

# **How did the UPA spend our money?**

## An Assessment of Expenditure Priorities & Resource Mobilisation Efforts of the UPA Government

**Centre for Budget and Governance Accountability**

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## Foreword

The UPA Government has completed its five year term at the Centre and the country is in the process of electing the next Government. One of the major challenges for the next Government would be to tackle the impact of the global economic recession on India. Progressive thinkers, policy analysts and activists have been raising a concern with regard to the willingness of our policymakers to address the needs of the disadvantaged sections of our population, who have been hit hard with the economic downturn. In this regard, the policy interventions by the next Government would be very important. The year 2009-10 should also witness a mid-term evaluation of the Eleventh Five Year Plan (2007-08 to 2011-12) and adoption of the required course correction in the Plan for the remaining three years. Moreover, the Thirteenth Finance Commission would submit its recommendations for the next five years (i.e. 2010-11 to 2014-15) by the end of 2009. These policy recommendations would play a significant role in shaping up the fiscal policy space of the State Governments as well as the strength of fiscal decentralisation in the country over the next five years.

In this backdrop, we have made an attempt to assess the expenditure priorities and resource mobilisation efforts of the UPA Government over its five year term, from the perspective of the disadvantaged sections who constitute a majority of our population. We have analysed the six Union Budgets (including the Interim Budget of 2009) of the UPA Government with the objective of demystifying their policy priorities and implications for the disadvantaged sections of our population.

We have also tried to assess the performance of the UPA Government as against its avowed commitments set down in the National Common Minimum Programme (NCMP), which was certainly much more than a mere document of policy intent. It embodied the promises made by the UPA following the electoral verdict of General Elections 2004 which was clearly a mandate against the market driven policy regime of the previous Government. In this context, we have also tried to take stock of the actual performance of UPA vis-à-vis its promises in some of the important social and economic sectors.

This publication would be circulated widely among the Members of Parliament, including all Members of the Fifteenth Lok Sabha, policymakers, academicians, civil society organizations, grassroots activists and the media. We hope this effort by CBGA would be useful towards informing people about the deficiencies in budgetary policies of the outgoing Government which need to be rectified by the next Government as well as the positive developments over the last five years which have to be further consolidated. Your feedback on this document would be most welcome.

## Summary of Key Observations

The electoral verdict of 2004 General Elections was widely seen as a mandate against the pro-market policy regime of the National Democratic Alliance Government. In such a backdrop, in 2004, the United Progressive Alliance (UPA) Government had started its tenure at the Centre with numerous promises for the social and economic sectors and the disadvantaged sections of the country's population, which were presented in the form of a National Common Minimum Programme (NCMP). Most of these promises implied significant commitments in terms of public resources, which are allocated through Union Budget and State Budgets. During its five year tenure, the UPA Government did introduce a number of progressive policy measures; however, many of its pro-poor and pro-marginalised promises have remained unfulfilled until now when the country is going to have the next General Elections.

Let us first take note of some of the progressive policy measures and budgetary trends observed during the regime of the UPA Government from 2004 to 2009, which are as given below:

- The notification of the Right to Information Act, which has tremendous potential for improving governance in the country, has been one of the most significant developments during the UPA regime at the Centre.
- A landmark achievement of the UPA regime has been the enactment of National Rural Employment Guarantee Act in 2005 and the subsequent implementation of National Rural Employment Guarantee Scheme (NREGS), making 100 days of wage employment for unskilled work a right for people in the rural areas.
- Bharat Nirman, a programme for augmenting key infrastructure sectors across the rural India, has also been a significant policy measure taken by this Government.
- The National Rural Health Mission (NRHM), introduced in 2005-06, has added the important component of a 'Flexible Resource Pool for States' to the various schemes being implemented by the erstwhile Department of Family Welfare (which has been merged with Department of Health under the Ministry of Health & Family Welfare at the Centre). There are several serious concerns pertaining to the long term implications of the NRHM framework for public sector healthcare in our country; nonetheless, there is evidence from a number of backward States that it has helped in reviving the public sector healthcare infrastructure in the rural areas. Also, the UPA Government launched a National Urban Health Mission (NUHM) in 2009.
- Likewise, Sarva Shiksha Abhiyan (SSA), which was accorded a lot of importance as one of the flagship schemes of the UPA, has indeed led to a revival of school infrastructure at the elementary level in the backward States; although, educationists and child rights activists have raised serious concerns with regard to the long term implications of some of the ad hoc measures (such as large scale recruitment of contract or para teachers) which have been institutionalised through SSA.
- Starting from 2007-08, i.e. the first year of the Eleventh Five Year Plan, the Union Budget allocations for secondary education and higher education were stepped up significantly. This Government also needs to be commended for paying attention to the acute need for expansion of technical education and skill development across the country.
- The UPA Government stepped up the Union Budget allocations for a number of schemes in the social sector, such as, SSA, Mid Day Meal, NRHM, Integrated Child Development Services, Total Sanitation Campaign and Accelerated Rural Water Supply Programme. As a result, the total Union Budget allocation for social sector registered a sharp increase starting from 2005-06.
- In the last two years of its tenure, the Government introduced the Debt Waiver Scheme for farmers and enacted a Social Security Legislation for Unorganised Workers, both of which were commendable steps.
- The Union Budget documents reflected a willingness on the part of this Government to improve the policy priorities for women, children, dalits and adivasis, as separate Statements on Gender Budgeting, Budgeting for Children, and Budgeting for Dalits and Adivasis were introduced (in the Union Budget) during the UPA regime. Although the mere introduction of a Statement in Budget documents does not ensure any improvement in the public investments for a particular section of population, it is certainly a step towards increasing the government's accountability for development of the disadvantaged sections. Likewise, the UPA Government also introduced the practice of Outcome Budgeting, which aims to measure the development outcomes of budgetary investments and hence puts emphasis on effective implementation of the hundreds of programmes and schemes being run by the Union and State Governments.
- Also, following the recommendations of the Twelfth Finance Commission (for 2005-06 to 2009-10), the Government increased substantially the magnitude of Non-Plan Grants to States, which in turn is believed to have helped the States in increasing the development spending from their budgets during 2005-06 to 2007-08.

These are some of the important policy measures/ developments pertaining to the UPA regime, which need to be consolidated further in the regime of the next Union Government.

However, there are many concerns pertaining to policy priorities and budgetary provisions for critical sectors which have remained unaddressed at the end of UPA's five-year tenure. Moreover, this regime has also given rise to a number of new concerns with regard to the development of the poor and marginalised sections of our population. The deficiencies in budgetary policies of the outgoing Government which need to be rectified by the next Government include the following:

- Fiscal conservatism of the UPA Government resulted in the magnitude of Total Public Expenditure in India being stagnant at around 27 per cent of the GDP during the years from 2004-05 to 2007-08. In order to expand the overall fiscal policy space available to government for making public investments towards socio-economic development, the magnitude of Total Public Expenditure from the Union Budget and State Budgets needed to be stepped up significantly, which would have required the policymakers to adopt a liberal fiscal policy much before the onset of the economic recession in 2008-09.
- The UPA Government did not take any concrete measure towards providing greater fiscal policy space to the State Governments. Despite strong demands from the States, the Eleventh Five Year Plan has not shifted any significant number of Central Schemes to the States. On the other hand, the imposition of Fiscal Responsibility and Budget Management (FRBM) legislation on the States through recommendations of the Twelfth Finance Commission (relating to the Debt Relief Scheme for States) has constrained significantly the fiscal policy space available to the State Governments for public investments. Thus, the UPA Government continued the trend of growing centralisation of the federal fiscal architecture in the country which has been witnessed over the last one and half decades.
- The magnitude of Total Tax Revenue in India had increased from 15 percent of the GDP in 2003-04 to 18.1 percent of the GDP in 2007-08 (BE). However, even at the present level, the magnitude of Total Tax Revenue in India falls far short of the levels of tax revenue collected in several other countries, and it is inadequate from the point of view of the magnitude of public investment needed in the country. In this context, we must note that the UPA Government should have stepped up significantly the revenue collections from direct taxes through imposition of Capital Gains Tax, higher rates of Wealth Tax, and higher rates of taxes on speculative gains made in the stock markets, which were largely ignored by the Government.
- This Government should also have taken strong measures to curb the magnitude of tax revenue foregone due to tax exemptions, thereby, increasing the volume of tax collections significantly. Retaining only the progressive elements in such tax exemptions, the Government should have done away with many of the exemptions given to the affluent sections of the population, such as the exemptions given to the private corporate sector and those in the indirect taxes on commodities that are consumed mainly by the richer sections of the population.
- During the first four years, i.e. from 2004-05 to 2007-08, the budgetary provisions made by this Government did not show any visible improvement in the priority for economic services, which include crucial sectors like agriculture, irrigation and rural development. The Union Budget allocations for economic services registered a noteworthy increase only in 2008-09 when the country started witnessing the adverse impact of the global economic recession.
- Food insecurity and widespread nutritional deprivation continue to be one of the most challenging problems confronting our country. But, the Union Budget allocations for Public Distribution System of foodgrains remained stagnant during the UPA regime even when the country had witnessed a steep rise in the prices of food articles. Thus, the NCMP promise of providing universal food security has remained an empty rhetoric!
- In its NCMP, the UPA had promised to raise the total public spending on health in our country to the level of 2 to 3 percent of the GDP; however, there is absolutely no change in the overall public spending on health (as a proportion of the country's GDP) at the end of its tenure. India's total public spending on health continues to be abysmally low, at about 1% of the GDP, which is one of the lowest in the world; while its private (out of pocket) spending on health, nearing 5 percent of the GDP, continues to be one of the highest in the world.
- Likewise, the UPA had promised to raise the total public spending on education in the country to the level of 6 percent of the GDP; but, there was absolutely no progress in that direction during its tenure. India's total public spending on education continues to be as low as less than 3.5 percent of the GDP.
- On the contrary, several of the policy initiatives taken by the UPA Government have paved the way for a greater role for the private sector in the provisioning of basic social services like health and education. The policymakers

at the Centre have now opined frequently in favour of shifting the approach of public investments from 'user subsidy' to 'access subsidy' in crucial sectors like, education, health and food security, by providing coupons/ vouchers to the targeted beneficiaries for accessing these basic services from the market instead of expanding the infrastructure for public sector provisioning of these services. The assumptions underlying this kind of policy advocacy are highly questionable; and the next government needs to recognize the grave concerns pertaining to the same.

- One of the most disappointing aspects of the policy regime of the UPA Government was its strong adherence to fiscal conservatism, which manifested explicitly in the form of the Fiscal Responsibility and Budget Management (FRBM) Act for the Centre and the imposition of fiscal conservatism upon the States through the recommendations of the Twelfth Finance Commission. As a result of its adherence to fiscal conservatism until 2008-09, the UPA Government was unable to significantly step up its investments on development sectors even during a period of increased buoyancy of taxes and collection of higher amounts of tax revenues. Moreover, the States also were tied down to targets for deficit reduction, which in turn restricted their ability to step up development spending any significantly. As a result, crucial promises made in the NCMP, such as, increasing total public spending on education to 6 percent of GDP or raising total public spending on health to 2 to 3 percent of GDP remained far from being fulfilled.
- As regards the flagship schemes in the social sector, which were provided higher Union Budget allocations during the UPA tenure, the problems pertaining to their implementation and their limited impact on development outcomes have persisted. This is because of a number of reasons, such as the following- (a) Centrally Sponsored Schemes have numerous limitations as compared to States' own Plan Schemes; (b) despite its emphasis on introducing Outcome Budgeting, the UPA Government did not carry out any reforms in the budgetary processes in the country (many of which are archaic and unsuitable for increasing public expenditure substantially); (c) most States have checked their Non-plan spending on social sector and focused only on increasing the Plan spending on social sector, which has led to a gradual weakening of their programme implementation apparatus in the social sector; (d) most of the flagship schemes rely on grossly underpaid contract staff as frontline service providers, with the conditionalities associated with such schemes preventing the State Governments from hiring regular staff or paying them decent remunerations; and (e) adequate measures for fiscal decentralisation, with appropriate devolution of funds, functionaries and functions to institutions of local self governance, have not been carried out in any of the States. Hence, despite its avowed focus on the flagship social sector schemes, the UPA Government cannot be expected to have brought about any significant improvement in the development outcomes in the social sector.
- As has already been observed, the mere introduction of a Statement in Budget documents (such as the one on Gender Budgeting or Budgeting for Children or Budgeting for Dalits and Adivasis) does not ensure any improvement in the public investments for any of the disadvantaged sections of our population. We must note here that, despite the introduction of the Gender Budgeting Statement in Union Budget documents, the overall magnitude of resources committed to development of women has remained very low (at about 5 percent of the Union Budget). Also, there is an urgent need for deepening of the Gender Budgeting exercises being carried out by the Union Government Ministries. Likewise, the magnitude of Union Budget allocations earmarked for child survival and health related interventions and interventions for protection of children in difficult circumstances have remained grossly inadequate during the UPA's tenure. Similarly, despite the introduction of a Statement on schemes benefiting dalits and adivasis, the UPA Government did not take any strong measure for the adherence of important planning strategies like Special Component Plan for SCs and Tribal-area Sub Plan. With regard to the minorities, the creation of a separate Ministry of Minority Affairs could not lead to any perceptible improvement in the priority for Union Government's investments on development of minorities.

These are some of the serious concerns pertaining to the implications of Union Budget for the poor and disadvantaged sections of our population, which would need to be addressed by the next Union Government.





EDUCATION



- Public spending on Education as a proportion of GDP has been stagnant between 3% (in 2004-05) to 3.2% (in 2006-07) since the beginning of the UPA regime, belying the commitment made by UPA to spend 6% of GDP on Education.
- The Union Government introduced a 2% Cess to finance universal and quality education at the elementary stage in 2004-05, with an additional 1% Cess towards secondary and higher education in 2007-08. While the rationale had been to supplement the spending by the Government, the budgetary trend reveals that the Cess has, to a great extent, come to substitute the Government's own spending (i.e. Gross Budgetary Support) and transferred the burden on to the people (through the Cess contributions that account for about a third of the total spending on education).
- The 'Right of Children to Free and Compulsory Education' Bill drafted first during the UPA tenure in June 2005 (there was a draft Bill during the NDA tenure as well) was approved by the Union Cabinet in November 2008 to be tabled in Parliament in the last session of the 14th Lok Sabha. Although this is a significant step towards ensuring universal elementary education, the status of the Bill remains unclear as with the election of a new government in 2009, in all likelihood, the entire procedure could be repeated all over again, thereby bringing to naught the progress made so far.
- With regard to increasing access and enrolment through spending on flagship schemes, data reveals that there has been substantial stepping up in the expenditure on specific schemes in the last five years although it has stagnated in the past two years for schemes such as Sarva Shiksha Abhiyan and Mid Day Meal Scheme. A considerable growth in spending has been recorded in the secondary education sector in the last year of its tenure to indicate the UPA's focus, if they are able to form a government at the Centre in 2009-10.
- The commitment to form a National Commission on Education to review the sector as a whole has not been realized. Nevertheless, the National Knowledge Commission and the National Advisory Council did present several policy alternatives and useful recommendations relating to education sector to the Union Government.

We all would have heard the oft-repeated adage that, 'the more things change, the more they remain the same'. This, we find, is true in the case of the United Progressive Alliance (UPA) government's tenure and more specifically, the attention paid to a critical sector such as Education. When the UPA in 2004-05 promised to bring about sweeping changes in education attainments and outcomes through their many flagship programmes and schemes, there was much to hope for. With the tabling of the Union Budget (Interim) 2009-10, signaling an end of the UPA term, we find not much has changed. A brief review of the promises made, the money spent and the outcomes achieved is in order.

## A. Promises and Policy Pronouncements

### A.i. Promises made by the UPA

Broadly, the UPA, through its National Common Minimum Programme (NCMP) committed to attainment of specific goals, key among them being: (a) bringing the level of public spending on education to 6% of GDP, (b) introducing a Cess to finance universal and quality education, (c) tabling a Bill ensuring education as a fundamental right to all children, (d) increasing access and enrolment through spending on the flagship schemes of the UPA, and (e) establishing a National Commission on Education (the previous one was constituted in 1964).

### A.ii. Key Policies on Education during the UPA Tenure

Looking at the five years of the UPA, the following policy initiatives merit mention:

- 'The Right of Children to Free and Compulsory Education Bill, 2008' introduced in Parliament.
- Launching of Centrally Sponsored Schemes at the secondary stage such as Rashtriya Madhyamik Shiksha Abhiyan (RMSA), Model School Scheme (2500 model schools being established in Educationally Backward Blocks), Inclusive Education of the Disabled at the Secondary Stage (IEDSS), Girls' Hostel Scheme, Information and Communication Technology in Schools Scheme, Access and Equity (Strengthening of Boarding and Hostel Facilities for Girl Students) Scheme.
- Schemes such as Infrastructure Development Private Aided/Unaided Minority Institutes and Scheme providing Quality Education in Madrasas (SPQEM) focus on the Minority section of population.
- Six new Indian Institutes of Technology (IITs) functioning: one each in Bihar, Andhra Pradesh, Rajasthan, Orissa, Gujarat and Punjab. Two more IITs in Madhya Pradesh and Himachal Pradesh to commence in 2009-10.

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- One new Indian Institute of Management (IIM) established at Shillong. Six more IIMs to come up during the Eleventh Plan.
- 15 new Central Universities approved with every state having at least one Central University.
- Five new Indian Institutes of Science Education & Research (IISERs) have started functioning at Kolkata, Pune, Mohali, Bhopal and Thiruvananthapuram.
- Two new Schools of Planning and Architecture (SPAs) set up in Bhopal and Vijayawada.
- 1500 Industrial Training Institutes (ITIs) to come up at block level to enhance employment-oriented vocational education.

### B. Major Proposals in the Eleventh Five Year Plan

In this context, it is also worthwhile to scan the monitorable socio-economic targets in education that have been outlined in the Plan:

- Reduction in the drop out rates of children from elementary school from 52.2% in 2003-04 to 20% by 2011-12, i.e. by the end of the Eleventh Plan period.
- Developing minimum standards of educational attainment in elementary schools, to ensure quality education.
- Increasing the literacy rate for persons of age 7 years or more to 85% by 2011-12.
- Lowering the gender gap in literacy to 10 percentage points by 2011-12.
- Increasing the percentage of each cohort going to higher education from the present 10% to 15% by 2011-12.

With all these goals, it is useful to understand how much and to what extent the government has spent on education. The following section highlights the same.

### C. Public Spending on Education during 2004-05 to 2008-09

#### C.i. Public Spending on Education by the Union Government

We find that public spending at the level of Union Government has increased but only in a small measure and not enough to make a difference to the overall level of spending by the country on education. Spending as a proportion of the GDP increased from 0.42% (2004-05) to 0.7% (2009-10 BE).

**Table-1.1.: Union Government's Expenditure on Education\* as a proportion of GDP**

Year	Union Government's Expenditure on Education* (in Rs. Crore)	Union Govt. Expenditure on Education as a Proportion of GDP (in %)
2002-03	9069.36	0.37
2003-04	10144	0.37
2004-05	13098	0.42
2005-06	17808	0.50
2006-07	23809.6	0.57
2007-08	27184.9	0.58
2008-09 RE	37366.5	0.69
2009-10 BE	41978.2	0.70

*Note: \*This does not include spending on education by Ministries in Government of India other than MHRD. GDP figures used for 2008-09 RE and 2009-10 BE are as cited in the Union Budget 2009-10, Government of India; that for 2007-08 is from Indian Public Finance Statistics 2007-08; and those for prior years are from Economic Survey 2007-08. Source: 1. Expenditure Budget Volume-I for several years; 2. Economic Survey 2006-07 and 2007-08, GOI; Indian Public Finance Statistics 2007-08 & Budget at a Glance, Union Budget 2009-10*

#### C.ii. Public Spending on Education by the States

The States too have a dismal story to recount with their budgetary spending hovering around 2.25% to 2.39% as a proportion of GDP in the last five years.

**Table-1.2.: Budget Expenditure on Education by the States (Education Departments)**

Year	Revenue Account	Capital Outlay	Loans & Advances (in Rs. Crore)	Total	States' Total Expenditure on Education as % of GDP
2003-04	64280	648	49	64977	2.35
2004-05	69371	984	128	70483	2.25
2005-06	78147	1716	53	79916	2.23
2006-07	89578	2379	16	91973	2.22
2007-08 RE	106474	3756	21	110251	2.35
2008-09 BE	122072	4635	11	126718	2.39

Source: State Finances: A Study of Budgets 2008-09, RBI

### C.iii. Public Spending on Education by the Centre and States (Combined)

The promised 6% of GDP as public spending on education remains as elusive today (at 3.24% in 2006-07) as it was when the UPA came to power in 2004-05 (3.09% of GDP). Although the budgeted spending has marginally increased for the country with the Education Departments spending more as compared to the Other Departments (Figure 1.3), looking at Figure 1.1, we find that the budgeted expenditure on education by Education and Other Departments (Centre and States) as a share of GDP is on the decline. Spending on education as a share of the total budget for all sectors also has remained at about the same level for both the Centre and the States, reflecting low priority for this critical sector (Figure 1.4).

**Table-1.3.: Budget Expenditure on Education by Education Department and Other Departments (Centre and all States)**

		Education Department (in Rs. crore)	Other Departments (in Rs. crore)	Total (Rs. in crore)	Total Expenditure on Education	GDP (in Rs. crore)	Total Public Expenditure on Education as % of GDP
2000-01	Centre	7925.4	2270.7	10196.1	3.1	2102314	3.94
	States	54965.4	17717.7	72683.1	20.7		
	Centre+States	62890.8	19988.4	82879.2	12.3		
2001-02	Centre	8053.2	6082.5	14135.7	3.9	2278952	3.53
	States	57434.8	8935.5	66370.2	17.4		
	Centre + States	65488	15018	80506	10.8		
2002-03	Centre	9089.2	7067.4	16156.6	3.9	2454561	3.50
	States	59854.4	9878.4	69732.8	16.4		
	Centre + States	68943.6	16945.8	85889.4	10.2		
2003-04	Centre	10177.5	6923.5	17101	3.6	2754621	3.26
	States	63519.8	9110.8	72630.7	16.9		
	Centre + States	73697.3	16034.3	89731.6	11.8		
2004-05	Centre	13111.2	4914.7	18026	3.6	3149412	3.09
	States	68850.3	10498.5	79348.8	17.1		
	Centre + States	81961.5	15413.3	97374.8	11.8		
2005-06	Centre	17824.5	5386.6	23211.1	4.6	3580344	3.19
	States	77819.3	13358.4	91177.7	4.2		
	Centre + States	95643.8	18745.0	114388.8	4.3		
2006-07RE	Centre	242505.5	6387.7	30638.2	5.3	4145810	3.37
	States	93121.1	15962.9	109084.1	5.5		
	Centre + States	117371.7	22350.7	139722.4	5.5		
2007-08 BE	Centre	32354.2	6990.9	39345.0	5.8	4713148	3.37
	States	101225.2	18667.0	119892.3	5.7		
	Centre + States	133579.4	25657.9	159237.3	5.7		

Source: Compiled from "Analysis of Budgeted Expenditure on Education", Ministry of HRD, Govt. of India - various issues; Indian Public Finance Statistics, 2007-08, Ministry of Finance, June 2008

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Figure-1.1.: Budget Expenditure on Education by Education Department and Other Departments (Centre and all States)



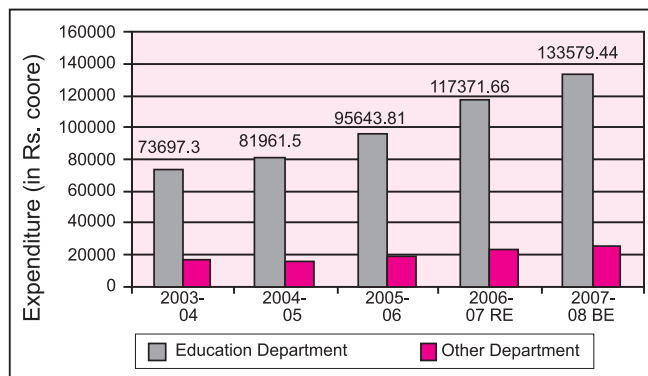
Source: Compiled from "Analysis of Budgeted Expenditure on Education", Ministry of HRD, Govt. of India - various issues

Figure-1.2.: Budget Expenditure on Education by Education Departments (Centre and all States)



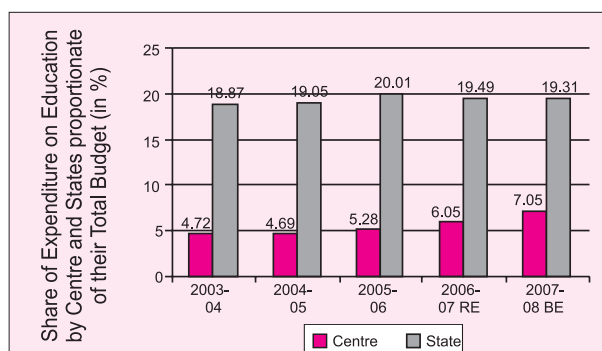
Source: Compiled from "Analysis of Budgeted Expenditure on Education", Ministry of HRD, Govt. of India - various issues

Figure-1.3.: Total Budgeted Expenditure on Education (Centre and States)



Source: Compiled from "Analysis of Budgeted Expenditure on Education", Ministry of HRD, Govt. of India - various issues

Figure-1.4.: Expenditure on Education by Centre and States as a proportion of their Total Budget for all Sectors



Source: Compiled from "Analysis of Budgeted Expenditure on Education", Ministry of HRD, Govt. of India - various issues

**Table 1.4: Public Expenditure on Education as a proportion of GDP in India**

	1981-82	1990-91	1999-2000	2001-02	2003-04	2004-05	2005-06	2006-07RE	2007-08BE
Elementary	1.09	1.58	1.58	1.66	1.31	1.40	1.61	1.73	1.69
Secondary	0.81	1.10	0.94	0.98	0.84	0.82	0.89	0.92	0.93
Higher	0.38	0.36	0.47	0.43	0.32	0.31	0.67	0.70	0.70
Adult	-	-	-	-	0.01	0.01	0.01	0.01	0.01
Technical	-	-	-	-	-	-	0.28	0.27	0.33

Source: Compiled from "Analysis of Budgeted Expenditure on Education", Ministry of Human Resource Development, Govt. of India - various years

#### C.iv. Public Spending on Major Schemes in Education Sector in the Country

While the government has been blowing its own trumpet about increasing allocations, even at the level of schemes, we find that allocations for the flagship schemes have actually stagnated since 2007-08. For instance, in Sarva Shiksha Abhiyan (SSA), the Union Government started shifting an increasing share of the fund responsibility on to the States since 2007-08 and the overall spending on the scheme has never matched the overall budget for all States approved under SSA.

At the secondary stage, Scheme for Universal Access & Quality at the Secondary Stage (SUCCESS) that was introduced in 2007-08 has been re-designed into a Mission similar to SSA: the Rashtriya Madhyamik Shiksha Abhiyan (RMSA) to ensure quality affordable secondary education for all. Allocations to University Grants Commission and for Technical Education have registered a marginal increase.

**Table-1.5.: Union Budget Outlays on Select Programmes and Schemes under Ministry of Human Resource Development (in Rs. Crore)**

Programme/ Scheme	2003-04 RE	2004-05 RE	2005-06 RE	2006-07 RE	2007-08 RE	2008-09 RE	2009-10 BE
Sarva Shiksha Abhiyan (SSA)	2732.3	4753.6	7166.3	10145.7	12020.2	11940	11933.9
Mid Day Meal	1375.0	1507.5	3010.8	4813.2	6004	9513.6	9518.2
Strengthening of Teachers Training Institutions	150.0	186.3	180.0	162.0	266.6	285.2	450
Rashtriya Madhyamik Shiksha Abhiyan (RMSA) / Scheme for Universal Access & Quality at the Secondary Stage (SUCCESS)	...	...	...	...	0.15	224	1143.4
Navodaya Vidyalaya Samiti	569.56	524.86	624.85	753.25	968.80	1420.8	1511.3
University Grants Commission*	1629.1	1808.1	2099.3	2700.2	3581.9	5482.3	6545.1
Technical Education (Total)*	1465.5	1441.4	1414.9	1736.3	2001.8	4189.3	4749.5

Note: 1. Allocations for all programmes/schemes given above (unless specifically shown with an asterisk \*) do not include the Lump sum Provision for North Eastern Areas and Sikkim. Starting from the year 2000-01, most of the Line Ministries/ Departments in the Union Government are reporting their expenditure on North Eastern Areas, under different schemes, separately under a head called "Lumpsum provision for projects/ schemes for the benefit of the North Eastern Areas and Sikkim". The amounts booked under this specific head for different schemes are not shown separately for most of the Ministries/ Departments in the Union Budget documents. 2. \* Allocations for these programmes/ schemes include the Lump sum provision for North Eastern Areas and Sikkim (if any). Source: Compiled from Demand Nos. 57 & 58, Expenditure Budget Vol. II (Notes on Demands for Grants), Union Budget, various years.

## HOW DID THE UPA SPEND OUR MONEY?

### D. Outputs/ Services delivered by Government Intervention and Development Outcomes

Having looked at the key goals in education as well as the extent of financing the same by the government, it is only meaningful that we examine the progress made, if any, in terms of development outcomes and outputs / services delivered through the initiatives adopted by the government. Table 1.6 highlights some of these outcomes. With regard to enrolment, there has been an increase in numbers but when seen in the light of girls' participation, there is nothing much to flaunt. In 2002-03, the share of girls' enrolment at the primary level was 47% which in 2007-08 is 48%! Similarly, the share of SC / ST enrolment has also been stagnant since 2002-03.

**Table-1.6: Selected Outcomes Indicators in Education (2002-03 to 2007-08)**

Outcomes	2002-03	2005-06	2007-08
Enrolment (Class I-V)	101155152	124615546	134132183
Enrolment (Class VI-VIII)	27662763	43667786	50911110
% Girls' Enrolment (I-V)	47.18	47.79	48.22
% Girls' Enrolment (VI-VIII)	44.2	45.8	46.99
Gender Parity Index (I-V)	0.89	0.92	0.93
Gender Parity Index (VI-VIII)	0.79	0.84	0.89
% SC Enrolment	19.9	18.64	19.83
% ST Enrolment	7.8	9.02	10.95

Source: Arun C Mehta, *Analytical Report – Elementary Education in India; 2003, 2006 & Flash Statistics 2007-08*, National University of Education Planning and Administration, New Delhi

**Table-1.7.: Selected Outputs/Services Delivered through Government Intervention (2002-03 to 2007-08)**

Key Indicators	2002-03	2005-06	2007-08
% Distribution of Schools without Pucca Building	29.81	29.44	27.02
Average Number of Classrooms (All Schools)	3	3.8	4.3
% Schools without Drinking Water Facility (All Schools)	20.5	16.93	13.25
% Schools having Common Toilet (All Schools)	34.34	52.39	62.67
% Schools without Girl's Toilet (All Schools)	77.78	62.58	49.45
% Schools without Boundary Wall (All Schools)	40.01	49.33	49.78
% Schools without Computer (All Schools)	92.98	89.27	85.75
% Schools without Ramp (All Schools)	95.37	82.86	65.57
Average Student-Classroom Ratio (All Schools)	43	39	35
% Schools with Student-Classroom Ratio > 60 (All Schools)	10.7	18.37	13.21
% Single-Teacher Schools (All Schools)	2	12.17	10.13
% Schools having Pupil-Teacher Ratio > 60 (All Schools)		17.97	13.76
% Schools having Pupil Teacher Ratio > 100 (All Schools)	4.5	5.3	3.86

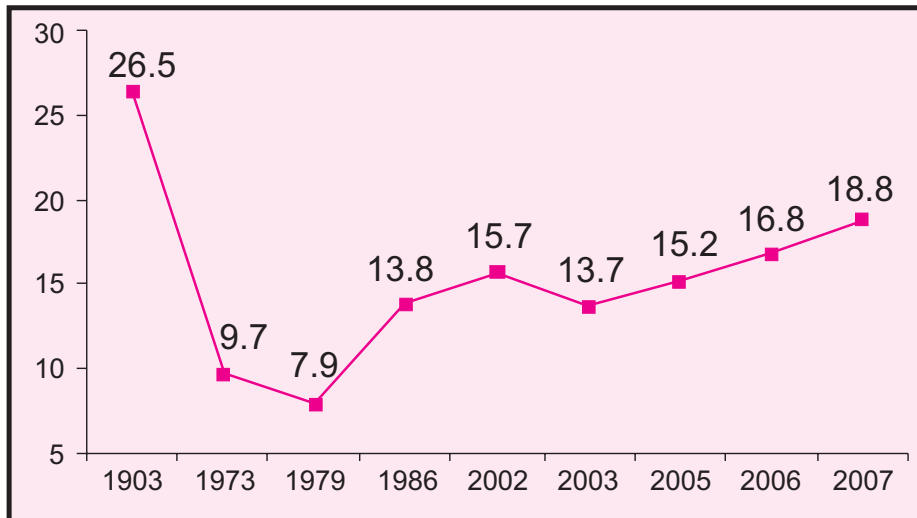
Source: Arun C Mehta, *Analytical Report – Elementary Education in India; 2003, 2006 & Flash Statistics 2007-08*, National University of Education Planning and Administration, New Delhi

Further, when we examine the progress made in terms of outputs/ services delivered, it is again quite a revelation. Table 1.7 finds that since 2002-03, despite increased provisioning and a bevy of schemes announced almost every year, not much has changed. Provision of basic amenities (such as a pucca building) continues to be a challenge. Interestingly, the share of single teacher schools has risen substantially in the past five years, which even if we discount for the increase in the number of schools, is substantial.

Another trend observed has been the growth of private service providers in education at almost all levels; a case in point is Figure 1.5 where a resurgence of private schools is found. In this regard, the Eleventh Plan also 'suggests'

public private partnership as an alternative for not just higher and secondary levels, but also at the elementary stage and institutes of scientific research and training. Given the pitiable state of affairs with regard to infrastructure and outcomes, the private players might not be as keen as the government could have been to change the status quo.

**Figure-1.5.: Growth of Private Schools Providing Elementary Education (in %)**



Source: 1903 figure taken from "Statistical Abstract Relating to British India 1903-1912, Digital South Asia Library; 1973 figure taken from Third All India Education Survey; 1979 figure taken from Fourth All India Education Survey; 1986 figure taken from Fifth All India Education Survey; 2002 figure taken from Seventh All India Education Survey; 2003, 2005, 2006 and 2007 figures taken from Elementary Education in India: An Analytical Report.

## E. NCMP – UPA Commitment on Education: Where Do We Stand Today?

Having made a summary scan of the sector and the financial provision to the same by the UPA government, we can safely conclude that much needs to be done. While the NCMP had a lot of promise, it has not delivered on many of these. Creation of a fund to supplement the financial resources of the Central government, initiating several programmes and schemes with specific time-bound deliverables, establishing new institutes for higher education, scientific and technical training, although well-meaning, have not been adequate to bring about concrete change in any small measure. The outcome indicators say it all.

It might be relevant at this stage to note that while the government has begun to look beyond focusing on just elementary level of education, as is evident from a slew of schemes for the secondary and higher secondary level, it is also true that a concerted, holistic approach towards education would go a long way rather than diverting attention to one sector within education and changing track to focus on another level even before any significant progress has been made. The SSA targets were to have been accomplished by 2010 apart from having made education a right for every child – both of which remain unaccomplished.

In this regard too, the UPA is lauding itself for having tabled the Bill to ensure that education be a right for all children. It, however, is astounding that the government, about to complete its five years, has just about managed to table the Bill in Parliament and that too with objectionable and much-criticized provisions, far short of ensuring that it becomes a legal entitlement.

Some of the positive steps taken by the government have been introduction of schemes to make quality secondary education affordable through several Centrally Sponsored Schemes (CSS) although the reliance on CSS is, in itself, a cause for concern. This, when seen in juxtaposition with the Eleventh Plan that proposes heavy reliance on the Public Private Partnership (PPP) model, reveals the course steered by this government in its tenure, i.e. reinforcing the neoliberal policy framework. There was much to be hoped from the government in terms of the stimulus it would provide to critical sectors. However, it found the easy way out with the economic recession validating its inaction and 'urging' it to focus more on PPP-driven infrastructure projects than on education.





HEALTH



- Public spending on health continues to be abysmally low, at about 1% of the GDP, despite the UPA's commitment in its NCMP to raise the same to the level of 2-3% of the GDP.
- With regard to the composition of spending on health, some vital concerns persist. Communicable diseases continue to be accorded lesser priority as opposed to spending on HIV-AIDS control and the influence of Centrally Sponsored Schemes in public spending on health is on the rise.
- Several programmes and schemes launched by the UPA have generated some positive impact although a lot more was needed with regard to operationalizing the programmes. National Rural Health Mission (NRHM), National Urban Health Mission (NUHM), Rashtriya Swasthya Bima Yojana (National Health Insurance Scheme), formulation of a new National Drug Policy are some of the initiatives. A proposed Sarva Swasthya Abhiyan merging both NRHM and NUHM has also been envisaged in the Eleventh Plan.
- Lack of absorptive capacity of the States continues to be a matter of concern, which is mainly an outcome of chronic lack of investment on fundamental aspects like infrastructure, availability of drugs, skilled manpower, training, etc. Improving absorptive capacity will require sustained efforts towards strengthening management and institutional capacities such as filling up vacant posts, higher salaries, much greater expenditure on drugs and other consumables.

The United Progressive Alliance's (UPA) tenure is over. It came to power amidst lot of fanfare and popular aspirations. The mandate was to reinvigorate the development of rural India and the social sector, which were utterly neglected in the erstwhile National Democratic Alliance regime. The UPA made several crucial promises: to step up public investment in rural development, agriculture and the social sector. In fact it initiated some measures, which could really have made a difference had they been properly implemented. The National Rural Employment Guarantee Act, Right To Information Act, the National Rural Health Mission, the Bharat Nirman had the potential to change things where it mattered most. Now that the Fifteenth Loksabha Elections are in the offing, the UPA has started patting its back on a self-congratulatory note, through eye-catching ads, claiming that they have lived up to their promises. (As if they have not learned from the mistakes of the ill-famous 'India Shining Campaign!'). As a civil society organization it is our duty to demystify these claims and unravel the reality. In the health sector, things have mostly remained at the level of rhetoric; meanwhile, ground realities have gone from bad to worse. Time has passed by the UPA..

## **A. Promises Made by the UPA and Its Policy Initiatives**

### **A.i. NCMP Promises on Health**

The National Common Minimum Programme (NCMP) of the UPA, which sets out the broad policy direction of the government, recognized the urgency of health crisis and committed to increase public expenditure to 2-3% of GDP from the current level which is less than 1%. This is the minimum that the government needs to spend in order to provide basic minimum health care to the entire population but in actual terms this means huge increases in expenditure. Given that the government health system so far, was characterized by abysmally low levels of spending, it was crucial that the UPA fulfills its commitment and also spends on areas which cater to the largest section of the population.

### **A.ii. Major Policies Announced During the UPA Regime**

The UPA Government had come up with several new policies and measures, which generated huge enthusiasm-National Rural Health Mission (NRHM) has been launched, National Urban Health Mission is in the anvil, Swasthya Bima Yojana (Health Insurance Scheme) has been launched, a new National Drug Policy is being formulated. But, the ground reality has hardly changed.

The flagship Programme of the UPA, the NRHM, launched in 2005, aimed at improving the availability of and access to quality health care by people, especially those residing in rural areas, the poor, women and children. Though it talks about comprehensive care, in reality, NRHM is an umbrella Programme of existing schemes and Programmes like RCH (Reproductive Child Health), Family Welfare, and National Disease Control Programme. Apart from Accredited Social Health Activist (ASHA) and Janani Suraksha Yojana (JSY), there is hardly any new initiative. The central motive of NRHM, disguised in the rhetoric of 'dramatic improvement in the health system' is family planning- which is regressive and coercive in any form and needs to be exposed and opposed.

It is also very important to note that the lack of absorptive capacity of the States is an outcome of the chronic lack of investment on fundamental issues of infrastructure, availability of drugs, skilled manpower, training etc. Improving absorptive capacity is a long term process and will require sustained efforts towards strengthening management and institutional capacities, filling up vacant posts, higher salaries, much greater expenditure on drugs and other consumables etc. Knee-jerk responses like Public-Private Partnership (PPP) may not be the solution. It might aggravate the problem. NRHM should aim towards provision of universal public health system with greater funding from domestic budget

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instead of a targeted approach based on donor funded priorities.

Another very significant policy announcement that has come up the Swasthya Bima Yojana (Health Insurance Scheme) for BPL families in the unorganised sector in all districts of the country. The Scheme intends to issue health cards to BPL families which act as insurance coverage to them and the premium is paid by the state and central governments jointly. Though the scheme is at a nascent stage and deserves deeper study to comment upon, it can be seen as a step towards social security in the unorganised sector in India. At the same time, restricting the scheme to BPL families leaves out a significant section of the unorganised workers, who may be marginally above the poverty line but definitely require social support. Further, there are apprehensions that this can act as a source of profit for the insurance companies, with little benefit for the rural people in the absence of any health facility.

### B. Major Proposals in the Eleventh Five Year Plan

The Eleventh Five Year Plan aims to introduce National Urban Health Mission (NUHM), which along with NRHM, will form Sarva Swasthya Abhiyan. NRHM has been launched for meeting health needs of all age groups and to reduce disease burden across rural India. NUHM will be launched to meet the unmet needs of the urban population. Instead of providing access to public health services to the urban population, NUHM is based on health insurance and PPP which is supposed to provide integrated health service delivery to the urban poor with the initial focus on urban slums. NUHM would cover all cities with a population of more than 100,000. NUHM will be aligned with NRHM and existing urban schemes.

During the Eleventh Five Year Plan, the Ministry of Health and Family Welfare (MoHFW) will take up a Programme for Prevention and Control of Water Borne Diseases as a part of Sarva Swasthya Abhiyan, which will establish a mechanism of collaboration with other departments (for supplying safe water to the community and carry out water quality monitoring), with specific responsibilities. The targets are: (i) to reduce the burden of waterborne diseases to 75% of the present level by 2010; and (ii) to reduce the burden of waterborne diseases to 50% of the present level by 2015.

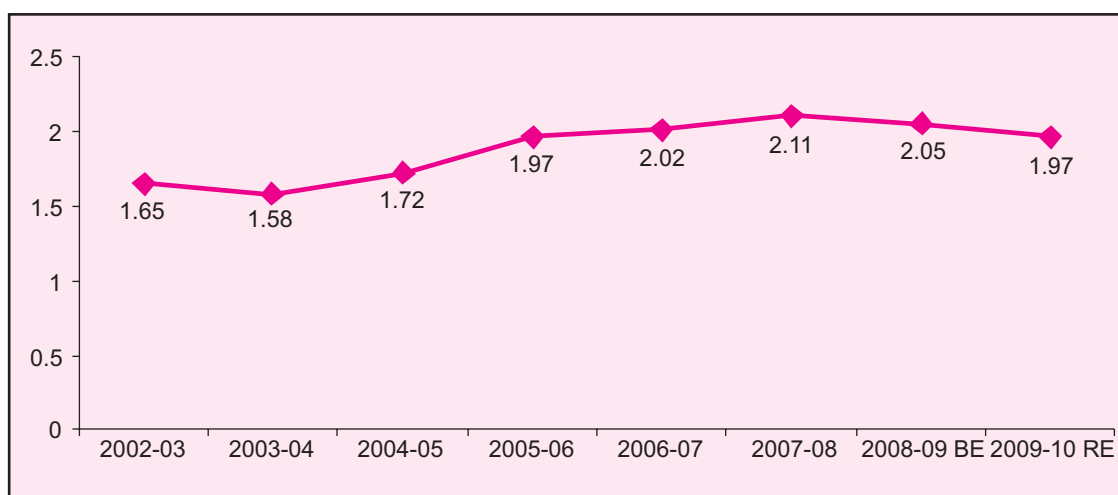
### C. Public Spending during 2004-05 to 2008-09

#### C.i. Spending on the Sector from the Union Budget: 2004-05 to 2008-09

Unfortunately in the five years of the UPA, the commitment to spend 2-3% of GDP on health remained as elusive as ever. Though in absolute terms there is some increase in expenditure of the Central Government, when adjusted with growth rate of GDP and inflation the increase is meagre. The Total Expenditure of the Union Government on Health and Family Welfare went up from Rs. 9,649.24 crore in 2005-06 to Rs. 18,476 crores in 2008-09 RE. But for the year 2009-10 there is a marginal increase of Rs. 324 crore. The fact of the matter is there is no increase in Plan expenditure for the year 2009-10 compared to the previous year.

The Union government had accorded marginally higher priority to Health and Family Welfare in the Union Budget during 2004-05 to 2007-08. In 2003-04, only 1.58% of the Union Budget was spent on health. The share of health gradually increased to 2.11% in 2007-08 (Fig 2.1). But in 2008-09 and 2009-10, it subsequently went down. This clearly reflects the declining priority of UPA government on health compared to what it spends on other sectors like Defence. In a situation of recession when the entire population is facing the brunt of job cuts, and low growth rates, such an important aspect of social security is being neglected by the UPA.

Figure-2.1.: Expenditure on Health as % of Total Union Budget



Source: Expenditure Budget, Vol I, Union Budget, various years

## C.ii. Spending on Health and Family Welfare in the Budgets of all States

Public Health being a State subject, major spending responsibility lies with the State. Unfortunately, there was a gradual decline in spending on health and family welfare by all States as proportion to GDP, since 2002-03. Over the period 2001-02 to 2008-09, health gradually received lesser priority within social sector and in budgets of all States. Expenditure on health as a proportion of social sector expenditure decreased from 13.06% in 2002-03 to 11.12% in 2008-09. As a proportion to total budgets of all States also, health sector has received gradually lesser priority during this phase. As a proportion of GDP, the share of health expenditure of all States declined between 2001-02 and 2004-05, but increased in subsequent years. In fact during the UPA regime, at the centre, there is almost a secular increase. A constant decline in health expenditure as a proportion of total budget of all States or spending in social sector and at the same time a gradual increase of health expenditure as a proportion of GDP means that though states spend more overall, but the increase is not commensurate with the increase in total budget of all States. As States have spent more over time, priority on health decreased.

**Table-2.1.: Expenditure of all States on Health and Family Welfare (in Rs. crore)**

	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08 (RE)	2008-09 (BE)
GDP (at Current Prices)	2278952	2454561	2754621	3149412	3580344	4145810	4713148	5426277
Total Expenditure	368680	410249	514302	553428	561682	657280	787489	892783
Expenditure on Social Sector	129253	133648	146164	164077	189430	222988	285512	332532
Health and Family Welfare	16048	16451	17529	18771	22031	25375	31567	36961
H& FW as % of Social Sector Expenditure	12.42	12.31	11.99	11.44	11.63	11.38	11.06	11.12
H&FW as % of Total Budget	4.35	4.01	3.41	3.39	3.92	3.86	3.53	3.61
H&FW % of GDP	0.70	0.67	0.64	0.60	0.62	0.61	0.67	0.68

Source: Expenditure figures are from RBI: State Finances - A Study of Budgets for various years. GDP figures from 2001-02 to 2006-07 are from CSO, Consolidated Accounts of India; www.mospi.nic.in, for 2007-08 the figures are from IPF Statistics 2007-08, Ministry of Finance; while 2008-09 figure from Budget at a Glance, Union Budget 2009-10.

## C.iii. Total Public Spending in the Country

Total public spending on health includes spending by several agencies- the states incur major proportion of expenditure; along with central and local governments. Apart from Ministry of Health and Family Welfare, other central ministries also spend on health. It is difficult to calculate the total amount of spending as availability of data of central departments and local bodies is not easily available. We have tried to calculate the spending by departments of Health and Family Welfare of the Centre and States, considering that these two agencies incur as much as 90% of the total spending (according to estimates of Commission on Macroeconomics and Health).

**Table-2.2.: Combined Expenditure of Centre and States on Health and Family Welfare (in Rs. crore)**

	Centre's Expenditure	States Expenditure	Centre+ State	State as a % Total Expenditure	GDP (at current prices)	Centre as % GDP	Total as % of GDP
1	2	3	4=2+3	5=3 as % of 4	6	7=2 as % of 6	8=4 as % 6
2001-02	5936.89	16048	21984.89	73.0	2278952	0.26	0.96
2002-03	6503.81	16451	22954.81	71.7	2454561	0.26	0.94
2003-04	7249.14	17529	24778.14	70.7	2754621	0.26	0.90
2004-05	8085.95	18771	26856.95	69.9	3149412	0.26	0.85
2005-06	9649.24	22031	31680.24	69.5	3580344	0.27	0.88
2006-07	11757.74	25375	37132.74	68.3	4145810	0.28	0.90
2007-08	14410.37	31567	45977.37	68.7	4723400	0.31	0.97
2008-09 RE	18476	36961	55437	66.7	5426277	0.34	1.02
2009-10 BE	18808				6021426	0.31	

Notes: Figures of Central Expenditure for 2001-02 to 2007-08 are actuals while figure for 2008-09 is Revised Estimates (RE), and those for 2009-10 are Budget Estimates (BE), and for States's Expenditure, 2007-08 data is Revised Estimates and 2008-09 data is Budget Estimates. Centre's expenditure does not include the expenditure by various other ministries and departments.

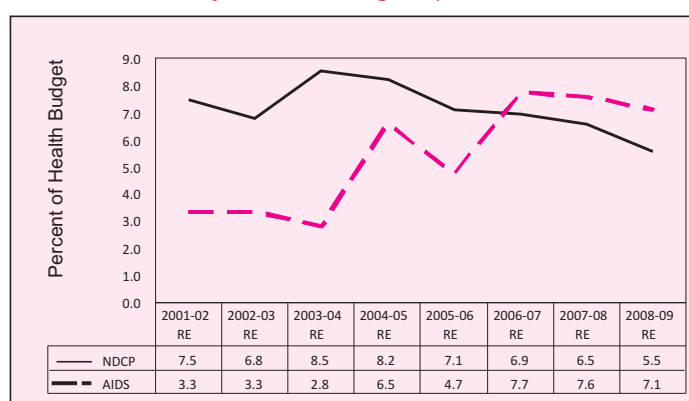
Source: Expenditure Budget Volume I for various years and RBI: State Finances - A Study of Budgets for various years. GDP figures from 2001-02 to 2006-07 are from CSO, Consolidated Accounts of India; www.mospi.nic.in, for 2007-08 to 2009-10 are from Medium Term Fiscal Policy Statement, Union Budget 2009-10.

## C.iv. Total Public Spending in the Country on Major Schemes in the Sector

### (a) Communicable diseases are accorded lesser priorities

Communicable diseases are still major killers in India. Unfortunately, they are accorded very little priority in the Union Budgets. Since 2004-05, there is a continuous decline in the share of National Disease Control Programme (NDCP) in the Union Budget. At the same time, there is a substantial increase in the expenditure on HIV & AIDS alone. In 2001-02 RE, only Rs. 199.7 crore was spent on HIV&AIDS, amounting to 3.3% of the health budget. In 2007-08 RE, Rs.1,133.39 crore were allotted, which is 7.6% of Union Budget (Fig 2.2). It has increased further to Rs. 1,310.71 crore. Compared to this the allocation on NDCP was Rs 482.46 crore in 2001-02 RE which increased marginally to Rs. 980.48 crore in 2007-08 RE and Rs. 1,025 crore in 2008-09 BE. This does not mean that the amount spent on HIV&AIDS should be brought down, but communicable diseases should also be accorded adequate priority, which as of now does not get reflected in the Union Budget. In a situation where Pulse Polio Immunization Programme alone gets Rs. 1,100.58 crore, Rs. 980.48 crore allotted to NDCP is no doubt a paltry sum.

**Figure-2.2.: Proportion of Health and Family Welfare Budget Spent on AIDS and other Communicable Diseases**

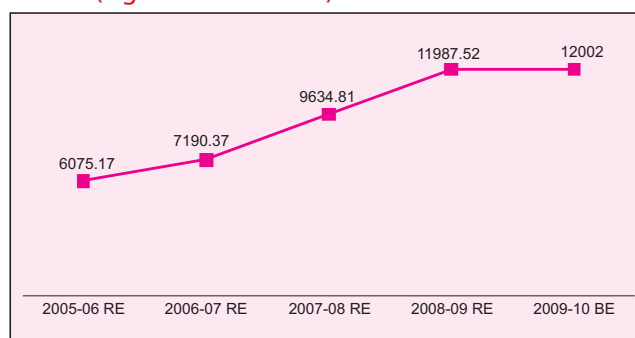


Source: Expenditure Budget Vol II, Union Budget, various years.

### (b) Allocation on NRHM remained below par:

The financing of NRHM so far reveals that it focuses more on selective interventions and the aspect of universalisation is neglected. According to the mission document, the initial allocation for NRHM for the year 2005-06 would be Rs. 6,700 crore, and in subsequent years 30% increase will take place. But for 2005-06, no separate head for NRHM was created and funds for the existing programmes were used. For 2005-06, plan outlay on NRHM was Rs. 6,075.17 crore. It received an increased outlay of Rs. 7,190.37 crore (RE) as plan funds in 2006-07. This has been further increased to Rs. 9,801 crore (BE) in 2007-08 and Rs. 10,786.25 crore in 2008-09. But for the year 2009-10 allocation on NRHM has almost stagnated. The non-plan outlays for these years remained almost stagnant around Rs. 32.29 crore (2005-06 RE), Rs. 34.40 crore (2006-07 RE), Rs. 38 crore (2007-08 BE) and Rs. 44.25 crore. Even the commitment to increase allocations by 30% every year has been violated. The increase has been 18-20% in nominal terms, whereas the real increase is much lesser. Further, around 80% of the increase in allocations took place in four components: HIV/AIDS Programme, Reproductive & Child Health (RCH), medical education and AYUSH (*Ayurveda Unani Siddha Homoeopathy*); whereas strengthening of the PHC infrastructure remained grossly neglected<sup>1</sup>. Furthermore, under Urban and Rural Family Welfare, which essentially means paying salaries for the ANMs, there has not been any substantial increase. This clearly reflects the lack of willingness on the part of the government to put basic infrastructure and human resources in place.

**Figure-2.3.: Expenditure on NRHM (Figures in Rs. crore)**



Source: Expenditure Budget Vol II, Union Budget, various years. [www.indiabudget.nic.in](http://www.indiabudget.nic.in)

## (c) Increasing Influence of Centrally Sponsored Schemes (CSS) in Public Spending on Health & Family Welfare

There is an ever growing influence of Centrally Sponsored Schemes in health in recent years. Schemes like NRHM, the Vertical Disease Control Programmes and RCH, which are financed partially or fully by the Centre, and implemented by the States, have gained increasing priority in the finances of health care. In 2002-03, even though only 17% of the health budget of the Centre and States were allocated to the CSS; there is a substantial increase since 2006-07. In 2007-08 RE as much as 37.5% allocation are through CSS only. This clearly reveals a tendency of centralization in health care spending. Further, major CSS bypass State Budgets and are routed through different societies, thus leaving very little choice to States in spending. The entire budget of NRHM bypasses the state budget and goes to State Health Societies of respective states. The increasing influence of CSS also reveals in some sense the inability of the States to step up public investment on health. Public Health, being a State subject, must be devolved more funds by the Centre to spend on their priorities.

## (d) Growing Influence of External Agencies

The Standing Committee on Health and Family Welfare in its 21st Report registered strong objection over the practice of including external assistance in the gross budget of the Department. In 2008-09 BE, the provision for Externally Aided Projects in Central Plan was Rs. 3,237.71 crore. This is an increase of Rs. 723.43 crore over the previous year. For 2009-10 BE it marginally reduced to Rs. 3,192.71 crore. The Committee observed that if the practice of including external aid in domestic budget continues, then the commitment of the government to raise the allocation in the health sector to 2-3% of GDP will remain only on paper and not be realized in actual practice. Moreover, the Committee also felt that financing non-plan expenditure by external aid is not a healthy practice. Further, it should be noted that the total contribution of external aid in health is merely 2% (Report of National Commission on Macroeconomics and Health, 2005) and there is no reason to believe that we desperately need such meagre amounts. Given that there is an enormous influence of these foreign agencies on our health policies and the little contribution they make to our finances, India should completely do away with these funds and develop health services according to its national requirements. Unfortunately, there is no such effort in this direction. There is rather a gradual tendency to fall a prey to the whims of these donors.

## D. Outputs/ Services delivered by Govt. Interventions and Development Outcomes

### D.i. Indicators of Outputs/ Services Delivered by Govt. Interventions

There is a huge shortfall in primary health care infrastructure in the country. According to the 2001 Population Census, the shortfall in rural health infrastructure comes to 20,855 Sub-Centres, 4,883 Primary Health Centres and 2,525 Community Health Centres. This means that overall there is a shortage of 12.6% of Sub Centres; 17.8% of PHCs and 38.4% of CHCs. The shortage is more acute in High Focus States<sup>2</sup>. In the tribal areas though, the requirement of CHCs is relatively less compared to the other parts of the country. The shortfall in Sub-Centres and PHCs are relatively greater. During the Seventh Plan period (1985-90) there was a surge in the growth of creation of rural health infrastructure in India. Unfortunately after the initiation of economic reforms, there was a gradual decline in growth rate during every Plan period.

**Table-2.3.: Number of Health Institutions Functioning**

	2001	2006	2007
Sub-Centres	137311	144988	145272
PHCs	22842	22669	22370
CHCs	2633	3910	4045

Source: Health Information of India, various years.

Those institutions which are there in place also lack basic amenities. About 50% of Sub- Centres, 76% of PHCs and 91% of CHCs are located in government buildings. The rest are located either in rented buildings or rent free Panchayat/ Voluntary Society buildings. The shortage of government building in High Focus States is much higher compared to the national average. Half of the PHCs in High Focus States are not in government buildings. The situation is slightly better in tribal areas, than the rest of the country, due to the special emphasis through the Tribal Sub-Plan. Very few

<sup>1</sup> Funds under NRHM are provided to the State Health Societies, conditional to the approval of Programme Implementation Plans (PIP) for each state. The RCH Flexible Pool and Mission Flexible Pool for Part A & B of the PIP, through which flexible funds are provided to SHSs to spend on their own priorities, are with in the broad guidelines of the NRHM.

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institutions have adequate support infrastructure, like quarters, water supply, electricity etc. Only 38% of total the PHCs have the entire critical staff, whereas only 31% have the entire critical supplies (defined as 60% of critical inputs) and only 3% of PHCs have 80% of all critical inputs.

**Table-2.4.: Availability of Health Institutions in Tribal Areas**

Year	SUB CENTRES			PHCs			CHCs		
	Required	In position	Short Fall	Required	In position	Short Fall	Required	In position	Short Fall
2001	26243	21429	4814	3999	3540	459	870	588	282
2007	25761	20682	4887	3853	3199	745	954	754	236

Source: Health information of India, various years

Shortage of human power at every level of service delivery is one of the major impediments in the way of comprehensive primary health care. Though, certain efforts have been made by the centre to fulfill the vacancies of ANM in recent years, resulting in relatively less shortfall, overall there is a huge shortage of human resources at all levels. The shortage is more acute for posts like Specialists at CHCs, Male Health Workers, Laboratory Technicians and Staff Nurses. There is almost 60% shortage of Specialists in rural areas, for High Focus States the shortage is as high as 80%. Generally at every level, there is shortage of human resources but it is more in tribal areas- one fifth posts of doctors, almost half posts of staff nurse and lab technicians and more than 85% of specialist posts are vacant in tribal areas.

**Table-2.5.: Doctors at Primary Health Centres**

	Sanctioned	In Position	Vacant	Vacancy as a %
2001	29689	25724	3965	13.36
2007	27274	22608	4920	18.04

Source: Health information of India, various years

### D.ii. Indicators of Development Outcomes

The indicators of health outcomes clearly reveal that the situation has really not improved and at times it has worsened. Especially the situation of the vulnerable sections of the society, women, children, SCs & STs and religious minorities, remain a matter of huge concern. Further there remain huge inequalities in attaining health outcomes.

**Table-2.6.: Health Indicators: Different Rounds of NFHS**

Indicators	NFHS I	NFHS II	NFHS III
Total Fertility Rate	3.39	2.85	2.68
Infant Mortality Rate	78.5	67.6	57
Under five Mortality Rate	109.3	94.9	
% of Women with Anemia		51.8	56.2
Deliveries health facilities	25.5	33.6	40.7
Mothers Receiving at Least One Antenatal Check Up	62.3	65.4	77

Source: NFHS, various rounds

Even among women there is significant inequity in access among different income classes. In the lowest wealth quintile, 41% pregnant women do not receive antenatal care, whereas almost every pregnant woman (97.4%) from the highest income quintile receives antenatal care. Half of the pregnant women in the poorest income class do not receive Iron Folic Acid (IFA) tablets and only one in ten of them take IFA tablets or syrups for full ninety days (NFHS III). Overall, only 3.8% pregnant women receive any intestinal parasite drug and access to it for women in better-off sections are much higher than those in the lower strata (NFHS III). Delivery of mother from the poorest quintile is 4.6 times less likely to be attended by a medically trained person than her well off counterpart (NFHS III). Maternal Mortality Rate is 301 per 100,000 live births (SRS, 2001-03). In backward states, like Uttar Pradesh, the MMR is

<sup>2</sup> High Focus States in NRHM are Bihar, Jharkhand, MP, UP, Chhattisgarh, Rajasthan, Uttaranchal, Jammu and Kashmir, States of North East and Sikkim.

significantly higher. More than a third (36%) of women has a Body Mass Index (BMI) below 18.5, indicating a high prevalence of nutritional deficiency.

**Table-2.7.: Low Attainment of Health Indicators among Marginalized Social Groups**

Indicators	SCs	STs	All India
Infant Mortality Rate (per 1000 live births)	66.4	62.1	57
Under 5 Mortality Rate (per 1000 live births)	88.1	95.7	74.3
Under-five children acutely malnourished (%)	47.9	54.5	42.5
No antenatal care during pregnancy (%)	25.9	29.4	22.8
Delivered by a skilled provider (%)	40.6	25.4	46.6

Source: NFHS III

### Highlights of Union Budget 2009-10

- There is only a marginal increase in allocation on Health and Family Welfare. From Rs18476 crore in 2008-09 RE it has increased to only Rs18808 crore in 2009-10 BE.
- The overall spending as a proportion of GDP is 1.02% in 2008-09, far below the NCMP commitment.
- As a proportion of total Union Budget, spending on Health and Family Welfare has decreased from 2.11 % in 2007-08 to 1.97 % in 2009-10.
- For the year 2009-10, no increase in Plan expenditure has been proposed.
- The allocation on NRHM has also stagnated at Rs12002 crore.

## E. Concluding Remarks

At a time when influence of neo-liberal policies can be seen in every aspect of our life, it is quite unlikely that health, as a social sector, will remain insulated from the consequences of rampant liberalization. Further, liberalization which aims to weaken government as an institution comes through government initiatives. Health policy making in the last decade and a half has revolved around the central theme of privatization of services. The tendency is to leave health to the private sector and limit the role of the State only to public health, family planning and institutional delivery. Important policy measures adopted by the erstwhile NDA regime, like the National Population Policy 2000, National Health Policy 2002 and National Drug Policy 2002 advocated rampant privatization in every sphere. Civil society, including NGOs, a miniscule section of the academia and a few political parties raised a hue and cry against liberalization. Unfortunately the UPA has done nothing to revert the liberalization process, it has only made things a little more subtle- privatization has been disguised under greater civil society involvement. Whether private sector is really a part of civil society or not is a million dollar question which nobody dares to answer.





# WATER SUPPLY & SANITATION



- The ambitious flagship programme of the UPA regime, Bharat Nirman, which includes the component of drinking water, has aimed to address the problem of coverage, sustainability and quality in rural areas. However, the 37th Report of the Standing Committee on Rural Development (MoRD) highlights the lack of seriousness in providing the required allocation for effective implementation of the Bharat Nirman programme. This has resulted in the achievement of only 57% targets under uncovered habitations, 64% under slipped-back and 43% under quality affected habitations. This shows an urgent need to tackle the issue of safe, sustainable drinking water supply to all in India.
- The National Rural Drinking Water Quality Monitoring & Surveillance Programme, unveiled under the Rajiv Gandhi Drinking Water Mission (RGDWM) in 2006 attempts to look into the problem of water quality particularly against chemical and biological contamination of ground water. However, targets for ensuring quality control have been missed and the problem still persists. The CA&G's latest Performance Audit Report highlights the problem of underutilization as well as misuse of funds and non-functionality of water testing laboratories in many project areas.
- The Nirmal Gram Puraskar (NGP) was constituted in 2005 as an award of incentives for Gram Panchayats to achieve 100% sanitation. NGP winners have grown from 38 in 2005 to 5,000 in 2007.
- The UPA Government revised the guidelines of the Total Sanitation Campaign (TSC) in 2007 by introducing the component of Solid and Liquid Waste Management to promote the idea of ecological sanitation. It has further raised the subsidy for unit cost of Individual Household Latrines from Rs. 600 to Rs.1200. In addition, a much needed new National Policy on Urban Sanitation has been formulated to tackle the sanitation problem in small, medium and metropolitan cities.
- The Government has pushed for 100% sanitation coverage in schools under TSC. The Finance Minister (2008-09 Budget) announced a grant of Rs. 200 crores for drinking water provision in schools with a new expenditure head under Stand-alone Purification Systems. However, its effective implementation is yet to be assessed.
- The Delhi Declaration of SACOSAN-III (Third South Asian Conference on Sanitation, 2008) recognized the access to sanitation and safe drinking water as a basic right to all.

Water supply and sanitation are strongly intertwined with health, education, infrastructure as well as social and economic justice. In fact, it impacts and affects all segments of the society especially women and backward classes. The sector is even more pertinent, keeping in mind that 2008 was declared the International Year of Sanitation and the years 2005-2015 as the Water for Life Decade. The current Interim Budget of 2009-10, however, does not show any increase in allocations, which is a cause for concern. A close look at the water supply and sanitation data of the past five years will give us a clear indicator on the present government's policy priorities on a much neglected but extremely crucial sector.

## A. Promises Made by UPA and its Policy Initiatives

- The Finance Minister in his Budget speech last year had proposed to enhance the allocation for the two Flagship schemes- Rajiv Gandhi Drinking Water Mission (RGDWM) to Rs.7,300 crore with an initial outlay of Rs.200 crore and for Total Sanitation Campaign (TSC) to Rs.1,200 crore (including the North Eastern Region component). In the 2009-10 Budget Speech, the allocation for both the schemes has remained the same except for RGDWM where it has been increased slightly to Rs.7,400 crore.
- The National Common Minimum Programme (NCMP) through Bharat Nirman had also promised a time-bound plan to build rural infrastructure, under which rural drinking water was a major component. The time period for which the targets were set was 2005-06 to 2008-09.
- The Eleventh Plan targets to 'provide clean drinking water for all by 2009 and ensure that there are no slip-backs by the end of the Plan period'. It aims to provide 100% coverage of water supply to rural schools and 100% water supply to the entire urban population by the end of the Eleventh Plan in 2012.
- For sanitation, the Eleventh Plan targets to build 7.29 crore individual toilets in rural areas. Under TSC, the target is to achieve 100% coverage by 2012. The physical target is to cover 69 million households, 25769 sanitary complexes, 1,33,114 balwadis/aganwadis, all the remaining schools and rural sanitary marts and production centres. The target fixed for urban sanitation is 100% population coverage with 70% covered by sewerage facility

## HOW DID THE UPA SPEND OUR MONEY?

and 30% by low-cost sanitation. For solid waste management (SWM) 100% population is proposed to be covered.

### B. Public Spending During 2003-04 to 2008-09

The total expenditure on Rural Water Supply and Sanitation as a proportion of total Union Government expenditure for the last 5 years has shown a modest increase. For 2004-05 RE, it was 0.65% and this has increased to 0.9% in 2008-09 RE (Table 3.1)

**Table-3.1.: Total Expenditure on Rural Water Supply and Sanitation by the Department of Drinking Water Supply (MoRD), Govt. of India**

Year	Rural Drinking Water Supply and Sanitation*(Rs. crore)	Union Govt. Expenditure on Water Supply and Sanitation as Proportion of Total Expenditure from Union Budget (in %)
2003-04 RE	2751.39	0.58
2004-05 RE	3301.39	0.65
2005-06 RE	4761.52	0.93
2006-07 RE	5301.63	0.91
2007-08 RE	7461.8	1.05
2008-09 BE	8501.9	1.13
2008-09 RE	8502.27	0.94
2009-10 BE	8502.84	0.89

Note: \* Union Budget Outlay for Deptt. of Drinking Water Supply under Ministry of Rural Development

Source: Expenditure Budget Volume 2 -Union Budget for various years

### C. Spending on the Sector from the Budgets of All States: 2003-04 to 2008-09

**Table-3.2: Total Expenditure on Water Supply & Sanitation from the Budgets of All States & UTs (in Rs. crore)**

Years	Revenue Expenditure			Capital Expenditure			Total Expenditure	As % of GDP
	Plan	Non-Plan	Total	Plan	Non-Plan	Total		
2003-04	3002.55	3529.02	6531.57	3403.92	182.47	3586.39	10118	0.37
2004-05	2735.14	4197.61	6932.75	6247.83	131.4	6379.23	13312	0.42
2005-06	3987.53	4477.32	8464.86	5636.93	390.74	6027.67	14492.5	0.40
2006-07	4433.93	4340.62	8774.56	6955.55	393.56	7349.1	16123.7	0.39
2007-08 RE	4823.66	4963.44	9787.1	11044.66	652.12	11696.78	21483.9	0.45
2008-09 BE	5085.29	4451.64	9536.93	12290.37	834.45	13124.82	22661.8	0.42

Source: State Finances: A Study of Budgets of 2006-07, 2007-08 & 2008-09, RBI

As shown in Table 3.2, the revenue and capital expenditure of States and Union Territories in the water and sanitation sector have been demarcated into Plan and Non-Plan Expenditure. The trend in expenditure can be observed in the Table 3.2. The figures show a positive trend since capital expenditure has increased. Similarly, plan expenditure has also shown a significant rise from 2003-04 to 2008-09. The total expenditure as percentage of GDP has remained constant in most years.

## C.i. Total Public Spending on Major Schemes in the Sector during 2004-05 to 2008-09

**Table-3.3.: Total Sanitation Campaign: Release vs. Expenditure from 2004-05 to 2008-09**

(In Rs. Crore)

Year	Release					Expenditure				
	Centre	State	Beneficiary	Total	Growth rate	Centre	State	Beneficiary	Total	Utilisation* (%)
2004-05	347.22	111.48	144.77	603.48	0.00	207.21	149.67	108.66	465.54	77.14
2005-06	595.32	420.80	187.11	1203.23	99.38	284.72	288.28	152.76	725.77	60.32
2006-07	720.97	334.60	292.46	1348.03	12.03	622.64	259.25	150.81	1032.70	76.61
2007-08	911.70	395.17	281.49	1588.36	17.83	794.42	337.06	166.40	1297.88	81.71
2008-09	784.44	595.02	162.74	1542.19	-2.91	513.04	293.11	99.01	905.15	58.69
Total	3359.66	1857.07	1068.56	6285.29	307.55	2422.03	1034.27	677.64	4427.05	70.44

Note: \*Percentage expenditure vis-à-vis release

Source: www.ddws.nic.in

The financial release and expenditure for the TSC is given in Table 3.3. As seen, the growth rate between 2004-05 and 2005-06 has been the highest at 99.38% and the lowest at - 2.91% between 2007-08 to 2008-09. The overall percentage of expenditure in the sector has been 70.44% vis-à-vis releases.

### Progress Report on Major Schemes in the Sector

- **The Total Sanitation Campaign (TSC):** A Centrally Sponsored Programme on rural sanitation has witnessed remarkable improvement after enhancing the resources and the stage is now set to achieve the Millennium Development Goal target by 2012 instead of 2015 as per Government sources. So far, more than 59 % rural habitations are equipped with toilet facilities. (Source: PIB) However, despite glowing reports from the Government, sanitation is not on track to meet the MDG targets. The problem of open defecation (OD) still persists in rural areas. (74% practice OD in India; Source: WHO & UNICEF's Joint Monitoring Programme for Water Supply and Sanitation Report, Geneva, 2008). The Department of Drinking Water Supply (DDWS) figures primarily show 'coverage' (number of individual household latrines constructed) but not 'usage', making it difficult to make an assessment.
- **Swajaldhara:** After 1992, the 73rd Amendment Act gave Panchayati Raj Institutions (PRIs) a role in drinking water schemes; however, this is only on paper. The Swajaldhara programme was launched precisely for the purpose of community ownership. A sum of Rs 40 crore was given by the 12th Finance Commission to the PRIs for Operation and Maintenance (O&M) of drinking water projects. Nonetheless, one has to assess whether this sum is actually being utilized for the said purpose or not.
- **Bharat Nirman / Accelerated Rural Water Supply Programme (ARWSP):** Bharat Nirman, the ambitious flagship programme of the government, has drinking water as one of its six components. More specifically, it addresses coverage, sustainability and quality of water. Since 2008-09 is the last year for this programme, it is essential to take stock of it. The 37th Report of the Standing Committee on Rural Development, Ministry of Rural Development (MoRD), Department of Drinking Water Supply (DDWS), Demand for Grants (2008-09), has analyzed that only 57% of the targets could be achieved under the category of uncovered habitations, 64 % under slipped-back and 43% under quality-affected habitations.

**Table-3.4.: Release of Funds to States & UTs under Swajaldhara**

Sanction Year	Total Amount Released (Rs. crore)
2004-05	227.37
2005-06	458.19
2006-07	152.85
2007-08	145.71
Total	984.12

Source: www.ddws.nic.in

## HOW DID THE UPA SPEND OUR MONEY?

The financial release details of the Swajaldhara programme (given in Table 3.4) indicate a sharp decline in the release of funds since 2006-07.

Under Bharat Nirman /ARWSP, the release of funds to States and UTs (Table 3.5) has shown a sharp increase from 2004-05 to 2007-08. However, it decreased in 2008-09. The fund release is not an indicator that fund expenditure has been concomitant.

**Table-3.5.: Release of Funds to States & UTs under ARWSP/ Bharat Nirman**

Year	Total Fund Release (Rs. crore)
2004-05	2120.55
2005-06	4093.11
2006-07	4552.40
2007-08	6425.84
2008-09	5516.15
Total	22708.05

Source: [www.ddws.nic.in](http://www.ddws.nic.in)

### D. Outputs/Services delivered by Govt. Interventions and Development Outcomes

#### D.i. Indicators of Output/Services delivered by Govt. interventions: 2004-05 to 2007-08

Under ARWSP, the targets and coverage of habitations (uncovered, slipped back and quality-affected) from 2004-05 to 2007-08 is given in Table 3.6. The coverage of habitations against targets has been the highest during 2005-06 and 2006-07. However, it has shown a decline in 2007-08.

**Table-3.6.: Target and Coverage of Habitations (Uncovered, slipped-back and quality-affected) from 2004-05 to 2007-08**

Year	Target	Coverage	% coverage against Targets
2004-05	74,868	69,639	93.02
2005-06	56,270	97,215	172.77
2006-07	73,120	1,07,350	146.81
2007-08	1,55,499	87,258	56.11

Source: [www.ddws.nic.in](http://www.ddws.nic.in)

The details of Swajaldhara schemes can be seen in Table 3.7. However, in view of the recommendations made in the Annual State Ministers' Conference in January 2006, the provisions have been modified. Hence, there is only one rural water supply programme i.e. ARWSP. No separate allocation is made for Swajaldhara and new schemes and projects.

**Table-3.7.: Physical performance of Swajaldhara Schemes**

Year	No.of Schemes taken up	Schemes completed
2004-05	3,662	2,243
2005-06	4,366	1,737
2006-07	1,247	184

Source: *Outcome Budget of DDWS, 2008-09*

According to the government, as compared to the year 2004, when only 27% rural families had toilet facilities, the number has increased to 59%. Compared to the earlier provision of Rs.625 per unit construction cost of toilets, now, for plain areas, a provision of Rs. 2,500 and for hill/remote areas a provision of Rs.3,000 has been made. The provision of 'Nirmal Gram Puraskar' made for promoting and motivating concerned stakeholders like PRIs and NGOs under the TSC has resulted in a mass campaign. The latest data on hardware construction such as Individual Household Latrine (IHHL) for both Below Poverty Line (BPL) and Above Poverty Line (APL) households, school and balwadi toilets and sanitary complexes are given below in Table 3.8.

**Table-3.8.: Physical Progress under TSC from 2004-05 to 2008-09**

Year	IHHL (BPL)	IHHL (APL)	Total (APL+BPL)	School Toilets	Sanitary Complex	Balwadi Toilets
2004-05	27,63,142	17,16,690	44,79,832	55,226	1,623	10,631
2005-06	40,80,490	54,69,267	95,49,757	88,092	2,697	36,074
2006-07	47,71,876	49,28,504	97,00,380	1,31,937	2,990	53,168
2007-08	57,63,430	57,64,460	1,15,27,890	2,37,287	3,016	86,493
2008-09	40,93,748	41,77,265	82,71,013	1,72,154	2,331	42,369

Source: www.ddws.nic.in

## D.ii. Development Outcomes

The aim of rural water supply and sanitation schemes is not only to ensure better health and living standards among people but also to ensure active community participation and ownership through schemes like Swajaldhara. The TSC also aims to raise the level of safety, convenience and dignity of women through construction of community sanitary complexes and separate toilet blocks for girl students in co-educational schools. To create equity, States and UTs are required to earmark and utilize at least 25% of the ARWSP funds for drinking water supply to SCs and atleast 10% to STs.

### Highlights of Interim Budget 2009-10

- In the water supply and sanitation sector, the allocations for rural water supply (Rs.6570 crore, 2009-10 BE) and rural sanitation (Rs.1080 crore, 2009-10 BE) have remained the same as last year. Since the year 2008, was the International Year of Sanitation and 2009 marks the decadal year of the Total Sanitation Campaign, this is a point of concern.
- In urban water supply and sanitation, for the 'Integrated Low Cost Sanitation Programme' (a Centrally Sponsored Scheme for the replacement of dry latrines into water borne flush toilets and the rehabilitation of workers engaged in manual scavenging), (the allocation in Union Budget has been drastically cut down from Rs.150 crore in 2008-09 BE to a meager Rs.40.03 crore in 2008-09 RE. However, for provision of Solid Waste Management near Airports in few selected cities, the allocation has been increased to Rs.12.56 crore in 2009-10 BE from Rs 0.01 crore in 2008-09 RE which signifies a positive development.

## E. Conclusion

Although, the financial allocations in the rural water supply and sanitation sector have shown a rise in the past five years, however, expenditure figures are not always commensurate. Similarly, a mere increase in outputs does not necessarily translate into outcomes. A positive fact is that plan expenditure has been more than non-plan which is a good indication. Since, water and sanitation require large investments in infrastructure, one can only hope that there is greater commitment by the government in bringing health and dignity to its people by focusing more on the sector.



# RURAL DEVELOPMENT & EMPLOYMENT



- A landmark achievement for the UPA regime was the enactment of National Rural Employment Guarantee Act in 2005 and the subsequent implementation of National Rural Employment Guarantee Scheme (NREGS) making 100 days of wage employment for unskilled work, a right for individuals in the rural sector.
- A flagship programme christened Bharat Nirman has been initiated to strengthen rural infrastructure like rural roads, housing, electricity, water and sanitation, telephony etc.
- The overall budgetary allocation for the Ministry of Rural Development, including all departments, have risen by 268% from Rs.18240.22 crore in 2004-05 RE to Rs. 67185.81 crore in 2008-09 RE. The overall allocation however declined marginally in 2009-10 BE to Rs. 62606.95 crore.
- Despite the significant rise in allocation, the performance of the programmes/schemes have been below par as utilization was poor in many states, particularly in case of Bharat Nirman, progress on targets set out to be reached is tardy as none of the targets have been fulfilled.
- Strengthening of implementation of the schemes at the grassroots level has received lesser priority in the UPA tenure. There is an urgent need to invest in adequate human resource and technical upgradation for better planning and monitoring of the developmental schemes at the State and local government level.

The rural economy of India, comprising around seventy-six % of the country's population and the economic activities they engage in, holds within it vast untapped potential to take the economy to an equitable development and high growth trajectory. Notwithstanding the quantum of population, the contribution of the rural sector (particularly, agriculture and allied activities) to the national income and thereby the economy has declined sharply over the last couple of decades. Astute observations on such a phenomenon attributed it to the second generation of development of the Indian economy with declining reliance on the primary sector. However, behind such a phenomenon lay a larger malaise characterized by inadequate rural infrastructure entailing lack of access to markets and quality life, inadequate access to proper health care and education, shrinking opportunities to gainful employment and a stagnating agricultural production and growth. Given this yawning developmental gap, huge amount of investments are necessary to boost the sagging rural productivity, income and infrastructure and to improve the overall aspects of human development. Such a policy would not only promote food security by fostering agricultural production, its storage, warehousing and marketability but also promote demand for the manufactured goods thereby energizing other sectors of the economy.

## Highlights of Rural India

- About 74 % of the households belong to rural India and account for nearly 76% of the total population.
- The population in the age group 15-59 years, which is defined to be prime-age or economically active population, comprised about 58 % of total population in rural areas.
- Literacy rate for population of all ages was about 66% for males and 47% for females in the rural areas.
- Among the persons of age 5-29 years, about 38% in the urban areas and 32% in the rural areas either discontinued or dropped from their studies.
- In rural India, more than half of the usually employed ('all' workers) were self-employed - 57% among males and nearly 62% among females.
- As of 2004-05, around 73% of the population living below poverty line (BPL) reside in rural areas.

The United Progressive Alliance (UPA) which came to power in 2004 at the Centre, promised in its agenda and the National Common Minimum Programme (NCMP) policies on rural employment guarantee and other infrastructural development of the rural sector. Accordingly, the UPA undertook a host of policy initiatives, landmark among which is the National Rural Employment Guarantee Act (NREGA) which promises at least 100 days of wage employment to a single individual from every household seeking employment. Noteworthy also, is the UPA initiative of rural infrastructure development christened Bharat Nirman which encompasses issues of rural housing, rural electricity connection, telephony, all-weather road connectivity, safe drinking water and sanitation and expansion of irrigation capacity.



## HOW DID THE UPA SPEND OUR MONEY?

Although all these initiatives portend a promising future for the rural economy, an evaluation of these in terms of resource allocation, utilization and physical achievements is imperative given that the term of UPA's rule is nearing its end and fresh elections are in the offing.

### A. Rural Development

Total expenditure on rural development has seen a marked increase over the entire period of UPA regime. From 0.58% of GDP in 2004-05, it has steadily risen to 1.2% of GDP. Much of this rise in spending has been because of increased allocations for programmes on employment guarantee aimed at creating rural employment and also beneficiary driven programmes for rural housing. Certainly such a significant rise in spending in the rural sector will have significant impact in ameliorating the condition of rural poor, however utilization of resources in most of the programmes have been a cause for concern. Some of the major schemes and programmes have been discussed in subsequent sections.

**Table-4.1.: Total Expenditure on Rural Development by Central Government (in Rs. crore)**

	2004-05	2005-06	2006-07	2007-08	2008-09@	2008-09	2009-10@
Total Expenditure on Rural Development - of which	18240.22	27515.08	31021.01	37389.18	42425.96	67185.81	62606.95
Dept of Rural Development	13885.4	21354.27	24297.72	28523.5	31524.06	56883.54	51706.95
Dept of Land Resources	1053.43	1399.29	1421.66	1403.86	2400	1800	2400
Dept of Drinking Water Supply	3301.39	4761.52	5301.63	7461.82	8501.9	8502.27	8500
<b>Major Schemes</b>							
Sampoorna Gramin Rozgar Yojana*	4590	7650	2700	3420	-	-	-
National Food for Work Programme**	1818	4050	-	-	-	-	-
National Rural Employment Guarantee Scheme	-	-	10170	10800	14400	30000.19	30100
Swarnajayanti Gram Swarozgar Yojana	900	899.84	1080	1620	1933	2113	2115
Indira Awas Yojana	2607	2475	2625.05	3636	4859	7919	7920
Pradhan Mantri Gram Sadak Yojana	2219	3835.55	5103.06	6110	7075	7225.15	9135
Integrated Wasteland Development Programme#	333	454	453	-	-	-	-
Drought Prone Areas Programme#	300	353	360	-	-	-	-
Desert Development Programme#	215	268	270	-	-	-	-
Integrated Watershed Management Programme	-	-	-	1053.55	1692.5	1440.5	1875.9
Rural Water Supply and Sanitation	3301.39	4761.52	5301.63	7461	7650	7640	7640

Note: \* Has been subsumed under NREGS, \*\* has been discontinued from 2006-07, # has been integrated into Integrated Watershed Management Programme. @ are Budget Estimates and figures pertaining to all other years are Revised Estimates.

Source: Compiled from Expenditure Budget Vol II, various years

#### A.i. Rural Employment: National Rural Employment Guarantee Scheme

The National Rural Employment Guarantee Act (NREGA) enacted in September, 2005, was implemented from February 2, 2006 in 200 identified districts of the country in the form of NREGS. Its stated objective is to provide

100 days of guaranteed wage employment to each rural household opting for it. The coverage had gone up to 330 districts with the addition of 130 new districts in 2007-08. The ongoing programmes of SGRY and National Food for Work Programme (NFFWP) were subsumed under NREGS in these districts. The coverage of NREGS has been extended to all the 596 districts (excluding the urban districts) in the country in 2008-09. But the large increase in coverage did not reflect in the increase in allocation for 2008-09 - a mere Rs. 4,000 crore increase from Rs. 12,000 crore in 2007-08 (RE) for 330 districts to Rs. 14,400 crore in 2008-09 (B.E) for 596 districts. However, the present budget (2009-10) reports a quantum leap in the allocation of funds for NREGS by 108% to Rs. 30,000.19 crore in 2008-09 (R.E.). For the year 2009-10, allocation for NREGS has been kept pegged at the level of Rs. 30,100 crore in the interim budget.

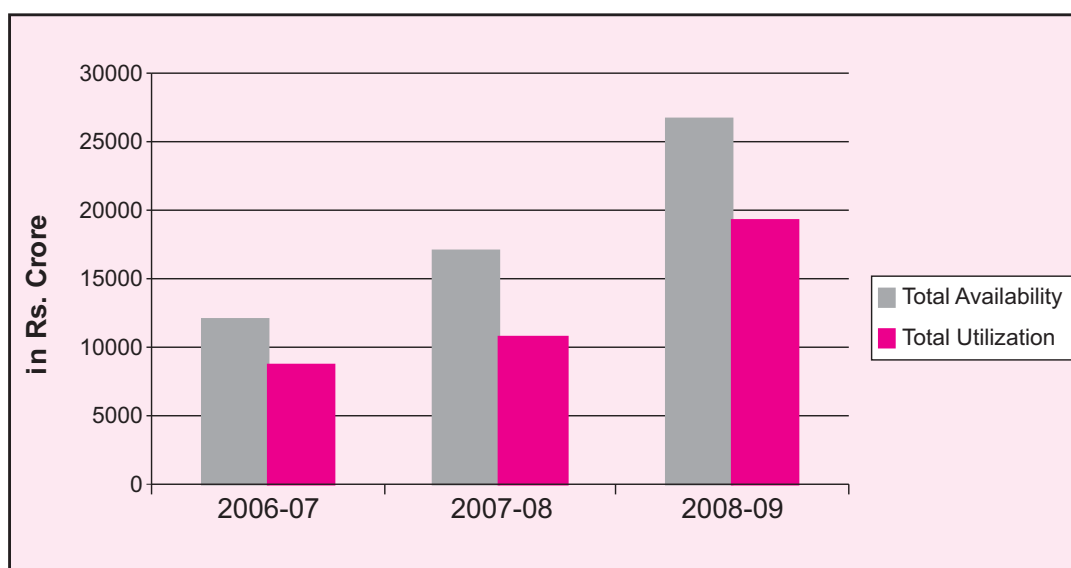
## Highlights of NREGS

Employment provided to households:	3.78 Crore
Total (Persondays in Crore):	166.22
SCs:	46.93 [28.23%]
STs:	39.54 [23.79%]
Women:	80.43 [48.39%]
Others:	79.74 [47.98%]
Total works taken up:	21.93 Lakhs.
Works completed:	8.12 Lakhs.
Works in progress:	13.8 Lakhs.

Source: NREGS website: [www.nrega.nic.in](http://www.nrega.nic.in) (as on 16th February 2009)

The novelty of NREGS compared to its precursors like SGRY<sup>1</sup> and NFFWP<sup>2</sup> are: a) a paradigm shift to a rights based framework, which entails a legal guarantee of work unlike other programs which could be withdrawn by a government at will; b) disincentive for underperformance as unemployment allowance has to be paid by the state government within 15 days if work is not provided within 15 days of demanding the same; c) resource availability under the scheme is demand driven; d) accountability of the public delivery systems through social audit. Evidently, the scheme being demand driven, utilization and, in turn, allocation depends on the actual demand for work by households.

**Figure-4.1.: Availability and Utilization of Funds under NREGS**



Source: Outcome Budgets of Dept of Rural Development (various issues) and financial reports from website of NREGS, [www.nrega.nic.in](http://www.nrega.nic.in) (as on 16th February 2009)

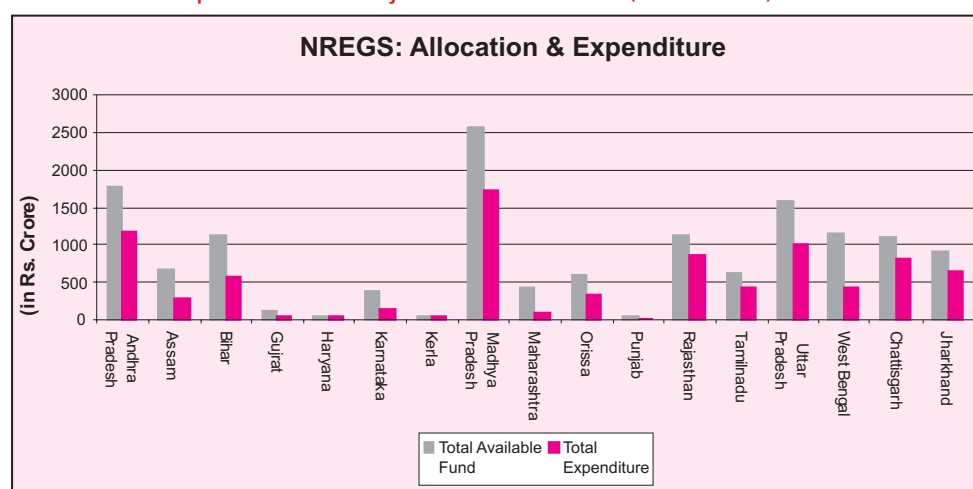
<sup>1</sup> Swarnajayanti Grameen Rozgar Yojana

<sup>2</sup> National Food for Work Programme

## HOW DID THE UPA SPEND OUR MONEY?

The physical as well as financial progress of NREGS has continued to vary across states. The implementation in many high potential states like Maharashtra, Karnataka, Bihar, West Bengal and Orissa is well below the national average in both physical and financial progress during 2007-08. Maharashtra which has been topping the farmers' suicide chart could utilize only 25% of the total available funds in 2007-08 (till 29 February 2008). While some states have shown good progress in implementation over the previous year, many have retreated. In particular, Orissa could utilize only 51.76% of the available funds in 2007-08 against 82.39% in 2006-07.

Figure-4.2.: Allocation and Expenditure of Major States in NREGS (in 2007-08)



Source: Computed from Outcome Budget 2008-09, Dept. of Rural Development

### A.ii. Swarnajayanti Gram Swarozgar Yojana (SGSY)

The Swarnajayanti Gram Swarozgar Yojana (SGSY) aims at bringing the assisted poor families above the poverty line by ensuring appreciable sustained level of income over a period of time. This objective was to be achieved by organizing the rural poor into SHGs through the process of social mobilization, their training and capacity building and provision of income generating assets. The overall objective of the scheme has been to integrate provisions like skill upgradation, infrastructure including marketing development and technology penetration into a programme providing for poverty alleviation and sustainable livelihood options. By design, the programme meant to create widespread income generating activities, through the empowering mechanism of SHGs, where group dynamics are expected to compensate for the basic weaknesses of the individual rural poor and present them as credit worthy and financially accountable units.

The funds are shared between Centre and States in the ratio 75:25, except in the case of North-East states where it is on 90:10 basis. Within the target groups, the guideline for the scheme provides that SC/ST should account for 50%, women 40%, minorities 15% and 3% disabled. The revised estimates of SGSY for 2008-09 has shown a marginal increase from Rs. 1,933 crore to Rs. 2,113 crore. However, over the five-year period of UPA rule the allocation for the scheme has shown a general trend of increase keeping in line with the allocations in the sector.

Table-4.2.: Financial and Physical Progress of SGSY

	2004-05	2005-06	2006-07	2007-08
Available Fund (in Crores)	1509.85	1558.52	1724.55	1833.89
Utilization (in Crores)	1290.88	1338.77	1424.19	1027.35
% Utilization	85.50	85.90	82.58	56.02
Physical Targets Achieved (in lakhs)	11.15	11.51	16.9	10.76
% of SC	31.62	33.28	35.48	28.61
% of ST	13.36	14.37	14.26	14.89
% of Women	54.32	57.58	73.71	71.53
% of Minorities	-	-	3.58	9.79

Source: Outcome Budget, MoRD, various issues.

## B. Bharat Nirman

The programme of Bharat Nirman was conceived by the UPA regime to provide the necessary boost to rural infrastructure in a time bound manner within the period 2005 to 2009. As per the government assertions, the purpose of Bharat Nirman was to infuse a sense of urgency to rural development which will unlock the growth potential of rural India.

### Highlights of Bharat Nirman

- Rural Electricity: Every village to be provided electricity: remaining 1,25,000 villages to be covered by 2009 as well as connect 2.3 crore households.
- Rural Road: Every habitation over 1000 population and above (500 in hilly and tribal areas) to be provided an all-weather road: remaining 66,802 habitations to be covered by 2009.
- Rural Drinking Water Supply: Every habitation to have a safe source of drinking water: 55,067 uncovered habitations to be covered by 2009. In addition all habitations which have slipped back from full coverage to partial coverage due to failure of source and habitations which have water quality problems to be addressed.
- Rural Telephony: Every village to be connected by telephone: remaining 66,822 villages to be covered by November 2007.
- Augmenting Irrigation Capacity: Additional irrigation capacity of 10 million hectares (100 lakhs) of capacity to be created by 2009.
- Rural Housing: 60 lakh houses to be constructed for the rural poor by 2009.

### B.i. Rural Housing (Indira Awaas Yojaana)

IAY is one of the major schemes of the Ministry of Rural Development (MoRD) and aims at providing proper houses to rural shelter-less people or people lacking proper shelter particularly ones who are below poverty line. The popularity of the scheme can be attributed to the fact that the scheme enables beneficiaries to participate and involve themselves in construction of their home. The role of the State Government is confined to mere facilitating use of local, low cost, environment-friendly and disaster resistant technology and also in encouraging construction of sanitary latrine and smokeless chulha. The funds for the IAY scheme are shared between the Central and the State Government in the ratio of 75:25. The Central budget is allocated to the States based on a 75% weightage to housing shortage and 25% weightage to poverty ratio. Similarly the district allocation is based on a 75% weightage to housing shortage and 25% to the share of SC/ST population. Out of the total allocation under the scheme, 60% are earmarked for SC/STs, 3% for persons with disability, and 15% for minorities. It is expected that all houses will be sanctioned in the name of women or jointly with the husband. These provisions are geared to enable effective targeting of the weaker sections of the society. The financial assistance provided under the scheme for each house is Rs. 35,000/- in plain areas and Rs. 38,500/- in hilly/ difficult areas. Up to 20% of annual allocation of IAY can be spent for upgradation of kutchha houses and/or credit-cum subsidy scheme. Rs.15,000/- is provided for up-gradation and under Credit-cum-Subsidy Scheme households having an annual income of not more than Rs. 32,000/- are provided subsidy of Rs. 12,500/-. They can also avail loan upto Rs. 50,000/- from banks for construction of house.

The allocation for IAY, quite uncharacteristic of previous trend, has shown a jump of around 63% from 2008-09 (B.E.) at Rs. 4859 crore to Rs. 7,919 in 2008-09 (R.E.). Clearly this can be seen as a last big effort to accelerate the progress of the scheme and meet its outlying targets. However, the budgeted allocation for 2009-10 has been pegged at Rs. 7,920 crore which is almost same as 2008-09 (R.E.).

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**Table-4.3.: Financial and Physical Progress of Indira Awaas Yojana (IAY)**

	2004-05	2005-06	2006-07	2007-08
Available Fund (in Crores)	4320.25	4586.74	5037.88	5386.1
Utilization (in Crores)	3261.54	3654.09	4253.42	3163.52
Percentage Utilization	75.49	79.67	84.43	58.73
Physical Targets				
(in lakhs)	15.66	14.41	15.33	21.27
Physical Targets				
Achieved	15.16	15.51	14.98	10.63
% of Physical Targets				
Achieved	97	107	97.71	50.02
Women Beneficiary (in lakhs)	7.37	8.79	8.27	7.55

Note: Physical achievements for 2007-08 are as on 31.12.07.

Source: Outcome Budgets, MoRD, various issues.

### B.ii. Rural Roads (Pradhan Mantri Gram Sadak Yojana)

In order to give a boost to rural connectivity, a rural roads programme, Pradhan Mantri Gram Sadak Yojana (PMGSY) was launched as a 100% CSS in December 2000. The Bharat Nirman Programme envisages a massive scaling up in terms of habitation connectivity coverage, construction targets, and financial investment. To achieve the targets of the Programme, 1,46,185 km of rural roads are proposed to be constructed to benefit 66802 unconnected eligible habitations in the country. In respect of the Hill States (North-East, Sikkim, Himachal Pradesh, Jammu & Kashmir and Uttaranchal) and the Desert Areas, the objective would be to connect habitations with population of 250 persons and above. It is also proposed to upgrade nearly 1.94 lakh km of the existing rural roads which are identified through routes of the core network. However, the physical targets set under the Bharat Nirman Programme till the end of 2008-09 are found to be beyond the capacity of the States. Therefore, the leftover targets of the Programme for 2007-09 will be completed only by the end of the financial year 2009-10. In order to augment funding for meeting the targets of rural connectivity under the Bharat Nirman Programme, it is proposed to borrow Rs. 16,500 crore from NABARD by leveraging the cess accruals.

Budgetary allocations for PMGSY since 2004-05 (R.E) i.e. Rs. 2,219 crore has steadily increased to Rs. 9,135 crore in 2009-10 (B.E). Given that the Union Budget 2009-10 is an interim budget, allocations for PMGSY has been substantially increased by 26% over 2008-09 figures, compared to other programmes.

**Table-4.4.: Financial and Physical Progress of PMGSY**

	2004-05	2005-06	2006-07	2007-08
Available Fund (in Rs. Crore)	2436.64	4190.59	4519.34	29680.18*
Utilization (in Rs. Crore)	3025.26	4560	4560	27398.01**
Length of road work	23481.43	17454	27250	2276929.1
Work completed	1104	27250	17702	142814.73**

Note: \* Figures upto January, 2008; \*\* figures upto December, 2007.

Source: Outcome Budget, MoRD, various issues.

## C. Conclusion

To sum up, the overall sectoral spending on rural development may have surpassed expectations, given the conservatism in fiscal expansion manifested by the UPA regime in its fiscal policies. However, before warming up to the numbers, caution needs to be exercised on the ground realities that prevail within the rural economy. Given the large scale destitution and poverty that still prevail, there is no gainsaying that the significant increase in spending is well below the requisite amount required to lift rural poor out of poverty and bring about an overall improvement in quality of life. Even for smaller tranches of spending to have maximum impact, it is absolutely necessary to improve the quality of expenditure. The government's commitment on this front have definitely fallen short of expectations given the low amount of non-plan spending in all the programmes/schemes, which is necessary to strengthen monitoring and other supportive activities required to improve the quality of public service delivery.



AGRICULTURE



- Central Government's expenditure on 'rural economy' has gradually increased from 1.82% of GDP in 2003-04 to 2.54% of GDP in 2009-10 BE.
- A small increase in expenditure has been observed in Agriculture and Allied Activities since 2003-04 (as a share of GDP, it was 1.19% and it has reached 1.63% in 2009-10 BE).
- The expenditure of the Ministry of Agriculture as a proportion of the GDP was 0.18% during 2004-05, and in the budget estimate of 2009-10, it has reached 0.25%.
- Expenditure of the Ministry of Agriculture (Government of India) on Capital Account reduced drastically since 2004-05 and it has reached 0.69% of the total expenditure of the Ministry in 2009-10 (it was 6.57% in 2004-05).
- Since 2004-05, expenditure incurred by all States on Agriculture and Allied Activities shows an increasing trend. The growth of this expenditure during the said period is around 72%.
- A significant increase is noticed in the Plan expenditure of All States during the period from 2004-05 to 2008-09, and the growth is more than 200%.
- The Composition of Plan expenditure of All States on Agriculture and Allied Activities between 2004-05 to 2008-09 shows the following trends:
  - Crop Husbandry received top priority during the period and its share has slightly increased to 38% in 2008-09 from 37% in 2003-04.
  - Share of Co-operation has been increased to 14% in 2008-09 compared to 10% in 2003-04.
  - Agriculture Research and Education was given a boost in 2008-09.
  - Share of Forestry and Wild Life declined sharply in 2008-09 budgets compared to 2004-05 budget allocations.

Agricultural sector has long been the mainstay of Indian economy in providing gainful employment to a large chunk of rural population. Low budget priorities, consequent decrease in purchasing power of the rural masses and a steady increase in input prices have been the core concerns of this sector which remains unaddressed by the successive governments and even the present government at the Centre. In wake of the worsening condition of small and marginal farmers as seen in rising number of farmers' suicides, it is important to have a look at the trends of budgetary investment of the United Progressive Alliance (UPA) government for the agricultural sector. The following section presents a picture of the budgetary expenditure of the Central Government as well as the State Governments towards agriculture and allied activities.

## A. Promises Made by the UPA Government and its Policy Initiatives for this Sector

The National Common Minimum Programme (NCMP) set forth by the UPA government promised to provide the best possible alternatives to the challenges facing agrarian sector of the country during 2004. It held promises to address burgeoning unemployment and agrarian distress, but in practice what it has performed is in no way different from the policy approaches of the previous National Democratic Alliance (NDA) government.

### A.i. Promises Made in the NCMP for the Agriculture Sector

The NCMP, declared in May 2004, promised the following:

- Rural credit will be doubled in the next three years.
- All existing irrigation projects will be completed within three-four years.
- All dues of farmers will be cleared at the earliest.
- Public investment in agricultural research and extension, rural infrastructure and irrigation will be stepped up in a significant manner at the earliest.
- Crop and livestock insurance schemes will be streamlined to make them more effective.



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- Controls that depress farm incomes will be systematically removed.
- All possible efforts will be made to maintain terms of trade in favour of agriculture.

### A.ii. Major Policies Announced During the UPA Regime

#### Debt Waiver and Debt Relief Scheme

The most significant announcement of the Union Budget 2008-09 was the debt waiver and debt relief scheme for farmers. The Finance Minister announced a debt waiver scheme in his budget presentation for the fiscal year 2008-09 worth Rs. 60,000 crore, under which all agricultural loans disbursed by scheduled commercial banks, regional rural banks and cooperative credit institutions up to March 31, 2007 and overdue as on December 31, 2007 which remained unpaid up to February 29, 2008, would be covered. For marginal farmers (holding up to 1 hectare) and small farmers (holdings up to 2 hectares), there would be a complete waiver of all loans that were overdue as on December 31, 2007 and which remained unpaid until February 29, 2008. In respect of other farmers, there would be a One Time Settlement (OTS) scheme for all loans that were overdue as on December 31, 2007 and which remained unpaid until February 29, 2008. Under the OTS, a rebate of 25% would be given against payment of the balance of 75%.

The scheme was initially expected to benefit 3 crore small and marginal farmers with loans worth of Rs. 50,000 crore and 1 crore more farmers from a 25% rebate against the one-time settlement of loans, which would cost an additional Rs. 10,000 crore. The scheme has now been expanded and it is estimated that it would waive farm loans to the extent of Rs. 71,680 crore, nearly 20% more than the amount initially provisioned, with a plan to cover around 4.2 crore beneficiaries. As it turns out, the number of small and marginal farmers covered is expected to be 3.7 crore, while the number of other farmers is estimated to be around 60 lakh. This effort of the government to minimise the stress of farmers is indeed a welcome step.

#### National Policy for Farmers, 2007

National Policy for Farmers, 2007, has been approved by the Government of India taking into account the recommendations of the National Commission on Farmers after consulting the State governments. The policy came up with a wide range of coverage on a variety of issues related to farming communities.

#### National Horticulture Mission

The Government of India launched a Centrally Sponsored Scheme (CSS) called National Horticulture Mission (NHM) in May, 2005 for holistic development of this sector ensuring horizontal and vertical linkages with the active participation of all the stakeholders. The main objectives of the mission are to enhance horticulture production through area-based regionally differentiated strategies, improve nutritional security and income support to farm households, establish convergence and synergy among ongoing programmes for horticulture development and promote, develop and disseminate technologies.

#### Micro Irrigation Scheme

A Centrally Sponsored Scheme which was launched in March, 2006 to promote water use efficiency by adopting drip and sprinkler irrigation. Up to March, 2007, an expenditure of Rs. 366.4 crore was incurred and an area of 3.4 lakh hectares under drip and sprinkler irrigation system was covered. Allocation of funds during 2007-08 was Rs. 550 crore for covering 3.6 lakh hectares. However, Rs. 266.7 crore of the allocated amounts was released till the end of January 2008.

#### National Bamboo Mission

Recognizing the potential of bamboo in terms of employment generation and providing sustainable livelihoods to the farmers, National Bamboo Mission, a Centrally Sponsored Scheme approved by the Government of India in October, 2006. The basic thrust of the scheme is to promote bamboo sector through an area based regionally differentiated strategies to generate employment opportunities for skilled and unskilled persons, especially unemployed youths.

#### Integrated Scheme of Oilseeds, Pulses, Oilpalm and Maize (ISOPOM)

ISOPOM, a Centrally Sponsored Scheme is being implemented since April 2004, in order to provide flexibility to the States in implementation, based on regionally differentiated approach in promoting crop diversification and to provide focused approach to the programmes. The scheme was introduced by merging the four erstwhile schemes of Oilseeds Production Programme (OPP), National Pulses Development Project (NPDP), Oilpalm Development (OPDP) and Accelerated Maize Development Programme (AMDP).

## **Agricultural Technology Management Agency (ATMA)**

ATMA, a Centrally Sponsored Scheme, which was launched in March, 2005, was introduced for technology dissemination particularly at district level and below. The main objective of this programme is to support to state extension programmes for extension reforms to make extension system farmer driven and farmer accountable.

### **B.i. Major Proposals in the Eleventh Five Year Plan (2007-2012)**

In the context of the misery that this sector is suffering from, in terms of slowdown in growth rate, widening economic disparities between irrigated and rain-fed areas, increased vulnerability to world commodity price volatility following trade liberalization, uneven and slow development of technology, inefficient use of available technology and inputs, lack of adequate incentives and appropriate governance institutions, degradation of natural resource base, rapid and widespread decline in groundwater table, increased non-agricultural demand for land and water, aggravation in social distress in the form of upsurge in farmers' suicide etc, the Eleventh Five Year Plan sets strategy to accelerate sustained agricultural annual growth rate at 4% per annum. For achieving annual growth rate of 4%, the actions proposed during the Eleventh Five Year Plan are as follows:

- Bringing technology to the farmers;
- Improving efficiency of investments, increasing systems support and rationalizing subsidies;
- Diversifying agriculture, while protecting food security concerns;
- Fostering inclusiveness through a group approach by which the poor, especially women, will get better access to land, credit and skills;
- Priority in agriculture research should be given in terms of increased investment;
- Research priorities have to shift towards evolving cropping systems suited to various agro-climatic conditions and towards enhancing the yield potential in rain fed areas through development of drought and pest resistant varieties;
- The Indian Council for Agriculture Research (ICAR) needs to be restructured with emphasis on greater accountability;
- Adequate emphasis will also be given to better ground water utilization; and
- Investment in irrigation and irrigation delivery systems.

### **B.ii. Other Important Programmes/Schemes:**

#### **Continuation of Accelerated Irrigation Benefit Programme (AIBP)**

The Central Government continued the AIBP which was introduced during 1996-97 for extending assistance to complete irrigation schemes which had remained incomplete in the Tenth Five Year Plan. Since its inception, the programme was primarily a loan from the Centre but in 2004-05 a grant component was added in the programme. Further, in December 2006, a revised guideline was prepared to provide 90% of the project cost as grant to Special Category States, Drought Prone Area Programme (DPAP)/Tribal Areas and Kalahandi, Bolangir and Koraput (KBK) districts of Orissa.

#### **National Project for Repair, Renovation and Restoration of Water Bodies**

To cover a larger area under irrigation, the government sanctioned this project in January 2005 with an estimated cost of Rs. 300 crore to be shared between the Centre and States in 3:1 ratio. By November 30, 2007 Central share of Rs. 179.3 crore was released to the states, covering 1098 water bodies.

#### **Development and Strengthening of Infrastructure Facilities for Production and Distribution of Quality Seeds**

The scheme, in operation since 2005-06, essentially aims at to ensure production and multiplication of high yielding certified/quality seeds of all crops in order to make sufficient quantities of seeds available to farmers in time and at an affordable price.

#### **National Food Security Mission (NFSM)**

Government of India launched NFSM, a Centrally Sponsored Scheme in August 2007. The major objective of this scheme is to increase production and productivity of wheat, rice and pulses by 10, 8 and 2 million tonnes, respectively by the end of Eleventh Five Year Plan on a sustainable basis so as to ensure food security for the country.

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### Rashtriya Krishi Vikas Yojana (RKVY)

In order to achieve 4% annual growth in the agriculture sector during the Eleventh Five Year Plan, Government of India approved this programme in August 2007, with an allocation of Rs. 25,000 crore. The programme aims to incentivise the States to increase the share of investment in agriculture in their State Plans. This programme is basically a State Plan scheme and the funds under RKVY are provided as 100% grant from the Central Government.

### C. Public Spending during the UPA regime

Though the NCMP has given much importance to increased public investment in the agriculture sector, budgetary allocation/spending in this sector is far from satisfactory. Given the intensity of the agrarian crisis in India today, the expenditure that the present government has incurred in this sector over a couple of years in order to address these problems is quite inadequate. The priorities accorded in the budgetary allocation and spending in subsequent budgets since 2004-05 (during UPA regime) reflects that agriculture as a sector, which provides livelihoods to millions of rural Indians, have remained utterly neglected.

#### C.i. Public Spending on Agriculture from the Union Budget

**Table-5.1: Central Government Spending on the Rural Economy\* as a Proportion of Union Budget and GDP**

Year	Expenditure on Rural Economy*		Agriculture and Allied Activities	
	As a % of Total Union Budget Expenditure	As a % of GDP at Market Prices	As a % of Total Union Budget Expenditure	As a % of GDP at Market Prices
2003-04	10.65	1.82	6.98	1.19
2004-05	9.91	1.57	7.30	1.15
2005-06	11.32	1.60	7.43	1.05
2006-07	14.58	2.05	8.28	1.16
2007-08	13.05	1.97	9.64	1.45
2008-09 RE	22.24	3.69	15.60	2.59
2009-10 BE	16.02	2.54	10.31	1.63

Note: \* Includes expenditure on Agriculture and Allied Activities, Rural Development, Special Area Programmes, Irrigation and Flood Control and Village and Small Industries

Source: Computed from the data given in Annual Financial Statement (AFS), Budget at a Glance, Various Years and Indian Public Finance Statistics, 2007-08, GoI

Expenditure on rural economy as percentage of total Union Budget expenditure was 10.65% during 2003-04 and gets doubled in 2008-09 RE (22.24%). Share of expenditure on rural economy as % of GDP since 2003-04 has slightly increased from 1.82% in to 2.54% in recent budget estimates (2009-10). Hence, during the period 2003-04 to 2009-10 expenditure on rural economy hovered around 1.5 to 2.5% of GDP.

Agriculture and allied activities, as a sector of the economy, is yet to receive priority in Central Government's budget allocation. It is evident from the data (See table 5.1) that expenditure for agriculture and allied activities revolves around 1 to 1.5% of GDP during the period 2003-04 to 2009-10. Expenditure on agriculture and allied activities as percentage of total spending ranges between 7 to 10%. The expenditure on agriculture and allied activities in 2008-09 RE as a share both of GDP as well as total Union Budget is 2.59 and 15.60 respectively. This unprecedented rise is noticed because of the budgetary provisions of around Rs. 45,000 crore over the budget estimate of 2008-09. This was made towards payment to the manufacturers/agencies under the scheme of sale of decontrolled phosphatic (P) and Potassic (K) fertilisers at concession rates to the farmers. However, a small increase in expenditure has been observed in agriculture and allied activities since 2003-04 (as a share of GDP, it was 1.19% and it has reached 1.63% in the budget estimate of 2009-10).

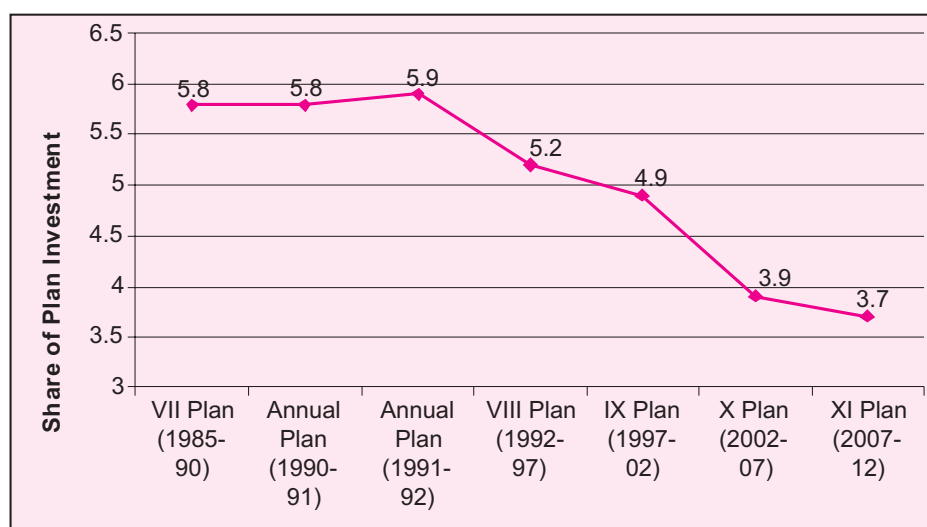
**Table-5.2: Composition of Expenditure on Agriculture & Allied Activities from the Union Budget**

Year	Revenue Expenditure (%)	Capital Expenditure (%)	Loans and Advances (%)	Total (in Rs. Cr)
1999-00	97.4	1.3	1.3	17137.41
2000-01	99.0	0.2	0.8	19527.41
2001-02	99.0	0.2	0.9	25712.64
2002-03	99.2	0.2	0.6	31185.59
2003-04	99.5	0.2	0.3	32901.49
2004-05	99.6	0.2	0.2	36355.92
2005-06	99.6	0.1	0.3	37593.47
2006-07	99.7	0.2	0.1	48283.64
2007-08	99.4	0.5	0.1	68688.83
2008-09 RE	99.4	0.5	0.0	140508.67
2009-10 BE	99.8	0.1	0.1	98248.55

Source: Computed from the data given in AFS, Various Years, Gol.

Over the years it has been observed that almost all the expenditure on agriculture and allied activities of Central Government's budget were booked under revenue account, while a meagre amount was left for expenditure under capital account. This is clear from the data (See table-5.2) that during 1999-00, around 97.4% of the total expenditure for agriculture and allied activities was carried out through revenue account and even in the recent budget estimate, i.e. 2009-10, hardly any amount was left for capital creation in this sector.

**Figure-5.1.: Share of Plan Outlay on Agriculture and Allied Activities since Seventh Five Year Plan (in %)**



Source: Economic Survey, 2007-08, Gol

Share of plan investment (both Centre and States/UTs) in agriculture and allied sector has been declining since 1985. Declining share of investment in agriculture shows that less priority has been accorded to this sector in terms of budgetary investment. During the Seventh Five Year Plan, the share of agriculture and allied activities in the total plan investment was 5.8% and this got reduced to 3.7% in the Eleventh Five Year Plan. (See graph-5.1)

## D. Spending on the Sector from the Budgets of All States during 2003-04 to 2008-09

Overall responsibility of development of agriculture and allied activities in India lies with the State governments. Since agriculture is a State subject, budgetary provisions for such activities in the State budgets show an increasing trend over the last couple of years. Since 2004-05, expenditure incurred by all States on agriculture and allied activities shows a sharply increasing trend and reached at Rs.42,434.59 crore in 2008-09 BE from Rs.24,696.97 crore, which was in 2004-05. The growth of expenditure during the said period is around 72%. Crop husbandry, as an important

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function of the sector, received top priority followed by forestry and wild life, co-operation and animal husbandry in the State budgets during the period of analysis. (See table- 5.3)

**Table-5.3.: Total Expenditure (by All States) on Agriculture and Allied Activities**

Function/Year	2003-04	2004-05	2005-06	2006-07	2007-08 RE	2008-09 BE
Agriculture and Allied Activities (in Rs. Cr)	18894.62	24696.97	25397.6	31371.85	39546.92	42434.59
Crop Husbandry (%)	27.3	23.9	22.9	22.6	27.1	32.3
Soil and Water Conservation (%)	6.5	5.4	5.1	5.7	5.8	6.5
Animal Husbandry (%)	11.7	9.9	10.7	10.2	10.3	11.3
Dairy Development (%)	5.9	3.6	3.8	3.5	2.6	3.5
Fisheries (%)	2.4	2.2	2.7	2.7	2.9	3.3
Forestry and Wild Life (%)	22.7	17.5	19.6	17.7	16.2	17.0
Plantations (%)	0.1	0.1	0.0	0.0	0.0	0.0
Food Storage and Warehousing (%)	3.7	11.2	8.5	8.6	10.1	7.8
Agricultural Research and Education (%)	7.6	6.0	6.6	6.1	5.6	6.5
Cooperation (%)	11.1	19.8	19.7	22.5	18.8	11.1
Other Agricultural Programmes (%)	1.1	0.5	0.5	0.5	0.5	0.8

Source: State Finance-A Study of Budgets, Various Years, RBI

Since 2004-05, plan expenditure for agriculture and allied activities from the State budgets shows an increasing trend. During the initial year of the UPA-led government, share of plan expenditure was around 30%, and that share has increased during subsequent years and reached at 53% during 2008-09 BE. Looking at the intra-sectoral distribution of plan expenditure, most of the expenditure was on functions like crop husbandry, soil and water conservation, fisheries and plantation. (See table-5.4) One of the obvious arguments is that huge plan investments cannot yield desired outcomes in any sector, unless there is an equal and proportionate increase in non-plan expenditure in the sector to absorb plan expenditure.

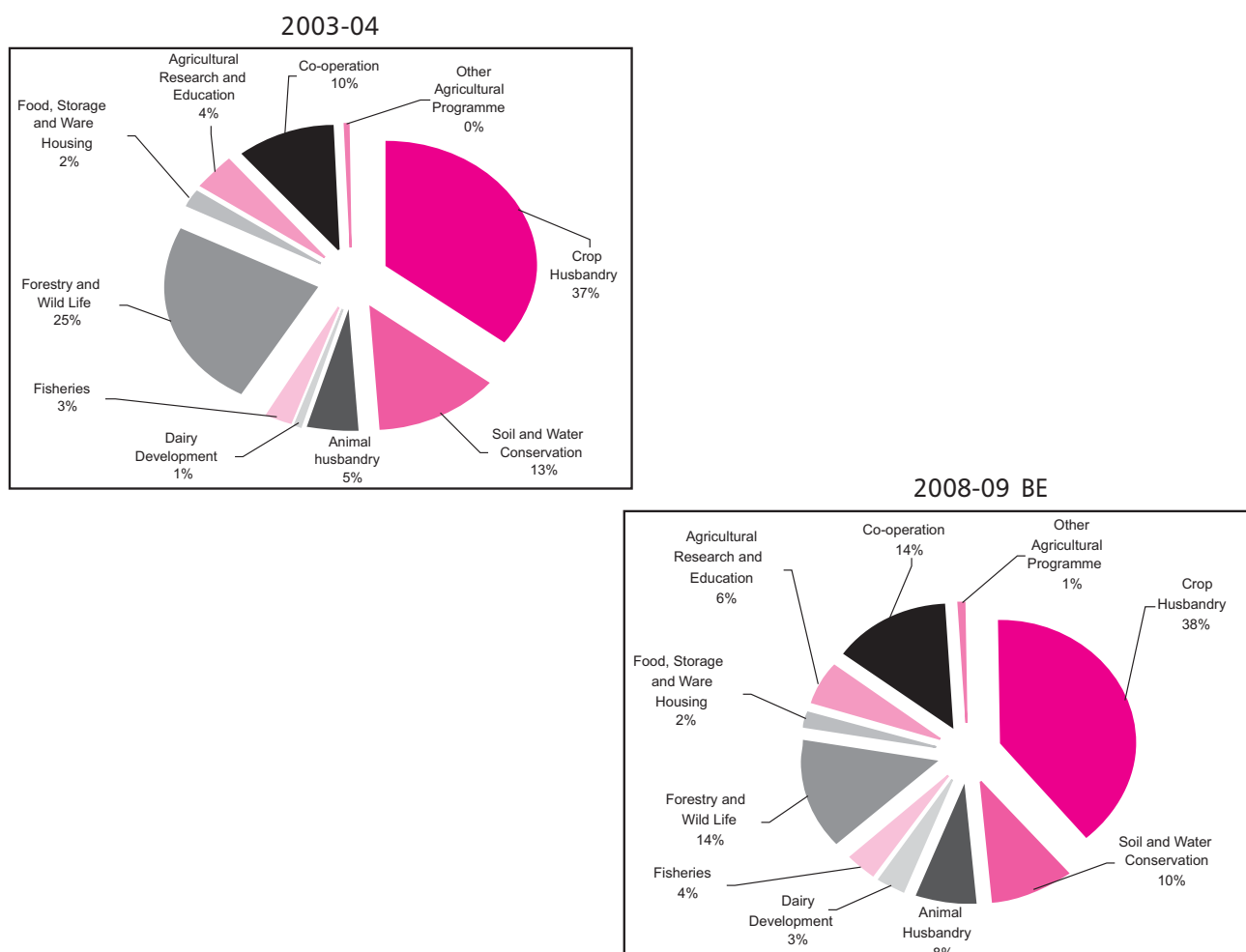
**Table-5.4.: Share of Plan Expenditure in Total Expenditure by all States on different Sub-sectors within Agriculture & Allied Activities (in %)**

Function/Year	2003-04	2004-05	2005-06	2006-07	2007-08 RE	2008-09 BE
Agriculture and Allied Activities	34.0	29.9	32.6	41.4	45.8	53.3
Crop Husbandry	44.6	43.3	47.8	48.6	58.3	64.0
Soil and Water Conservation	69.3	71.0	69.7	74.4	76.0	78.4
Animal Husbandry	14.6	17.6	21.7	25.5	33.6	36.1
Dairy Development	5.4	8.2	13.4	22.6	38.2	51.5
Fisheries	45.7	50.8	47.0	54.4	51.4	61.0
Forestry and Wild Life	36.6	36.0	41.6	43.4	43.9	45.0
Plantations	66.0	58.6	52.6	56.3	53.8	53.2
Food Storage and Ware Housing	18.6	3.4	5.2	11.6	17.2	16.1
Agricultural Research and Education	19.7	22.1	26.8	28.8	30.3	45.9
Co-operation	31.6	22.0	17.3	47.6	46.6	65.8
Other Agricultural Programmes	13.2	32.9	43.7	38.6	49.7	63.3

Source: State Finance-A Study of Budgets, Various Years, RBI

If one looks at the distribution of total plan allocation of all States among different sub-sectors (functions) of agriculture and allied activities, it is apparent that there has been a clear shift of priorities between 2003-04 and 2008-09. During 2003-04, top priority was for crop husbandry followed by forestry and wild life, soil water conservation and co-operation. However, though crop husbandry is still emphasized during 2008-09, the thrust of plan investment shifted from forestry, wild life and water conservation to animal husbandry, co-operation and agriculture research and education. (See graph-5.2)

Figure 5.2.: Priorities for different Sub-sectors within Plan Expenditure on Agriculture and Allied Activities (in %)



Source: Computed from State Finance-A Study of Budgets, Various Years, RBI

Table-5.5.: Shre of Cptl Expenditure in Totl Expenditure by II States on different Sub-sectors within Agriculture and Allied Activities (in %)

Function/Year	2003-04	2004-05	2005-06	2006-07	2007-08 RE	2008-09 BE
Agriculture and Allied Activities	9.2	19.2	17.4	21.6	16.7	14.3
Crop Husbandry	7.8	4.4	2.4	2.9	5.3	2.9
Soil and Water Conservation	21.6	18.1	20.0	29.9	30.8	26.8
Animal husbandry	1.3	1.4	3.4	4.6	6.3	5.4
Dairy Development	0.7	0.9	1.2	1.2	0.6	0.2
Fisheries	11.4	12.2	10.9	12.5	12.2	14.5
Forestry and Wild Life	9.7	11.0	13.2	13.2	11.7	14.1
Plantations	13.8	48.8	51.2	49.7	50.7	49.6
Food Storage and Ware Housing	-61.9	42.9	24.1	35.0	44.6	47.4
Agricultural Research and Education	2.1	1.5	2.1	3.3	1.1	1.6
Co-operation	45.7	50.1	52.2	56.9	31.7	38.2
Other Agricultural Programmes	3.5	4.2	7.1	5.7	9.9	7.0

Source: Computed from State Finance-A Study of Budgets, Various Years, RBI

## HOW DID THE UPA SPEND OUR MONEY?

Over the year, a stagnating trend (See table 5.5) of expenditure has been observed under capital heads by the State governments for agriculture and allied activities. As is viewed that capital expenditure in any sector of the economy will push the future growth of the sector while contributing to the overall growth process of the economy. Hence, increased expenditure under such heads may reduce the crisis that prevails in this sector.

### E. Trends in Agricultural Inputs

**Table-5.6.: Gross Capital Formation (GCF) in Agriculture (at 1999-00 Prices)**

Year	Total GCF (in Rs. crore)	GCF in Agriculture (in Rs. crore)	Share of Agriculture in Total GCF (in %)	GDP Agriculture (in Rs. crore)	GCF in Agriculture as % of Agriculture GDP
1999-00	506244	43473	8.59	409660	10.61
2000-01	488658	39027	7.99	407176	9.58
2001-02	474448	48215	10.16	433475	11.12
2002-03	555287	46823	8.43	398206	11.76
2003-04	665625	44833	6.74	441360	10.16
2004-05	795642	49108	6.17	441183	11.13
2005-06	950102	54905	5.78	468013	11.73
2006-07	1053323	60762	5.77	485937	12.50

Source: Economic Survey, 2007-08, Government of India,

Increase in productivity and hence production of agricultural output is dependent on capital formation in agriculture sector both from public and private sector. Gross Capital Formation (GCF) in agriculture as a proportion of total GCF has shown a continuous decline over the years. (See table 5.6) However, GCF in agriculture relative to agricultural GDP shows an increasing trend. It is pertinent to note that the rising trend of GCF in agriculture as percentage of agricultural GDP is, in some sense, misleading. The declining share of agriculture in GDP is accountable for such a misleading trend. Hence, share of agriculture GCF to overall GCF provides us the complete picture. However, given the situation of low capital formation in this sector, targeting to achieve 4% of annual growth rate during Eleventh Five Year Plan needs at least 16% of GCF in agriculture to agriculture GDP.

**Table-5.7.: Institutional Credit Flow to Agriculture Sector (in Rs. crore)**

Year/Agency	Co-operatives	RRBs	Commercial Banks	Total
2004-05	31424	12404	81481	125309
2005-06	39404	15223	125859	180486
2006-07	42480	20435	140382	203297
2007-08 **	NA	NA	NA	250000

Note: \*\* Taken from Key Features of Interim Budget 2009-10. RRB: Regional Rural Banks, NA-Not available

Source: Economic Survey, 2007-08, Government of India

As we know credit for agriculture sector is an indispensable input for the growth of this sector. Ensuring cheap and timely disbursement of credit to the farmers retains their confidence to adopt agriculture as a means of livelihood. It is true that promises made in NCMP have been fulfilled with regard to doubling the rural credit within the time frame. It is also true that they have announced a debt waiver and debt relief scheme for the farmers. But the scheme as a means to reduce the stress of the farmers, fails to recognise the plight of such category of farmers (about 39%, during 2002, All India Debt and Investment Survey, RBI) who have had to take loan from non-institutional sources.

Consumption of chemical fertilisers such as N, P & K for agriculture has doubled during the period 1990-91 to 2006-07, which, in fact, is not a good sign for Indian agriculture keeping in mind the quality of soil degradation due to using chemical fertilisers. However, the composition of the use of chemical fertilisers since 1990-91 shows a balanced trend (See table-5.8).

**Table-5.8.: All-India Consumption of Fertilisers in terms of Nutrients (N, P & K) since 1990-91 (in %)**

Year	N (Nitrogen)	P (Phosphorus)	K (Potassium)	Total (in '000 Tonnes)
1990-91	63.7	25.7	10.6	12546.2
1991-92	63.2	26.1	10.7	12728.0
1996-97	72.0	20.8	7.2	14308.1
2000-01	65.4	25.2	9.4	16702.3
2001-02	65.2	25.2	9.6	17359.7
2002-03	65.1	25.0	9.9	16094.1
2003-04	65.9	24.6	9.5	16799.1
2004-05	63.7	25.1	11.2	18398.3
2005-06	62.6	25.6	11.9	20340.3
2006-07	63.6	25.6	10.8	21651.0

Source: Agriculture Statistics of India, 2008, GoI

Access to extension service workers for any government agency as a source of information on the use of modern technology in agriculture by the farming community in India is very low. This could be one of the major reasons for low rate of growth of productivity of agriculture in India. Access to extension services workers as a source of information in using modern technology by the farmers is only 5.7% which is still low among farmers falling under marginal category of farmers households. Similar is the case in accessing any government agency. (See table-5.9)

**Table-5.9.: Access to Extension Services (% of Farmer Households) during 2003\***

Category of Farmers	Marginal	Small	Marginal & Small	Medium & Large	Total
Access to extension service workers as a source of information on modern technology for farming	4.1	8.1	4.9	10.1	5.7
Access to any government agency as a source of information on modern technology	5.4	8.9	6.1	12.5	7.2

Note: \* All India includes the small states Goa, Delhi, Puducherry, & UTs

Source: Compiled from NSSO data on 59th round, Situation Assessment Survey of Farmers 2003

Higher the consumption of electricity for agricultural purposes higher would be agricultural productivity. If one observes the trend of consumption of electricity for agriculture purposes since 1991-92, it depicts a substantial declining trend. During 1991-91, proportion of total consumption of electricity for agriculture purposes out of total electricity consumption of the country was 28% which got reduced to around 22% during 2006-07. (See table 5.10)

**Table-5.10: Share of Consumption of Electricity for Agricultural Purposes (in GWh)**

Year	As a Proportion of Total Consumption
1991-92	28.20
1996-97	29.98
2001-02	25.33
2002-03	24.88
2003-04	24.13
2004-05	22.93
2005-06	21.92
2006-07*	21.73

Note: \* Provisional GWh: Giga Watt-hour

Source: Central Electricity Authority, New Delhi



## HOW DID THE UPA SPEND OUR MONEY?

Budgetary provision for food and likewise, subsidies plays an important role in securing food for all in general and for the disadvantaged sections of the community in particular. Given the volatility in world food prices, ensuring fair prices to the farmers for agricultural produce on the one hand and providing food grains to the poorer sections of the society on the other hand through food subsidies becomes crucial. Although budgetary spending for major subsidies including petroleum subsidy increased substantially (in absolute numbers) during 2003-04 to 2009-10, majority of the population continues to face food insecurity. During 2004-05, total food subsidy (Central Government's) bill was Rs.25798 crore and this increased to Rs.42490 crore in 2009-10 Budget Estimate. Data also reveals that food subsidies have been on the rise since 2007-08 (see Table 5.11).

**Table-5.11: Expenditure on Subsidies from the Union Budget (in Rs. Crore)**

Items/Year	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09 RE	2009-10 BE
Food	25181	25798	23077	24014	31328	43627	42490
Indigenous (Urea) Subsidies	8521	10243	10653	12650	12950	16517	8580
Imported (Urea) Subsidies	0	494	1211	3274	6606	10981	7800
Sale of decontrolled fertiliser with concession to farmers	3326	5142	6596	10298	12934	48351	33600
Petroleum Subsidy	6351	2956	2683	2699	2820	2877	3109
Grants to NAFED for MIS/PPS	156	120	260	560	860	375	375
Other Subsidies	788	1204	3042	3630	3428	6515	4978
Import/Export of sugar, Edible Oils etc	0	0	0	0	0	540	200
Interest Subsidies	170	564	2177	2809	2311	4063	2609
Other Subsidies	618	640	865	821	1117	1912	2169
<b>Total Subsidies</b>	<b>44323</b>	<b>45957</b>	<b>47522</b>	<b>57125</b>	<b>70926</b>	<b>129243</b>	<b>100932</b>
Total Subsidies as Proportion to GDP (%)	1.61	1.46	1.33	1.38	1.50	2.38	1.68
Total Subsidies as Proportion to Total Government Expenditure (%)	9.41	9.22	9.40	9.79	9.95	14.35	10.59

Source: Compiled from Expenditure Budget Vol-1, 2009-2010, Government of India

### F. Indicators of Outcomes

**Table-5.12.: India's Imports/Exports of Agricultural Commodities vis-à-vis Total National Imports/ Exports during 1990-91 to 2007-08**

Year	Proportion of Agriculture Imports to Total National Imports	Proportion of Agriculture Exports to Total National Exports
1990-91	2.79	18.49
1995-96	4.80	19.18
2003-04	6.12	12.70
2004-05	4.55	11.08
2005-06	3.26	10.78
2006-07	3.53	10.92
2007-08(P)	3.09	12.15

Note: P-Provisional Source: DGCI&S, Ministry of Commerce, Kolkata.

Table 5.12 depicts that proportion of agricultural imports to the total national imports have declined since 2003-04. Similar trend is also observed with regard to exports of agricultural products to the national products. It is important to note that higher proportion of agricultural imports to the national imports signifies higher dependency of the economy on agricultural products.

Per capita net availability of food grains since 1990 shows a declining trend. One of the obvious presumptions of this could be that this warns the policy makers and the administrators to take bold steps at the earliest before getting into the acute crisis of food. During 1990, per capita per annum net availability of food grain was 172.5 kg which got reduced to 160.4 kg in 2007. Similar is the trend with net availability of food grain (grams per capita per day) which was 472.6 gram per capita per day during 1990 which reduced to 394.9 gram. The decline is around 78 grams per capita per day (16% over 1990). (See table 5.13)

**Table-5.13.: Net Availability of Foodgrains since 1990**

Years	Net Availability of Food grains (Kg Per Capita Per Annum)	Net Availability of Food grains (Grams Per Capita Per Day)
1990	172.5	472.6
1995	180.8	495.5
2000	165.9	416.2
2001	151.9	494.1
2002	180.4	437.6
2003	159.7	462.7
2004	168.9	422.4
2005	154.2	445.3
2006	162.5	439.3
2007 (P)	160.4	394.9

Note:

1. The net availability of food grains is estimated to be Gross Production (-) seed, feed & wastage, (-) exports (+) imports, (+/-) change in stocks.
2. The net availability of food grains divided by the population estimates for a particular year indicates per capita availability of food grains in terms of kg/year. Net availability, thus worked out further divided by the number of days in a year i.e., 365 days gives us net availability of food grains in terms of grams / day
3. Figures in respect of per capita net availability given above are not strictly representative of actual level of consumption in the country especially as they do not take in to account any change in stocks in possession of traders, producers and consumers.
4. For calculation of per capita net availability the figures of net imports from 1981 to 1994 are based on imports and exports on Government of India account only. Net imports from 1995 onwards are the total exports and imports (on Government as well as private accounts)
5. Food grains includes rice, wheat, other cereals and all pulses P- Provisional

Source: Agriculture Statistics of India, 2008, GoI

## G. Interim Budget 2009-10: What about Major Schemes/Programmes in Agriculture and Allied Activities?

- There is no increase in allocation found in the budget 2009-10 for National Horticulture Mission. The allocation during 2008-09 was Rs. 1,100 crore which has remained the same in 2009-10.
- The 2008-09 BE for the programme RKVY for the year 2008-09 was Rs. 3,165.67 crore and 2009-10 BE for this programme is Rs. 3,153.3 crore. Hence, the allocation for RKVY has declined to the extent of Rs. 12 crore.
- Allocation for Department of Agriculture and Cooperation declined in 2009-10 compared to the previous year's budget estimates, from Rs. 10,734.45 crore in 2008-09 BE, it reduced to Rs. 10,651.45 crore in 2009-10 BE.
- An overall increase in allocation is observed for the Department of Agricultural Research and Education in 2009-10 compared to previous year's budget estimates. The increase is around 21%.
- However, no such increase is noticed in the Plan allocation for the Department of Agricultural Research and Education and Department for Agriculture and Cooperation in 2009-10 compared to 2008-09.
- An increase of only Rs. 44 crore is observed for the Department of Animal Husbandry, Dairying and Fisheries.
- Allocation towards food subsidies declined to the tune of Rs. 1150 crore in 2009-10 BE compared to 2008-09 RE.



# FOOD & NUTRITION SECURITY



- The UPA's NCMP had promised a lot for ensuring universal food and nutritional security through enacting NREGA and other policies like NPAG and Village Grain Bank scheme. It subsumed the old schemes and programmes like Sampoorna Grameen Rozgar Yojana (SGRY) and National Food for Work Programme (NFFWP) in NREGS.
- Central Government's outlays towards food security do not show any substantial improvement despite its promises. Two important schemes ensuring food security viz. TPDS & AAY have not got substantial prioritization in the budgets of the UPA Government.
- Union Budget outlays on other important interventions for achieving nutritional security, such as Supplementary Nutrition Programme (SNP), Mid Day Meal (MDM) and food component of SGRY and NFFWP, have shown that the UPA Govt. has not done much to address the problem of acute malnutrition in India.
- During the UPA regime, 80% population lived below Rs.100 (\$ 2) per day (IGIDR, 2008), and 50% of rural population still maintain their livelihoods within Rs.580 as Monthly Per-capita Consumption Expenditure (MPCE)
- In the UPA regime, promises made by the NCMP for providing universal food security have turned out to be empty rhetoric. The allocation on food security (2004-05 to 2008-09) has remained around 1.18% of GDP.

## A. Promises & Policy Initiatives of the UPA Government

The United Progressive Alliance (UPA) in its National Common Minimum Programme (NCMP) promised for all-out efforts to ensure universal food and nutritional security in the country during its tenure. It launched the National Food for Work Programme (NFFWP) as a 100% Centrally Sponsored Scheme (CSS) in November 2004 in 150 most backward districts of the country to generate additional supplementary wage employment with food security. Under this programme, cash and foodgrains are entirely provided by the Centre. Likewise, in the existing Sampoorna Grameen Rozgar Yojana (SGRY), minimum wages in the SGRY are paid to the workers through a mix of minimum 5kgs of foodgrains and at least 25% in cash to protect the real wages of the workers, besides improving the nutritional standards of the families of the rural poor.

### UPA's NCMP promises on Food and Nutrition Security

- To work out a comprehensive medium-term strategy for food and nutrition security. The objective will be to move, over time, towards universal food security.
- To strengthen the Public Distribution System (PDS) particularly in the poorest and backward blocks of the country and to involve women's and ex-servicemen's cooperatives in its management.
- To launch special schemes to reach foodgrain to the most destitute and infirm.
- To establish Grain Banks in chronically food-scarce areas.
- To introduce Antyodaya cards for all households at risk of hunger.
- To bring about major improvements in the functioning of the Food Corporation of India (FCI) so as to control inefficiencies that increase the food subsidy burden.
- To expand on a significant scale, nutrition programmes particularly for the girl child.

The UPA government enacted a very historic legislation, the National Rural Employment Guarantee Act in August 2005 to provide a legal undertaking of at least 100 days of wage employment in every financial year to every rural household whose adult members volunteer to do unskilled manual work. In the first phase it covered 200 districts, in the second phase 130 additional districts were covered and in the third phase, all remaining districts have been covered since financial year 2008-09. The two important schemes for food security- SGRY and NFFWP have been subsumed under NREGS.

During the UPA regime, the Village Grain Bank Scheme, which was hitherto with the Ministry of Tribal Affairs, was transferred to the Department of Food & Public Distribution. The objective of the scheme was to establish Grains Banks in chronic food scarce areas and to provide safeguards against starvation during the lean period. The scheme was also intended to mitigate drought-induced migration and food shortages by making foodgrains available in the village during calamities.

## HOW DID THE UPA SPEND OUR MONEY?

The Government further approved the implementation of Nutritional Programme for Adolescent Girls (NPAG), through the Ministry of Women and Child Development, in 51 backward districts identified by the Planning Commission in the year 2005-06 which provides 6 kg of free food-grains to undernourished adolescent girls only (pregnant women & lactating mothers are not covered as these are targeted under ICDS). The scheme is being continued for the Annual Plan 2006-07 on pilot project basis. The funds are given as 100% grant to States/UTs so that they can provide food grains through the Public Distribution System (PDS) free of cost to the families of identified undernourished persons. The success of the intervention is dependent on effective linkages with the Public Distribution System. The target groups are adolescent girls (11-19 years) (weight < 35 Kg). The services provided are (i) 6 kg of free food-grains (wheat/rice/maize based on habitual consumption pattern of the state) /per month per beneficiary. (ii) nutrition and health education to the beneficiaries and their families.

### Eleventh Five Year Plan Proposals on Food & Nutrition Security

- To introduce a single Central Issue Price for both BPL and APL families in those states where TPDS is not performing satisfactorily.
- To introduce food stamps as a viable alternative to the present PDS system if markets can be integrated.
- To introduce Multi Application Smart Cards (MASCs) to facilitate simplification of procedures and enhance the efficiency of PDS.
- To stop the massive leakage of fiscal subsidy to the non-poor on the one hand and the ineffective targeting of the poor by the cardholder-based TPDS system
- To redirect subsidies currently in the PDS to better funding of other schemes (MDM and ICDS).
- To universalize ICDS and to restructure its mission mode with a mission structure at the central level and a similar structure at the state level with a greater focus on 0-3 year old children.
- To give priority to micronutrient malnutrition control, especially to tackle anaemia.
- To reduce anaemia among women and girls by 50% by the end of the Eleventh Plan
- To expand the existing Iron and Folic Acid Supplementation Programmes under RCH (NRHM) and to expand Vitamin A Supplementation Programme for all children between nine months to five years of age and existing low coverage to be brought to 90% by 2009

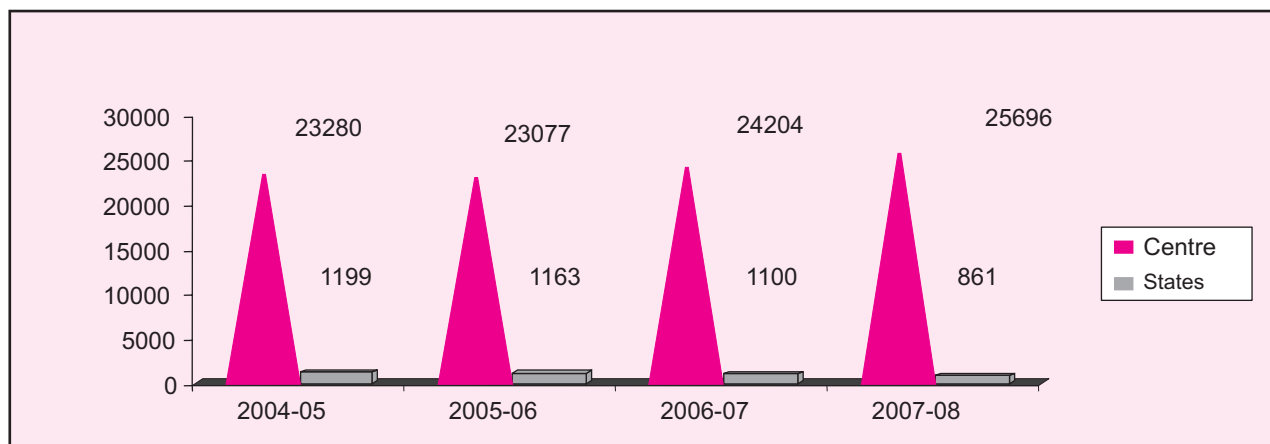
Furthermore, to ensure sustainable nutritional security to all children basically for the primary school children, the UPA imposed an Education Cess of 2% on all major Central Taxes through the Finance Act, 2004. Prarambhik Shiksha Kosh (PSK) has been established with effect from September 2005 as a dedicated non-lapsable fund to receive the proceeds of the cess. The funds in the Kosh are used for Sarva Shiksha Abhiyan (SSA) and National Programme for Nutritional Support to Primary Education or the Mid Day Meal scheme. With regard to nutritional intake, MDM was revised in June 2006 under which a provision of cooked mid-day meal having nutritional value of minimum 450 calories with 8-12 grams of protein has been envisaged. While the guidelines of providing free foodgrains at the rate of 100 grams per child per school day remains, the cooking cost has been further increased to Rs. 1.50 per child per school day. The government also revised the coverage pattern of the scheme in October 2007 to reach out to upper primary level (Classes VI to VIII) in 3479 educationally backward blocks. From 2008-09 onwards, the programme has been extended to all children up to upper primary level (from Class I to VIII) in all areas across the country. In Integrated Child Development Services (ICDS), the Centre has increased the share in Supplementary Nutrition Programme (SNP) since 2005-06.

Besides providing food and nutritional inputs in ensuring security among the poor and marginalized, the Government has also launched many other essential and related schemes with food security components in the National Food Security Mission (NFSM), Rashtriya Krishi Vikas Yojana (RKVY) along with a comprehensive National Policy for Farmers (2007).

### B. Public Spending during 2004-05 to 2008-09

The NCMP promise to attainment of food security has proved to be mere rhetoric. Government's allocations and expenditure do not show any substantial improvement. Two important schemes ensuring food security - TPDS and AAY have not got substantial priority in the central food subsidy over the years. In 2005-06 the central food subsidy declined to negative (-0.87%) compared to 2004-05. However, it has shown some improvement since. State share of food subsidy has gone down substantially in each financial year.

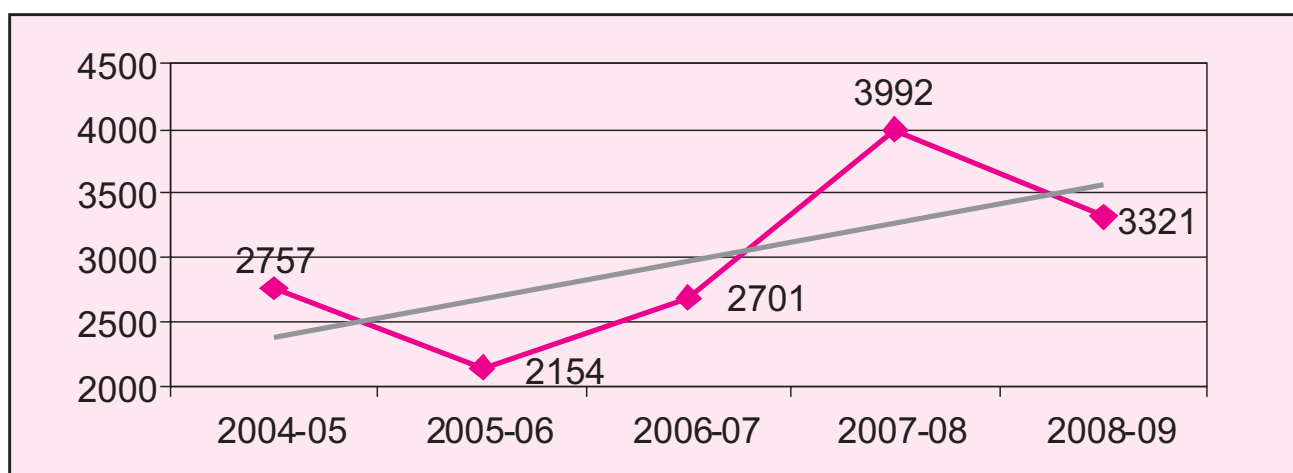
Chart-6.1.: Allocation on Food Subsidy by the Centre and All States (in Rs. crore)



Source: Indian Public Finance Statistics 2007-08, Ministry of Finance, Govt. of India

Besides food subsidy, the combined expenditure of States on the crucial component of food storage and warehousing shows a very dismal picture. While the States' share a major chunk of the expenditure, the trend has fluctuated over the years. In 2005-06, the rate of allocation was negative compared to 2004-05. However, it showed improvement in the next two years ending with negative growth in 2008-09. More importantly, while the revenue outlay has shown improvement, the capital outlay has depreciated substantially over the years affecting food security as a whole.

Figure 6.2.: Total Expenditure on Food Storage and Warehousing by All States (in Rs. crore)



Source: State Finances: A Study of Budgets of 2008-09, RBI

With regard to public expenditure on food security, both units of federal India have performed abysmally low on many expenditure heads. Important components of nutritional security where Centre allocates substantially, such as Supplementary Nutrition Programme (SNP), Mid Day Meal (MDM) and food components of SGRY and NFFWP have registered insignificant growth. Particularly, the annual growth rate in the Centre's allocation for MDM programme has gone down substantially since 2005-06. As noticed in the following table, while the annual growth rate of MDM in 2005-06 was 60%, it came down to 20% in 2008-09. In 2009-10 interim budget, the allocation of 8000 crore (BE) has remained stagnant with the revised estimate of 2008-09.

## HOW DID THE UPA SPEND OUR MONEY?

**Table-6.1.: Total Public Expenditure on 'Food Security' in India (in Rs. crore)**

Expenditure Heads	2004-05	2005-06	2006-07	2007-08(RE)	2008-09(BE)
Total Food Subsidy (Combined Centre+ States)	26997.06	24240.24	25114.48	32407.36	32666.59
Food Storage & Warehousing (Centre)	67.35	106.76	96.22	99.71	-38.97
Food Storage & Warehousing (All States)	2757	2154	2701	3992	3321
Nutrition (Including Supplementary Nutrition Programme) (Centre)**	8.6	1511.53	1512.67	2077.34	1696.41
Nutrition (State)	3226	4022	4845	6540	8594
MDM Scheme(Centre)	1507.5	3345.26	5348	6678	8000
SGRY & (NFFWP)/NREGS (Centre)*	2078	5548.5	16200	1956.54	6750 (RE)
Village Grain Banks (Centre)*	NA	NA	NA	15.71	15.3
Total Expenditure (Centre +State)	36641.51	40928.29	55817.37	53766.66	61004.33

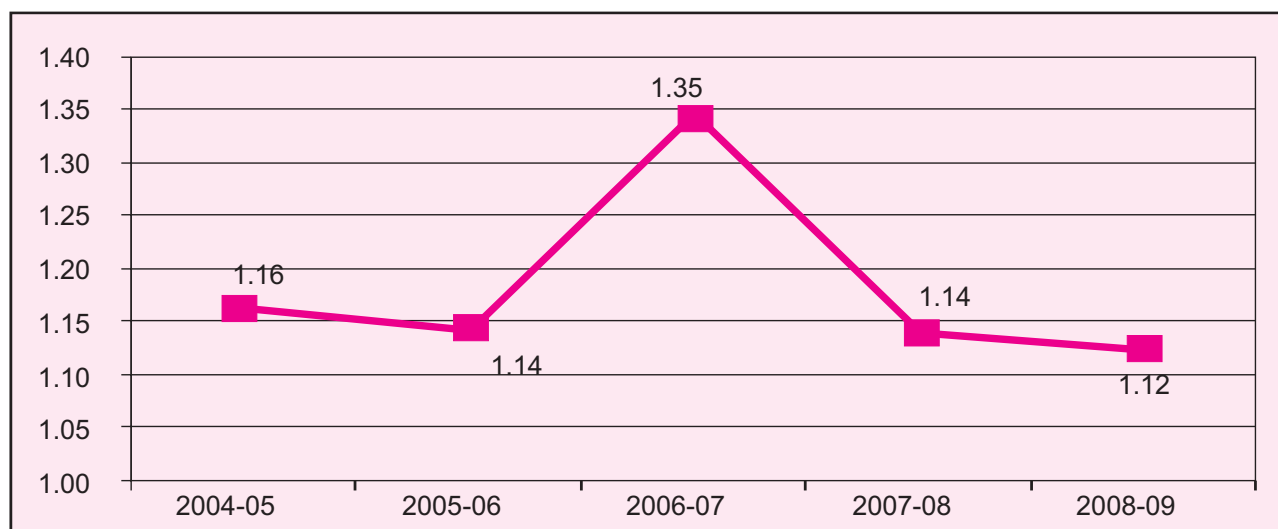
Note: For Food Subsidy & Storage and Warehousing (2008-09), the reference data has been taken from expenditure budget (Vol-II) of Department of Food and Public Distribution; the SNP component of ICDS has started since 2007-08 onwards; and lastly the SGRY and NFFWP have been subsumed in the NREGS- the component taken in NREGS are only food aspect of SGRY.

\*\*the Centre share in SNP has been started since 2005-06 and for the 2008-09 the figure are available till 05.01.2009, (MWCD website), \*Revised Estimates

Source: State Finances: A study of Budgets of 2008-09; Indian Public Finance Statistics 2007-08, Ministry of Finance; Expenditure Budget (vol-II) Union Budget of various years, Ministry of Women and Child Development website

The share of allocation for food security to GDP (current prices) reveals fluctuating trends. During the UPA regime (2004-2009), the average share of food security allocation has stayed close to 1.18% of GDP.

**Figure 6.3.: Total Allocation on 'Food Security' as % of GDP (at current market prices)**



Source: GDP figures from 2001-02 to 2006-07 are from CSO, Consolidated Accounts of India; www.mospi.nic.in, for 2007-08 the figures are from IPF Statistics 2007-08, Ministry of Finance; while 2008-09 figure from Budget at a Glance, Union Budget 2009-10.

### C. Extent and Magnitude of Food Insecurity in India

The following fact sheet shows the grueling status of food and nutritional insecurity in India. The UPA government has failed to translate the rhetoric of NCMP into any visible change in the life of 'Aam Aadmi'.

**Table-6.2.: Extent and Magnitude of Food Insecurity in India**

Indicators	Sources and reference years	Values
Estimated Population	2004-5, NSS, 61st Round, 2004-5	1092 million
Annual Growth Rate of Population	As per Census-2001	1.8 %
Annual Growth Rate of Foodgrain Production	1989-0 to 2006-7, Economic Survey, 2007-8, Gol (Government of India).	1.18 %
Rural Household reported food inadequacy	As per 2004-5, NSS	2.4 %
Persons Below Poverty Line in rural areas (Rs. 12 per person per day)	2004-5 based on URP consumption data, NSSO, 61st Round	28.3 %
Population below Rs. 50/- (\$ 1) a day	India Development Report, 2008, IGIDR	35.3 %
Population below Rs. 100/- (\$ 2) a day	India Development Report, 2008, IGIDR	80.6 %
Proportion of children less than five years of age classified as Undernourished	NFHS-III, 2005-6, Gol	48.0 %
Proportion of children less than five years of age classified as Underweight	NFHS-III, 2005-6, Gol	42.5 %
Proportion of children less than five years of age severely undernourished	NFHS-III, 2005-6, Gol (according to height-for-age)	23.7%
Proportion of children less than five years of age severely undernourished	NFHS-III, 2005-6, Gol (according to weight-for-age)	15.8%
Proportion of children less than five years of age in any degree of Anaemia	NFHS-III, 2005-6, Gol	69.5%
Rural population belonging to household having Monthly Per capita Consumption Expenditure below Rs. 365, i.e. Rs. 12 per person per day -All Category	NSS, 62nd Round, 2004-05	19 %
Proportion of rural population in India having MPCE below the average level of Rs. 580	NSS, 64th Round, 2006-07	50.3%
Proportion of urban population in India having MPCE below the average level of Rs. 990	NSS, 64th Round, 2006-07	17.4%
Out of every rupee that the average rural Indian spent on food	NSS, 64th Round, 2006-07	52 paisa
Out of every rupee that the average urban Indian spent on food	NSS, 64th Round, 2006-07	37 paisa

Source: Reproduced from Nilachala Acharya (2009), "Food Security in India: A Critical Issue", forthcoming issue of Budget Track, CBGA, New Delhi

## Provisions in the Interim Budget 2009-10

The UPA government in its 2009-10 Interim Budget has remained unresponsive to the problem of child malnutrition in the country.

The much-required Central food subsidy has shown a decline in the Interim Budget 2009-10 in comparison to the revised estimate of 2008-09. The government has taken no initiative to universalise the Public Distribution System.

Promises made in the NCMP for providing universal food security have turned out to be empty rhetoric. The allocation on 'food security' has remained around 1.18% of GDP during 2004-05 to 2008-09.





**WOMEN**



- While some progress has been made on NCMP commitments, like passing the Domestic Violence Act, the Hindu Succession Amendment Act, etc., the biggest disappointment remains with the Women's Reservation Bill which is yet to see the light of the day.
- An independent Ministry of Women and Child Development was set up in 2006. Further, the UPA Government took the welcome step of putting out a Gender Budgeting Statement along with the Union Budget-which is a step forward in transparency, participation and accountability in governance. Over the years, allocations in the Union Budget for many important schemes for women have been stepped up.
- However, Interim Budget 2009-10 saw a reversal of the trend. Allocations for schemes pertaining to 'women's welfare' under MWCD saw a drastic reduction to the tune of 50% from 2008-09 (BE).
- Gender Budgeting efforts have also seen a stagnation. The number of demand for grants being covered in the Gender Budget Statement remained stagnant at 33 for a third consecutive year. Although Ministry of Minority Affairs' effort to report its budget in gender disaggregated terms is welcome, some others have stopped reporting. Further, the total allocations for women specific schemes as reflected in Part A of the Statement have gone down this year, even in absolute terms and the total magnitude of the GBS as a percentage of Union Budget has also gone down from 5.5% in 2008-09 (RE) to 5.3% in 2009-10 (BE).
- Allocations for many important schemes for women have also seen a reduction even in absolute terms in the Interim Budget. Allocation for Swayamsidha, which under its ambitious second phase was to be launched as a countrywide programme covering all blocks, has been reduced from Rs. 180 crore in 2008-09 (BE) to Rs. 20 crore in 2009-10 (BE), a reduction of 89%. Likewise, allocations for Rashtriya Mahila Kosh have gone down by 35%, allocations for Support to Training and Employment Programme (STEP) have gone down by 64% and allocations for Hostels for Working Women have gone down again by 64%. The RCH Programme also saw a decline of 10% which is of concern given the unacceptably high levels of maternal mortality in our country.

As we take stock of achievements of the UPA government over its five-year term which is nearing completion, it is pertinent to ask what this government did for women who constitute a significant proportion of our population. Policies and budgets can be devastatingly gender blind or gender neutral and there is a growing body of knowledge that reveals that gender neutral policies often exacerbate existing gender inequalities. The following is a scrutiny of UPA's five-year term from a gender lens.

Despite many schemes and programme targeted at women, many challenges remain which are resulting in low outcome indicators. Concerted efforts need to be developmental to address the challenges in order to correct the developmental deficits.

## A. Promises made by UPA and its Policy Initiatives

### A.i. The National Common Minimum Programme

One of the six principles of governance of the National Common Minimum Programme of the UPA Government was 'to fully empower women politically, educationally, economically and legally'. Furthermore, it made some specific promises to address women's concerns, which include:

- Introduction of the legislation for one-third reservations for women in Vidhan Sabhas and in the Lok Sabha;
- Enacting a legislation on domestic violence and against gender discrimination;
- Ensuring that at least one-third of all funds flowing into panchayats will be earmarked for programmes for the development of women and children;
- Enacting a new legislation giving women equal rights of ownership of assets like houses and land;
- A major expansion in schemes for micro-finance based on Self-Help Groups (SHGs) particularly in the backward and ecologically fragile areas of the country.

In addition to the NCMP, commitments have also been made in the Eleventh Plan.

### A.ii. The Eleventh Plan

The Plan marks a significant departure from the conventional way of looking at women in plan documents. Rather than addressing women's concerns only in a separate chapter on 'women and children', an approach which tends to focus exclusively on women's reproductive role and deflects attention away from their role as economic agents in their

## HOW DID THE UPA SPEND OUR MONEY?

own right, the Eleventh Plan tries to mark the centrality of women in all sectors. Although the extent to which the different sections have been able to capture women's concerns remains unsatisfactory, the section on women does make significant commitments. Some of these which will bring cheer to women's groups include strengthening the public distribution system, revising the below-poverty line norms, recognizing Violence Against Women (VAW) as a public health issue, reviewing the two-child norm, curtailing the harmful effects of television programmes that propagate patriarchal values and portray women in a negative, zero tolerance to discrimination against SC/ST and minority women, recognizing health needs of women with alternative sexualities and setting up a National Task Force on VAW in Zones of Conflict. Some specific proposals include:

- A two-pronged strategy for women in agriculture: a) Ensuring effective and independent land rights for women, and b) Strengthening women's agricultural capacities. In addition, the plan seeks to address women's vulnerabilities due to farmer suicides.
- A pilot scheme for Leadership Development for Life, Livelihood, and Civic Empowerment of Minority Women to provide minority women with support, leadership training and skill development to assume leadership roles.
- A social security policy that mitigates the negative impact of globalisation on women.
- Support women's access to housing loans via banks by developing a system of reaching housing finance at reasonable rates to poor women.
- A High Level Committee to conduct a review of SHG related policies and programmes.
- Enact a legislation which protects HIV positive women against discrimination in education, livelihood opportunities, workplace, medical treatment and community.
- Create a mechanism to periodically report to the National Development Council the progress on Women's Plans with respect to the National Policy for Empowerment of Women.
- Refine the norms of Women's Component Plan (WCP) to prioritize the most vulnerable as beneficiaries, particularly SC, ST women, Muslim women, single women, differently-abled and HIV positive women, among others.
- Amend the NCW Act to give the Commission more powers and likewise for the State Women's Commissions.
- Continued efforts towards gender budgeting and gender outcome assessment in all Ministries/Departments at Central and State levels and extend the concept of gender based plan component to PRIs and to the 29 subjects transferred to them under the 73rd Constitutional Amendment.

### B. Where have we reached?

Any commitment is only worth what it achieves. It is important to examine how far the commitments stated in the NCMP have been realized.

#### B.i. On the legal front:

- Despite several attempts, the Women's Reservation Bill still waits to see the light of the day.
- One of the biggest achievements of the UPA Government was passage of the Domestic Violence (DV) Act in 2005. The Act was lauded by the women's groups for its comprehensive approach. However, the implementation of the DV Act faces severe bottlenecks, one of the biggest constraints being lack of adequate allocations to ensure the implementation of the Act. Only a few states have allocated budget for the implementation of the Act, even these are grossly inadequate and allocations or directives from the Union Government in this regard are still awaited. For effective implementation of the Domestic Violence Act, ensuring adequate allocations becomes critical.
- A discriminatory inheritance law was another area that needed urgent attention. The UPA Government amended the Hindu Succession Act which was another significant step forward. Giving daughters right to ancestral property can go a long way in changing the inherently unequal power equations.
- In December 2008, the historic Unorganized Workers' Social Security Bill was passed. It seeks to provide the benefit of health, life and disability insurance, old-age pension and group accident scheme for unorganized sector workers including farm workers and migrant labourers. Given that 97% of women workers are in the unorganized sector, this could have far reaching effects on women.

- Furthermore, some more legislative reforms are in the pipeline. The Sexual Harassment of Women at Work place (Prevention, Prohibition & Redressal) Bill is being finalized and the government has introduced a Bill in Parliament to amend the Factories Act, 1948 to provide flexibility to women employees during night and requiring employers to ensure safety and protection of the employees. In addition, Medical Termination of Pregnancy Act is also being revised (the number of weeks being extended from 20 to 24).
- Amidst these positive moves, the Criminal Procedure Code (Amendment) Bill, 2008 is being viewed with concern by women's groups. The amendment restrains the police from arresting a person for criminal offences for which the maximum sentence is upto seven-year imprisonment. This has led to concerns that Section 498A of IPC (dowry harassment) may be rendered toothless as it has a maximum punishment of three years. Many other offences, some of which may be gender specific and attract a sentence of seven years or less, will also be impacted.

## **B.ii. On the front of schemes:**

UPA government has also introduced some new schemes for women. These include:

### ***(a) Anganwadi Karyakartri Bima Yojana***

This is a social security group scheme which was launched by the government to cover the risks of Anganwadi workers and helpers and the premium amount per beneficiary per annum has been fixed at Rs. 280.

### ***(b) Dhan Laxmi - a Conditional Cash Transfer Scheme for Girl Child***

This scheme, launched initially on a pilot basis, aims to provide a set of staggered financial incentives for families to encourage them for better upbringing of girl child. Under the Dhan Laxmi scheme, an insurance cover of Rs 1 lakh would be provided for the girl child at her birth and in all, cash package of around Rs 2 lakh will be provided to the girl's family, preferably to the mother.

### ***(c) Ujjawala- a Scheme for Rescue and Rehabilitation of Trafficked Women and Children***

The scheme comprises 5 components - prevention, rescue, rehabilitation, reintegration and repatriation. It is proposed to be implemented through about 50 projects initially benefiting over 2500 victims.

### ***(d) Incentive to Girls for Secondary Education***

This is a centrally sponsored scheme to incentivise secondary education of girls with a total outlay of Rs.1500 crore. The scheme will cover all SC/ST girls who pass class VIII and girls who pass class VIII from Kasturba Gandhi Balika Vidyalayas and enroll for class IX in state-run or state-aided schools.

## **B.iii. On the front of budgets:**

A worthwhile effort of the UPA government has also been the introduction of a Gender Budgeting Statement (GBS) as part of the Union Budget for 2005-06. The statement tries to capture the priority for women in Union Budgets. The coverage of the statement by various Union Government Departments has been growing over the years. This initiative, which has been a long standing demand of several women's rights groups, is commendable, although there is an urgent need to deepen the Gender Budgeting exercise, to expand its scope and to make it a more meaningful exercise.

## **C. Public Spending during 2004-05 to 2008-09**

It is not easy to capture the exact quantum of public spending on women. While it is easy to list those schemes that are targeted exclusively for women, the more difficult task is to look at composite expenditure schemes and to assess the percentage of resources flowing to women. In the absence of availability of such a figure (of how much exactly is being spent on women), one could try to assess approximate resources flowing to women in two ways.

One way is to use the GBS produced by the government as part of its budget documents. The table below summarises the GBS over the years. It is disappointing to note that not only have the number of demand for grants reporting in the GBS remained stagnant for a third consecutive year, the total allocations for women specific schemes as reflected in Part A of the statement have gone down in absolute terms and the total magnitude of the GBS has gone up marginally in absolute terms but has gone down as a percentage of Total Expenditure from 5.5% in 2008-09 (RE) to 5.3% 2009-10 (BE).

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**Table-7.1.: Summary of the Union Budget Allocations for Women as presented in the Gender Budget Statement (in Rs. crore)**

	No. of Demands*	Total Allocations under Part A of the Statement**	Total Allocations Under Part B of Statement***	Total magnitude of Gender Budget
2005-06	10	Rs. 8,273.88 (RE)	Rs. 15,966.63 (RE)	Rs. 24,240.51 (RE) (4.77%****)
2006-07	24	Rs. 4,618.95 (RE)	Rs. 17,632.46 (RE)	Rs. 22,251.41 (RE) (3.8%)
2007-08	33	Rs. 8,428.66 (RE)	Rs. 13,919.43 (RE)	Rs. 22,348.09 (RE) (3.3%)
2008-09	33	Rs. 14,875.15 (RE)	Rs. 34,748.20 (RE)	Rs. 49,623.35(RE) (5.5%)
2009-10	33	Rs. 14,553.18 (BE)	Rs. 36,605.86 (BE)	Rs. 51,159.04 (BE) (5.3%)

Note: \* In Union Budget covered under the Gender Budgeting Statement.

\*\* Part A presents women specific provisions where 100% provisions are for women.

\*\*\*Part B presents women specific provisions under schemes with at least 30% provisions for women.

\*\*\*\* Proportion of total Union Government Expenditure, shown in brackets.

Source: Gender Budgeting Statement, Expenditure Budget Vol. I, Union Budget - various years

However, analyzing the GBS cannot offer critical insights as these figures are disputed<sup>1</sup>. This year too, several mistakes remain. Many schemes under Ministry of Youth Affairs and Sports, although slated in Part-B of the statement, have shown 100% of their allocations for women exclusively for women. These include schemes like *Nehru Yuva Kendra Sangathan*, National Service Scheme, National Service Volunteers Scheme, Youth Hostels and Scouting & Guiding. As the names of the schemes suggests, they cannot be exclusively for women. A perusal of the annual report brought out by the Ministry also does not indicate these schemes as exclusively for women. The *Indira Awas Yojna* still features in Part-A of the statement, implying that 100% of its allocations are exclusively for women, whereas the outcome Budget of the Ministry reveals that this is an incorrect assumption.

Nonetheless while absolute figures given in the table above cannot be seen as the exact amount flowing to women, an analysis of the pattern of expenditure over the years gives some indication of the trend on spending for women. What can be said, without any doubt, is that the priority for women continues to be abysmally low.

An alternative method of analysis could be assessing allocations of major schemes which affect women's health, education, employment, etc., (though these schemes may or may not be 'exclusively' for women). The section below tries to analyse some such major schemes with significant components for women. It is not an attempt to make an exhaustive list of all schemes that impact women or assess the precise amount of what is the total magnitude of funds flowing to women as that exercise often resorts to using flawed assumptions of gender components in the lack of gender-disaggregated data; and that effort in any case, is already being made in the GBS produced by the government. Rather, the aim is to look at the pattern of allocation over the years and at the larger superset of schemes which will impact on various aspects of women's lives.

### C.i. Women's Health

- Overall public spending on health continues to be low although it has been gradually stepped up over the years. This year saw a very marginal increase in spending on Health and Family Welfare from Rs. 18,476 crore in 2008-09 (RE) to Rs. 18,808 in 2009-10 (BE). As a proportion of total Union Budget, spending on Health and Family Welfare has, in fact, decreased from 2.11% in 2007-08 to 1.97% in 2009-10. The overall public spending on health continues to be as low as 1.02% in 2008-09, far below the NCMP commitment of 3% of GDP. It is likely that women would have suffered to a greater extent because of the persistence of gaps in the public health care system in the country.
- Although until last year, the UPA Government did increase allocations on some of the plan schemes addressing issues of women's health, for instance, Reproductive and Child Health (RCH) Programme, the overall impact of such schemes cannot be expected to be significant. Union Budget outlay for RCH Programme has not been increased adequately in the last three years apparently because of lack of capacity in the backward states to implement a significantly scaled-up RCH Programme. The Union Government should have taken strong measures

<sup>1</sup> Subrat Das and Yamini Mishra, "Gender Budgeting Statement: Misleading and Patriarchal Assumptions", Economic and Political Weekly July 29, 2006 and Yamini Mishra and Bhumiika Jhamb, "What Does Budget 2007-08 Offer Women?" Economic and Political Weekly April 21, 2007

for capacity building of the programme implementing staff for RCH at the district and sub-district level in the backward states which would have enabled them to implement the programme effectively and utilise higher magnitudes of budget outlays. The 2009-10 Union Budget brings a decline of 10% for the RCH Programme which is of concern given the unacceptably high levels of maternal mortality in our country.

- Union Budget outlays for Rural Family Welfare Services and Urban Family Welfare Services provide the salaries of Auxiliary Nurse Midwife (ANMs) in the Health Sub-Centres in the rural and urban areas. The lack of any substantial increase in the outlays for these schemes shows the neglect of human resource component of healthcare delivery in the country.
- Furthermore, women's health policies seem squarely focused on reproductive health and are not premised on a holistic understanding of women's health needs through a life cycle approach. The Eleventh Plan has also recognised the need to move beyond the traditional focus on family planning and reproductive health, to adopt a holistic perspective on women's health so that other health needs of women are not neglected.

**Table-7.2.: Allocations for Some Major Schemes on Women's Health (in Rs. crore)**

Scheme	Year						
	2003-04 RE	2004-05 RE	2005-06 RE	2006-07 RE	2007-08 RE	2008-09 RE	2009-10 Interim Budget
Rural Family Welfare Services	1561	1722	1259	982	1947	2228	2335
Urban Family Welfare Services	119	121	122	72	129	158	157
RCH Programme	442	486	1814	1338	1629	2737	2422
Development of Nursing Services	10	-	13	18	13	15	15

Source: *Expenditure Budget Volume II, various years*

Note: The figures do not include the lumpsum provision for North-East Region.

## C.ii. Women's Education

- The overall public spending on education in the country continues to be around 3.5% of the GDP which is grossly inadequate to strengthen the public sector education system in the country. There has hardly been any progress in terms of Union Government spending on education as a proportion of GDP from 0.42% (2004-05) to 0.7% (2009-10). It is likely that women would be worst affected by the persistence of weaknesses in the education system since they face a historical backlog and the institutionalised hegemony.
- The UPA Government took steps towards increasing the outlay for Sarva Shiksha Abhiyan (SSA) and Mid Day Meal (MDM) Schemes until last year, which was indeed appreciable. However, even with these increases, outlays for both the schemes remained inadequate to address the requirement of resources in elementary education in the backward states. Moreover, the UPA Government from 2007-08 onwards has increased the burden of funds on the States progressively, which betrays its much publicized policy intent of increasing public spending on education to the level of 6% of GDP. This year's budget, very disappointingly saw a decline in the allocation of SSA and a marginal increase in the allocation of MDM, which in real terms would be no increase at all.
- Women-specific interventions like Mahila Samakhya (MS), Kasturba Gandhi Balika Vidyalaya (KGBV) and National Programme for Education of Girls at the Elementary Level (NPEGEL) have continued to get low magnitudes of budget outlays. Allocation of MS remained the same as last year, which in real terms is a decline. A new Scheme on Construction and Running of Girls Hostels for Secondary and Higher Secondary with an allocation of Rs. 54 crore is welcome and could help in strengthening higher learning opportunities for girls.
- Furthermore, enrolling and retaining girls in schools requires a far more serious and focused approach on the part of the state given the deep-seated mental blocks that bind girls to limited traditional roles. This requires concerted efforts on part of the state-designing better programmes, including addressing concerns around pedagogy and ensuring that these translate to better outcomes.

<sup>2</sup> Agriculture Statistics of India, 2008, GoI

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**Table-7.3.: Allocations for Some Major Schemes on Women's Education (in Rs. crore)**

Scheme	Year						
	2003-04 RE	2004-05 RE	2005-06 RE	2006-07 RE	2007-08 RE	2008-09 RE	2009-10 Interim Budget
Mahila Samakhya	14	15	24	26	34	38	38
KGBV	1	90	25	13	-	-	-
Condensed Courses for Women's Education	4	5	5	5	6	6.3	6.3
National Scheme for Incentive to Girls for Secondary Education (SUCCESS)	-	-	-		0.90	221	45
Sarva Shiksha Abhiyan	2732	4754	7166	10146	12020	11940	11934
Mid Day Meal Scheme	1375	1507	3011	4813	6004	9514	9518
Access and Equity	16	5	6	6	0.90	0.27	0.01

Source: Expenditure Budget Volume II, various years

Note: The figures do not include the lumpsum provision for North-East Region.

### C.iii. Women and Water Supply and Sanitation

- It is unfortunate that the Gender Budgeting exercise carried out by the Union Government has not yet covered the flagship schemes in the Water and Sanitation Sector, namely, Accelerated Rural Water Supply Programme (ARWSP) and Total Sanitation Campaign (TSC), although the allocations for both these schemes have increased over the last five years. The actual improvement on the ground, in terms of the access of poor households to improved water and sanitation facilities and the usability of the outputs delivered by the schemes, is yet to be ascertained.
- In the water supply and sanitation sector, the allocations for rural water supply and rural sanitation have remained the same as last year, which in real terms, is a decline.

**Table-7.4.: Allocations for Some Major Schemes on Water Supply and Sanitation**

(in Rs. crore)

Scheme	Year						
	2003-04 RE	2004-05 RE	2005-06 RE	2006-07 RE	2007-08 RE	2008-09 RE	2009-10 Interim Budget
Accelerated Rural Water Supply Programme	2326	2610	3654	4050	5750	6570	6570
Rural Sanitation	148	360	630	720	954	1080	1080

Source: Expenditure Budget Volume II, various years

Note: The figures do not include the lumpsum provision for North-East Region.

### C.iv. Women and Food Security

- Food security is not a gender neutral issue. Women are closely involved in the production and processing of food at all stages and patriarchal norms often put the burden of ensuring enough food for all members of the household largely on women. Ensuring food sovereignty thus is as much a gender issue and the decline in the net availability of food grains from 422 grams per capita per day in 2004 to 394 grams per capita per day in 2007 is an area of concern.
- Rather than stepping up allocations, the UPA government in its Interim Budget 2009-10 has stagnated the allocation on the MDM scheme. Increase in allocations of National Food Security Mission and National Nutrition Mission are meager. Worse still, food subsidy has shown a decline, which is of great concern for women. Increase in allocations of Integrated Child Development Scheme (ICDS) is welcome.

<sup>3</sup> Pallavi Chavan, "Access to Bank Credit: Implications for Dalit Rural Households" Economic and Political Weekly August 4, 2007

**Table-7.5.: Allocations for Select Schemes on Food Security (in Rs. crore)**

Scheme	Year						
	2003-04 RE	2004-05 RE	2005-06 RE	2006-07 RE	2007-08 RE	2008-09 RE	2009-10 Interim Budget
National Food Security Mission	-	-	-	-	400	973	993
Food Subsidy	25200	25800	23200	24204	31545	43627	42489
Integrated Child Development Services	1341	1623	2931	3885	4777	5665	6026
National Nutrition Mission and other nutrition schemes	7	9	12	12	13	21	22

Source: Expenditure Budget Volume II, various years

Note: The figures do not include the lumpsum provision for North-East Region.

## C.v. Women's Employment and SHGs

- NSSO data clearly shows that the unemployment rate among rural males has increased from 5.6% in 1993-94 to 8 % in 2004-05, and among rural females it has increased from 5.6% to 8.7% during this time period. In this scenario, concerted efforts need to be made to improve women's participation in the work force as well as the productivity of their work, especially in the light of the global recession which might aggravate the situation.
- However, table 7.6 shows reductions in allocations for many schemes and a near stagnation in others. Swayamsidha, the integrated scheme of MWCD for holistic empowerment of women, which under its ambitious second phase was to be launched as a countrywide programme covering all blocks and with a larger coverage has seen a reduction in allocation in even in absolute terms from Rs. 180 crore in 2008-09 (BE) to Rs. 20 crore in 2009-10 (BE), a reduction of 89% is of deep disappointment. Likewise allocations for Rashtriya Mahila Kosh have gone down by 35%, allocations for Support to Training and Employment Programme (STEP) have gone down by 64% and allocations for Hostels for Working Women have gone down again by 64% (from 2008-09 BE).
- NREGA is a major scheme for women's employment as out of the total person days of work generated more than 48% have been by women and the increase in allocation of NREGA from 2008-09 BE to RE is welcome, though other gender concerns regarding NREGA, some of which have been discussed in the last section, still remain.
- Review of some of the major programmes meant for women indicates that there is an overwhelming focus on SHGs as a vehicle for women's empowerment and almost seems like a panacea for addressing all concerns of women. However, there is a growing body of literature on SHGs that suggests otherwise-that, book keeping and maintaining financial records have overshadowed the critical issues of women's empowerment, equity and justice and even exclusion of Muslim, dalit and tribal women from many such groups, etc. Furthermore, in the hullabaloo of SHGs, it is important to remind ourselves that women, especially poor women, are increasingly being excluded from formal sources of finance and, as a result, have to resort to borrowing from moneylenders at high interest rates. Financial inclusion requires increasing women's access to all types of credit sources, especially from commercial banks and cooperatives and not just micro-finance institutions. Further, schemes for women need to be conceived more creatively rather than just redefining gender roles.



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Table-7.6.: Allocations for Some Major Schemes on Women's Employment and SHGs

(in Rs. crore)

Scheme	Year						
	2003-04 RE	2004-05 RE	2005-06 RE	2006-07 RE	2007-08 RE	2008-09 RE	2009-10 Interim Budget
STEP	8	16	13	13	18	23	12
Swayamsiddha	8	16		27	22	45	20
Rajiv Gandhi National Crèche Scheme for Working Mothers	-	-	41	94	100	91.8	91.5
Hostels for Working Women	4	6	4.5	4	4	9.9	9
Swawlamban	18	22	7	-	-	-	-
Rashtriya Mahila Kosh	-	-	0.01	10	12	31	20
Improvement in Working conditions of Child\							
Women Labour	68	98	116	121	153	147	90
Social Security for Unorganised Sector Workers	13	13	-	0.10	2.5	204*	218*
NREGS	-	-	-	10170	10800	30000	30100
Sampoorna Grameen Rozgar Yojana	9640	4590	7650	2700	3420	6750	-
Swarnjayanti Gram Swarozgar Yojana	720	900	899	1080	1620	2113	2115
Swarnajayanti Shahri Rozgar Yojana	94	122	160	250	344	515	515
Priyadarshini Scheme	-	-	-	1	10	23	27

Note: \*Includes Health Insurance Scheme for Unorganised Sector

\*\*The figures donot include the lumpsum provision for North-East Region.

Source: Expenditure Budget Volume II, various years

### C.vi. Most Marginalised Women

- Women are not a homogenous group and acknowledging the discrimination that women face is intersectional, it is important to assess how far budgets and policies have tried to address specific needs of most marginalised women, including though not limited to dailt women, tribal women, Muslim women, disabled women, positive women, etc. The commitment in the Eleventh Plan for revision of Women's Component Plan (WCP) to prioritise needs of most vulnerable women must be implemented.
- Plan allocations earmarked for SCs and STs in the Union Budget continue to be very low and far below what was promised in the Special Component Sub-Plan and Tribal Sub Plan norms of 16% and 8% respectively. The 2008-09 Budget had actually reversed the trend of increasing allocations for SCs and STs and these stood at 7% and 4.2% in 2008-09 (RE). What proportions of this flow to women is yet to be ascertained concretely however, it cannot be very significant.
- The allocation for the pilot scheme for Leadership Development of Minority Women promised in the Eleventh plan, though small, is welcome.

**Table-7.7.: Allocations for Some Major Schemes for Dalit, Tribal and Muslim Women (in Rs. crore)**

Scheme	Year						
	2003-04 RE	2004-05 RE	2005-06 RE	2006-07 RE	2007-08 RE	2008-09 RE	2009-10 Interim Budget
<b>For Scheduled Castes</b>							
Special Assistance to SCP	377	374	398	440	487	578	470
Machinery for Implementation of PCR Act and Prevention of Atrocities Act	31	35	37	37	39	43	42
Self Employment Scheme for Liberation and Rehabilitation of Scavengers	-	-	-	-	50	100	97
<b>For Scheduled Tribes</b>							
SCA to TSP	461	497	689	817	817	860	900
Upgradation of Merit Hostels for STs	51	77	188	222	162	195	218
Construction of Boys/Girls	19	13	16	28	34	60	59
<b>For Muslim Women</b>							
Scheme for Leadership Development of Minority Women	-	-	-	-	-	4.5	5

Source: Expenditure Budget Volume II, various years

Note: The figures do not include the lumpsum provision for North-East Region.

### C.vii. Women in Difficult Circumstances

- Women across India face serious violations of their civil and political rights. Worse still, violence against women has been increasing (Table 7.9). The kind of institutional structure that is required across the country to address the needs of women in difficult circumstances cannot be developed with such meager allocations. The inadequacy of the institutional structure to provide relief to women is particularly acute in parts of the country affected by armed conflict like the North-East and Kashmir.
- The number of functional Swadhar homes which are meant for women in distress remains abysmally low. As per the Annual Report of the MWCD, 2007, number of such homes is 208 across the country, implying that there isn't one even per district. Likewise is the case with Short Stay Homes, which are much lesser than what a country as huge as India requires. However, allocations for these have not been stepped up. Reduction in the allocation of Schemes for Rescue of Victims of Trafficking is to be noted with concern.
- The launch of two new schemes - Indira Gandhi National Widow Pension Scheme and Indira Gandhi National Disability Pension Scheme - is welcome, though the amount to be provided as pension is grossly inadequate. The Indira Gandhi National Widow Pension Scheme will provide pension of Rs.200 to widows between the age groups of 40-64 years.

**Table-7.8.: Allocations for Some Major Schemes for Women in Difficult Circumstances (in Rs. crore)**

Scheme	Year						
	2003-04 RE	2004-05 RE	2005-06 RE	2006-07 RE	2007-08 RE	2008-09 RE	2009-10 Interim Budget
Swadhar	0.80	3.69	5.5	13.5	13.5	13.5	13.5
Short Stay Homes	15.35	14.40	15	15.72	15.9	15.9	15.9
Scheme for Rescue of Victims of Trafficking*	-	-	0.25	0.45	4.50	5.4	4.5

Note: \* modified to Comprehensive Scheme for Combating Trafficking in 2008

\*\* The figures do not include the lumpsum provision for North-East Region.

Source: Expenditure Budget Volume II, Various Years

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### D. Development Outcomes

While all these efforts have been made, the critical point of assessment must be whether these have translated at all in better outputs and outcomes for women. Let us examine some statistics to be able to make this assessment.

**Table-7.9.: Discrimination Against Women in Every Sphere**

Indicator	Present Scenario
Child Sex Ratio	927 in 2001
Incidence of Anaemia	Among pregnant women: <ul style="list-style-type: none"> <li>Risen from 49.7% to 57.9% during 1998-99 and 2005-06.</li> </ul> Among ever-married women: <ul style="list-style-type: none"> <li>Risen from 51.8% to 56.2% during the same period.</li> </ul>
Maternal Mortality Rate	301 in 2001-03 (SRS) <ul style="list-style-type: none"> <li>MMR particularly high in UP, Uttaranchal, Assam and MP</li> <li>51.7% births take place without assistance from any health personnel</li> <li>Underage marriage among girls still widely prevalent.</li> </ul>
Gender Differential in Education	Literacy rate of women: <b>54.16%</b> (75.5% for men) Gender differential in education: <b>21.7%</b> <ul style="list-style-type: none"> <li>Although in absolute numbers illiterate women have decreased from 1991 to 2001, drop out rates continue to remain high</li> <li>In 68 districts, either SC/ST female literacy is more than 5% but less than 10%</li> <li>Compared to SC/ST girls, 61% of whom are out of school, only about 12% of girls from upper caste households are out of school.</li> </ul>
Female Work Participation Rate	28% (2004-05) <ul style="list-style-type: none"> <li>Work participation rate for women in rural areas has increased from 28.7% in 2000-01 to 32.7% in 2004-05, whereas in urban areas it has increased from 14% in 2000-01 to 16.6% in 2004-05. However, not only does work participation rate remain lower for women than for men both in rural and urban areas but also much of the increase in employment among women has been in the form of self-employment..</li> </ul>
Wage Disparity Ratio in Males and Females	Average wage/salary earnings (Rs. per day) received by regular wage/salaried employees of age 15-59 yrs in 2004-05 for: <ul style="list-style-type: none"> <li>Rural Males &amp; Rural Females is Rs. 144.9/day and 85.5/day respectively</li> <li>Urban Males &amp; Urban Females is Rs. 203.3/day and 153.2/day respectively</li> <li>The wage disparity ratio has widened during 1999-00 to 2004-05</li> </ul>
Women's Representation in Parliament	9.1% in 2004: <ul style="list-style-type: none"> <li>Improved only slightly from 6.1% in 1989</li> <li>The figure is very low as against that of 14.8%, 13.1%, 15.0% and 25% in Bangladesh, Malaysia, US and Mexico.</li> </ul>
Violence against Women	Crimes against women have been increasing: <ul style="list-style-type: none"> <li>Rape cases increased from 16075 in 2001 to 18233 in 2004;</li> <li>Dowry deaths increased from 6851 in 2001 to 7026 in 2004;</li> <li>Cases of abduction and trafficking for sexual and other exploitations- 19.4% and 7.2% respectively in 2005.</li> </ul>

Source: Compiled from Eleventh Five Year Plan Document (2007-2012), Planning Commission, Government of India

The figures tell the story. It is apparent from the table that women continue to face discrimination on all fronts despite more than half a century of independence and the vision of "equality" that the Constitution had laid down. Worse still, we seem to be in a downward spiral of commitments not being fulfilled. Successive five year plans have also not fulfilled the targets they had set out for themselves, including the Tenth Plan as can be seen from the table below.

**Table-7.10.: Monitorable Targets for the Tenth Plan and Achievements**

IMR	45 by 2007 and 28 by 2012	57 (NFHS-3) and 58 (SRS 2005)
MMR	2 by 2007 and 1 by 2012	3.01 (SRS 1997-2003)
Gender gap in literacy	Reduce by at least 50% by 2007	21.7% (Census of India)
Gender differential in wages	Reduce by 50% by 2007	Ratio of female wage/male wage reduced to 0.59 for rural and 0.75 for urban areas (NSSO, 2004-05) therefore indicating an increase in gender differential in wage rates.

Source: Selected Educational Statistics, MoHRD, 2004-05

## E. Challenges that remain

While the government's attempts towards Gender Budgeting is a welcome step, it will serve the larger goal of promoting gender equality only if it is understood more holistically and is done more comprehensively rather than as a mere accounting exercise of identifying flows from the budget meant for women. The recent economic downturn notwithstanding, we must recognize that India's much celebrated growth saga has been premised on women's paid, underpaid and unpaid labour. Yet women's larger concerns as economic agents have seen adverse trends and statistics bear these out. For instance, India's work participation rate at 28% continues to be low even in comparison with other developing nations like Sri Lanka (30%), Bangladesh (37%), and South Africa (38%). Another worrying fact is that despite a slight increase in employment, the average earning for rural women has declined between 1999-2000 and 2004-05. This decline is more pronounced among poorer women. The average wage for men has, on the other hand, shown an increase across all categories. In this context, some specific areas of concern have been summarised below:

### E.i. Social sector allocations continue to be abysmally low:

Social sector allocation in India, despite some progress in recent years, continue to be abysmally low, whether you look at them in comparison with other countries or in relation to the low development indicators or even in relation to the targets set out in the NCMP (6% of the GDP to be allocated for education and 3% for health). Social sector allocations have a significant impact on women. For the budgets to be more gender sensitive, social sector allocations must be increased and at the same time the quality of spending must also improve. Furthermore, allocations targeted at women also need to be stepped up across different ministries given that women are lagging behind in all development indicators. Even the progress made on the legislative front for women will mean nothing unless backed by adequate resources to bring these laws into reality.

### E.ii. Capitalising on women's underpaid and unpaid work:

Many of UPA's flagship programmes continue to rely on women's underpaid work. The Sarva Shikha Abhiyan (SSA) hires "para" teachers, who are local people, usually class VIII pass and pays them monthly wages as low as Rs. 1000 to Rs. 3000 and these account for approximately 16% of all school teachers in the country. Likewise, under the Integrated Child Development Scheme (ICDS), one of the largest schemes essentially depends on anganwadi workers and helpers, who were until recently paid around Rs. 1000 and Rs. 500 per month respectively. Although this has seen some upward revision, the amount paid to them is still less than the minimum wages in most states. The argument for not paying them minimum wages is that these are "social workers" or "volunteers" and therefore they are not paid "wages" but are paid an "honorarium" since anganwadis are open for only a few hours in the day and hence the work is not supposed to be fulltime. However, a reality check would suggest that quite to the contrary the work expected from anganwadi workers is extensive and is definitely fulltime work. The National Rural Health Mission (NRHM) too relies on women's unpaid work. The Accredited Social Health Activist (ASHA) who is the most important component of the programme and is expected to perform a formidable list of tasks is also supposed to be an honorary volunteer. Although some states are making an effort to pay them, what they are paid is grossly inadequate. Thus, many of the flagship schemes of the UPA government are designed on the premise of capitalizing on women's unpaid and underpaid labour. Such "misplaced miserliness" on issues of such importance requires urgent redressal.

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### **E.iii. Gender concerns in the working of many schemes remain to be addressed:**

Governments' responsibility does not end with designing and starting new schemes. How these schemes work in reality and whether they are able to address the needs of the people in an effective way is as much the government's responsibility. Many of the schemes designed by the government are not resulting in better developmental outcome for the people and especially for women. Under NREGA for instance, the worksite facilities provided for in the Act, such as, crèches, etc., have not been provided in a majority of the states. Women headed households in many states and single women in particular face discrimination in getting job cards. Furthermore, the adoption of excessively ambitious work norms reduces the possibility of labourers, especially women, receiving minimum wages.

### **E.iv. Recognition of women's centrality across all sectors:**

Women's location and centrality in all sectors needs to be recognized and policies for all sectors need to be gender responsive. For instance, given the changing demographics of feminisation of agriculture since three-fourths of all women workers and 85% of rural women workers are in agriculture, the achievement of targets of agricultural growth will depend on whether or not agricultural policies are gender responsive. To increase their productivity and economic contribution, women cultivators need land titles, credit, irrigation water, and infrastructure (technology, extension, and marketing support). Further, problems of women agricultural labourers need special attention, including their wage levels, days of employment and access to basic social security. Women's employment in the formal sector has shown paradoxical trends with simultaneous increases in work participation rates, unpaid labour, migration for work and open unemployment (Jayati Ghosh, 2009). It is of great concern that the largest increase in the regular employment of urban women has been in domestic service. At the same time, the gender gap in the regular work, even in the formal sector, has gone up. Women's employment in the textiles and garments industry is growing but often at much lower wages than men and with poorer working conditions. In addition to pro-active policies for encouraging greater women's participation in formal work, it is important to focus on enabling conditions, education and training, child care facilities, timing of work and ensuring safety and health of women workers in organized activities .

### **E.v. Urgent need to implement what has been promised:**

Despite the limitations of the framework of policy pronouncement, if what is promised is implemented, it would still be significant for the women of this country.

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<sup>4</sup> Jayati Ghosh, "Never Done and Poorly Paid, Women's work in Globalizing India", Women Unlimited 2009.

<sup>5</sup> Gender and Governance, Reviewing Women's Agenda in the NCMP, Wada Na Todo Abhiyan, 2007

<sup>6</sup> Towards Inclusive Growth: The Gender Dimension, Committee of Feminist Economists





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- The glaring deficits in the development of children in India seem to have persisted over the last five years; for instance, the IMR is reported to be as high as 55 per 1000 live births in 2007, India having the lowest child immunization rate in South Asia, and so on.
- The magnitude of 'Child Budget' within the Union Budget, i.e. the aggregate outlay for child specific schemes as a proportion of total budget outlay by the Union Government, increased from only 2.2 % in 2003-04 up to 4.93 % in 2007-08. But the revised estimates of 2008-09 show a decline in the same to 4.13 % of the total Union Budget.
- If we take into account the fact that children (i.e. all persons up to the age of 18 years) constitute more than 40 % the country's population and that many of the outcome indicators show persisting deficits in the development of children; the magnitude of 'Child Budget' at 4.13 % of the total Union Budget in 2008-09 (RE) cannot be regarded as adequate.
- While the magnitude of 'Child Budget' is still inadequate, the prioritisation of this total amount earmarked for children in the Union Budget continues to show a skewed pattern; within the total resources earmarked for children in Union Budget 2008-09 (RE), 71.8 % is meant for Child Education, 16.2 % for Child Development, 11.2 % for Child Health and only 0.8 % is meant for Child Protection.

The persistence of significant deficits in the development of children in India is one of the major problems amidst high levels of economic growth that India has witnessed over the last one and a half decades. Over the years, India has succeeded in bringing down the Infant Mortality Rate (IMR) per 1000 live births from a level of 80 in 1990 to 55 in 2007. However, it is still much higher than the levels not only in developed countries but also in many developing countries, for instance Sri Lanka (15 in 2003) and China (37 in 2003). More importantly, the aggregate IMR for India hides a vast disparity prevailing across the States. The level of IMR still varies widely across the States, with the economically backward States, viz. Uttar Pradesh, Madhya Pradesh, Assam, Orissa, and Rajasthan recording very high levels of IMR above 60 per 1000 live births in 2007 according to Sample Registration System (SRS) Bulletin, 2008.

The National Family Health Survey III has revealed that vaccination coverage (among children aged 12-23 months) in India has improved very marginally from 42% in 1998-99 to 44% in 2005-06. Likewise, the progress in coverage of institutional deliveries has been very slow with only 40.7% coverage in the country in 2005-06. Moreover, the results from NFHS-III point to the disturbing fact that while the proportion of underweight children under 3 years was 47% in 1998-99, it still persisted at the level of 46% in 2005-06.

**Table-8.1.: Key Indicators of Development Deficits of Children in India**

State	Infant Mortality Rate (Per 1000 Live Births)	Children Under Age 3 Who Are Underweight (in %)	Vaccination Coverage (in %)	Coverage of Institutional Deliveries (in %)	Drop Out Rates in Class I-X
	2007	(2005-06)	(2005-06)	(2005-06)	(2004-05)
Uttar Pradesh	69	47	23	22	43.77
Chhattisgarh	59	52	49	15.7	*
Madhya Pradesh	72	60	40	29.7	64.7
Jharkhand	48	59	35	19.2	*
Assam	66	40	32	22.7	74.96
Orissa	71	44	52	38.7	64.42
Rajasthan	65	44	27	32.2	73.87
Bihar	58	58	33	22	83.06
Arunachal Pradesh	37	37	28	30.8	70.79
Andhra Pradesh	54	37	46	68.6	63.69
Tripura	39	39	50	48.9	73.36
Gujarat	52	47	45	54.6	59.29

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Delhi	36	33	63	60.7	46.92
West Bengal	37	44	64	43.1	78.03
Jammu & Kashmir	51	29	67	54.3	53.75
Meghalaya	56	46	33	29.7	79.15
Karnataka	47	41	55	66.9	59.38
Uttarakhand	48	38	60	36	*
Haryana	55	42	65	39.4	32.48
Punjab	43	27	60	52.5	44.06
Nagaland	21	30	21	12.2	67.29
Maharashtra	34	40	59	66.1	54.16
Himachal Pradesh	47	36	74	45.3	32.42 #
Mizoram	23	22	46	64.6	66.95
Sikkim	34	23	70	49	82.3
Tamil Nadu	35	33	81	90.4	55.19
Manipur	12	24	47	49.3	43.02
Goa	13	29	79	92.6	40.65
Kerala	13	29	75	99.5	7.15
India	55	46	44	40.7	61.92

Note: Infant Mortality Rate (Per 1000 Live Births): Number of infant deaths per 1,000 live births in the last 5 years;  
 Children Under Age 3 Who Are Underweight: Percentage of children under age 3 who are underweight (too thin for age);  
 Vaccination Coverage: Percentage of children 12-23 months who have received all recommended vaccines;  
 Coverage of Institutional Deliveries: Percentage of institutional births, based on the last 2 births in the 3 years before the survey.

\* Drop out rates are shown combined with the respective parent States.

# The drop out rate (Class I-X) figure for Himachal Pradesh is for the year 2003-04.

Source:

1. SRS Bulletin, Registrar General, India (for data on- IMR per 1000 live births)

2. National Family Health Survey (NFHS) - 3, Provisional Data for India and 29 States (Fact Sheets), 2005-2006, downloaded from [www.nfhsindia.org](http://www.nfhsindia.org) (Children under age 3 who are underweight, Vaccination Coverage, and Coverage of Institutional Deliveries)

3. Govt. of India, Ministry of Human Resources Development, Annual Report for 2006-07, downloaded from [www.education.nic.in](http://www.education.nic.in) (for data on Drop Out Rates).

### Socio-Economic Status of Children in India

- IMR is as high as 55 per 1000 live births (SRS, 2007).
- India has the lowest child immunization rate in South Asia.
- Birth registration in India is just 62% (Registrar General of India, 2004).
- Maternal Mortality Rate (MMR) is equally high at 301 per 100000 live births (SRS, 2001-03).
- Only 43.5% children in the age group of 12-23 months are fully immunized.
- The number of children orphaned in India is approaching 2 million (World Bank 2005).
- Only 21% children in the age group of 12-35 months receive a dose of vitamin A.
- Nearly 60000 newborns are infected every year from 189000 HIV positive women.
- Only 26% children who had diarrhoea got ORS (NFHS-3) as compared to 27% in NFHS-2.
- Three out of four children in India are anaemic.
- Every second new born has reduced learning capacity due to iodine deficiency.
- Children (0-3 years) underweight are 46% in NFHS-3, a marginal decrease from 47% in NFHS-2
- Children under 3 with anaemia are 79% (NFHS-3), an increase from 74.2% in NFHS-2.
- Only 23.4% children are breastfed within the first hour of birth (NFHS-3).

Source: Planning Commission, Govt.: Eleventh Five Year Plan, 2007-12, Social Sector Spending, Voll-2, PP, 2007

In 2005, the National Plan of Action for Children, outlined commitments for the Central, State and local governments in the country towards fulfilling child rights, in four interlinked areas: child survival, child development, child protection and child participation. These commitments, in turn, draw on the mandate delivered by the Indian Constitution.

The National Plan of Action for Children (2005), brought out by the Ministry of Women & Child Development, "commits the allocation of the required financial, material, technical and human resources from the Central and the State Government to ensure its full implementation. Investing in children lays the foundation for a just society, a strong economy, and a world free of poverty". This requires that Ministries and Departments with specific child budgets and plans should ensure 100% spending and should also increase allocation in view of the large child population. Along with many specific recommendations for Union and State Governments, a clear demarcation of child budget, spending and monitoring were put in the action plan.

To find out the magnitude of 'child budget' and keeping in mind the different needs of children in our country, all programmes/ schemes included in the 'Child Budget' are categorized into four sectors, viz.:

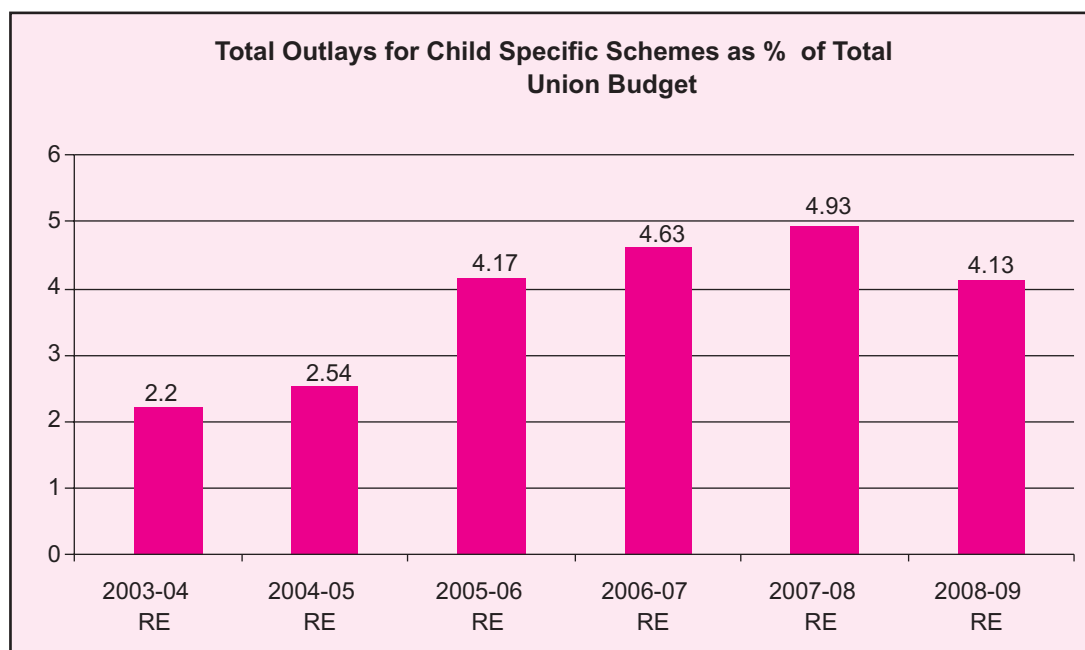
- Child Development
- Child Health
- Child Education
- Child Protection.

However, this categorization is subjective to some extent as certain child-specific schemes address multiple needs of children and hence they can be considered to fall into more than one category. For instance, a scheme like "National Programme for Nutritional Support to Primary Education (or the Mid-Day Meal scheme)" may be considered as a part of Child Education as well as a part of Child Development (in the analysis presented here, this scheme has been included under Child Education). But in order to avoid double counting of child specific public expenditure, every such scheme (addressing multiple needs of children) is included in any one of the four categories only.

## A. Magnitude of 'Child Budget' in the Union Budget

The magnitude of 'Child Budget' within the Union Budget, i.e. the aggregate outlay for child specific schemes as a proportion of total budget outlay by the Union Government increased up to 4.93% in 2007-08 from only 2.2% in 2003-04. But the revised estimates of 2008-09 show a significant decline to 4.13% of total Union Budget.

Figure-8.1: Outlays for Child Specific Schemes as a Proportion of Union Budget (in%)



Note: The figure for Total Expenditure from Union Budget in 2007-08 (RE) used in the present analysis does not include the Rs. 35,531 crore worth of non-plan transaction undertaken in 2007-08 relating to the transfer of RBI's stake in SBI to the Government.

Source: GoI, Expenditure Budget Vol. I & II, Union Budget, (various issues)

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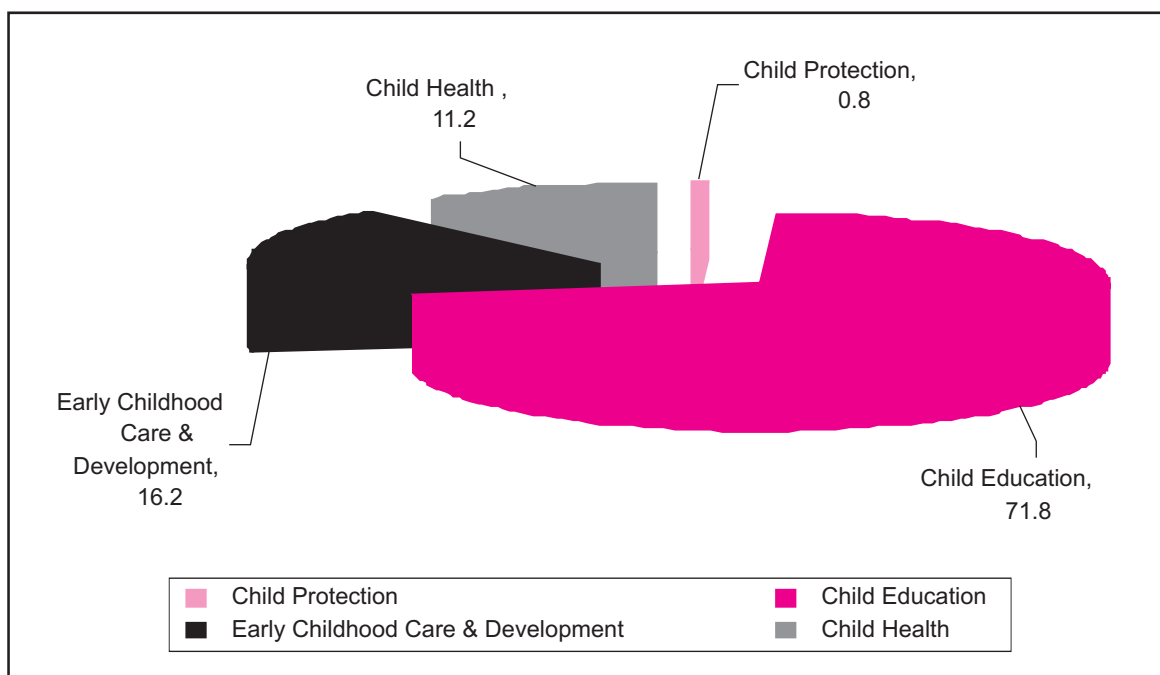
If we take into account the fact that children (i.e. all persons up to the age of 18 years) constitute more than 40% of the country's population and that many of the outcome indicators show persisting deficits in the development of children; the magnitude of 'Child Budget' at 4.13% of the total Union Budget in 2008-09 (RE) cannot be regarded as adequate.

### A.i. Prioritisation of Outlays Earmarked for Children in Union Budget 2008-09

While the magnitude of 'Child Budget' is still inadequate, the prioritisation of this total amount earmarked for children in the Union Budget 2008-09 shows a skewed pattern (Table 8.2 and Figure 8.2). The present analysis divides the entire 'Child Budget' into four categories, viz. Early Childhood Care & Development, Child Health, Child Education, and Child Protection. Each of the child-specific schemes selected from the Union Budget is considered only under any one of these four categories.

Figure 8.2 below shows the sectoral composition of the total 'Child Budget' in Union Budget 2008-09 (RE). Within the total resources earmarked for children in Union Budget 2008-09 (RE), 71.8% is meant for Child Education, 16.2% for Child Development, 11.2% for Child Health and only 0.8% for Child Protection. This is very disturbing given that many recent cases have highlighted the vulnerability of children in the country, especially those children who are in various kinds of difficult circumstances.

**Figure-8.2: Sectoral Composition of the Total Outlay for Children in Union Budget 2008-09 (RE)**



Source: Compiled from *Gol, Expenditure Budget Vol. I & II, Union Budget 2008-09*

Outlays for Early Childhood Care & Development as a proportion of total outlay by the Union Government have decreased from 0.84% in 2007-08 (RE) to 0.67% in 2008-09 (RE). Outlays for Child Health as a proportion of the total Union Budget outlay is almost stagnant at around 0.45% in between 2007-08 (RE) and 2008-09 (RE). Outlays for Child Education registered a decline from 3.6% of the total Union Budget in 2007-08 (RE) to 2.96% of the total Union Budget in 2008-09 (RE). Despite the relatively higher magnitude of Union Budget outlays for Child Education, the total public spending on education in the country continues at a low level. According to the Economic Survey for 2007-08, the total budget outlay for Education Departments in the Centre and States combined stood at a meager 2.84% of the GDP in 2007-08. Education Departments account for a substantial chunk of the total public spending on education in the country. Hence, there can be no doubt about the fact that even Child Education remains under-funded in the government budgets in India.

However, it is the Child Protection sector which appears most neglected in the Union Budget. The outlay on Child Protection, registers a decline from 0.04% of the total Union Budget in 2007-08 (RE) to 0.03% of the total Union Budget in 2008-09 (RE). While the outlay for Integrated Child Protection Scheme (ICPS) has gone up, the outlay for National Child Labour Project (NCLP) has been decreased in 2008-09 (RE) in comparison to 2007-08 (RE).

**Table-8.2: Union Budget Outlays for Child Specific Schemes**

	2004-05 (RE)	2005-06 (RE)	2006-07 (RE)	2007-08 (RE)	2008-09 (RE)
Budgetary Provisions for Early Childhood Care & Development (Rs.Crore)	2291.39	3947.91	4864.55	5642.24	6014.60
Allocations for Child Development as a Proportion of Total Expenditure of Union Government (%)	0.45	0.78	0.84	0.84	0.67
Budgetary Provisions for Child Health (Rs. Crore)	1576.71	2806.72	2649.33	3016.29	4166.62
Allocations for Child Health as a Proportion of Total Expenditure of Union Government (%)	0.31	0.55	0.46	0.45	0.46
Budgetary Provisions for Child Education (Rs. Crore)	8831.41	14294.1	19236.26	24244.56	26693.45
Allocations for Child Education as a Proportion of Total Expenditure of Union Government (%)	1.75	2.81	3.31	3.60	2.96
Budgetary Provisions for Child Protection (Rs. Crore)	152.87	173.04	183.53	283.79	294.04
Allocations for Child Protection as a Proportion of Total Expenditure of Union Government (%)	0.03	0.034	0.032	0.04	0.03
Total Outlays for Child Specific Schemes (Rs. Crore)	13092.38	21597.82	26933.67	33186.88	37168.71
Total Outlays from Union Budget (Rs. Crore)	505791	508705	581637	673842	900953
Total Child-Specific Outlays as a proportion of Total Outlays from Union Budget (%)	2.59	4.25	4.63	4.93	4.13

Note:

1. BE: Budget Estimates; RE: Revised Estimates.

2. Expenditure Budget Volume II (Notes on Demands for Grants) in the Union Budget documents does not give Actuals, hence we have taken Revised Estimates for the years from 2004-05 to 2008-09.

3. Total Expenditure figures for 2004-05 to 2007-08 are also Revised Estimates

4. The figure for Total Expenditure from Union Budget in 2007-08 (RE) used in the present analysis does not include the Rs. 35,531 Crore worth of non-plan transaction undertaken in 2007-08 relating to the transfer of RBI's stake in SBI to the Government.

Source: Compiled from Expenditure Budget (Vol. I & II), Union Budget, Gol, (various years).

Based on the discussion presented above, we may conclude that the effort of the Union Government over the last few years at stepping up priorities for children in the Union Budget leave a lot to be desired. The total magnitude of resources earmarked for children in Union Budget 2008-09, at only 4.13% of the total Union Budget, appears inadequate to address the various problems confronting children in India. Moreover, even within this small quantum of resources earmarked for children, the sectoral composition is heavily skewed. The interventions in Child Protection sector are still under funded.

However, it is a welcome step that some new schemes have been introduced in the Union Budget 2008-09 and 2009-10.

## A.ii. New Schemes for Children in the recent Union Budget

With Union Budget 2008-09, the Government has some new schemes for children. Table 8.3, compiles these new schemes for children. While the launch of these schemes is a welcome step, the magnitude of funds provided for these schemes does not present a promising picture.

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**Table-8.3: New Schemes for Children in Union Budget 2008-09**

Ministry/ Dept.	Scheme (Allocation for 2008-09)	Objective
School Education & Literacy (2008-09)	Support to One Year Pre-Primary in Government Local Body Schools (Rs 100 crore)	To formulate a new Centrally Sponsored Scheme for providing assistance for pre-primary classes in government/local body schools.
Secondary Education (2008-09)	Scheme for upgrading 2000 KGBVs (residential schools/girls' hostels) (Rs. 80 crore)	To establish one girls' hostel in each educationally backward block, about 3500 in all.
	New Model Schools (Rs.58.80 crore)	To set up 6000 new high quality schools, one in every block of the country.

Source: Compiled from Union Budget, Expenditure Budget Vol. II, 2008-09

**Table-8.4: New Schemes Announced in Union Budget 2008-09**

Ministries/Department	Name of the Scheme & Allocation	Objective of the Scheme
Ministry of Minority Affairs	National Fellowship for Students from the minority communities (Rs 4.5 crore)	Objective is given in the budget document
Department of School Education and Literacy	Rashtriya Madhyamik Shiksha Abhiyan (RMSA) (Rs 983.46 crore)	As a follow-up to the implementation of the Sarva Shiksha Abhiyan (SSA) a massive increase in the number of students completing upper primary level
	Scheme for Setting up of 6000 Model Schools at Block Level as Bench Mark of Excellence (Rs 312.90 crore)	Setting up of 6000 new for High Quality Schools - one in every block of the country
	Scheme for Construction and Running of Girls Hostels for Students of Secondary & Higher Secondary Schools (Rs.54.00 crore)	Creating girls hostel facilities for secondary level students in each educationally backward block (about 3500 in all).
	Appointment of Language Teachers (Rs 14.40 crore)	The Assistance for appointment Language Teachers of any language listed in the 8th schedule of the Constitution that is taught as third language.



# DALITS & ADIVASIS



- A separate budget statement (Statement 21, Expenditure Budget Volume I) denoting the allocations earmarked for SCs/STs has been introduced in the Union Budget during the UPA tenure.
- However, it remains a matter of concern that the total magnitude of Plan allocations earmarked both for SCs and STs are far below the SCSP and TSP norms.
- With regard to fulfilling the NCMP commitments, except implementation of the Scheduled Tribes & Other Traditional Forest Dwellers (Recognition of Forest Rights) Act, 2006, no other major initiatives have been realized.

It is well known that among the various socially disadvantaged groups, the Scheduled Castes (SCs/ Dalits) and Scheduled Tribes (STs/ Adivasis) are among the most excluded. This is reflected in lower attainment of various development indicators among them compared to the rest of the population. In the post-independence era, successive governments have formulated laws, special programmes and policies for reaching these excluded sections of population, but all these have eluded a large section of the SCs/STs. When the present UPA Government came to power, it made specific commitments for the development of SCs/STs in the National Common Minimum Programme (NCMP).

### Commitment for SCs/STs in the NCMP

- The UPA has urged the States to make legislation for conferring ownership rights in respect of minor forest produce, including tendu patta, on all those people from the weaker sections who work in the forests.
- All reservation quotas, including those relating to promotions, to be fulfilled in a time-bound manner. To codify all reservations, a Reservation Act will be enacted.
- The UPA government launched a comprehensive national programme for minor irrigation of all lands owned by dalits and adivasis. Landless families will be endowed with land through implementation of land ceiling and land redistribution legislation. No reversal of the ceiling legislation will be permitted.
- The UPA administration to take all measures to reconcile the objectives of economic growth and environmental conservation, particularly, as far as tribal communities dependent on forests are concerned.
- The UPA is concerned with the growth of extremist violence and other forms of terrorist activity in different states. This is not merely a law-and-order problem, but a far deeper socio-economic issue which will be addressed more meaningfully than has been the case so far. False encounters will not be permitted.
- The UPA government to review the overall strategy and programmes for the development of tribal areas to plug loopholes and to work out more viable livelihood strategies. In addition, more effective systems of relief and rehabilitation to be put in place for tribal and other groups displaced by development projects. Tribal people alienated from their land will be rehabilitated.
- The UPA government is very sensitive to the issue of affirmative action, including reservations, in the private sector. It will immediately initiate a national dialogue with all political parties, industry and other organizations to see how best the private sector can fulfill the aspirations of SC and ST youth.
- Eviction of tribal communities and other forest-dwelling communities from forest areas to be discontinued. Cooperation of these communities to be sought for protecting forests and for undertaking social afforestation. The rights of tribal communities over mineral resources, water sources, etc as laid down by law to be fully safeguarded.

The Eleventh Five Year Plan envisages a number of ambitious targets and policies (for the overall development of SCs/STs) as follows:

### For Scheduled Castes

- Among the SCs, children of scavengers are educationally the most backward. The existing Pre-Matric scholarship for them needs to be revised in its funding pattern from 50:50 to 100% so that more target families send their children to schools. Special attention needs to be paid to retention in schools of SC students and the quality of teaching for them.
- A Commission on Land Reforms will be set up which will specifically look into issues of - (a) continued possession and effective uses of land distributed earlier to SCs under various programmes/legislative interventions; and (b) availability of land for distribution to SCs/STs/landless families. In all these, care will be taken to ensure preferential/joint ownership for women.



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- Large numbers of SCs depend on agricultural wages to sustain themselves and the State Governments thus need to revise agricultural wages every five years.
- Based upon the effective performance of the Finance and Development Corporations, the capital available at their disposal may be increased substantially to provide support to SC/ST businesses.
- Despite commitments made to the eradication of the obnoxious and dehumanizing practice of handling night soil manually, it still continues. Only 19 States and all UTs have adopted the Employment of Manual Scavengers and Construction of Dry Latrines (Prohibition Act, 1993). 9 States are yet to adopt the Act. A new scheme, namely the Self Employment Scheme for Rehabilitation of Manual Scavengers has been formulated to rehabilitate the remaining 3.42 lakh scavengers out of the total number of 7.73 lakh in a time-bound manner by March, 2009 through training and extension of loans and subsidy. This has to be done in a mission mode with commitment and zeal.
- Those belonging to the SC communities suffer from really high incidence of poverty and need to be provided with job-oriented training to enable them to have better opportunities. Such training will be provided under the Apprentice Act (refer to Labour and Employment Chapter).
- There is a need to complement protective legislations i.e. The Protection of Civil Rights Act, 1955 and Scheduled Castes and Scheduled Tribes (Prevention of Atrocities) Act, 1989 with a promotive legislation which should cover rights of SCs/STs with respect to education, vocational training, higher education and employment. Such legislation may be drafted along the lines of the "Persons with Disabilities (Equal Opportunities, Protection of Rights and Full Participation) Act", 1995 which clearly spells out what is to be done and who should do it.
- The Department of Justice, Government of India, may establish a Special Law faculty to deal with the legal issues of educating judicial officers, public prosecutors, police officials etc, to carry out the necessary research for effective implementation of these two Acts. The Department should also review the judicial aspects and take appropriate steps towards sensitizing the judiciary especially at the level of lower courts, to ensure more and speedier convictions. It should also be ensured that Revenue, Health and other concerned Departments in the States become more sensitized on the issue so that procedural delays in the investigation of offences under the Act are reduced.
- Elimination of caste-based discrimination and harassment in educational institutions should be remedied by establishing 'Equal Opportunity Offices'.
- The private corporate sector will have to play a proactive role in providing sufficient job opportunities to the especially marginalized and discriminated sections of Indian society. The Government shall explore all possibilities of introducing, in one form or the other, affirmative action including reservations in the private sector.
- There is a need to monitor implementation of programmes under Scheduled Caste Sub Plan. A Committee meant for this purpose will be set up which will ensure that each Ministry's allocation of Scheduled Caste Sub Plan (SCSP) is indicated well in advance. Further if any particular Ministry is not able to utilize the earmarked allocation, action should be initiated to transfer the unused fund available to those Ministries/Departments which have implemented the SCSP more effectively.

### For Scheduled Tribes

- The Fifth Schedule requires to be urgently operationalised. The Tribes Advisory Council (TAC) needs to be made proactive, functioning as an advisory body to the State Government in matters relating to the STs. Second, it should function as a tier in between the Zila Parishads in Scheduled Areas and the State Government. Its jurisdiction should be expanded to cover all matters relating to tribal people, not limited as it is now to those which are referred to it by the Governor.
- In the deficit areas, the requisite number of primary schools needs to be established. Specific norms for middle schools and high schools for tribal areas will be evolved and deficiencies made up. All schools should have proper school buildings, hostels, water, toilet facilities (particularly for the girls' schools).
- Residential high schools for ST boys and girls will be set up at suitable places. At the Gram Panchayat level, girls' hostels will be attached to the existing primary/elementary schools that do not have hostels.
- Textbooks in tribal languages, especially at the primary level, will be produced to enable better comprehension by ST students up to Class III. Side by side, adequate attention will be paid to the regional languages so that children do not feel handicapped in higher classes.

- Efforts will be made to set up Industrial Training Institutes (ITIs) in the Tribal Sub Plan areas. Other training centres will include community polytechnics, and undertaking rural/community development activities in their proximity, through application of science and technology.
- The Integrated Child Development Scheme (ICDS)/Anganwadi schemes for tribal areas will be evaluated and shortcomings eliminated.
- A large number of special coaching classes will be organized and the concerned institutions will be suitably aided to enable ST students to compete in entry-level competitive examinations for professional courses.
- There is a need to constitute a special committee composed of eminent sociologists, anthropologists, educationists, administrators, representatives of scheduled tribe communities etc. to go comprehensively into the problems of ST education and make recommendations for implementation.
- Efforts will be made to make available affordable and accountable primary health care facilities to STs and bridge the yawning gap in rural health care services through a cadre of Accredited Social Health Activists (ASHA) and sectoral convergence of all the related sectors.
- Periodic reviews will be conducted of the delivery system and functioning of the health care institutions under three broad heads to optimize service in the tribal areas: (i) health infrastructure, (ii) manpower and (iii) facilities like medicines and equipment.
- Action will be taken to make up the shortfall in the different categories of health institutions, liberalization of norms, addressing infrastructural deficiencies, application of quality standards and revitalization of Health Care Systems, Primary Health Centres and Community Health Centres.
- Towards making the existing tribal livelihoods more productive, intensive efforts will be mounted to reconstitute, vitalize and expand the agricultural sector. Use of irrigation in agriculture with a preference for organic farming will be a major step. Training centres will be opened to impart skills for diverse occupations to the tribals.
- Efforts will be made to promote horticulture, animal husbandry, dairy, sericulture, silviculture, cottage and small industry by extending necessary technology and credit, marketing and entrepreneurial information and training.
- To enable the tribal primary producers, collectors and consumers to enter into transactions with primary cooperatives, monopoly of corporations in certain items procured by them through contractors and middlemen will be replaced by alternative market mechanisms like minimum price support with institutional backing. It will be incumbent on national level organisations like Tribal Cooperative Marketing Development Federation of India Limited (TRIFED) and National Agricultural Cooperative Marketing Federation (NAFED) to play their due role in marketing of the tribal Minor Forest Produce (MFP).
- As visualized under NFP Resolution (1988), tribal association with forestry will be maximized through tribal cooperatives and self-help groups of tribal women.
- The Tribal Sub-Plan (TSP) will be reformed to restore its dynamic character and make it an effective instrument for tribal development.
- Once the National Tribal Policy is finalized, action will be taken to follow up on it.
- Prevention of exploitation of tribals through strict penal action against errant money-lenders, businessmen, traders, middlemen, government servants and other exploiters. Effective implementation of the SC and ST (Prevention of Atrocities) Act, 1989.
- The practice of employment of contractors and middlemen by public sector organizations should be replaced by tribes-benefiting procedures.
- The strategy will be different for the two distinct categories of Primitive Tribal Groups (PTGs). The approach for heritage groups will place emphasis on conservation of the eco-system, life-styles and traditional skills along with an economic component. In the case of peripheral communities, the approach will be conservation of the

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eco-system, along with stress on economic programmes. The unique attributes of each group will determine specific treatment in planning and implementation.

- A National Institute of Tribal Affairs (NITA) will be set up at the Central level. NITA will serve as a think-tank to the Ministry of Tribal Affairs. Expedient step will be taken to set up the NITA.

Among the major policy initiatives in the post-Independence era for the upliftment of the SCs and STs are the Scheduled Caste Sub Plan (SCSP) and Tribal Sub Plan (TSP), planned in 1979. But no previous government has made public any document regarding the implementation status of SCSP and TSP. From this point of view, it is quite praiseworthy that only in the UPA tenure, a separate budget statement (Statement 21, Expenditure Budget Vol. I) for the allocations earmarked for SCs/STs was made public. But at the same time, it is quite disturbing to see that the total magnitude of plan allocations earmarked both for SCs and STs are far below the SCSP and TSP norms.

**Table-9.1.: Plan Allocations Earmarked for SCs from Different Min./Depts. in the Union Govt. (in Rs. crore)**

Min./Depts.	2004-05 RE	2005-06 RE	2006-07 RE	2007-08 RE	2008-09 RE
Dept. of Science & Technology	0	2.5	2.5	3	3
Ministry of Finance	0	0	3.02	0	0
Ministry of Tribal Affairs	0	0	0	0	0
*Ministry of Social Justice & Empowerment	986.13	1027.78	1260.14	1661.29	1779.25
*Dept. of Rural Development	2564.8	2771.67	2293	3134.33	4303.33
*Ministry of Labour & Employment	0.27	0.48	0.53	0.61	0.67
*Dept. of Women & Child Development	0	468.97	641.24	1494.4	1134
*Dept. of Secondary Education & Higher Education (Ministry of HRD)	0	266.33	259.28	453.52	4026.31
*Dept. of Elementary Education & Literacy (Ministry of HRD)	60	2027.57	2739.86	3509.65	987.16
*Ministry of Youth Affairs and Sports	0	13.29	13.04	17.9	20.73
*Ministry of Agriculture	0	0	0	136.37	228.16
*Dept. of Information Technology	0	0	7.06	20	19.33
*Dept. of Health & Family Welfare	0	0	1244.35	1676.19	1885.22
*Dept. of Small Scale Industries	0	0	0	136.8	210.77
*Ministry of Textiles	0	0	0	80.93	84.05
Dept. of Biotechnology	0	0	0	2.5	2
Ministry of Culture	0	0	0	2.93	3.93
Ministry of Pnachat Raj	0	0	0	26.61	27.2
*Union Territories of Andaman & Nicobar Island, Daman & Diu, Dadra & Nagar Haveli and Lakshadweep	0	0	9.92	11.51	11.91
Total Plan Exp. for SCs from Union Budget	3611.2	6578.59	8473.94	12367.77	14727.02

Note:

\* The Union Budget documents do not segregate the total allocations earmarked for SCs/STs further to show allocations separately for SCs and STs in these Ministries/ Departments. We assume here that following the proportion of SCs and STs in total population of the country (i.e. 16.2 % for SCs and 8.2 % for STs as in Census 2001), out of the total funds earmarked for SCs and STs together, roughly two-third would be spent for SCs.

Source: Expenditure Budget Vol. I and Vol. II, Union Budget (respective years).

**Table-9.2.: Plan Allocation Earmarked for SCs from the Union Budget (in Rs. crore)**

	2004-05 RE	2005-06 RE	2006-07 RE	2007-08 RE	2008-09 RE
Total Plan Exp. for SCs from Union Budget	3611.2	6578.59	8473.94	12367.77	14727.02
Total Plan Exp. of Union Govt. (excluding Central Assistance to State & UT Plans)	85061	109900	129804	152313	208252
Proportion of total Plan Allocation earmarked for SCs (%)	4.25	5.99	6.53	8.12	7.07

Source: Calculated from the Expenditure Budget Vol. I and Vol. II, Union Budget (respective years).

From the above table, it is clear that allocation for the SCSP has increased over the years. In 2007-08, the plan allocation earmarked for SCs stood at 8.12% of total plan expenditure of the Union Government. But it is still far below the SCSP norm of 16% (as a proportion of SC population the country). On the hand, it is quite depressing that in 2008-09 (RE), it has declined to 7.07% of the total plan allocation of the Union Government.

**Table-9.3.: Plan Allocations Earmarked for STs from Different Min./Depts. in the Union Govt. (in Rs. crore)**

	2004-05 RE	2005-06 RE	2006-07 RE	2007-08 RE	2008-09 RE
Dept. of Science & Technology	0	2.5	2.5	3	3
Ministry of Finance	0	0	1.51	0	0
Ministry of Tribal Affairs	1069.45	1398.82	1652.68	1719.71	1970
*Ministry of Social Justice & Empowerment	0	0	25.03	34.9	36.25
*Dept. of Rural Development	1282.4	1385.83	1146.5	1567.17	2151.67
*Ministry of Labour & Employment	0.13	0.24	0.26	0.31	0.34
*Dept. of Women & Child Development	0	234.49	320.62	747.2	567
*Dept. of Secondary Education & Higher Education (Ministry of HRD)	0	133.16	129.64	226.76	493.58
*Dept. of Elementary Education & Literacy (Ministry of HRD)	30	1013.79	1369.93	1754.83	2028.16
*Ministry of Youth Affairs and Sports	0	6.64	6.52	8.95	10.37
*Ministry of Agriculture	0	0	0	68.19	114.08
*Dept. of Information Technology	0	0	3.53	10	9.67
*Dept. of Health & Family Welfare	0	0	622.17	838.09	942.6
*Dept. of Small Scale Industries	0	0	0	68.4	105.38
*Ministry of Textiles	0	0	0	40.47	42.03
Dept. of Biotechnology	0	0	0	1.25	1
Ministry of Culture	0	0	0	1.47	1.97
Ministry of Pnachyat Raj	0	0	0	13.31	13.95
*Union Territories of Andaman & Nicobar Island, Daman & Diu, Dadra & Nagar Haveli and Lakshadweep	0	0	284	342.96	279.98
Total Plan Exp. for STs from Union Budget	2381.98	4175.47	5564.89	7446.97	8771.03

Source: Calculated from the Expenditure Budget Vol. I and Vol. II, Union Budget (respective years)

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The scenario in terms of plan allocations earmarked for the STs in the Union Budget is not much different from that of SCs discussed above. The proportion of total Plan Outlay of the Central Govt. earmarked for STs has increased over the years (see Table 4.9), but suddenly declined to 4.21% in 2008-09 (RE) from 4.89% in 2007-08 (RE). Additionally, that too is grossly inadequate considering the proportion of ST population in total population of the country, i.e. roughly 8%.

**Table-9.4.: Total Plan Allocation Earmarked for STs from the Union Budget (in Rs. crore)**

	2004-05 RE	2005-06 RE	2006-07 RE	2007-08 RE	2008-09 RE
Total Plan Exp. for STs from UB	2381.98	4175.47	5564.89	7446.97	8771.03
Total Plan Exp. Of Union Govt. (excluding Central Assistance to State & UT Plans)	85061	109900	129804	152313	208252
Proportion of total Plan Allocation earmarked for STs (%)	2.80	3.80	4.29	4.89	4.21

Source: Calculated from Expenditure Budget Vol. I & II (various years).

Therefore, the plan allocations earmarked for SCs and STs in the Union Budget are far below the norms of both SCSP and TSP. In the Union Budget 2008-09, only 17 Ministries/Departments have shown some plan allocation for the SCs/STs. Again, the allocations would also be grossly inadequate for realizing the ambitious targets of the Eleventh Five Year Plan. Since 2008-09 is the second year of the Eleventh Five Year Plan, the lack of willingness on the part of the Central Government to seriously pursue the strategies of SCSP and TSP is a matter of serious concern.

As far as the NCMP promises are concerned, except the Scheduled Tribes and Other Traditional Forest Dwellers (Recognition of Forest Rights) Act, 2006, no other major initiatives have been taken by the UPA Government for the fulfillment of NCMP. Even the above mentioned Act is at a very preliminary stage of implementation; yet it has been reiterated in the Interim Budget 2009-10. A paltry Rs. 100 crore capital has been raised in the Budget 2009-10 for the National Safai Karamchari Finance and Development Corporation (NSKFDC) for providing loans at concessional rate to the STs or more precisely for the Safai karmacharis'. Besides the pre-Matric scholarship for children of those engaged in unclean occupations has been expanded in the Budget 2009-10.





**MINORITIES**



- Creation of a separate Ministry (Ministry of Minority Affairs) in the Union Government was a significant step taken by the UPA.
- Constitution of Sachar Committee and its subsequent follow-up through the Action Taken Report has also been a step forward.
- Although several development programmes and schemes have been launched, the financial achievement and deliverable outputs of various schemes have been quite poor. Some of these include Scholarship Schemes, National Minorities Development & Finance Corporation, Multi Sectoral Development Programme, Schemes to improve representation of minorities in government service, Coaching and Allied Schemes.
- In the existing schemes, special provisions have been made for minorities. Under Sarva Shiksha Abhiyan (SSA), additional primary and upper primary schools were opened in minority concentrated areas; assistance has been provided to targeted Swarozgaris from the minority community under Swarnajayanti Gram Swarozgar Yojana (SGSY); approximately 50% of the targeted construction of houses for minorities below poverty line under Indira Awas Yojana (IAY) has been fulfilled; 49% of the targeted credit disbursement (priority sector lending) to minorities has been accomplished.

## A. Promises made by UPA and its Policy Initiatives

According to Census 2001, religious minority groups constituted around 19 % of the total population in India, which includes Muslims (13.4%), Christians (2.3%), Sikhs (1.9 %), Buddhists (0.8%), Jains (0.4%) and others (0.6%). The analysis of socio-economic conditions of minority groups reveal a lot of variations in terms of development indicators amongst them. In this regard, the socio-economic situation of the Muslim population reflects poorly as compared to the other religious minority groups. While on the one hand, it is believed that the level of backwardness among Muslims is due to alienation from modern education (i.e. Science, English and Mathematics) both pre and post-Independence, on the other hand, there has been a continued neglect on part of the Central and State Governments to address the problems of minorities, especially with regard to the Muslim community. In this regard, no concrete policy measures have been taken in the post Independence period to improve the conditions of minorities.

In 2004, the United Progressive Alliance (UPA) government in its National Common Minimum Programme (NCMP) promised to promote modern and technical education among all minority communities. Further, for social and economic empowerment of minorities, top priority was to be accorded to education and employment. The UPA government also intended to enact a model comprehensive law to deal with communal violence and encourage the States to adopt the same to generate faith and confidence in minority communities.

## Promises Made in NCMP for Development of Minorities

- Focus on social and economic empowerment of minorities
- Systematic attention to education and employment of minorities
- Enactment of a comprehensive law to deal with communal violence in order to generate faith and confidence in minority communities.

In order to translate the promises made in NCMP into policy action, a High Level Committee was constituted on March 9, 2005 under the chairmanship of Justice Rajinder Sachar. The objective was to prepare a comprehensive report on the social, economic and educational status of the Muslim community due to non-availability of authentic information on the same. Such information was needed for concrete policy action. The Sachar Committee submitted its report on November 17, 2006, which was tabled in both Houses of the Parliament on November 30, 2006.

The Sachar Committee recognized at the very outset that Muslims, like other minorities, faced multi-faceted challenges related to security, identity and equity. The report analyzed the differentials between Muslims and other Socio Religious Categories (SRCs) in terms of demographic characteristics, level of education, conditions of employment, credit flows, participation in public programmes and access to infrastructure. The findings of the Committee revealed that the Muslim community lags behind in every aspect of socio-economic development.



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In response to the recommendations made by the Sachar Committee, Ministry of Minority Affairs (MMA) formulated an Action Taken Report (ATR). With almost a year having elapsed since the presentation of the ATR, the process of implementation of ATR has been tardy with important areas of intervention for welfare of Muslims, such as providing employment and economic opportunities, still not getting due attention of the policy implementing agencies. Besides, low budgetary support to the MMA and poor implementation of the scheme during 2006-07 and 2007-08 (Table 10.4 and 10.5) paint a disappointing picture and questions the sincerity of the government towards the welfare of minorities.

This fact sheet largely focuses on examining the socio-economic condition of minorities in India with special focus on the Sachar Committee Report and examines the gaps in implementation of the Action Taken Report (ATR). The fact sheet has been divided into three sections. Section I highlights the NCMP promises, findings of the Sachar Committee Report and new policy initiatives. Section II deals with the budgetary allocations made under different ministries particularly by the MMA. Section III focuses on implementation of schemes in terms of outcome/output delivered by the MMA.

Table 10.1. highlights the various development indicators comparing the Muslim community with the national average.

**Table-10.1.: Key Findings of the Sachar Committee**

Variables	Muslims (%)	National Average (%)
Share in Population (2001)	13.4	-
Share in Total OBC population	15.7	-
Urban Population	36	28
Literacy (2001)	59.1	64.4
Out of School Children	25	-
Graduate	3.6	6.7
Diploma	0.4	0.7
Street Vending	12	4
Worker - Population Ratio	54.9	64.4
IAS	3	-
IPS	1.8	-
IFS	4	-
Poverty (2004-05)	31	22.7
Infant Mortality Rate	59	73

Source: Sachar Committee Report, 2006

Further, an important reason for marginalization of the Muslim community has been the high level of exclusion from the mainstream employment sector. Table 2 reveals that the share of Muslims in government jobs is a mere 6.4%. The situation is worse in States with a greater share of Muslim population. For example, in West Bengal, Uttar Pradesh and Assam, while the Muslim population is 25.2%, 18.5% and 30.9%, respectively, their representation in government jobs is only 4.7%, 7.5%, and 10.9 %, respectively. Only 4.5% of the railway employees are Muslims, and of these 98.7% occupy lower-level positions. India's elite civil service corps has a miniscule 3.2% of Muslims.

**Table-10.2.: Muslim Representation in Government Jobs**

States	Muslims in Total population (in %)	Muslim Representation in Govt Jobs (in %)
Assam	30.9	11.2
West Bengal	25.2	4.2
Kerala	24.7	10.4
Uttar Pradesh	18.5	5.4
Bihar	16.5	7.6
Jharkhand	13.8	6.7
Karnataka	12.2	8.5
Delhi	11.7	3.2
Maharashtra	10.6	4.4
Andhra Pradesh	9.2	8.8
Gujarat	9.1	5.4
Tamil Nadu	5.6	3.2
Total	15.4	6.4

Source: Sachar Committee Report, 2006

## B. Policy Initiatives

Taking into consideration the poor development indicators among the Muslim community, the Sachar Committee suggested policy measures and made specific recommendations covering four dimensions of development. First, mainstreaming and inclusiveness were to be the cornerstone of the policy framework for the Muslim community. Second, an urgent need was felt to increase the diversity in residential/ work places and educational institutions by incorporating Muslims. Third, the need for more equity-based measures to reduce the sense of discrimination that the community perceives. Fourth, availability of detailed information and formation of data bank to facilitate action and monitoring of schemes and programmes meant for minorities.

### Policy Measures for Minorities by UPA Government

- The National Monitoring Committee for Minorities Education (NMCME) was constituted in 2004 to look into all aspects of education of minorities.
- Ministry of Minority Affairs was created on January 29, 2006 to deal with issues related to Minorities.
- A High Level Committee was constituted on March 9, 2005 under the chairmanship of Justice Rajinder Sachar to prepare a comprehensive report on the social, economic and educational status of the Muslim community
- The Sachar Committee submitted its report on November 17, 2006
- The details of follow-up of ATRs on the recommendation of Sachar Committee were presented in both houses of Parliament on August 31, 2007
- The follow-up of ATR has initiated many new schemes such as scholarship and coaching schemes, Multi Sectoral Development scheme for overall development of minorities and focus on research and development of minorities.
- A new scheme for leadership development of minority women was launched by Ministry of Women and Child Development (MWCD) in 2008-09
- Proposal to earmark 15% of the country's budget for religious minorities under Prime Minister's 15-point Programme

While reviewing the performance of UPA government regarding initiatives taken for development of minorities during its tenure, we need to focus on the ATR and status of its implementation based on recommendation of Sachar Committee Report. On the basis of ATR, MME devised new schemes for all-round development of minorities.

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### Status of Implementation of Action Taken Report (ATR)

ATR of the Union Government	Status of Implementation
<b>Special Development initiatives</b> <ul style="list-style-type: none"> <li>o Targeted intervention in 90 minority concentrated districts</li> <li>o Improvement in civic amenities and economic opportunities in 338 towns.</li> </ul>	<b>Special Development initiatives</b> <ul style="list-style-type: none"> <li>o Multi Sectoral Development Scheme has been launched.</li> <li>o Inter- ministerial task force set up to look into the matter.</li> </ul>
<b>Access to Credit</b> <ul style="list-style-type: none"> <li>o Opening more branches of Banks in minority concentrated districts</li> <li>o Priority sector lending to minorities</li> </ul>	<b>Access to Credit</b> <ul style="list-style-type: none"> <li>o 496 branches opened in 2007-08</li> <li>o RBI revised Master Circular to lend minorities from 9% to 15% over the next three years</li> </ul>
<b>Access to Education</b> <ul style="list-style-type: none"> <li>o Promotion of girls education</li> <li>o Provision for girl's hostels</li> <li>o Provision for scholarship for students</li> <li>o Dissemination of information regarding schemes</li> <li>o Madarsa Modernization Programme</li> <li>o Recognition of Madrasa certificate to Universities</li> </ul>	<b>Access to Education</b> <ul style="list-style-type: none"> <li>o 270 KGBVs sanctioned in blocks with more than 20% minority population</li> <li>o No concrete action has been taken</li> <li>o Many schemes have been launched</li> <li>o A scheme has been started in this regard.</li> <li>o Scheme is being revised to make it more attractive</li> <li>o UGC asked to work out modalities</li> </ul>
<b>Skill Development</b> <ul style="list-style-type: none"> <li>o Promotion of skill development Initiative</li> </ul>	<b>Skill Development</b> <ul style="list-style-type: none"> <li>o Inter-ministerial group formed</li> </ul>
<b>Promotion of Social Inclusion</b> <ul style="list-style-type: none"> <li>o Equal opportunity commission</li> <li>o Diversity index in areas of education, housing and employment</li> <li>o Compilation of national data bank</li> </ul>	<b>Promotion of Social Inclusion</b> <ul style="list-style-type: none"> <li>o Report has been submitted</li> <li>o Report has been submitted</li> <li>o Desk has been created in the Ministry of Statistics</li> <li>o A cell was constituted in the Planning Commission</li> </ul>

Source: Ministry of Minority Affairs, Gol

### C. Public Spending during 2004-05 to 2008-09

There are three Ministries /Departments under the Union Government, namely Ministry of Minority Affairs (MME), Ministry of Women and Child Development (MWCD) and Department of Higher Education which allocate funds for schemes specifically meant for minorities. The schemes include Area Intensive and Madrasa Modernization Scheme, National Council for Promotion of Urdu Language, National Monitoring Committee for Minorities Education (Department of Higher Education), and Scheme for Leadership Development of Minority Women (MWCD). It can be seen in Table 10.3 that there has been a significant increase in Revised Estimates (RE) over the years. There are also many schemes being run by MMA which can be seen in Table 10.4. The following table shows the amount of allocation made by different ministries.

**Table-10.3.: Union Budget Outlays under Different Ministries Earmarked for Minorities (in Rs. crore)**

Ministries/Department	2004-05 (RE)	2005-06 (RE)	2006-07 (RE)	2007-08 (RE)	2008-09 (RE)	2009-10 (BE)
Ministry of Minority Affairs	-	-	143.52	362.83	664.38	1016.5
Schemes for Minorities under Ministry of Human Resource Development	31.5	36	60.6	61.15	79.18	67.6
Schemes for Minorities under Ministry of Women Development Child Development	-	-	-	-	4.5	4.5
Total	31.5	36	204.12	423.98	784.06	1088.6

Source: Expenditure Budget, Vol-II, Union Budget document for various years

The Ministry of Minority Affairs had initiated a few schemes with scant budgetary allocation in 2006-07. Table 10.4 shows that there has been an increase in budgetary allocation for the schemes related to welfare of minorities (since the formation of the Ministry in 2006). Given the extent of backwardness of the Muslim minority community, greater budgetary allocation is required. Most of the schemes run by the Ministry are based on the distribution of scholarships to students at different levels. A special scheme called Multi-Sectoral Development has been initiated for overall development of the community. The scheme is being operated in 90 minority-dominated districts. Considering the coverage and level of backwardness of minority concentrated districts, this scheme needs more budgetary allocation.

**Table-10.4: Union Budget Outlays under Ministry of Minority Affairs (in Rs. crore)**

S.No	Schemes	2006-07 (RE)	2007-08 (RE)	2008-09 (RE)	2009-10 (BE)
1	Secretariat	3.87	4.46	6.08	7.74
2	Grants-in -Aid to Maulana Azad Educational Foundation(MAEF)	100	50	60	65
3	Free coaching and allied Scheme for Minorities	1.6	9	7.75	9
4	Research /Studies , Monitoring &Evaluation of development for Minorities including Publicity	1	10.99	8.45	8.10
5	Merit-cum -Means Scholarship for professional courses	10	48.6	58.44	72
6	Pre-Matric Scholarship for Minorities		9	71.90	83.70
7	Post-Matric Scholarship for Minorities		54	62.93	76.50
8	Multi Sectoral Development Programme for Minority concentrated districts		66.97	251.89	517.45
9	National Fellowship for Students from the minority communities	-	-	-	4.50
10	Grants-in Aids to State channelising agencies engaged in implementation of National Minorities Development & Finance Corporation (NMDFC)		9	1.80	0.90
11	Special Officer for Linguistic Minorities	1.04	1.23	1.74	1.98
12	National Commission for Religious and Linguistic Minorities	1.99	0.16	-	-
13	National Commission for Minorities (NCM)	3.67	3.63	4.55	5.28
14	Scheme for Leadership Development of Minority Women	-	-	-	0.45
15	Grants-in-aid to Wakf	2.06	2.9	2.35	2
16	Computerisation of records of State Wakf Boards	-	-	-	.90
17	Investment in Public Enterprises	16.47	63	67.50	67.50
18	Grants in Aid to North East	1.82	29.44	59	93.50
	Grand Total	143.52	362.83	664.38	1016.5

Source: Expenditure Budget, Vol-II, Union Budget various years

## HOW DID THE UPA SPEND OUR MONEY?

### D.Outputs/Services delivered by Govt. Interventions and Development Outcomes

During 2006-07, following the recommendations of Prime Minister's 15-Point Programme, various ministries like Human Resource Development, Labour and Employment, Housing and Urban Poverty Alleviation, Rural Development, and Women and Child Development made separate allocations for minorities in their ongoing schemes. But the implementation and outcome of various schemes are found to be very weak. A review of employment carried out by Central Government has found that minority community members constitute a mere 5% of the total direct recruitment made by different ministries during 2007.

For 2006-07, the MMA in its outcome budget has shown that programmes like MAEF and NMDFC programme have achieved 100% target, 47,783 people have benefited under NMDFC. Under the free coaching and allied scheme, the financial achievement was merely 26%, while 690 candidates benefited from the scheme. The outcome achievement for 2007-08 can be seen in the table given below.

**Table-10.5.: Performance of Selected Schemes during 2007-08 (from 01.04.2007 to 15.02.2008)**

(in Rs. crore)

S.N	Schemes/Programmes	Financial Targets	Financial Achievement	Output/Outcome delivered
1	Grants-in -Aid to Maulana Azad Educational Foundation (MAEF)	50.00	50.00	No physical targets were fixed
2	Free Coaching and Allied Scheme for Minorities	10.00	2.00	620 candidates benefited
3	Research /Studies , Monitoring &Evaluation of Development for Minorities Including Publicity	6.00		It was revised to 11.59 crore for multi media campaign on social inclusion
4	Merit-cum -Means Scholarship for professional courses	54.00	12.05	Scholarships sanctioned to 4895 student
5	Pre-Matric Scholaship for Minirities	80.00	-	Was not able to deliver output due to late approval of the scheme
6	Post-Matric Scholarship for Minirities	100.00		Was not able to deliver output due to late approval of the scheme
7	Multi Sectoral Development Programme for Minority concentrated districts	120.00	-	Financial target was revised to 74.41crore, programme is waiting for approval
8	National Minorities Development Finance Corporation ,equity contribution	70.00	47.14	

Source: Ministry of Minority Affairs, Outcome Budget, 2008-09

In the light of NCMP promises made in 2004, it is clear from our assessment that the UPA government has taken many policy initiatives for betterment of minorities such as creation of a separate ministry, constitution of Sachar Committee and launching of various development schemes. But the outcome budget for the year 2006-07 and 2007-08 reveals that the financial achievement and deliverable outputs of various schemes implemented by MMA has been extremely poor.

## E. What does the Interim Budget 2009-10 have to offer?

- There is a marginal increase in the total budgetary allocation for the Ministry of Minorities Affairs in Interim Budget 2009-10, which is around Rs. 3 crore.
- The revised estimates for 2008-09 show a disappointing picture in terms of reduced spending under various schemes implemented by the Ministry.
- The allocation under the scheme Multi Sectoral Development for addressing the development deficit in minority concentrated districts has increased from Rs.485.80 crore in 2008-09 to Rs.517.45 crore in 2009-10.
- In 2009-10, the Ministry of Minorities Affairs introduced three schemes namely National Fellowship for Students from the minority communities, Scheme for Leadership Development of Minority Women and Computerisation of records of State Wakf Boards.



# RESOURCE MOBILISATION & FISCAL FEDERALISM



- Fiscal conservatism of the UPA Government has resulted in the magnitude of Total Public Expenditure in India being stagnant at around 27% of the GDP during the years from 2004-05 to 2007-08.
- In order to expand the overall fiscal policy space available to government for making public investments towards socio-economic development, the magnitude of Total Public Expenditure from the Union Budget and State Budgets needed to be stepped up significantly, which would have required the policymakers to adopt a liberal fiscal policy much before the onset of the economic recession in 2008-09.
- The magnitude of Total Tax Revenue in India has increased from 15 % of the GDP in 2003-04 to 18.14% of the GDP in 2007-08 (BE). However, even at the present level, the magnitude of Total Tax Revenue in India falls far short of the levels of tax revenue collected in several other countries, and it is still inadequate from the point of view of the magnitude of public investment needed in the country.
- The UPA Government should have stepped up significantly the revenue collections from direct taxes through imposition of Capital Gains Tax, higher rates of Wealth Tax, and higher rates of taxes on speculative gains made in the stock markets, which were largely ignored by the government.
- The UPA Government should have taken strong measures to curb the magnitude of tax revenue foregone due to tax exemptions, thereby, increasing the volume of tax collections significantly. Retaining only the progressive elements in such tax exemptions, the government should have done away with many of the exemptions given to the affluent sections of the population, such as the exemptions given to the private corporate sector and those in the indirect taxes on commodities that are consumed mainly by the richer sections of the population.
- The UPA Government has not taken any concrete measure towards providing greater fiscal space to the State Governments. Despite strong demands from the States, the Eleventh Five Year Plan has not shifted any significant number of Central Schemes to the States. On the other hand, the imposition of FRBM legislation on the States through recommendations of the Twelfth Finance Commission relating to the Debt Relief Scheme has constrained significantly the fiscal space available to the State Governments for public investments. Thus, the UPA Government has continued the trend of growing centralisation of the federal fiscal architecture in the country which has been witnessed over the last one and half decades.

## A. Fiscal Policy Space during the UPA Government's Tenure

The UPA Government has often cited the impressive rate of economic growth during 2004-05 to 2007-08 as one of the major achievements of their tenure at the centre, although very few observers would doubt that this growth has not been 'inclusive'. In order to address the disadvantages confronting a majority of the country's population, the Government was expected to adopt a progressive fiscal policy and expand the scope of its interventions towards socio-economic development through its budgets. However, figures for the last five years indicate that this Government ignored the need for a progressive fiscal policy for almost the whole of its five year tenure except for the last year, i.e. fiscal year 2008-09, which witnessed the impact of the global economic recession on Indian economy.

Table 11.1, given below, depicts the magnitude of Total Public Expenditure in India, which as a proportion of the country's Gross Domestic Product (GDP) has hovered around 27 % over the last decade. An international comparison of total public expenditure across different countries for various years between 1997 and 2002, as presented in Figure 11.1 below, reveals that the magnitude of Total Public Expenditure in India has been significantly lower than that in several developed countries as well as some of the developing countries. Hence, the overall fiscal policy space in India for public investment towards socio-economic development of the country appears to have been limited in comparison to several other countries. Therefore, in order to expand the fiscal policy space for public investments, the magnitude of Total Public Expenditure in India needed to be stepped up. However, we do not find any trend increase in this magnitude over the first four years of the UPA regime, i.e. from 2004-05 to 2007-08.



## HOW DID THE UPA SPEND OUR MONEY?

**Table-11.1: Magnitude of Public Expenditure in India**

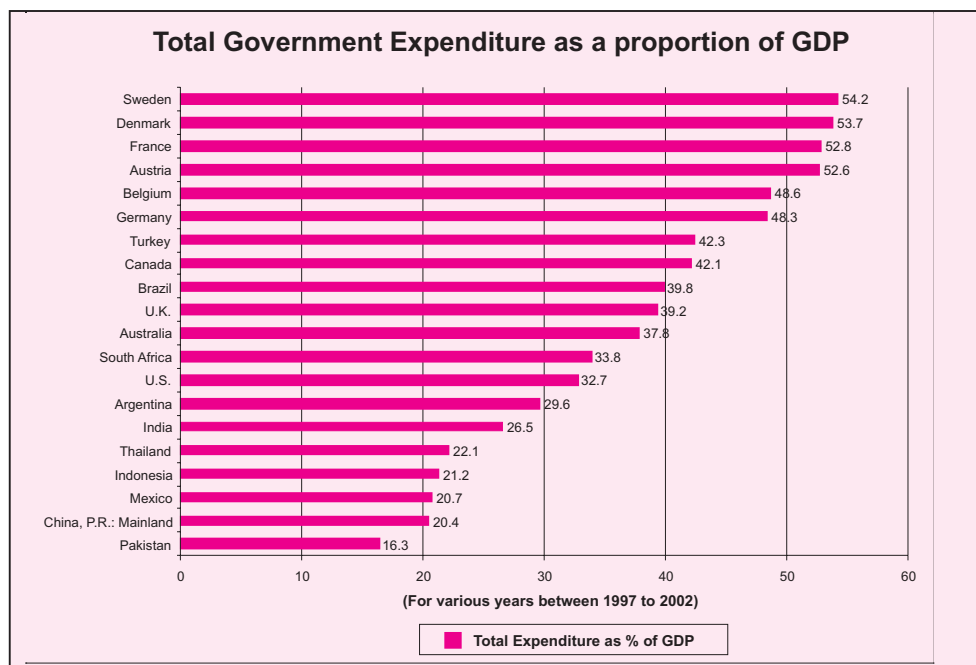
Year	GDP at market prices (at current prices (in Rs. Crore)	Total Public Expenditure in India <sup>1</sup> (in Rs. Crore)	Total Public Expenditure at % of GDP (in Rs. Crore)	Central Government's Total Expenditure <sup>2</sup>	Central Government's Total Expenditure as % of GDP
1999-2000	1952035	517056.1	26.5	307509.1	15.8
2000-01	2102314	552124.5	26.3	328264.7	15.6
2001-02	2278952	613591.0	26.9	360616.3	15.8
2002-03	2454561	661663.9	27.0	398878.9	16.3
2003-04	2754621	762764.7	27.7	426131.6	15.5
2004-05	3149412	824479.8	26.2	463830.9	14.7
2005-06	3580344	933641.8	26.1	501083.3	14.0
2006-07 (RE)	4145810	1123912.3	27.1	578605.9	14.0
2007-08 (BE)	4713148	1285593.1	27.3	683347.9	14.5
2007-08	4723400	-	-	712732	15.1
2008-09 (RE)	5426277	-	-	900953	16.6
2009-10 (BE)	6021426	-	-	953231	15.8

Note: 1 This figure presents the Combined (Centre + States) Expenditure, incurred from the Union Budget and Budgets of all States and UTs (at current prices). 2 This figure presents the Total Expenditure incurred from the Union Budget (at current prices).

Source: (i) Indian Public Finance Statistics 2007-08, Min. of Finance, Gol, 2008. (ii) Economic Survey 2007-08, Min. of Finance, Gol, 2008.

GDP for 2007-08, 2008-09 and 2009-10 are taken from Medium Term Fiscal Policy statement, 2009-10

**Figure-11.1: Magnitude of Total Public Expenditure across Different Countries**



Source: Based on the data provided in Lorie, H. (2003), "Priorities for Further Fiscal Reforms in the Commonwealth of Independent States", IMF Working Paper, International Monetary Fund.

We find that the Total Expenditure from the Union Budget stagnated between 14 % to 15 % of the GDP during 2004-05 to 2007-08, before it shot up to 16.6 % of the GDP in the current financial year (i.e. 2008-09). The lack of expansion in the magnitude of Total Expenditure from the Union Budget for the large chunk of the UPA Government's tenure indicates the nature of the fiscal policy followed by it over the last five years.

In fact, the fiscal policies adopted by the successive governments at the Centre over the last one and a half decades have been marked by 'fiscal conservatism', which advocated strongly for reducing the magnitude of deficits in the

government's budget so that the size of public debt is kept under check. The implications of government borrowing for the Indian economy, which according to several economists had been demand-constrained over the last decade, and the question of sustainability of public debt in India have been intensely debated among economists following different schools of thought. However, the policymakers at the Centre almost consistently adhered to fiscal conservatism, which also resulted in a misleading impression of a consensus being there in the domain of fiscal policy for the country.

Even if we don't question the economic rationale for the government's efforts to reduce the size of the public debt, the means through which it was achieved does raise serious concerns. As we shall discuss in the next section, India's performance in stepping up the magnitude of public revenue collected through taxes had been unsatisfactory until 2004-05. In fact, the total tax-GDP ratio for the country had declined from the level of 16 % in 1989-90 to 13.8 % by 2001-02. Thus, in an era marked by declining magnitude of tax revenue (as a proportion of the GDP), the policy efforts towards curbing the magnitude of public debt implied a check on the magnitude of Total Public Expenditure in the country.

In the last four fiscal years, even when the collection of tax revenue under the Central Government tax system increased significantly (from 9.7 % of the GDP in 2004-05 to 12.6 % of the GDP in 2007-08), there had been no expansion in the magnitude of Total Expenditure from the Union Budget (as compared to the GDP). This was mainly because during 2003-2004, the fiscal conservatism of the policymakers at the Centre was given legal teeth through the enactment of a Fiscal Responsibility and Budget Management (FRBM) Act, which was notified by the UPA Government in 2004. The FRBM Act made it legally binding for the Centre to eliminate the Revenue Deficit (in the Union Budget) and reduce the Fiscal Deficit (in the Union Budget) to less than 3 % of GDP by 2009-10. As a result, even when the tax-GDP ratio for the Centre grew visibly over the last few fiscal years, the magnitude of Total Expenditure from the Union Budget (as compared to the GDP) was kept stagnant so that the Deficits in the Union Budget could be reduced in accordance to the targets set under the FRBM Act.

**Table-11.2: Deficits of the Central Government as % of GDP**

Year	Revenue Deficit as % of GDP	Fiscal Deficit as % of GDP
2001-02	4.40	6.19
2002-03	4.40	5.91
2003-04	3.57	4.48
2004-05	2.49	3.98
2005-06	2.58	4.09
2006-07	1.94	3.44
2007-08	1.11	2.69
2008-09 BE	1.02	2.46
2008-09 RE	4.45	6.02
2009-10 BE	3.96	5.53

Note: GDP at Market Price figures (Base 1999-2000; At current prices) are taken from CSO; and GDP for 2007-08, 2008-09 and 2009-10 are taken from Medium Term Fiscal Policy statement, 2009-10.

Source: Budget at a Glance, Government of India, various years.

As can be seen from Table 11.2 above, the Revenue Deficit (in the Union Budget) had been brought down from 3.6 % of the GDP in 2003-04 to 1.1 % of the GDP in 2007-08, while the Fiscal Deficit (in the Union Budget) had been reduced from 4.5 % of the GDP in 2003-04 to 2.7 % of the GDP in 2007-08. During these four years, many progressive economists and policy analysts had advocated strongly for scrapping the FRBM Act since it constrained the fiscal policy space available to the government and prevented it from adopting a progressive fiscal policy. Moreover, many economists had opined that the targets for deficit reduction set under the FRBM Act were arbitrary and did not follow any strong economic logic. However, the UPA Government hardly paid any heed to such criticisms until the global economic recession struck Indian economy in 2008-09. In the wake of the ongoing economic recession, the government decided to completely ignore the FRBM Act and resorted to a visible expansion in public spending from the Union Budget, financed by borrowing. In 2008-09 (RE), the Revenue Deficit has shot up to 4.45 % of the GDP, while the Fiscal Deficit has jumped to 6 % of the GDP. These developments clearly imply the arbitrariness of the targets for deficit reduction set under the FRBM Act and the fallacy of the arguments underlying fiscal conservatism in the Indian context.

## HOW DID THE UPA SPEND OUR MONEY?

However, in this context, it is rather disturbing to note that besides reducing the magnitude of Total Expenditure from the Union Budget (as compared to the GDP), the successive governments at the Centre had also advocated strongly for a check on the public spending by States over the last decade. It has been pointed out that starting with the Tenth Finance Commission (whose recommendations were applicable for five years from 1995-96 to 1999-2000), both the Terms of Reference for the successive Finance Commissions as well as their recommendations have indicated a bias towards promoting the conservative fiscal policy of the Centre and contributed towards the growing dominance of Centre in the federal fiscal architecture in India. We must note here that a Debt Relief Package for States recommended by the Twelfth Finance Commission (in 2004 for the five years from 2005-06 to 2009-10) made it mandatory for States to enact FRBM legislations from 2005-06 (in order to be eligible for the said package) and reduce deficits in their State Budgets progressively. Except for West Bengal, almost all other States have enacted FRBM legislations by now, and thus made it legally binding for themselves to eliminate their Revenue Deficits and keep their Fiscal Deficits at less than 3 % of the Gross State Domestic Product (GSDP) by 2009. Even those economists who advocate strongly for government's efforts to reduce the size of the public debt have questioned the arbitrariness in the targets set under the Central and State FRBM Acts. More importantly, serious concerns have been raised about the nature of 'fiscal correction' achieved by some of the States in the post-FRBM era, since such reductions in deficits have been achieved at the cost of compression of capital outlay and social sector spending from the State Budgets. A crisis in the fiscal health of the States in the late 1990s and early years of the present decade had left most of the States with little scope to expand the magnitude of total expenditure from the State Budgets until 2004-05. However, even after the recovery in their fiscal health from 2005-06 onwards, the States have found it difficult to expand the overall size of their State Budgets given the mandatory requirements for reduction of deficits as per their FRBM Acts.

Thus, we observe that the fiscal conservatism of the UPA Government had resulted in the magnitude of Total Public Expenditure in India being stagnant at around 27 % of the GDP during the years from 2004-05 to 2007-08. In order to expand the overall fiscal policy space available to government for making public investments towards socio-economic development in the country, the magnitude of Total Public Expenditure from the Union Budget and State Budgets needed to be stepped up significantly, which would have required the policymakers to adopt a liberal fiscal policy much before the onset of the economic recession in 2008-09.

### B. Resource Mobilisation during the Last Five Years

In case of India, the overall fiscal policy space for making public investments towards socio-economic development depends, in the long run, on the magnitude of tax revenue collected by the government, while, in the short run, it also depends on the policy adopted towards borrowing by the government. Hence, it would be pertinent to discuss the magnitude of tax revenue mobilized in the country during the tenure of the UPA Government. Table 11.3, given below, presents an international comparison of the total magnitude of tax revenue collected in different countries in 2004. It reveals that the total magnitude of tax revenue collected in India has been significantly lower than that in several developed countries as well as some of the developing countries. Thus, the overall public resources available to the government in India for making investments towards socio-economic development appears to have been inadequate in comparison to several other countries.

**Table-11.3: International Comparison of Tax-GDP Ratio**

Total Tax Revenue as a proportion of GDP in 2004	
Countries	Gross Tax Revenue as % of GDP
Sweden	50.7
Denmark	49.6
Belgium	45.6
Netherlands	39.3
Spain	35.2
U.S.	25.4
S. Korea	24.6
Mexico	18.5
India *	16.0

Note: \*2004-05 BE (Total tax revenue for the country)

Source: Srinivasan, G. (2005), "Low tax-GDP ratio daunts India's quest to join developed world", Business Line, New Delhi, Oct. 13

# Resource Mobilisation & Fiscal Federalism

Hence, in order to expand the fiscal policy space for public investments, the magnitude of tax revenue collected in India should have been stepped up significantly. However, as shown in Table 11.4 below, the magnitude of Total Tax Revenue in India had fallen sharply from 16% of the GDP in 1989-90 to 13.8% of the GDP in 2001-02, before it started recovering gradually from 2002-03. During this period, while the magnitude of States' Own Tax Revenue had increased marginally from 5.36% of the GDP in 1989-90 to 5.59% of the GDP in 2001-02, the magnitude of Central Taxes had fallen noticeably from 10.62% of the GDP in 1989-90 to 8.21% of the GDP in 2001-02.

**Table-11.4: Tax-GDP Ratios for India**

Year	As % of GDP			As % of Total Tax Revenue (All India)	
	Central Taxes (Gross)	States' Own Taxes	Total Tax Revenue (All India)	Direct	Indirect
1988-89	10.55	5.33	15.88	2.31	13.56
1989-90	10.62	5.36	15.98	2.30	13.68
1990-91	10.12	5.30	15.43	2.16	13.27
1991-92	10.31	5.49	15.80	2.55	13.25
1992-93	9.97	5.28	15.26	2.59	12.66
1993-94	8.82	5.38	14.19	2.53	11.67
1994-95	9.11	5.49	14.60	2.85	11.75
1995-96	9.36	5.39	14.75	3.01	11.74
1996-97	9.48	5.21	14.69	3.00	11.69
1997-98	9.14	5.35	14.49	3.32	11.17
1998-99	8.26	5.12	13.38	2.82	10.56
1999-2000	8.80	5.27	14.07	3.12	10.95
2000-01	8.97	5.55	14.52	3.41	11.11
2001-02	8.21	5.59	13.80	3.21	10.59
2002-03	8.80	5.72	14.51	3.56	10.96
2003-04	9.23	5.80	15.03	3.98	11.06
2004-05	9.68	6.01	15.70	4.35	11.34
2005-06	10.23	6.19	16.41	4.68	11.73
2006-07 (RE)	11.28	6.46	17.74	5.57	12.17
2007-08 (BE)	11.63	6.51	18.14	5.70	12.43

Source: Indian Public Finance Statistics 2007-08, Min. of Finance, Gol, 2008.

**Table-11.5: Union Government's Gross Tax Revenue as % of GDP**

Year	Gross Tax Revenue as % of GDP
2000-01	8.97
2001-02	8.20
2002-03	8.80
2003-04	9.20
2004-05	9.75
2005-06	10.23
2006-07	11.42
2007-08	12.56
2008-09 RE	11.57
2009-10 BE	11.15

Note: GDP at Market Price figures (Base 1999-2000; At current prices) are taken from CSO; and GDP for 2007-08, 2008-09 and 2009-10 are taken from Medium Term Fiscal Policy statement, 2009-10.

Source: Receipts Budget, Government of India, 2009-10

## HOW DID THE UPA SPEND OUR MONEY?

It may be worthwhile to note here that the decline in the magnitude of Central Taxes over the 1990s was rooted in some of the major policies taken by the Central Government in the era of economic liberalization. The reductions of customs duties under the policy of trade liberalization and the subsequent reductions of excise duties (so that domestic producers in India get the same advantage as those of other countries from which India imported commodities) led to a significant decline in the magnitude of indirect taxes, which had fallen from 13.7% of the GDP in 1989-90 to 10.6% of the GDP in 2001-02. The collections from direct taxes increased from 2.3% of the GDP in 1989-90 to only 3.2% of the GDP in 2001-02, which was mainly because of the inability of the Central Government to increase collections from direct taxes significantly in an era of rationalization (i.e. reduction) of direct tax rates. As a result, the tax-GDP ratio for the country registered a sharp decline during 1990s and in the early years of the present decade.

During 2003-04 to 2007-08, the collections from direct taxes have improved from 4% of the GDP to 5.7% of the GDP, one of the major factors underlying which could have been the improvement in tax administration in the country in the era of impressive economic growth. Likewise, the collections from indirect taxes have gone up from 11% of the GDP in 2002-03 to 12.43% of the GDP in 2007-08 (BE), and the increase in collections from Service Tax is believed to have contributed significantly in this regard. As a result of these improvements, the magnitude of Total Tax Revenue in India has increased from 15% of the GDP in 2003-04 to 18.14% of the GDP in 2007-08 (BE). However, even at the present level, the magnitude of Total Tax Revenue in India falls far short of the levels of tax revenue collected in several other countries, and it is still inadequate from the point of view of the magnitude of public investment needed in the country.

**Table 11.6: Revenue from Major Taxes as % of GDP**

Year	Corporation tax	Taxes on Income other than Corporation Tax	Customs	Union Excise Duty
As Percent of GDP at MP				
2000-01	1.70	1.51	2.26	3.26
2001-02	1.61	1.40	1.77	3.18
2002-03	1.88	1.50	1.83	3.35
2003-04	2.31	1.50	1.77	3.30
2004-05	2.63	1.56	1.83	3.15
2005-06	2.83	1.56	1.82	3.11
2006-07	3.48	1.81	2.08	2.84
2007-08	4.08	2.17	2.20	2.62
2008-09 RE	4.09	2.26	1.99	2.00
2009-10 BE	4.06	2.25	1.83	1.84

Note: GDP at Market Price figures (Base 1999-2000; At current prices) are taken from CSO; and GDP for 2007-08, 2008-09 and 2009-10 are taken from Medium Term Fiscal Policy statement, 2009-10.

Source: Receipts Budget, Government of India, 2009-10

Moreover, it has been pointed out in the context of the increase in the magnitude of direct tax revenue that, over the last decade, the share of the private corporate sector's surplus has increased very fast and hence the government should have collected much greater magnitudes of tax revenue through corporate and personal income taxes. Likewise, the revenue collected through service tax too should have been much higher than what the government managed to collect. As regards the composition of the tax revenue in 2007-08 (BE), we find that direct taxes contributed only 5.7% of the GDP, while indirect taxes contributed 12.43% of the GDP which is more than two-third of the Total Tax Revenue in India. This clearly implies that the tax system prevailing in the country still lacks progressivity. In this context, it can be argued that the UPA Government should have stepped up significantly the revenue collections from direct taxes through imposition of Capital Gains Tax, higher rates of Wealth Tax, and higher rates of taxes on speculative gains made in the stock markets, which were largely ignored by the government.

**Table-11.7: Tax Revenue Foregone in the Central Government Tax System due to Tax Exemptions/Incentives/ Deductions**

Items	Revenue foregone in 2006-07 (in Rs. Crore)	Revenue Foregone as % of aggregate tax collection in 2006-07	Revenue foregone in 2006-07 (in Rs. Crore)	Revenue Foregone as % of aggregate tax collection in 2006-07
Corporate Income Tax	45034	9.56	58665	10.09
Personal Income-tax	32143	6.82	42161	7.25
Excise Duty	75475	16.02	87992	15.14
Customs Duty	137105	29.11	148252	22.51
Total	289757	61.51	337060	58.00
Less (Related to Export Credit)	50045	10.62	58416	10.05
Grand Total	239712	50.89	278644	47.94

Note:

- As per the Receipts Budget in Union Budget, " the estimates and projections are intended to indicate the potential revenue gain that would be realized by removing exemptions, deductions, weighted deductions and affected by removal of such measures..... (Also) the cost of each tax concession is determined separately, assuming that all other tax provisions remain unchanged".
- Aggregate Tax Collection refers to the aggregate of net direct and indirect tax collected by the Central Government.
- The figure of Aggregate Tax Collection for 2006-07 is based on Actuals while that for 2007-08 is based on Revised Estimates.

Source: Receipts Budget 2008-09, Union Budget 2008-09, Government of India.

We must also note here that the numerous tax exemptions given under the Central Government tax system cost a substantial magnitude of tax revenue. As shown in Table 11.7 above, the magnitude of tax revenue foregone due to tax exemptions/ incentives/ deductions under the Central Government tax system was estimated to be worth 51% of the total tax collections in 2006-07 and worth 48 % of the total tax collections in 2007-08. Hence, the UPA Government should have taken strong measures to curb the magnitude of tax revenue foregone due to such exemptions and increased the volume of tax collections significantly. Retaining only the progressive elements in such tax exemptions, the government should have done away with many of the exemptions given to the affluent sections of the population, such as the exemptions given to the private corporate sector and those in the indirect taxes on commodities that are consumed mainly by the richer sections of the population.

We may also note here that due to the ongoing economic recession and the tax relief given by the government to induce an expansion in the economic activities in the country, the tax revenue of the Union Government has fallen sharply from 12. 6% of the GDP in 2007-08 to 11.6% of the GDP in 2008-09 (RE), which is estimated to fall further to 11.15% of the GDP in 2009-10 (BE).

### C. Issues in Fiscal Federalism

Over the last one and a half decades, the fiscal policy space available to the States has shrunk vis-à-vis that available to the Centre. In the previous section, we discussed the decline in the tax-GDP ratio for the country in the post economic liberalization era in the 1990s. As shown in Table 11.4, the total tax revenue collected in India had fallen from 16% of the GDP in 1989-90 to 13.8% of the GDP in 2001-02, before it started recovering gradually from 2002-03. The magnitude of tax revenue collected under the central government tax system had fallen from 10.6% of the GDP in 1989-90 to 8.2% of the GDP in 2001-02. In the wake of the resource crunch faced by the Centre (which was a consequence of some of the liberalization policies adopted by the Centre), the magnitude of financial resources transferred from Centre to States had been compressed.

## HOW DID THE UPA SPEND OUR MONEY?

**Table-11.8: Gross Devolution and Transfers from Centre to States**

Year	Gross Devolution and Transfers (GDT) from Centre to States <sup>1</sup> (in Rs. Crore)	GDT as % of GDP	GDT as % of Aggregate Disbursements of State
1988-89	30333	7.2	45.2
1989-90	32862	6.8	42.8
1990-91	40859	7.2	44.9
1998-99	102268	5.9	39.1
1999-2000	95652	4.9	31.1
2000-01	106730	5.1	31.4
2001-02	119213	5.2	32.3
2002-03	128,657	5.2	31.4
2003-04	143,785	5.2	28.0
2004-05	160,750	5.1	29.0
2005-06	178,871	5.0	31.8
2006-07	220462	4.7	33.5
2007-08 (RE)	284063	5.2	36.1
2008-09 (BE)	331525	5.5	37.1

Note: Gross Devolution and Transfers (GDT) include: (i) States' Share in Central taxes, (ii) Grants from the Centre, and (iii) Gross Loans from the Centre.

Source: Reserve Bank of India (2007), *State Finances: A Study of Budget 2007-08*.

As shown in Table 11.8 above, the magnitude of gross devolution and transfers (GDT) from the Centre to States (which include: States' Share in Central taxes, Grants from the Centre, and Gross Loans from the Centre) had fallen from 7.2% of the GDP in 1990-91 to 4.9% of the GDP in 1999-2000, and it hovered around 5.1% of the GDP during 2000-01 to 2004-05. As a proportion of Total Expenditure from the Budgets of all States, the magnitude of gross devolution and transfers (GDT) from the Centre to States had fallen sharply from 45% in 1990-91 to 29% in 2004-05.

We find that the magnitude of gross devolution and transfers (GDT) from Centre to States shows a gradual improvement during the tenure of the UPA Government, since it has improved from 29% of the Aggregate Disbursements of States (5.1% of the GDP) in 2004-05 to 37% of the Aggregate Disbursements of States (5.5% of the GDP) in 2008-09 (BE). However, we must note here that this magnitude is still far short of the level prevailing in the late 1980s when the GDT from Centre to States accounted for around 45% of the Aggregate Disbursements of States (around 7% of the GDP).

The decline in transfer of resources from Centre to States, especially during the second half of 1990s and early years of the present decade, had affected the fiscal health of the States adversely. Moreover, a rise in the administered interest rates in the country under the policies for financial sector liberalization meant that the interest payment burden of the States rose sharply during the second half of 1990s and early years of the present decade. In addition to that a huge increase in States' outlay on salaries for government staff in the late 1990s (following the implementation of Fifth Pay Commission recommendations) meant a further blow to the worsening fiscal health of the States. As a result of all these factors, most States confronted a crisis in their fiscal health during late 1990s and in the early years of this decade.

The dominance of the Central Government in the overall fiscal policy space in the country increased during this period, when most of the States were confronting a severe crisis in their fiscal health. The situation has started improving since 2006-07. However, the overall fiscal policy space in India still continues to be dominated heavily by the Centre. As has already been mentioned, starting with the Tenth Finance Commission (whose recommendations were applicable for five years from 1995-96 to 1999-2000), both the Terms of Reference for the successive Finance Commissions as well as their recommendations have indicated a bias towards promoting the conservative fiscal policy of the Centre and contributed towards the growing dominance of Centre in the federal fiscal architecture in India. We must note here that such a bias towards promoting the dominance of the Centre in the federal fiscal architecture

in India has been pointed out even in the Terms of Reference given to the Thirteenth Finance Commission, which will submit its recommendations in 2009 for the five fiscal years from 2010-11 to 2014-15.

Another major issue pertaining to the growing centralisation of the fiscal policy space in India is the changing composition of the grants given by Centre to States. Out of the different types of grants given by Centre to States, Non-Plan Grants (based on the recommendations of the Finance Commission) and Central Assistance for State Plan Schemes (based on the recommendations of the Planning Commission) constitute untied or block grants for States, which they can spend according to their own expenditure priorities. On the other hand, grants under Central Plan Schemes (Plan schemes of the Central Government in which Centre contributes 100% of the funds) and Centrally Sponsored Schemes (Plan schemes of the Central Government in which every State has to contribute a certain share of the funds) constitute the tied or conditional grants for the States. We find that in the total grants from Centre to States, the combined share of Non-Plan Grants and Central Assistance for State Plan Schemes has fallen from 77.7% in 2000-01 to 72.7% in 2008-09 (BE). This decline would most likely be sharper if we extend the time period further and look at the composition of grants in the 1990s. On the other hand, the share of grants to States under Central Plan Schemes and Centrally Sponsored Schemes (which are tied to the norms, conditionalities and unit costs of the Central schemes) in the total grants to States has increased over the last five years. Again, this increase would most likely be sharper if we look at the composition of grants in the 1990s. In this context, many States have been demanding for a significant increase in the magnitude of untied grants from the Centre, which would give them the additional fiscal space to make public investments in accordance with their State-specific development priorities.

**Table-11.9: Composition of Grants (to States) from the Centre**

Year	Grants from the Centre (in Rs. Crore)	Grants for Various Components as % of Total Grants from the Centre				
		State Plan Schemes	Central Plan Schemes	Centrally Sponsored Schemes	NEC/ Special Plan Schemes	Non-Plan Grants
2000-01	37783.8	42.9	3.0	19.0	0.3	34.8
2001-02	43082.3	45.1	2.9	19.4	0.5	32.0
2002-03	45682.5	43.4	3.8	19.0	0.5	33.4
2003-04	51348	49.8	2.6	19.3	0.6	27.7
2004-05	56857	52.6	2.3	18.4	0.5	26.2
2005-06	76750	37.5	2.9	17.3	0.4	41.9
2006-07	94451	42.6	2.2	18.4	0.3	36.4
2007-08 (RE)	124638	44.3	5.0	19.8	0.7	28.1
2008-09 (BE)	143030	46.6	4.6	19.0	0.7	26.1

Source: Reserve Bank of India, *State Finances: A Study of Budgets, various issues.*

However, the UPA Government has not taken any concrete measure towards providing greater fiscal space to the State Governments. Despite strong demands from the States, the Eleventh Five Year Plan has not shifted any significant number of Central Schemes to the States. On the other hand, the imposition of FRBM legislation on the States through recommendations of the Twelfth Finance Commission relating to the Debt Relief Scheme has constrained significantly the fiscal space available to the State Governments for public investments. Thus, the UPA Government has continued the trend of growing centralisation of the federal fiscal architecture in the country which has been witnessed over the last one and half decades.



## Acronyms

A & C	-	(Department of ) Agriculture and Cooperation
AABY	-	Aam Aadmi Bima Yojana
AAY	-	Antyodaya Anna Yojana
AH & D	-	(Department of ) Animal Husbandry and Dairying
AIBP	-	Accelerated Irrigation Benefit Programme
AIDS	-	Acquired Immune Deficiency Syndrome
AIIMS	-	All India Institute of Medical Sciences
AITUC	-	All India Trade Union Congress
AMDP	-	Accelerated Maize Development Programme
ANM	-	Auxiliary Nurse Midwife
APL	-	Above Poverty Line
APMC	-	Agriculture Produce Marketing Committee
AR & C	-	(Department of ) Agriculture Research and Education
ARWSP	-	Accelerated Rural Water Supply Programme
ASHA	-	Accredited Social Health Activist
ASSOCHAM	-	Associated Chambers of Commerce and Industry of India
ATAM	-	Agricultural Technology Management Agency
ATR	-	Action Taken Report
AYUSH	-	Ayurveda Unani Siddha Homoeopathy
BE	-	Budget Estimate
BMI	-	Body Mass Index
BPL	-	Below Poverty line
BRGF	-	Backward Regions Grant Fund
BSUP	-	Basic Services to Urban Poor
CAP	-	Comprehensive Action Plan
CBGA	-	Centre for Budget and Governance Accountability
CDS	-	Current Daily Status
CHC	-	Community Health Centre
CII	-	Confederation of Indian Industries
CPCB	-	Central Pollution Control Board
CSO	-	Central Statistical Organisation
CSOs	-	Civil Society Organisations
CSS	-	Centrally Sponsored Schemes
CVD	-	Countervailing Duty
CWS	-	Current Weekly Status
DDP	-	Desert Development Programme
DDWS	-	Department of Drinking Water Supply
Dept.	-	Department
DoNER	-	Development of North Eastern Region
DPAP	-	Drought Prone Area Programme
DPCs	-	District Planning Committees
DV	-	Domestic Violence

# Acronyms

EFP	-	Emergency Feeding Programme
FCI	-	Food Corporation of India
FDI	-	Foreign Direct Investment
FICCI	-	Federation of Indian Chambers of Commerce and Industry
FIIs	-	Foreign Institutional Investors
FM	-	Finance Minister
FRBM	-	Fiscal Responsibility and Budget Management (Act)
GBS	-	Gender Budget Statement
GCF	-	Gross Capital Formation
GDP	-	Gross Domestic Product
GDT	-	Gross Devolution of Transfers
GOI	-	Government of India
HIV&AIDS	-	Human Immunodeficiency Syndrome & Acquired Immune Deficiency Syndrome
IAY	-	Indira Awaas Yojana
ICDS	-	Integrated Child Development Services
ICPS	-	Integrated Child Protection Scheme
IEDSS	-	Inclusive Education of the Disabled at the Secondary Stage
IEEMA	-	Indian Electrical and Electronics Manufacturers' Association
IFPRI	-	International Food Policy and Research Institute
IHHL	-	Individual Household Latrine
IHSDP	-	Integrated Housing and Slum Development Programme
IITs	-	Indian Institutes of Technology
IIM	-	Indian Institute of Management
IISER	-	Indian Institutes of Science Education & Research
IMR	-	Infant Mortality Rate
INTUC	-	Indian National Trade Union Congress
ISOPOM	-	Integrated Scheme of Oilseeds, Pulses, Oilpalm and Maize
ITIs	-	Industrial Training Institutes
IWDP	-	Integrated Wasteland Development Programme
JNNURM	-	Jawaharlal Nehru National Urban Renewal Mission
JSY	-	Janani Suraksha Yojana
KBK	-	Kalahandi, Bolangir and Koraput
KGBV	-	Kasturba Gandhi Balika Vidyalaya
LDP	-	Language Development Programme
MASCs	-	Multi Application Smart Cards
MDG	-	Millennium Development Goal
MDM	-	Mid-day Meal (Scheme)
MH	-	Million Hectares
MHRD	-	Ministry of Human Resource Development
MIS	-	Market Intervention Scheme
MMA	-	Ministry of Minority Affairs
MMR	-	Maternal Mortality Rate
MoHFW	-	Ministry of Health and Family Welfare
MoRD	-	Ministry of Rural Development

## HOW DID THE UPA SPEND OUR MONEY?

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MRP	-	Mixed Recall Period
MS	-	Mahila Samakhya
MSJE	-	Ministry of Social Justice and Empowerment
NABARD	-	National Bank for Agricultural and Rural Development
NAFED	-	National Agriculture Cooperative Marketing Federation
NAIS	-	National Agricultural Insurance Scheme
NCM	-	National Commission for Minorities
NCMP	-	National Common Minimum Programme
NCW	-	National Commission for Women
NDA	-	National Democratic Alliance
NDCP	-	National Disease Control Programme
NEN	-	North East Network
NER	-	North Eastern Region
NFHS	-	National Family Health Survey
NFSM	-	National Food Security Mission
NFWP	-	National Food for Work Programme
NHM	-	National Horticulture Mission
NMCME	-	National Monitoring Committee for Minorities Education
NPAG	-	Nutritional Programme for Adolescent Girls
NPDP	-	National Pulses Development Project
NREGA	-	National Rural Employment Guarantee Act
NREGS	-	National Rural Employment Guarantee Scheme
NRHM	-	National Rural Health Mission
NSS	-	National Sample Survey
NSSO	-	National Sample Survey Organisation
NUHM	-	National Urban Health Mission
OPDP	-	Oilplam Development
OPP	-	Oilseeds Production Programme
OTS	-	One Time Settlement
PDS	-	Public Distribution System
PHC	-	Primary Health Centre
PIB	-	Press Information Bureau
PIP	-	Programme Implementation Plans
PMGSY	-	Pradhan Mantri Gram Sadak Yojana
PMSM	-	Pre-Matric Scholarship for the Minorities
PPP	-	Public Private Partnership
PPS	-	Procurement Support Scheme
PSK	-	Prarambhik Siksha Kosh
RBI	-	Reserve Bank of India
RCH	-	Reproductive and Child Health (Programme)
RE	-	Revised Estimate
RGDWM	-	Rajiv Gandhi Drinking Water Mission
RGVY	-	Rajiv Gandhi Grameen Vidyutikaran Yojana
RIDF	-	Rural Infrastructure Development Fund

# Acronyms

RKVY	-	Rashtriya Krishi Vikas Yojana
RMSA	-	Rashtriya Madhyamik Shiksha Abhiyan
RSVY	-	Rashtriya Sam Vikas Yojana
SBI	-	State Bank of India
SCARDBs	-	State Cooperative Agriculture Rural Development Banks
SCP for SCs	-	Special Component Plan for SCs
SCs	-	Scheduled Castes
SCSP	-	Scheduled Caste Sub Plan
SGRY	-	Sampoorna Grameen Rozgar Yojana
SGSY	-	Swaranjayanti Gram Swarozgar Yojana
SHGs	-	Self Help Groups
SJSRY	-	Swarna Jayanti Shahari Rozgar Yojana
SLNA	-	State Level Nodal Agency
SNP	-	Supplementary Nutrition Programme
SRCs	-	Socio Religious Categories
SSA	-	Sarva Siksha Abhiyan
SPAs	-	Schools of Planning and Architecture
SPQEM	-	Scheme providing Quality Education in Madrasas
STEP	-	Support to Training and Employment Programme
STs	-	Scheduled Tribes
SUCCESS	-	Scheme for Universal Access and Quality at the Secondary Stage
SWM	-	Solid Waste Management
TB	-	Tuberculosis
TLE	-	Teaching Learning Equipment
TPDS	-	Targeted Public Distribution System
TSC	-	Total Sanitation Campaign
TSP	-	Tribal Sub Plan
UEE	-	Universalisation of Elementary Education
UIDSSMT	-	Urban Infrastructure Development for Small and Medium Town
UIG	-	Urban Infrastructure and Governance
ULB	-	Urban Local Bodies
UNDP	-	United Nations Development Programme
UPA	-	United Progressive Alliance
URP	-	Uniform Recall Period
UT	-	Union Territory
UWEP	-	Urban Wage Employment Programme
VAMBAY	-	Valmiki Ambedkar Awaas Yojana
VAT	-	Value Added tax
VGB	-	Village Grain Bank Schemes
VPTs	-	Village Public Telephones
WCP	-	Women's Component Plan
WHO	-	World Health Organisation