

**Transparency and Accountability in
Government Budgeting in India**

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Transparency and Accountability in Government Budgeting in India

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Editorial Team: Praveen Jha, Amitabh Behar

Prepared by: **Subrat Das** and **Nesar Ahmad**

With inputs from: Siba Sankar Mohanty, Nandan Jha, and Deepak Xavier

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Centre for Budget and Governance Accountability

(A Programme of NCAS)

B-64, Second Floor, Sarvodaya Enclave, New Delhi- 110 017, India

Tel: 91-11-26537603

E-mail: cbadelhi@vsnl.net

National Centre for Advocacy Studies

(<http://www.ncasindia.org>)

Serenity Complex, Ramnagar Colony, Pune- 411 021, India

Tel: 91-20-22952003 / 4

E-mail: ncas@vsnl.com

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Abbreviations

- BARC Budget Analysis Rajasthan Centre
- CBGA Centre for Budget and Governance Accountability
- CBPP Centre on Budget and Policy Priorities
- CBPS Centre for Budget and Policy Studies
- CEHAT Centre for Enquiry into Health and Allied Themes
- CEPR Centre for Economic Policy Research and Advocacy
- CII Confederation of Indian Industry
- CMM Chhatisgarh Mukti Morcha
- CSOs Civil Society Organizations
- CYSD Centre for Youth and Social Development
- DISHA Developing Initiatives for Social and Human Actions
- FICCI Federation of Indian Chambers of Commerce and Industry
- HAQ-CRC HAQ – Centre for Child Rights
- IBP International Budget Project
- MKSS Mazdoor Kisan Shakti Sangathan
- NBA Narmada Bachao Andolan
- NCAER National Council for Applied Economic Research
- NCAS National Centre for Advocacy Studies
- NGOs Non-Government Organizations
- NIPFP National Institute of Public Finance and Policy
- NIPPCD National Institute for People’s Planning and Child Development
- PAC Public Affairs Centre
- PROOF Public Record Of Operations and Finance
- UNIFEM United Nations Development Fund for Women

Transparency and Accountability in Government Budgeting in India

This paper is an effort by the Centre for Budget and Governance Accountability (CBGA) [a programme of National Centre for Advocacy Studies (NCAS)-<http://www.ncasindia.org>] to present a brief overview of some of the important issues pertaining to transparency in and accountability for Government budgeting in India. Over the past two years, the International Budget Project (IBP) of the Centre on Budget and Policy Priorities (CBPP) [<http://www.internationalbudget.org>] has worked towards developing the *Open Budget Questionnaire*, “a measurement tool to evaluate public access to budget information from the perspective of civil society organizations, which also covers other budget process issues in order to explore ways of improving public understanding and involvement in the budget” [this can be accessed at <http://www.internationalbudget.org/openbudgets/>]. CBGA had contributed to this endeavour of the IBP by completing the questionnaires (used for this study) as the participant from India, and the concerns raised in this study set the context for the present paper. However, in the present paper, we neither replicate the structure and methodology of the Open Budget Questionnaire study, nor do we follow strictly the core issues taken up by IBP (in their study). Rather, taking a cue from the IBP study, we move on to present some relevant information and analysis on issues vis-à-vis the Union Budgets in India, which we feel are of primary concern from the perspective of the poor and vulnerable sections of India’s population.

This paper is structured as follows. We present our views on the issues pertaining to transparency and accountability relating to Union Budgets in India (i.e., the annual budgets of the Central Government of the country) in three different sections. **Section I** begins with a brief discussion of the need for seeking transparency and accountability, and presents the findings of the Open Budget Questionnaire study of the IBP for India’s budget process. Then it addresses the issue of comprehensibility of budgets for the public in general and that of the scope for participation of people-centric civil society

organizations in the budget making process, which have emerged as two of the core issues in the context of evaluating budget processes from a pro-poor perspective.

Section II discusses how some of the people-centric organizations (in India) are trying to bring about a change in the priorities underlying the Government budgets in India at different levels. If we identify transparency and participation in the budget making process, budget literacy among the general public (as also some of the key players, like, the legislators), and analysing budgetary allocations and tracking implementation from the perspective of the vulnerable sections of the population as the three main areas in which the efforts of civil society budget groups should be focused at, it is only the last kind of budget work which has gathered momentum in India till now. This gets clearly reflected in the discussion given in Section II.

The concluding section of the paper, **Section III**, probes the priorities driving the Union Budgets in India over the last ten years through a brief analysis of the trends in some of the important items pertaining to expenditure and revenue of the Central Government. In fact Section III gives us the most crucial insight regarding the evaluation of Government budgeting from a pro-poor perspective and the need for active engagement of civil society in this area, which is the increasing adoption of neo-liberal economic policies by the Governments at the centre over the last decade and a half. There can be no doubt about the desirability or rather necessity of greater awareness and understanding of budgets among the public and that of transparency in the budget making process as well as participation of people-centric groups in this process. However, the poor and marginalized sections in India have been hit the hardest because of the budgets being driven by neo-liberal policies. And this probably explains the predominance of budget policy analysis among the civil society budget groups in India. Nonetheless, efforts of such groups in all of the three areas identified above would be mutually reinforcing in terms of bringing about a change in the budget processes and budget policies in favour of the vulnerable sections of the population.

I

Need for Greater Transparency and Accountability in the Budget Process

The Union Budget is perhaps the most important and comprehensive platform for the Central Government (in India) to implement its economic policies. It affects almost every sector of the economy as well as every section of the population. The policies driving the budget and implementation of the budget proposals are therefore of direct relevance to the entire population. But neither the budget process (i.e., the process of budget preparation, presentation before the legislature, legalisation of the budget, and a periodic review of the same) nor do the budget policies (i.e., the socio-economic policies adhered to by the Government in deciding the priorities in the budget) come under substantial public scrutiny.

Almost every form of media gives a lot of attention to budget in the immediate interval of its presentation in the Parliament, i.e., from the last week of February through the first fortnight of March, every year. But the debates and discussions around the budget die away even before it is enacted by the Parliament (at the end of March). Also, during this very short-lived public scrutiny, media pays attention mostly to those issues which affect the urban, middle class population as they form the largest clientele of electronic and print media. Also, with the gradual expansion of financial services sector in the economy (as a result of increasing financial liberalization since 1990s), issues affecting the stock markets have been commanding enough media attention. The poor and marginalized sections of India's population- those who live in the rural areas, who depend on agriculture for their livelihood, who are in acute need of welfare measures from the state, who need free or inexpensive educational and health care facilities- hardly find their case being argued strongly in the limited scrutiny of the budget in the mainstream media. Their needs get acknowledged at best in certain sections of the academia which may not have much influence on the policy makers in the Government. Thus, when budgets pursue unjust economic policies and when the pro-poor budgetary proposals do not get translated into reality, the poor and marginalized sections are the worst hit. Also, there

exists no direct and timely mechanism which can perform the necessary task of making the Government answerable to such sections for its budget policies and implementation.

Therefore, the need for establishing accountability for budgets cannot be overstated in a country like India. The people-centric civil society organizations can perform the crucial task of bridging the gap between the vulnerable sections of the population and the Government so as to make the Government apparatus accept and honour its accountability to people for its budget policies and implementation. However, the task of establishing this accountability is very difficult given that only a miniscule proportion of the population understands the technicalities involved with budgets and that the most crucial stage of budget process, that of budget preparation, does not allow any kind of participation by civil society organizations. Thus, public understanding and involvement in the budget process is critical for ensuring that the Government is accountable to the public. And, in order to be conducive to public involvement, the budget process needs to be transparent. Transparency in the budget process is not only a means to achieving accountability of the Government apparatus but also an end in itself. Lack of transparency in the budget process can restrict the degree of public involvement and it can also limit the scope and depth of public debates over budget policies. On the other hand, transparent budget processes can help- instill a sense of accountability in the policy makers, enhance responsible and just decision making by the Government machinery, bring in better perspectives and strategies, encourage timely and effective implementation of the budget proposals, attain greater legislative control over the budget process, and create public confidence in the willingness as well as ability of the Government to work for the people.

It is imperative to state now that the budget process in India lacks transparency in one of the most crucial stages. While budget presentation in the Parliament and subsequently its legalisation are quite transparent, the process of budget preparation by the Government is rather closed. In India, budget preparation (at the level of the Central Government) usually starts in the month of September every year. The Budget Division of the Department of Economic Affairs of the Ministry of Finance collects estimates of

expenditure (to be incurred in the following fiscal year, from April 1 of a year to March 31 of the next year) from all the Ministries and Departments of the Central Government. After a scrutiny of these estimates, the Ministry of Finance prepares the estimates of expenditure of different Ministries/Departments incorporating their estimates with adjustments. Prior to finalisation of these estimates, the Ministry of Finance holds discussions with the financial advisers of the concerned Ministries/Departments and Secretary (Expenditure) of the Central Government, but it has the final say in regard to all estimates. The Planning Commission scrutinizes the estimates of all the Plan outlays (which are expenditures incurred by the Government in pursuance of the policies and projects mentioned in the Plan). The Department of Revenue of the Ministry of Finance prepares the estimates of revenue. The Finance Minister examines the budget proposals prepared by the Ministry and has the authority to make changes in them in consultation with the Prime Minister. The President is also shown the budget, and the Finance Minister briefs the Cabinet about the budget shortly before it is presented in the Parliament.

However, during this entire phase of budget preparation (and later until its presentation before the Parliament), only the Chief Economic Adviser, Reserve Bank of India (the central bank of the country), various Parliamentary Standing Committees which look into the expenditures of different Ministries and their demands, certain Government funded research institutions, and the Ministry of Finance get to know about the budget proposals and the policy priorities driving these proposals. At the level of the States also the process of budget preparation remains more or less similar.

Thus, the reasons for giving the budget a particular shape or a perspective, in terms of the revenue and expenditure proposals of different kinds, are not known to people outside the Government, during the phase when the budget is prepared. Two arguments may be put forward against this view, which are that the Finance Minister does pay attention to various kinds of lobby groups during the last stages of budget preparation and that the budget proposals are debated and discussed in the Parliament before enactment. However, neither of the two arguments is quite acceptable. First of all, the lobby groups,

which the Finance Ministers in India have been acknowledging, are usually those representing the interests of industrialists, traders and exporters, and of late the stockbrokers. But there has been no visible lobbying with the Finance Ministers for the poor and marginalized sections of the population. The second argument needs greater attention in the present context.

In India, legislative control over the budget can be exercised through the following instruments:

1. General discussion on the budget, after it is presented in the Parliament;
2. Detailed discussion/debate on the budget involving Cut Motions and Voting on Demands for Grants, during the month of March (prior to the beginning of the next fiscal year);
3. Passing of the Finance Bill and the Appropriation Bill (without which the Government will not have the constitutional authority to collect tax revenue and to spend money from the Consolidated Fund);
4. Parliamentary Committees dealing with the financial affairs of the government, viz. the Public Accounts Committee, the Estimates Committee, and the Committee on Public Undertakings, as also the newly constituted Department Related Standing Committees; and
5. Control over money bills in the form of debates, discussions, and the power to pass the bills.

However, the efficacy of this legislative control, in the past, has left much scope for scepticism. It is widely felt that the control of the legislature through the Parliamentary Committees is indeed effective. Because, the Ministries/Departments of the Central Government are required to take action on the findings/recommendations contained in the reports of these Committees, and furnish Action Taken Replies/Notes within six months. Then the Action Taken Sub-Committee of the respective Parliamentary Committee examines action Taken Notes, received from the Ministries/Departments. Subsequently, Action Taken Reports of the Committees are presented to the House, and the Replies/Notes received from the Government in respect of recommendations contained in

the Committee Reports are also laid before the legislature in the form of statements. However, the instruments of legislative control (over the budget) other than the Parliamentary Committees are rather ineffective. There are numerous reasons for such controls being ineffective or very mild in practice, some of which are as given below.

Legislature, in the Indian case as also in many other countries, largely comprises people who are laymen as far as budget technicalities are concerned. It becomes quite difficult for a large number of the elected representatives to grasp the intricacies of the budget process and debate/discuss over the budgetary provisions in a concrete manner. Even during the budget session in the Parliament, a significant amount of time is devoted to (in a way wasted on) non-budgetary matters. In fact the total time allotted for the entire process of budget presentation and legalisation in the Parliament, a month, is inadequate. A month's time may not at all be sufficient to debate and discuss over more than 100 (approximately 109) demands for grants. Also, any urgent political issue may arise during the same period forcing the legislature to digress from the budget issues. The strong inclination of the MPs to get driven by the interests of electoral politics has also hindered a genuine intervention from them, in the process of reviewing and critiquing budget provisions, in many cases. Finally, irresponsible behaviour from our elected representatives in the Parliament, manifested in the frequent walkouts and premature adjournments, leaves the House with very less time, within the allotted period of a month, to hold any concrete discussion over the budget. As a consequence, many of the 100 plus demands for grants get passed on the last day of the budget legalisation process, without any discussion on them, and the legislative control over the most important policy platform of our country gets reduced merely to an on-paper control.

Given the absence of any space for direct public involvement in budget making and the limited efficacy of legislative control over this process, it is necessary to allow participation of civil society organizations, which can raise the issues relating to the vulnerable sections of the population, in the process of budget preparation. Such measures would go a long way in enhancing transparency and giving due recognition to the needs of the poor and marginalized people while choosing policy priorities for the

budget. We can now move on to a brief discussion of the findings of IBP's Open Budgets study for India.

Results of IBP's Open Budget Questionnaire Study for India

IBP's study on transparency in budget processes across different countries (*Opening Budgets to Public Understanding and Debate: Results from 36 Countries*, IBP, CBPP, 2004) presents an assessment of the openness of the budget processes in 36 countries based on a set of specific parameters developed by their researchers. The principal findings of this study are presented in three different categories, viz., *Executive Budget Documents*, *Monitoring and Evaluation Reports*, and *Public and Legislative Involvement*.

The first category, *Executive Budget Documents*, presents the findings of the study on "information presented in the executive's budget proposal as it is tabled in the legislature", and this category "also reflects information in any of the supporting documents that the executive may issue simultaneously as companion documents to facilitate understanding and interpretation of its main budget proposal". The second category, *Monitoring and Evaluation Reports*, presents the findings as regards "the reports that are used to monitor the budget's execution during the fiscal year and to evaluate it after the year has concluded. These include in-year reports on the budget's execution, which the OECD recommends should be issued monthly; a mid-year review, which should provide a comprehensive report covering the first six months of the budget year; and a year-end report that should serve as the government's key accountability document, which should be audited". The third and final category, *Public and Legislative Involvement*, is "intended to capture those budget related materials and aspects of the budget process that, if emphasized, can help to improve public understanding of the budget and contribute to increased involvement of the public and legislature in the budget debate". This category deals with "budget documents that can enhance public debate and understanding, such as a pre-budget statement, and practices during the budget's formulation and approval that can assist public involvement".

As per the findings of this study, the average scores (for all 36 countries) show that the countries “tend to do a better job of meeting best practice guidelines for the information presented in the executive’s budget proposal than they do for providing information on the budget after it has been enacted, or taking steps to encourage public and legislative involvement in the budget process”. Thus, as regards the three categories mentioned above, “most countries in the sample follow this general trend- higher scores for executive’s budget proposal and lower scores for the other two categories”.

Results for India

	Country Results	General Description of Country Score*	Average Score Across All Countries
Executive Budget Documents			
Budget year and beyond	54 %	Mostly positive	65 %
Prior year and beyond	85 %	Positive	63 %
Comprehensiveness	38 %	Mostly positive	40 %
<i>Category average</i>	59 %	<i>Mostly positive</i>	56 %
Monitoring and Evaluation Reports			
In-year monitoring reports	44 %	Mostly negative	45 %
End-of-year evaluation reports	17 %	Negative	43 %
<i>Category average</i>	30 %	<i>Negative</i>	44 %
Encouraging Public and Legislative Involvement			
Highlighting policy and performance goals	23 %	Negative	31 %
Involvement of legislature	44 %	Mostly negative	49 %
Facilitating public discourse and understanding	44 %	Mostly negative	38 %
<i>Category average</i>	37 %	<i>Mostly negative</i>	40 %

* For the general description, “positive” is used for scores of 67 % or above, “mostly positive” for scores of 50 % to 66 %, “mostly negative” for scores of 33 % to 49 %, and “negative” for scores of less than 33 %.

Source: IBP, 2004, *Opening Budgets to Public Understanding and Debate: Results from 36 Countries*, CBPP, Washington, DC

It is evident from the table above that India's scores in the three categories are largely in line with the average scores across all countries- while its score for "executive budget documents" is slightly above the cross-country average and indicates mostly positive practices, its scores for the categories of "monitoring and evaluation reports" and "encouraging public and legislative involvement" are below the cross-country averages and indicate negative or mostly negative practices in these areas.

According to IBP's assessment, based on a specific set of parameters selected/developed by their researchers, India's *executive budget proposal* (i.e., the Union Budget document presented in the Parliament) provides adequate information on the prior year, the earlier years as also the budget year, but it provides no multi-year estimates. However, it must be noted here that the specific mechanism of legislative control over legalisation of the budget in India may not be very suitable for adoption of multi-year budgeting. Within this category of assessment of the Union Budget documents, India's score in the area of *comprehensiveness* is poor, reflecting the absence of information on one or more of the fiscal or quasi-fiscal activities of the Government in the budget documents.

As regards *monitoring and evaluation reports*, India's scores are poor, especially the one relating to *evaluation reports*. It indicates the deficiency of comprehensive, timely, and usable evaluation reports on implementation of budget proposals in the country. In fact, the evaluation reports brought out by the Comptroller and Auditor General (C & AG) of India, on the functioning of various Ministries/Departments/Centrally Sponsored Schemes, though comprehensive and reliable, usually involve substantial time-lag.

In the third category of assessment, *encouraging public and legislative involvement*, IBP's results are that India's Union Budget document "provides limited information that highlights policy and performance goals, making it difficult how budgetary figures connect to desired outcomes". For instance, the Union Budget documents do not give any data relating to per capita public expenditure on healthcare at constant prices over the last few years, which could enable an easy comparison of the budget proposals of a year with those of the previous years or a cross-country comparison of public expenditure on

healthcare. Nor does it give any data about (for instance) the health attainments of the country in terms of any indicator in the previous years with an estimate for the budget year. The complete absence of such necessary information (in the budget documents) about trends of Government support for different activities and information about India's position in terms of different indicators for the social sectors is a major obstruction in enabling public and legislative involvement in the budget debates. In the other two sub-categories of the third category, i.e., involvement of the legislature and facilitating public discourse and understanding, India's performance is again mostly negative. As the IBP study observes, India's legislature "holds no public hearings on the budget and the executive does not release a pre-budget statement".

IBP's assessment regarding certain aspects of the Union Budget documents is based on a set of specific parameters and a specific methodology of questionnaire-based research. Hence, the assessment of the same features of the Union Budget documents (of India) done by a different group of researchers, following a different methodology, may not be the same as those of IBP. Nevertheless, it must be noted here that IBP's assessment is objective and highly useful for a cross-country comparison.

Among the different categories mentioned above, the third one, i.e., *encouraging public and legislative involvement*, and within that, the sub-category of *facilitating public discourse and understanding*, is of utmost importance in the context of the present paper. As we discussed, India's score in this sub-category is low. In the remaining part of this section, we discuss issues directly linked to this area.

Comprehensibility of Budgets for Common People

One of the major obstructions in public involvement in the budget process is the inability of majority of people to understand budget terminology and budget-related debates. Given the technicalities associated with budgets, even the highly educated people could be budget-illiterates, and unable to grasp the arguments put forward in the debates over budget policies.

Majority of the population in India gets to know about the Union Budget when it is covered in the media, i.e., during the immediate interval of budget presentation in the Parliament. As regards the Union Budget, the main budget document, i.e., the *Annual Financial Statement*, as well as other supporting budget documents, like, the *Expenditure Budgets*, *Receipts Budget*, *Demand for Grants*, *Budget Speech* of the Finance Minister, and *Budget at a Glance*, etc., are put in the public domain as soon as these are presented in the Parliament. Though circulation of the hard copies of these documents is done at a limited scale, the electronic versions of the same are put on the website of the Finance Ministry (<http://www.finmin.nic.in>), which are now accessible in almost all States in the country. Thus, accessibility to the budget proposals, once these are presented in the Parliament, is not very difficult anymore. However, understanding these proposals and making an informed judgment of the same is beyond the abilities of a vast majority of the population.

In this context, the first issue to be addressed is that of lack of awareness among common people about the implications of budget policies. So the first and foremost task before the civil society budget groups is to create awareness among people about the direct relevance of budget in their lives. However, awareness alone would not be enough for bringing about a change, as common people need the capacity to comprehend budget related issues. Among the supporting documents that accompany the *Annual Financial Statement*, three documents, viz., *Budget at a Glance*, *Key to Budget Documents*, and *Budget Highlights*, are relatively the least technical and most comprehensible documents. But these three documents taken together are hardly adequate for enabling an educated person, who is not very conversant with budgets, to form a well-founded opinion about the desirability of one or more of the budget proposals. None of these documents provides any assessment of the performance of budgetary policies over the last few years or any discussion of the possible impact of the budget proposals on the policy goals. In fact, the observation made by IBP, in this context, - that from the Union Budget documents it is difficult to see how budgetary figures connect to desired outcomes- is quite appropriate.

Therefore, most of the population depends on the media for an assessment of the possible implications of the proposals made in the budget. Between the electronic and the print media, it is the latter which is relatively more effective in helping people form an opinion about the budget. However, as we had mentioned at the outset, media pays attention mostly to those issues which affect the urban, middle class population; and the poor and marginalized sections of India's population hardly find their case being argued strongly in the limited scrutiny of the budget in the mainstream media. Also, it should be noted here that media by and large responds to the budget speech of the Finance Minister and the new schemes/proposals launched. There is hardly any analysis of the budget policies in an in-depth, historical (i.e., relating to past few years or so) manner to be found in the mainstream media. Thus, the disconnect between budget proposals and their implications for the policy goals in the budget documents gets carried over to large parts of the budget discussions in the media.

It is worth noting that numerous research organizations and a significant number of academicians have been doing budget analysis since long, and many of them have highlighted the necessity for adopting pro-poor policies in the budgets. However, there exists no incentive or no urgent need for these groups to break the knowledge barrier relating to budget analysis, and hence there have been no significant efforts by such groups to spread budget literacy among the common people. Thus, this crucial task of spreading awareness and literacy about budgets and breaking the knowledge barrier has to be taken up by the civil society budget groups.

Scope for Participation of CSOs in the Budget Processes

Every year when it is time for presentation of the budget, the speculations of possible changes in economic policies underlying the budgets, introduction of new taxes, cut in certain taxes, hike in the prices of certain commodities, etc., are very common in the media. Various views on what the budget should do and what should not are presented in the media. However, over the last decade, most of these suggestions have been driven by the free-market perspective and the main concern has been highest possible growth of the

economy. Since long, the various lobby groups of industrialists, traders, and exporters-like CII, FICCI, Assocham, etc.- and of late the stock market representatives have been holding their pre-budget meetings with the Finance Minister and/or officials of the Finance Ministry and putting forward their demands. These pre-budget lobbying, direct and via media, have indeed had an impact. However, participation of the CSOs, advocating the cause of the poor and marginalized, in the budget processes in India has largely been piecemeal and that too has happened in the last fifteen years only.

As we had stated at the outset, we may identify *transparency and participation in the budget making process, budget literacy among common people (as also some of the key players, like, the legislators), and analysing budgetary allocations and tracking implementation from the perspective of the vulnerable sections of the population* as the three main areas in which the efforts of civil society budget groups could be focused at. Among these three, while the last area deals mainly with budget policies and their implementation, the first two can be seen as crucial from the point of view of participation of CSOs in the budget processes.

By spreading awareness and literacy of budgets among common people, the CSOs can not only break the knowledge barrier (associated with budget processes and policies) but also help enable public involvement/participation in the process of budget preparation and review. However, such efforts towards demystifying the budget need to be coupled with efforts towards mobilizing people on social issues vis-à-vis budgets, in order to achieve any significant space for participating in the budget preparation processes to put forward the cause of the vulnerable groups. Thus, we must note the fact that CSOs do have the potential for mobilizing people- through networking with grassroots organizations across different parts of the country, building capacities of common people and other CSOs regarding budgets, highlighting unjust budget policies and/or flawed implementation of socially desirable budget proposals; and it is this potential which they need to utilize for achieving public involvement in budget processes.

II

Seeking Transparency and Accountability in Government Budgeting- Attempts in India

Civil Society Organizations in India have been working on Government budgets for roughly last one and a half decades to further the cause of vulnerable sections of the population, with continued efforts towards advocacy and seeking transparency and accountability in the government's development programmes in particular and in overall governance in general. Currently there are organizations (NGOs and Socio-political Movements) in most of the Indian States, which are using budget policy analysis as an important tool to promote the concerns of their constituencies. However, the credit for initiating this process in the country must go to DISHA (www.disha-india.org), Ahmedabad, whose pioneering work in leadership of Mr. Madhusudan Mistry, in the western State of Gujarat made civil society realize the importance of budget work in promoting the cause of poor and marginalized groups. In this section, we will take a brief look at the state of budget work in India and its impact.

The CSOs doing budget work in India could be broadly categorized into five groups, according to their concerned constituency/sector and the level of budgeting with which they have engaged. As regards the level of budgeting, most of the groups in India are working at the State or sub-national level. Few of them are working on Union Budgets and few others on the local level budgets. Pathey (DISHA); Samarthan – Centre for Budget Studies (Vidhayak Sansad), Mumbai; BARC (Astha), Jaipur; Social Watch – Tamilnadu, Chennai; CEPRA (CYSD), Bhubaneshwar are all working at the level of State budgets. As of now, in India, five broad categories of civil society budget groups can be identified as given below.

1. Organizations focusing on **specific sectors** like health (CEHAT, Mumbai), education (Samarthan), etc.
2. Organizations focusing on specific **marginalised groups** like Dalits (Social Watch - Tamilnadu), children (HAQ-CRC, New Delhi), tribals (DISHA), and child and bonded labour (Samarthan) etc.
3. Organizations focusing on **gender issues** (UNIFEM, New Delhi; NIPPCD, New Delhi; Women Studies Centres in some universities)
4. Organizations working at **national** (CBGA, New Delhi) and **local levels** (CBPS, Bangalore; PAC, Bangalore, MKSS, Rajasthan)
5. **Socio-political Movements** working on budget related issues at the grassroots to further their advocacy efforts for example NBA, CMM, and MKSS, etc.

Besides these, some other prominent groups working on budgets are:

1. **Media**, both print and electronic; they mostly respond to budget policies and proposals during the immediate interval of budget presentation before the legislature.
2. **Government funded research institutions** like NIPFP, NCAER, NIPPCD, **and academicians** also analyse budget policies and implementation of budget proposals.
3. **CSOs representing industry, commerce and trade** like CII, FICCI, etc.

These three groups (which may not cover all kinds of groups, other than CSOs advocating the cause of poor and marginalised, engaged in budget work of some kind) have been working on budget related issues for a long time. However, the primary difference between the five categories mentioned above and these groups is that the former have a very clear pro-poor, pro-marginalized perspective, which the latter do not necessarily have. The media groups have their own clientele (in terms of their clientele and the business groups which might own them); the representative organisations of industry, trade and commerce have a long history of lobbying for their specific interests; and being the Government's autonomous institutions, the likes of NIPFP, NCAER and

NIPCCD, etc., may not be expected to very critical of the Government's policies even when there is a strong ground for such criticism. Also, as we have noted before, such groups have no necessity or mandate for breaking the knowledge barrier associated with budgets. However, some of these groups, especially the media, are important for the pro-poor, pro-marginalized budget groups because they have a certain amount of influence on budget policies and implementation process in the country. Thus, at some stage of work on budgets, the people-centric civil society groups would need to build alliance with these other groups, especially the media.

We are concerned for this report with the first five categories mentioned above, and we discuss them briefly in the following. We must admit here that ours is a very broad categorization and any of the organizations (which we have covered) may fall in more than one category. For example, CBPS may be focusing on local government (panchayats and urban local bodies) budgets but they also work on State and the national budget. Same with DISHA, though they work mainly on State budget, they have also worked on the national budget in great detail.

Organizations focusing on specific sectors: Access to health, education, drinking water and sanitation etc. has its own importance in the context of a developing country like India. Many indicators suggest that about one-third of the country's population lives below the poverty line. Another almost comparable chunk of the population lives just above the poverty line. Thus, at least half of the population cannot afford to buy these essential services, if left to be provided by the market as commodities. The central and the State governments, despite their repeated promises to provide these services to the people, have started to withdraw from their responsibilities, largely in pressure of the neo-liberal economic reforms. This trend is quite visible in the public budget documents and that is why it is extremely important for the CSOs to highlight that the Governments are not allocating enough money in their budget to these basic services. And this has been done quite successfully by some of the organizations. CEHAT's health budget analysis and analysis of education budget by Samarthan and DISHA in their respective States have shown these trends.

Organizations focusing on specific marginalized groups: Besides being poor, there are other forms of very acute deprivation and marginalisation in India. Caste, gender, ethnicity, age, religion, etc., become basis of discrimination and some groups have been marginalized for centuries, along these lines. Dalits (officially known as Scheduled Castes) and tribals or adivasis (known as Scheduled Tribes) are two such groups, which have been discriminated and marginalized for centuries. Most of them live below the poverty line and show low progress in terms of almost all development indicators. Governments in their budgets also have made special provisions for these groups in the form of tribal sub-plan (TSP) for tribals and special component plan (SCP) for Dalits. However, adequacy and proper implementation of these measures have always been questionable. DISHA's work has largely focused on rights, status and development of tribals in the State of Gujarat and their budget analysis does reflect this concern. Social Watch – Tamilnadu has been working on issues relating to Dalits and has produced many useful documents.

Rights of children, women and other groups are also concerns for many budget analysis groups. HAQ – Centre for Child Rights have analysed Government budgets (mainly national budget) from the perspective of rights of children. We discuss the groups focusing on gender issues in a separate category below.

Organizations focusing on gender issues: Gender justice and women's rights has been a concern for all the development organizations. These concerns are reflecting in budget work as well. Analysis of women component plan, and other programmes for development and welfare of women as well as the incorporation of concept of gender justice in over all budget making and implementation process is part of gender budgeting in India. The gender budget work, though still in a nascent stage, is fast gathering momentum. It may be mentioned here that the only group of civil society representatives, which the Finance Minister of the country met last year, persuaded him to incorporate gender budgeting concept in the budget making process.

Organizations working at national and local levels: As noted above most of the budget analysis groups work at State or sub-national levels. However, in the federal system of the country the central government has predominance both in administrative as well as economic policy matters. So the need to work on national budget with a pro-poor, pro-marginalized perspective is undisputed. Some of the organizations working on State budgets do take up national budget in course of their work. But there had always been a felt need to have a specialized organization mandated to work on the national budget from pro-poor, pro-marginalized perspective and take up people-centred advocacy around the budget processes and policies in the country. Centre for Budget and Governance Accountability (CBGA) is an effort in this direction. This two and a half year old programme of the National Centre for Advocacy Studies has already gained visibility because of its research and advocacy efforts in this area.

In a large country like India, the centrally planned development programmes are quite prone to problems of implementation. In India, after the two amendments in the Indian Constitutions (73rd and 74th) about a decade ago, the local governments have gained a constitutional status and have been given much more rights and responsibilities than before. There has also been considerable increase in the money being spent by the local governments. Almost all the subjects transferable to the local self-governments, according to the Constitution, are directly related to the poor people and have been concerns of the civil society organizations. Besides this, the decentralization process is viewed by most as a significant step in the direction of empowerment of people. So it is quite necessary for the CSOs to take up budget work at the local self-government level. CBPS, Bangalore has taken it as its primary mandate to work on the local economy and the local self-government finances. The work on local bodies' budgets has many dimensions. Working on budgets of the urban local bodies (municipalities) and rural local bodies (panchayats), involving in the micro-planning process, seeking accountability in post budget implementation, and accounting patterns of the local bodies are some of the main areas of concern. MKSS, Rajasthan, seeks accountability of panchayats through scrutinizing their accounts under Right to Information Act; PAC, Bangalore, publishes report cards on the various services provided by the municipal corporation; and the

PROOF campaign, Bangalore, aims at engaging citizens in issues relating to the municipal corporations.

Socio-political Movements doing budget work: Various socio-political movements, like, NBA, CMM and MKSS have also engaged in budget work to strengthen their advocacy work. MKSS does post budget scrutiny to expose malpractices in the panchayat's development works; NBA analyses Madhya Pradesh State Government's budget; and CMM also works occasionally on budgets of Madhya Pradesh and Chhatisgarh Governments.

Impact of Budget Work:

In India, the budget analysis started by DISHA, Ahmedabad, was to support their work with the tribals and forest workers. What forced them to take up this task was the repeated reply of the Government officials to their various demands that there were no funds available. It happened with Vidhayak Sansad as well, when they tried to get funds allocated for mobile schools for the child labourers, they were told that there was no fund for the same. Vidhayak Sansad decided to see why the Government could not provide education for its poorest children. This led to establishment of a Centre for Budget Studies called Samarthan, in Mumbai. The experiences of these two organizations and subsequently other organizations show that the budget work done by CSOs has resulted in certain very positive impacts. Firstly, it has created a wave of awareness in those States among the politicians, legislators, social advocacy groups and journalists about the importance of budget work for the causes of poor in those states. It has also helped in demystifying the budget documents to a great extent. According to a case study of their budget work prepared by DISHA, their budget analysis work has resulted in the State Administration becoming concerned towards the causes of the poor.

The growing awareness and popularity of budget work among the civil society organizations during the last a decade or so can be noticed. CSOs are participating

enthusiastically in several capacity building workshops organized in different parts of the country, and many organizations are using budget analysis to support their advocacy work.

Successful lobbying and advocacy efforts of the Social Watch – Tamilnadu (previously known as Tamilnadu People’s Forum for Social Development) led to formation of Tamilnadu Dalit Legislators Forum, centred on the Special Component Plan (a specific provision in the budget for Dalits). Tamilnadu Dalit Panchayats Association has also used the findings of Social Watch- Tamilnadu to demand greater devolutions of political and financial powers to panchayats. BARC (Astha), Jaipur, engaged with State-wide Drought Struggle Committee and the Right to Work campaign in Rajasthan, and helped these movements by showing (with their budget analysis) that there was money available for more drought relief work and guaranteed employment for people in the State.

Budget work done at the micro-level, in different parts of the country, has led to greater transparency and accountability than before. The work done by MKSS on monitoring of panchayats’ accounts and presenting the findings in public hearings has had a positive impact in Rajasthan. Organizations in other States (like Parivartan in Delhi) have also followed the same methods. The PROOF campaign started collectively by a number of organizations (including CBPS, PAC, and Janaagraha) has gone a long way in engaging citizens with monitoring the performance of the Bangalore Municipal Corporation. The report cards prepared PAC, Bangalore, rate the quality of Government services according to their availability, usage, satisfaction of people, etc. This has been instrumental in bringing about a change in quality of public services in the city. The analysis of the fund located in the hostels for tribal children in Rajasthan and its expenditure, done by BARC, has led to improvement in the functioning of the hostels and participation of the students in the management of hostel affairs.

The following is a list of some of the CSOs in India working on budgets with an emphasis on the poor and marginalized groups of the population.

Organization	Contact details	Areas / constituency / level
Centre for Budget and Governance Accountability (CBGA) (A Programme of NCAS) http://www.ncasindia.org/cba/cba.htm	B-64 (II Floor), Sarvodaya Enclave, New Delhi– 110 017, India Phone: +91-11-26537603 E-mail: cbadelhi@vsnl.net	Works on national budget, with a focus on social sector and marginalized groups, undertakes networking and capacity building of other organizations
DISHA (www.disha-india.org)	5, Mangaldeep Flats, Nr. Gandhi Ashram, Ahemadabad – 380 027 Gujrat, India Phone: +91-79-27559842, 27553071, 27556782 (Fax) E-mail: dishaad1@sancharnet.in	Pioneer of budget work in India, works at (Gujarat) State level, also on national budget, covers almost all social sector issues, and issues related to tribals and women, also undertakes capacity building programmes of other organizations
Centre for Budget and Policy Studies (CBPS) (www.cbpsindia.org)	S V Complex, First Floor, 55, K R Road, Basavangudi, Bangalore – 560 004 Karnataka, India Phone: +91-80-56907402, 26671230 E-mail: office@cbpsindia.com	Works on budgets of local bodies (urban and rural) and Karnataka State budget, focusing on the social sector issues, also undertakes capacity building programmes of other organizations

CEHAT (www.cehat.org)	Survey No. 2804 & 2805, Aaram Society Road, Vakola, Mumbai 400 055. India Phone: +91-22-26673571, 26673154 Fax: +91-22- 26673156 Email: cehat@vsnl.com	Focuses on health sector in budget at national and state levels
HAQ – Centre for Child Rights (www.haqcrc.org)	208, Sahapur Jat, New Delhi – 110 049, India Phone: +91-11-26490136 Email: haqcrc@vsnl.net	Analyses budgets at national level with a focus on child rights
Samarthan – Centre for Budget Studies	87/3, Mumbadevi Municipal School, Kalbadevi Road, Near Cotton Exchange, Mumbai- 400 002 Maharashtra – India Phone: +91-22-22425292, 22428291 Email: vsansad@bom3.vsnl.net.in	Works on State budget, covers almost all social sector issues and issues related to child and bonded labourers
Social Watch – Tamilnadu	202, “Chitra Avenue”, Shopping Inn, 9, Choolamedu High Road, Chennai – 600 094 Phone: +91-44-23746044 Fax: +91-44-23746107 Email: manu50@vsnl.com	Works on budgets in Tamilnadu focusing on the problems and needs of Dalits
Budget Analysis Rajasthan Centre (BARC) (An Astha Programme)	278, Dadu Marg Barkat Nagar Jaipur Rajasthan Phone/Fax: 0141-259-1539	Works on State budget focusing on social sector issues and responding to the needs of the partner organizations
Centre for Policy Research and Advocacy (CEPRA), (A CYSD Programme) (www.cysd.org)	E-1, Institutional Area, Bhubaneswar Orissa, India - 751 013, Phone: + 91-674-2301725, 2300774 Fax: + 91-674-2301226, 2551087	A newly created centre which works on State budget, emphasizing social sector issues and gender issues

	E-mail: cysdbbsr@sancharnet.in , cysdbbsr@vsnl.net	
School of Women's Studies, Utkal University	Bhubaneswar – 751 004, Orissa, India Phone: +91-674-2587453 Email: swsutkal@vsnl.net	Works on gender issues vis-à-vis budget at national and State levels
Mazdoor Kisan Shakti Sangthan (MKSS)	Village – Devdungri, Post – Baras Bhim Tahsil Dist. Rajsamand Rajasthan – 313 341 India	Works on post budget monitoring of development programmes at panchayat level in Rajasthan
Public Affairs Centre (PAC) (www.pacindia.org)	422, 80 Feet Road VI Block, Koramangala Bangalore 560 095 Phone/fax: +91-80-25520246, 25525452, 25525453 25533467/25537260 Email: pacindia@vsnl.com	Works to improve the quality of governance in India through the strengthening of civil society institutions.

It emerges from the discussion presented in this section that an appreciable number of CSOs in India have started working on budgets with a clear focus on the needs of the poor and marginalized groups. The impact of their work, at least at the micro-level, has been visible across different parts of the country. And, there can be no doubt about the fact that intervention of CSOs in Government budgeting in this country has a lot of potential for bringing about greater transparency and accountability so as to achieve a better deal for the vulnerable groups in the budgets, and also such interventions at different levels of budgets are gaining momentum. However, there are a number of gaps in their efforts in this direction.

As we can see from the brief descriptions (given above) of the work done by various budget groups, their efforts have been largely focused in the area of analysing budget policies and monitoring implementation of budget proposals. We have already mentioned that, given the gravity of the problems arising because of unjust budget policies, especially after the onset of neo-liberal economic reforms in the country, budget policy analysis is of crucial importance for the groups advocating the cause of the marginalized people. However, for achieving a systemic change (in favour of the poor and marginalized people), such efforts must be supported by adequate work in the areas of spreading budget literacy among common people, legislators and civil society, and promoting/ seeking participation of marginalized people and their representative groups in the budget making process. Thus, civil society budget groups in India need to expand their domain of work on budgets, with systematic and persistent efforts towards spreading awareness and literacy of budgets and seeking participation in the budget making process.

III

Union Budgets in India over the Last Decade: Are the Priorities Pro-Poor?

Over the last decade, Union budgets in India are increasingly reflecting the pursuance of neo-liberal economic policies. In the name of fiscal reforms, numerous tax sops and other leverages to the industrialists have been provided expecting the private sector to expand productive activities. However, the benefits of such favours to the producers have not come up mainly because the Indian economy lacked sufficient aggregate demand in the domestic market. The deterioration in agriculture sector, growing regional disparities in economic growth, and inadequate public expenditure in employment generation and poverty alleviation resulted in falling incomes for a majority of the rural population, which in turn aggravated the demand shortage in the economy.

There has been an increasing pressure on the Government from international financial institutions, some experts in the policy circles and mainstream commentators/observers to curtail the deficit in the Government finances. However, the Governments at the centre, lacking the political will to tax the rich and the industrialist class to a higher extent, have been unable to expand the tax revenue base. At the same time, the Governments have grossly failed in checking expenditure in non-productive sectors like Defence and other committed expenditure like interest payments and salaries, etc. As a consequence, the main impact of the policy of deficit reduction has been on Government's expenditure.

Government investment in agriculture sector has been cut. Expenditure on rural employment generation programmes has been reduced leading to greater hardship for the poor, who are already bearing the brunt of liberalisation. And, Government expenditure on social sectors, like public healthcare facilities, education and poverty alleviation have been brought down. The Government has not played any active role in boosting demand at a time when the economy faced acute shortage of demand.

Thus, policy priorities of the Governments at the centre, in the last ten years, have been anti-poor. This fact becomes evident when we take a look at the trends in some of the crucial aspects of Union Budgets over the last ten years. The tables presented below cover the Union Budgets from 1996-97 up to that of the Interim Budget of February 2004 (of the National Democratic Alliance Government at the centre). All of these tables have been drawn from CBGA's response to the Interim Budget of February 2004, titled "*Marginalised Matters Again*", except where mentioned.

Table 1: Budget Expenditure* as Proportion of GDP

Year	Total Budget Allocation as % of GDP	Revenue Expenditure as % of Total Budget Expenditure	Capital Expenditure as % of Total Budget Expenditure
1995-96	14.5	79.2	20.8
1996-97	15.0	79.5	20.5
1997-98	15.3	79.0	21.0
1998-99	15.4	78.4	21.6
1999-00	14.7	83.5	16.5
2000-01	16.1	83.0	17.0
2001-02	16.3	82.8	17.2
2002-03	16.2	83.0	17.0
2003-04	15.4	83.5	16.5
2004-05 (Interim Budget)	14.3	83.2	16.8

* Figures of Estimated Budget Expenditures have been taken from Expenditure Budget Vol-1, Annexure-1 of the Union Budget for different years.

GDP at Market Prices for different years have been taken from the Economic Survey (2002-03), for the year 2002-03 GDP was extrapolated at a growth rate of 4.5 % and for the years 2003-05 at 7.5% and expressed at current prices.

Table 1 shows that *total budgetary allocations as a proportion of the Gross Domestic Product (GDP)* registered a consistent decline over the years from 2001-02 to 2004-05, and in the second half of the 1990s it had been almost stagnant at the already low level. This table also shows that a very high proportion of total budget expenditure was incurred as *Revenue Expenditure* (i.e., Government expenditure which does not have any impact on the asset-liability position of the Government), while *Capital Expenditure* (i.e., Government expenditure which is accompanied by a reduction in liabilities or increase in assets of the Government) as a proportion of total budget expenditure has fallen in the

last ten years. Thus, Government's budget expenditure as a whole has been checked, and the share of capital expenditure in the same has gone down.

Table 2: Share of Social Sector Expenditure in Total Budget Expenditure

Year	Revenue Account			Capital Account			Total Allocations (Revenue + Capital)		
	Plan (in %)	Non-Plan (in %)	Total (in %)	Plan (in %)	Non-Plan (in %)	Total (in %)	Plan (in %)	Non-Plan (in %)	Total (in %)
1995-96	8.8	2.6	3.9	7.2	1.5	3.8	8.5	2.5	3.9
1996-97	19.0	2.5	5.8	7.7	2.3	4.3	17.4	2.5	5.7
1997-98	20.9	2.4	8.2	8.8	1.9	4.9	18.8	2.4	6.1
1998-99	12.6	2.5	5.2	8.5	1.6	4.5	12.1	2.4	5.2
1999-00	19.9	2.8	6.2	8.7	1.8	4.7	17.9	2.8	6.1
2000-01	19.9	2.7	5.9	6.3	1.2	3.2	17.2	2.6	5.8
2001-02	18.2	2.6	5.6	4.2	0.8	2.3	14.9	2.4	5.2
2002-03	17.8	2.5	5.7	5.1	0.9	2.6	15.4	2.4	5.3
2003-04	17.4	2.4	5.5	4.8	0.8	2.5	15.1	2.3	5.2
2004-05 (Interim Budget)	19.8	2.4	6.3	4.1	0.8	2.3	16.6	2.2	5.8

Over the last five years, *revenue expenditure in social sectors as a share of total revenue expenditure* (in the budget) has been stagnant (between 5-6 %), whereas, the share of *capital expenditure in the same in total capital expenditure* has fallen to less than 2.5 %.

Table 3: Capital Expenditure* on Defence and Agriculture at Constant (1993-94) Prices**
(in Rs. Crore)

Year	Expenditure on Defence Services	Expenditure on Agriculture and Allied Activities
1997-98	6707.08	319.5
1998-99	7362.96	332.4
1999-00	8416.85	168.5
2000-01	11513.42	39.1
2001-02	12373.54	41.2
2002-03	12609.32	50.4
2003-04	11744.80	44.6
2004-05 (Interim Budget)	12059.80	40.4

* Based on Budget Estimates Only

** Inflation rate for the year 2004-05 is assumed to be 4.5 %.

As we see from table 3 above, capital expenditure on Defence Services has retained its very high share in the budget year after year; while capital expenditure on Agriculture and Allied Activities has been on the decline.

The three tables given above should be seen only as a few examples of the trend in the Union Budgets of a check on expenditure and the falling priorities of socially desirable activities in the allocations. A detailed analysis of the trends in all kinds of budget expenditures would capture this scenario very clearly. In the process of analysing budget policies, attention to the resource mobilisation side is almost as important as that of expenditures/allocations. And, in this regard, the situation in India can be gauged from the following tables.

Table 4: Tax-GDP Ratio

Year	Gross Tax Revenue (in Rs Crore)	GDP at Market Prices (in Rs. Crore)	Tax-GDP Ratio (in %)
1995-96	94028.1	1188012	7.9
1996-97	119121.1	1368208	8.7
1997-98	137956.8	1522547	9.1
1998-99	141985.8	1740985	8.2
1999-00	159787.1	1936925	8.2
2000-01	178695.8	2104298	8.5
2001-02	226649.0	2296049	9.9
2002-03	235800.0	2525811	9.3
2003-04	251527.0	2852768	8.8
2004-05* (Interim Budget)	300323.0	3204728	9.4

* GDP has been calculated as per the then FM's claim (in February 2004) of 7.5% growth over previous year, and expressed at current prices.

Even though the tax-GDP ratio registered a rise for 2004-05, it still remains below 10 %. This is perhaps one of the primary reasons for the problems in Government's finances, and the consequences of such abysmally low tax-GDP ratios have been quite adverse in terms of the curtailed allocations on social sectors.

Table 5: Share of Direct and Indirect Taxes in Total Tax Revenue
(based on Budget Estimates)

Year	Share of Direct Taxes in Gross Tax Revenue (in %)	Share of Indirect Taxes in Gross Tax Revenue (in %)
1995-96	21.85	78.15
1996-97	21.81	78.19
1997-98	21.76	78.24
1998-99	24.59	75.41
1999-00	26.44	73.56
2000-01	29.29	70.71
2001-02	37.62	62.38
2002-03	38.84	61.16
2003-04	38.14	61.95
2004-05 (Interim Budget)	41.95	58.05

This table shows the highly regressive tax structure in our country where indirect taxes dominate the tax base. However, the situation is slowly improving in the recent years, compared to the second half of the 1990s.

Table 6: Deficits as Proportion of GDP at MP (based on Revised Estimates)

Year	Revenue Deficit as a proportion to GDP (in %)	Fiscal Deficit as a proportion of GDP (in %)	Primary Deficit as a proportion of GDP (in %)
1996-97	2.06	4.61	0.34
1997-98	2.87	5.67	1.36
1998-99	3.47	5.96	1.52
1999-00	3.80	5.62	0.90
2000-01	3.68	5.32	0.54
2001-02	4.00	5.74	1.07
2002-03	4.11	5.71	1.17
2003-04*	3.50	4.63	0.26

* GDP at market price as per the FM's claim of 7.5% growth over previous year.

Revenue Deficit= Total revenue expenditure of the Government – Total revenue receipts, in a year

Fiscal Deficit= Total Government expenditure – Total non-debt creating receipts of the Government, in a year

Primary Deficit= Fiscal Deficit – Interest Payments, in a year

The worsening quality of the fiscal deficit- in terms of the increasing spending by the Government on salaries and interest payments, etc.- has resulted in an increase in the share of the Revenue Deficit in the government's gross fiscal deficit (GFD), without

leading to the creation of any productive assets in the economy. It may be mentioned here that about a decade ago, revenue deficit was only a third of the total fiscal deficit. The revenue deficit now accounts for as much as 83.5 percent of the Government's gross fiscal deficit.

Table 7: Share of 'Interest Payment and Debt Servicing' in Total Expenditure of the Central Government

Year	Expenditure on Interest Payment and Servicing of Debt (in Rs. Crore) (1)	Total Budgetary Expenditure (in Rs. Crore) (2)	Share of (1) in (2)
1995-96 (Actual)	50031	178275	28.1 %
1996-97 (Actual)	59478	201007	29.6 %
1997-98 (Actual)	65637	232068	28.3 %
1998-99 (Actual)	77882	279366	27.9 %
1999-2000 (Actual)	94593	298084	31.7 %
2000-01 (Actual)	103224	325611	31.7 %
2001-02 (Revised Estimate)	113694	364436	31.2 %
2002-03 (Actual)	124887	414162	30.2 %
2003-04 (Revised Estimate)	132485	474255	27.9 %
2004-05 (Budget Estimate)	133500	477829	27.9 %

Source: Compiled from Union Budget documents of different years.

Table 7 depicts the substantially high shares of Interest Payments in Government's total budget expenditures in the last ten years. However, in this context, it may be worthwhile to note here that the process of liberalisation pursued so zealously over the last one and a half decades has put upward pressures on interest rates charged by the banks on borrowings (but the same has not happened in case of interest rates offered for deposits).

In the era of liberated mobility of finance capital with respect to our country, the interest rates have been kept high for preventing capital outflow. As a consequence, the interest burden of the government has increased over the years. So blaming Government expenditure as mainly responsible for this problem is unfair.

Thus, a brief look at some of the trends in budgetary allocations and revenue mobilisation indicates clearly the fact that Union Budgets in India, over the last decade, have been driven by the policies of neo-liberal economic reforms. The consequences of such developments have been quite harsh in many parts of the country (most notably, the suicides of a large number of farmers in the State of Andhra Pradesh over the last couple of years). Hence, the civil society budget groups have a crucial role to play in terms of changing the policy priorities in favour of the poor.

As we have already mentioned, budget policy analysis is of crucial importance for the groups advocating the cause of poor and marginalized people. But such efforts must be supported by adequate work in the areas of spreading budget literacy among common people, and seeking public participation in the budget making process. Since many of the budget groups in India have started working on policy analysis, such groups in India need to expand their domain of work on budgets, with systematic and persistent efforts towards spreading awareness and literacy of budgets and seeking participation in the budget making process.

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