Budget TRACK

Volume 3, Track 2, October 2005

A publication by:
Centre for Budget and Governance Accountability

for private circulation only

National Centre for Advocacy Studies
www.ncasindia.org

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Foreword

The second quarter of the financial year 2005-06 has witnessed some very important developments in terms of legislations and policies, at the level of the Union Government. The Monsoon Session of the Parliament has been extremely fruitful in this regard. After getting the green signal from the Standing Committee on Rural Development, the National Rural Employment Guarantee Bill was enacted in the Monsoon Session of the Parliament. The new employment guarantee scheme provides a crucial lifeline to the millions of poor in the rural areas of the country. This social security measure, for the first time, makes the right to work a legal right–a new, radical deal for India's poor. Other two very important bills enacted in the said session, namely, the Protection of Women from Domestic Violence Bill, the Hindu Succession (Amendment) Bill are significant steps towards advancing women's rights. Indeed, these steps merit praise, however, the Government at all levels must ensure that delivery mechanisms are transparent and grassroots monitoring is undertaken in a comprehensive manner. Now that the Right to Information Act has come into force and 'Outcome Budget' would be an annual event, one can hope that public spirited citizens and Civil Society Organisations of this country will come forward and seek transparency and accountability from the Government and ensure timely and effective implementation of various projects and programmes.

This issue of the Budget Track provides a lot of information to facilitate timely and meaningful civil society interventions in the realm of governance and policymaking. The present issue, the second issue of its third volume, in its different sections takes note of important developments related to Union Budget 2005-06 and crucial policy enactments including legislations over the last four months. While providing critical analysis of the 'Outcome Budget 2005-06' with regard to core sectors, it also presents salient features of the Bills enacted during the Monsoon Session. The article on National Rural Health Mission lists important components of this programme and critically examines the financing issues involved therein. A thorough investigation of the proposed Disaster Management Bill has also been presented. While listing the important features of the proposed Bill, this article offers important suggestions for improvement and inclusion. The special column in the present issue compares the progress of the Sub-Saharan Africa and South Asian countries in the era of liberalisation in terms of developmental deficits taking Millennium Developmental Goals as the benchmark.

Finally, it includes a report on the National Convention on Union Budget 2006-07 organised by CBGA. The said National Convention brought together policy analysts, academics, civil society activists and people working at the grassroots to discuss some of the pertinent issues relating to Union Budget 2006-07, from a pro-poor perspective. Based on the deliberations and group discussions held in this Convention, CBGA has prepared a Charter of Demands, which reflects the demands of a host of Civil Society Organisations and experts vis-à-vis the forthcoming Union Budget. CBGA has been undertaking this exercise beginning with Union Budget 2005-06 in order to create a space for the stakeholders mentioned in the foregoing. It is hoped that the concerns of these stakeholders with respect to core sectors generate a dialogue with the Union Government and influence its annual Budgets.

IN THIS ISSUE

Tracking the Budget and Policies of the Union Government - Nandan Jha

This article intends to provide an update on some of the major developments in the realm of public policy, governance, legislation and budgetary provisions in the past few months that have far reaching implications for the welfare of the poor and the marginalized sections of the population of this country. The second quarter of the current financial year has witnessed some very important results in this regard. **The 'Outcome Budget 2005-06' presented in the Parliament on 25th August 2005, the enactment of National Rural Employment Guarantee Bill, Protection of Women from Domestic Violence Bill, the Hindu Succession (Amendment) Bill, 'Bharat Nirman', 'National Rural Health Mission' are some of the important initiatives that will go down in the annals of history for their great implications for the welfare of the poverty-stricken and marginalized sections of our country, provided delivery mechanisms are transparent and grassroots monitoring is undertaken in a big way**. In this article we shall briefly take stock of all this, however, it should be noted that these happenings should be located in the current socio-political set up.

The incumbent UPA Government at the Centre has been voted to power on a pro-poor plank and is an alliance of many progressive regional parties and communist parties. It is in this context and the proactive role played by various Civil Society Organisations across the country in building up continuous pressure on the Central Government to honour its own National Common Minimum Programme (NCMP) that the UPA Government is also moving ahead on the issues mentioned above. It would be worthwhile to add here that the Opposition Parties too have played a constructive role and the Monsoon Session of the Parliament has been relatively fruitful for the country, especially for the weaker sections of society. Now that the Right to Information Act has come into force since 12th October 2005 (see box on next page), one can hope that the people of this country will come forward and seek transparency and accountability from the Government and ensure timely and effective implementation of various projects and programmes.

Towards this end, the Central Government has come up with the 'Outcome Budget 2005-06', which, according to the Government, is a mechanism that will measure the developmental results of all major programmes. The Government also hopes that the citizen's Right to Information would be strengthened further and their scrutiny of results will help ensure value for money. **Although, the scale of this exercise has fallen short of expectations, the attempt at preparing an outcome budget to monitor public expenditure is by itself laudable**. We begin our tracking exercise with a brief factual account of the Outcome Budget 2005-06.

OUTCOME BUDGET 2005-06

While presenting the Union Budget 2005-06 before the Parliament, the Finance Minister said that during the course of the year, together with the Planning Commission, the Union Government shall put in place a mechanism to measure the developmental results of all major programmes. The need for independent and in-depth monitoring and evaluation of measurable results of various important programmes was also emphasised and in this regard **the Finance Minister urged the Civil Society to engage the Government in a healthy debate on the efficiency of the delivery mechanism**. These promises led to great optimism in all quarters and various stakeholders praised this move towards improving the quality of implementation and enhancing the efficiency and accountability of the delivery mechanism by the Government.

Subsequently, the Prime Minister wrote to all Union Ministers on March 17, 2005 asking them to prepare physical outcomes with fixed quarterly measurable and monitorable targets vis-à-vis the financial outlays on various developmental programmes of their respective ministries. In response to this directive, the Ministries / Departments worked out the targets of

Right to Information Act Comes into Force

With the Right to Information Act (RTI) coming into force on 12 October 2005, the government has constituted the Central Information Commission (CIC) to be headed by a retired IAS officer Wajahat Habibullah. According to a gazette notification issued on 11 October 2005 by the department of personnel and training, Mr Habibullah, a 1967 batch IAS officer from Jammu and Kashmir, will be heading the CIC with A N Tiwari, O P Kejarewal, N N Ansari and Padma Balasubramaniam as information commissioners. Except for Prof. N N Ansari, all the information commissioners are from bureaucratic background.

The new law applicable all over India, barring Jammu and Kashmir, is meant to curb corruption and inefficiency in the government at various levels. It covers all central and state administrations, panchayats, local bodies and non-governmental organisations getting public funds. Under the Act, the authorities have to respond to queries in as little as 48 hours, if it is a matter of life and liberty. The Chief Information Commissioner and Information Commissioners have been appointed by the President on the recommendation of a committee comprising the Prime Minister, who was the chairperson of the committee, the Leader of the Opposition in the Lok Sabha and a Union Cabinet Minister nominated by the PM.

There are several concerns, though, over issues of implementation, jurisdiction, the bureaucracy's ability to be transparent and even the necessary/desirable level of citizen participation. Activists are also concerned about the kind of appointments that have been made at the top tier of the RTI hierarchy. **Call it chance or deliberate strategy; former bureaucrats have occupied all the top slots in the Central Information Commission and the state commissions. This seems, on the surface, to be a shackling of the spirit of the Act**. With former bureaucrats dominating an institution supposed to keep them on their toes, several activists are seeing red. The most prominent of them is Aruna Roy, a former IAS officer who won the Magsaysay Award in 2000 and is now with the National Campaign for the People's Right to Information, which did pioneering work in laying the foundation for the current legislation. 'The credibility of the government is likely to suffer serious damage if appointments of independent information commissioners are largely restricted to serving or retired bureaucrats,' she said.

intermediate outputs / outcomes in respect of Plan programmes / schemes being implemented by them. These data were further analysed by the Planning Commission and the Department of Expenditure (Ministry of Finance) and compiled into the 'Outcome Budget 2005-06' document. With this, India joined a list of select countries, which have institutionalised a mechanism to measure the developmental outcomes of all government programmes. This voluminous 725-page document, presented by Finance Minister P Chidambaram in Parliament on 25th August 2005, is a compilation of desired results identified by 44 ministries and 61 departments to be achieved from the allocations made in the Budget for 2005-06 as mentioned earlier. **It excludes targets for nine ministries including Defence, External Affairs, Parliamentary Affairs and Atomic Energy.**

This exercise has been taken up only for the Plan Expenditure this year. From the next year onwards, the Government has promised that the 'outcome budget' would cover Non-Plan Expenditure too. The Government wants this exercise to reflect the 'annual budget' in terms of intended outcome over a period of time. It will be a pre-expenditure instrument to help realise the Ministries' vision through clearly defined outputs / outcomes and act as a supplement to the current system built around post-expenditure scrutiny.

Earlier this year, the Government decided to disclose/make public relevant information on the financial expenditure of the Central Ministries so that those who have a stake, as well as public-spirited citizens, can scrutinise how the money is spent. The outcome budget takes the process further by initiating pre-expenditure process, i.e., setting targets to be achieved along with timetables for each project or programme. **Financial outlays when expressed in terms of physical targets can be monitored more meaningfully.** It should be mentioned here that when properly structured, the outcome budget could become an important tool in the management of public finance, ensuring cost effectiveness of financial outlays while simultaneously ensuring that the money spent is accounted for.

The idea of an Outcome Budget can be traced to Mr. Robert McNamara's efforts in the budgeting of the United States Department of Defence, which promoted the concept of programme budgeting in various countries in the 1970s. In India, many States and the Centre undertook preparation of departmental performance budgets, a post-expenditure exercise, setting out the targets of physical performance comprehensively vis-à-vis the financial outlays for each department beginning with the year 1975-76. The Outcome Budget is a step forward in the direction of legislative control and the common citizen's scrutiny of the implementation and monitoring of the objectives of Government expenditure. The Performance Budget listed the ministry's achievements in the

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previous financial year. Targets for achievement in a year were internal to the ministry. Therefore, performance was not normally measured against the target. This is bound to change next year when ministries present their performance budget. However, while the performance budgets are easier to understand, the present outcome budget uses many confusing abbreviations and heterogeneous tables indicating financial outlays and physical targets across different departments / ministries. Before presenting an analysis of the targets, outlays and timelines with regard to the core sectors that directly affect the common citizens, we list here some of the critical issues, which have guided this process.

Although, the Finance Minister has promised to include the Non-Plan expenditures too from the next fiscal in this exercise, the exclusion of the same in the present Outcome Budget does not instil much optimism. The sheer magnitude of Non-Plan expenditure in Union Budget 2005-06 is 72.1 percent of the Total estimated expenditure. Leaving this huge proportion out of the purview of Outcome Budget would prove the whole exercise futile. The Government took nearly six months for preparing the Outcome Budget for Plan schemes and programmes after presenting the Union Budget 2005-06. This exercise of putting together the physical targets and timelines should not have taken so long given that all Plan schemes and programmes already have some degree of details in terms of intended outcomes and timelines, which also form the basis for the demand for financial allocations by various departments / ministries. Also, in the pre-Budget period, the physical projects are converted into financial terms and, in the Outcome Budget they have been re-converted into physical terms, keeping in mind the actual release of the funds. In light of the foregoing, the Government should have begun this exercise by taking into account the Non-plan expenditure too to the extent possible. In any case, it is a matter of only a few months from now that the next Budget would be presented. **We can hope that the Finance Minister would present the Outcome Budget along with the usual Budget for the year 2006-07 which would include Non-Plan expenditure in its purview too**.

The Magnitude of Non-Plan expenditure in Union Budget 2005-06 is a huge 72.1 percent of the total estimated expenditure. Leaving this huge proportion out of the purview of Outcome Budget would prove the whole exercise futile.

As regards the process of converting financial outlays into actual results, the Finance Minister enumerated the important steps to be followed by all ministries / departments in the foreword of the Outcome Budget document. They are:

1. Outcomes to be specifically defined in measurable and monitorable terms; intermediate outputs should also be defined wherever required.
2. Standardisation of unit cost of delivery.
3. Benchmarking the standards / quality of outcomes and services.
4. Capacity building for requisite efficiency at all levels, in terms of equipment, technology, knowledge and skills.
5. Ensuring flow of right amount of money at the right time to the right level, with neither delay nor 'parking' of funds.
6. Effective monitoring and evaluation systems.
7. Involvement of the community/target groups/ recipients of the service, with easy access and feedback systems.

As is evident, the government is clearly aware of the importance of addressing quality related issues. However, it must be stressed that it is easier said than done. **Tracking quality requires very careful discussions as regards appropriate success indicators and the institutional capacity to track the same. It may not be improper to be somewhat sceptical on these counts at this stage**.

However, a closer look at the Outcome Budget reveals that the above-mentioned impressive guidelines have not been adhered to while compiling the outcome vs. outlays. **Anyone wishing to understand the contents of the Outcome Budget would get lost in the confusing maze of abbreviations. Assumptions underlying the various physical estimates have not been clearly spelt out**. Against a good number of schemes listed in the budget, the Outcome Budget mentions that 'the schemes are still under finalisation' or 'Cabinet Committee on Economic Affairs is still to approve'. Also, the timeline for the flow of money has not been provided in all the cases. There are instances where timelines are mentioned as contingent on matching grants from the States. The last two guidelines have almost completely been ignored.

In spite of these shortcomings, **the Outcome Budget when read along with the performance budget at the end of the fiscal year will throw significant light on the extent of physical targets achieved**. The general budget, outcome budget and the performance budget should together give a much better picture of what has been physically achieved based on the fiscal outlays made every year.

This exercise has to be broadened and steps have to be taken to include States and Local Bodies in its purview. Also, an independent evaluation agency should be assigned the task of assessing the extent of outcomes achieved as listed in the Outcome Budget.

Now let us take stock of the contents of this document. Our focus would be sectors like Education, Health, Rural Development, Rural Employment generation, Sanitation and Drinking Water Supply etc. that are very important for the well-being of the marginalized sections of our society.

EDUCATION

The Outcome Budget points out that the Sarva Shiksha Abhiyan, the programme to enrol all children between 6 and 14 years of age in elementary schools, faces the problem of proper updating of village education registers. Difficulties are also being faced in appointing new teachers, while those on the rolls resort to absenteeism. This not only hinders improved access, but also the retention of children under the programme. For the current fiscal, the Outcome Budget has allocated Rs. 7,800 crores for the education scheme that seeks to enroll 81.3 lakh children in primary schools. The dropout rate at the primary level (class I-V will be reduced by 5 percentage points, according to the Department of Education. The progress on this front will be reported by December 31, this year. One finds no mention about physical targets in respect to building school infrastructure. The Outcome Budget does mention sanctions for new schools, construction of school buildings, building new classrooms, drinking water and toilet facilities, supply of textbooks etc., however, the timelines are missing. The Department of Elementary Education and Literacy simply mentions that an annual reporting would be done in this regard.

In case of the popular mid-day meal scheme for primary school children that seeks to improve nourishment and provide an incentive to get educated, the Outcome Budget acknowledges that it suffers from the lack of supervision and management. **An amount of Rs. 3,345 crores has been allocated for the meal scheme to provide food to 11.2 crore children in primary schools** while the integrated child development scheme under the Department of Women and Child Development accounts for Rs. 3,685 crores. The said department hopes to bring down the incidence of mortality, morbidity, malnutrition and school dropouts in the age group of 0-6 years.

The Department of Education and Literacy has promised to undertake bi-annual reporting in case of Mid-Day Meal Scheme. Regarding Higher Education, it has been mentioned that enrolment is already on the rise in university and higher education. In the beginning of the Tenth Plan, enrolment in higher education was 8.8 million. The University Grants Commission, with an outlay of Rs 785.40 crore for 2005-06, has upped the target to 14 million from 12.5 million by the end of the Plan period.

HEALTH

The UPA's flagship, the National Rural Health Mission, with an outlay of about Rs 5,920.96 crore, plans to set up state and district rural health missions in all states by December 2005, according to the Outcome Budget. By this year-end, merger of health and family welfare departments and societies in all states is being planned. However, according to the ministry of health and family welfare, the first year, i.e. 2005-06, is being used as a 'preparatory phase' . It says that results would be visible from 2006-07. Next on the ministry's priority list is the National Aids Control Programme, with an outlay of over Rs 1,000 crore for 2005-06. The programme envisages upgrading the existing infrastructure, and setting up additional centres to check HIV growth, modernising district-level blood banks, STD clinics etc. However, the ministry has acknowledged that it needs to intensify its efforts to reduce the population growth rate. With an outlay of Rs 172.50 crore for sterilisation / spacing, it has extended the target scenario of total fertility rate of 2.1 within three years (2007 to 2010). The National Tuberculosis (TB) Control Programme, with an outlay of over Rs. 370 Crores, would detect and treat approximately 13,70,000 TB patients. This programme would cover the entire population in the country. In order to reduce the incidence of malaria, the Department of Health has allocated well over Rs. 390 Crores. This programme currently covers North Eastern states and 1045 Primary Health Centres selected in 100 districts spread over eight states. In the remaining areas / states the programme is on a 50 percent sharing basis where the states bear operational cost and centre provides commodities/ insecticides. Under this scheme, annual blood examination would be extended to 10 percent of the population within its area of coverage. Health workers would visit the households every fortnight and the Below Poverty Line (BPL) patients would be provided free bed nets and insecticides after treatment in the endemic areas.

With the threat of polio re-emerging in Asia (WHO has recently warned that detection of some cases in Indonesia may lead to the disease spreading to south-east Asia), the pulse polio immunisation programme is important. With an outlay of Rs 877 crore, ministry has targeted zero transmission by the end of 2005. For this, the eradication drive has been intensified in vulnerable states like Uttar Pradesh and Bihar.

In the field of plant medicine, the department of Ayush under the Ministry of Health and Family Welfare plans to initiate about 1,200 new projects on promotional and commercial cultivation. The second instalment of 500 old projects will also be released this year. In addition to the 65,000 acres covered so far, another 25,000 acres will

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With a total Plan Outlay of over Rs. 4,179 crores, the Department of Agriculture & Cooperation runs 48 programmes / schemes.

As much as Rs. 4,000 crores has been earmarked for the Sampoorna Grameen Rozgar Yojana. Under this scheme, according to Outcome Budget, 8,611 lakh man-days of employment would be generated.

be brought under medicinal plant cultivation. All this would be done with an outlay of Rs. 30 crores. With a total allocation of Rs. 350 crores, this department would develop and upgrade 30 Undergraduate Colleges under the Indian System of Medicine and Hospital (ISM&H). It would create 12 state of the art institutions, upgrade the skills of 1000 ISM&H practitioners, and renovate and strengthen the hospital wards of teaching institutions totalling 40 in number. All these targets would consume over Rs. 37 crores. Then another 90 crores has been earmarked for hospitals and dispensaries such as, 30 ISM polyclinics, 315 ISM&H speciality clinics, 75 ISM wings in District Hospitals, supply of medicinal kits to 10000 dispensaries, etc.

AGRICULTURE

With a total Plan Outlay of over Rs. 4,179 crores the Department of Agriculture & Cooperation runs 48 programmes / schemes. The **Integrated Scheme of Oilseeds, Pulses, Oil Palm & Maize** has an outlay of Rs. 240 crores. The objective of this scheme is to provide flexibility to the states implementating the programmes based on a regionally differentiated approach and promote crop diversification. With regard to the processes / timelines, the Outcome Budget mentions that the annual action plans for the implementation of the scheme received from the states are approved for implementation as per the targets fixed for the year. **The problem of fund utilization by the states due to lack of matching grants has been mentioned as a risk factor for this scheme**. The quantifiable deliverables are summarized in the following table:

Integrated Scheme of Oilseeds, Pulses, Oil Palm & Maize

Key Deliverables	Oilseeds	Pulses	Maize
Area Coverage (lakh hectares)	236.99	234.42	73.22
Production (lakh tonnes)	278.00	157.00	141.00
Production & distribution of quality seeds (Quintals)	1321245	376842	89065
Plant protection chemicals (Ha.)	163562	62160	20348
Plant Protection Equipments (Nos.)	90930	54421	14096
Weedicides (Ha.)	26250	15600	3598
Gypsum / Pyrite (Ha.)	191552	223142	2602
Sprinkler Sets (Nos.)	29911	16451	2034
Farmers Training (Nos.)	3012	1824	841
Water Pipes (Mtrs.)	262619	236334	27929

Another notable scheme run by the Department of Agriculture & Cooperation is National Agricultural Insurance Scheme with an outlay of Rs. 550 crores. This scheme is assumed to cover over 128 lakh farmers and an area of over 272 lakh hectares. Total sum insured under this scheme is over Rs. 12,600 crores. Total premium collected is estimated to be Rs 444 crores and claims reported stood at over Rs. 640 crores. Number of farmers benefiting from this scheme is estimated to be over 19 lakhs and the total value of claims paid is over 145 crores.

In case of Enhancing Sustainability of Dryland Farming Systems scheme with an outlay of Rs. 200 crores, it has been reported that the scheme is yet to become operational. The National Horticulture Mission with an outlay of Rs. 645 crores (Rs. 446 crores would further be added to this scheme from Macro Management of Agriculture which is another programme run by the Department of Agriculture & Cooperation) is intended to promote the holistic growth of horticulture sector comprising fruits, vegetables, flowers, root and tuber crops, mushroom, spices, aromatic plants, cashew and cocoa, etc. This scheme has only recently been approved and work Plans received from the states was being scrutinized at the time of the preparation of Outcome Budget. **The Micro Irrigation project with an outlay of Rs. 400 crores had not been approved by the time this document was prepared**. The Macro Management of Agriculture Project to help states develop Work Plans and pursue activities on the basis of their regional priorities is reported to be dependent on counter partial funding by the States. Out of the total budget of Rs. 912 crores, Rs. 446 crores has already been transferred to National Horticulture Mission. Also, out of the 27 components under this scheme 10 have been allotted to the National Horticulture Mission.

RURAL EMPLOYMENT AND INFRASTRUCTURE DEVELOPMENT

The outcome budget has laid a quarterly timeline for investing Rs. 18,334 crores allocated to the department of rural development for the current financial year. Under the new parameters, the rural development department will be required to meet specific targets relating to employment generation, building of rural roads and construction of houses for poor.

As much as Rs. 4,000 crores has been earmarked for the Sampoorna Grameen Rozgar Yojana (SGRY). Under this scheme, according to outcome budget, 8,611 lakh man-days of employment would be generated. This has been further split into quarterly targets. The target for first quarter is 1,722 lakh man-days, second 1,722 lakh man-days, third 3,014 lakh man days and fourth 2,153 lakh man-days. The SGRY, it may be recalled, was launched on September 25, 2001 by merging other schemes of the rural development department with the objective of the providing additional wage employment in the rural areas. The scheme also seeks to provide food security, alongside the creation of durable community assets in the rural areas. The cash component of the programme is shared between the Centre and states in the ratio of 75:25. As a part of the scheme, food grain is provided free of cost to the states. The Centre would make the payment of food grain directly to the Food Corporation of India (FCI) at economic cost. Under this programme, minimum wages are paid to the workers through a mix of minimum 5 kg of food grain and at least 25 percent in cash per month.

The outcome budget has also fixed physical and monitorable targets for the National Food for Work Programme (NFFWP), which seeks to provide wage employment and food security in the most backward districts. Under the scheme, Rs 6,000 crores will be utilised for generating 7,500 lakh man-days of employment in the lean season through 100 days of employment to each below poverty line (BPL) family in unskilled manual work. The target for first quarter is 1,500 lakh man-days, second 1,500 lakh man-days, third 2,625 lakh man-days and fourth 1,875 lakh man-days. At present NFFWP is operational in 150 districts. All the states except Goa are covered under the scheme. This programme is being implemented as 100 percent Centrally Sponsored Scheme (CSS). Under the scheme, the Centre provides cash and food grain to the states. The focus of the programme is on works relating to water conservation, drought proofing (including afforestation / tree plantation), land development, flood-control / protection (including drainage in waterlogged areas) and rural connectivity in terms of all-weather roads. The rural job schemes – Sampoorna Gramin Rozgar Yojana and the National Food for Work programmes-which are to be merged into National Rural Employment Guarantee Scheme have been allocated Rs. 4,000 crores and Rs. 6,000 crores for generating 16,111 lakh man-days of work.

The outcome budget has also provided similar targets for other important schemes of the rural development department. The Pradhan Mantri Gram Sadak Yojana (PMGSY) seeks to connect 7,895 habitations by building 17,454 km of rural road. The union budget has earmarked Rs 4,235 crores for implementing PMGSY. Similarly, under the rural housing scheme, the outcome budget has envisaged construction of 14.54 lakh houses at an estimated cost of Rs 2,775 crores.

The Department of Drinking Water Supply and Sanitation through its Accelerated Rural Water Supply Programme (ARWSP) and Central Rural Sanitation Programme (CRSP) with a combined outlay of Rs. 4,750 crores hopes to provide safe drinking water to rural habitations and rural schools and intends to accelerate sanitation coverage in rural areas. The quarterly targets have been enumerated. However, the department mentions that these outcomes are contingent on the matching grants provided by the states.

THE MARGINALIZED SECTIONS: DALITS AND ADIVASIS

The Ministry of Social Justice and Empowerment has earmarked Rs. 379.59 crores for Post-Matric Scholarships and Book Banks for SC students to promote higher education. The target for awarding scholarships this year is well over 22 lakh students. The annual targets would be fixed at the beginning of the year and the funds to the students would be released at least twice a year. Another major programme run by the above ministry is Special Central Assistance to Special Component Plan of the states / Union Territories with an outlay of Rs. 437 crores for the year 2005-06. The quantifiable deliverables identified is the number of Below Poverty Line (BPL) Scheduled Caste (SC) families assisted through various income and employment generating activities and projects. In this case, a physical target has not been fixed. Similarly, the Ministry of Tribal Affairs has earmarked Rs. 260 crores for providing scholarships and books to Scheduled Tribe (ST) students to promote higher education among them. The annual targets have not been fixed in physical terms in this case. There has been a provision of Rs. 727 crores as Special Central Assistance to Tribal Sub Plans of the States and Union Territories for implementing family oriented income-generating activities amongst BPL STs. **However, the Ministry of Tribal Affairs notes that these funds either remain unspent or get diverted towards some other form of expenditure**. Although, the said ministry has expressed that the funds under this head would be released twice in a year, it has not provided any quantifiable deliverables.

URBAN DEVELOPMENT, EMPLOYMENT GENERATION AND POVERTY ALLEVIATION

The ministry of urban development will provide Rs 2,800 crore to States and Union Territories for the National Urban Renewal Mission. If States provide matching funds for urban expenditure, the total outlay would go up to Rs 5,600 crore. The Urban Development Ministry has stated that a total of Rs 900 crore would be allocated for water supply, Rs 525 crore for sewerage and sewage treatment, Rs 500 crore each for roads and urban transport, Rs 275 crore for storm water drainage and Rs 100 crore for solid waste management. On completion, the projects are expected to produce and deliver 1,168 mld (million litres per day) of treated water in the project cities. A population of 13.5 million is expected to benefit by augmentation of the existing service and creation of new facilities. As much as 445 mld of

Under the National Food for Work Programme Rs 6,000 crores will be utilised for generating 7,500 lakh man-days of employment in the lean season through 100 days of employment to each Below Poverty Line (BPL) family in unskilled manual work.

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The National Rural Employment Guarantee Act 2005, for the first time, makes the right to work a leglly defendable right–a new, radical deal for India's poor.

The NREG legislation ensures that village panchayats would play a pivotal role in the implementation of the National Rural Employment Guarantee Scheme.

waste water generated from a total population of 5.39 million in the project cities will be subjected to treatment, before disposal into land and water bodies. The ministry expects to lay about 1,375 km long storm water drains in selected cities. It is expected that the project will benefit 16.19 million people and the 6,476 metric ton municipal solid waste generated will be effectively collected, treated and disposed of in a scientific manner. This is expected to result in the creation of a 2,000 km long two-lane road. For carrying out the stated projects, state governments will have to prepare city development plans and detailed project reports. Projects would need to be sanctioned by the State level sanctioning committee and the Central level sanctioning and monitoring committee. Among the identified risk factors is the fact that the outcome of the programme would depend upon the priority given by states for taking up water supply, sewerage, sanitation, drainage and road projects.

The government has decided to embark upon a Rs 1,500 crore scheme under the proposed National Urban Renewal Mission. The Outcome Budget indicates that the scheme would provide basic services for the urban poor in 60 cities identified under the mission. The detailed guideline for the new scheme, including the quantum of funds to be provided by states, is yet to be finalised. However, the Government hopes to complete the projects in two to three years. As per a broad proposal of the scheme, to be initiated on Cabinet approval, the Government is expected to set up 75,000 dwelling units. Each unit is expected to cost Rs 2 lakh. The scheme would be finalised under a tripartite memorandum of agreement between the Ministry, concerned State Government and the urban local body. The States and Union Territories would be required to submit a detailed project report before the Central Sanctioning and Monitoring Committee for its approval. The monitoring committee would also meet on a recurring basis to consider release of funds to the states. Under the scheme, the appraisal of the project report would be carried out by a central agency. The physical and financial progress of the project would also be monitored from time to time. However, delay in finalisation of the memorandum and submission of proposals by States may hinder the processing and appraisal of project reports. In these circumstances it may be difficult to complete the project within the scheduled period. In addition , the government has also proposed another scheme, costing Rs 500 crore, to provide shelter and infrastructural facilities in the urban slum areas.

Having identified some of the major contents of the Outcome Budget, we now turn to other important issues that were mentioned at the outset. One of them happens to be the National Rural Employment Guarantee Act 2005 passed by the Parliament on 23rd August 2005 and ratified by Rajya Sabha on 24th August 2005.

NATIONAL RURAL EMPLOYMENT GUARANTEE ACT 2005

The new employment guarantee scheme provides a crucial lifeline to the millions of poor in the rural areas of the country. This social security measure, for the first time, makes the right to work a fundamental legal right–a new, radical deal for India's poor.

The Parliament has approved the National Rural Employment Guarantee Bill, 2005 seeking to provide 100 days assured employment every year to every rural household in 200 districts. The Bill drafted after wide consultations fulfils a major promise of UPA's National Common Minimum Programme. **The legislation has received wide support among political parties, social movements and the public at large**.

Prime Minister Dr Manmohan Singh has described it as the 'most important piece of legislation' in independent India. It marked a new beginning in the efforts for social equity and justice. The Government hopes, in the next four or five years, to extend this Programme to all rural districts. Dr Singh said this legislation would give bargaining power to the poorest of the poor and help those belonging to the Scheduled Castes, Scheduled Tribes, landless class and women.

This legislation ensures that village panchayats would play a pivotal role in the implementation of the National Rural Employment Guarantee Scheme (NREGS). Initially, the scheme would be implemented in 200 districts across the country, which would be extended to 600 districts. One third of the proposed jobs would be reserved for women. The Centre has taken responsibility for providing financial assistance to the scheme and the States only have to implement it. The minimum wage as applicable in various States under the Minimum Wages Act 1948 would apply to the programmes. **However, the Centre would step in to ensure a minimum rate of not less than Rs. 60 a day in States, where it was lower**. The minimum wages offered for manual work in states currently varies from Rs. 25 in Nagaland to Rs. 134 in Kerala. The Bill also provides for unemployment allowance if the job, under the scheme, is not provided within a specified period. **The UPA government has already provided about Rs. 10,000 crores for implementing the scheme in the current financial year**.

A Central Employment Guarantee Council at the Central level and State Employment Guarantee Councils at the State level in all States where the legislation is made applicable will be constituted for reviewing, monitoring and effectively implementing the legislation in their respective areas. The Standing Committee of the District Panchayat, District Programme Coordinator, Programme Officers and Gram Panchayats have been assigned specific responsibilities for implementing various provisions of the legislation at the Gram Panchayat, Block and District levels.

The Central Government shall establish a fund to be called 'National Employment Guarantee Fund' for the purposes of this legislation. Similarly, the State Governments may constitute State Employment Guarantee Funds. Provisions for transparency and accountability, audit, establishment of grievance and redressal mechanisms and penalty of non-compliance are also envisaged.

The implementation of an employment guarantee will require money, but it saves social and economic costs of poverty. Most official estimates place the annual expenditure at Rs. 40,000 crores to Rs. 50,000 crores for expanding this guarantee to the entire country in five years. For the current fiscal year the rural job schemes–Sampoorna Gramin Rozgar Yojana and the National Food for Work programmes–which are to be merged into the National Rural Employment Guarantee Scheme, have been allocated Rs. 4,000 crores and Rs. 6,000 crores for generating 16,111 lakh man-days of work in the 200 districts as mentioned earlier.

The Bill would have to be seen against the background of the improved Right to Information Act, which would enable social audits and greater public scrutiny of the programmes. It will ensure greater accountability of panchayat bodies and the district administration as well. For example, muster rolls will no longer be secret, and budget and works will be public knowledge. All this will ensure that only those who really need work will be employed, and only those schemes required by the community are taken up.

Critics of the NREGS have focussed on two sets of issues: one, that it is too expensive and, two, that corruption will prevent its success. There have been demands that the government integrate the Employment Guarantee Scheme into the Bharat Nirman Project, which is aimed at building rural infrastructure. **However, Prof Mahendra Dev thinks that dovetailing of the Employment Guarantee Scheme to the Bharat Nirman project 'will result in a dilution of the guarantee'**. Bharat Nirman aims to improve rural infrastructure–roads, irrigation, telecom, electricity, water supply, housing and so on. But the kind of assets planned under the Employment Guarantee Scheme relate to soil and water conservation and watershed development, apart from road building. The key word in the Employment Guarantee Scheme is the guarantee of employment that it offers. However, Prof Mahendra Dev is not averse to some kind of useful coordination between the two projects at the grassroots level, but he argues for separate funding for the two projects.

Monsoon Session of the Parliament

The Monsoon Session, 2005 of Parliament, which commenced on Monday, 25th July 2005 and concluded on 30th August 2005, concluded with 24 sittings of both the Houses of Parliament spread over a period of 37 days. Supplementary Demands for Grants (General) and (Railways) for 2005-06 and the Demands for Excess Grants (General) and (Railways) for 2002-03, and their Appropriation Bills were discussed and passed by the Lok Sabha during the Session. Thereafter, the Rajya Sabha considered and returned these Appropriation Bills.

During the Session, 23 Bills (14 in the Lok Sabha and 9 in the Rajya Sabha) were introduced. 16 Bills each were passed by the Lok Sabha and the Rajya Sabha. Total number of Bills passed by both Houses of Parliament during the Session was also 16. Some of the important bills passed by both Houses during the Session were:

1. The National Rural Employment Guarantee Bill, 2004
2. The Protection of Women from Domestic Violence Bill, 2005
3. The Hindu Succession (Amendment) Bill, 2005

We have already covered NREGA in some detail. The last two bills passed in the Parliament are very powerful legislations in the direction of empowering women.

BHARAT NIRMAN

As for rural development, the Bharat Nirman programme has been launched by the Government under which one crore hectares of unirrigated land would be irrigated; all villages with population of 1,000 or more and hilly areas with a population of 500 or more would be connected by roads; two-and-a-half crore houses would be given electricity connections and over 60 lakh houses would be built in villages. Also the remaining 74,000 habitations having no access to safe drinking water would be provided these facilities. Remaining 66,822 villages would be provided with telephone connectivity. **All these physical targets have to be achieved in a four-year period starting from 2005-06. For a four-year period, the targets set are in accordance with the existing deficits except for rural housing, where the 2001 Census has reported that we have a shortage of 148 lakh houses. Thus, the physical target of constructing only 60 lakh houses over next four years is grossly inadequate**.

The total spending on these components is expected to be Rs 174,000 crore. While sources of financing have yet to be confirmed, individual Ministries have been given tentative, four-year

Tracking the Budget and Policies of the Union Government

The implementation of an employment guarantee will require money, but it will save social and economic costs of poverty.

The physical target of constructing only 60 lakh houses under the Bharat Nirman Programme over next four years is grossly inadequate.

Tracking the Budget and Policies of the Union Government

The Domestic Violence Bill, 2005 aims at checking all forms of exploitation of women–physical, sexual, verbal, emotional, economic, actual abuse or threat of abuse.

targets as mentioned above. The World Bank has agreed to lend up to US$ 3 billion (Rs. 13500 Crores approximately) over the next three years to support Bharat Nirman. According to information collected from various Ministries, the Government would have spent about Rs. 1,02,000 Crores on these sectors over the next four years, even in the absence of the Bharat Nirman programme (Kandula Subramaniam, The Sunday Express, November 13, 2005). These specific targets have added an extra burden of Rs. 72,000 Crores @ of Rs. 18,000 per year. At the first Bharat Nirman Programme meeting in June 2005, the Finance Minister promised that, for fiscal 2005-06, he would provide Rs 6,000 crore. Thus, for the current fiscal, the financial provision is grossly inadequate. However, starting 2006-07, the Government will raise the additional resources through a combination of a 'separate window' for Bharat Nirman under NABARD schemes, domestic budgetary support, external assistance, market borrowings and beneficiary contribution. The Prime Minister has also directed that the entire information pertaining to targets, execution of works, funding and other aspects of Bharat Nirman should be placed on the Internet by November 14, 2005 to enable accountable delivery.

THE PROTECTION OF WOMEN FROM DOMESTIC VIOLENCE BILL, 2005

A landmark Bill to protect women from all forms of domestic violence and check harassment and exploitation at the hands of family members or relatives was unanimously passed by the Lok Sabha on 24th August 2005. The comprehensive legislation aims at checking all forms of exploitation of women–physical, sexual, verbal, emotional, economic, actual abuse or threat of abuse. Harassment by way of unlawful dowry demands from the woman or her relatives will come under the purview of the Act. It covers women living in joint families or nuclear families. In addition, women in relationships with family members living together as a joint family can also take recourse to this Act for redress. Even those women who are sisters, widows, mothers, single or living with the 'abuser' would be entitled to legal protection under the proposed legislation. It provides women the right to secure housing, right to reside in her matrimonial home or shared household, whether or not she has any title or rights in such a home or household.

The Act empowers a magistrate to pass protection orders in favour of the aggrieved person to prevent the respondent from aiding or committing an act of domestic violence or any other specified act. Breach of protection order by the respondent shall be an offence and punishable with imprisonment upto one year or fine of Rs 20,000 or both. There are about 1.5 lakh cases of domestic violence registered till 2003 and there was 9.2 per cent increase every year, though most such cases went unreported. The purpose of the Act is to empower voiceless women and to lessen their exploitation. Female domestic helps would be brought under the purview of this law to stop sexual harassment at workplaces. This would protect maidservants from exploitation by employers.

THE HINDU SUCCESSION (AMENDMENT) BILL, 2005

The Hindu Succession (Amendments) Bill 2004 was passed in Lok Sabha on 29th August, allowing women to have equal rights as men in all property, including agricultural land. Daughters would be on par with sons when inheriting joint family property. Bringing agricultural land on par with other property is a victory for campaigners as it was not included in the original Bill introduced on 20th December, 2004 in Rajya Sabha. Section 4 (2) which exempts agricultural land from the Hindu Succession Act (1956) was abolished. Now, the amended Hindu Succession Act overrides any gender discriminatory clauses in State level tenurial laws currently in place. The States where tenurial laws did not favour women were Haryana, Punjab, Himachal Pradesh, Delhi, Uttar Pradesh and Jammu and Kashmir. In Southern States, it was much better with the tenurial laws being silent on devolution. Kerala had abolished the joint family property system. The other significant benefit has been to make women coparcenaries (right by birth) in Mitakshara joint family property. The female heir only had a deceased man's notional portion. With this amendment, both male and female will get equal rights.

Tracking the Budget and Policies of the Union Government

UNION GOVERNMENT ACCOUNTS AT A GLANCE (AS AT THE END OF SEPTEMBER 2005)

(Rs. in Crores)

		Budget Estimates 2005-2006* Rs.	Actuals@ for APRIL-SEPT. 2005 Rs.	% of Actuals to Budget Estimates	
				Current	COPPY**
1	**Revenue Receipts**	**3,51,200**	**122845**	**35.0%**	(34.4%)
2	Tax Revenue (Net)	2,73,466	96249	35.2%	(33.3%)
3	Non-Tax Revenue	77,734	26596	34.2%	(38.0%)
4	**Non-Debt Capital Receipts**	**12,000**	**4295**	35.8%	(115.2%)
5	Recovery of Loans	12,000	4284	35.7%	(131.5%)
6	Other Receipts	0	11		(4.8%)
7	**Total Receipts (1+4)**	**3,63,200**	**127140**	**35.0%**	(41.8%)
8	**Non-Plan Expenditure**	**3,70,847**	**151577**	**40.9%**	(42.8%)
9	On Revenue Account	3,30,530	141819	42.9%	(44.9%)
	(i) of which Interest Payments	1,33,945	53940	40.3%	(42.8%)
10	On Capital Account	40,317	9758	24.2%	(27.4%)
	(i) of which Loans disbursed	1,576	910	57.7%	(81.1%)
11	**Plan Expenditure**	**1,43,497**	**59406**	**41.4%**	**(36.6%)**
12	On Revenue Account	1,15,982	46123	39.8%	(37.8%)
13	On Capital Account	27,515	13283	48.3%	(34.5%)
	(i) of which Loans disbursed	4,076	3124	76.6%	(36.4%)
14	**Total Expenditure (8+11)**	**5,14,344**	**210983**	**41.0%**	(40.9%)
15	Fiscal Deficit (14-7)	1,51,144	83843	55.5%	(38.7%)
16	Revenue Deficit (9+12-1)	95,312	65097	68.3%	(60.9%)
17	Primary Deficit {15-9(i)}	17,199	29903	173.9%	(-27.4%)

*****Financial Year runs from ***"April to March"***

****COPPY**: *Corresponding Period of the Previous Year*

@ Actuals are unaudited provisional figures.

Source: Website of the Controller General of Accounts (www.cga.nic.in)

Observations on Financing the National Rural Health Mission

- Anurag Srivastava

The current government has launched the National Common Minimum Programme and included therein is the National Rural Health Mission (NHRM) for the plan period 2005-12. In this article, we articulate some broad imperatives for the success of the NHRM as far as instruments of financing are concerned.

The Mission aims to provide an integrated package of health services with improved availability and access to quality health care by people, especially for those residing in rural areas, the poor, women and children. This is really warranted as India occupies a far from enviable position as far as health indicators are concerned.

According to the (2005) Report of the National Commission on Macroeconomics and Health (NCMH), levels of malnutrition and rates of infant and maternal deaths stagnated during the 1990s. Currently, life expectancy at birth, infant and under-five mortality levels are worse than those of Bangladesh and Sri Lanka. Pakistan eradicated smallpox, guineaworm disease and polio much before India could. Although we account for 16.5 percent of the global population, we contribute to a fifth of the world's share of diseases: a third of the diarrhoeal diseases, TB, respiratory and other infections and parasitic infestations, and perinatal conditions; a quarter of maternal conditions, a fifth of nutritional deficiencies, diabetes, and the second largest number of HIV/AIDS cases after South Africa.

These statistics correlate to some observable improvements in India over a long term. Longevity, for instance has doubled from 32 years in 1947 to 66 years in 2004. Infant Mortality Rate (IMR) has fallen by over 70 percent points between 1947-1990; malaria has been contained at 20 lakh cases; smallpox and guineaworm have been completely eradicated and leprosy and polio are nearing elimination. In the last five years, over five hundred thousand deaths have been averted due to the upscaling of Directly Observed Treatment Short-course (DOTS). Indian doctors, trained at a fraction of cost compared to the western world, are among the best globally. However, the shortfalls remain stronger than the achievements.

NRHM: OBSERVATIONS ON SOME COMPONENTS

The NRHM is presumably a scheme aimed at vertical and horizontal integration of the Health care services and delivery mechanisms throughout the country. While the NRHM document (GOI) reads this mission for the 'country' as a whole, it ironically begins with a case for implementation in eighteen states only. It may be worthwhile to note that within the dialogue on impacts of schemes and development programmes, 'targeting' is a very controversial term; precisely because it amounts to colossal mistargeting and bypassing. **Therefore, the very selection of eighteen states defies notion of integration/universalisation by effecting geographical marginalisation.**

The Finance Minister had promised that Departments of Health and Family Welfare would have increased allocations from Rs. 8420 crores in the current year to Rs. 10,280 crores in the next year. This increase will finance the NRHM. However, NRHM found no mention in the expenditure budgets and demand for grants in the (2005-6) document. Overall, in the mission document, Rs. 6713 crores have been allocated.

The programme has, however, taken off. The outcome budget has come out recently and it is an appreciable step by the government. It can be a veritable tool for expenditure tracking. However, from the information that is available, little can be made out. It is good that the programme has been initiated and the money is not being used in the existing programmes of other departments and ministries who had a considerable demand for grants.

But still the question exists: Does the present exercise warrant any movement towards a comprehensive management that the NRHM vision document espouses? Is the government learning any lessons this year that may inform implementation, monitoring and evaluation in the next fiscal?

Some of the current problems identified are as under:

1. Service delivery is a constraint
2. Additional funds are a constraint
3. PRI leadership is not feasible
4. Planning for selecting and training ASHA
5. Fund availability for manpower planning
6. Programmatic convergence between various departments a challenge

These are the very basic problems of India's health care system. It remains an interesting interpolation within the cohort of civil society monitoring and evaluation groups to see how the government organizes its integrative scheme (NRHM) and demonstrates planning neatness in the budget accounting in the ensuing year. This comment in the passing is centrally critical to success because the basic conundrum in Indian development planning is the recurrent failure to deal with complexity. Different departments have to deal with different aspects of health care. A rural household needs department of family welfare for RCH services, department of medicine for preventive medication, another one for clean water and sanitation, nutrition is provided under the ICDS scheme etc. Then, in a federal structure, states organise different departments for similar services. Again each rural household has to devise a permutation and combination strategy to match its needs with available services in a given village or district. NRHM vision to integrate administrative and departmental heads in one source delivery mode is welcome with a pinch of unobservable practicability. A lot will also be evidenced from inter-departmental allocations.

THE BASIC OPERATIONAL LINK AT THE LOCAL LEVEL (ASHA)

The real planning innovation one finds in terms of service delivery is the launch of the ASHA (Accredited Social Health Activist). This is envisaged to be a female, voluntary health worker accountable to the Panchayat who will integrate the works of the ANM (Auxiliary Nurse Midwife) and the village, promote universal immunization, referral and escorts services for RCH, construction of household toilets and other healthcare delivery programmes. Other functions include carrying a drug kit for ailment management through AYUSH (Ayurvedic, Yunani, Siddha Systems of Health) and allopathic formulations; she will also carry out integrating different department workers for the preparation and implementation of the village health plan under the panchayat. In this regard, a key question remains on compensation to these workers.

The NRHM mission document states that ASHA will be provided performance based incentives and will be otherwise honorary. The central axis at the delivery level is a proposed cadre of workers with no commitment to monetary compensation and with compensation based on performance. Apart from evaluation of performance the key question remains about a non-fallacious blueprint. Higher and better health outcomes hinge on the efficient performance of a voluntary worker who is also promised a parallel compensation relative to the outcome. How can both co-exist? How does one account for this? And a larger question is whether even a 2 percent allocation to health of the total budget (proposed funding for NRHM) will be enough to compensate these workers in a performance-oriented scenario of achievements. Somehow this basic issue has escaped the argument behind decision-making regarding the larger issue of financing NRHM. The term 'voluntary' too is very non-committal. It skews the issue away from finance for the fundamental component of health delivery. Similarly delving into other components of the NRHM document raises pertinent questions about the level of realistic understanding guiding this promising pronouncement. While these issues help us sift populism from pragmatism, we shall in this note keep to issues of financing.

ISSUES OF FINANCING AS THEY CONDITION THE SUCCESS OF NRHM

STATE RETREAT AND OUT OF POCKET EXPENSES

According to the UNDP 2004 report, roughly 75 percent of health expenditure in India comes from out of pocket expenses. The situation as noted in the 2001 India Human Development Report, which is valid even today, is that there is an increased dependence of people on private health care services. Further there is an escalating cost of health care with ever widening gaps between what is possible and what can be afforded. These contentions are related to the larger problems of infrastructure, manpower, rural–urban disparities and inter-state differences etcetera. Needless to say, these statistics can never be treated as an indicator of higher purchasing power of people. Disbursing health care costs often leads to indebtedness in rural areas.

The situation has further aggravated post-liberalization. Needless to say these factors present India at an abysmally low (127^{th} among 177 nations) position on Human Development ranking

Observations on Financing the National Rural Health Mission

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According to the UNDP 2004 report, roughly 75 percent of health expenditure in India comes from out of pocket expenses.

(2004) as far as health is concerned. The same report finds 0.9 percent and 4.2 percent (of GDP) as the proportional spending between the public and private sources, respectively.

DEBILITATING EFFECTS POST-LIBERALISATION

It may help to see that there is a direct co-relation between State spending and the reduction of health expenditure in the post liberalization period. The idea behind controlling fiscal deficit was supported with the expenditure curtailment policies of the State Government.

Public expenditure on health has declined since the early 1990s.

Non-realisation of taxes has always been the Indian reality but post liberalisation the specific theme has hinged on a visible curtailment of 'social' expenditure. The current Fiscal Responsibility and Budget Management Act is a seal of approval to institutionalise this practice. There is compelling evidence that in the 1990s, after liberalisation was regimented, social sector expenditures has been curtailed and this had visible effects on health spending.

Before the decade preceding liberalization at least over 1 percent of public expenditure (as a proportion of the GDP) on health was observed (1.05 percent in 1981 and 1.19 percent in 1986). This has declined and demonstrates a lower linear trend since the early 1990s. Obviously this correlates with an upwardly-spiralling private expenditure on health care. Overall as per the National Health Policy (NHP) Document (2002), the decline stood at 0.9 percent in 1999 from 1.3 percent in 1990. Table 1 below exemplifies the same.

The estimates from the NCMH indicate that public investment for provisioning of public goods and primary and secondary services alone will require about 2.2 per cent of GDP per annum.

Overall fiscal pressures have resulted in reduction of State expenditures and a steady decline in social expenditures. The combined expenditure of States in the 1990s on medical, health, sanitation, water supply and family welfare declined from 8.4 percent of total expenditure to 7.2 percent in 2001-2. As a proportion of GSDP, the decline was from 1.5 percent to 1.3 percent (NCMH 2005).

At a micro level, this also gets skewed as poverty ricochets within - often with counter-factual trade-offs. Most people, who can actually afford private health care like government employees, have health costs coverage while the poor (peasants, labourers, vendors etc) have to pay for themselves. According to the NSS 1996 data the STs had 12 times less access in rural areas and 27 times less access in urban areas as compared to others; for SCs the disparity was 4 and 9 times, in rural and urban areas, respectively. This is counter-factual given that generally urban areas are better endowed. These groups' health outcomes according to the 1998 NFHS are 1.5 times more adverse than other groups.

NEEDS & RESPONSIBILITY OF HEALTH FINANCING IN THE FEDERAL STRUCTURE

Health is part of the State list though, a number of items related to health such as drugs and poisons, population control and family planning, medical education and profession, prevention of infectious and contagious diseases, etc. are listed in the concurrent list. This means that in principle the Centre is largely accountable for the accountability for health outcomes via the instruments of financing.

The estimates from the NCMH indicate that public investment for provisioning of public goods and primary and secondary services alone will require about Rs. 74,000 crores or 2.2 percent of the GDP at current government prices. In terms of Health, estimations point that Rs. 76,000 crores will be needed by the States until 2010. Table 2 presents the same.

The table demonstrates that there is a substantial amount of financial investment needed to improve health outcomes. The States to the Centre Expenditure Ratio for Health is 85:15. As noted in the National Health Policy document the budgetary allocation on health sector by the Central government over the last decade has been stagnant at 1.3 percent of the total Central Budget and that in the States has declined from 7 percent to 5.5 percent. Given that the States are financially constrained, we seem to be right on a

Table1: Growth of Private Health Expenditures in India in Comparison to Public Expenditures 1951-2003

		1951	1961	1971	1981	1986	1991	1995	1996	1997	1998	2000	2003
Health Expenditure (Rs. Billion)	Public	0.22	1.08	3.35	12.86	29.66	50.78	82.17	101.65	113.13	126.27	178	219.59
	Private		3.65	10.99	52.84	90.54	146.98	278.59	329.23	373.41	459	835.17	1250
Health Expenditure as percent of GDP	Public	0.25	0.71	0.84	1.05	1.19	0.92	0.95	0.91	0.88	0.81	0.87	1
	Private		2.25	2.6	4.06	3.61	2.88	3.04	3.07	3	3.3	4.76	5.6
Private: Public ratio (times)			3.4	3.3	4.1	3.1	2.9	3.4	3.3	3.3	3.6	4.7	5.7

Source: Public expenditures from Finance Accounts of State and Central Governments, and private expenditures from National Accounts Statistics of Central Statistical Organisation, GOI, during the various years mentioned.

Table 2: Additional Resource requirements for 15 Major States for the period 2005-06 and 2009-2010 (Rs. Crores) at 2005-06 Prices (Figures for Primary Schooling and Roads not included)

State	Health Sector	Water & Sanitation	Nutri-tion	Total
Andhra Pradesh	944	0	0	944
Assam	975	1349	1379	3704
Bihar & Jharkhand	7150	897	11204	19251
Gujarat	634	0	1979	2613
Haryana	554	0	736	1290
Karnataka	10	415	703	1128
Kerala	0	3532	910	4442
MP & Chattisgarh	2983	1842	7365	12190
Maharashtra	223	2455	2471	5149
Orissa	1210	2336	2478	6024
Punjab	405	175	775	1355
Rajasthan	990	300	3876	5166
Tamil Nadu	612	0	0	612
UP & Uttranchal	8463	1834	1814	28111
West Bengal	1285	2459	4593	8438
Total	**76439**	**17593**	**56383**	**100415**

Source: NCMH 2005

cul-de-sac as far as saving and improving the lives of our teeming millions is concerned.

The present Government had promised in the National Common Minimum Programme (NCMP) to increase public spending on health to 2-3 percent of the GDP in a phased manner. A closer scrutiny of the mechanism to increase spending reveals that at the end of the UPA government's tenure in 2008-09, the public spending on health would improve only marginally over the current level.

The financing mechanism for NRHM state that the Centre would increase it's spending on health by 30 percent over the existing levels in each financial year and the corresponding increase for the States has been suggested at a rate of 10 percent over the existing levels. Taking into account the ratio of public spending between the Centre and the States and assuming 10 percent nominal rate of growth of GDP in the country and current combined public expenditure on health at 1 percent of GDP, public expenditure on health would be just around 1.1 percent of the GDP in 2008-9. This is way behind the NCMP's promised level of public spending on health.

A reading of the needed resources as per the report of the National Commission on Macroeconomic on Health points to requirements well in excess of 2 percent (of the GDP) that has been the approximate promise in the NCMP as well as a suggestion in the National Health Policy (2002) document. Logically enough, the WHO had recommended 5 percent long ago. This is given that, we are not talking about the requisite investments in the critical sectors, which are basic to sustaining health outcomes. These sectors are water & sanitation, education and infrastructure like roads etc. Further, the larger policy positioning by the government in health related sectors undermines the poor. The Pharmaceutical Policy of 2002 wherein the price control has progressively been removed from 347 to 35 drugs and the Patents Amendment Act, 2005 that will render it difficult to prevent monopoly of key pharmaceutical firms, are likely to have debilitating effects on the poor.

Treating affordability and financing constraints as given, we need to seek solutions.

ALTERNATIVES FOR FINANCING THE NRHM.

Being cautiously optimistic for NRHM, I see merits in its 'umbrella' and 'integrative' approach. The plan is quiet comprehensive. One plausible solution in this scenario is to guarantee the minimum amount needed for realisation of health costs. The Finance Minister's speech hinted towards a cess on tobacco products for financing the NRHM. As Ravi Duggal (CEHAT, Mumbai) suggests, a 2 percent health cess on sales turnover of health degrading products with an estimated turnover of Rs. 1000 billion would itself generate Rs. 20 billion which is 8 percent addition to the existing budgets of Central and State governments combined. A Tobin tax of 0.1 percent on securities transactions will raise 60 crores daily for social sector budgets without hurting transactions. Similarly additional resources can be generated.

Secondly, systems and structures for financing health infrastructure should be improved for managing existing resources. It is odd that so far the basis for allocation has not been the per capita or the per block level norms. Therefore money management within the districts itself is uneven. Correction herein will make for efficient use of existing funds. Matching facilities per unit of population/block will serve to raise health outcomes.

Finally, given poor State finances, increase in Central Government's health expenditure should be greater than the present proposal of 30 per cent per annum and matching grant requirements by the States vis-à-vis the Centre (via Ministry of Health and Family Welfare) should be relaxed.

Observations on Financing the National Rural Health Mission

The UPA Government had promised in the National Common Minimum Programme to increase public spending on health to 2-3 percent of the GDP in a phased manner.

Disaster Management Bill 2005: Can It Be a Panacea? - Subrat Das

This year the United Progressive Alliance (UPA) Government at the Centre has been able to enact a number of crucial legislations like, the National Rural Employment Guarantee Act, Right to Information Act, and Women's Inheritance Law, each one of which has the potential to usher in fundamental changes in favour of the poor, marginalized and vulnerable sections of the population. Equally commendable has been this government's introduction of a draft Disaster Management Bill in the Parliament (the Disaster Management Bill, 2005- Bill No. LV of 2005 introduced in the Rajya Sabha) on 11th May 2005. This proposed legislation has certainly raised people's expectations about effective management of both natural and man-made disasters in the country. India is highly prone to natural disasters, and the country has experienced very severe natural disasters at regular intervals. Among the various types of natural disasters affecting different parts of the country, floods, cyclones, earthquakes and droughts cause extensive damage to life and property; and heat wave, cold wave, avalanches, landslides, fire, and pest attacks are also taking heavy tolls on life and property at regular intervals. The Latur earthquake of 1993-94, the Orissa super cyclone of 1999, the Bhuj earthquake of 2001, and the Tsunami of December 2004 are some of the most severe natural disasters that have struck the country in the recent past. Given the growing intensity of the damage to life and property caused by natural disasters in the country, legislative support for disaster management has been viewed essential for a long time. Hence, many civil society organisations, humanitarian agencies, experts and also common people have welcomed the proposal for legislation on disaster management. However, it needs to be highlighted that **the Disaster Management Bill 2005 fundamentally differs from the other legislations referred to above in that it does not confer any 'rights' on the people of this country, either in the domain of relief and rehabilitation following disasters or in the domain of reduction of disaster risks in the process of economic development. The Bill primarily aims to provide the institutional mechanisms for drawing up disaster management plans and monitoring their implementation.** This article attempts to highlight the major strengths, the notable lacunae and the inherent potential of the Disaster Management Bill 2005, with regard to management of natural disasters in the country.

Though devastation caused by the Gujarat earthquake in 2001 forced the Government to sit up and think about the change necessary in its orientation towards disasters, before that in 1999, a High Powered Committee (HPC) had been constituted to formulate the policy framework on disaster management in India. The HPC had recommended measures for strengthening the organisational structure and for formulating a comprehensive model plan for natural and manmade disaster management at the national, State and district levels. Thereafter, following the Gujarat earthquake, an all-party National Committee on Disaster Management (NCDM) was constituted in 2001, under the Chairmanship of the then Prime Minister, to deliberate on the necessary institutional and legislative measures needed for an effective and long-term strategy to deal with natural disasters in future. On the recommendation of the NCDM, the Government of India (Allocation of Business) Rules, 1961 were amended to transfer the work relating to management of disasters, except droughts, from the Ministry of Agriculture to the Ministry of Home Affairs in June 2002.

Soon after this transfer of responsibilities, the Government had drawn up a strategic roadmap in October 2002 for reducing the country's vulnerability to disasters. The State Governments were advised to develop similar State roadmaps taking the national roadmap as broad guidelines. Accordingly, a view was taken in the Government that instead of a Central legislation on disaster management, the States might be advised to enact their respective State legislations. Consequently, the State of Gujarat enacted legislation on disaster management in 2003 and States of Bihar and Jharkhand are in the process of enacting similar laws.

However, subsequently, a strong need was felt to vest the coordination mechanism at the national level with necessary legislative back up, the devastation caused by the Tsunami in December 2004 adding further momentum to such thinking. The Government at the centre, therefore, decided to enact a law on disaster management which would 'provide for requisite institutional and coordination mechanism and powers for undertaking prevention and mitigation measures as also mechanism for ensuring preparedness and capacity building to handle disasters'. The proposed legislation is relatable to Entry 23 (Social Security and Social Insurance) in the Concurrent List of the Constitution. This will have the advantage that it will permit the States also to have their own legislation on disaster management.

WHAT'S THERE IN THE DISASTER MANAGEMENT BILL?

SALIENT FEATURES OF THE BILL

1. As is evident from the name itself, this Bill concerns both natural as well as manmade disasters occurring in the country. This aspect of the Bill could have significant implications for the process and quantum of funding that would be made available to the Government apparatus responsible for managing natural disasters in future. As we have seen, Government funding available for management of natural disasters has been meagre in comparison to the requirement. Hence, making adequate funds available for management of both natural and manmade disasters could prove to be a Herculean task for the Government and test its commitment to the process of disaster mitigation and prevention. However, as of now, we can only say that the intention of the Government, as reflected by the *Statement of Objects and Reasons of the Bill* is welcome.

2. The Bill provides for setting up of Disaster Management Authority at national, State and district levels under the Chairmanship of the Prime Minister, Chief Ministers and District Magistrates, respectively.

3. The National Disaster Management Authority (NDMA) shall have the responsibility for laying down the policies, plans and guidelines for disaster management. It may constitute an Advisory Committee consisting of experts in the field of disaster management. The NDMA shall be assisted by a National Executive Committee of Secretaries to be constituted by the Central Government.

4. The NDMA shall also lay down guidelines for the minimum standards of relief to be provided to persons affected by disasters.

5. The State Executive Committee shall have the responsibility for implementing the National Plan and the State Plan and act as the coordinating and monitoring body for management of disasters in the State.

6. The Bill provides for constitution of a specialist response force called National Disaster Response Force (NDRF), where command and supervision shall vest in an Officer to be appointed by the Central Government as the Director-General of the National Disaster Response Force. (The Ministry of Home Affairs has already taken steps to earmark 8 battalions of Central Para Military Forces, from their existing strength, to be trained and equipped to function as specialist response teams.)

7. Most importantly, the Bill provides for constitution of National Fund for Disaster Response (NFDR) and National Fund for Disaster Mitigation (NFDM), and similar Funds at State as well as district levels.

While legislative backing for the disaster management apparatus and policies in the country is commendable, it is pertinent to ask **whether the proposed legislation can be a panacea for the problems afflicting management of natural disasters in the country?** In the following sections, we present a brief appraisal of this Bill highlighting some of the more relevant aspects.

HOW IS THE BILL GOING TO HELP?

There is reason to be optimistic about the impact of such a legislation (on management of natural disasters in the country) on several grounds, which are as given below.

DISASTER MITIGATION FUNDS

Perhaps, the most commendable feature of the Bill is its provision for the setting up of Disaster Mitigation Funds, at national, State as well as district levels. With a separate Fund in place for the purpose of financing mitigation measures, we can expect timely and adequate flow of funds to finance projects/ initiatives related to disaster mitigation and preparedness.

The most commendable feature of the bill is its provision for the setting up of Disaster Mitigation Funds, at national, State as well as district levels.

NATIONAL DISASTER RESPONSE FORCE

The provision for setting up a National Disaster Response Force, 'for the purpose of specialist response to a threatening disaster situation or disaster', is another positive feature of the Bill. Developing a skilled and trained force of personnel for rescue and relief operations backed up with adequate infrastructural/ hardware facilities is essential. The Eleventh Finance Commission had suggested for constituting a group of 200-300 personnel drawn from different Government departments associated with the services for rescue and relief in each State, which in turn could constitute a national force of 3000 to 4000 personnel. Such teams could be mobilised and deployed anywhere in the country in a disaster situation.

ENGAGING DIFFERENT ARMS OF GOVERNMENT COMPREHENSIVELY

The Bill provides for the formulation of Disaster Management Plans, not only at the national level but also at the State and district levels, along with the requirement that these plans would be reviewed and updated at a one-year interval. These Disaster Management Plans will lay down the roles and responsibilities of the different Ministries/ Departments at the respective levels of the Government, and subsequently the Ministries/ Departments shall draw up plans for their activity in disaster management. This provision holds a lot of potential for enabling a comprehensive and integrated engagement of the various arms of the Government in disaster management at all levels.

The Disaster Management Bill should have legally guaranteed the 'rights' of victims of disasters to timely and adequate relief, compensation for losses and rehabilitation.

STATUS REPORTS BY ALL MINISTRIES

The provision, in the Bill, for preparation of Status Reports by all Ministries/ Departments with regard to their role in disaster management (as envisaged in their respective Plans) and the strategies to be adopted for attaining the desired levels, is again a far-sighted element of the legislation.

Despite its potential for making significant improvements in disaster management in the country, the Bill suffers from numerous serious lacunae, which need to be amended before enacting the proposed legislation. In the following, we briefly mention some of those lacunae and also comment on the report of the Standing Committee of the Parliament on Ministry of Home Affairs, which was entrusted the task of critical appraisal of the Bill.

Legislation on management of disasters in India should essentially recognize the differential vulnerabilities of sections of the population.

WHAT DISAPPOINTS US IN THE BILL?

NO RECOGNITION FOR RIGHTS OF THE VICTIMS

Setting up an institutional mechanism or a fund cannot address many important issues relating to provision of relief, rehabilitation and disaster risk reduction, which might be rooted in the socio-economic conditions of different sections of the population. Hence, the Disaster Management Bill should have legally guaranteed the 'rights' of victims of disasters to timely and adequate relief, compensation for losses and rehabilitation. Legislative support for rights of the victims can substantially improve the drawbacks and adverse consequences of the 'charity' mode of intervention of both the State as well as some of the non-state actors following natural disasters. Also, a legally backed 'right' can best serve the interest of ensuring accountability of the State and non-state actors in relief and reconstruction activities.

NOT RECOGNIZING DIFFERENTIAL VULNERABILITIES AMONG THE VICTIMS

Legislation on management of disasters in India should essentially recognize the differential vulnerabilities of sections of the population. **The fact that women and children, as also the socially disadvantaged sections (like, dalits and adivasis) suffer much greater setbacks in natural disasters is very well recognized. (Similarly, man-made disasters can inflict much greater damages on minorities in the country, as has been witnessed in the past.)** Hence, in this context, it is disappointing to see that the proposed legislation does not address such important issues in the sphere of disaster management.

LIMITED ROLE FOR LOCAL BODIES

It is disappointing to note the limited role envisaged for the institutions of local self-

PEOPLE'S PERCEPTION ON THE DISASTER MANAGEMENT BILL

The All India Disaster Mitigation Institute (AIDMI), Ahmedabad, reports several demands of the victims of Gujarat earthquake (2001) and cyclone (1998) and those of the Tsunami (2004), with regard to the Disaster Management Bill. Some of the crucial demands that have emerged are:

1. The Bill must clearly emphasize that the poorest among the victims will get the first priority in utilization of funds in relief and rehabilitation.
2. The Bill must ensure that, in the wake of a disaster, money is spent on reconstructing such assets for the poor as are safer and sustainable.
3. Expenditure on rehabilitation/ reconstruction in a disaster affected area should promote local economic development by using local labour, procuring relief material from within the affected State and rebuilding a new economic base for the local community.
4. The provisions in the Bill can easily inflate a web of costly administrative apparatus across the country, consuming a major part of the resources allocated for disaster management. To avoid such a consequence, it has to be ensured that the authorities are cost-effective.
5. The Bill should recognize the victims of disasters as 'active recoverers' not merely as 'passive receivers of relief and charity'.
6. While State and National Governments plan and finance, the local bodies (like, *Panchayats* and *Nagarpalikas*) should be able to decide where to and how to spend the money.

Source: Mihir R. Bhatt, 'The Bill: What Do Victims Want?', July 26, 2005, www.southasiadisasters.net governance and local communities in the process of setting up the infrastructure for disaster management. As per the original Bill introduced in the Parliament, the role of the local bodies would largely be consultative, during the formulation of disaster management plans, and related mainly to the activities of imparting training and awareness on disaster management. Many experts have highlighted the need for learning from the local communities (who usually have some traditional experience of tackling disasters, especially natural disasters, occurring in their areas), in shaping measures for disaster mitigation and preparedness, especially in developing countries that cannot afford to spend as much as the developed countries do on disaster management. It may be noted here that the Parliamentary Standing Committee on Home Affairs (which examined the said Bill, before it is introduced in the Parliament again) has made a case for representation of local bodies as follows: 'the Committee recommends for inclusion of a clause/ provision in the Bill for nomination of public representatives (like the Chairman of Zila Parishad and other local bodies) as Co-Chairperson of the District Disaster Management Authority' (Source: Report of the Department-Related Parliamentary Standing Committee on Home Affairs: 115th Report on the Disaster Management Bill, 2005).

TOP-DOWN APPROACH TOWARDS PLANNING

Another serious weakness of the Bill is its adherence to a top-down approach in envisaging the planning process relating to all aspects in disaster management. In the overall chain of activities in disaster mitigation, the processes of dissemination of warning and risk avoidance action depend crucially on the people in the disaster-prone areas. Hence, with respect to these two steps at least (in the whole chain of actions in disaster loss mitigation) the Government apparatus needs to ensure that both planning as well as implementation is people-centric or pursued with a bottom-up approach. However, the Bill envisages an approach towards all aspects of disaster management in which the National Disaster Management Plan would be formulated at the highest level, and subsequently this National Plan would dictate the formulation of Plans at the State level, at the district level and so on.

NO MECHANISM PROPOSED FOR PUBLIC GRIEVANCE REDRESSAL

Another lacuna in the Bill is that it does not make adequate provisions for putting in place a mechanism for Public Grievance Redressal on matters relating to disaster management that could be easily accessible to people in the disaster affected/ prone areas. The Bill restricts the jurisdiction of Courts, which would deal with any suit or proceeding against any of the authorities involved in disaster management at any level (including the district level authorities), to the Supreme Court and the High Courts only.

WHAT HAPPENS TO THE CRF AND NCCF!

The Bill provides for the setting up of a National Disaster Response Fund, State Disaster Response Funds as also District Disaster Response Funds. Also, the Bill states that the 'National Disaster Response Fund shall be made available to the National Executive Committee to be applied towards meeting the expenses for emergency response and relief' (Clause 46 (2) of CHAPTER IX in the Disaster Management Bill, 2005). Therefore, these Disaster Response Funds, at the different levels, will deal with the expenditures on rescue, relief and immediate rehabilitation in the wake of disasters. Presently, we have the Calamity Relief Fund (CRF) scheme for financing expenditure of States on immediate relief in the event of natural disasters, and the National Calamity Contingency Fund (NCCF) scheme for the same purpose in case of natural disasters of severe intensity. Since the domain of the Disaster Response Funds will overlap with those of CRF and NCCF schemes, it is essential that the Bill throw light on the linkages between the two. Also, if the CRF/NCCF schemes are going to be replaced completely or modified substantially after the setting up of Disaster Response Funds, then the Disaster Management Bill 2005 should clearly state the institutional mechanism for implementing the new system of financing relief expenditures of States.

AMBIGUITY OVER FLOW OF FUNDS BETWEEN MINISTRIES

Again there is lack of clarity in the Bill regarding the flow of funds between different arms of the Government machinery for the purpose of measures to be taken for disaster mitigation and vigilance. While there would be Disaster Mitigation Funds at national level, State level and also district level, 'for projects exclusively for the purpose of mitigation', the Bill also requires 'every Ministry or Department of the Government of India to make provisions in its annual budget, for funds for the purposes of carrying out the activities of disaster management plan'. The Bill also requires a similar mechanism at the State level. Now, the question is how would the money from the Disaster Mitigation Funds flow down for the projects on mitigation so as to enable the various Government Ministries/ Departments undertake the necessary expenditure towards carrying out their objectives in disaster management? A lot of clarity and suitable modifications in the Government accounting framework would be needed for the sake of transparency in and accountability for expenditure on disaster management.

There is lack of clarity in the Bill regarding the flow of funds between different arms of the Government machinery.

Disaster Management Bill 2005: Can It Be a Panacea?

The proposed legislation on disaster management is riddled with many more complications than would appear at first sight.

It is not logical to expect the States to take the major financial burden for the crucial task of managing natural disasters.

NEGLECTING PROBLEMS OF STATES IN FINANCING RECONSTRUCTION OF ASSETS

Also, many of the States have been facing major problems relating to availability of funds for financing reconstruction of public/ capital assets damaged in disasters. While the States have, in the submissions to the Finance Commissions, demanded funds for this purpose to be given to them as Non-Plan Grants, the prevailing mechanism has forced them to cut down their Plan funds . Unfortunately, the Disaster Management Bill 2005 does not address this problem.

Thus, the proposed legislation on disaster management is riddled with many more complications than would appear at first sight. **It is hoped that when the revised Disaster Management Bill (based on the recommendations of the Parliamentary Standing Committee) is brought to the Parliament again in the Winter Session of 2005** (The Hindu, 'Disaster management policy likely by year-end', 15 August 2005), many of the lacunae in the original Bill would have been done away with.

CAN THE INTENT BE TRANSLATED INTO ACTION?

In India, the basic responsibility for undertaking rescue, relief and rehabilitation measures in the event of natural disasters has been that of the concerned State Government. The role of the Central Government has only been supportive, in terms of physical and financial resources and complementary measures in sectors such as transport, warning and inter-State movement of food grains. Relief Manuals and Codes have been available for undertaking emergency operations. The subject of disaster management does not find any specific mention in any of the three lists (Union, State and Concurrent Lists) in the 7th Schedule of Indian Constitution, where subjects under the Central and State Governments as also subjects that come under both are specified. **While rescue, relief and rehabilitation in the event of a natural disaster have been considered to be the direct responsibility of the concerned State Government, the question that needs to be raised is–whether taking adequate measures for disaster mitigation and preparedness should also be deemed as the direct responsibility of the States?** The States' ability to mobilise financial resources has been much less than that of the Centre while their expenditure commitments have been far greater than that of the Centre. Also the discretion of the Centre with regard to resource mobilisation has increased in the era of economic liberalization, and most of the States have been facing an acute fiscal crisis since 1997-98. Given such a scenario it is not logical to expect the States to take the major financial burden for the crucial task of managing natural disasters. All through the post-Independence period, States have been held primarily responsible for relief and rehabilitation activities following natural disasters. However, given the greater financial muscle of the Central Government **the financial responsibility for setting up appropriate disaster management mechanisms in the country should lie primarily with it.**

The national level disaster management plans/ policies formulated by the numerous expert committees in the past do not seem to have translated into better management of natural disasters in practice. **The approach to disaster management has so far been reactive–responding to disasters after they occur. Not much attention has been paid to mitigation.** Also, it seems that important lessons that should have been learnt by the Government apparatus from the severe natural disasters in the past have been ignored, and some of the important realities in India have not been given adequate importance from the policy makers.

The entire process of disaster management can be thought of as comprising two distinct phases, viz. Pre-disaster Phase, and Post-disaster Phase. The Pre-disaster Phase consists of measures relating to disaster watchfulness, prevention and mitigation, while the Post-disaster Phase involves response, rehabilitation and recovery. Many of the developed countries are able to reduce losses from disasters because they implement the first phase of the process well. Even some of the developing countries have adopted this strategy and registered substantial decline in the losses caused by disasters. **In India also, the disaster management apparatus needs to implement the Pre-disaster Phase measures very well.** This does not mean the need for relief operations should be neglected, rather it reflects the understanding

EXPERIENCE WITH GSDMA NOT VERY ENCOURAGING!

There are strong reasons to be sceptical about how well the various institutions and authorities, being set up through the Disaster Management Bill 2005, would perform when natural disasters actually strike. The All India Disaster Mitigation Institute (AIDMI), Ahmedabad, reports 'the most recent floods (in Gujarat) in July 2005 have cast a shadow on the preparedness claims of the Gujarat State Disaster Management Authority (GSDMA). GSDMA has successfully kept the civil society out of its way, including its own advisory body, which is never called on to advice. How to prevent such well funded and well meaning authorities mutating into ineffective institutions, however temporarily?'

Source: The New Bill: Old Hopes, 26 July 2005, www.southasiadisasters.net that proper disaster mitigation and vigilance efforts can not only reduce the requirement for relief and rehabilitation but also improve the rescue and relief activities significantly.

As part of disaster mitigation process, six critical factors namely, event prediction, dissemination of warning, risk avoidance action, necessary hardware, emergency response plan and prompt activation of the emergency response plan (identified by Sagar Dhara (2001), 'The Bhuj Quake: Lessons of Previous Disasters not Learnt' , The Hindu Survey of Environment, July), should be planned and implemented in the disaster-prone regions of the country. Out of these six factors, at least two, viz. dissemination of warning and risk avoidance action, depend crucially on the inhabitants or people of the disaster-prone areas. Hence, with respect to these two steps at least (in the whole chain of actions in disaster management) the Government apparatus needs to ensure that both planning as well as implementation are people-centric.

When we look at the relevant policy documents in India, it clearly emerges that the major chunk in the financial resources allocated by the Government for management of natural disasters over the years has been utilized for post-disaster relief and rehabilitation. **The mitigation and vigilance measures, which have been financed by the Government, are limited mainly to prevention of droughts and floods . On the other hand the States, have been explicitly and very significantly dependent on financial resources from multilateral development agencies for mitigation and preparedness measures with regard to all kinds of natural disasters.** We find that the allocation of financial resources by the Government (especially the Central Government) for long-term measures for mitigation and vigilance has been very little, even during the last decade in which India supposedly has been changing its approach towards disaster management. Also it reflects a very low priority given by the policy makers in the country to long-term measures in the pre-disaster phase.

While the entire focus of the Government apparatus in our country (vis-à-vis coping with natural disasters) has been on post-disaster relief operations, there are serious lacunae within that sphere of activity as well. There are serious drawbacks in both planning relief operations as well as implementation of the same in the wake of natural disasters. Even in case of a severe disaster like **the Tsunami of December 2004**, which attracted substantial amounts of funds for relief operations from State and non-state actors, the **relief measures, in the affected areas of Tamil Nadu State (in India), seem to have been supply-driven rather than being driven by the demands/ needs of the victims**. In the Andaman & Nicobar Islands, the government apparatus seems to have **ignored completely the differential needs of disabled people** in the wake of the tsunami. Similarly, it was found in many of the affected areas in Tamil Nadu that the government apparatus providing relief had **not taken into account the differential needs of women**. The intervention of the civil society also was found wanting for several reasons. Thus, there is an urgent need for focusing the relief efforts on most vulnerable sections among the affected population. Lack of accountability of those implementing the relief measures on the ground is one of the major reasons for the limited effectiveness of relief operations in the country. **All those taking part in relief operations should be accountable to the disaster-affected people, who should be involved in the decisions that affect them.** People in a particular area, affected by a particular disaster, have their own way of coping with that, so it's essential to include them in planning the relief operations, and ignoring their needs and suggestions can constrain the effectiveness of the rescue and relief efforts significantly. The State and non-state actors involved in relief activities must inform affected people about all aspects of relief operations and about their rights–through public meetings, mass media or information centres. They must know the views of affected people, about their felt needs and priorities in order to improve relief provision. Above all, the State in India should recognize people's 'right' to timely and adequate relief, compensation and rehabilitation following disasters as well as to a process of economic development that is safe and sustainable.

While legislative support for disaster management is commendable, we must not forget that **the actual commitment of the present Government to setting up a comprehensive and effective disaster management apparatus in the country would be reflected –its willingness to recognize people's rights in the sphere of management of disasters, channelise substantial financial resources for this purpose and its ability to learn from the experiences of the past disasters**.

While the entire focus of the Government apparatus in our country (vis-à-vis coping with natural disasters) has been on post-disaster relief operations, there are serious lacunae within that sphere of activity as well.

Special Column: *Praveen Jha*

Progress Through the MDG Lense: Is there much to distinguish between South Asia and Sub-Saharan Africa?

In recent years, many of the South Asian countries have been patting themselves on their backs due to the presumed progress in their poverty reduction efforts. The chorus of this cheer-talk has been joined by a number of global agencies, in particular, the Bretton Woods Institutions (i.e., the World Bank and the International Monetary Fund). However, the reality may be vastly different from the claims made. South Asia continues to suffer from a variety of acute deficits. During the period of the neo-liberal economic reforms of the last couple of decades, the region has witnessed a rollback of the State from many important economic and social arenas, and consequently a whole range of positive economic impulses and welfare services have suffered a great deal.

There is little merit in assuming that the extent of developmental deficits in South Asia is substantially less than those in Sub-Saharan Africa. Sure enough, in terms of pockets of affluence, South Asia may outscore the richer strata in even several developed countries. But obviously it does not hide their dismal overwhelming reality of deprivations. Over the last couple of decades, South Asia has witnessed a highly uneven progress across its different regions, and moreover, within the same geographical region, the successes and failures as regards different goals are quite diverse.

In spite of accepting the obvious distinction between proportional and absolute poverty levels in South Asia, it has to be admitted that the latter has gone up in the past decade. **South Asia still contains the largest number of poor in the world. An estimated 421 million people live with less than $1.08 a day and 1,064 million with less than $2.15 a day. This is, respectively, 1.4 times and twice as many extreme poor and poor as in the whole Sub-Saharan Africa.** Though in Sub-Saharan Africa the proportion of undernourished has increased, South Asia has experienced only a very mild fall. **A substantial proportion of poor South Asians do not fulfil their needs in terms of calorie intake, which translated to an absolute approach means that South Asia is holding the largest number of undernourished of the world.**

South Asia is the worst performer in terms of approaching the 2015 Millennium Development Goals (MDGs) scenario after Sub-Saharan Africa. Among the indicators not related to environmental issues, only one is on track, none has yet been met, half of them are progressing but will not lead to the expected 2015 MDGs scenario and the rest show negative performances. Only proportional poverty reduction seems to be on track despite the earlier mentioned little variation in absolute terms. It has achieved the *access to water* Goal and if current trends are to continue it would achieve the *poverty* Goal on time while the rest of the Goals would be achieved as follows: *hunger* in 2100, *primary education* shortly before 2050, *gender equality* by 2040, *child mortality* after 2020 and *access to sanitation* shortly after 2015. Further, on conceptual grounds and with respect to the issues of quality, the projected rates of progress may need to be qualified, which would make them even more unflattering, as we discuss briefly later.

As regards India, huge differences persist between urban and rural India, and across States, with particular reference to the indicators of access to safe water, pucca house, literacy, formal education and life expectancy. This gulf appears more clearly when we consider the human poverty index defined by the Government of India, which takes into account economic, educational and health attainments, separately for rural and urban areas. Furthermore, empirical evidence shows that more than half the population lives in States with well above average extent of social deficiencies, and that inter-state inequalities are also large. **This last finding is particularly meaningful because while economic poverty shows little differences between rural and urban areas, poverty understood as deprivation in the economic, educational and health spheres does present a huge gap between these two areas.** Therefore, the on-track Millennium Development Goals targeting a reduction in relative poverty across

India may have little impact on the living conditions of the rural population if improvements are mostly captured by urban areas. **India, and in particular seven large States, contains pockets where child malnutrition is worse than anywhere else in the world both in terms of proportion and absolute numbers of children affected, far worse-off than Sub-Saharan Africa.**

Not surprisingly, the picture of hunger and deprivation emerging from this region tells a dismal story. For instance, in India, there has been a precipitous decline in food grain absorption since the early 1990s and the recent estimate of about 151 Kg per capita per annum is close to the figure of the West Bengal Famine of the 1940s. The progress on the health front has more or less completely stalled during the reform period beginning early 1990s. Employment generation has declined dramatically and has almost collapsed in rural India.

Also, it is worthwhile to mention the surprisingly scarce amount of debate generated on quality related issues . Many social indicators used to define the MDGs, to a certain extent, are based on arbitrary *quality* standards, e.g. the case for the poverty line, water safety, sanitation, etc. One clear example of the importance of addressing such difficulties is the poor quality of water in Indian cities and the very low level of literacy considered adequate. Despite being accounted for as safe, it is acknowledged that tap water is a source and transmitter of several diseases. The case of literacy is even worse, in India a person is considered literate if she or he is able to sign her or his name, indeed a very low standard in terms of quality indicator. Moreover, the goals chosen by the Millennium Declaration were quite limited in scope in the sense that one may wonder why the MDGs' commitment to halve proportional poverty was not aimed at completely eradicating it or, at least, halving absolute poverty, which would obviously have a much larger impact on the poor. Similarly, the MDGs do not address any issue related to inequality and its spectacular growth within the neo-liberal era despite the fact that this is clearly a major factor shaping poverty around the globe.

The period of liberalisation since the early 1990s has entailed higher vulnerability for marginalized groups due to the withdrawal of the State in critical services and the privatisation of the same. The lack of a comprehensive strategy of Government intervention seeking to pursue a shared, inclusive development agenda that would take disadvantaged groups along the path of progress, will simply widen the gap between the two Indias, the one enjoying moderate and high standards of living comparable to any highly industrialised country, and the one made up by the majority, the millions of deprived Indians who are not able to meet their minimal basic needs.

While the relatively successful among the latecomers to industrialisation, especially in the East and South East Asian context, pursued strategies of shared growth with extensive State intervention in the economy and remarkable public provisioning of social services to boost inclusive development, India seems to shy away from all historical evidence as regards the necessity of crucial public intervention to facilitate progress in multidimensional poverty reduction.

The need for public safety nets in developing countries, and in particular in India, remains acute and urgent. Indeed, a recent report by the World Health Organisation on progress on the health MDGs concludes that these will not be attained unless there is strong commitment by Governments towards strengthening core health systems functions (WHO, 'MDGs. Health and the Millennium Development Goals', Pg 75). The existing evidence and diverse historical experiences lead to the conclusion that a minimalistic State is not a choice if eradicating poverty is to be taken seriously. A variety of structural constraints have to be addressed and purposive macro-economic policy regime has to be put in place. Elements of such a strategy, as Patnaik suggests (Patnaik, Prabhat, '*Some Indian Debates on Planning*' . Pg 186.), must include: 'radical land distribution, free and compulsory primary education and the provision of adequate health care to all, the provision of basic amenities in rural areas, decentralisation of decision-making and resources, an export thrust through an appropriate industrial policy, a step-up in the investment ratio with public investment, especially in infrastructure and based on domestic resource mobilisation, and the putting into place of appropriate controls to ensure that "enterprise" does not become the "bubble on a whirlpool of speculation"'.

Progress Through the MDG Lense: Is there much to distinguish between South Asia and Sub-Saharan Africa?

Many social indicators used to define the MDGs, to a certain extent, are based on arbitrary quality standards.

India seems to shy away from all historical evidence as regards the necessity of crucial public intervention to facilitate progress.

Progress Through the MDG Lense: Is there much to distinguish between South Asia and Sub-Saharan Africa?

Table 1: Key MDG indicators: A Comparison of Sub-Saharan Africa and South Asia

	Indicator	Sub Saharan Africa	South Asia	Disaggregated Picture of South Asia			
				India	Bangladesh	Nepal	Pakistan
1	Population (in million) [2002][a]	688.9	1401.1	1048.6	135.7	24.1	144.9
2	percent of Population < $ 1 per day (with Purchasing Power Parity)	**46** [2001][b]	**31** [2001][b]	**34.7** [1990-2002][c]	**36** [1990-2002][c]	**37.7** [1990-2002][c]	**13.4** [1990-2002][c]
	Population (in m.) < $ 1 per day (with Purchasing Power Parity)	313 [2001][b]	431 [2001][b]	363.8	48.8	9.09	19.42
3	Under 5 Mortality Rate (per 1000)	174 [2001/02][b]	93 [2001/02][b]	93 [2002][c]	77 [2002][c]	91 [2002][c]	107 [2002][c]
4	MMR (per 100,000 live births)	920 [2000][b]	520 [2000][b]	540 [2000][c]	380 [2000][c]	740 [2000][c]	500 [2000][c]
5	percent of Underweight Children among Children under 5 yrs age	31 [2002][d]	47 [2002][d]	47 [1995-2002][c]	48 [1995-2002][c]	48 [1995-2002][c]	38 [1995-2002][c]
6	TB- Prevalence Rate (per 100,000 Population)	492 [2002][d]	343 [2002][d]	344 [2000][c]	447 [2000][c]	271 [2000][c]	379 [2000][c]
	No. of people affected by TB (in million)	3.39	4.81	3.61	0.61	0.07	0.55
7	Malaria Cases per 100,000 people	...	...	193 [2000][g]	40 [2000][c]	33 [2000][c]	58 [2000][c]
	No. of people affected by Malaria (in million)	...	...	1.93	0.05	0.01	0.08
8	Primary Education Completion Rate (percent)	52.9 [e] [2001/02][d]	73.1 [e] [2001/02][d]	59 [f] [2000/01][c]	65 [f] [2000/01][c]	78 [f] [2000/01][c]	...
9	Percent of Population having access to Safe Water	58 [2001/02][b]	84 [2001/02][b]	84 [2000][c]	97 [2000][c]	88 [2000][c]	90 [2000][c]
	Population without access to Safe Water (in million)	289.3	224.18	167.78	4.07	2.89	14.49
10	Percent of Population having access to Improved Sanitation	36 [2001/02][b]	37 [2001/02][b]	28 [2000][c]	48 [2000][c]	28 [2000][c]	62 [2000][c]
	Population without access to Improved Sanitation (in million)	440.9	882.69	755	70.56	17.35	55.06
11	Share of Women in Wage Employment in Non-Agricultural Sector (percent)	35 [2002][d]	18.2	...	...	...	...
	Proportion of Seats held by Women in National Parliament (Single or Lower House only) (percent)	13.4 [2004][d]	8.5 [2004][d]	8.8 [2004][c]	2 [2004][c]	5.9 [2004][c]	21.6 [2004][c]

Sources: **a.** World Development Indicators 2004, The World Bank **b**. United Nations (UN) Millennium Project – Full Report submitted to UN Secretary General (www.undp.org) **c**. Human Development Report 2004, UNDP **d**. Website of the UN Statistics Division **e**. Percentage of Students enrolled in the Final Grade of Primary School **f**. Percent of Grade I students who reach Grade V. **g**. Human Development Report 2002.

Table 2: Key MGD indicators for BIMAROU States and SCs/STs in India

	Indicator	Bihar	Madhya Pradesh	Rajasthan	Uttar Pradesh	Orissa	SCs	STs
1	Population (in million) [2001][a]	83	60.3	56.4	166	36.7	179.7 [2001][b]	88.8 [2001][b]
2	Under 5 Mortality Rate (per 1000) [1998][c]	105.1	137.6	114.9	122.5	104.4	119.3	126.6
3	MMR (per 100,000 live births) [1998][a]	452	498	670	707	367	...	...
4	percent of Underweight Children among Children under **3** yrs age [1998][c]	54	55	51	52	54	53.5	55.9
5	TB Prevalence Rate (per 100,000 population) [2001-02][d]	42.5	115.49	150.1	124.22	53.06	...	...
	No. of people affected by TB (in million) [2001-02][d]	0.04	0.07	0.08	0.21	0.02	...	...
6	Malaria Cases (per 100,000 population) [2001][e]	4.95	303.68	229.14	56.94	1238.53	...	...
	No. of people affected by Malaria (in million) [2001][e]	0.004	0.18	0.13	0.09	0.45	...	...
7	Gross Enrolment Ratio (Class I to V) [2002-03][f]	73.52	95.02	97.25	91.25	103.02	96.8 [2001][g]	101.1 [2001][g]
	Drop-out Rates in Class I to V [1998-99][h]	59.65	23.27	55.3	49.85	49.61	44.27 [1998-9][b]	57.36 [1998-99][b]
	(Estimated) No. of Children in the age group of 6-14 years who are **out of school** (in million) {All India figure: 35.36 m} [2000-01][i]	8.4	1.4	0.21	15.9	0.64	...	...
8	Percent of Population having access to Safe Water [2001][f]	86.6	68.4	68.2	86.6	64.2	63.6 [1991][h]	43.2 [1991][h]
	No. of People **without** access to Safe Water (in million)	11.12	19.05	17.94	22.24	13.14	...	...
9	Percent of Population having access to Improved Sanitation [1997][a]	58	8	65	33	9	11.16 [1991][h]	7.22 [1991][h]
	No. of People **without** access to Improved Sanitation (in million)	34.86	55.48	19.74	111.22	33.4	...	...

Sources: **a**.Human Development Fact Sheets, Human Resource Development Centre, UNDP (India) (http://hdrc.undp.org.in) **b**.Tenth Five Year Plan, Planning Commission of India (http://planningcommission.nic.in) **c**.National Family Health Survey-II, 1998 (Cited in National Health Policy 2002, Government of India) **d**.Calculated from the data on No. of TB Cases Detected under Revised National TB Control Programme (RNTCP); Data Source: Rajya Sabha Unstarred Question No. 1289 dated 15.12.2003 (Cited in www.indiastat.com) **e**.Calculated from the data on No. of Malaria Cases; Data Source: Ministry of Health and Family Welfare, and Lok Sabha Starred Question No. 446 dated 27.04.2005 (Cited in www.indiastat.com) **f**.Economic Survey 2004-05, Government of India **g**.Selected Educational Statistics 2000-2001, Government of India **h**.National Human Development Report 2001, Planning Commission, Government of India **i**.Rajya Sabha Unstarred Question No. 1908, dated 10.03.2003.

A Report on CBGA's National Convention on Union Budget 2006-07

CBGA organised a **National Convention on Union Budget 2006-07** on the **5th and 6th of October 2005**, at YMCA Tourist Hostel, 1, Jaisingh Road, **New Delhi**. The National Convention organised by CBGA brought together policy analysts, academics, civil society activists and people working at the grassroots to discuss some of the pertinent issues relating to Union Budget 2006-07, from a pro-poor perspective.

The convention opened on 5th October, with noted economist Prof. Prabhat Patnaik (of JNU) giving the Inaugural Address. Prof. Patnaik urged for using the next Union Budget 2006-07 as an episode in an alternative economic trajectory for the country. The first step in such an alternative trajectory, he said, should be to insulate the economy from the vulnerability to financial crises, which has resulted from increasing inflows of international finance capital. For this purpose, he suggested some specific instruments that could be used by the Finance Minister, such as, a relatively higher tax on stock market transactions, and a 1 % tax on purchases of foreign exchange in the country. In order to augment the revenue kitty of the Government, he also advocated for the imposition of a reasonable amount of tax on inheritance of wealth as well as on capital gains, neither of which he argued is an outcome of merit or hard work. The additional resources mobilised, in this way, could then be spent on rural development, health care for all, etc.

The first main Session of the Convention, on Agriculture and Livelihood Issues, had Prof. T.S. Papola (Director, ISID), Prof. Amitabh Kundu (JNU), Dr. Rohini Nayyar (Adviser, Planning Commission), Com. W.R. Varadarajan (Secretary, CITU) and Mr. Devinder Sharma (Forum for Biotechnology and Food Security) as the speakers, who brought out many relevant issues in the concerned sectors and suggested corrective action that could be taken through the next Budget. The issues highlighted in this session were;

- The need for strengthening rural-urban linkages in the country, which have weakened drastically in the recent past. This also means an agenda for inclusion of the urban poor in the schemes meant for employment guarantee.
- The employment guarantee scheme should actually target 200 or 300 most backward districts, as universalisation of such a scheme would allow the better off States (which also have better administrative capacity) to draw much more resources than the poorer States.

Later the same day, Prof. Abhijit Sen (Member, Planning Commission) chaired the Session on Resource Mobilisation and Management of Public Expenditure, which also had Prof. C. P. Chandrasekhar (JNU), Dr. N. J. Kurian (Director, Council for Social Development), Dr. Mohan Guruswamy (Centre for Policy Alternatives, New Delhi), and Dr. Pronab Sen (Adviser, Planning Commission) as the speakers. The issues highlighted in this session were,

- The next Budget should be one that gets the Government out of the trap of deflationary economic policies (and a macroeconomic disequilibrium marked by visible unemployment) and allow it to widen its tax-base.
- Need for taxing reasonably the profligate expenditure of the rich in the country, which is highly import intensive,
- Withdrawal of the FRBM Act.
- A falling tax-GDP ratio for the Centre has affected the States, especially the poorer States that are more dependent on transfers from the Centre.
- A change in accounting classification that would allow the Central Government to augment public investment with the help of institutional capacity of the States and greater investments by the Central Public Sector Undertakings.

The next day, Prof. Alakh N. Sharma (Director, Institute for Human Development) chaired the session on *Marginalised Groups: Women, Children,* *Dalits and Adivasis*, which was addressed by Prof. Aasha Kapur Mehta (Indian Institute of Public Administration) and Prof. P.M. Kulkarni (JNU). The main concern that emerged was how to improve the access of women and the historically deprived sections, dalits and adivasis, to public resources. Mr. Ravi Duggal (CEHAT, Mumbai) chaired the second session today, on *Social Sectors: Health and Education*, which was also addressed by Dr. Geeta Sodhi (Swasthya) and Dr. Praveen Jha (JNU and CBGA). Many pertinent suggestions for Budget 2006-07 were made, which include-

- Raising the Central Government's expenditure on health (including its transfer to States for health sector) to around 0.66 % of GDP,
- Raising additional resources through 'health cess' on health-degrading products, removal of user fees for public health care facilities,
- Strengthening and rationalisation of paramedic services in the country,
- Substantial increase in funds for education, spending the entire amount collected from education cess in addition to the earlier flow of funds, and
- Universalisation of school education (rather than only elementary education).

On both the days, Group Discussions, involving all the participants from across the nation, were held for framing of a "Charter of Demands", which will be submitted to the Finance Minister, Deputy Chairman of the Planning Commission and the National Advisory Council later in this month. Key points that emerged from these discussions helped in finalising the Charter of Demands.

CHARTER OF DEMANDS

1. EMPLOYMENT GENERATION AND POVERTY ALLEVIATION

1.1 Unemployment in urban areas grew at 0.49 percent per annum (p.a.) during the period 1983 to 1993-94. This rate of growth jumped to 3.45 percent during the period 1993-94 to 1999-00. In light of the growing unemployment problem in urban as well as semi-urban areas, extend Employment Guarantee Act to cover these areas as well.

1.2 Avoid clubbing of National Rural Employment Guarantee (NREG) scheme with other programmes of rural employment. Such clubbing will lead to targeting of entire rural employment expenditure at 200 of the poorest districts of the country. Clubbing, if at all desirable, should wait till NREG is itself extended to the entire country.

1.3 Public Distribution System should be universalised. Targeting of food subsidy at the BPL population has not only reduced the per capita food grain availability but has also failed to achieve the stated objective of reducing the subsidy expenditure of the Government. In fact the increase in food stocks held by the Food Corporation of India (FCI) in recent years (an outcome of targeting PDS) has increased the carrying cost of FCI operations and thus has led to an overall increase in the food subsidy expenditure of the government. This stood at 4.45 percent of the Centre's receipts in 1990-91 and had increased to 9.98 percent of the same by 2002-03.

1.4 Unorganised Sector Worker's Bill is a welcome step. However in its present form the bill has certain drawbacks. Especially discomforting is the clause that requires discontinuation of workers from the scheme in case of non-payment of arrears. Given that most workers in the unorganised sector have irregular earnings, chronic accumulation of arrears and discontinuation is an ordinary enough scenario and dismissal from the scheme due to non-payment of these arrears may indeed become very common. Hence, the legislation on unorganised sector workers should also address the issue of insecure livelihood of workers in this sector. Appropriate budgetary policies need to be worked out in this regard.

2. ISSUES RELATED TO AGRARIAN DEVELOPMENT

2.1 Increase budgetary support to agriculture in the form of input subsidies (on fertilizers, pesticides, seeds, diesel and electricity) as well as through higher minimum support prices, which have remained more or less stagnant in the recent years.

2.2 The Centre should step up its public investment on agriculture, especially on irrigation and flood control. Total expenditure on irrigation and flood control was Rs. 860 crores in 1996-97 and had fallen to Rs. 440 crores by 2003-04. In this context the Centre should clearly spell out its expenditure on irrigation and other infrastructural items under Bharat Nirman. The Centre should avoid shifting the responsibility of making additional budgetary allocations for Bharat Nirman to States.

2.3 In the last two decades the total area under millet cultivation has fallen sharply. In light of this disturbing trend we demand that special initiatives be taken to support cultivation of millet. To this end FCI may be engaged in the procurement of millet. Also research initiatives should be

A Report on CBGA's National Convention on Union Budget 2006-07

In light of the growing unemployment problem in urban as well as semi-urban areas, extend Employment Guarantee Act to cover these areas as well.

undertaken to develop high yielding varieties of millet. In this regard appropriate changes should be made in the forthcoming budget.

2.4 Agricultural research in India has collapsed in the last decade. Agricultural research and extension services are reeling under a financial crunch and private companies are substituting the role of public agencies. In this context, we demand that public expenditure on agricultural research and extension be raised to at least 1 percent of agricultural GDP.

3. RESOURCE MOBILISATION AND EXPENDITURE MANAGEMENT

Widen the direct tax base through wealth taxation. This can be done, for example through an inheritance tax. Not only will such a tax earn revenues for the government, it will also have positive distributional effects.

3.1 A review of exemptions to the corporate sector needs to be made. Not only do these exemptions create a large difference between scheduled and effective tax rate, they are also regressive in the sense that bigger firms benefit much more from these exemptions. No more reductions in personal income taxes should be considered.

3.2 Widen the direct tax base through wealth taxation. This can be done, for example through an inheritance tax. Not only will such a tax earn revenues for the government, it will also have positive distributional effects.

3.3 Capital gains tax should be restored.

3.4 The decline in tax revenues in the post reform period has been led by a massive decline in indirect tax collections. This in turn has happened due to sharp reduction in indirect tax rates. To reverse this trend, no more reduction in excise and import duties should be considered. Moreover, since most of our imports are income rather than price sensitive, implying that the demand for imports will not fall even if there is some increase in prices due to higher tariff rates, we should try to negotiate for higher tariff rates in WTO on this ground.

Tax on purchase of foreign currency must be instituted.

3.5 In the Union Budget 2004-05, securities transaction tax was proposed at 0.15 percent of the value of the transaction. However due to the pressure applied by financial interests Government reduced rate on this tax to 0.015 percent of the value of the transaction. In the last budget securities transaction tax was increased marginally to 0.02 percent of the value of the transaction. We demand that in the forthcoming budget rate on securities transaction tax should be made equal to the level initially proposed, i.e. 0.15 percent.

3.6 Tax on purchase of foreign currency must be instituted. Such a tax will check outflow of short-term capital and will also generate precious revenue for the Government. However, since India is a signatory to Article 8 of the Agreement of International Monetary Fund, which provides for full convertibility of currency on current account, this tax can be levied only on foreign currency purchases on capital account.

3.7 There is a need to increase the share of services sector in total tax revenue since services sector comprises almost half of our GDP whereas its share in the tax revenues of the Centre is a meagre 3 percent. To achieve this end no more tax exemptions should be announced for this sector.

3.8 Fiscal Responsibility and Budget Management (FRBM) Act requires an automatic curtailment of Government expenditure in case of any shortfall in its revenues and thus ties the hands of the Government in fulfilling the promises made in the Common Minimum Programme. In the last budget, when the Government tried to fulfil some of the commitments made in the CMP, it failed to meet the deficit targets set under the FRBM Act This happened even when revenue estimates in the last budget is widely recognised to be exaggerated. In the coming years also FRBM Act will obstruct the delivery of the promises made by this Government to the common citizens of our country and thus it should be revoked.

3.9 In the recent years internal public debt situation has become unsustainable due to the sharp rise in the interest cost of Central Government borrowings. The axe of cutting down fiscal deficit has thus fallen mainly on primary deficit, which is highly correlated with developmental expenditure. Evidence on this count is quite clear. Interest payments of the Central Government as a proportion of GDP increased from 3.8 percent of GDP in 1990-91 to 4.8 percent in 2002-03. Comparing primary deficit for these two years we see a decline from 2.8 percent of GDP to 1.1 percent of GDP. In this context we demand that the internal public debt situation should be made sustainable through a reduction in interest payments and not through a cut down in primary deficit of the Government. To attain this objective the Government should allow monetization of a part of the fiscal deficit and also reduce interest rate on Central Government borrowings through appropriate changes in its banking sector policies, especially those related to Statutory Liquidity Ratio requirements of banks.

3.10 The New Pension Scheme is likely to increase Government expenditure on pensions for the next 38 years (according to the High Level Experts Group on Pensions set up during the NDA regime at Centre), since the Government will have to contribute to the Pension Fund accounts of two generations of employees simultaneously. To avoid incurring this extra and unfruitful expenditure the Government should consider reverting to the old Pay As You Go pension system, under which a certain minimum amount (of defined benefit) was paid by the Government from its Budget. The money accumulated under the New Pension Scheme could be put in Provident Fund accounts created for the new employees along the lines of the old system.

3.11 Total devolution from Centre to States should register a noticeable increase in the coming years. Also the policy of asking State Governments to borrow directly from the market, implemented in the last budget when the Centre completely stopped loans for financing State plans, may have adverse consequences for poorer States lacking 'creditworthiness'. This policy needs to be reversed in the forthcoming budget.

3.12 Since Centrally Sponsored Schemes require the States to mobilise a matching grant, this conditionality reduces the capacity of some of the States to absorb these grants. The Centre should bring out a white paper in this regard mapping the ground realities and suggesting possible remedies.

3.13 If poorer States with low value added, suffer a revenue loss due to VAT a special package from the Centre to these States should be instituted.

3.14 Check the growth of defence expenditure.

4. DALITS AND ADIVASIS

4.1 In the recent years public expenditure on welfare of dalits, adivasis and other backward classes has fallen. Comparing the revised estimates of expenditure on SCs, STs and OBCs between the year 1998-99 and 2004-05, we find a decline from Rs. 1654 crores to Rs. 1415 crores. The Government should reverse this trend in the forthcoming budget.

4.2 The Government should identify relevant departments and make them specify the proportion of their total allocation directed towards the welfare of these marginalized groups, as in the gender budgeting exercise.

4.3 The Government should provide proper infrastructural facilities for the processing industries in tribal areas. Since, most tribal communities depend on minor forest produce, necessary infrastructure for the processing industry around the tribal areas is indeed essential. A special package should be announced for this purpose in the next budget.

4.4 The SC/ST Financial Development Corporation should be provided with enough funds. The Corporation should provide entrepreneurial skills to Dalits and Adivasis.

4.5 Also, in the last budget while the Finance Minister promised to start The Rajiv Gandhi National Fellowship for 2000 SC and ST students to pursue M. Phil and Ph.D. courses in selected universities, the outcome budget reveals that this fellowship will cover only 1333 such students in a year. In this context, we demand that The Rajiv Gandhi National Scholarship should be given to 2000 students, as initially proposed, and the number should be increased in the coming years.

Check the growth of defence expenditure.

5. WOMEN, CHILDREN, AND AGED

5.1 Provide greater allocations for shelter homes for women and children in distress.

5.2 There are around 6 lakh *anganwadis* in the country at present. The declared norm of one *anganwadi* per one thousand of population requires that there should be at least 14 lakh *anganwadis*. To bridge this gap appropriate financial allocations should be made

5.3 Allocation of Rs 2 per day per child under the mid day meal scheme is too little and should be increased. Also, the Government should take adequate steps to ensure that this scheme is operational in all states.

5.4 Government departments/ministries that were found to allocate a small proportion of their budgets for gender specific programmes should significantly increase these allocations in the forthcoming budget. Also a review should be carried out if some more departments can be brought within the purview of gender budgeting proposals.

Special budgetary provisions should be made for the old age security of workers.

5.5 Special budgetary provisions should be made for the old age security of workers. Also, the New Pension Scheme for Central Government Employees should be scrapped since (besides the reasons mentioned in demand no. 3.10 above) it will link up the old age economic security of workers with the state of capital markets.

6. EDUCATION

6.1 Allocate at least 6 percent of GDP for the education sector as a whole.

6.2 At present the Government is focusing on universalising education for the age group of 6-14 years, i.e. at the elementary level. Free and compulsory education needs to be universalised for all up to 18 years, i.e. secondary and higher secondary levels. The Government should at least bring out a white paper on universalising education for all up to the age of 18 years, clearly stating the budgetary implications of such a strategy.

Step up capital expenditure on education

6.3 There has been a sharp fall in the per capita real expenditure of the Centre on University and Higher Education in the recent years. The figure reached its peak of around Rs 90 per annum in the year 2000-01 and has hovered around Rs. 54 in the subsequent years. This trend needs to be reversed starting from the Union Budget 2006-07.

6.4 The amount collected from education cess in the years 2004-05 and 2005-06 is expected to be around Rs 12000 crores whereas increase in Government allocation on elementary education in this period has been around Rs. 6000 crores. This implies that the full amount of the cess is not meant for additional financing, but rather almost half of it could be used to replace funding of elementary education from other sources. Education cess should not replace expenditure on education from other sources but should be in addition to the amount that the Government was already spending on education.

Expand primary health care facilities in the country.

6.5 Sarva Shiksha Abhiyan requires the States to mobilise a matching grant. This is the primary reason for the low fund release under this programme. In this context we demand that the Centre should relax the matching grant requirement.

6.6 Step up capital expenditure on education. The lack of schooling infrastructure definitely stands in way of universalising elementary education in the country.

7. HEALTH

7.1 Public expenditure on health should be increased up to at least 2 percent of GDP.

7.2 Expand primary health care facilities in the country. While National Rural Health Mission (NRHM) may be a step forward in this direction, the proposed increase of 30 percent p.a. on Central Government's health expenditure under NRHM (considering that states increase their expenditure as proposed, i.e. 10 percent p.a.) will be insufficient to attain the NCMP goal of increasing public spending on health to 2 percent of GDP by the year 2008-09. Given the precarious health of state finances, increase in Central Government's health expenditure should be greater than the present proposal of 30 percent p.a.

7.3 Central assistance to States for health has risen mainly for the States performing better whereas those who are already laggards have been neglected. For example, Central assistance to Bihar for health actually fell from Rs 114.3 million in 1992-93 to Rs 109.9 million in 2003-04, whereas it has risen manifold for States performing well like Andhra Pradesh and Karnataka. This maybe because poorer States find it difficult to mobilise matching grants required by the Ministry of Health and Family Welfare. In this context we demand that matching grant requirement of the Ministry of Health and Family Welfare be relaxed to help the poorer States.

RICH MAN, POOR MAN

- The amount of money that the richest 1 percent of the world's people make each year equals what the poorest 57 percent make.
- World's 358 billionaires have assets exceeding the combined annual incomes of countries with 45 percent of the world's people
- The richest 5 percent of the world's people have incomes 114 times that of the poorest 5 percent
- The combined wealth of the world's 200 richest people hit $1 trillion in 1999; the combined incomes of the 582 million people living in the 43 least developed countries is $146 billion
- The GDP (Gross Domestic Product) of the poorest 48 nations (i.e. a quarter of the world's countries) is less than the wealth of the world's three richest persons combined
- A few hundred millionaires now own as much wealth as the world's poorest 2.5 billion people

RICH NATIONS, POOR NATIONS

- 20% of the population in the developed nations, consume 86% of the worlds goods
- An analysis of long-term trends shows the distance between the richest and poorest countries was about :
  - 3 to 1 in 1820
  - 11 to 1 in 1913
  - 35 to 1 in 1950
  - 44 to 1 in 1973
  - 72 to 1 in 1992
  - 82 to 1 in 2003
- The cost of providing basic health care and nutrition for all in the world would be less than is spent in Europe and the US on pet food

RICH CORPORATIONS POOR NATIONS

- The annual revenue of Motorola is almost equal to the annual income of Nigeria, Africa's second largest economy, almost the size of Europe and with a population of 118 million people.

POVERTY, HUNGER

- More than 840 million people in the world are malnourished—799 million of them are from the developing world. More than 153 million of them are under the age of 5.

World Inequality: Some Glaring Facts

- A mere 12 percent of the world's population uses 85 percent of its water, and these 12 percent do not live in the Third World.
- Globally, the 20% of the world's people in the highest-income countries account for 86% of total private consumption expenditures - the poorest 20% a minuscule 1.3%. More specifically, the richest fifth:
  - Consume 45% of all meat and fish, the poorest fifth 5%.
  - Consume 58% of total energy, the poorest fifth less than 4%.
  - Have 74% of all telephone lines, the poorest fifth 1.5%.
  - Consume 84% of all paper, the poorest fifth 1.1%.
  - Own 87% of the world's vehicle fleet, the poorest fifth less than 1%.
- Hunger kills. Every day, 34,000 children under five die of hunger or preventable diseases resulting from hunger or 6 million in a year
- Of the 6.2 billion people in today's world, 1.2 billion live on less than $1 per day. Nearly 3 billion people live on less than $2 a day
- 1.2 billion lack access to clean water; 2.4 billion live without decent sanitation; and 4 billion without wastewater disposal.
- 12 million people die each year from lack of water, including 3 million children from waterborne disease: More than 113 million children in the developing world are without access to basic education, 60 percent of them are girls

The above information has been taken from various sources including the following website:

www.worldcentric.org/stateworld/socialjustice.htm

CBGA PUBLICATIONS

BUDGET TRACK

CBGA Newsletter on public policy and Government Budgets published thrice a year

Volume 1, Track 1, September 2003

Volume 1, Track 2, January 2004

Volume 1, Track 3, August 2004

Volume 2, Track 1, October 2004

Volume 2, Track 2, February 2005*

Volume 2, Track 3, May 2005*

Volume 3, Track 1, July 2005 *

*in Hindi and English

RESPONSE TO UNION BUDGETS

Analysis of Budgetary allocations and proposals of the Union Budget

Response to Union Budget 2003-04: The Marginalised Matter (E Version)

Response to Union Budget (Interim) 2004-05: Marginalised Matters Again (E Version)

Response to Union Budget 2004-05: New Deal or the Beaten Track (E Version)

Response to Union Budget 2005-06: State Intervention in Favour of the Poor: Decisive or Disappointing? (in Hindi and English)

THE RHETORIC AND REALITY OF MPLADS (2004)

Since December 1993, Members of Parliament have been allotted funds (Rs. 2 crore annually) under the Members of Parliament Local Area Development Scheme, to pursue developmental works in their constituencies. The research study makes an assessment of the utilization of funds under MPLADS vis-à-vis the felt needs of the local communities, and draws attention to the implications of such a scheme for the process of decentralization.

NATURAL DISASTERS AND RELIEF PROVISIONS IN INDIA: COMMITMENTS AND GROUND REALITIES (2004)

The Calamity Relief Fund (CRF) Scheme, in combination with the National Calamity Contingency Fund (NCCF), finances relief expenditure of States in the wake of natural disasters. The research study makes an informed assessment of the design and functioning of this scheme so as to make suggestions for substantial improvements in the same. It also highlights inadequacies in the disaster management policy of the country.

PAPERS AND STUDIES IN ELECTORNIC VERSION

Common Minimum Programme and Social Sector (2004)

A quick response to the National Common Minimum Programme of the UPA Government at the Centre, highlighting concerns related to the social sector.

Decentralisation of Finance: A Study of Panchayat Finances (2004)

Report of the study on devolution of funds to Panchayati Raj Institutions, taking Kerala and Rajasthan as case studies.

Primer on Budget

A manual intended to help any lay reader grasp the important concepts, methods and issues related to government budgets.

Budget as an Instrument to Transparency

An invited paper by a leading budget analyst A Indira, which discusses the basics of budget work and underscores transparency as an important goal of such efforts.

Transparency and Accountability in Government Budgeting in India (2004)

A country-specific paper that identifies the needs for civil society budget work in India, and presents an overview of such efforts in the country.

Macroeconomic Priorities and People's Perspective: Union Budget 2005-06 (2005)

A background paper that set the tone of deliberations in the pre-Budget National Workshop organized by CBGA in February 2005.

A Study on Fiscal Responsibility and Budget Management Bill (2005)

An economic literacy manual on the FRBM Act, which has provided legal teeth to conservative fiscal thinking in our country.

Background Note on National Convention on Union Budget 2006-07

This background note has been prepared keeping in mind issues and policies with far reaching implications for the welfare of the poor and marginalised sections of our country.

Public Policy towards Natural Disaster in India: Disconnet between Resolutions and Reality

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