Transparency in State Budgets in India
Madhya Pradesh

Overall Score

<table>
<thead>
<tr>
<th>State</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Uttar Pradesh</td>
<td>43.5</td>
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<tr>
<td>Rajasthan</td>
<td>44.9</td>
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<tr>
<td>Odisha</td>
<td>52.6</td>
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<tr>
<td>Maharashtra</td>
<td>48.3</td>
</tr>
<tr>
<td>Madhya Pradesh</td>
<td>60.2</td>
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<tr>
<td>Jharkhand</td>
<td>48.4</td>
</tr>
<tr>
<td>Gujarat</td>
<td>61.7</td>
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<tr>
<td>Chhattisgarh</td>
<td>50.1</td>
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<tr>
<td>Assam</td>
<td>56.1</td>
</tr>
<tr>
<td>Andhra Pradesh</td>
<td>51.8</td>
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</table>

Summary Scorecard on Budget Transparency in Selected States

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<th>Transparency Parameters</th>
<th>States</th>
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<th>Assam</th>
<th>Chhattisgarh</th>
<th>Gujarat</th>
<th>Jharkhand</th>
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<th>Rajasthan</th>
<th>Odisha</th>
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<tr>
<td>Overall Budget Transparency Score %</td>
<td>52.8</td>
<td>56.1</td>
<td>56.1</td>
<td>61.7</td>
<td>48.4</td>
<td>60.2</td>
<td>58.6</td>
<td>44.0</td>
<td>43.5</td>
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Notion of Budget Transparency

Transparency in budgets can be interpreted as public access to information on budgets. The extent and quality of such access (to information) shapes public understanding of government decisions pertaining to budgets, determines the scope for public participation in budget processes and forms the foundation on which the government can be held accountable for budgets.

Scope of the Analysis

State-specific situations and factors should be taken into account when identifying the key parameters for assessing transparency in State Budgets in India. The present analysis refers to a set of transparency parameters (explained in the subsequent pages) that would necessarily be relevant for the Budgets of all States though this set of parameters might not be adequate to capture all State-specific situations and factors.

The study emphasises the significance of the legislature, media and general public as key stakeholders and draws attention to budgetary strategies relating to disadvantaged sections of the population and budget practices pertaining to fiscal decentralisation.

A structured questionnaire was administered during the period August to December 2010 to collect the relevant information on the State Budget pertaining to the fiscal year 2009-10.
Transparency in the State Budget of Madhya Pradesh

Reports / Statements is the first parameter of budget transparency, which probes the availability of State Budget documents and other government documents related to the State Budget. Taking into account the Constitutional requirements as well as the requirements of planning, auditing, performance assessment, budgetary strategies for disadvantaged sections, and fiscal decentralisation, the analysis refers to a wide range of documents that need to be produced and made available to various stakeholders by the State Government for every fiscal year.

Availability of the Documents

Positives
- The State Government brings out almost all relevant documents related to the Budget.
- It does try to ensure that all the budget documents are made available to the legislators.
- It provides all budget documents on the government website.

Negatives
- Some of the documents like the Finance Bill, memoranda submitted to the Planning Commission and the Finance Commission, and the mid-term assessment of the Five Year Plan are provided only for internal purposes.
- The State Government needs to take additional measures to ensure distribution of all relevant documents related to the Budget to the various stakeholders.

(iii) Completeness of the Information

Positives
- The budget documents provide complete information on government expenditure and receipts during the fiscal year 2006-10, breaking it down in terms of different administrative units as well as various functions of the government.
- They present data on transfers of resources from the Union Government to the State for the fiscal year 2009-10.
- They also share information on funds received by the State from the Union Government, which are routed outside the State Treasury and hence not reflected in the State Budget.
- The budget documents outline information about the nature and composition of public debt with complete details.

Positives
- The budget circular and budget calendar (for the next State Budget) are made available to the public media and legislators in a timely manner.
- The executive adheres to the budget calendar in formulating the financial year's budget.
- The State Government obtains legislatures' approval for the supplementary budget in a timely manner.
- The State Treasury brings out performance assessment reports on a monthly basis.
- Relevant stakeholders get to know about the date of the release of the State Budget less than a month before it is presented in the State Assembly.
- Some of the reports linked to the State Treasury, especially those related to district-wise expenditures, are not accessible.

(vi) Audit and Performance Assessment

Positives
- The budget documents do not share an account of the physical assets held by the government.
- They do not make available details of the deferred liabilities of the State Government.
- They do not inform about the estimated amount of revenue foregone by the State Government for reasons such as tax exceptions.

(ii) Completeness of the Information

Positives
- The Finance Minister's Budget Speech facilitates a reasonably good understanding of the budget proposals and includes a discussion of the relevant policy goals or priorities of the State Government.
- The Memorandum of Finance Secretary and the FRBM reports, though technical in nature, provide very useful information on budget proposals and their implementation.

Negatives
- Budget documents, with the exception of the FM's Budget Speech, Memorandum of Finance Secretary and the FRBM reports, are produced only for internal purposes.
- They do not facilitate an appreciable understanding of the budget proposal.

(iv) Completeness of the Information

Negatives
- The State Government does not release the public any report on the state's tax or audit observations (i.e., CAG's observations on the State Budget).

(v) Scope of Legislative Scrutiny

Positives
- The State Government's mid-year assessment report on the budget provides a lot of useful information about the fiscal situation of the State.
- The State Government brings out a document presenting information on the MVMs, which has been signed over the last one year.
- The State Government makes an effort to provide the relevant information on outcomes of government interventions for all those administrative departments that are required to track such information.

Negatives
- The State Government does not release to the public any report on the state's tax or audit observations (i.e., CAG's observations on the State Budget).

(vi) Scope of Legislative Scrutiny

Positives
- The State Government provides detailed information on funds received from the Union Government, which are routed outside the State Treasury, for legislative scrutiny.
- The State Government does not present to the legislature complete information on funds received from the Union Government, which are routed outside the State Treasury, for legislative scrutiny.
- The executive does not hold consultations with the legislature on the financial scrutiny / demands to be submitted to the State to Finance Commission and Planning Commission.

(vii) Practices relating to Budgeting for Disadvantaged Sections

Positives
- In the process of formulation of Five Year Plans and Annual Plans of the State, various stakeholders are consulted in the preparation of Scheduled Caste Sub Plan and Tribals Sub Plan.
- The State Government provides extensive information on Scheduled Caste Sub Plan, Tribal Sub Plan and Women's Component Plan in the Annual Plan document.
- The budget documents provide useful information on allocation for Scheduled Caste Sub Plan and Tribal Sub Plan across all State Government departments.
- The State Government also brings out a Gender Budget Statement.
- The performance of the State in implementing Scheduled Caste Sub Plan, Tribal Sub Plan, and Women's Component Plan is assessed regularly during the course of a Five Year Plan.
- The budget documents provide information on Women's Component Plan / Gender Budgeting.

Negatives
- Only few of the relevant stakeholders are consulted in the formulation of Five Year Plan and Annual Plans of the State.
- The State Government does not explain the details of the funds transferred to Women's Component Plan / Gender Budgeting.

(viii) Practices relating to Fiscal Decentralisation

Positives
- The State Government provides budget documents to the legislators for scrutiny at least one month before the beginning of the next fiscal year.
- There are appropriate committees within the State legislature to look into the reports of the Comptroller and Auditor General of India related to the State Government.
- There are appropriate committees within the State legislature to look into the details of the budgetary provisions for various departments.
- The State Government provides detailed information on funds received from the Union Government, which are routed outside the State Treasury, for legislative scrutiny.
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