0	253967.0	573630.1		573630.1
Projected Revenue Foregone as % of GDP in 2012-13	0.7	0.5	2.1	2.5	5.7		5.7

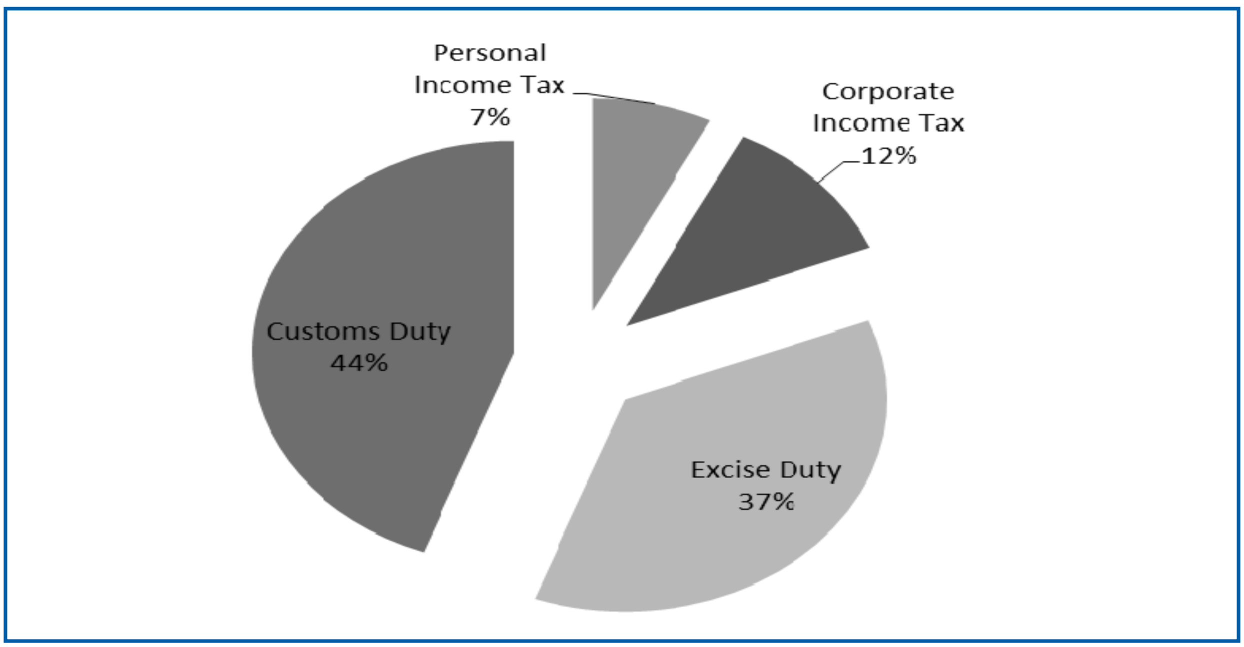
Note: (1) 2005-06 figures are Provisional
(2) 2006-07 Figures are Estimated
(3) For 2005-06 and 2006-07, Cooperative Sector exemptions figures are also avaliable. However, this has not been included for comparability of four categories of exemptions, namely Corporate Income Tax (CIT), Personal Income Tax (PIT), Excise Duty and Customs Duty for all years.
(4) *Since 2009-10, Export Credit Related items are adjusted against the Custom Duty Exemptions figures, and adjusted data are provided under the heading 'Customs Duty'. Since then separate data for 'Less Export Credit related' are not available.
(5) The ratios to GDP at current market prices (CMP) are based on the Central Statistics Office's (CSO) National Accounts 2004-5 series
Source: Statement of Revenue forgone, Union Budget 2005-06 to 2012-13 (February,2013), Govt. of India.

Chart 14.d: Revenue Forgone (corporate income tax, personal income tax, excise duty, custom duty) as a percent of Total Revenue Foregone in 2011-12



Source: Compiled from the Statement of Revenue Foregone , Ministry of Finance (2011-12)

Chart 14.e: Projected Revenue Forgone in 2012-13 (corporate income tax, personal income tax, excise duty, custom duty) as percent of Total Revenue Foregone



Source: Compiled from the Statement of Revenue Foregone , Ministry of Finance 2012-13 (February, 2013)

Box 14.a: Some of the major items /areas of exemptions in different categories

- **Corporate Tax** [Accelerated Depreciation (Rs. 34,320.1 crore during 2011-12 and the projected revenue foregone during 2012-13 is Rs. 37,831.7 crore) , Deduction of profits of undertakings engaged in generation, transmission and distribution of power {Rs. 8,301.6 crore revenue foregone during 2011-12 and Rs. 9,151.0 crore during 2012-13 (projected)}, Deduction of export profits of units located in SEZs {Rs. 10,916.2 crore during 2011-12 and Rs. 37,831.7 crore during 2012-13 (projected), Deduction/weighted deduction for expenditure on scientific research (Rs. 5,747.6 crore during 2011-12 and projected revenue foregone during 2012-13 is Rs. 6,335.7 crore), Deduction of profits of industrial undertakings derived from production of mineral oil (Rs. 7,999.0 crore during 2011-12 and projected revenue foregone during 2012-13 is Rs. 8,817.4 crore)]
- **Non-Corporate [firms/AOP/BOIs] sector** [Deduction of profits of industrial undertakings derived from housing projects (Rs. 2,310.1 crore during 2011-12 and projected revenue foregone during 2012-13 is Rs. 2,787.6 crore), Deduction of profits of cooperative societies (Rs. 9,67.8 crore during 2011-12 and projected revenue foregone during 2012-13 is Rs. 1,167.8 crore), Accelerated Depreciation (Rs. 6,81.4 crore during 2011-12 and projected revenue foregone during 2012-13 is Rs. 8,22.3 crore)]
- **Individual Taxpayers (Personal Income Tax)** [Deduction on account of certain investments and payments (section 80C): The revenue foregone is Rs. 25,408.9 crore during 2011-12 and Rs. 30,661.7 crore during 2012-13 (projected)]
- **Excise Duty** ['Others' category accounts the major exemptions {Rs. 1,79,453 crore (Revised) during 2011-12 and Rs.1,87,688 crore during 2012-13 (Estimated)] though details of this category is not provided in the Statement of Revenue Foregone Document]
- **Customs Duty** [Diamond and gold {Rs. 65,975 crore during 2011-12 and Rs.61,035 crore during 2012-13 (Estimated)} Crude oil and mineral oils (Rs. 55,576 crore during 2011-12 and Rs. 57,752 crore during 2012-13 (Estimated)), Edible vegetables, fruits, cereals, vegetable oils (Rs. 32,407 crore during 2011-12 and Rs. 33,742 crore during 2012-13 (Estimated)), Machinery{Rs. 32,386 crore during 2011-12 and Rs. 35,042 crore during 2012-13 (Estimated)}]

Source: Statement of Revenue Foregone in 2012-13, Ministry of Finance, GoI

Box 14.b: What does Economic Survey (2012-13) say about exemptions?

- The exemption limit for individual taxpayers below the age of 60 years has been enhanced from Rs. 1,80,000 to Rs. 2 lakh. The income slab for 20 percent tax rate has been broadened for all individual taxpayers irrespective of their age and will now be applicable to total income between Rs. 5 lakh and Rs. 10 lakh instead of the earlier slab of Rs. 5 lakh and Rs.8 lakh. The tax rate of 30 percent will now be applicable to total income exceeding Rs.10 lakh.
- Exemption limit on footwear enhanced from Rs. 250 per pair to Rs. 500 per pair. Footwear above Rs. 500 per pair to attract excise duty of 12 percent; excise duty on iodine reduced from 10 percent to 6 percent. Full exemption from excise duty provided to food preparations containing fruits and vegetables falling under Chapter 20, which are prepared in a hotel, restaurant, or retail outlet, whether or not such food is consumed in such hotels/restaurants/retail outlets.
- The two important general reductions in customs duties are: (a) The exemption of education cess and secondary and higher education cess from the CVD portion of customs duty so as to avoid computation of such cesses twice (b) The duty-free allowance under the baggage rules has been increased for adult passengers of Indian origin from Rs. 25,000 to Rs. 35,000 (returning after stay abroad of more than three days) and from Rs. 12,000 to Rs. 15,000 (returning after stay abroad of three days or less).
- Securities Transaction Tax on certain transactions in specified securities has been reduced from the existing 0.125 percent to 0.1 percent.

Source: Economic Survey 2012-13, GoI.

Sharing of Resources between Centre and States

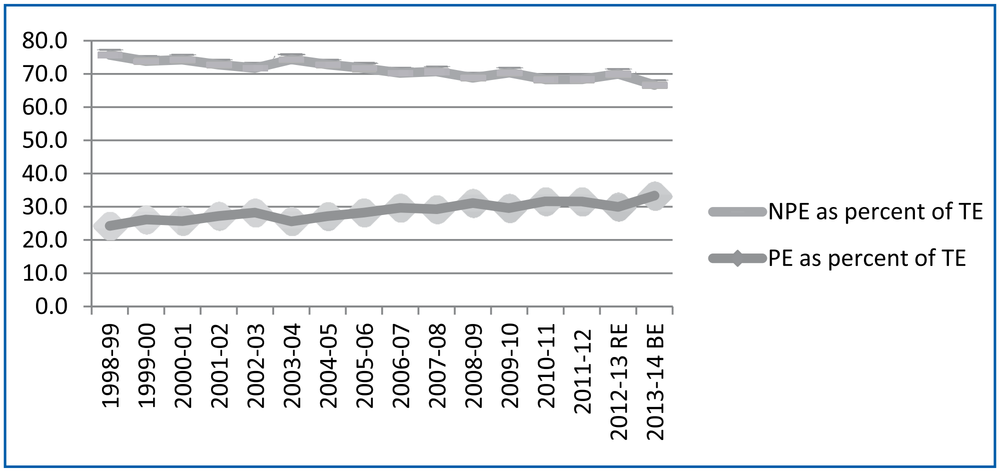
- The government recognizes the need for stepping up mobilization of tax revenue; one of the main efforts in this regard has been the proposed 10 percent surcharge on the super-rich (taxable incomes above Rs. 1 crore a year), and similarly higher surcharges on companies reaping large profits. However, the revenue collected from surcharge or cess is not shared with States, it is retained entirely by the Centre.
- The budget has proposed to reduce the number of Centrally Sponsored Schemes (CSS) to 70 from an existing 173 to reduce proliferation of CSS and Additional Central Assistance (ACA) linked plan schemes in keeping with the recommendations of the B. K. Chaturvedi committee report.
- The budget proposes to transfer resources to the tune of Rs. 587,082 crore to the States and UTs under share of taxes, non-plan grants and loans and central assistance in the year 2013-14.

Sharing of resources between the Centre and States has been a central issue for India's federal fiscal architecture. Over the last two decades, accentuated powers of the Centre along with the increasing role of Planning Commission in terms of introducing newer schemes for development-related activities, have strengthened the Union government's position vis-à-vis the States in terms of control over resources.

The proliferation of Centrally Sponsored Schemes (CSSs) in the recent past as a tool with the Centre to transfer resources to the States is criticized for reflecting the overt tendencies of centralization of the Union government and representing the overbearing and imposing attitude of the Centre to the State governments. Although the CSSs originate in the mixed economy days in India and were rooted in its philosophy of aiding and assisting the States in critical social sectors and difficult financial times, the current spate of CSSs since 2005-06 typify a reversal of the previous tendencies and displays Union government's explicit interventionist tendencies. These programmes, now in their eighth year, have been criticized by progressive sections of the academia, civil society, policy makers and other stakeholders in terms of lack of need-based policy and decentralized planning, lack of flexibility and having a top-down approach towards policy making. The problematic approach of the Centre is also reflected in its adherence to providing direct transfers to implementing agencies (i.e. bypassing the State Budgets) and not following the treasury route.

The Union Budget 2013-14 comes as no aberration to this existing trend of 'fiscal consolidation' as well as increased control over public resources by the Union government. While the total Union Budget expenditure has increased by an approximate 16 percent in 2013-14 BE from the 2012-13 RE estimates, the increase in Plan expenditure has been to the extent of 24 percent. Non-Plan expenditure has increased by 11 percent approximately. Figure 15.a shows the trends in decline of Non-Plan expenditure and a commensurate increase in Plan expenditure as percentage of total Union government expenditure.

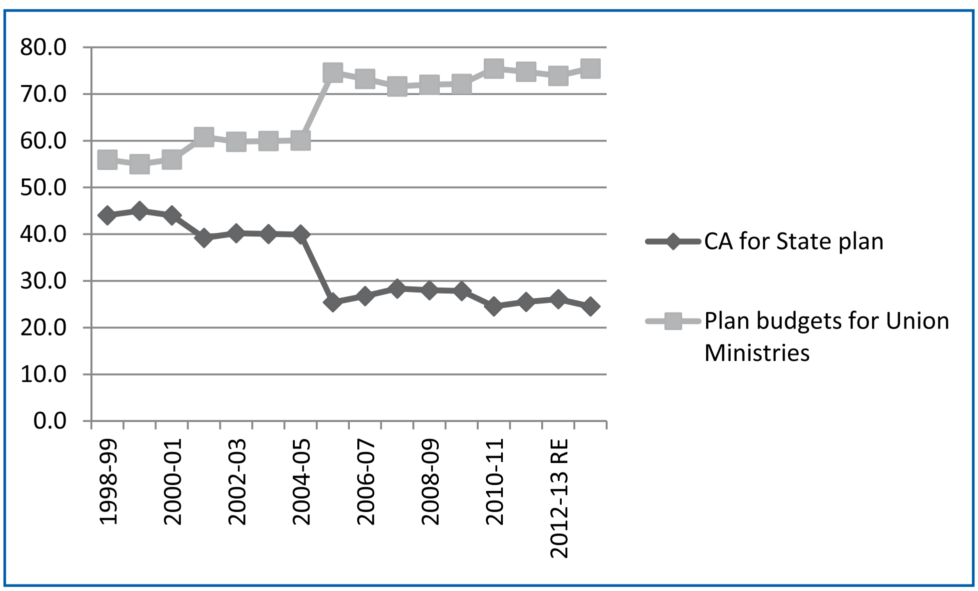
Figure 15.a: Share of Plan and Non-plan Expenditure to Total Expenditure



Source: Union Budget Documents, GoI, Various years

Similarly, Central Assistance (CA) to States and UTs as part of the Gross Budgetary Support (GBS) to the States has reduced and Budget support for Central Plan shows an increase (Figure 15.b). This is ample evidence of increased interventionist transfers to States. Specifically, while Central Assistance to State Plans provides a certain degree of freedom to States in terms of expenditure, Gross Budgetary Support to Central Plan forms the core of tied/conditional transfers.

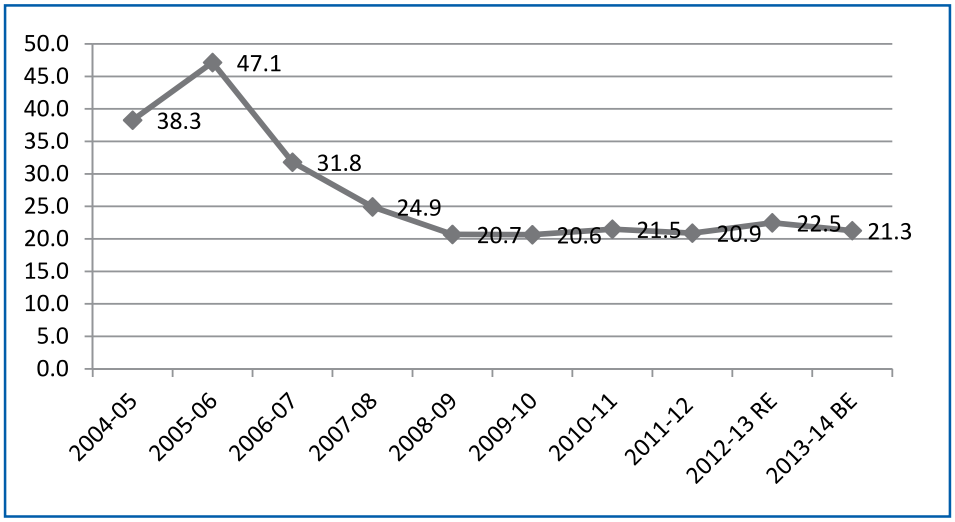
Figure 15.b: Central Assistance for State Plan versus Plan Budgets for Union Ministries (as % of GBS for Central Plan)



Source: Ibid

The B. K. Chaturvedi Committee on restructuring the CSSs, which submitted its report in 2011, specifically recommended increasing the CA to State and UT Plans. However, CA to State and UT Plans has several components like the Special Plan Assistance and the Additional Central Assistance that are partially conditional transfers. The Normal Central Assistance (NCA) component is the only truly untied form of transfer to the States. Figure 15.c shows a decline in such transfers since 2005-06 displaying cause of concern regarding the central tendency of encroachment over States' share of funds.

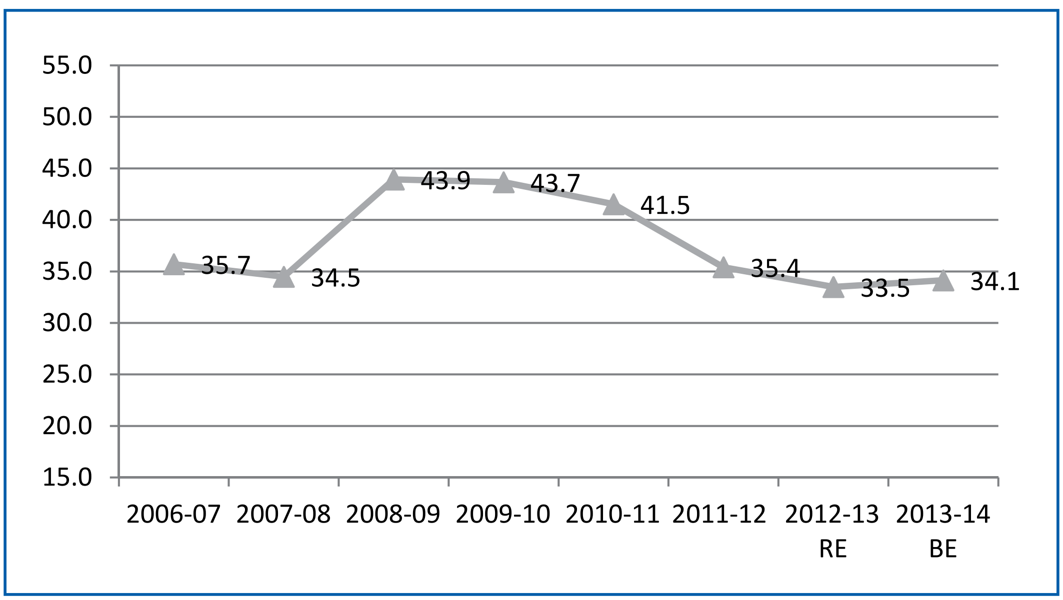
Figure 15.c: Normal Central Assistance as percent of Central Assistance to State and UT Plans



Source: Ibid

Finally, direct transfers to state/district level autonomous societies/implementing agencies as percent of budget support to central plan shows that on an average the share has remained at 35 percent between 2010 and 2014. This signifies the amount of transfers which has been made directly to the agencies for specific plan purposes necessarily bypassing the state budgets. This once again creates problems in terms of states' autonomy in terms of using its own share of central resources.

Figure 15.d: Union Budget Outlays under Direct Transfers to Implementing Agencies in States as percent of Total Plan Budgets for Central Ministries



Source: Ibid

If we look at the Gross Devolution and Transfers (GDT) from Centre to States as percentage of GDP, it clearly shows a decline, thus confirming the Union government's increasing control over resources (Table 15.a). The budget in an attempt to increase revenue mobilization, proposes to apply 10 percent surcharge on the super-rich (for incomes above Rs. 1 crore). However, since it proposes a surcharge, the intentions of the Union government, in terms of resource sharing do not exhibit a tendency of redistributing the additional revenue collected, as surcharges unlike taxes do not fall within the divisible pool.

Table 15.a: Gross Devolution and Transfers from Centre to States

Year	Gross Devolution and Transfers (GDT) from Centre to States* (in Rs. Crore)	GDT as percent of GDP	GDT as percent of Aggregate Disbursements of States
1988-89	30333	7.1	45.2
1989-90	32862	6.7	42.8
1990-91	40859	7.2	44.9
1998-99	102268	5.8	39.1
1999-00	95652	4.9	31.1
2000-01	106730	5.1	31.4
2001-02	119213	5.2	32.3
2002-03	128656	5.2	31.4
2003-04	143783	5.2	28.0
2004-05	160750	5.0	29.0
2005-06	178871	4.8	31.8
2006-07	220462	5.1	33.5
2007-08	267276	5.4	35.5
2008-09	297980	5.3	33.8
2009-10	324090	5.0	31.9
2010-11	392460	5.0	33.9
2011-12	438430	4.9	30.6
2012-13 RE	497900	5.0	30.5
2013-14 BE	595630	5.2	-

Note: * Gross Devolution and Transfers (GDT) Upto 2007-08 include: (i) States' Share in Central taxes, (ii) Grants from the Centre, and (iii) Gross Loans from the Centre.
GDP Figures have been taken from the Planning Commission, Government of India, available at http://planningcommission.nic.in/data/datatable/1705/final_11.pdf
Source: Compiled by CBGA from the basic data given in the State Finances: Budget at a Glance 2011-12, 2012-13 and Handbook of Statistics on State Government Finances-2011, Reserve Bank of India.

Given the above, the Union Budget 2013-14 conforms to the philosophy of fiscal consolidation and continues to exhibit interventionist tendencies vis-à-vis the States. However, accepting the recommendations of the Chaturvedi Committee, the budget proposes to reduce the number of CSSs from 173 to 70 in order to reduce Centre's encroachment over States.

Understanding Budget Concepts and Terminologies

Every Budget broadly consists of two parts, viz. (i) Expenditure Budget and (ii) Receipts Budget. The **Expenditure Budget** presents the information on how much the Government intends to spend and on what, in the next fiscal year. On the other hand, the **Receipts Budget** presents the information on how much the Government intends to collect as its financial resources for meeting its expenditure requirements and from which sources, in the next fiscal year.

In order to understand the key concepts associated with budgets in our country, we may refer to one of the important Union Budget documents, viz. the *Budget at a Glance*.

Union Budget 2013-14: Budget at a Glance (in Rs. Crore)

			2011-2012 Actuals	2012-2013 Budget Estimates	2012-2013 Revised Estimates	2013-2014 Budget Estimates
1.	**Revenue Receipts**		**751437**	**935685**	**871828**	**1056331**
	2.	Tax Revenue				
		(net to centre)	629765	771071	742115	884078
	3.	Non-Tax Revenue	121672	164614	129713	172252
4.	**Capital Receipts (5+6+7)$**		**552928**	**555241**	**558998**	**608967**
	5.	Recoveries of Loans	18850	11650	14073	10654
	6.	Other Receipts	18088	30000	24000	55814
	7.	Borrowings and other				
		liabilities*	515990	513590	520925	542499
8.	**Total Receipts (1+4)$**		**1304365**	**1490925**	**1430825**	**1665297**
9.	**Non-Plan Expenditure**		**891990**	**969900**	**1001638**	**1109975**
	10.	On Revenue Account	812049	865596	919699	992908
		of which,				
	11.	Interest Payments	273150	319759	316674	370684
	12.	On Capital Account	79941	104304	81939	117067

			2011-2012 Actuals	2012-2013 Budget Estimates	2012-2013 Revised Estimates	2013-2014 Budget Estimates
13.	**Plan Expenditure**		**412375**	**521025**	**429187**	**555322**
	14.	On Revenue Account	333737	420513	343373	443260
	15.	On Capital Account	78639	100512	85814	112062
16.	**Total Expenditure (9+13)**		**1304365**	**1490925**	**1430825**	**1665297**
	17.	Revenue Expenditure				
		(10+14)	1145785	1286109	1263072	1436169
	18.	Of Which, Grants for creation of				
		Capital Assets	132582	164672	124275	174656
	19.	Capital Expenditure				
		(12+15)	158580	204816	167753	229129
20.	**Revenue Deficit (17-1)**		**394348**	**350424**	**391245**	**379838**
			(4.4)	(3.4)	(3.9)	(3.3)
21.	Effective Revenue		261766	185752	266970	205182
	Deficit (20-18)		(2.9)	(1.8)	(2.7)	(1.8)
22.	**Fiscal Deficit**		**515990**	**513590**	**520925**	**542499**
	{16-(1+5+6)}		(5.7)	(5.1)	(5.2)	(4.8)
23.	**Primary Deficit (22-11)**		**242840**	**193831**	**204251**	**171814**
			(2.7)	(1.9)	(2.0)	(1.5)

Actuals for 2011-12 in this document are provisional.
$ Excluding receipts under Market Stabilisation Scheme.
* Includes draw-down of Cash Balance.

Source: Union Budget 2013-14, Ministry of Finance, Government of India.

Classification of Government Interventions/Services

Economic Services: These are government services/functions which usually lead to income generating activities for people and promote the expansion of economic activities in the country.

Social Services: These 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.

General Services: The term General is meant to distinguish these services from the other two kinds of services, i.e. Economic and Social.

Classification	Examples of Govt. Services/Functions
General Services	Interest Payments
	Repayment of Debt (taken in the past)
	Defence
	Law and Order (Police)
	Running of Different Organs of the State
	Pensions

Economic Services	Agriculture
	Irrigation
	Industry and Minerals
	Employment Generation Programmes
	Transport
Social Services	Education
	Health & Family Welfare
	Water Supply & Sanitation
	Welfare of Marginalised Sections
	Welfare of Handicapped and Destitute People
	Youth Affairs & Sports
Grants to Sub-national Governments	Grants in Aid to States
	Grants in Aid to Union Territories

Note: This table illustrates only some of the services/ functions under the various heads. Please refer to the budget documents for a comprehensive list.

The *Budget at a Glance* table, as shown above, provides a summary of both the expenditure part and the receipts part of the Union Budget, also indicating 'borrowing' (which is needed to cover the Fiscal Deficit for the year concerned) within the receipts part.

Let's find out more about these and some of the other important concepts pertaining to expenditures and receipts in the following.

Classification of Government Receipts

i) **Capital Receipts**- those receipts that lead to a reduction in the assets or an increase in the liabilities of the government.

- Capital Receipts leading to 'reduction in assets': *Recoveries of Loans* given by the government and *Earnings from Disinvestment*;
- Capital Receipts leading to 'increase in liabilities': *Debt.*

ii) **Revenue Receipts**- those receipts that don't affect the asset-liability position of the government. Revenue Receipts comprise proceeds of Taxes (like, Income Tax, Corporation Tax, Customs, Excise, Service Tax, etc.) and Non-tax revenue of the government (like, Interest receipts, Fees/ User Charges, and Dividend & Profits from PSUs).

Classification of Government Expenditure

i) **Capital and Revenue Expenditure**

Total government expenditure can be divided into two categories, viz. Capital Expenditure and Revenue Expenditure.

- **Capital Expenditure** - those expenditures by the government that lead to an increase in the assets or a reduction in the liabilities of the government.
  -Examples of Capital Expenditure causing 'increase in assets': *construction of a new Flyover*, *Union Govt. giving a Loan to a State Govt.*;
  - Examples of Capital Expenditure causing 'reduction of a liability': *Union Govt. repays the principal amount of a loan it had taken in the past.*

- **Revenue Expenditure** - those expenditures by the government that do not affect its asset-liability position.

  Examples of Revenue Expenditure are: *expenditure on Food Subsidy, Salary of staff, procurement of medicines, procurement of text books, payment of interest, etc.*

  The entire amount of Grants given by the Union Government to States is reported in the Union Budget as Revenue Expenditure, even though a part of those Grants get utilized by States for building Schools, Hospitals etc. This is so because the ownership of the schools or hospitals built from the Central grants would not be with the Union Government.

ii) **Plan and Non Plan Expenditure**

Total government expenditure can also be divided into another set of categories, viz. Plan Expenditure and Non-Plan Expenditure.

- **Plan Expenditure**- those expenditures by the government that are meant for programmes / schemes formulated under the ongoing / previous Five Year Plan. Until a Plan scheme completes its duration (i.e. until it is part of a Five Year Plan), all expenditures on the scheme, whether on creation of infrastructure or for salary of staff, are reported under Plan Expenditure.

Categories of Plan Schemes

i) *State Plan Schemes*- Only the state government provides funds for these, with no direct contribution from the Centre. However, based on the Planning Commission's recommendations, the Centre provides *Central Assistance for State & UT Plans*.

ii) Central Sector Schemes- The Central Government provides entire funds for these.

iii) *Centrally Sponsored Schemes*- Both the Central Government and the State Governments provide funds for the scheme, the ratio of their contributions depending on the design of the scheme.

- **Non-Plan Expenditure**- those expenditures by the government that are outside the purview of the Planning Commission. All government institutions and services, which function on a regular basis irrespective of Five-Year Plans, are financed by Non-Plan expenditures. Examples of these are: interest payments, pension, defence expenditure, spending on law and order, spending on legislature, subsidies, and salary of *regular cadre* teachers, doctors and other government officials etc.

We must note here that most of the development sectors, like, Agriculture, Education, Health, Water and Sanitation etc. are financed by both Plan and Non-plan Expenditure.

Deficit and Debt

Excess of government's expenditure in a year over its income for that year is known as Deficit; the government covers this gap by taking a Debt.

Fiscal Deficit: It is the gap between government's *Total Expenditure* in a year and its *Total Receipts (excluding new Debt to be taken)* that year. Thus, Fiscal Deficit for a year indicates the amount of borrowing to be made by the government that year.

Revenue Deficit: It is the gap between Revenue Expenditure of the Govt. and its Revenue Receipts.

Budget Estimates and Revised Estimates

The estimates presented in a Budget for the approaching fiscal year are **Budget Estimates** (**BE**), while those presented for the ongoing fiscal year based on the performance in the first six months of the fiscal year are **Revised Estimates** (**RE**). The figures for the previous fiscal year, which have been audited, are known as **Actuals**.

Taxation: Concepts and Trends

The Government mobilizes financial resources required for financing its interventions mainly through taxes, fees/ service charges and borrowings.

1. Tax Revenue and Non-Tax Revenue

Government Revenue can be divided into two categories: tax revenue and non-tax revenue.

Tax Revenue: Tax refers to the money collected by the government through payments imposed by legislation.

Non-Tax Revenue: Non-Tax Revenue refers to revenue of government raised through instruments other than taxes such as fees/user charges, dividends and profit of PSUs, interest receipt, penalty or fine etc.

2. Direct and Indirect Tax

Government revenue through taxation can be broadly divided into Direct Taxes and Indirect Taxes.

Direct Tax: Those taxes for which the tax-burden cannot be shifted or passed on are called Direct Taxes. What this means is: any person, who directly pays this kind of a tax to the Government, bears the burden of that particular tax. Examples include corporation tax, personal income tax and wealth tax.

Indirect Tax: Those taxes for which the tax-burden can be shifted or passed on are called Indirect Taxes. What this implies is: any person, who directly pays this kind of a tax to the Government, need not bear the burden of that particular tax; he/she can ultimately shift the tax-burden to other persons later through business transactions of goods/ services. Indirect Taxes include Custom Duties, Excise Duties, Service Tax, Sales Tax and Value Added Tax (VAT).

Indirect tax on any good or service affects the rich and the poor alike. Unlike indirect taxes, direct taxes (i.e. Corporation Tax, Personal Income Tax, Wealth Tax etc.) are linked to the tax-payee's ability to pay and hence are considered to be progressive.

Corporation Tax: This is a tax levied on the income of Companies under the Income Tax Act, 1961.
Taxes on Income: This is a tax on the income of individuals, firms etc. other than Companies, under the Income Tax Act, 1961. This head also includes other Taxes, mainly the 'Securities Transaction Tax', which is levied on transaction in listed securities undertaken on stock exchanges and in units of mutual funds.
Wealth Tax: This is a tax levied on the specified assets of certain persons including individuals and companies, under the Wealth Tax Act, 1957.
Customs Duties: It is a type of tax levied on goods imported into the country as well as on goods exported from the country.
Excise Duties: It is a type of tax levied on those goods, which are manufactured in the country and are meant for domestic consumption.
Sales Tax: It is levied on the sale of a commodity, which is produced/imported and being sold for the first time.
Service Tax: It is a tax levied on services provided by a person and the responsibility of payment of the tax is cast on the service provider.
Value Added Tax (VAT): VAT is a multi-stage tax, intended to tax every stage of sale of a good where some value has been added to the raw materials; but taxpayers do receive credit for tax already paid on the raw materials in earlier stages.

3. Division of Taxation Powers between Centre and States

The Constitution of India provides a clear division of the roles and responsibilities of the Central Government and State Governments, which has translated into a division of expenditure responsibilities and taxation powers between the two.

In India, the power to levy taxes and duties has been divided among the Governments at the three tiers, i.e. Central Government, State Governments, and Local Bodies. This division follows specific provisions in the Indian Constitution.

- **Central Government** has been vested with the power to levy: Income Tax (except tax on agricultural income, which the State Governments can levy), Customs duties, Central Excise, Sales Tax and Service Tax.
- **State Governments** have been vested with the power to levy: Sales Tax (tax on intra-State sale of goods), Stamp Duty (a duty on transfer of property), State Excise (a duty on manufacture of alcohol), Land Revenue (a levy on land used for agricultural/non-agricultural purposes), Duty on Entertainment and Tax on Professions.
- **Local Bodies** have been empowered to levy: tax on properties (buildings, etc.), Octroi (a tax on entry of goods for use/consumption within areas of the Local Bodies), Tax on Markets and Tax/User Charges for utilities like water supply, drainage, etc.

The system of Sales Tax levied by State Governments has now been replaced with Value Added Tax (VAT).

4. Distribution of Revenue collected in the Central Tax System

A Finance Commission is set up once every five years to suggest sharing of financial resources between the Centre and the States, a major part of which pertains to the sharing of revenue collected in the Central Government Tax System. At present, the total amount of revenue collected from all Central taxes – excluding the amount collected from Cesses, Surcharges and taxes of Union Territories, and an amount equivalent to the cost of collection of central taxes – is considered as the shareable/divisible pool of Central tax revenue. In the recommendation period of the 13th Finance Commission (from 2010-11 to 2014-15), 32 percent of the shareable/divisible pool of Central tax revenue is transferred to States every year and the Centre retains the remaining amount for the Union Budget.

5. Tax-GDP Ratio

Gross Domestic Product (GDP) is an indicator of the size of a country's economy. In order to assess the extent of government's policy interventions in the economy, some of the important fiscal parameters, like, total expenditure by the government, tax revenue, deficit etc. are expressed as a proportion of the GDP. Accordingly, we need to pay attention to a country's tax-GDP ratio to understand how much tax revenue is being collected by the government as compared to the overall size of the economy.

India's Total Tax- GDP Ratio (Centre and States combined) (Figures in percent)

Year	Tax-GDP Ratio	Direct Taxes- GDP	Indirect Taxes- GDP
2001-02	13.39	3.11	10.28
2002-03	14.08	3.45	10.63
2003-04	14.59	3.86	10.73
2004-05	15.25	4.23	11.02
2005-06	15.91	4.54	11.37
2006-07	17.15	5.39	11.77
2007-08	17.45	6.39	11.06
2008-09	16.26	5.83	10.43

Year	Tax-GDP Ratio	Direct Taxes- GDP	Indirect Taxes- GDP
2009-10	15.50	5.84	9.66
2010-11 (RE)	16.46	5.87	10.60
2011-12 (BE)	16.64	5.99	10.65

Note: RE – Revised Estimate, BE – Budget Estimate;
Source: Indian Public Finance Statistics 2011-12, Min. of Finance, Govt. of India

Planning and Budgetary Strategies for Disadvantaged Sections

The need for focusing on the concerns of the most disadvantaged sections of population has remained at the core of development planning in India since early 1950s. Planning and budgetary strategies for disadvantaged and excluded groups such as the Scheduled Castes (SCs), Scheduled Tribes (STs), religious minorities and women are discussed in this piece. Since 1970s, the Planning Commission has initiated several measures to provide policy-driven benefits to SCs, STs, religious minorities and women. The provision of policy-driven benefits includes earmarking funds and physical benefits exclusively for them in the Union and State Budgets. This contrasts with the earlier approach that relied solely upon "incidental" benefits flowing from various government interventions.

1. Scheduled Caste Sub Plan (SCSP) and Tribal Sub Plan (TSP)

SCs and STs have been among the most disadvantaged sections of our society due to socio-economic exploitation and isolation over a long period of time. In order to ensure direct "policy-driven" benefits for SCs and STs through specific interventions, the Planning Commission during the 1970s introduced plan strategies - the Special Component Plan for SCs (SCP) and the Tribal Sub Plan (TSP). The SCP for SCs was later renamed as Scheduled Caste Sub Plan (SCSP). The main objective of SCSP and TSP is to channel Plan funds for the development of SCs and STs in accordance with the proportion of these communities in the total population (16 percent and 8 percent respectively at the national level as of 2001).

Under these strategies, Plan funds are to be earmarked for SCs (through SCSP) and STs (through TSP) under separate budget heads for each ministry implementing SCSP and TSP. SCSP with code/budget head 789 and Tribal Sub Plan with code/budget head 796 are to denote spending specifically for SCs and STs respectively. These could also include outlays for area-oriented schemes that benefit SC/ST hamlets having a majority of SC/ST population.

These strategies also call for designing new and appropriate developmental programmes/schemes relevant for the development of SCs and STs. The SCSP and TSP funds should be non-divertible and non-lapsable. In the Union Budget 2013-14, 9.92 percent and 5.87 percent of total plan funds for the Union Ministries have been earmarked for SCs and STs.

2. Budgeting for Religious Minorities

Two key strategies have been adopted for addressing development shortfalls faced by the religious minorities – the PM's new 15 point programme and the Multi-Sectoral Development Programme.

The Prime Minister's New 15 Point Programme for the Welfare of Minorities was announced in June, 2006. It provides programmatic interventions that are to be achieved in a time-bound manner, focusing on (a) enhancing opportunities for education, (b) economic participation and gainful employment, (c) addressing overall living conditions, and (d) checking communal disharmony and violence.

The programme envisages earmarking 15 percent funds and physical targets under select flagship programmes for development of minorities. Currently, eleven Union government Ministries / departments are involved in implementing the programme. These include Ministries of Rural Development, Urban Development, Housing and Urban Poverty Alleviation, Labour and Employment, Minority Affairs, Home, Finance, Women and Child Development, School Education and Literacy, Training and Personal.

The schemes are Indira Awas Yojana (IAY), Ajivika, National Rural Drinking Water Programme (NRDWP), Integrated Housing Slum Development Programme (IHSDP), Basic Services for Urban Poor (BSUP), Swarna Jayanti Gram Swarozgar Yojana (SJSRY), Industrial Training Institutes, Sarva Shiksha Abhiyan (SSA), Kasturba Gandhi Balika Vidyalaya (KGBV), Priority Sector Lending to Minorities and Integrated Child Development Services (ICDS)

The Multi-Sectoral Development Programme (MSDP) was initiated as a gap-filling measure to address development deficits in Minority Concentration Districts (MCDs). In the light of Sachar Committee's recommendations, the MSDP functions as an area development programme since 2007-08 under the Ministry of Minority Affairs. 90 Districts that had at least 25 percent or more minority population in the total population in 29 States /UTs were selected.

The identified 'development deficits' were addressed through a district specific plan for provision of better infrastructure for school and secondary education, primary health centre, anganwadi centre, safe sanitation, *pucca* housing, drinking water and electricity supply. The focus of this programme has been on rural and semi-rural areas of the identified 90 MCDs. Among the 90 MCDs, around 66 districts are Muslim concentrated districts. Till date, about 30 percent Muslims have been covered through MCDs. In the 11th Plan period, 6 percent of total plan funds were allocated for the development of minorities.

3. Gender Responsive Budgeting

Gender Responsive Budgeting or Gender Budgeting is a relatively new concept. Pioneered in Australia in 1980s, the concept is now being explored in several countries. The latest count shows that around 90 countries are now engaging with gender budgeting. In India, while some efforts had been taken in the earlier Five Year Plans to ensure a definite flow of funds from the general developmental sectors to women, it was in the 9th Five Year Plan that *Women's Component Plan* (WCP) was adopted as a strategy to ensure that not less than 30 percent of the funds/benefits are earmarked for women (in plan spending) in women-specific sectors.

However, the 11th Plan noted that the progress made under WCP was sluggish. Moreover, WCP only focused on the Plan budget of the Ministries and Departments and limited itself to looking at women-specific sectors. Subsequently, in 2010-11, the Ministry of Women and Child Development discontinued WCP and stressed the move towards Gender Budgeting.

An expert group formed on "Classification of Government Transactions" in 2004 was also entrusted the task of suggesting a roadmap for gender budgeting in India, which recommended a four-step roadmap:

1. A review of the public expenditure profile of relevant Union Government departments through the gender lens;
2. Conducting beneficiary incidence analysis;
3. Recommending specific changes in the operational guidelines of various development schemes so as to improve coverage of women beneficiaries of the public expenditures; and
4. Encouraging village women and their associations to assume responsibility for all development schemes related to drinking water, sanitation, primary education, health and nutrition.

A quick overview of the progress made reveals that the government has succeeded in carrying out an expenditure analysis through a gender lens (covering Point 1 of the roadmap) and commissioned a few independent beneficiary incidence analyses for some sectors (addressing partially Point 2 of the roadmap). However, with regard to Points 3 and 4, not much progress has been made yet.

In 2005-06, the Union Government began presenting an annual Gender Budget Statement along with the Union Budget that presents earmarked allocations for women under two broad categories – Part A that records those schemes / programmes exclusively benefitting women and Part B that outlines those schemes indirectly benefitting women (it shows all those schemes with allocations over 30 percent earmarked for women). In Union Budget 2013-14, the Gender Budget allocations comprise 5.83 percent of the total Budget and cover 35 Ministries/departments.

Role and Relevance of the Planning Commission and Finance Commission

Two institutions that play a key role in influencing the scope of budgetary spending by the Union Government and State Governments are Planning Commission and Finance Commission. The Indian Constitution provides for the necessary institutional framework, financial and functional division of responsibilities between the Centre and the states, and a defined mechanism for intergovernmental transfer to address the existing vertical and horizontal imbalances[1].

There are three main channels that govern the fiscal transfers from Centre to state. First, the Finance Commission determines the state's share in Central taxes and grants out of the Consolidated Fund of India. Second, the Planning Commission makes recommendations on the magnitude of grants and loans to be provided to the states for financing their expenditure on the targeted interventions for socio-economic development. Third, Central Sector schemes and Centrally Sponsored Schemes (CSSs) are designed by various Central government ministries in consultation with the Planning Commission, in which, the Centre's funds are transferred to the states implementing the schemes.

Finance Commission

Articles 270, 273, 275 and 280 of the Constitution of India provide for the formation of a Finance Commission (at the interval of every five years) to recommend to the President certain measures relating to the distribution of financial resources between the Centre and the States. Hence, the President appoints (at the interval of every five years) a Finance Commission comprising five members, including the Chairman, following certain Constitutional guidelines (about the qualifications/experience of the people to be appointed as members). The First Finance Commission was constituted in 1951, which had submitted its report in 1953.

Recently, the 14th Finance Commission has been constituted. The recommendations of this Finance Commission would be implemented by the Centre during 2015-16 to 2019-20.

The most important recommendations made by the Finance Commission are those relating to: the distribution of the tax revenue mobilized under the Central tax system between the Centre and the states; the allocation of the respective shares of such tax revenue among the different states; and the principles which should govern the grants-in-aid for the states to be provided out of the Consolidated Fund of India.

[1] **Vertical imbalances** refer to the mismatch between the revenue-raising capacity and expenditure needs of the Centre and the States. **Horizontal fiscal imbalances** exist on account of the inability of some States to provide comparable services due to inadequate capacity to raise funds. To address these imbalances, the Finance Commissions have been given a constitutional mandate to decide on (i) the proportion of tax revenue to be shared with the States and (ii) the principles which should govern the grants-in-aid to States.

Planning Commission

The Planning Commission is not mentioned in the Constitution of India. It was set up as an advisory and specialised institution by a Resolution of the Government of India in March 1950. The Planning Commission has the responsibility of making assessment of all resources of the country, augmenting deficient resources, formulating Plans for the most effective and balanced utilization of resources and determining priorities.

The Prime Minister of the country is the Chairman of the Planning Commission. The Deputy Chairman and the full time members of the Commission, as a composite body, provide advice and guidance to the different subject Divisions (in the Planning Commission) for the formulation of Five Year Plans and Annual Plans, both at the national level as also for different States.

The Planning Commission is supposed to work under the overall guidance of the National Development Council. The working of the Planning Commission led to the setting up of the National Development Council (NDC) in 1952, as an adjunct to the Planning Commission, to associate the states in the formulation of the Plans. Since mid-1967, all members of the Union cabinet, Chief Ministers of States, the Administrators of the Union Territories and members of Planning Commission have been members of the NDC. The role of the NDC in determining the Plan priorities is critical as it integrates the views and expectations of the State Governments.

The most important suggestions made by the Planning Commission are those relating to: the magnitude of funds to be given from Union Budget to different States and Union Territories as 'Central Assistance for State and UT Plans', and the magnitude of funds to be given to Central Government Ministries/Departments for Plan expenditure on the Central Sector Schemes.

The Planning Commission makes an assessment of the availability of own resources with a State Government and its capacity to utilize Plan funds before finalizing the size of the State Plan. Once the size of the State Plan is decided, the Planning Commission recommends the Centre to provide some financial assistance to the State for its State Plan, which is also formula-based.

Both the institutions, i.e. Finance Commission and Planning Commission, play equally vital roles in terms of devolving funds and working towards reducing regional imbalances in the country. While the Finance Commission is constituted periodically and works for a couple of years (before it submits its Report), Planning Commission ensures that continuous appraisal and adjustments that are essential in the dynamic process of planning for a country as diverse as India is taken care of.

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About CBGA

Centre for Budget and Governance Accountability (CBGA) promotes transparent, accountable and participatory governance, and a people-centred perspective in government budgets. CBGA's research on public policies and budgets, over the last ten years, has focused on the priorities underlying budgets, quality of government interventions in the social sectors, responsiveness of budgets to the disadvantaged sections of the population and structural issues in India's fiscal federalism. Research on these issues has laid the foundation for CBGA's efforts pertaining to training and capacity building on budgets and policy advocacy with important stakeholders. To know more about the organisation, visit **www.cbgaindia.org**

CBGA Team

Bhuwan Chand Nailwal, Gyana Ranjan Panda, Harsh Singh Rawat, Happy Pant, Jawed A. Khan, Kanika Kaul, Khwaja Mobeen Ur Rehman, Manzoor Ali, Narendra Jena, Nilachala Acharya, Pooja Parvati, Pooja Rangaprasad, Prashant Prakash, Priyadarshini Mohanty, Sankhanath Bandyopadhyay, Saumya Shrivastava, Sona Mitra, Subrat Das, Sumita Gupta, T. K. Shaji, Tara Rawat, Vijay Thappa

CBGA

For more information, please contact:
Centre for Budget and Governance Accountability
B-7 Extn/110A (Ground Floor) Harsukh Marg
Safdarjung Enclave, New Delhi- 110029
Tel: (11) 49200400/401/402
Email: info@cbgaindia.org
Website: www.cbgaindia.org

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