

the State Government follows relevant budgetary practices relating to devolution of funds to Panchayati Raj Institutions and urban local bodies. It emphasises the need for providing disaggregated information on devolution of funds from the State Budget to the rural and urban local bodies at different tiers. It also examines whether the budget documents provide information on the district-wise break-up of allocations and expenditures from the State Budget.



Positives

- The State Government has constituted the State Finance Commission at regular intervals over the last decade and the SFCs have submitted their reports in a timely manner.
- The State Finance Commission holds wide-ranging consultations with relevant stakeholders such as representatives of both rural local bodies (RLBs) and urban local bodies (ULBs), legislators, civil society groups and academicians in the process of formulation of their recommendations.

Negatives

- The executive does not hold consultations with representatives of the RLBs and ULBs during the process of formulation of the State Budget.
- The budget documents do not provide disaggregated information on devolution of funds from the State Budget to the rural local bodies (RLBs) at different tiers.
- The budget documents do not provide disaggregated information on devolution of funds from the State Budget to the urban local bodies (ULBs) at different tiers.
- The budget documents do not provide information on the district-wise breakup of allocations and expenditures from the State Budget.

Good Practices and Gaps in Budget Transparency in Uttar Pradesh

The assessment of transparency in the Budget of Uttar Pradesh has identified a number of good practices and also found some major gaps in terms of ensuring public access to budget information that need to be addressed by the State Government. These are:

Good Practices

- The State Government produces all the statements that are required under the disclosure norms of the State's Fiscal

Responsibility and Budget Management Act.

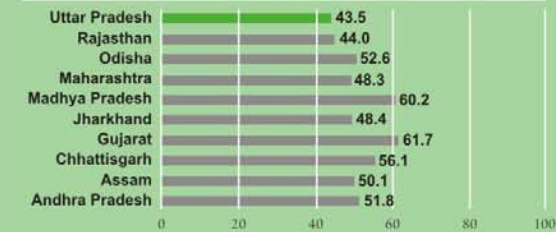
- In the process of formulation of Five Year Plan and Annual Plans of the State, most of the relevant stakeholders are consulted in the preparation of Scheduled Caste Sub Plan.
- The budget documents provide comprehensive information on allocations for Scheduled Caste Sub Plan under all State Government departments and the performance of the State in implementing SCSP is assessed regularly during the course of the Five Year Plan.

Gaps in Budget Transparency

- Most of the budget documents that are produced do not facilitate any appreciable understanding of the budget proposals.
- Most of these do not include any discussion of the relevant policy goals or priorities of the State Government.
- The budget documents do not share information on funds received by the State from the Union Government or external agencies, which are routed outside the State Treasury and hence not reflected in the State Budget.
- The documents related to the budget do not inform about the estimated amount of revenue foregone by the State Government for reasons such as tax exemptions.
- The budget documents do not present a detailed account of the financial and physical assets held by the State Government.
- The State Government does not present to the legislature any document outlining details of the MoUs signed by the State.
- The executive does not hold consultations with the legislature on some of the memoranda / demands to be submitted by the State to Finance Commission and Planning Commission.
- The documents related to the State Budget do not provide information on Women's Component Plan / Gender Budgeting.
- The State Government does not clearly explain the basis on which various departments are reporting allocations under Scheduled Caste Sub Plan.
- Month-wise information on the State Treasury's receipts and disbursements is not made available to the public.
- The budget documents do not provide disaggregated information on devolution of funds from the State Budget to RLBs and ULBs at different tiers.
- The budget documents do not provide information on the district-wise breakup of allocations and expenditures from the State Budget.

Transparency in State Budgets in India Uttar Pradesh

Overall Score



Summary Scorecard on Budget Transparency in Selected States

Transparency Parameters	States									
	Andhra Pradesh	Assam	Chhattisgarh	Gujarat	Jharkhand	Madhya Pradesh	Maharashtra	Odisha	Rajasthan	Uttar Pradesh
	Average Transparency Score									
Availability of Budget Documents	68	67	65	87	72	68	65	68	80	64
Completeness of the Information	75	74	81	85	74	81	77	75	56	69
Facilitating Understanding and Interpretation of the Information	51	50	39	65	64	35	70	47	71	42
Timeliness of the Information	59	51	77	77	53	84	53	69	25	33
Audit and Performance Assessment	39	29	55	39	23	67	35	31	35	35
Scope for Legislative Scrutiny	50	55	43	55	38	62	41	60	36	36
Practices relating to Budgeting for Disadvantaged Sections	49	44	71	63	37	70	29	43	30	40
Practices relating to Fiscal Decentralisation	24	31	19	24	27	14	17	29	19	29
Overall Budget Transparency Score (in %)	51.8	50.1	56.1	61.7	48.4	60.2	48.3	52.6	44.0	43.5

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 answerable for budgets.

Scope of the Analysis

State-specific situations and factors should be taken into account in 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.

Study conducted by:



Grassroots Development Services, Uttar Pradesh



Centre for Budget and Governance Accountability

In collaboration with:

- Budget Analysis Rajasthan Centre, Rajasthan
- Centre for Rural Studies and Development, Andhra Pradesh
- Centre for Youth and Social Development, Odisha
- Life Education and Development Support Trust, Jharkhand
- North East Network, Assam
- Pathay, Gujarat
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Transparency in the State Budget of Uttar Pradesh

(i) Availability of Budget Documents / 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.



Positives

- The State Government produces most of the relevant documents related to the State Budget.

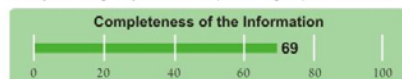
Negatives

- Some of the documents like the Finance Secretary's Memorandum / Budget Memorandum, Outcome Budgets / Performance Budgets of the administrative departments are not available in the public domain.

- The State Government's mid-term appraisal of the Five Year Plan and Action Taken Report on the State Finance Commission recommendations are not available in the public domain.

- The State Government does not present any separate document on Women's Component Plan / Gender Budgeting.

(ii) Completeness of the Information is the second parameter of budget transparency, and looks at whether the information given in the budget and other related documents provide a complete picture of the fiscal situation of the State. It examines whether the available documents capture different kinds of relevant information such as the magnitude and composition of tax revenue foregone due to tax exemptions; funds flowing from the Union Budget to the State that are routed outside the State Budget; budget allocations as well as audited figures of actual expenditure on the development schemes; submissions made by the State Government to the Union Government or central institutions (like the Planning Commission and Finance Commission); and information on the agreements/Memoranda of Understanding (MoUs) signed by the State Government with the Union Government or any other agency on matters pertaining to public finance.



Positives

- The budget documents provide complete information on government expenditures and receipts during the fiscal year 2009-10, breaking it down in terms of different administrative units as well as various functions of the government.

- They present some relevant information on transfer of resources from the Union Government to the State for the fiscal year 2009-10.

- The budget documents for 2009-10 provide complete information on government expenditures and receipts during the fiscal year 2008-09 and 2007-08.

- They present extensive information on the transfer of resources between public sector undertakings and the State Government.

- The budget documents share details of the deferred liabilities of the State Government.

- The State Government produces all the statements that are required under the disclosure norms of the State's Fiscal Responsibility and Budget Management Act.

- The budget documents present details of expenditures relating to maintenance and repair of capital assets.

Negatives

- They do not share information on funds received by the State from the Union Government or external agencies, which are routed outside the State Treasury and hence not reflected in the State Budget.

- The budget documents do not provide information about the nature and composition of public debt with the relevant details.

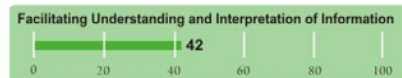
- They do not present a detailed account of the financial and physical assets held by the State Government.

- They do not provide details of the contingent and future 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 exemptions.

(iii) Facilitating Understanding and Interpretation of the Information

as a transparency parameter, attempts to gauge whether the information provided by the State Government facilitates public understanding of its decisions relating to budgets. The questions pertaining to this parameter look at whether the budget documents help ordinary citizens to easily understand the budget proposals and whether these documents include any discussion of the relevant policy goals or priorities of the State Government.



Positives

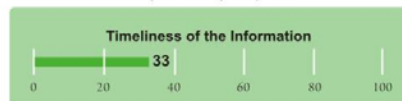
- The Finance Minister's Budget Speech is the only budget document that facilitates a reasonably good understanding of the budget proposals and includes a discussion of the relevant policy goals or priorities of the State Government.

Negatives

- Most of the budget documents that are produced do not facilitate any appreciable understanding of the budget proposals.

- Most of these do not include any discussion of the relevant policy goals or priorities of the State Government.

(iv) Timeliness of the Information is the fourth parameter adopted for measuring budget transparency, which tries to assess whether the relevant documents are brought out in a timely manner. Some of the questions pertaining to this parameter also examine whether the State Treasury has been computerised and made available on the internet to enable easy access by the public.



Positives

- The State Government obtains legislature's approval for the Contingency Fund in a timely manner.

Negatives

- The documents relating to formulation of the State Budget are not made available to relevant stakeholders in a timely manner.

- The executive did not adhere to the budget calendar in formulation of the State Budget for 2009-10.

- Month-wise information on the State Treasury's receipts and disbursements is not made available to the public.

(v) Audit and Performance Assessment is the fifth parameter, which examines the availability of information pertaining to audit of the State Budget (by the Comptroller & Auditor General of India) and performance assessment by the State Government itself. The questions relating to this parameter try to gauge whether – the State Budgets are audited regularly; the State Budget provides audited figures or provisional figures for the year before the previous year; the State Government brings out performance assessment reports at regular intervals; and, the State Government is following relevant practices pertaining to Outcome Budgeting.



Positives

- The State Government makes an effort to provide relevant information on the outcomes of government interventions for all those administrative departments that are required to track such information.

Negatives

- The reports of the Comptroller & Auditor General of India relating to the State Government, i.e., audit and accounts related reports, have not been made public consistently (in terms of the time of availability of these reports) over the last three years.

- The State Government does not release to the public any report on the steps taken to address audit observations (i.e. C&AG's observations on the State Budget).

- The State Government does not bring out in-year assessment reports on the budget, while the year-end assessment reports are prepared only for internal purposes.

- It does not bring out any document outlining information on the MoUs, which it has signed over the last one year.

(vi) Scope for Legislative Scrutiny is the sixth parameter of budget transparency, which looks at the possibilities for the State Legislature to assess the budget and hold the government accountable. The key concerns raised by this parameter include whether all budget documents are shared with the legislators; which of the budget documents of the State are subject to scrutiny by the legislators; how much time is available for discussion of the budget by the legislators; whether the legislators are informed about the agreements or MoUs signed by the State Government on matters pertaining to public finance; and, whether appropriate committees within the State Legislature (for looking into budgetary matters) are functioning regularly.



Positives

- The State Government provides budget documents to the legislators for scrutiny at least one month before the beginning of the next fiscal year.

Negatives

- There are no Departmentally Related Standing Committees in the State legislature to look into the details of the budgetary provisions for various departments.

- The State Government does not present to the legislature any document outlining details of the MoUs signed by the State.

- The executive does not hold consultations with the legislature on some of the memoranda / demands to be submitted by the State to Finance Commission and Planning Commission.

- The executive does not present to the legislature the internal assessment reports on the budget that are produced.

(vii) Practices relating to Budgeting for Disadvantaged Sections

the seventh parameter of budget transparency, draws attention to the need for every State Government to follow relevant practices relating to budgetary strategies for the development of disadvantaged sections of the population such as women (Gender Budgeting), Scheduled Castes (Scheduled Caste Sub Plan or SCSP) and Scheduled Tribes (Tribal Sub Plan or TSP).



Positives

- In the process of formulation of Five Year Plan and Annual Plans of the State, most of the relevant stakeholders are consulted in the preparation of Scheduled Caste Sub Plan.

- The State Government provides extensive information on Scheduled Caste Sub Plan separately in the Annual Plan document, including details of the government strategies and specific programmes for development of SCs.

- The budget documents provide comprehensive information on allocations for Scheduled Caste Sub Plan under all State Government departments.

- The performance of the State in implementing Scheduled Caste Sub Plan is assessed regularly during the course of a Five Year Plan.

Negatives

- The State Plan documents do not provide information on Women's Component Plan / Gender Budgeting.

- The performance of the State in implementing Women's Component Plan is not assessed regularly during the course of a Five Year Plan.

- The State Government does not clearly explain the basis on which various departments are reporting allocations under Scheduled Caste Sub Plan.

(viii) Practices relating to Fiscal Decentralisation

is the eighth parameter of transparency in the State Budget, which examines whether