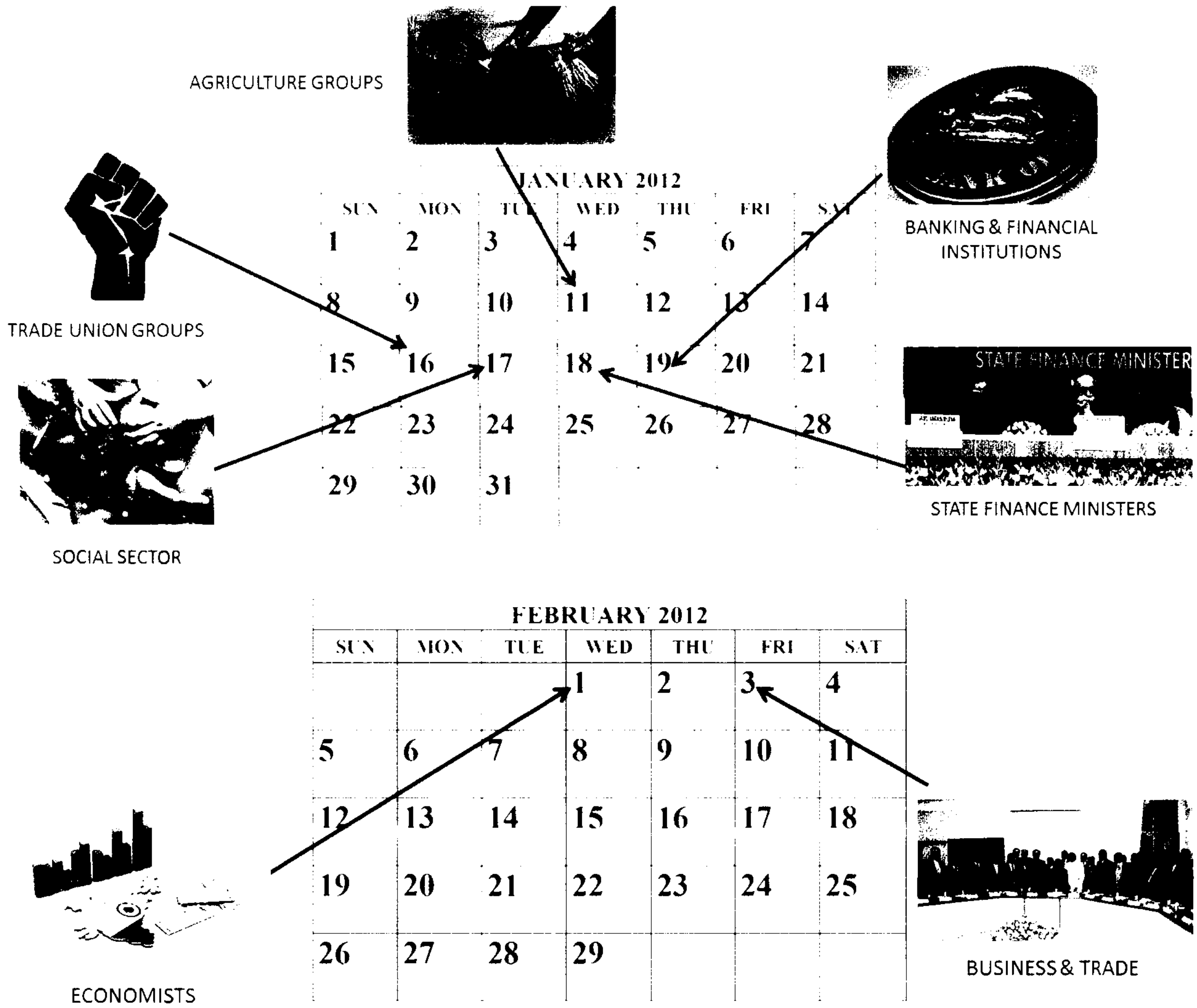
Unfulfilled Promises ?

March 2012

CBGA
Centre for Budget and
Governance Accountability

A. Who Does the FM Meet?



The Finance Minister began to meet various stakeholders in January 2012. Representatives of various Agriculture Groups were the first to meet the Finance Minister. This was followed by meetings with various Trade Union lobby groups, Social Sector groups, State/UT's Finance Ministers and representatives of Banking and Financial Institutions. In February, he met with leading Economists and representatives of Indian Business and Trade.

This year too, like in 2011-12, the pre-budget consultation series started late which, it is felt, is not effective. Desired changes in expenditure programmes and policies can be influenced only if the Finance Minister holds consultations earlier, preferably beginning in the month of December.

Sectors	Promises made in the Congress Manifesto 2009	Union Budget Commitments in 2009-10	Union Budget Commitments in 2010-11	Union Budget Commitments in 2011-12	Union Budget Commitments in 2012-13
	Health Insurance Cover across all the BPL families.	All BPL families to be covered under *Rashtriya Swasthya Bima Yojana* (RSBY). Allocation under RSBY increased by 40% over previous year's allocation to Rs. 350 crore in Budget 2009-10.	*Rashtriya Swasthya Bima Yojana* (RSBY) benefits extended to all such as *MGNREGA* beneficiaries who have worked for more than 15 days during the preceding financial year.	Scope of *RSBY* expanded to widen the coverage. [Was extended to building, other construction workers, MGNREGA beneficiaries, street vendors, *beedi* workers, domestic workers, rickshaw pullers, auto rickshaw drivers, taxi drivers, sanitation workers and rag pickers as well as those workers in hazardous occupation]	No specific commitments regarding health insurance
	Quality health facilities in every district.	Not addressed specifically though allocation under National Rural Health Mission (NRHM) increased by Rs. 2,057 crore over Interim B.E. 2009-10 of Rs. 12,070 crore.	Allocation for "District Hospitals" under Ministry of Health and Family Welfare increased from Rs 16 crore in 2009-10 to Rs. 200 crore for 2010-11. Allocation for NRHM registers a small increase.	Not addressed specifically. Plan allocations for health were stepped-up by 20%.	The scope of ASHAs' activities is being enlarged to include prevention of Iodine Deficiency Disorders, ensure 100 percent immunisation and better spacing of children. Allocation to NRHM from Rs.18, 115 crore in 2011-12 to Rs.20, 822 crore in 2012-13. National Urban Health Mission (NUHM) is being launched to encompass the primary healthcare needs of people in the urban areas. The Pradhan Mantri Swasthya Suraksha Yojana (PMSSY) aimed at setting up AIIMS-like institutions and upgradation of existing Government medical colleges is being expanded to cover upgradation of 7 more Government medical colleges; however no allocations made for this.

Response to Union Budget 2012-13 **Promises in the Election Manifesto of Congress vs. Budget Commitments**

Sectors	Promises made in the Congress Manifesto 2009	Union Budget Commitments in 2009-10	Union Budget Commitments in 2010-11	Union Budget Commitments in 2011-12	Union Budget Commitments in 2012-13
	Two model schools in every block	Scheme for setting up 6000 model schools as benchmark of excellence in every block of the country launched.	Allocation for "Model Schools" scheme increased from Rs. 350 crore in 2009-10 to Rs. 425 crore in 2010-11; but far short of the required level of funds.	Allocation for education was increased by 16.1% from 2010-11 (RE) to 2011-12 (BE) + Rs.21, 000 crore allocated for *Sarva Shiksha Abhyan* (SSA) which is 10.5% higher than 2010-11 RE. [Existing operational norms of *SSA* have been revised, Model Schools in Educationally Backward Blocks have been operational; Rs. 1,55,459 crore sanctioned till 31st October 2011 for setting up 1,469 schools in 19 states; Annual Work Plan and Budgets (AWP&B) of all States/UTs for 2011-12 have been completed. Rs. 19, 53,525 lakhs (93% of BE) has been released to States/UTs implementing societies for SSA]	For 2012-13, an allocation for Rs. 25,555 crore has been earmarked for RTE-SSA. This is an increase of 21.7% over 2011-12.
Education	**Free Education across stages for dalits and adivasis.**	Not addressed.	Ministry of Social Justice & Empowerment to revise rates of scholarship under its post-matric scholarship schemes for SC and OBC students.	A pre-matric scholarship for needy students belonging to the Scheduled Castes and Scheduled Tribes studying in classes ninth and tenth [For SCs, Concept Paper prepared and approved Planning Commission; Regarding introduction of new centrally sponsored Pre-matric scholarship scheme for ST students, EFC memo was considered; both schemes have not yet been started.]	Statement 21A mentions an amount of Rs. 86 crore allocated for the Pre-Matric Scholarship for STs; however scheme not operational. Statement 21 mentions an amount of Rs. 824 crore allocated for the Pre-Matric Scholarship for STs; however scheme not operational.

Response to Union Budget 2012-13 **Promises in the Election Manifesto of Congress vs. Budget Commitments**

Sectors	Promises made in the Congress Manifesto 2009	Union Budget Commitments in 2009-10	Union Budget Commitments in 2010-11	Union Budget Commitments in 2011-12	Union Budget Commitments in 2012-13
		Allocation under MGNREGS increased by 30% to Rs. 39,100 crore in 2009-10 (BE) over 2008-09 (RE).	Allocation for the MGNREGS increased from Rs. 39,100 crore in 2009-10 to Rs. 40,100 crore in 2010-11.	Government decides to index the wage rates notified under the MGNREGS to the Consumer Price Index for Agricultural Labour.	No specific commitment towards MGNREGS wages.
				[The Government of India decides to index a wage rate notified under MGNREGS to the Consumer Price Index for Agriculture Labour and accordingly issues necessary notification revising wages under the Mahatma Gandhi National Guarantee Employment Act, 2005.]	'Women's SHG's Development Fund' to be increased by Rs. 200 crore.
				Remuneration of Anganwadi workers increased from Rs.1, 500 p.m. to Rs.3, 000 p.m. and for Anganwadi helpers from Rs.750 p.m. to Rs.1, 500 p.m. [Honorarium has been enhanced with effect from April 2011]	Provision of assistance in setting up of dormitories for women workers in the 5 mega clusters relating to handloom, power loom and leather sectors.
Work and Social Security	**Preferential policies in govt. contracts for SC / ST and women's groups, 50% of rural women linked to SHGs and Banks**	FM, in his Budget Speech said that 50% of rural women will be linked to SHGs over next five years. However, allocation for all SHG-based programmes under MWCD have gone down including *Rashtriya Mahila Kosh*, *Swayamsiddha*, STEP, *Priyadarshini* among others.	The fund corpus for the 'Micro-Finance Development and Equity Fund is being doubled to Rs. 400 crore in 2010-11.	"Women's SHG's Development Fund" was created with a corpus of Rs 500 crore. [Awaiting approval of the cabinet] Rs 3,000 crore was provided to NABARD to provide support to handloom weavers' co-operative societies. [The Planning Commission has given 'in-principle' approval on 'Revival, Reform and Restructuring Package for Handloom Sector']	Technical Support Centres for poor weavers have been proposed in Mizoram, Nagaland and Jharkhand. A Rs.500 crore pilot scheme in the Twelfth Plan for promotion and application of Geo-textiles in the North East Region is proposed. A power loom mega cluster with a Budget allocation of Rs 70 crore is proposed in Ichalkaranji in Maharashtra.

Response to Union Budget 2012-13 **Promises in the Election Manifesto of Congress vs. Budget Commitments**

Sectors	Promises made in the Congress Manifesto 2009	Union Budget Commitments in 2009-10	Union Budget Commitments in 2010-11	Union Budget Commitments in 2011-12	Union Budget Commitments in 2012-13
	Social security for high risk groups	Action initiated to ensure implementation of social security schemes under occupations like weavers, fishermen and women, toddy tappers, leather and handicraft workers, plantation labour, construction labour, mine workers, *bidi* workers and *rickshaw* pullers. Necessary financial allocation will be made for these schemes.	National Social Security Fund for unorganised sector workers to be set up with an initial allocation of Rs. 1,000 crore. To encourage people from the unorganised sector to voluntarily save for their retirement and to lower the cost of operations of the New Pension Scheme (NPS) for such subscribers, Government will contribute Rs. 1,000 per year to each NPS account opened in the year 2010-11. This initiative is called *"Swavalamban"*.	Exit norms under contributory pension scheme *"Swavalamban"* have been relaxed. [Amendments to operational guidelines, for the Swavalamban scheme have been given the benefit of early exit and longer period of contribution from the Government has been formulated in consultation with the Interim Pension Fund Regulatory and Development Authority] Eligibility for pension under *Indira Gandhi National Old Age Pension Scheme* for BPL beneficiaries was reduced from 65 years of age to 60 years. Those above 80 years of age would get pension of Rs 500 per month instead of Rs 200 at present. [Necessary notification has been issued by Department of Rural Development on 30.06.2011.]	LIC has been appointed as an Aggregator and all Public Sector Banks have also been appointed as Points of Presence (PoP) and Aggregator for Swavalamban. The monthly pension amount per person for Indira Gandhi National Widow Pension Scheme and Indira Gandhi National Disability Pension Scheme for BPL beneficiaries is proposed to be raised from Rs. 200 to Rs. 300 which is hardly a significant increase.

Response to Union Budget 2012-13 **Promises in the Election Manifesto of Congress vs. Budget Commitments**

Sectors	Promises made in the Congress Manifesto 2009	Union Budget Commitments in 2009-10	Union Budget Commitments in 2010-11	Union Budget Commitments in 2011-12	Union Budget Commitments in 2012-13
Food Security	**National Food Security Act andUniversal ICDS by 2012. 25 kgs of rice/ wheat a month at Rs. 3 per kg for BPL families**	National Food Security Act to be brought in to ensure entitlement of 25 kilo of rice or wheat per month at Rs.3 per kilo to every family living below the poverty line in rural or urban areas. However, no allocation been made for this yet.	Union Budget outlay for "Food Subsidy" reduced from Rs. 56,000 crore in 2009-10 (RE) to Rs. 55578 crore in 2010-11 (BE). Allocation for ICDS increased from Rs. 6,705 crore in 2009-10 (BE) to Rs. 8,700 crore in 2010-11 (BE); but even this increased budget allocation is grossly inadequate for universalisation of ICDS with quality.	National Food Security Bill (NFSB) introduced in Parliament in 2011-12 [The National Food Security Bill, 2011 introduced in the Lok Sabha on December 22, 2011] National Mission for Protein Supplements launched in 2011-12 with outlays of Rs. 300 crore. It would take up activities to promote animal-based protein production through livestock development, dairy farming, piggery, goat rearing and fisheries in selected blocks. [The detailed guidelines of National Mission for Protein Supplements have been issued to the participating States, who were advised to prepare detailed project proposals at their level and get the sanction of State Level Sanctioning Committee (SLSC) of the respective States. An amount of Rs. 226.73 crore has been released to all the participating States] A provision of Rs. 300 crore has been made to promote higher production of nutri-cereals like *ragi, bajra*, cereals; upgrade their processing technologies; and create awareness regarding their health benefits [Action Plans of all States have been approved by SLSCs and so far Rs. 274.66 crore has been released to States. Release of funds is an ongoing process.]	The National Food Security Bill, 2011 is before the Parliamentary Standing Committee. A Public Distribution System Network is being created using the Aadhaar platform. A National Information Utility for the computerisation of PDS is being created. It will be operational by December 2012. ICDS is being strengthened and re-structured. For 2012-13, an allocation of Rs. 15,850 crore has been made as against Rs. 10,000 crore in 2011-12. This amounts to an increase of over 58 % over the last year. Mission for Protein Supplement is being strengthened. To improve productivity in the dairy sector, a Rs. 2,242 crore project is being launched with World Bank assistance. To broaden the scope of production of fish to coastal aquaculture, the outlay in 2012-13 is being stepped up to Rs. 500 crore. Suitable allocations are also being made for poultry, piggery and goat rearing. Promotion of Nutri-cereals will become a part of the National Food Security Mission.

Response to Union Budget 2012-13 **Promises in the Election Manifesto of Congress vs. Budget Commitments**

Sectors	Promises made in the Congress Manifesto 2009	Union Budget Commitments in 2009-10	Union Budget Commitments in 2010-11	Union Budget Commitments in 2011-12	Union Budget Commitments in 2012-13
	Interest relief for farmers on timely repayment of loans	Interest subvention scheme for short term crop loans up to Rs. 3 lakh per farmer at 7% p.a. interest rate to be continued. Additional subvention of 1% to be paid from 2009-10 as incentive to farmers who repay short term crop loans on schedule. Additional allocation of Rs. 411 crore over Interim B.E. 2009-10 made. Time given to farmers having more than two hectares of land to pay 75% of their overdue under Debt Waiver and Debt Relief Scheme extended from 30th June, 2009 to 31st December, 2009.	Period of repayment of loan amount by farmers extended by six months from December 31, 2009 to June 30, 2010 under Debt waiver and Debt relief scheme for farmers. Incentive of additional 1% interest subvention to farmers who repay short-term crop loans as per schedule, increased to 2% for 2010-11.Provision of further capital to strengthen Regional Rural Banks (RRBs) to ensure adequate capital base to support increased lending to rural economy.	Credit flow for farmers was to be raised from Rs. 3, 75,000 crore to Rs.4, 75,000 crore in 2011-12 (BE). Interest subvention was proposed to be enhanced from 2% to 3% for providing short-term crop loans to farmers who repay their crop loan on time. In view of enhanced target for flow of agriculture credit, capital base of NABARD was to be strengthened by Rs. 3,000 crore in a phased manner. Rs. 10,000 crore had to be contributed to NABARD's Short-term Rural Credit fund for 2011-12. Nutrient Based Subsidy (NBS) had improved the availability of fertiliser; could extend NBS regime to cover urea [This is under consideration with a Committee constituted by The Group of Ministers (GoM)]	The interest subvention scheme for providing short term crop loans to farmers at 7% interest p.a. will be continued in 2012-13. An additional subvention of 3% will be available to prompt paying farmers. In addition, the same interest subvention on post-harvest loans up to six months against negotiable warehouse receipt will also be available.
	Support to the farmers and economically vulnerable regions	Target for agriculture credit flow set at Rs. 3, 25,000 crore for 2009-10. In 2008-09, agriculture credit flow was at Rs. 2, 87,000 crore. Allocation under Accelerated Irrigation Benefit Programme (AIBP) increased by 75% over 2008-09 (BE). Allocation under *Rashtriya Krishi Vikas Yojana* (RKVY) stepped up by 30% in. 2009-10 (BE) over 2008-09 (BE).	Allocation for National Agricultural Insurance Scheme (NAIS) reduced from Rs. 1219 crore in 2009-10 (RE) to Rs. 950 crore in 2010-11 (BE).	There was a move towards direct transfer of cash subsidy to people living below poverty line in a phased manner for better delivery of kerosene, LPG and fertilisers. Task force set up to work out modalities for proposed system. Allocation under RKVY increased from Rs. 6,755 crore to Rs 7,860 crore. [Out of the fund allocation of Rs. 7860 crore for 2011-12, an amount of Rs. 4185 crore had been released mid-year under RKVY. In addition, Rs. 49.13 crore has been available for UTs, which is to be released by MHA.]	Target for agricultural credit in 2012-13 proposed to be raised to Rs. 5,75,000 crore. A Short term Regional Rural Banks Credit Refinance Fund allocated with Rs. 1000 Crore is being set-up to enhance the capacity of RRBs to disburse short term crop loans to the small and marginal farmers. The outlay for RKVY to be increased from Rs. 7,860 crore in 2011-12 to Rs. 9,217 crore in 2012-13.

Response to Union Budget 2012-13 Promises in the Election Manifesto of Congress vs. Budget Commitments

Sectors	Promises made in the Congress Manifesto 2009	Union Budget Commitments in 2009-10	Union Budget Commitments in 2010-11	Union Budget Commitments in 2011-12	Union Budget Commitments in 2012-13
Agriculture			The agriculture credit flow target for the year is Rs.3,75,000 crore. Rs 400 crore provided to extend the green revolution to the eastern region of the country; Rs 300 crore provided to 60,000 "pulses and oil seeds villages" in rain-fed areas during 2010-11 and Rs. 200 crore provided for sustaining the gains already made in the green revolution areas through conservation farming. A *Mahila Kisan Sashaktikaran Pariyojana (MKSP) to meet the specific needs of women farmers to be relaunced as subcomponent of NRLM.*	For bringing Green Revolution to Eastern Region an allocation of Rs. 400 crore made. Allocation of Rs. 300 crore made to promote 60,000 pulses to villages in rain fed areas. Allocation of Rs. 300 crore made for implementation of vegetable initiative to provide quality vegetable at competitive prices. Government to promote organic farming methods, combining modern technology with traditional farming practices. [Rs. 198.31 crore of the proposed Rs. 400 crore allocated in the first installment. No	An increase in allocation from Rs. 400 crore in 2011-12 to Rs. 1000 crore in 2012-13 for Bringing Green Revolution to Eastern India (BGREI).

Response to Union Budget 2012-13 **Promises in the Election Manifesto of Congress vs. Budget Commitments**

Sectors	Promises made in the Congress Manifesto 2009	Union Budget Commitments in 2009-10	Union Budget Commitments in 2010-11	Union Budget Commitments in 2011-12	Union Budget Commitments in 2012-13
	Water security, IT for rural transformation, Rural electrification and housing	Allocations for Rural Water Supply has shown a very marginal increase but not sufficient to ensure *'water security'*. IT issue not addressed specifically. Allocation for *Bharat Nirman* increased by 45% in 2009-10 over 2008-09 (BE). Allocations under *Pradhan Mantri Gram Sadak Yojana* (PMGSY) increased by 59% over 2008-09 (BE) to Rs. 12,000 crore in 2009-10 (BE). Under *Rajiv Gandhi Grameen Vidyutikaran Yojana* (RGGVY), allocation increased by 27% to Rs. 7,000 crore. Allocation under *Indira Awaas Yojana* (IAY) increased by 63 percent to Rs. 8,800 crore in 2009-10 (BE). Allocation of Rs. 2,000 crore made for Rural Housing Fund (RHF) in National Housing Bank (NHB) to boost the resource base of NHB for refinance operations in rural housing sector.	Not addressed Not addressed specifically but a sizable chunk of the plan allocations are devoted to the development of rural infrastructure. Provision of Rs. 66,100 crore for Rural Development. Allocation of Rs. 48,000 crore for programmes under *Bharat Nirman* proposed. Allocation for *Indira Awas Yojana* increased to Rs. 10,000 crore. Proposal to enhance allocation to Backward Region Grant Fund by 26% from Rs. 5,800 crore in 2009-10 to Rs. 7,300 crore in 2010-11.	Outlays for *Bharat Nirman* proposed to be increased by Rs 10,000 crore in the current year to Rs 58,000 crore in 2011-12. *Bharat Nirman*, includes *PMGSY*, Accelerated Irrigation Benefit Programme (AIBP), RGGYVY, IAY, National Rural Drinking Water Programme (NRDWP) and Rural telephony. A Corpus of RIDF XVII to be raised from Rs 16,000 crore to Rs 18,000 crore for 2011-12. [Administrative order advising RBI to allocate funds for RIDF issued on April 18, 2011. Operational guidelines have been issued to NABARD on September 16, 2011] Plan to provide Rural Broadband Connectivity to all 2,50,000 *Panchayats* in the country in three years [Out of 62,302 villages, Village Public Telephones (VPTs) provided in 62,046 villages. VPTs in remaining 256 villages would be provided on Digital Satellite Phone Terminals (DSPTs) for which procurement of DSPTs by BSNL is under progress. Rural tele-density as of December, 2011 is 37.52%. As of January, 2012, broadband coverage provided to 1,43,714 Panchayats; Action partially implemented]	Allocation under Rural Infrastructure Development Fund (RIDF) increased to Rs. 20,000 crore. Further in view of the warehousing shortage in the country, an amount of Rs. 5,000 crore earmarked from the above allocation exclusively for creating warehousing facilities under RIDF.

Response to Union Budget 2012-13 Promises in the Election Manifesto of Congress vs. Budget Commitments

Sectors	Promises made in the Congress Manifesto 2009	Union Budget Commitments in 2009-10	Union Budget Commitments in 2010-11	Union Budget Commitments in 2011-12	Union Budget Commitments in 2012-13
Infrastructure	**Urban housing and sanitation**	Allocation under Jawaharlal Nehru National Urban Renewal Mission (JNNURM) stepped up by 87% to Rs. 12,887 crore in 2009-10 (BE) over 2008-09 (BE). Allocation for housing and provision of basic amenities to urban poor enhanced to Rs. 3,973 crore in 2009-10 (BE). This includes provision for *Rajiv Awas Yojana* (RAY), a new scheme announced.	Proposal to increase the allocation for urban development by more than 75% from Rs.3,060 crore to Rs. 5,400 crore. In addition, allocation for Housing and Urban Poverty Alleviation is also being raised from Rs. 850 crore to Rs. 1,000 crore in 2010-11.	Provision under RHF has been enhanced to Rs 3,000 crore. [Orders have been issued to RBI on April 18, 2011 for allocation to RHF; Action implemented] To enhance credit worthiness of economically weaker sections and LIG households, a Mortgage Risk Guarantee Fund would be created under RAY.	Provisions under RHF enhanced from Rs. 3000 crore to Rs. 4000 crore
Economy	**Goods and Services Tax (GST)**	To be implemented from April 2010.	The government holding discussions with the Empowered Committee of the State Finance Ministers to finalise the structure of GST as well as the modalities of its expeditious implementation. It should be introduced along with the Direct Taxes Code in April, 2011.	Areas of divergence with States on proposed Goods and Services Tax (GST) have been narrowed. As a step towards roll out of GST, Constitution Amendment Bill proposed to be introduced in this session of Parliament.[Bill under consideration with Rajya Sabha for further amendments]	The Constitution Amendment Bill, a preparatory step in the implementation of Goods and Services Tax (GST) introduced in Parliament in March 2011 and is before the Parliamentary Standing Committee.
Social Inclusion and Integration of the Backward Regions	**Women's Reservation Bill to be enacted**	Not addressed.	Cabinet's approval obtained.	Action has been taken post its passage in *Rajya Sabha*.	No Mention
	Allocation for Dalits and Tribal Sub Plans and Women.	Allocation for the SCSP out of the total plan expenditure of Union Government reduced from 7.07% (2008-09 RE) to 6.49 percent (2009-10 BE). Similarly for the TSP from 4.21% to 4.10% respectively.	Proposal to enhance the plan outlay of the Ministry of Social Justice and Empowerment to Rs. 4500 crore, but the implementation of SCSP	Allocation for social sector in 2011-12 (Rs. 1, 60,887 crore) has been increased by 17% over 2010-11(BE). It amounts to 36.4% of total plan allocation. Specific allocation has been earmarked towards Schedule Castes Sub-plan and Tribal Sub-plan in the Budget. Allocation for primitive Tribal groups increased from Rs. 185 crore in 2010-11(BE) to Rs. 244 crore in 2011-12(BE)	The temporary arrangement to use disinvestment proceeds for capital expenditure in social sector schemes is being extended for one more year to 2012-13. In 2012-13, the allocation for SCSP is Rs. 37,113 crore which represents an increase of 18% over 2011-12. The allocation for TSP in 2012-13 is Rs. 21,710 crore representing an increase of 17.6% over 2011-12.

Response to Union Budget 2012-13 Promises in the Election Manifesto of Congress vs. Budget Commitments

Sectors	Promises made in the Congress Manifesto 2009	Union Budget Commitments in 2009-10	Union Budget Commitments in 2010-11	Union Budget Commitments in 2011-12	Union Budget Commitments in 2012-13
[illegible] and Integration of the Backward Regions	**Development of Backward regions**	National Mission for Female Literacy to be launched with focus on minorities, SCs, STs and other marginalised groups with the aim to reduce level of female illiteracy by half in three years.	and TSP continues to be neglected. This budget proposes to step up the plan outlay for Min. of Women and Child Development by almost 50%.	Special Assistance to North Eastern Region and Special Category States, allocation was doubled. Allocation under Backward Regions Grant Fund was increased by over 35%. Public sector banks (PSBs) had to achieve a target of 15% as outstanding loans to minority communities under priority sector lending at the earliest. [As per progress reports received from PSBs, the achievement of total outstanding loans to Minority communities as on September 30, 2011 stood at Rs. 1,47,083 crore, which works out to 14.50% of the total priority sector advances.]	Backward Regions Grant Fund (BRGF) scheme to be carried into the Twelfth Plan with an enhanced allocation of Rs.12,040 crore in 2012-13, an increase of about 22% over BE of 2011-12.
	Unique Identity Card for all by 2011	Unique Identification Authority of India (UIDAI) to set up online data base with identity and biometric details of Indian residents and provide enrolment and verification services across country. Provision of Rs. 120 crore made for this in the Budget.	Since the UIDAI will now get into the operational phase, this Union Budget has allocated Rs. 1,900 crore to the Authority for 2010-11.	From 1st October, 2011, 10 lakh *Aadhaar* numbers would be generated per day. [12.1 crore Aadhar numbers have been generated as on January 31st, 2012 out of which 2.52 crore (at an average of 8 lakhs numbers per day) were generated in January 2012.]	Allocation of funds to complete another 40 crore enrolments starting from April 1, 2012 has been proposed.
		Not Addressed. No allocation for the Domestic Violence Act yet.	No allocation in Union Budget for the Domestic Violence Act yet.	No allocation had been made for implementation of the Protection of Women from Domestic Violence (PWDV) Act.	Allocation of Rs. 20 crore in 2012-13 (BE) for the PWDV Act.

C. Summary

The UPA-II government has sent clear signals to the captains of industry and finance that it would strive to reduce borrowing but not put them off with any thrust for raising higher amounts of tax revenue in the coming years. The targets for reduction of fiscal deficit in 2013-14 and 2014-15, as stated in the latest budget, indicate the government's intent of reducing borrowing significantly over the next few years. However, if the government does not step up its tax-GDP ratio, such a reduction of borrowing can happen only by checking the growth of government expenditure as compared to the growth of the economy. The magnitude of the Union Budget is projected to decline marginally from 14.8 percent of GDP in 2011-12 (RE) to 14.7 percent of GDP in 2012-13 (BE).

The acute human development deficits confronting India in several sectors require a major stepping up of public provisioning for inclusive development; but that would require the government to adopt progressive policies in the domain of taxation. The overall magnitude of public resources available to the government in India for making investments towards socio-economic development remains inadequate in comparison to several other countries, mainly owing to the low magnitude of tax revenue collected in our country. The total tax revenue collected by Centre and States (combined) has fallen from the already low level of 17.4 percent of GDP in 2007-08 to 14.7 percent of GDP in 2010-11 (BE). Hence, it is critical to emphasize the need for and the feasibility of increasing the country's tax-GDP ratio. The gross tax revenue collected under the Central Government tax system is projected to increase rather slowly from 10.1 percent of GDP in 2011-12 (RE) to 10.6 percent of the GDP in 2012-13 (BE) and at a similar rate over the next two years.

On the expenditure side, the situation remains unchanged and there have hardly been any significant increases in the total outlays for social sectors in Union Budget 2012-13.

Table 1: Priority for Social Services in the Union Budget

Year	Expenditure from the Union Budget on Social Services* (in Rs. Crore)	Expenditure from the Union Budget on Social Services*	
		as % of Total Expenditure from the Union Budget	as % of GDP
2004-05	39123	7.9	1.2
2005-06	49535	9.8	1.3
2006-07	55246	9.5	1.3
2007-08	78818	11.1	1.6
2008-09	110542	12.5	2.0
2009-10	122345	11.9	1.9
2010-11	151013	12.6	2.0
2011-12 (RE)	162277	12.3	1.8
2012-13 (BE)	194442	13.0	1.9

Notes:

*(1) This includes the Plan Expenditure and Non-Plan Revenue Expenditure from the Union Budget on the following services: Education, Youth Affairs and Sports, Art & Culture; Health & Family Welfare: Water Supply & Sanitation; Housing & Urban Development; Information & Broadcasting; Welfare of SCs, STs and OBCs; Labour & Labour Welfare: Social Welfare & Nutrition; and Other Social Services.

(2) This does not include Non-Plan Capital Expenditure from Union Budget on Social Services, if any. Non-Plan Capital Expenditure on Social Services is sporadic and usually of a very small magnitude. Hence, this figure captures almost the entire magnitude of expenditure on Social Services from the Union Budget.

Source: Compiled from *Expenditure Budget Vol. I, Union Budget 2012-13*, Govt. of India

While the Union Budget 2012-13 pays some attention to a few important concerns pertaining to housing and urban poverty alleviation, drinking water and sanitation and water resources, allocations for social sector do not enthuse much. Total Union Budget outlay for social sectors (excluding only Non-Plan Capital Expenditure on such sectors, which is usually very small and sporadic), increased marginally from 1.8 percent of GDP in 2011-12 RE to 1.9 percent of GDP in 2012-13 (BE). Moreover, with the Union Budget contributing funds worth only 2 percent of GDP for social sectors (such as education, health, water and sanitation), the country's total budgetary spending on these sectors would continue to be less than 7 percent of GDP in 2009-10, whereas the average figure for social sector spending by the OECD countries is as high as 14 percent of GDP.

Table 2: Combined Expenditure of Centre and States on *Social Services*

Year	Combined Expenditure of Centre and States* (in Rs. Crore)	Combined Expenditure of Centre and States on – *Social Services* (in Rs. Crore)	Total Budgetary Expenditure (by Centre and States) as % of GDP	Social Services Expenditure by Centre and States as % of GDP
2004-05	824480	176947	25.4	5.3
2005-06	933642	209099	25.3	5.5
2006-07	1086592	247687	25.3	5.8
2007-08	1243598	289677	24.9	5.8
2008-09	1519081	368167	27.2	6.6
2009-10 (RE)	1833730	464462	28.0	7.1
2010-11 (BE)	1973762	515093	25.7	6.7

Notes: * This figure refers to the total expenditure from Union Budget and State Budgets combined; without any double counting of the inter-governmental transfers like Central grants and loans to the States.

Source: Compiled from *Indian Public Finance Statistics 2010-11*, Ministry of Finance; Economic Survey 2010-11; Budget at a Glance 2011-12, Union Budget 2011-12, Govt. of India.

Before scrutinising spending in the social sectors, important economic sectors and interventions for the disadvantaged sections of population, it would be useful to highlight specific concerns emerging in the sphere of mobilisation of resources by the Union Government. The Central Government's Total Expenditure as a proportion of GDP is projected to fall from 14.8 percent in 2011-12 RE to 14.7 percent in 2012-13 BE which reflects that expenditure compression for reducing deficits is the overarching feature of this budget. The regressivity of the tax structure would be aggravated further as it is recognized in the Union Budget 2012-13, that a net revenue loss of Rs.4,500 crore would occur as a result of Direct Tax proposals, while a net revenue gain of Rs.45,940 crore is estimated from indirect tax proposals. No concrete policy measure has been proposed to address the low tax-GDP ratio of India. Securities Transaction Tax (STT) would be reduced by 20 percent on cash delivery transactions. Revenue foregone due to tax exemptions remains a major concern and no concrete policy measures have been taken in the Union Budget 2012-13 in addressing this.

In **Education**, Union Government's spending as a proportion of its total budget outlay has increased marginally from 4.65 percent in 2011-12 (RE) to 4.97 percent in 2012-13 (BE). Allocations for SSA has gone up by just Rs.4555 crore, from Rs.21000 crore to 2011-12 (RE) to Rs.25555 crore in 2012-13 (BE). This is reflective of the government's lack of intent to adequately allocate towards implementing the Right to Education Act. Allocations of several schemes that cater to addressing exclusion with regard to accessing education have been slashed, such as Inclusive Education for the Disabled at Secondary School (IEDSS), National Scheme for Incentive to Girls for Secondary Education (SUCCESS), Women's Hostels in Polytechnics to name a few. The outlays for *Rashtriya Madhyamik Shiksha Abhiyan* (RMSA) have been stepped up from Rs. 2423 crore in 2011-12 (RE) to Rs.3124 crore in 2012-13 (BE). With the stated intent to effectively implement the Educational Loan Interest Subsidy scheme of Dept. of Higher Education, a Credit Guarantee Fund has been proposed. The announcement pertaining to setting up of 6000 Model Schools, 2500 of which are to be set up under Public Private Partnership mode, is in continuation to the budget proposal in 2009.

With regard to the outlays for **Health and Family Welfare**, the combined budgetary expenditure of the Centre and states remains 1 percent of the GDP in 2010-11. The overall health budget increased by only Rs.4,032 crore in 2012-13 BE compared to 2011-12 BE. As a share of the total spending of the Union Government, Health accounts for only 2.31 percent in 2012-13 (BE). The proposal to launch the National Urban Health Mission (NUHM) to encompass the primary healthcare needs of people in the urban areas has been made; but there are no allocations reflecting in the budget. The Union Budget 2012-13 has proposed increasing outlays to NRHM from Rs.18,115 crore in 2011-12 to Rs.20,822 crore in 2012-13 i.e., an increase of only 15 percent.

Taking into account the huge infrastructural gaps and human resource crunch in the health sector, this amount is insufficient. Although the government proposes to expand the Pradhan Mantri Swasthya Suraksha Yojana (PMSSY) to cover upgradation of 7 more government medical colleges to AIIMS-like institutions, allocations are even lower compared to the 2011-12 (BE) outlays of Rs. 1616.57 crore.

For **Water Supply and Sanitation**, the overall Union Budget allocation for rural water supply and sanitation shows visible increases from Rs. 11,005.2 crore in 2011-12 (BE) to Rs. 14,005.2 crore in 2012-13 (BE). In rural water supply (*National Rural Drinking Water Programme*) there has been an increase in allocation from Rs. 8,500 crore in 2011-12 (RE) to Rs. 10,500 crore in 2012-13 (BE). In rural sanitation (*Total Sanitation Campaign*), there has been a hike in outlays from Rs.1,500 crore in 2011-12 (RE) to Rs.3,500 crore in 2012-13 (BE). The allocation for 'Integrated Low Cost Sanitation Programme' dipped from Rs.55 crore in 2011-12 (RE) to Rs.25 crore in 2012-13 (BE).

The total budget of Department of **Rural Development** has declined to Rs.73175 crore in 2012-13 BE from Rs.74100 crore in 2011-12 BE although comparing the present year's outlays to last year's RE figures finds a marginal increase. There has been a decline in budget allocation of MGNREGS; it has dipped to Rs. 33000 crore in 2012-13 BE from Rs. 40000 crore 2011-12 BE. In Ajeevika (or National Rural Livelihood Mission) scheme, outlays have increased from Rs.2681.3 crore in 2011-12 RE to Rs.3915 crore in 2012-13 BE. For Indira Awas Yojana (IAY), the allocation has been increased from Rs.10000 crore in 2011-12 RE to Rs.11075 crore in 2012-13 BE. In 2012-13 BE, allocation for Pradhan Mantri Gram Sadak Yojana (PMGSY) rose to Rs. 18172.8 crore from Rs. 14450 crore in 2011-12 RE. However, we should also note that outlays for PMGSY in 2010-11 were Rs.17412.5 crore. With regard to the Backward Regions Grant Fund (BRGF), allocation for the State Component was Rs.4840 crore in 2011-12 BE, which was increased to Rs.7280 crore in 2011-12 RE; but it has been reduced to Rs. 6990 crore in 2012-13 BE. Also, allocation for District Component was Rs.5050 crore in 2011-12 BE, which declined to Rs. 3717 crore in 2011-12 RE. It has been raised again to Rs. 5050 crore in 2012-13 BE. Rural Infrastructure Development Fund (RIDF) has gained as outlays increased to Rs. 20000 crore in 2012-13 (BE) from Rs. 18000 crore in 2011-12.

In **Agriculture**, the Union Government's total expenditure on *rural economy* (which includes expenditure on Agriculture and Allied Activities, Rural Development, Special Area Programmes, Irrigation and Flood Control and Village and Small Industries) has declined from 2.6 percent of GDP in 2010-11 to 2.3 percent of GDP in 2012-13 (BE). As a proportion of total expenditure from the Union Budget, the expenditure on Agriculture and Allied Activities shows a marked decline from 11.21 percent in 2010-11 (Actuals) to 9.3 percent in 2012-13 (BE). The Union Government's expenditure on Agriculture and Allied Activities, as a proportion of the GDP, also dipped from 1.75 percent in 2010-11 to 1.41 percent in 2012-13 BE. If the total allocations made in the Union Budgets from 2007-08 to 2011-12 for major schemes in agriculture are compared with the allocations recommended by the Planning Commission for the 11th Five Year Plan period, a shortfall of allocation of 10-40 percent across various schemes is observed.

The total plan outlay for the Department of Agriculture and Cooperation has been marked by an increase of 18 percent from 17,123 crore in 2011-12 (BE) to 20,208 crore in 2012-13 (BE). This implies that the farming community would be retained in farming as an occupation. The allocation for the scheme Bringing Green Revolution to Eastern India (BGREI) has increased from Rs.400 crore in 2011-12 BE to Rs.1000 crore in 2012-13 BE. The government has raised the target of credit flow to farmer from Rs.4.75 lakh crore in 2011-12 BE to Rs.5.75 lakh crore in 2012-13 BE. It will supplement the growth of farm sector with an obvious question on whether the landless and sharecroppers, who constitute a major part of farming community in the country, avail such benefits. Allocation for the construction of Rural Godowns got a boost from Rs.109.8 crore in 2010-11 to Rs.636.00 crore in 2012-13 BE. This will help reduce crop damage. There is a drastic decline in allocation for crop insurance from Rs.3135 crore in 2010-11 to Rs.1136 crore in 2012-13 BE, even though there is a need to protect Indian farmers from natural calamity. The decline allocation of crop insurance is a setback for the farming community.

There has been a substantial decline in total subsidy in the Union Budget, i.e. from Rs.2,08,503 crore in 2011-12 RE to Rs.1,79,554 crore in 2012-13 BE. With regard to **Food Subsidy**, despite the growing recognition of the need for expanding the coverage of Public Distribution System for food grains distribution and the persistent price rise in food articles, the Union Budget outlay has been pegged at Rs.75,000 crore in 2012-13 BE with a slight increase from Rs.72,823 crore in 2011-12 RE. Further, the Union Budget outlay for Petroleum Subsidy has been reduced significantly from Rs.68,481 crore in 2011-12 RE to Rs.43,580 crore in 2012-13 BE. Given the fact that with rapid fluctuations in international crude oil prices, reduced petroleum subsidy in 2012-13 fiscal could result in further rise in prices of petroleum products and hence a persistence of the problem of price rise. Universal distribution of rice and/ or wheat and millets under Public Distribution System in the country calls for additional funds to the tune of Rs.1,10,418 crore over and above the provision made in 2012-13 BE, i.e. Rs,75,000 crore for food subsidy.

Pertaining to **Responsiveness to Climate Change**, the budget is significantly silent towards efforts for promoting Low Carbon Economy even though the Economic Survey has shown clear intent by adding a separate chapter on climate change. With regard to NAPCC, the emphasis has only been on National Mission on Sustainable Agriculture in which many flagship programmes such as NFSM, RKVY, and Micro irrigation have registered upbeat growth over the previous year's budget. Towards new and renewable energy, the focus of the budget is towards R&D activities on different aspects of new and renewable energy technologies, support to various centres/institutions supported by Ministry of New and Renewable Energy (MNRE) and standards and testing of the renewable energy. However, many direct programmatic interventions such as *Grid Interactive and Distributed Renewable Power* and *Renewable Energy for Rural Application*, in which renewable energy gets distributed and promoted among beneficiaries, have received scant allocations. Both programmes have got Rs.50 crore less than the previous year's budget. In the MNRE Departmental budget, the focus is on equity support to the Indian Renewable Energy Development Agency (IREDA) which has been set up to lend support to various new and renewable sources of energy projects and schemes. On the revenue front, it has fully exempted basic customs duty and also extended certain concessional excise duty for plant and equipment for the initial setting up of solar thermal projects. To promote energy saving, the budget has reduced the Excise duty to 6 percent on Light Emitting Diode (LED) lamps and further exempted a coating chemical used for compact fluorescent lamps from basic customs duty. Towards promoting energy efficient transport system in the country, the budget promotes manufacturing of hybrid vehicles by extending concessions to lithium ion batteries imported for the manufacture of battery packs for supply to electric or hybrid vehicle manufacturers.

Related to **Women**, the Steering Committee on Women's Agency and Empowerment for the 12th Plan had suggested several important schemes/interventions. Of these, the Ministry of Women and Child Development has launched a few namely, Women's Helpline, Development of distance learning programme on the rights of women, Implementation of Protection of Women from Domestic Violence Act, Relief to and Rehabilitation of Rape Victims albeit with token allocations for most of them. Two new schemes – Disha programme for women under Department of Science and Technology and Free Cycle for Girl Students of Class IX under Ministry of Minority Affairs have been introduced. For most of the existing schemes, the outlays fall far short of those proposed by the Steering Committee on Women's Agency and Empowerment for the 12th Plan. Allocations for schemes such as Priyadarshini, STEP, Hostels for Working Women have registered a marginal increase over the previous year.

Allocations for the Ministry of Women and Child Development has increased from Rs.16100 crore (2011-12 RE) to Rs.18500 crore (2012-13 BE). While the role of ASHAs – the backbone of the National Rural Health Mission has been enlarged further, the Finance Minister does not make any mention of regularising their services. In fact, ASHAs will continue to get remuneration based on activities they perform and targets they are able to achieve. The coverage of "Gender Budgeting Statement" in terms of the number of Union Government ministries/departments reporting in the Gender Budgeting Statement remains stagnant at 33 for the sixth consecutive year. No steps have been taken to review the format of the Gender Budgeting Statement. The total magnitude of the Gender Budget has declined from 6.2 percent (2010-11 BE) to 5.8 percent (2011-12 RE). Further, there is marginal increase of 0.1 percent in 2012-13 over the previous year.

The Union Government's total allocation earmarked for **Children** has registered a small increase from 4.6 percent of the total Union Budget in 2011-12 RE to 4.8 percent in 2012-13 BE. Within the 'Child Budget' (i.e. the total allocation for all child-specific schemes) in 2012-13 BE, which stands at Rs.71028.11 crore - the share of Child Education is 72 percent, Child Development 23 percent, interventions in Child Health account for 4 percent and those pertaining to Child Protection account for 1 percent. A multi-sectoral programme to address maternal and child malnutrition in 200 selected high burden districts would be rolled out during 2012-13. An outlay of Rs.15,850 crore on Integrated Child Development Services (ICDS), representing an increase of 12.8 percent over the Rs. 14,048 crore in 2011-12 RE is way below the target average annual amount of Rs.36,600 crore recommended by the Working Group on Child Rights for the 12th Five Year Plan for ICDS. Outlays for the Integrated Child Protection Scheme (ICPS) allocation has been raised to Rs.400 crore this year from Rs.213 crore in 2011-12 RE. However, this still falls short of the target average annual amount of Rs.1,060 crore recommended by the 12th Plan Working Group on Child Rights for ICDS.

For the **Scheduled Castes**, the government's allocation under Scheduled Caste Sub Plan (SCSP) has increased to Rs. 37,113.03 crore in 2012-13 BE from Rs. 31434.46 crore in 2011-12 BE. Of the 105 Demands for Grants made from the Union Government, only 25 have allocated funds under SCSP in the budget. Of the remaining 80, as many as 43 Ministries and Departments have attributed their inability to do so on the grounds of "indivisibility" of their programmes and schemes. Statement 21 provides allocations earmarked for Scheduled Castes (SCs) but does not report actual spending on the *dalits*. From this year's budget, the segregation of schemes in terms of 100 percent and at least 20 percent of funds for the welfare of SCs has been done away with. The new Ministries/Departments of Power allocating funds for the welfare of SCs have begun reporting in Statement 21 while the Department of Biotechnology and the Union Territories of Chandigarh and Daman & Diu have discontinued the allocation. The Union Government has not ensured that the Plan allocation earmarked for SCs is at least 16 percent of its Plan Budget, as is required under SCSP guidelines. The allocation made under SCSP in 2012-13 (BE) is 9.4 percent of the Plan Budget for the Union Ministries. Under the funds earmarked for SCSP, a large chunk is meant for essential services and employment generation programmes, with no emphasis on providing funds for long-term development and empowerment of the *dalits*.

Pertaining to **Scheduled Tribes**, additional ministries/departments such as Agricultural Research & Education, Coal, Environment and Forests, Mines, Road Transport & Highways have begun to report allocations in Statement 21 A (Statement showing earmarked allocations for STs) from 2012-13. Ministries of Civil Aviation and Biotechnology have withdrawn from reporting in the Statement 21 A. As per Statement 21A, Union Government's allocation under Tribal Sub Plan (TSP) have increased to Rs. 21710.11 crore in 2012-13 (BE) from Rs. 18466.23 in 2011-12 (BE). Allocations under Ministry of Tribal Affairs has increased from Rs 3723.01 crore in 2011-12 (BE) to Rs.4090 crore in 2012-13 (BE). Akin to the change in Statement 21, the format of the Statement reporting schemes with earmarked allocations for the development of the Scheduled Tribes (Statement 21A) has been modified from 2012-13. It no longer shows categories of allocations and has been merged. The ramifications of this change would need to be examined before commenting on this.

The **Minorities** find no mention in this year's budget; there is a slight increase of Rs.365 crore in the allocation of the Ministry of Minority Affairs (MMA) in Union Budget 2012-13. The total allocation of the Ministry has increased to Rs.3,135 crore from Rs.2,750 crore in 2011-12. The outlays under prominent programmes like the Maulana Azad Foundation, National Minorities Development Financial Corporation and Multi-Sectoral Development Programme (MSDP) have declined. The government has proposed a few new schemes for the minorities like Support for Students Clearing Prelims conducted by the UPSC, SSCs, State PSCs, Scheme for Promotion of Education in 100 Minority Concentration Towns/Cities, Village Development Programme for Villages not covered by Minority Concentrated Blocks/Districts, Support to District Level Institutions in MCDs and Free Cycles for Girl Students of Class IX. The total allocation of these scheme does not exceed Rs.120 crore, which amounts to tokenism in the name of development of the minorities.

Specific to the **Disabled People**, although on the first day of the Budget session in Parliament this year, the Hon. President of India announced a new Department for the Disabled People under the Ministry of Social Justice and Empowerment, the current budget shows no outlays to this effect. Allocations have decreased for Inclusive Education for the Disabled at Secondary School (IEDSS) Scheme and *Sarva Shiksha Abhiyan* (SSA) as a proportion to the total allocation of the Ministry of Human Resource Development (MHRD). It is worth noting that SSA is the only scheme that offers scope for realisation of the Right to Education of disabled children. As a token gesture, which seems to be the general trend of this budget, an increase from Rs.200 to Rs.300 per month has been made in the Indira Gandhi National Disability Pension Scheme. The criterion for this scheme is exclusionary as it is for a specific category of 'severally disabled' people. The Ministry of Health and Family Welfare does not have allocations towards specific health needs of disabled people. This is despite 2012-13 being the first year of the 12th Plan that is also being viewed as the Health Plan. The expenditure trend shows no change in the expenditure of any of the ministries which have schemes with 100 percent allocation for disability, despite the government having ratified the UNCRPD in 2007.

It seems ironical that the Finance Minister chose to acknowledge 2012 as the centenary year of Indian cinema and also provided service tax exemptions to the industry but did not find it appropriate to focus on social sectors (more specifically on health as the 12th Plan is supposedly a Health Plan) among the five key focus areas he mentioned as part of the stated objectives of the 12th Plan of "faster, sustainable and more inclusive growth". Whether this oversight translates into an absence of direction towards 'more inclusive growth' as envisaged in the draft Approach to the 12th Plan is debatable.

- The UPA promise reiterating the Kothari Commission recommendation of 1966 remains unfulfilled even in 2012-13; India's total public spending on Education at 3.78 percent of GDP (2008-09) is nowhere near the promised level of 6 percent of GDP.
- Union Government's total allocation for Education in 2012-13 (BE) stands at 0.73 percent of GDP, which is slightly better than the 0.69 percent of GDP recorded for 2011-12 (RE).
- Union Government's spending on Education as a proportion of its total budget outlay has increased marginally from 4.65 percent in 2011-12 (RE) to 4.97 percent in 2012-13 (BE).
- Allocations for SSA has gone up by just Rs.4555 crore, from Rs.21000 crore to 2011-12 (RE) to Rs.25555 crore in 2012-13 (BE). This is reflective of the government's lack of intent to adequately allocate towards implementing the Right to Education Act.
- Allocations of several schemes that cater to addressing exclusion with regard to accessing education have been slashed, such as Inclusive Education for the Disabled at Secondary School (IEDSS), National Scheme for Incentive to Girls for Secondary Education (SUCCESS), Women's Hostels in Polytechnics to name a few.
- The outlays for *Rashtriya Madhyamik Shiksha Abhiyan* (RMSA) have been stepped up from Rs. 2423 crore in 2011-12 (RE) to Rs.3124 crore in 2012-13 (BE).
- With the stated intent to effectively implement the Educational Loan Interest Subsidy scheme of Dept. of Higher Education, a Credit Guarantee Fund has been proposed.
- The announcement pertaining to setting up of 6000 Model Schools, 2500 of which are to be set up under Public Private Partnership mode, is in continuation to the budget proposal in 2009.

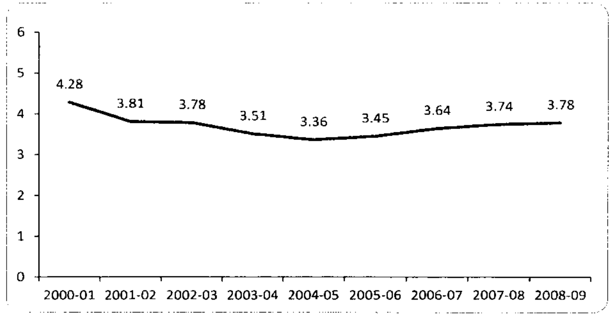
The Finance Minister quoted Shakespeare when he said, "I must be cruel only to be kind" when he likened economic policy to a painful medical treatment that in the short run might hurt but would be good in the long term. It seems the Union government also holds variants of this opinion for all its commitments towards 'inclusive development'. While segregating public provisioning towards education (along with other critical sectors like health) under 'inclusive development' is in itself problematic, the approach adopted by the government over the last couple of years in provisioning for critical entitlements such as education as seen from its lack of priority compounds the situation. This skewed attention to growth *sans* human development would in the long run only end up hurting the country's future.

Budgetary Allocation

A point that remains unchanged is the zero movement towards the Kothari Commission recommendations of 1966 which sought to step up public spending on education to 6 percent of the GDP. While this was reiterated by the UPA I when it promised to allocate resources worth 6 percent of GDP on education, the present total public spending on education (taking the spending by not just Education Departments in the Centre and States but also the other departments that spend on education) works out to a mere 3.78 percent of the GDP (2008-09).

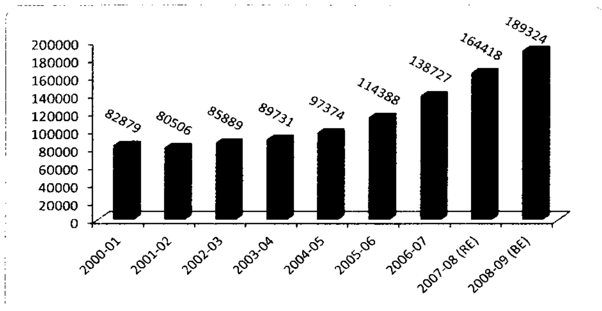
A decline in the size of public spending on education in proportion to the GDP indicates the progressively decreasing priority of education for the Union Government even though when seen in absolute terms, there seem to be significant increases (Figure 1.a and Figure 1.b). Another worrisome development in the past few years is the onset of privatisation in education – yet another indicator of the government's adherence to a neoliberal policy paradigm.

Figure 1.a: Total Expenditure on Education as % of GDP



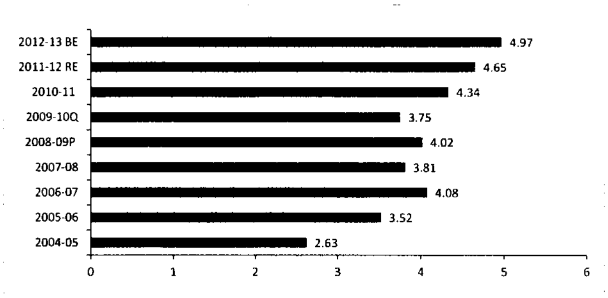
Source: Compiled by CBGA from "Analysis of Budgeted Expenditure on Education", Ministry of HRD, Govt. of India - various issues; Economic Survey 2011-12

Figure 1.b: Expenditure on Education in the Country



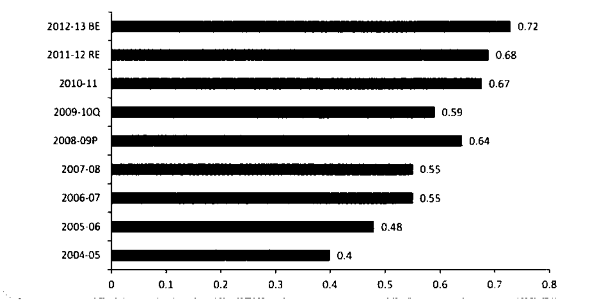
Source: Compiled by CBGA from "Analysis of Budgeted Expenditure on Education", Ministry of HRD, Govt. of India - various issues

Figure 1.c: Union Govt. Spending on Education as % of Total Union Govt. Budget



Source: Compiled by CBGA from Union Budget documents for various years

Figure 1.d: Union Govt. Spending on Education as % of GDP



Source: Compiled by CBGA from Union Budget documents for various years; GDP figures from Economic Survey 2010

As is presented in Figures 1.c and 1.d, the Union Government's total allocation for Education in 2012-13 (BE) stands at 0.73 percent of GDP, which is slightly better than the 0.69 percent of GDP recorded for 2011-12 (RE). As a proportion of its total budget outlay, there is an increase in outlays for education from 4.65 percent in 2011-12 (RE) to 4.97 percent in 2012-13 (BE).

A cursory look at the overall composition of government spending on education in the country (taking Union and State Governments) reveals that the inter-se allocations have been stagnant over the last few years (Table 1.a). The Kothari Commission as well as subsequent government Committees had recommended that of the 6 percent of GDP for education, outlays to the tune of 3 percent must be earmarked for elementary education. This also remains a distant dream.

Allocations for SSA has gone up by just Rs. 4555 crore, from Rs. 21000 crore to 2011-12 (RE) to Rs. 25555 crore in 2012-13 (BE). This is reflective of the government's lack of intent to adequately allocate towards implementing the Right to Education Act. 2012-13 being the first year of the 12th Plan period as well as the year when most of the States notified State Rules to implement RTE Act, it was hoped that a significant step up in the SSA outlays would come through.

Allocations of several schemes that cater to addressing exclusion with regard to accessing education have been slashed. These include: Inclusive Education for the Disabled at Secondary School (IEDSS), Information and Communication Technology in Schools, National Means-cum-Merit Scholarship Scheme, Assistance to States for upgradation of existing / setting up of new polytechnics, and Women's Hostels in Polytechnics, among others. The other two programmes whose budgets have been drastically cut

Table 1.a: Composition of Public Expenditure on Education as % of GDP (2003-04 to 2008-09)

Items	2003-04	2004-05	2005-06	2006-07	2007-08 RE	2008-09 BE
Elementary	1.43	1.55	1.57	1.597	1.66	1.60
Secondary	0.92	0.91	0.86	0.85	0.864	0.936
Adult	0.013	0.014	0.013	0.009	0.011	0.014
University & Other Higher	0.36	0.35	0.33	0.339	0.362	0.384
Technical	0.11	0.12	0.12	0.113	0.126	0.161
Physical	0.0017	0.0016	0.0015	0.002	0.002	0.002
General	0.02	0.05	0.07	0.031	0.035	0.032
Language Development	0.015	0.016	0.014	0.014	0.014	0.015

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

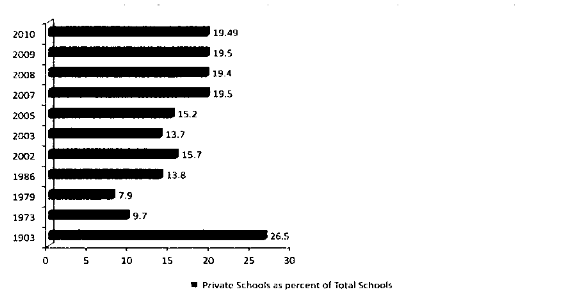
include the outlays for National Institute of Open Schooling that dropped from an already paltry Rs.15 crore in 2011-12 RE to Rs.0.10 crore in 2012-13 BE. Another critical scheme whose allocations have dipped since last year is the National Scheme for Incentive to Girls for Secondary Education (SUCCESS) from Rs.158.48 crore in 2011-12 RE to Rs.89 crore in 2012-13 BE.

Further, regardless of the government making pronouncements since some time now that the attention has moved from elementary to secondary education (an erroneous assumption to begin with), the outlays for *Rashtriya Madhyamik Shiksha Abhiyan* (RMSA) have not increased significantly. It has been stepped up from Rs.2423 crore in 2011-12 (RE) to Rs.3124 crore in 2012-13 (BE).

It is also worthwhile to note that over the last few years, the major chunk of government financing of elementary and secondary education had been through education cess. While this began as a measure to inject additional amounts to supplement government's own support, it grew to be more of a *substitute*. A very slow course correction is evident from Figure 1.e.

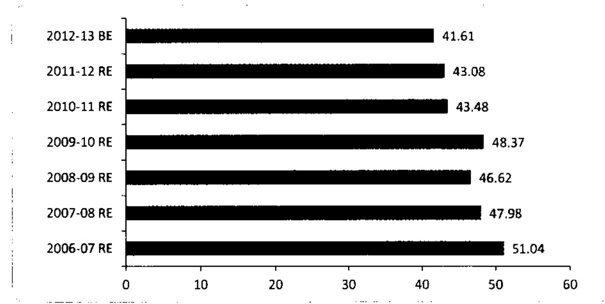
Another related aspect is the increasing ratio of private schools to government-funded schools (Figure 1.f). While credible surveys such as Annual Status of Education Report (ASER) that are conducted to review the learning outcomes of children in government schools seem to point to the poor quality of education being imparted in government schools that also double as a strong 'push' factor for children to study in private schools, it is contended that inadequate attention to government schools by starving them of sufficient financial and human resources and thrusting them with tenuous institutional mechanisms have led to their gradual and continued disintegration. To add to this, poor utilisation of available funds is seen as a reason to check increased outlays whereas addressing the factors constraining poor utilisation of funds would bolster the government apparatus.

Figure 1.e: Financing Elementary Education through Cess



Source: Compiled by CBGA from Union Budget documents, GoI, various years

Figure 1.f: Private Schools as % of Total Schools



Source: District Information System for Education data for various years from Elementary Education in India: Progress towards UEE, National University of Educational Planning and Administration

Outlays towards Education in Five Year Plans

A comparison of the 11th Plan recommended outlays for various Plan programmes in education to the Union Budget allocations coinciding with the Plan period reveal that, in some cases, the government has not been able to allocate resources as were suggested by the Planning Commission. Instances of allocations being more than the recommended amount (as in the case of SSA) could be explained by the processes adopted for reporting these allocations as already spent.

Table 1.b: Recommended 11th Plan Outlay vs. Budgetary Allocations in Education

Plan/ Scheme	Outlay for 11th Plan (Rs. In Crore) [at Current Prices]	Union Budget Allocations					Union Budget Outlays correspondig the 11th Plan period	Union Budget Outlays as % of 11th Plan Proposed Allocations
		2007-08 RE	2008-09 RE	2009-10 RE	2010-11 RE	2011-12 RE		
SSA	71000	13171	13100	13100	19000	21000.0	79371.0	111.79
MDM	48000	6678	8000	7359	9440	10380.0	41857.0	87.20
Teacher Training	4000	312	307	325	375	326.5	1645.5	**41.14**
SUCCESS / RMSA	22620	1	511	550	1500	2423.0	4985.0	**22.04**
Navodaya Vidyalaya	4600	1055	1421	1170	1655.4	1621.0	6922.4	150.49
UGC	25012	1633	2762	3244	4119.6	4556.7	16315.3	**65.23**
Technical Education	23654	1103	2885	3686	4220.9	5071.3	16966.2	**71.73**

Source: Compiled by CBGA from 11th Plan Document and Union Budget documents, various years

While information on the 12th Plan recommended outlays is not available for the entire sector, comparing the 12th Plan proposed allocations with the Union Budget 2012-13 outlays reveal inadequate budgets for higher education in the very first year of the 12th Five Year Plan (Table 1.c).

Table 1.c: Gap between Recommended 12th Plan Outlay and Allocations in Union Budget 2012-13 for Higher Education

Higher Education	Proposed Allocation (in Rs. Crore)
Total Projected Requirements for 12th Plan period	1,84,740
Projected Outlay for a Year (as per 12th Plan estimation)	36,948
Dept. of Higher Education Allocations in Union Budget 2012-13	***25,275***

Source: Computed by CBGA from 12th Plan Working Group Report on Higher Education, Planning Commission; Union Budget document 2012-13

Key Issues

Earmarked Spending on SCs

Census projections for 2011 in 5-29 years age group is 57 crore. Assuming that 16 percent of total population in this age group would be SCs, i.e. 9.12 crore, the per capita expenditure on education of an SC student (in the age group 5-29 years) by the Union Budget 2011-12 works out to **Rs. 1499**.

Earmarked Spending on STs

Similarly, to estimate the Union Government spending on ST students, assuming 8 percent of total projected population in the 5-29 age group to be SCs, i.e. 4.56 crore, the per capita expenditure on education of an ST student (in the age group 5-29 years) by the Union Budget 2011-12 works out to **Rs.1588**.

Earmarked Spending on Girl Children

Replicating the same exercise, the per capita expenditure on education of a girl child by the Union Budget 2011-12 would be **Rs.1487**. Taking into account the fact that there are high out-of-pocket expenses incurred by individuals on education, the Union Government spending on SCs, STs and the girl child is insignificant. According to the National Sample Survey (NSS) 64th Round in 2008, per capita out-of-pocket expenditure by an average parent in the country in government schools at the elementary level is Rs.1243 and at the secondary/higher secondary stage is Rs.2597.

Encouraging Private Sector in Education

Acknowledging the high out-of-pocket expenses incurred by parents in providing education to their wards and in consonance with the NSSO report findings that found financial constraint as a key reason cited by students to opt out of mainstream education even before they complete secondary education, the government calls for 'demand-side financing' through covering at least 40 percent of the students in one of the following ways (Table 1.d):

Table 1.d: Union Govt. Strategy to Increase Coverage of Students

Strategy	Targets	Sector
Student Loans	*20% of students*	*Central*
Scholarship / Freeships	2 lakh	Central / State
Fellowships	24,000	Central
Tuition Fee Waiver	1 million	Central / State
Tuition Fee Reimbursement	0.5 million	Central / State
Innovative Fee Mix	1 million	Central / State
Education Vouchers	5 lakh	State
Student Internships	1 million	Central / State
Vocational Apprenticeships	1 million	Centrally Sponsored Scheme
Teaching Assistantships	50,000	Centrally Sponsored Scheme

Source: Report of the Working Group on Higher Education for the 12th Plan, MHRD, Govt. of India, September 2011

It would appear from this strategy that there is no dearth of government-run, good quality institutions that would provide quality and affordable higher education; this is clearly not the case. In this regard, with the stated intent to effectively implement the Educational Loan Interest Subsidy scheme of Dept. of Higher Education, a Credit Guarantee Fund has been proposed in Union Budget 2012-13. Among the several 'demand-side financing' strategies of the government, vouchers also have been listed as a priority for the 12th Plan period.

The Union Budget 2012-13 announcement pertaining to setting up of 6000 Model Schools (secondary level), 2500 of which are to be set up under Public Private Partnership mode, is in continuation to the budget proposal in 2009. To recap, the government had proposed introducing 6000 Model Schools of excellence at the block level in 2009 and suggested that 3500 of these be set up in as many Educationally Backward Blocks (EBBs) by the States / UTs. The rest 2500 schools were to be set up in PPP mode in the 12th Plan period. Of the 3500 schools proposed, 438 schools are functioning in 7 States (Economic Survey 2011-12). Apparently the thrust of the government is to promote more schools in PPP mode than prioritising government-run schools.

Financing Right to Education

As has already been noted, the outlays for operationalising RTE Act through SSA have been inadequate. In this regard, the Union government proposed that over the five years from 2010-11 to 2014-15, additional expenditure towards RTE Act would follow a specified pattern. This additional expenditure would be over and above the existing commitments of the government to allocate for SSA (as shown in Columns 2, 3 and 4 in Table 1.e).

Table 1.e: Additional Expenditure required towards RTE Act from 2010-11 to 2014-15 (in Rs. Crore)

Year	Additional Expenditure towards RTE over the five years (2010-11 to 2014-15)	Committed SSA Liabilities	Total (SSA + RTE)	Central Share (at 75:25)	State Share (at 75:25)
1	2	3	4	5	6
2010-11	35088	12500	47588	*35691*	*11897*
2011-12	35045	12500	47545	*35659*	*11886*
2012-13	34998	12500	47498	*35624*	*11875*
2013-14	34953	12500	47453	*35590*	*11863*
2014-15	31400	12500	43900	*32925*	*10975*
Total	***171840***	***62500***	**233984**	***175488***	***58496***

Source: Ministry of Human Resource Development, 2011

However, a sub-group formed (by the MHRD) to review the operationalising of RTE Act observed that owing to the fact that several States were unable to provide their share to implement SSA, it might be realistic to expect the Union government to shoulder major part of the responsibility to shore up resources to finance RTE Act. In this context, a welcome suggestion to adopt a 75:25 Centre/State sharing was made (as shown in Columns 5 and 6 of Table 1.f). This however has not been accepted and the government has since revised the Centre/State ratio to 65:35 for all States and 90:10 for the 8 North-Eastern States.

A useful indicator to assess the gaps in provisioning for universalising elementary education is comparing the total Government expenditure (Centre and States combined) to the proposed allocations as laid out by a government Committee (also known as the Tapas Majumdar Committee) in 1999 over a ten-year period up to 2007-08 (Tables 1.f and 1.g). Estimates of government expenditure over four years reveal the scant attention being given to providing sufficient funds towards universalising elementary education.

Table 1.f: Tapas Majumdar Committee Projections for Additional Outlays to Universalise Elementary Education from 1999 to 2007-08 (in Rs. Crore)

Year	Recurring	Non-Recurring	Total
1998-99	110.6	0	110.6
1999-00	1713	2284	3997
2000-01	4896	3672	8568
2001-02	7608	5072	12,680
2002-03	11,143.50	5244	16,387.50
2003-04	13,820	5528	19,348
2004-05	19,136	5888	25,024
2005-06	24,576	6144	30,720
2006-07	32,260	6452	38,712
2007-08	46,134.30	2661.4	48,795.60
Total	**161,397.40**	**42,945.40**	**204,342.70**

Source: Government of India (1999): Expert Group Report on Financial Requirements for Making Elementary Education a Fundamental Right. [Also known as Tapas Majumdar Committee Report of 1999]. New Delhi: Department of Education, Ministry of Human Resource Development.

Table 1.g: Gap between Actual Spending and Projected Requirement for Additional Spending to Universalise Elementary Education (in Rs. Crore)

Year	Total Spending on Education (Centre and States)	Additional Expenditure over Previous Year
2003-04	36514.15	
2004-05	41938.29	5424.14
2005-06	50309.03	13794.88
2006-07	60349.88	23835.73
2007-08 RE	71722.65	35208.5
Additional Expenditure over five years		**78263.25**

Source: Extrapolated by CBGA from database of "Analysis of Budgeted Expenditure on Education", Ministry of HRD, Govt. of India - various issues;

Further, it is also pertinent to counter the Union government claim that it is the States that have been unable to provide their share of the budgets to universalising elementary education. A thorough review of total spending on elementary education by State Governments from 2008-09 to 2010-11 (Table 1.h) reveals that while the States have been allocating significantly higher amounts towards elementary education, it is the Union Government's share in SSA that has seen a decline in almost all the States. This clearly deconstructs the myth that the Union Government has been perpetuating by making the State Governments seem like the scapegoats.

Several critical concerns remain in the provisioning for education: inadequate outlays, unclear prioritisation of the sectors within education, and under-utilisation of allocated funds. The key to the problem lies in bringing about changes in the approach adopted towards planning, streamlining the institutional and budgetary processes, and addressing systemic weaknesses in the social sector. Most of all, the government's withdrawal from provisioning for a basic entitlement, such as education, needs to be checked. That alone would be able to ensure the elusive 'inclusive growth'.

Table 1.h: Total Spending on Elementary Education by State Governments (2008-09 to 2010-11)

States (Amount in Rs. Crore)	2008-09			2009-10 RE			2010-11 BE		
	Expenditure by State Govt. on Education (excluding SSA)	Union Govt.'s Share in SSA	*Total Spending on Education by State Govt.*	Expenditure by State Govt. on Education (excluding SSA)	Union Govt.'s Share in SSA	*Total Spending on Education by State Govt.*	Expenditure by State Govt. on Education (excluding SSA)	Union Govt.'s Share in SSA#	*Total Spending on Education by State Govt.*
Andhra Pradesh	7272.36	710.32	*7982.68*	10250.55	385.70	*10636.25*	12725.90	360.00	*13085.90*
Arunachal Pradesh	487.01	155.68	*642.69*	720.94	114.28	*835.22*	408.69	107.64	*516.33*
Assam	3287.37	427.41	*3714.78*	4802.49	474.80	*5277.29*	6984.40	349.54	*7333.94*
Bihar	6878.67	1861.58	*8740.25*	8968.91	1217.39	*10186.30*	9676.62	1197.90	*10874.52*
Chhattisgarh	2550.82	518.54	*3069.35*	4205.52	548.93	*4754.45*	4954.56	478.63	*5433.19*
Delhi (NCT)	3217.04	15.29	*3232.33*	4231.20	30.89	*4262.09*	4108.00	12.78	*4120.78*
Goa	600.89	8.04	*608.94*	840.64	5.51	*846.15*	971.63	4.54	*976.17*
Gujarat	6071.95	254.32	*6326.27*	7977.02	200.32	*8177.34*	9546.80	241.16	*9787.96*
Haryana	3955.20	205.47	*4160.67*	5604.35	276.00	*5880.35*	6187.04	177.86	*6364.90*
Himachal Pradesh	2023.70	76.38	*2100.09*	2327.47	86.08	*2413.55*	2653.90	65.57	*2719.48*
J & K	1875.00	205.33	*2080.33*	2544.65	73.63	*2618.28*	3070.56	0.00	*3070.56*
Jharkhand	3839.23	690.41	*4529.64*	3497.80	709.40	*4207.20*	3567.52	343.24	*3910.76*
Karnataka	8700.28	515.78	*9216.06*	8947.60	442.20	*9389.80*	10719.38	319.03	*11038.41*
Kerala	5436.35	108.54	*5544.89*	6386.38	119.89	*6506.27*	6907.02	76.61	*6983.63*
Madhya Pradesh	5123.84	855.70	*5979.54*	6789.90	1132.49	*7922.39*	6999.20	1067.83	*8067.03*
Maharashtra	16841.56	673.86	*17515.42*	23613.90	564.32	*24178.22*	26565.00	505.37	*27070.37*
Manipur	528.36	3.21	*531.57*	601.61	15.00	*616.61*	683.79	0.00	*683.79*
Meghalaya	439.42	94.40	*533.83*	655.37	93.83	*749.20*	887.40	110.41	*997.81*
Mizoram	404.39	38.73	*443.11*	572.76	78.58	*651.34*	525.97	44.53	*570.50*
Nagaland	442.40	23.68	*466.08*	562.88	49.13	*612.01*	801.23	86.37	*887.59*
Orissa	4507.74	490.81	*4998.55*	6328.62	630.62	*6959.24*	7214.26	431.78	*7646.04*
Puducherry	366.54	6.39	*372.93*	490.60	6.70	*497.30*	577.06	3.35	*580.41*
Punjab	3252.71	138.08	*3390.79*	4474.88	200.44	*4675.32*	4863.59	130.03	*4993.62*
Rajasthan	7691.27	1083.27	*8774.54*	9432.34	1271.24	*10703.58*	10380.47	789.33	*11169.80*
Sikkim	316.09	10.75	*326.85*	460.86	17.36	*478.22*	526.62	29.69	*556.31*
Tamil Nadu	8871.71	454.14	*9325.86*	10923.94	483.66	*11407.60*	12209.67	359.55	*12569.22*
Tripura	649.58	64.64	*714.23*	1127.46	74.73	*1202.19*	1037.57	0.00	*1037.57*
Uttar Pradesh	13780.54	2128.85	*15909.38*	18381.08	1960.12	*20341.20*	22371.14	1362.63	*23733.77*
Uttarakhand	1981.62	114.44	*2096.06*	3218.16	160.06	*3378.22*	3024.16	112.35	*3136.51*
West Bengal	7982.22	651.69	*8633.92*	12577.27	1041.42	*13618.69*	13871.95	885.64	*14757.59*
All States	**129757.20**	**12603.17**	***142360.37***	**171139.13**	**12482.34**	***183621.47***	**194967.66**	**9668.93**	***204636.60***

Source: Union Government's spending compiled by CBGA from Ministry of Human Resource Development website; Expenditure by State Governments on Education compiled from "State Finances: A Study of Budgets", RBI.
Data for Union Govt.'s share in SSA for 2010-11 BE is up to 30 September 2009

- The combined budgetary expenditure of the Centre and states on health stood at around 1 percent of the GDP in 2010-11.
- The overall health budget has been increased by only Rs. 4,032 crore in 2012-13 compared to 2011-12 (Budget Estimates). The Centre's total expenditure on Health & Family Welfare as a proportion of the GDP shows a less perceptible increase, from 0.25 percent in 2003-04 to 0.34 percent in 2012- 13 (BE).
- Share of the Health sector in the total spending of the Union Government is only 2.31 percent in 2012-13 (BE).
- The proposal to launch the National Urban Health Mission (NUHM) to encompass the primary healthcare needs of people in the urban areas has been made; but it appears to be rhetoric as there has been no allocation in the budget for this purpose.
- Union Budget 2012-13 has proposed increasing the allocation to NRHM from Rs. 18,115 crore in 2011-12 to Rs. 20,822 crore in 2012-13 i.e., an increase of only 15 percent. But, taking into account the huge infrastructural gaps and human resource crunch in the health sector, this amount is insufficient.
- The Pradhan Mantri Swasthya Suraksha Yojana (PMSSY) aimed at setting up of AIIMS-like institutions and upgradation of existing government medical colleges is being expanded to cover upgradation of 7 more government medical colleges. Certainly, it will enhance the availability of affordable tertiary healthcare. However, allocation for this purpose in this budget is Rs. 1544.21 crore, which is even lower compared to the allocation of Rs. 1616.57 crore in 2011-12 (BE).
- The Planning Commission had set up the High Level Expert Group on Universal Health Coverage (UHC) for addressing various problems of the health sector particularly during the 12th Five Year Plan and afterwards. However, it is quite disheartening that there is no initiative in Union Budget 2012-13, which is the first year of the 12th Plan, to implement even a single recommendation of UHC.

The abysmally low level of health attainments, with wide inter-regional and inter-group disparities, are still a reality in India (Table 2.a) and india's weak public provisioning of basic healthcare could principally be attributable for the low level of health attainments. There is near consensus among health experts and several policy makers that the health sector in India is currently plagued by acute inequity in the form of unequal access to basic healthcare across regions and among various income/social groups, inadequate availability of healthcare services, poor quality healthcare services, acute shortage of skilled manpower and more importantly, the largest private sector with least regulation. Inadequate pubic provisioning of basic healthcare services ultimately leads to heavy reliance on the private sector for curative care. Consequently, the common people, especially the 836 million who live on a per capita consumption of less than Rs. 20 a day, bear the brunt and further plunged into deep poverty. Most of the problems are rooted in the inadequate public expenditure on health, considering that equitable and universal coverage of healthcare hinges on how healthcare is financed. Most of these issues have been reiterated by the High Level Expert Group on Universal Health Coverage for India constituted by the Planning Commission, which recommended immediately stepping up public health expenditure to 2.5 percent of the GDP by the 12th Plan and further up to 3 percent by 2022. This issue has been repeated by the Prime Minister's Office over the past few weeks and highlighted in the mainstream media.

Table 2.a. Some of the Health Indicators in India

Sex Ratio (2011 Census)	940
Infant Mortality Rate (IMR) Per 1000 Live Births	47
Maternal Mortality Rate (MMR) Per 100000 Live Births	234
Women whose Body Mass Index is below normal (%) (NFHS 3) 2005-06	33.0
Men whose Body Mass Index is below normal (%) (NFHS 3) 2005-06	28.1
Ever-married women age 15-49 who are anaemic (%) (NFHS 3) 2005-06	56.2
Ever-married men age 15-49 who are anaemic (%) (NFHS 3) 2005-06	24.3
Children age 6-35 months who are anaemic (%) (NFHS 3) 2005-06	78.9

The budget has belied the high expectations from it with nothing significant to offer the ailing health sector, except for a few sops. The overall health budget has been increased by only Rs. 4,032 crore in 2012-13 compared to 2011-12 (BE) while the Centre's total expenditure on Health & Family Welfare as a proportion of the GDP shows a less perceptible increase, from 0.25 percent in 2003-04 to 0.34 percent in 2012- 13 (BE).

Table 2.b. Public Expenditure on Health & Family Welfare from Centre and States

	Centre's Expenditure $	States' Expenditure	Combined Expenditure on Health (Centre+ States)	Centres' Expenditure on Health as % of GDP	Combined Expenditure on Health as % of GDP
	(in Rs. Crore)	(in Rs. Crore)	(in Rs. Crore)		
2004-05	8085.95	18771.00	26856.95	0.25	0.83
2005-06	9649.24	22031.00	31680.24	0.26	0.86
2006-07	11757.74	25375.00	37132.74	0.27	0.86
2007-08	14410.37	28907.70	43318.07	0.29	0.87
2008-09	18476.00	34500.39	52976.39	0.33	0.95
2009-10	20996.12	45590.18	66586.30	0.32	1.02
2010-11	24449.94	50415.58	74865.52	0.32	0.98
2011-12 RE	28353.06	NA	—	0.32	—
2012-13 BE	34488.00	NA	—	0.34	—

Notes: Figures for States' Expenditure are Revised Estimates (RE) for 2009-10 and Budget Estimates (BE) for 2010-11.

$ Centre's expenditure on *Health and Family Welfare* refers to the expenditure by Ministry of Health and Family Welfare only. It doesn't include the expenditure of other Ministries.

@ These figures may involve double counting of the grants-in-aid from Centre to States under *Health and Family Welfare*.

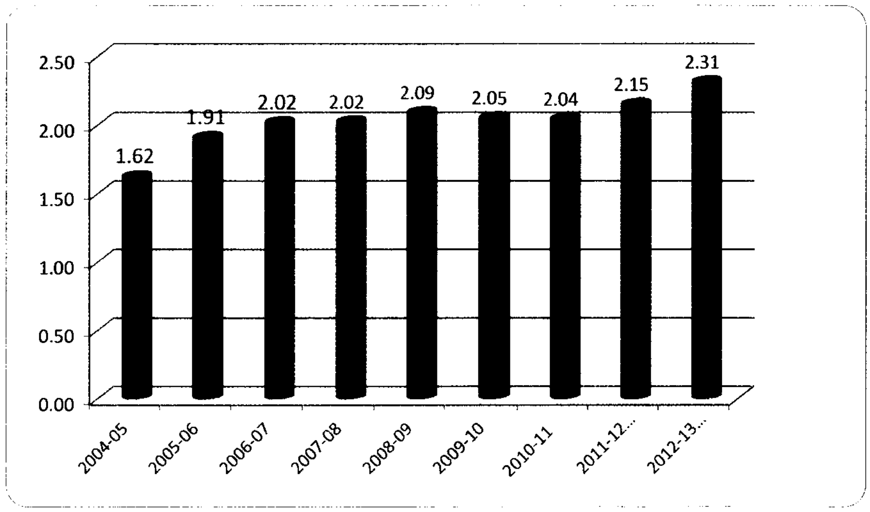
Source: Compiled by CBGA from Union Budget, various years, GoI and RBI: State Finances – A Study of Budgets, various years.

In 2004-05, only 1.62 percent of the total Union Budget was spent on Health & Family Welfare. The share of the health sector in the total spending of the Union Government has increased to 2.31 percent in 2012-13 (BE).

While significant outlays were recommended for some major schemes in the 11th Plan, only a fraction of the proposed outlays have been reflected in the Union Budget during the entire Plan period. When the National Rural Health Mission (NRHM) was launched in 2005, it envisaged upgrading every district headquarters hospital to provide quality health facilities to all by 2012 (11th Plan). This would have been a critical measure given that district hospitals play a key role in providing health services to the poor and that substantial improvements in infrastructure and other facilities are required so they can function more effectively. But the budget allocations for this scheme have been minuscule with only 20 percent of the recommended outlays during the entire 11th Plan period. Spending on another major scheme – Human Resources for Health – also projects a gloomy picture, being only 16 percent of the recommended outlays during the entire Plan period (Table 2.c)

It is unfortunate that only 76 percent of the recommended outlays have been reflected in the budgets from 2007-08 to 2011-12 even in an important scheme like NRHM. Considering the huge shortfall in human resources, more funds are required for proper functioning of the flagship programme.

Figure 2.a: Share of Health & Family Welfare in Union Budget (in %)



Union Budget 2012-13 has proposed a hike in the allocation for NRHM from the Rs. 18,115 crore in 2011-12 to Rs. 20,822 crore in 2012-13 i.e., an increase of only 15 percent. More could have been expected taking into account the infrastructural gaps and human resource crunch (see Table 2.d) in the health sector across the country.

The budget proposes launching the National Urban Health Mission (NUHM) to encompass the primary healthcare needs of people in urban areas, which is commendable. But there is no allocation in the budget for the purpose. Moreover, experts feel that instead of launching a separate programme like NUHM, it could be unified under the umbrella of NRHM to be more effective.

Lastly, the Pradhan Mantri Swasthya Suraksha Yojana (PMSSY) aimed at setting up of AIIMS-like institutions is being expanded to cover upgradation of 7 more Government medical colleges. Certainly, it will enhance the availability of affordable tertiary health

Table 2.c: Outlays Recommended (by Planning Commission) for 11th Plan *vs.* Union Budget allocations in Plan Period

Name of the Plan Scheme	Proposed Outlay for 11th Plan (in Rs. Crore) [at Current Prices]	Outlays Made During 2007-08 (RE) (in Rs. Crore)	Outlays Made During 2008-09 (RE) (in Rs. Crore)	Outlays Made During 2009-10 (RE) (in Rs. Crore)	Outlays Made During 20010-11 Actual (in Rs. Crore)	Outlays Made During 2011-12 (RE) (in Rs. Crore)	Total Budget Outlay Made in the 11th Plan (in Rs. Crore)	% of Outlay in the 11th Five Year Plan
National Rural Health Mission (NRHM)	**89478**	10669	11930	13378	14988.02	17210.2	**68175**	**76**
District Hospitals*	**2780**	-	68	16	225	260	**569**	**20**
Human Resources for Health*	**4000**	-	56	16.1	338.6	248	**659**	**16**

Note: * Figures for Union Budget allocations for these schemes do not include the *Lumpsum provision of funds for North Eastern Region and Sikkim*, if any.

Source: Compiled by CBGA from *Eleventh Five Year Plan*, Planning Commission, GoI; *Union Budget*, GoI, various years; and *Detailed Demand for Grants*, Ministry of Health and Family Welfare, GoI, various years.

Table 2.d: Shortfall in Human Resources for NRHM (in %)

Vacancies at the National Level	Norm (If any)	States where the situation is acute (Shortfall in %)
Accredited Social Health Activists (ASHAs) per 1000 rural population: 0.74% **Not even one ASHA per 1000 population in rural areas**		**Madhya Pradesh (0.90 %)** ASHAs in place: 50113 Villages: 55393 **Jharkhand (1.22 %)** ASHAs in place: 40,000 Villages: 32615 **Uttar Pradesh (1.25 %)** ASHAs in place (who have received 19 days training): 1,35,191 Targeted ASHAs: 1,36,268 Villages: 1,07,452 Chhattisgarh: 30% Karnataka: 26% Maharashtra: 22%
Auxiliary Nurse Midwives (ANMs) at PHCs and Sub-Centres: 15%	One per 1000 population	Arunachal Pradesh: 94%
Male Health Workers (MHWs) at Sub-Centres: 55%	One per Sub Centre	Bihar: 86% Tamil Nadu: 83% Rajasthan: 76% Uttarakhand: 63%
Male Health Assistants at PHCs:46%	One per Sub Centre	Arunachal Pradesh: 69% Bihar: 62% Orissa: 87% Punjab: 57%
Female Health Assistants/Lady Health Visitors at PHCs: 38%		Arunachal Pradesh: 81% Haryana: 82% Bihar and MP: 70% Uttar Pradesh: 42%
Total Specialists at CHCs (Surgeons, OB&GY, Physicians & Paediatricians): 64%		Arunachal Pradesh: 100% Meghalaya: 99% Gujarat: 92% Haryana: 89% Jharkhand: 82% Kerala and Uttar Pradesh: 73%

Source: Sample Registration System, 2007

Note: For state wise figures of ASHAs, data has been taken from Health Departments of select States.

care. However, allocation for this purpose in the Union Budget 2012-13 is Rs. 1544.21 crore, which is even lower compared to the allocation of Rs. 1616.57 crore in 2011-12 (BE).

Despite gloomy statistics in terms of several health indicators, India also has made a few strides in the sector with some improvement in the health infrastructure (Boxes 2.a and 2.b). However, the country has a long way to go to provide universal health coverage. The blueprint may be drawn in the UHC report but the goal of universal health coverage cannot be achieved unless it is backed by adequate budgetary resources. The first budget of the 12th Plan was expected to give a boost to the health sector but it has turned out to be a damp squib. The most progressive recommendation of UHC was to make healthcare an "entitlement to every citizen" was expected to be given a helping hand by this budget with adequate financial allocations to work towards universal healthcare coverage. But it seems, the expectations have been in vain with Union Budget 2012-13 failing to provision the necessary resources for achieving this goal.

Box 2.a: Recommendations of Universal Health Coverage (UHC) Report

In the financial year just gone by, the Planning Commission had set up the **High Level Expert Group on Universal Health Coverage (UHC)** to make the blueprint for provision of universal health coverage in the 12th Five Year Plan. The UHC made many progressive recommendations regarding the universal coverage of health. However, none of the major recommendations have been reflected in this budget. As regards the stepping up of the total health expenditure, there is no sign in the present budget. It is well documented that almost 74 percent of private out-of-pocket expenditures today are on drugs; it is also a fact that drug prices have risen sharply in recent decades. Millions of Indian households have no access to medicines because they cannot afford them and do not receive them free-of-cost at government health facilities. Some of the major recommendations of the UHC in this regard are to enforce price controls and price regulation especially on essential drugs, revise and expand the 'Essential Drugs List', set up national and state drug supply logistics corporations and to ensure **availability of free essential medicines by increasing public spending on drug procurement**. As estimated by Dr. Narendra Gupta (PRAYAS, Rajasthan) and his team that to make 'free essential medicines to all an entitlement', budgetary allocation of Rs 25,000 crore is required for one year. This is quite feasible and it is one effective way to reduce the direct healthcare burden of a major section of the population. But, there is no proposal in the budget to implement these recommendations.

Another important recommendation of the UHC was introduction of specific purpose transfers to equalise the levels of per capita public spending on health across different states as a way to offset the general impediments to resource mobilisation faced by many states and to ensure that all citizens have an entitlement to the same level of essential healthcare. The Planning Commission had set up the UHC to address various problems particularly during the 12th Plan period, but Union Budget 2012-13 (the first year of the 12th Plan) has failed to take a proactive step even on a single recommendation – raising questions about the relevance of setting up such committees.

Source: Economic Survey 2011-12, Government of India.

Box 2.b: Outputs and Services delivered by the Programmes in Health sector in the recent years:

NRHM: Under NRHM, over 1.4 lakh personnel have been added to the health system across the country (up to September 2011) which include 11,712 doctors/specialists, 10,851 AYUSH doctors, 66,784 auxiliary nurse midwives (ANMs), 32,860 staff nurses, and 14,434 paramedics including AYUSH paramedics. Accredited social health activists (ASHAs) are engaged in each village / large habitations in the ratio of one per 1000 population. Till September 2011, 8.55 lakh ASHAs have been selected in the entire country out of which 8.07 lakh have been given orientation training and engaged.

Further, 7.41 lakh ASHAs have been provided with drug kits. There has been a steady increase in health-care infrastructure available over the Plan period. As on March 2010, 147,069 sub-centres, 23,673 primary health centres (PHCs) and 4,535 community health centres (CHCs) were functioning in the country.

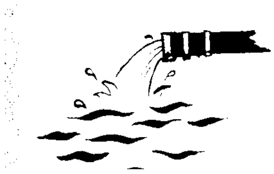
Janani Suraksha Yojana (JSY): JSY has shown rapid growth in the last three years, with 90.37 lakh beneficiaries in 2008-9 to 106.96 lakh beneficiaries in 2010-11. The issues of governance, transparency, and grievance redress mechanisms are now the thrust areas of JSY.

Revised National Tuberculosis Control Programme (RNTCP): More than 13,000 microscopy centres have been established in the country. During 2010-11, the programme achieved new sputum positive case detection rate of 71 percent and treatment success rate of 87 percent in line with global targets for TB control.

National Leprosy Eradication Programme (NLEP): In 2005, the dreaded disease after 22 years recorded a case load of less than 1 per 10,000 population at the national level. The recorded prevalence further came down to 0.69 per 10,000 in March 2011.

National Programme for Control of Blindness (NPCB): The NPCB, launched in the year 1976 as a 100 percent Centrally Sponsored Scheme with the goal of reducing the prevalence of blindness to 0.3 percent by 2020, showed reduction in the prevalence rate of blindness from 1.1 percent (2001-2) to 1 percent (2006-07).

National Programme for Health Care of the Elderly (NPHCE): The major components of the NPHCE are establishment of 30-bedded departments of geriatrics in 8 identified regional medical institutions, and provision of dedicated healthcare facilities at district, CHC, PHC and sub-centre levels in 100 identified districts of 21 states across the country.



- The overall Union Budget allocation for rural water supply and sanitation has shown a visible increase from Rs. 11,005.2 crore in 2011-12 (BE) to Rs. 14,005.2 crore in 2012-13 (BE), which is certainly a step in the right direction.
- In rural water supply (*National Rural Drinking Water Programme*) there has been an increase in allocation from Rs. 8,500 crore in 2011-12 (RE) to Rs. 10,500 crore in 2012-13 (BE). In rural sanitation (*Total Sanitation Campaign*), the hike in allocation is from Rs. 1,500 crore in 2011-12 (RE) to Rs. 3,500 crore in 2012-13 (BE).
- The allocation for Integrated Low Cost Sanitation Programme has been reduced from Rs. 55 crore in 2011-12 (RE) to Rs. 25 crore in 2012-13 (BE).

Budgetary Allocations and Expenditure

There is reason to cheer for rural water supply and sanitation in Union Budget 2012-13. Water supply and sanitation has finally got the attention it deserves. The creation of a separate Ministry (a long- standing demand) for drinking water and sanitation has put into focus a sector that has long been neglected. Nevertheless, one needs to closely look at whether it would be adequate or not. Clearly, the emphasis on sustainability and inclusiveness as envisaged in the Approach Paper for the 12th Plan has to be kept in mind while analysing water supply and sanitation.

Table 3.a: Expenditure on Rural Water Supply and Sanitation

Year	**Rural Drinking Water Supply and Sanitation*** (in Rs. Crore)	**Union Govet. Expenditure on Rural Water Supply and Sanitation as percent of Total Expenditure from Union Budget** (in %)
2004-05 RE	3301.39	0.66
2005-06 RE	4761.52	0.94
2006-07 RE	5301.63	0.91
2007-08 RE	7461.82	1.05
2008-09 RE	8502.27	0.96
2009-10 RE	8269.00	0.81
2010-11 RE	9512.00	0.79
2011-12 RE	9000.00	0.68
2012-13 BE	12600.00	0.85

Source: Expenditure Budget Volume I&II - Union Budget for various years, www.indiabudget.nic.in
Notes: * Union Budget Outlay for Dept. of Drinking Water Supply under Ministry of Rural Development
Figure does not include the *lumpsum provision of funds for North Eastern Region and Sikkim* at any

A look at Table 3.a shows only a slight increase in the Union Government expenditure on water supply and sanitation as percent of total expenditure from the Union Budget. Additionally, as seen in Table 3.b, it has taken the government almost two years to meet the proposed amount of Rs. 14,026 crore as put forward by the Department of Drinking Water Supply and Sanitation in 2011-12. The amount, albeit late, is definitely welcome. The Total Sanitation Campaign (TSC) has been allocated Rs. 3,500 crore in 2012-13 (BE), which is an increase of 133 percentage points over the previous year. The National Rural Drinking Water Programme also got an enhanced allocation of Rs. 10,500 crore in 2012-13 (BE) which is an increase of around 24 percentage points. However, the Integrated Low Cost Sanitation Programme (ILCS) has been reduced from Rs. 55 crore in 2011-12 (RE) to Rs. 25 crore in 2012-13 (BE) which is a setback for the urban poor.

Table 3.b: Funds sanctioned by the Planning Commission vis-à-vis Funds proposed by Dept. of Drinking Water Supply and Sanitation

Year	**Proposed** (in Rs. Crore)	**Allocated** (in Rs. Crore)
2008-09	11,070.65	8,500
2009-10	10,500	9,200
2010-11	11,400	10,580
2011-12	14,026	11,000

Source: Standing Committee Report on Rural Development, Dept. of Drinking Water & Sanitation, Ministry of Rural Development, Fifteenth LokSabha, Nineteenth Report

Trends in Allocation for Schemes

As the 11th Plan period comes to an end and the 12th Plan commences, Table 3.c shows how much has been allocated by the Union Government towards rural water supply and sanitation vis-à-vis proposed outlays for the 11th Plan. The amount allocated has exceeded the proposed outlays during the 11th Plan period. However, it is also important to reflect on whether enhanced allocations necessarily lead to better outcomes.

Table 3.c: Recommended Outlays vs. Actual Allocations (11th Plan)

Name of the Plan Scheme/ Programme	Proposed Outlay for 11th Plan [in Rs. Crore] at Currunt Price	Allocations made during 2007-08 (RE) in Rs. Crore	Allocations made during 2008-09 (RE) in Rs. Crore	Allocations made during 2009-10 (RE) in Rs. Crore	Allocations made during 2010-11 (RE) in Rs. Crore	Allocations made during 2011-12 (RE) in Rs. Crore	Allocations made during 2012-13 (BE) in Rs. Crore	Total Budget Outlay Made in the First Five Years in Rs. Crore	% of Allocations Till Now
Ministry of Rural Development									
National Rural Drinking Water Programme (NRDWP)	34,916	4601.5#	7300*	7199*	8100*	7650	9450	44,300.50	126.8
Total Sanitation Campaign (TSC)	6,910	996#	1200*	1080*	1422*	1350	3150	9,198	133

Source: Expenditure Budget Vol-II, Various Years, Government of India; Detailed Demands for Grants, Ministry of Rural Development, Appendix Eleventh Five Year Plan (2007-2012)

Notes: * Figure does not include the *lump sum provision of funds for North Eastern Region and Sikkim* (if any).
#-Denotes actual expenditure

The water supply and sanitation sector in the 12th Plan presents vast challenges as well as opportunities. The report of the Working Group on Rural Water Supply and Sanitation for 12th Five Year Plan has brought out cost estimates for the 12th Plan period (Table 3.d). If one takes the amount proposed by the Working Group even for one year and compares it to the current budget estimates for rural water supply and sanitation, it is found to be much higher than the current allocation. This does raise questions about how much is adequate for rural water and sanitation.

Table 3.d: Cost estimates for Rural Drinking Water Supply and Sanitation for 12th Five year Plan

Rural Drinking Water (in Rs. Crore)	12th Five Year Plan proposed outlay	
Total Outlay Proposed	Estimate-1*	Estimate-2*
	2,72,377	3,03,165
Rural Sanitation (in Rs.Crore)		
Total Outlay Proposed	58,716	

Source: Report of the Working Group on Rural Water Supply and Sanitation, 12th Five Year Plan, Planning Commission, GoI

Note: ***Estimate 1 (Scenario 1):*** In the first scenario, the States of Andhra Pradesh, Arunachal Pradesh, Gujarat, Haryana, Himachal Pradesh, Karnataka, Kerala, Manipur, Meghalaya, Mizoram, Nagaland, Punjab and Tamil Nadu already have more than 55 percent piped water coverage as per IMIS data. These States are allocated about 35 percent of the total NRDWP allocation as per present criteria. These States would require funds for raising their present covered population from 40 lpcd to 55 lpcd. The remaining States would require funds forraising the coverage of piped water supply from their present levels to 55 percent population at 55 lpcd. The requirement of funds would be Rs. 2,72,377 crore.

**** Estimate 2 (Scenario 2):*** In the second scenario, the balance of all India rural population required to becovered to reach 55 percent coverage is calculated and a uniform per capita cost of Rs. 3600 taken at present prices. This would cover only those States where the rural population covered is less than 55 percent. For the 13 States that have already crossed 55 percent coverage a proportionate allocation of 35 percent is made. The requirement of funds works out to Rs. 3,03,165 crore.

Some Important Schemes:

National Rural Drinking Water Programme:

Rural drinking water is one of the six components of *Bharat Nirman*. The progress in Bharat Nirman has been good since around 72 percent of rural habitations have been fully covered. The rest are either partially covered or have chemically contaminated drinking water sources. As against the target of 653,798 habitations during the 11th Plan, the coverage till 31st March 2011 has been 526,667 habitations (80.56 percent). The states of Jharkhand, Chhattisgarh, Nagaland, Madhya Pradesh, Odisha, Himachal Pradesh, Tamil Nadu, Kerala, and Uttarakhand have exceeded their targets whereas Sikkim, Punjab, Assam, Rajasthan, Arunachal Pradesh, and Jammu and Kashmir have reported less than 50 percent achievement against targets. The expenditure for drinking water supply during the Bharat Nirman period increased considerably from Rs.4, 098 crore in 2005-06 to Rs.8, 500 crore in 2011-12. (Economic Survey 2011-12)

Total Sanitation Campaign (TSC):

Constant modifications to the TSC guidelines over the years has eventually led to an increase in the unit cost of individual household latrine (IHHL) subsidy for the below poverty line (BPL) households from Rs. 2,200 (Rs. 2,700 for hilly and difficult areas) to Rs. 3,200 (Rs. 3,700 for hilly and difficult areas). This has made a huge difference to the campaign and led to more demand generation. In the 607 districts where the campaign is running, a significant achievement has also been the construction of 11.64 lakh school toilet units and 3.94 lakh Anganwadi toilets. In the year 2011-12 (up to January 2012), more than 63 lakh toilets were provided to rural households, increasing the rural sanitation coverage to around 85.95 percent (Economic Survey, 2011-12)

Jawaharlal Nehru National Urban Renewal Mission (JNNURM):

In India, cities contribute over 55 percent of the country's GDP, and urbanisation has been recognised as an important component of economic growth. JNNURM, a seven-year programme launched in December 2005, provides financial assistance to cities for infrastructure, housing development, and capacity development. In addition, JNNURM also focuses on the urban poor. Nevertheless, is yet to be seen whether the programme has met its objectives.

Civil society groups have also highlighted the need for proper sanitation and water supply to all households in urban areas which will get further attention in the 12th Plan. Under urban water and sanitation, the implementation of JNNURM shows that decentralisation (as envisaged) has not reached out to the urban local bodies (ULBs); urban poverty alleviation activities continue to be in the domain of the higher tiers of government. Most ULBs function without any autonomy in terms of designing urban poverty alleviation programmes and activities or for the purpose of determining their tax policies. This has a direct impact on essential services such as water and sanitation on the urban poor. JNNURM does talk about public-private partnership (PPP) but there is the apprehension that this could translate to high out-of-pocket expenditures for the urban poor. Commercialisation of water supply under JNNURM is seen as a threat to promoting equity and should be discouraged under the 12th Plan. Civil society has also pointed to the hurried and non-consultative formulation of City Development Plans under JNNURM which needs to be corrected for effective implementation of the scheme.

Union Budget 2012-13 has much to offer the rural drinking water supply and sanitation sector, more so for rural sanitation. This has been a much-needed respite from the dearth of funds that the sector has always faced. Nonetheless, it is still too early to say that all issues in water and sanitation would be addressed with the current boost. **Urban sanitation, once again continues to get overlooked.** Additionally, sustainability of toilet facilities, quality of sanitation infrastructure, use and adaptation of new sanitation technology in diverse geographic, hydrological, climatic and socio-economic conditions, and more importantly creating awareness and effective demand generation from the community for the state-led and target-driven sanitation programme are some issues and concerns in rural sanitation.

In rural water, the importance of linking water supply and sanitation, withholding slip-back habitations from using drinking water facilities, ensuring clean and safe drinking water free from chemical and biological contamination, proper operation and maintenance of water supply schemes are some challenges that need to be addressed. In the urban sector, infrastructure for water supply, sanitation, sewage and solid waste management is inadequate and of poor quality. The worst affected are the urban poor who in many cases pay more than the middle income and high income groups while accessing water and sanitation.

The issue of PPP or the role and scope of the private sector underlies much of the policy discourse on water and sanitation. Even though the government has been emphasising on PPP projects, many states and local bodies lack institutional capacity to award and implement such projects (Draft Approach Paper to the 12th Plan). Hence, there is an urgent need to assess whether the current budget is sufficient to address the problems of accessing safe and sustainable water and sanitation for all.

- In 2012-13 (BE), total budget for the Department of Rural Development has declined to Rs.73175 crore from Rs.74100 crore in 2011-12 (BE), while the Revised Estimates (RE) for 2011-12 stands at Rs.67138.5 crore.
- The budget allocation for Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) has fallen sharply from Rs.40,000 crore in 2011-12 (BE) to Rs.33,000 crore in 2012-13. The RE figures for the scheme in 2011-12 was Rs.31,000 crore.
- In the Ajeevika (or National Rural Livelihoods Mission-NRLM) scheme, the allocation has been increased from Rs.2681.3 crore in 2011-12 (RE) to Rs.3915 crore in 2012-13 (BE).
- In Indira Awas Yojana (IAY), the allocation has gone up from Rs.10,000 crore in 2011-12 (RE) to Rs.11,075 crore in 2012-13 (BE).
- The current budget allocation for Pradhan Mantri Gram Sadak Yojana (PMGSY) has been hiked to Rs.18172.8 crore from Rs.14,450 crore in 2011-12 (RE), which is a perceptible increase. However, allocation for PMGSY in 2010-11 was Rs.17412.5 crore.
- In Backward Regions Grant Fund (BRGF) scheme:
  - Allocation for the State Component was Rs.4840 crore in 2011-12 (BE) and went up to Rs.7,280 crore in 2011-12 (RE); but this has been reduced to Rs.6,990 crore in 2012-13 (BE);
  - Allocation for the District Component was Rs.5,050 crore in 2011-12 (BE), slumped to Rs.3717 crore in 2011-12 (RE) and has been raised again to Rs.5,050 crore in 2012-13 (BE).
- There is an enhancement in the allocation for Rural Infrastructure Development Fund (RIDF) from Rs.18000 crore in 2011-12 to Rs.20000 crore in 2012-13 (BE).

A host of policy initiatives were undertaken to promote rural development by the UPA government during its first stint. In this process, a landmark legislation was made in the form of *National Rural Employment Guarantee Act (NREGA)*, which promises at least 100 days of legal entitlement of wage employment to a household seeking employment. Further, the UPA initiated rural infrastructure development under the umbrella programme *Bharat Nirman*, which encompasses rural housing, rural electricity connection, telephony, all-weather road connectivity, safe drinking water, sanitation and expansion of irrigation capacity. During the UPA's second term, a decade-old programme of self-employment, *Swarnajayanti Gram Swarozgar Yojana* (SGSY), *was* restructured in to National Rural Livelihood Mission (NRLM) in 2010-11. The assessment of attainment of physical and financial targets set forth in the 11th Five Year Plan shows the huge gap in Indira Awas Yojana (IAY), SGSY and MGNREGS.

As this is the first budget of the new Plan period, it should have apportioned more financial resources on rural development in keeping with the recommendations of the Working Group on the 12th Plan.

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The budget has not given much focus on rural development. In fact, the quantum of total budgetary allocation has declined. The Working Group proposed outlays of Rs. 45353.18 crore, Rs. 29,686.04 crore. Rs. 4328 crore for MGNREGS, NRLM and IAY during the first year of the 12th Plan whereas Union Budget 2012-13 has allocated much less – Rs. 33,000 crore, Rs. 9966 crore and Rs.

3536.50 respectively. In efforts to provide adequate wages to the workers, the government has linked the wage rates notified under MGNREGS to the Consumer Price Index for Agricultural Labour in the previous budget. However, the outlay for MGNREGS has been nominally increased to Rs. 33000 crore in 2012-13 (BE) from Rs. 31,000 crore in 2011-12 (BE).

At first glance, some of the major rural development programmes have been apportioned satisfactory budgetary allocations in comparison to the proposed outlays in the 11th Plan. But the actual performance can only be gauged by assessing the physical performance of these schemes. In this regard, three major schemes have been examined in detail. An assessment of the 11th Plan budgetary outlays and actual allocation for schemes such as MGNREGS, IAY and PGMSY shows that budgetary allocations for all these schemes exceeds those proposed by the Planning Commission. However, schemes like SGSY/ NRLM, Total Sanitation Campaign (TSC) and Integrated Watershed Management Programme (IWMP), have not received the desired allocation (Table 4.a).

Table 4.a: Recommended 11th Plan Outlay vs. Budgetary Allocations in Rural Development

	Recommended 11th Plan Outlay (in Rs. Crore)	2007-08 (in Rs. Crore)	2008-09 (in Rs. Crore)	2009-10 (in Rs. Crore)	2010-11 (in Rs. Crore)	2011-12 (in Rs. Crore)	Total 11th Plan Allocation (in Rs. Crore)	Union Budget Outlay as % of 11th Plan recommended Outlay	2012-13 (BE) (in Rs. Crore)
MGNREGS	100000.0	10800.0	30000.2	39100.0	40100.0	31000.0	151000.2	151.00	33000.0
SGSY/ NRLM	17803.0	1782.0	2324.3	2325.4	2951.3	2681.3	12064.3	67.8	3515.0
IAY	26882.2	3999.6	8710.9	8709.8	10266.8	8996.0	40683.2	151.3	9966.0
IWMP	17372.0	1053.6	1440.5	1819.8	2458.0	2313.1	9084.9	52.3	3048.9
PMGSY	43251.0	10928.5	12398.5	15914.9	22000.0	19981.3	81223.2	187.8	24000.0
RGGVY	26503.0	3674.1	5500.0	8100.0	5000.0	3544.0	25818.1	97.4	4900.0

Note: National Rural Employment Guarantee Scheme (NREGS), Swarnajayanti Gram Swarozgar Yojana (SGSY), Indira Awas Yojana (IAY), Integrated Watershed Management Programme (IWMP), Pradhan Mantri Gram Sadak Yojna (PMGSY), Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY)

Source: Compiled by CBGA from 11th Plan and Union Budget documents.

Review of Performance of Major Rural Development Schemes:

Introduction of MGNREGS has been one of the most significant interventions made by the government in the sphere of rural development. However, its performance in terms of fund utilisation has been below par, as seen in Table 4.b where the utilisation figures vary from 72 to 73 percent for the period under consideration. Moreover, the government has been unable to ensure Rs.100 as daily wage per household –the average wage rate reached Rs. 100 per day only during the fifth year of implementation

Table 4.b: Overview of MGNREGS Performance, 2006 - 2011

	(FY 2006-07) 200 Districts	(FY 2007-08) 330 Districts	(FY 2008-09) 615 Districts	(FY 2009-10) 619 Districts	(FY 2010-11) 626 Districts
Households employed (crores)	2	3	5	5	5
Person-days of Employment Generated (crores)	91	144	216	284	257
Work Provided per Year to Households who worked (days)	43	42	48	54	47
Total Funds Available (including Opening Balance) (Rs. Crore)	12074	19306	37397	49579	54172
Budget Outlays (Rs. Crore)	11300	12000	30000	39100	40100
Expenditure (Rs. Crore)	8823	15857	27250	37905	39377
percent expenditure over available fund	73	82	73	76	73
Average Wage per Day (Rs.)	65	75	84	90	100
percent of Work Completed	46	46	44	49	51

Source: Report of Working Group on MGNREGA towards formulation of 12th Five Year Plan, October 2011 of the watershed programme. In terms of providing employment, the average person days has been 47 days per household while only 10 percent of job seekers have received the promised 100 days of employment in 2010-11. The average completion of the targeted work has not exceeded 50 percent.

A review of the implementation of MGNREGS in several states points to a lack of awareness among workers about the entitlement in the scheme. Infrastructure and human resource gaps (Table 4.c) at the gram panchayat (GP) level have led to non-maintenance of records and delayed measurement, which ultimately affects the quality of assets and results in delayed payment of wages. The grievance redressal system is plagued by severe problems and its mechanism needs to be strengthened. Initiatives like enhancement of administrative cost from 4 to 6 percent will help in the deployment of dedicated staff for better supervision and administration, social audit, grievance redressal and Information and Communication Technology infrastructure. Unfortunately, not more than 4.5 percent of funds on administration were utilised in 2010-11. From the designate administrative costs, the district administration can appoint one *gram rozgar sahayak* for each GP; technical assistant (one for every 5 GPs); programme officer (one per block); computer assistant (two per block).

Table 4.c: Status of Vacancies in MGNREGS (2011)

Vacancies at the National Level	Norm (if any)	States where the situation is acute (Shortfall in %)
Gram Rozgar Sahayak: 21%	One per Gram Panchayat	Madhya Pradesh: 83% Uttarakhand: 63% Punjab: 51%
Accountant: 28%		Punjab: 80% Arunachal Pradesh: 44%
Engineers/Technical Assistants: 34%		Punjab & West Bengal: 70% Chhattisgarh: 56% Jharkhand: 51% Uttar Pradesh: 50%
Programme Officer: 13%	One per Block	Rajasthan & MP: 30%
Computer Assistant: 23%		Uttarakhand: 44% Bihar: 36%

Source: Ministry of Rural Development, GoI

Further, an analysis of SGSY shows that financial achievement and credit disbursal targets were unmet during the first 10 years of its implementation. Only 74 percent of available funds were utilised (Table 4.d).

Table 4.d: Financial Progress under SGSY at All India level (1999-2000 to 2009-10)

1	Total Available Fund (in Rs Crore)	20138
2	Total Fund Utilised (in Rs Crore)	14866
3	Percentage of Average Utilisation to Available Fund	74
4	Percentage of Average Utilisation on to Subsidy	66
5	Percentage of Average Utilisation on Revolving Fund	10
6	Percentage of Average Utilisation on Infrastructure Development	16
7	Percentage of Total Credit Mobilised	60
8	Per Capita Investment (in Rs)	32008

Source: Compiled from Annual Report, 2009-10, Ministry of Rural Development, GoI

Looking at the outcome indicators, Table 4.e shows that out of 3.7 million Self-Help Groups (SHGs) formed, only 0.08 million have taken up the economic activities. It can also be seen that the physical outcome of SGSY has not been up to mark due to which the government restructured it within the renamed NRLM.

The progress regarding utilisation and release of funds for IAY has not been satisfactory like in other rural development programmes. From Table 4.f, it is evident that the targeted dwelling units of the scheme have been unable to meet its physical targets during the 11th Plan. The cumulative achievement was a little over 70 percent.

Table 4.e: Physical Progress under SGSY at All India level (1999-2000 to 2009-10)

1	SHGs formed (Millions)	3.7
2	Women SHGs (Millions)	2.5
3	Percentage of Women SHGs	68
4	No. of SHGs Passed Grade -I (Millions)	2.4
5	No. of SHGs Passed Grade -II (Millions)	1.1
6	SHGs Taking up Economic Activities (Millions)	0.08

Source: Compiled from Annual Report, 2009-10, Ministry of Rural Development, GoI

Major rural development programmes like SGSY and IAY, which are implemented in coordination with the panchayats, are plagued by inaccurate or fudged BPL/beneficiary lists. There are insufficient unit costs for beneficiaries in IAY and SGSY for decent housing and also for exploring meaningful/sustainable livelihood options. In the case of SGSY, major snags in implementation such as target-driven SHG formation, subsidy-driven corruption and obsession with asset formation without proper marketing were found. Associated problems include increased indebtedness of beneficiaries, lack of markets and infrastructure etc, poor

Table 4.f: Overview of Indira Awas Yojana (IAY) Performance, 2007 – 2012

	Targeted Cumulative	Completed Cumulative	% of Work Completed
2007-2008	3000000	1992349	66.41
2008-2009	6000000	4126410	68.77
2009-2010	9000000	7512029	83.47
2010-2011	12000000	10227482	85.23
2011-2012*	15000000	10593557	70.62

* Progress up to 30th June 2011

Source: Report of Working Group on IAY towards formulation of 12th Five Year Plan, October 2011

administration and management of the scheme as well as inadequate banking staff leading to non-repayment of loans. Various reasons have been attributed to the poor implementation of rural development schemes/programmes such as inadequate devolution of powers and functions to PRIs, and acute shortage of trained staff mostly at the level of Panchayati Raj Institutions (PRIs).

The Working Group on Rural Housing for the 12th Plan has proposed grant assistance for 3 crore households and subsidy assistance for 1 crore households in IAY. With regard to budgetary allocation, it has suggested an infrastructure development allocation for clusters of houses under a habitat approach, capacity development of various stakeholders and management support. Taking all of these components into account, the proposed budget for rural housing made for the 12th Plan is Rs 150,000 crore. As suggested by the Working Group, the assistance for house construction under IAY for BPL households should be raised to Rs. 75,000, and at the same time, the unit assistance should be enhanced incrementally each year to absorb escalation in cost of materials and labour.

SGSY was restructured as the "National Rural Livelihoods Mission"(NRLM) in 2010-11, with a time-bound aim to reach out to 7 crore rural poor households and stay engaged with them till they come out of abject poverty. Towards this goal, the Working Group on Rural Housing has proposed an allocation of Rs. 52,722 crore for the 12th Plan period. As per the guidelines, the states are expected to implement NRLM in a phased manner, with both SGSY and NRLM running side by side. NRLM would also give continuous support, through its own organisations and continuous capacity building and nurturing, to poor households for at least 6-8 years. A minimum assistance of at least Rs.1 lakh per family in repeat doses should be given. The Mission has five main areas of interventions which include dedicated support structures at the national, state, district and sub-district levels, linkages with PRIs, financial inclusion and support from banks, sustainable livelihood promotion as also partnerships with NGOs, the private sector and training institutions. The Working Group notes the lack of dedicated units at the national, state, district and sub-district levels to be one of the major gaps in the earlier programmes.

Response to Union Budget 2012-13 Rural Development

There are several issues relating to budgetary provisioning, unit costs, capacity constraints of implementing institutions and governance reforms at the grass-root level that hinder the interventions targeting rural development. These problems should have been addressed by the government for strengthening rural development programmes in the 12th Plan. It had stepped up provisioning of resources for various rural development schemes during the 11th Plan but these seem to have shrunk in the first year of 12th Five Year Plan. On the programme implementation front, the government has shown little sense of urgency to address the bottlenecks in the existing BPL list – it has not revised the rural BPL list since 2002, which ought to be done once every five years.

- The Union Government's total expenditure on the "rural economy"(which includes expenditure on Agriculture and Allied Activities, Rural Development, Special Area Programmes, Irrigation and Flood Control and Village and Small Industries) has declined from 2.6 percent of the GDP in 2010-11 (Actuals) to 2.3 percent of GDP in 2012-13 (Budget Estimates).

- As a proportion of total expenditure from the Union Budget, the expenditure on Agriculture and Allied Activities shows a marked decline from 11.21 percent in 2010-11 (Actuals) to 9.3 percent in 2012-13 (BE). The government's expenditure on Agriculture and Allied Activities, as a proportion of the GDP, also dipped from 1.75 percent in 2010-11 (Actuals) to 1.41 percent in 2012-13 (BE).

- If the total allocations made in the Union Budgets from 2007-08 to 2011-12 for major schemes in agriculture are compared with the allocations recommended by the Planning Commission for the 11th Five Year Plan period (2007-08 to 2011-12), there is a shortfall of allocation of 10 to 40 percent across various schemes in the sector.

- The total plan outlay for the Department of Agriculture and Cooperation has been marked by an increase of 18 percent from 17,123 crore in 2011-12 (BE) to 20,208 crore in 2012-13 (BE). This implies that the farming community would be retained in farming as an occupation.

- The allocation for the scheme Bringing Green Revolution to Eastern India (BGREI) has increased from Rs.400 crore in 2011-12 BE to Rs.1000 crore in 2012-13 (BE).

- The government has raised the target of credit flow to farmers from Rs.4.75 lakh crore in 2011-12 (BE) to Rs.5.75 lakh crore in 2012-13 (BE). It will supplement the growth of the farm sector but the obvious question arises as to whether the landless and sharecroppers, who constitute a major part of farming community in the country, can avail such benefits.

- Allocation for the construction of rural godowns got a boost from Rs.109.8 crore in 2010-11 (AE) to Rs.636.00 crore in 2012-13 (BE). This will help reduce crop damage.

- There is a sharp decline in allocation for crop insurance from Rs.3,135 crore in 2010-11 (AE) to Rs.1136 crore in 2012-13 (BE) despite the need to protect Indian farmers from natural calamities. The decline in allocation for crop insurance is a setback for the farming community.

Agriculture, as a sector of the Indian economy, continues to play a crucial role in terms of providing livelihood options to a majority of its rural population. Slow pace of agrarian transformation and inadequate employment opportunities in other sectors have resulted in low per capita income of agricultural households over the past couple of decades. Thus, agriculture as an occupation has become unviable with reports from across the country of farmers committing suicide, which have been the centre of discussion in intellectual circles. Even though the contribution of the agriculture sector to the overall Gross Domestic Product (GDP) of the country has fallen from 29.6 percent in 1990-91 to as low as 13.9 percent in 2011-12, it still forms the backbone for providing employment to 67.6 percent of the population, as per 2009-10 statistics.

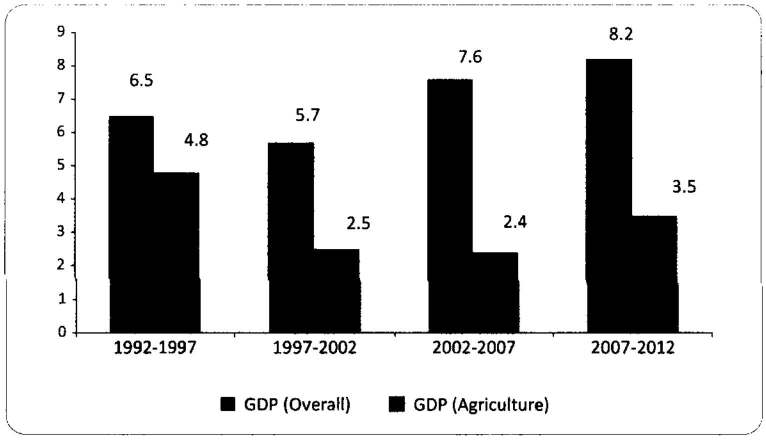
Performance of Agricultural Sector

The growth performance of the agricultural sector has been fluctuating since the early 1990s. The sector witnessed a growth rate of 4.8 percent during the 8th Five Year Plan (average of 1992–97), which saw a downturn in the 9th Plan (average of 1997–2002) and the 10th Plan (average or 2002–07). This crippling growth rate of 2.4 percent in agriculture as against a robust annual average overall growth rate of 7.6 percent for the economy, which was witnessed during the 10th Plan period has been a cause for serious concern (Fig 5.a).

Considering the stunted growth of the agriculture sector over the years, and keeping in tune with the "faster and inclusive"tagline of the 12th Five Year Plan', it was expected that Union Budget 2012-13 (the first budget of the new Plan period) would accord priority to this sector with adequate budgetary provision. Before going into details of the provisions made for the agriculture sector in the budget, let us look at the priorities accorded to 'rural economy' in Union Budget 2012-13. (Table 5.a)

Union Government's total expenditure on the 'rural economy' (which includes

Figure 5.a: Growth Rates: GDP (overall) and GDP (Agriculture & Allied Sector)



Source: Computed from the Economic Survey, 2011-12, Government of India

Table 5.a: Spending on *Rural Economy as % of Total Union Budget Expenditure and GDP**

Year	Expenditure on Rural Economy		Expenditure on Agriculture and Allied Activities	
	As % of Total Union Budget Expenditure	As % of GDP at current market prices	As % of Total Union Budget Expenditure	As % of GDP at current market prices
2004-05	9.9	1.5	7.3	1.1
2005-06	11.3	1.6	7.4	1.0
2006-07	14.6	2.0	8.3	1.1
2007-08	13.1	1.9	9.6	1.4
2008-09	21.1	3.3	15.7	2.5
2009-10	15.7	2.5	11.4	1.8
2010-11	16.9	2.6	12.9	2.0
2011-12 RE	16.8	2.5	11.6	1.7
2012-13 BE	15.7	2.3	10.3	1.5

Note: Expenditure on Rurai Economy* includes (i) Agriculture and Allied Activities, (ii) Rural Development, (iii) Special Area Programmes, (iv) Irrigation and Flood Control and (v) Village and Small Industries.

Source: Compiled by CBGA

expenditure on Agriculture and Allied Activities, Rural Development, Special Area Programmes, Irrigation and Flood Control and Village and Small Industries) has declined from 3.3 percent of GDP in 2008-09 (Actuals) to 2.3 percent of GDP in 2012-13 BE. A similar trend is noticed with regard to its share from total Union Budget. It has dipped from 16.9 percent in 2009-10 to 15.7 percent in 2012-13 BE. As a proportion of total expenditure from the Union Budget, the expenditure on Agriculture and Allied Activities showed a marked decline from 11.21 percent in 2010-11 (Actuals) to 9.3 percent in 2012- 13 BE. Similarly, the government's expenditure on Agriculture and Allied Activities, as a proportion of the GDP, also dipped from 1.75 percent in 2010-11 (Actuals) to 1.41 percent in 2012-13 BE. (Table 5.a and Box 5.a)

Box 5.a: Govt. Spending on Agriculture and Allied Activities

Over the years, investment in agriculture has been losing its share in total investment (more rapidly in the 1990s - 7.9 percent). The decline is significant when compared with the share during the 1980s and 1970s (11.4 and 15.3 percent respectively). Following the above trend, the share of the public sector in the total investment in agriculture has slumped dropped, more so in 1990s than in the 1980s. This indicates that the ascendancy of the public sector in investment in agriculture has shrunk, highlighting the increasing importance of the private sector in agriculture. The loss in momentum in public sector investment in agriculture is more clearly noticed when it is juxtaposed with the public sector investment in the economy. Private sector investment in agriculture also showed a similar trend over the years. It could, therefore, be inferred that the decline in investment in agriculture is due to relatively lower shares of both public and private sector investments in agriculture compared to their shares in total investment in the economy.

Declining investment over time has emerged as one of the binding constraints on the performance of agriculture and has been a major cause of concern. Inadequacy of new capital formation has slowed the pace and pattern of technological change and the infrastructural development, with adverse effects on agricultural productivity. Investment in agriculture, therefore, needs to be accelerated to achieve the desired rate of growth. More importantly, this investment needs to be appropriately structured, timed and well implemented to have the maximum impact.

In absolute figures, the allocation for the Ministry of Agriculture in 2012-13 (BE) has shown a marked increase of about Rs. 4,000 crore over the actual expenditure during 2010-11. However, the rate of growth of GDP and the total Union Budget are much faster than the growth of allocation under the Ministry of Agriculture. This is evident from the fact that the share of allocation for the Ministry of Agriculture out of total Union Budget and GDP were 1.99 and 0.31 percent respectively in 2010-11 which declined to 1.87 and 0.27 percent respectively in 2012-13 BE. The budgetary allocations under department of Agriculture Research and Education since 2010-11 have not seen any increase. In other words, this year's budget too ignored the recommendation of the Mid-Term Appraisal of the 11th Five Year Plan for an increased allocation (at least 1 percent of Agri-GDP) for Agriculture Research and Education. (Table 5.b)

Union Government Expenditure on Special Interventions for Rainfed / Dryland Agriculture

Agricultural activities in rainfed areas are critical for performance of the sector in the sense that nearly 65 percent of the cultivated area in the country is rainfed. Rainfed agriculture also provides a wide range of livelihood opportunities to millions of livestock-dependent households, those living in hilly and difficult terrains, forest dwellers and so on. Hence, any sort of public intervention should aim at addressing the core issues and concerns of such agricultural practices. However, the Finance Minister, in his budget speech announced that the allocation towards bringing green revolution in the eastern region of India has been hiked to Rs. 1000 crore in the budget 2012-13 BE from Rs. 400 crore in 2012-13 BE.

Now, let us take a look at allocations under the Department for Land Resources within the Ministry of Rural Development, the administrative unit responsible for development of dryland/rainfed agriculture in the country. The purpose and functions of this administrative department pertain to implementing programmes and schemes for dryland/rainfed agriculture. Table 5.c details the priorities of the Union Government through this department since 2006-07.

The Union Budget allocations for the special land development programmes (total allocation under the Department for Land Resources, in absolute terms) has increased from Rs.1,411 crore in 2006-07 to Rs.3,208 crore in 2012-13 (BE). But, as a share of the total government expenditure as well as GDP, this constitutes a meagre amount. For instance, its share from Union Budget expenditure was 0.24 percent in 2006-07, which declined to 0.22 percent in 2012-13 (BE).

As mentioned in Box 5.b, development and sustainability of agriculture in India critically depends on public investment in the sector. For the growth process to be inclusive, adequate allocation for reviving the growth of agriculture sector was expected in the Union Budget 2012-13. However, no such major programmes and schemes have been found in the budget except grants to

Table 5.b: Allocations Under three Depts. of Ministry of Agriculture since 2010-11

(in Rs. Crore)

Ministry of Agriculture	2010-11			2011-12 RE			2012-13 BE		
	P	NP	T	P	NP	T	P	NP	T
Dept. of Agriculture and Cooperation	16967.46	277.33	17244.79	16515.05	310.26	16825.31	20208	322.22	20530.22
Dept. of Agricultural Research and Education	2521.79	2864.04	5385.83	2850	2157.60	5007.60	3220	2172.00	5392
Dept. of Animal Husbandry Dairying and Fisheries	1095.57	92.93	1188.50	1356.52	105.33	1461.85	1910	99.37	2009.37
Total allocation under the Ministry	20584.82	3234.30	23819.12	20721.57	2573.19	23294.76	25338	2593.59	27931.59
Total allocation of the Ministry as proportion of GDP (in %)			1.99	-	-	1.77	-	-	1.87
Total allocation of the Ministry as proportion of total Union Budget (in %)			0.31	-	-	0.26	-	-	0.27

Note: P-Plan; NP-Non-Plan; and T-Total
Source: Compiled by CBGA from Union Budget documents

Table 5.c. Expenditure by Department of Land Resources since 2006-07 (in Rs. Crore)

Years	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12 RE	2012-13 BE
Total exp. under Department of Land Resources	1411	1406	1793	2025	2618	2432	3208
As % of Total Union Government Exp.	0.24	0.20	0.20	0.20	0.22	0.18	0.2
As % of GDP at Market Prices	0.03	0.03	0.03	0.03	0.03	0.03	0.03

Source: Compiled by CBGA from Union Budget documents
Note: RE-Revised Estimate; BE-Budget Estimate; and A- Actuals

various institutions towards carrying out research, development and education, and a higher allocation towards bringing green revolution in the Eastern part of India. No significant policy pronouncements have been made in the budget, barring the fixing of the higher target of rural credit at Rs. 575,000 crore from Rs. 4 75, 000 crore in the fiscal year 2011-12. To sum up, one can safely conclude that Union Budget 2012-13 would further burden the farming community, giving little hope for the projected growth rate of 4 percent for the agriculture sector in the coming years.

Box 5.b: Plan Proposal vs Budget Commitments

Proposals in 12th Five Year Plan	Provisions in Union Budget 2012-13	Remarks
Expenditure on agricultural R&D and education needs to be raised at least to 1.0 percent of Agri-GDP. Increased allocation for public sector R&D particularly for Krishi Vikas Kendras (KVKs). Discussion about the Agricultural Technology Management Agencies (ATMA) which need be strengthened. Better convergence at the district level and below between planning, research and extension.	Rs. 25 crore to the Institute of Rural Management, Anand; Rs. 50 crore for University of Agricultural Sciences Dharwad, Karnataka; Rs. 50 crore to Chaudhary Charan Singh Haryana Agricultural University, Hissar; Rs. 50 crore to Orissa University of Agriculture and Technology; Rs. 100 crore to Acharya N. G. Ranga Agricultural University in Hyderabad; and Rs. 15 crore to National Council for Applied Economic Research; New Delhi have been allocated in the Budget 2012-13.	Union Budget 2012-13 certainly addresses the concern of low public investment priorities towards Agriculture Research and Development and Education. But the obvious question arises whether these institutions, who have received grants to carry forward the research initiatives for agriculture sector, would help promoting agricultural productivity and production or not.
A programme of seed banks in villages could ensure that a range of seed material is maintained. A possible method of doing this is through creation of community level seed banks with buffer stocks of seed material for various crops. These can be designed to cover a specified village/area, depending on the extent of purchased seed and the rate of seed replacement. These seed banks should be considered as a necessary common infrastructure for rainfed farms supported by the government on a regular basis. Over time, these seed centres may become autonomous and self-reliant.	National Mission on Seeds and Planting Material (Development and strengthening of seed infrastructure facilities for production and distribution of seeds, and in order to boost seed industries in meeting the objectives of making available, a quality seed for ensuring food security, the department of Agriculture and Cooperation had prepared a National Mission on Seeds for a period of 5 years starting from 2011-12. The Mission comprises some of the components of the existing scheme and includes new ones aimed at promoting production of seeds, technological upgradation of seed infrastructure, etc.)	Provision of Rs. 316.15 crore has been made in budget 2012-13.
There is a need for innovative insurance products such as weather-based crop insurance which is based on a deficit rainfall approach. We need to increase the density of rain gauge stations to get good insurance products capable of offering customised services at a village scale.	There is a provision for National Agricultural Insurance Scheme (NAIS) which has been in operation with effect from Kharif 1999 to enlarge the coverage of risks of farmers and crops. Agriculture Insurance Corporation is running a pilot weather based crop insurance scheme since Kharif 2004. Provision is for Modified National Agricultural Insurance Scheme (MNAIS) is being implemented through Agriculture Insurance Corporation on pilot basis.	Provisions to the tune of Rs. 1,136 crore has been made in 2012-13 BE, with a substantial decline from Rs. 3,135 crore in 2010-11. Every alternative year is marked with heavy loss of agricultural production because of natural calamities.Adequate provision of crop insurance in the budgets could serve as incentives to the farmers not to leave their occupation. However, the present budget gives a clear indication that the government is not interested in protecting crop loss through crop insurance as there has been a substantial decline in budget 2012-13 towards this head.
Rashtriya Krishi Vikas Yojana (RKVY)	As a sub-scheme of RKVY: continuation of the initiative of Bringing Green Revolution to Eastern India (BGREI) with an increased allocation of Rs. 1,000 crore in 2012-13 BE from Rs. 400 crore in 2011-12 is proposed again.Similarly, an allocation of Rs. 300 crore to Vidarbha Intensified Irrigation Development Programme, which would seek to bringi more farming areas under protective irrigation.	The outlay for Rashtriya Krishi Vikas Yojana (RKVY) has been increased from Rs. 7,860 crore in 2011-12 to Rs. 9,217 crore in 2012-13.
Other Initiatives taken in the Budget 2012-13		
To maximise the flow of benefits from investments in irrigation projects, structural changes in Accelerated Irrigation Benefit Programme (AIBP) with an allocation of Rs. 14,242 crore has been made in the budget 2012-13.	The target for agricultural credit in 2012-13 has been raised to Rs. 575,000 crore, which is an increment of Rs. 1 00, 000 crore from the fiscal 2011-12.	

Source: Compiled by CBGA from Union Budget documents & Approach Paper to the 12th Plan

6. Food Security

- There has been a substantial decline in total subsidy in the Union Budget, i.e., from Rs.208,503 crore in 2011-12 (RE) to Rs.179,554 crore in 2012-13 (BE).
- Despite the growing recognition for the need to expand the coverage of Public Distribution System (PDS) for food grains distribution and the persistent price rise in food articles, Food Subsidy has been pegged at Rs.75,000 crore in 2012-13 (BE) with a slight increase from Rs.72,823 crore in 2011-12 (RE).
- Further, the Union Budget outlay for Petroleum Subsidy has been reduced significantly from Rs.68,481 crore in 2011-12 (RE) to Rs.43,580 crore in 2012-13(BE). Given the rapid fluctuations in international crude oil prices, reduced petroleum subsidy in 2012-13 fiscal could result in further rise in prices of petroleum products and affect price rise all round.
- Universal distribution of rice and/ or wheat and millets under PDS in the country calls for additional funds to the tune of Rs.110,418 crore over and above the provision made in 2012-13 (BE), i.e. Rs.75,000 crore for food subsidy.

The persistence of large-scale hunger and malnutrition controverts any claims of the present economic growth model adopted in several countries across the world, including India. As per a recent estimate, almost 1.02 billion people (approximately 13 percent of the global population) currently falls in the category of being hungry. Of this figure, 642 million people live in countries of Asia and the Pacific regions alone. Further, it has also been reported that 26 countries today have levels of hunger that are "alarming" or "extremely alarming" in the regions of South Asia and Sub-Saharan Africa. Statistics relating to basic well-being in terms of Maternal Mortality Ratio (MMR), Infant Mortality Rate (IMR), child undernourishment etc. also project a grim picture in the developing world, with those pertaining to India particularly distressing.

Hunger in a world of food abundance is principally a result of negligence as it lies within mankind's capacity to put in place the policies, institutions, technologies and logistics both to prevent and eradicate hunger. FAO 2002

In terms of mitigating hunger and securing food for its citizens, India consistently has one of the poorest records and the country's performance in reducing the numbers of people afflicted by malnutrition and hunger remains quite dismal. In the latest Global Hunger Index (HDI) report, India ranks 67th among 122 countries and countries like South Africa, Ghana and Botswana in the African continent, and Sri Lanka, Nepal and Pakistan in Asia have better indices compared to India. In fact, India's GHI score in 2011 is 23.7, which is worse than what it was in 1996 (Table 6.a).

Hunger in a world of food abundance is principally a result of negligence as it lies within mankind's capacity to put in place the policies, institutions, technologies and logistics both to prevent and eradicate hunger. FAO 2002

Looking at a few other important indicators of food and nutrition security of India, there is little hope that the country would be free from the clutches of hunger and malnutrition in the near future. As per the National Sample Survey (NSS) report (61st round, for 2004-05), an overwhelming proportion of the country's population (836 million or 77 percent of the total population) lived on a per capita consumption expenditure of less than or equal to (approximately) Rs. 20 a day, and were categorised as "poor and vulnerable" by the National Commission for Enterprises

Table 6.a: GHI Scores and Ranks of some Selected African and Asian Countries

Country	GHI Score				GHI Rank
	1990	1996	2001	2011	
South Africa	7.0	6.5	7.4	6.4	13
Ghana	21.0	16.1	13.0	8.7	20
Botswana	13.4	15.5	15.9	13.2	32
The Republic of Congo	23.2	24.2	16.0	13.2	32
Sri Lanka	20.2	17.8	14.9	14.0	36
Nigeria	24.1	21.2	18.2	15.5	40
Uganda	19.0	20.4	17.7	16.7	42
Zimbabwe	18.7	22.3	21.3	17.7	46
Kenya	20.6	20.3	19.9	18.6	50
Nepal	27.1	24.6	23.0	19.9	54
Pakistan	25.7	32.7	25.2	21.0	59
India	**30.4**	**22.9**	**24.1**	**23.7**	**67**
Bangladesh	38.1	36.3	27.6	24.5	70

Source: Compiled from basic data given in Global Hunger Index report, "The Challenge of Hunger: Taming Price Spikes and Excessive Food Price Volatility", 2011, published jointly by the International Food Policy Research Institute (IFPRI), Concern Worldwide, and Welthungerhilfe.

in the Unorganised Sector (NCEUS) headed by late Arjun K Sengupta. The severity of the situation is also reflected in the data on child malnutrition and women who are anaemic. Almost 48 percent of children less than five years of age were undernourished and more than 42 percent of children in the same age group were classified as underweight. Similarly, almost 52 percent of women were anaemic while MMR still has a high count. Going by recent official estimates, the incidence of poverty continues to be high: the Tendulkar Committee (2009) puts the all-India poverty figures at 37.2 percent (i.e., 41.8 percent for rural areas and 25.7 percent for urban areas) and the Saxena Committee (2009) projects poverty in rural India to be as high as 50 percent.

Thus, given the scale of deprivation, hunger and malnutrition at present, it was expected that Union Budget 2012-13 would accord top priority in terms of allocating adequate resources under food subsidy to address these concerns. Unfortunately, the outlay towards food security has only increased marginally, way below what was expected.

The budgetary trends towards major subsidies, including food subsidy, in Union Budgets since 2004-05 suggests a significant improvement in allocations (in absolute numbers) in the current budget compared to the allocation made in 2004-05. However, the share from total expenditure and from the country's GDP shows the government's unwillingness to secure food for all. This calls for immediate action in the form of increased public expenditure under the head food subsidy in order to achieve food security. Before detailing the budgetary provisions for food subsidy, it is crucial to look at the trends of major subsidies provided in the Union Budget.

It has been observed that in absolute terms, there has been a decline in allocation towards total subsidy in the current budget compared to the allocations in last year's budget (i.e., 2011-12 RE). The absolute decline in total subsidy is to the tune of Rs.26,282 crore. The amount of total subsidy in 2012-13 BE is Rs.1 90, 015 crore which is a slump from the Rs.216,297 crore in 2011-12 RE. Similarly, a downturn has been noticed in the share of total subsidies from the country's GDP as well in the Union Budget. Total subsidies as a proportion to GDP was 2.32 percent in 2008-09, which declined to less than 2 percent in 2012-13 BE.

Similarly, the allocation under food subsidy in 2012-13 does not indicate any significant hike so as to ensure food for all. In fact, even this budget indicates that the proposed National Food Security Bill (NFSB) is not going to be implemented from the coming fiscal year. Though there has been an increase in allocation under food subsidy in absolute terms, in the current budget compared to 2011-12 RE, food subsidy as a proportion of GDP and the total Union Budget has either declined or stagnated since 2009-10. In absolute terms, the increase in outlay for food subsidy in 2012-13 is to the tune of Rs. 3,177 crore compared to 2011-12 RE. Food subsidy as a proportion to GDP and total budget hovers at less than 1 percent and 5 percent respectively in 2012-13 BE (Chart 6.a).

Table 6.b: Subsidies given in the Union Budget since 2004-05 (in Rs. Crore)

Heads of Subsidy	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12 (RE)	2012-13 (BE)
A. Major Subsidies	**44633**	**44220**	**52935**	**66638**	**123206**	**134658**	**164516**	**208503**	**179554**
Food Subsidy	*25798*	*23077*	*24014*	*31328*	*43751*	*58443*	*63844*	*72823*	*75000*
Indigenous(Urea) Fertiliser	10243	10653	12650	12950	17969	17580	15081	19108	19000
Imported (Urea) Fertiliser	494	1211	3274	6606	10079	4603	6454	13883	13398
Sale of Decontrolled Fertiliser with Concession to Farmers	5142	6596	10298	12934	48555	39081	40766	34208	28576
Total Fertiliser Subsidy	15879	18460	26222	32490	76603	61264	62301	67199	60974
Petroleum Subsidy	2956	2683	2699	2820	2852	14951	38371	68481	43580
B. Other Subsidies	**1324**	**3302**	**4190**	**4288**	**6502**	**6693**	**8904**	**7794**	**10461**
Total Subsidies (A+B)	**45957**	**47522**	**57125**	**70926**	**129708**	**141351**	**173420**	**216297**	**190015**
GDP at Market Prices	3242209	3692485	4293672	4986426	5582623	6550271	7674148	8912179	10159884
Total Expenditure from the Union Budget	498252	505738	583387	712679	883956	1024487	1197328	1318720	1490925
Total Subsidies as % of GDP	1.42	1.29	1.33	1.42	2.32	2.16	2.26	2.43	1.87
Total Subsidies as % of Total Union Government Expenditure	**9.22**	**9.40**	**9.79**	**9.95**	**14.67**	**13.80**	**14.48**	**16.40**	**12.74**
Food subsidy as % of GDP	0.80	0.62	0.56	0.63	0.78	0.89	0.83	0.82	0.74
Food subsidy as % of Total Union Government Expenditure	5.18	4.56	4.12	4.40	4.95	5.70	5.33	5.52	5.03

Source: Compiled by CBGA from Union Budget documents

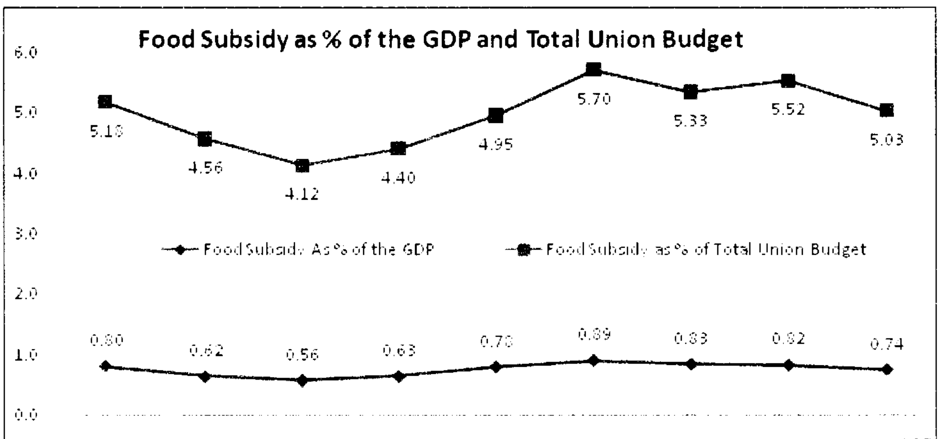
Such low allocations towards food subsidy in the current budget (2012-13 BE), points to the government's apathy towards implementing the NFSB. Under the NFSB, the amount earmarked for food subsidy was Rs.79,800 crore but the present budgetary allocation is only Rs. 75,000 crore. This is indicative of the government's lack of commitment to provide food security to all, particularly the poorer sections of society.

The following section presents an estimation of the budgetary allocation that will be required to universalise distribution of rice and/or wheat and millets to secure food for all in the forthcoming budgets.

Estimating the amount of Food Subsidy required for Universal distribution of Rice / Wheat and Millets under PDS (Public Distribution System)

With the present budgetary allocation towards food subsidy being abysmally low, the need of the hour is to revert to the Universal PDS (UPDS) in terms of distributing rice and/or wheat and millets

Figure 6.a: Union Budget allocation for Food Subsidy as % of GDP and Total Union Govt. Expenditure



Source: Compiled by CBGA

A Set of Assumptions:

The present provision of food subsidy in the Union and State Budgets is based on allocation of food grains to different sections of the population, i.e., for BPL (Below Poverty Line), AAY (Antyodaya Anna Yojana) and APL (Above Poverty Line). The CIP (Central Issue Price) per quintal of wheat is Rs. 415, Rs. 200 and Rs. 610 respectively and CIP per quintal of rice is pegged at Rs. 565, Rs. 300 and Rs. 830 (for Grade 'A') respectively. Further, the present provision of food subsidy has been made on the basis of the economic costs per quintal of wheat and rice, i.e., Rs. 1580.6 and Rs. 2068.9 respectively.

The additional requirement needed to be made in Union Budget 2013-14 has been calculated keeping in mind the following assumptions:

- Total number of households at present is 24 crore (approx.) based on the size of household as 5 with the projected population of the country at 121 crore (Provisional Census, 2011);
- Provision of distribution of rice and wheat under PDS to all households at 35 kg per month per household;
- Provision of distribution of millets under PDS to all households at 5 kg per month per household;
- Economic Cost (EC) of wheat, rice and millets do not increase from their present levels of Rs.1580.6 per quintal of wheat, Rs.2068.9 per quintal of rice and Rs. 1,500 per quintal of millets (as there is no such EC available for millets at present);
- Distribution of rice and wheat is in the ratio of 2:1, and millets, in addition to wheat and rice to all the households.

Based on these assumptions, the total amount of food grains (rice, wheat and millets) needed for distribution through PDS would be around 115.2 million tonnes. Out of this, the amount of rice, wheat and millets needed for distribution would be around 67.2, 33.6 and 14.4 million tonnes respectively. For distribution of these foodgrains, the total amount of food subsidy per annum would be Rs.1,85,418 crore. The provision of food subsidy at present accounts for Rs. 75,000 crore, as per 2012-13 BE. Thus, an additional outlay of Rs. 110,418 crore would be needed from Union Budget 2013-14.

As per the estimate, an additional Rs.110,418 crore is required over and above the existing food subsidy bill of the Union Government to universalise the distribution of rice and/or wheat and millets, keeping in view the set of assumptions mentioned in Table 6.c.

The frequently asked question that follows is: Where would the government get the additional resources to finance the food subsidy bill? Of course, there is no one simple and unanimous answer to this question but it is certainly not beyond the means of the Union Government. For instance, some of the possible means to augment resources can be through wealth tax, expansion of the coverage of services for taxation, better tax compliance mechanisms and so on. However, even if one ignores such possibilities of resource mobilisation, it is quite clear that a degree of rationalisation in the total quantum of revenue foregone through exemptions made by the Union Government can help a great deal in expanding the coverage of the PDS with adequate supply of cereals.

As is well-known, the Government of India strengthened the existing PDS in the 1960s while taking into consideration the low foodgrains production and availability. Until 1992, the PDS was a general entitlement scheme for all households without any specific target. However, soon after launching the neo-liberal reforms in the early 1990s, the government introduced the Targeted Public Distribution System (TPDS) in June 1997 (which is still in operation). The exclusion of deserving households, who ought to be covered under the subsidised grain distribution system, has been at the centre of policy and academic debate since then.

However, there are instances of some states going beyond the provisions made under the TPDS and including other items like edible and cooking oils, sugar and pulses while also extending its coverage to other segments of the population. For instance, Tamil Nadu has had a universal system for some time and started distributing food grains free of cost since June 2011. In Andhra Pradesh and Chhattisgarh, the systems are near universal. The states have separate CIPs for BPL and APL population while the food grains entitlement for both categories is the same in Himachal Pradesh. In the undivided KBK (Kalahandi, Bolangir and Koraput) region of Odisha, there is a universal PDS with a different CIP.

The Union Government could take a cue from the experiences of these states and evolve a universal system of foodgrains distribution for the entire country. Despite many valid recommendations put forward by the relevant committees as well as by independent researchers, the present PDS continues to suffer from several inherent and systemic flaws. Instead of addressing the problems encountered by the present PDS in the country, the policy makers are again attempting to resort to another version of targeted provisioning.

Table 6.c: Required Amount of Food Grains and Food Subsidy (per annum)

Sl. No	Description	Units	Amount
A	**Amount of Foodgrains to be Required (I+II+III)**	Million tonnes	**115.2**
I	Amount of rice required to be distributed (per annum) at 23.33 kg per month per household	Million tonnes	67.2
II	Amount of wheat required to be distributed (per annum) at 23.33 kg per month per household	Million tonnes	33.6
III	Amount of millets required to be distributed (per annum) at 5.0 kg per month per household	Million tonnes	14.4
B	**Central Issue Price (CIP)**		
	Proposed CIP for Rice per ton (Rs. 3 per kg X 1,000 kg)	Rs.	3,000
IV	Total amount to be recovered for the distribution of rice (per annum)	Rs. Cr.	20,160
	Proposed CIP for wheat per ton (Rs. 2 per kg X 1,000 kg)	Rs.	2,000
V	Total amount to be recovered for the distribution of wheat (per annum)	Rs. Cr.	6,720
	Proposed CIP for millets per ton (Rs. 1 per kg X 1,000 kg)	Rs.	1,000
VI	Total amount to be recovered for the distribution of millets (per annum)	Rs. Cr.	1,440
C	**Total amount which would be recovered through CIP (IV+V+VI)**	**Rs. Cr.**	**28,320**
D	**Economic Costs**		
	Economic costs per ton of rice (Rs. 2,069 X 10)	Rs.	20,690
VII	Total economic costs for the distribution of proposed amount of rice	Rs. Cr.	1,39,030
	Economic costs per ton of wheat (Rs. 1,581 X 10)	Rs.	15,810
VIII	Total economic costs for the distribution of proposed amount of wheat	Rs. Cr.	53,108
	Economic costs per ton of millets (Rs. 1,500 X 10)	Rs.	15,000
IX	Total economic costs for the distribution of proposed amount of millets	Rs. Cr.	21,600
E	**Total Economic Costs for the distribution of Rice, Wheat and Millets (VII+VIII+IX)**		**2,13,738**
F	**Amount of Food Subsidy to be required per annum (E-C)**	Rs. Cr.	**1,85,418**
G	**Food Subsidy as per 2012-13 (BE)**	Rs. Cr.	**75,000**
H	**Food subsidy required for the coming Budgets over and above the existing provision (H=F-G)**	Rs. Cr.	**1,10,418**

- The budget is silent about efforts to promote a Low Carbon Economy even though the Economic Survey has shown clear intent by adding a separate chapter on climate change. In terms of provisioning for the National Action Plan on Climate Change (NAPCC), the emphasis is only on National Mission on Sustainable Agriculture in which many flagship programmes such as National Food Security Mission (NFSM),Rashtriya Krishi Vikas Yojana (RKVY), and Micro Irrigation have registered upbeat growth over the previous year's budget.
- As regards new and renewable energy, the focus is on R&D activities on different aspects of new and renewable energy technologies, support to various centres/institutions supported by the Ministry of New and Renewable Energy (MNRE) and standards and testing of the renewable energy. However, many direct programmatic interventions such as Grid Interactive and Distributed Renewable Power and Renewable Energy for Rural Application, in which renewable energy gets distributed and promoted among beneficiaries, have received meagre allocations. Both programmes have got Rs 50 crore less than the previous year's budget. In the MNRE Departmental budget, the focus is given on equity support to the Indian Renewable Energy Development Agency (IREDA) set up to lend support to various new and renewable sources of energy projects and schemes.
- On the revenue front, it has fully exempted basic customs duty and also extended certain concessional excise duty for plant and equipment for the initial setting up of solar thermal projects. To promote energy saving, the budget has reduced excise duty to 6 percent on Light Emitting Diode (LED) lamps and further exempted a coating chemical used for compact fluorescent lamps (CFLs) from basic customs duty. Towards promoting an energy efficient transport system in the country, the budget promotes the manufacture of hybrid vehicles by extending concessions to lithium ion batteries imported for the manufacture of battery packs for supply to electric or hybrid vehicle manufacturers.

Union Budget 2012-13 was expected to be a watershed in allocating the required public resources for the Eight Missions under NAPCC. However, the speech of the Finance Minister dashed all such hopes and the government still appears apathetic to the challenges of climate change. While certain Missions have found explicit mention in the budget documents, the concomitant budgetary allocations are grossly inadequate.

The Green India Mission aims to enhance ecosystem services such as carbon sequestration and storage, hydrological services and biodiversity as well as to make available other provisioning services such as fuel, fodder, small timber and non-timber forest products to forest–dependent communities (Green India Mission Document, 2010). The deliverable outcome under the Mission is to afforest an additional 10 million hectares of forest lands, wastelands and community lands with the targeted expenditures of Rs. 46,000 crore over the next 10 years (Economic Survey 2011-12:296). But two years after implementation, the Mission is still a non-starter, receiving meagre budgetary outlays with Rs. 200 crore in 2012-13 (BE) and Rs. 50 crore in 2011-12 (RE). It is surprising that the budgetary allocation for the Mission is being provisionally met from the National Clean Energy Fund (NCEF), which was originally conceived as a dedicated corpus in Union Budget 2010-11 to invest additional funds into research and development for the purpose of innovative projects in clean energy technologies and harnessing renewable energy sources to reduce dependence on fossil fuels.

The outlay for Forestry and Wildlife in the departmental budget of the Ministry of Environment and Forests (MoEF) has also gone down compared to the Union Budget 2010-11 (AE). In 2010-11 (AE), the allocation for Environment and Wildlife was 42 percent (Rs. 928 crore) of the overall MoEF budget which has slipped to 37 percent (Rs. 907 crore) in 2012-13 (BE).

The present budget has exposed the government's apathy towards the protection and conservation of wildlife, forests and biodiversity. Crucial schemes like *National Afforestation Programme* (NAP), Integrated Forest Protection Scheme (currently known as *Intensification of Forest Management), Biosphere Reserves Conservation Programme, Mangroves Eco-systems and Wetlands Conservation Programme, Natural Resources Management Programme*, and *Biodiversity Conservation Programme* have not received adequate allocation. Less priority signifies less government intervention in ecological restoration and eco-developmental activities in the country. Such insignificant allocations will hamper efforts for strengthening species conservation, creating basic infrastructure for forest management, habitat development, augmenting water resources, compensatory ameliorative measures for habitat restoration, eco-development, village relocation, and for use of technology for monitoring and evaluation. Besides, it will fail to secure people's participation in planning and regeneration efforts to ensure sustainability and equitable distribution of forest products from the regenerated lands and in promoting partnerships in the management and administration of forests and common property resources.

Conservation of water resources is a critical area of policy intervention in the wake of climate change. Major identified implications of climate change on water resources are significant in the context of rapid decline of glaciers and the snowfields in the Himalayan regions, which may cause increased flood events in the short term to drought like situations in the long run. The National Water Mission (2011) emphasised the conservation of water, minimising wastage and ensuring its equitable distribution, both across and within states, through integrated water resources development and management. This requires comprehensive water budgeting for the country. As per the Mission document, the total estimated additional funds required for implementing it is Rs. 89, 101 crore during the 12th Plan period to be spent on schemes implemented through State Plans and Central Plans. In contrast with the Mission document, the budget of the nodal implementing ministry (Ministry of Water Resources) just constitutes 0.13 percent (Rs. 2,041 crore) of the Total Budgetary Expenditures in 2012-13, even though the Ministry runs important programmes for major and medium irrigation, hydrology projects for water resources planning and management in the 13 states; flood control and forecasting, ground water management and regulation and so on. Within the modest allocations for the Ministry, the Ground Water Management Regulation programmes have received priority with the highest total plan outlay of Rs.228 crore over the corresponding plan outlays (Rs.129 crore) in 2011-12 (RE).

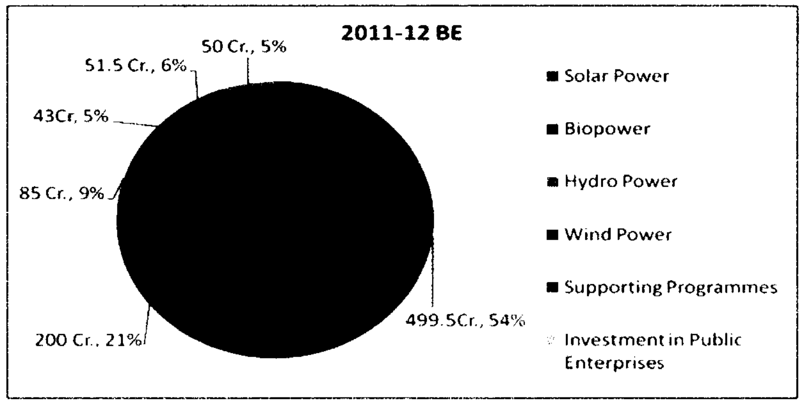
This year's budget has attached significant priority to the National Mission on Sustainable Agriculture. The Mission focuses on enhancing productivity and resilience of agriculture so as to reduce vulnerability to extremes in weather conditions, long dry spells, flooding, and variable moisture availability. It proposed an additional budgetary support of Rs. 1.08 lakh crore out of which Rs 91,800 crore will be required during the 12th Plan period. Union Budget 2012-13, being the first one of the 12th Plan, has attached significant priority towards this. Though the budgetary head of the Mission has not received any allocations, the overall budget of Agriculture and Allied Activities have received 1.87 percent of the total budgetary expenditure which is up by 0.4 percent from 2011-12 (BE). The budget of the Ministry of Agriculture has for the first time reflected eight stand-alone missions which will be integrated into the National Mission on Sustainable Agriculture. Certain missions such as National Mission on Micro-Irrigation and National Food Security Mission have registered significant allocations of Rs. 1,460 crore and Rs. 1,780 crore respectively in 2012-13(BE) which are up by Rs. 320 crore and Rs. 530 crore from 2011-12 (RE). RKVY, which is a state plan scheme implemented by the Centre to induce additional resources in agriculture at the state and district levels, has also received Rs. 1,400 crore more than 2011-12 (RE). Such enhanced allocations would certainly help in meeting critical resource gaps in the agriculture and allied sector in many agro-climatic and rainfed regions. However, the neutral allocation for soil and water conservation, including the allocation for Climate Resilient Agriculture, is a matter of concern.

The National Solar Mission seeks to generate 20,000 MW of solar electricity capacity in the country by 2020 and 1000 MW is planned to be installed at an estimated cost of Rs 4,337 crore under the first phase (2010-12). The analysis of object level expenditure in 2011-12 (BE) of MNRE suggests that it has received approximately Rs. 500 crore (Chart 7.1), which is way below the estimated cost for the first phase of the implementation of the National Solar Mission. This year too, the focus of the budget is towards R&D activities on different aspects of new and renewable energy technologies, support to various centres/institutions supported by MNRE, standards and testing of renewable energy. However, many direct programmatic interventions such as *Grid Interactive and Distributed Renewable Power, Renewable Energy for Rural Application*, in which renewable energy (particularly solar energy) gets distributed and promoted among beneficiaries, have received insufficient allocations. Both programmes have received Rs. 50 crore less than the previous year's budget. In the MNRE budget, the focus is on equity support to IREDA, which has been set up to lend support to various new and renewable sources of energy projects and schemes.

Energy efficiency is a matter of serious concern in the context of climate change. Among various potential contributors/sectors to emissions of Green House Gases (GHGs) pertaining to India, consumption of energy sources is considered one of the biggest contributors, comprising 1100.06 million tonnes of CO_2 most of which is due to fossil fuel combustion in electricity generation, transport, commercial/institutional establishments, agriculture/fisheries, and energy intensive industries such as petroleum refining and manufacturing of solid fuels, including biomass use in residential sector (MoEF 2010). Among the policy options available for minimising GHG emissions from the sources of energy are energy conservation, energy substitution, efficient use of energy, carbon capture and storage. For these options to translate into measureable reduction, appropriate policies are required along with policies involving various economic instruments (including tax exemptions) and regulatory instruments.

On the revenue front, the budget has fully exempted basic customs duty and also extended certain concessional excise duty for plant and equipment for the initial setting up of solar thermal projects. For promoting energy saving, it has reduced the excise duty to 6 percent on LED lamps and further exempt a coating chemical used for compact fluorescent lamps, from basic customs duty.

Figure 7.a: Object-level Expenditures for 'New and Renewable Ener_{gy}



Towards promoting energy efficient transport system in the country, the budget promotes the manufacture of hybrid vehicles by extending concessions to lithium-ion batteries imported for the manufacture of battery packs for supply to electric or hybrid vehicle manufacturers.

On the expenditure front, it has significantly increased the budget of the National Mission on Energy Efficiency which is implemented under the Ministry of Power. The budget of Energy Conservation has been increased by Rs. 150 crore over the 2011-12 (RE) in order to carry out energy conservation related activities. Similarly, the budget of the Bureau of Energy Efficiency (BEE) has also been increased by a comparable margin to initiate a number of Demand Side Management (DSM) measures to reduce the overall power conservation and improve energy efficiency of agriculture irrigation, water pumping, street lighting to reduce subsidy burden of the states and energy cost incurred by municipalities. BEE also implements *Bachat Lamp Yojana to* promote energy efficient and high quality CFLs as replacement for incandescent bulbs in households.

The budget has seen a staggering growth in Clean Energy Cess under the National Clean Energy Fund (NCEF) which is being levied and collected since 2010-11 (BE) as duty of excise on raw coal, lignite and peat produced in India at Rs 50 per tonne. As per latest data (Receipts Budget 2012-13), the government has garnered Rs, 8,180 crore since 2010-11 (BE). However, a matter of concern is that the funds from NCEF are being diverted to fill the budgetary gaps in the main budgets. There are instances such as the Rs. 200 crore for Green India Mission (2012-13 BE) and funding under Grid Interactive and Distributed Renewable Power for Solar Energy which are met from NCEF, conceived primarily to fund projects/schemes relating to innovative methods to adapt to clean energy technology and research and development. This defeats the very purpose of the NCEF conception.

- The Steering Committee on Women's Agency and Empowerment for the 12th Plan had suggested several important schemes/interventions. Of those, the Ministry of Women and Child Development has launched a few, namely, Women's Helpline, Development of Distance Learning Programme on the Rights of Women, Implementation of Protection of Women from Domestic Violence Act, Relief to and Rehabilitation of Rape Victims albeit with paltry allocations for most of them.
- Two new schemes – Disha programme for women under Department of Science and Technology and Free Cycle for Girl Students of Class IX under Ministry of Minority Affairs have been introduced.
- For most of the existing schemes, the outlays fall far short of those proposed by the Steering Committee on Women's Agency and Empowerment for the 12th Plan. Allocations for schemes such as Priyadarshini, STEP, Hostels for Working Women have registered a marginal increase over the previous year.
- The Summary Statement 2011-12 by the Ministry of Women and Child Development (showing expenditure figures from April 2011 to February 2012) reveals that the expenditure of many schemes is dismal.
- The budget allocation for the Ministry of Women and Child Development (MWCD)has been increased from Rs. 16,100 crore (2011-12 RE) to Rs. 18500 crore (2012-13 BE), an increase of 15 percent at current prices.
- While the role of ASHAs – the backbone of the National Rural Health Mission has been enlarged further, there was no mention by the Finance Minister to regularise their services. In fact, ASHAs will continue to get their remuneration based on activities they perform and targets they are able to achieve.
- The coverage of "Gender Budgeting Statement" in terms of the number of Union Government ministries/ departments reporting in GBS has remained stagnant at 33 for the sixth consecutive year.
- No steps have been taken to review the format of GBS.
- The total magnitude of the Gender Budget has declined from 6.2 percent (2010-11 BE) to 5.8 percent (2011-12 RE). Further, there is marginal increase of 0.1 percent in 2012-13 over the previous year.

This year, we celebrate the 101st International Women's Day. However discrimination against women and girls continues to be a devastating reality in the country. The recent spate of crimes against women in different parts of the country, the alarming child sex ratio as revealed by the latest census results and women's extremely low work participation rate as revealed by the National Sample Survey (NSS) among several others are serious cause for concern.

Gender Budgeting was introduced by the government in order to ensure that policy commitments are backed by financial outlays and that the gender perspective is incorporated in all stages of a policy or a programme. The first attempt of the government to ensure a definite flow of funds to women was the introduction of a Women's Component Plan (WCP) in the 9th Five Year Plan whereby all Ministries/Departments were directed to ensure at least 33 percent funds for women. However, recognising the sluggish performance of WCP across sectors, the practice was discontinued in 2010-11.

The Union Government institutionalised Gender Budgeting by introducing a Gender Budget Statement in 2005-06. The GBS captures the total quantum of resources earmarked for women in a financial year. The information is presented in two parts – Part A reflects those schemes in which 100 percent funds are meant for women and girls and Part B enlists those with at least 30

Table 8.a. Status of Women: Select Indicators

Indicator	Present Scenario
Child Sex Ratio (0-6 years)	927 in 2001 914 in 2011
Incidence of Anaemia	• Among Pregnant Women: Risen from 49.7 % to 57.9% during 1998-99 to 2005-06· Among Ever-married Women: Risen from 51.8% to 56.2% during the same period • Women whose Body Mass Index is below normal: 19.8% (Urban) and 38.8% (Rural)
Maternal Mortality Ratio	254 in 2004-06 212 in 2007-09[1]
Infant Mortality Rate	52[2]
Gender Differentials in Education	Gender Differential in effective literacy rate: 16.68% Drop Out Rates for Girls[3]: Classes I-V: 24.82% Classes I-VIII: 41.43% Classes I-IX: 57.29%
Female Work Participation Rate	Worker Participation Rate[4]: Rural Males: 55% Rural Females: 26% Urban Males: 54% Urban Females: 14%
Women's Representation in Parliament	9.1% in 2004 11% in 2011
Violence against Women	2.13 lakh incidents of crimes against women reported in 2011-12 - an increase of 4.8% over the previous year. Conviction rate remains grossly low.

[1]Sample Registration System, Registrar General of India, 2009-10
[2]Ibid
[3]NSS 64th Round
[4]NSS 66th Round, 2009-10

percent but not the entire amount of funds earmarked for women and girls. While the concept of Gender Budgeting in India is relatively new, it is still important to take stock of the developments so far with regard to the scope and format of the GBS.

Table 8.a. shows that the total magnitude of Gender Budget has increased marginally from 5.8 percent in 2011-12 (RE) to 5.9 percent in 2012-13 (BE). Infact, if the Budget Estimate figures of 2011-12 are compared with the Revised Estimate figures, the magnitude of the Gender Budget shows a decline from 6.2 percent to 5.8 percent. There have been some new schemes launched by MWCD this year; however, these do not get reflected in the GBS.

The ministries/departments reporting in the GBS has gone up from 10 in the first year (2005-06), but has remained at 33 for the sixth consecutive year. Although the Ministry of New and Renewable Energy is a new addition this year, simultaneous absence of the Department of Posts has led to no effect in the total number of ministries/departments reporting in the GB Statement.

Moreover, the format of the GBS has not undergone any significant change since its inception. Some corrections have been made in it over the past few years but many issues persist. The assumptions behind reporting allocations under Part B of the GBS remain questionable. Except for the Department of Rural Development and a few other ministries where there are either clear policy guidelines to ensure benefits to women or gender disaggregated data, in most other cases, the assumptions behind reporting funds in Part B of the GBS remain unclear. There are Union Ministries such as the Ministry of Minority Affairs, Ministry of Earth Sciences, Ministry of Panchayati Raj and Ministry of Labour and Employment that continue to report 100 percent of their allocations in Part B. This is incorrect since Part B of the Statement enlists schemes with 30–99 percent provisions meant for women and girls. Even in Part A, the problem of misreporting persists. For instance, *Indira Awas Yojana* continues to figure in Part A, despite the fact that 100 percent of its allocations do not benefit women. Furthermore, many important sectors such as food, finance and water supply remain out of the purview of the GBS.

Table 8.b: Summary of the Allocations for Women as Presented in the Gender Budget Statement

	No. of Demands*	Total Allocations under Part A of the Statement** (in Rs. Crore)	Total Allocations under Part B of the Statement*** (in Rs. Crore)	Total magnitude of Gender Budget (in Rs. Crore)
2007-08 (RE)	33	8,428.66	13,919.43	22,348.09 (3.3%)
2008-09 (RE)	33	14,875.15	34,748.20	49,623.35 (5.5%)
2009-10 (RE)	33	15,480.85	40,813.27	56,294.22 (5.5%)
2010-11 (RE)	33	18473. 30	48601.38	67074.68 (5.5%)
2011-12 (RE)	33	20496.57	56449.52	76946.09 (5.8%)
2012-13 (BE)	**33**	**22968.93**	**65173.87**	**88142.8 (5.9%)**

Notes: *Those that report in the Gender Budgeting Statement.
** Part A presents women specific provisions where 100percent provisions are for women.
***Part B presents women specific provisions under schemes with at least 30percent provisions for women.
**** Proportion of total Union Government Expenditure, shown in brackets.
Source: Gender Budgeting Statement, Expenditure Budget Vol. I, Union Budget - various years

The following steps need to be taken to deepen this exercise:

- The scope of the GBS should be expanded to cover all Union Ministries/Departments (Those ministries/departments which do not have any scheme/intervention with funds earmarked for women should report a nil statement to the Finance Ministry).
- Total budget outlay for each of the schemes/interventions mentioned in the GBS should also be reflected. This will help clarify the proportion of funds in various schemes/interventions, which according to the ministries/departments are earmarked for women.
- The GBS should also include a note explaining the available information on the proportion of women beneficiaries in various schemes or the assumptions being made in this regard by the ministries/departments.
- The GBS in 2012-13, apart from presenting figures for 2011-12 (RE) and 2012-13 (BE), should also present the figures for 2010-11 (Actuals).
- Although several of the Union Government schemes are being reported in the GBS, only few seem to have been designed taking into account the gender-based disadvantages of women of the country. Hence, there is a pressing need to make the objectives, operational guidelines, financial norms and unit costs of the existing schemes across various ministries/ departments more gender responsive.
- It may be difficult for some of the ministries/departments to report any funds or benefits earmarked for women in their existing schemes/interventions. However, in the case of each of these so-called "indivisible sectors", it is imperative to formulate new schemes/interventions focusing on women.

Reviewing the public expenditure profile of the Union Ministries/Departments although important, is only a first step in ensuring that budgets and policies are gender responsive. Various Union Departments have introduced interventions that are noteworthy in this regard.

Department of Agriculture and Cooperation, Government of India

The GB Cell of the Department of Agriculture and Cooperation has taken several progressive measures across programmes and schemes to make them more gender responsive by:

- Ensuring representation of women in the management committees such as decision making bodies (Agriculture Technology Management Agency at the Block level and District level) set up in the scheme, "Support to State Extension Programmes for Extension Reforms"
- Developing programmes oriented to women's needs such as special programmes produced and broadcast by Doordarshan and AIR in the scheme, "Mass Media Support to Agricultural Extension".
- Reserving certain proportion of benefits for women as has been done in the case of "Integrated Nutrient Management", where 25 percent seats have been reserved for women farmers in organic farming.
- Relaxing provisions for women as in the case of "Technology Mission on Oilseeds and Pulses" in which assistance provided to women farmers for drip irrigation component is 50 percent of the cost as compared to 35 percent in case of other groups.
- Imparting training to women as has been done in the case of "Establishment of Agri Clinic and Agri Business" in which, as per the Annual Report 2010-11 of the Department of Agriculture and Cooperation, 1426 women have been trained and 296 have set up their ventures.

Also, in an attempt to collect sex-disaggregated data across programmes and schemes, specific formats have been developed to indicate the number of men and women benefitted through a scheme, although this has been done only for beneficiary-oriented schemes.

Department of Science & Technology, Government of India

The Gender Budgeting Cell (GB Cell) of the Department has adopted unique interventions to approach gender inequalities that exist in the sector. All these interventions are exclusively for women and clubbed under a component called 'Women Component Plan' which is reported in Part A of Statement 20 (i.e., the GBS). In Union Budget 2012-13, the total allocations for Women Component Plan are Rs. 40 crore.

Under this WCP, the Department is implementing an umbrella scheme, "Science and Technology for women". This scheme is aimed at involving institutions such as scientific institutions/colleges/NGOs to develop technology packages suitable to women's needs. In addition to developing appropriate technology packages for women, there are several other important initiatives that have been taken:

- In order to improve to the status of menstrual hygiene of women belonging to economically weaker sections of society, low-cost sanitary napkins have been developed. In addition, poor women have been trained to take this up as a self-sustaining activity. Specialised low-cost napkins are being developed for construction women workers, school going girls.
- Scholarship schemes: Among several scholarship schemes, the Women Scientist Scheme-A was initiated in 2002 for promoting research among women in basic and applied sciences. The scheme is relevant and useful since it helps those women scientists and technologists who had to discontinue their studies due to domestic/social compulsions.

The Department has initiated a new scheme, "Disha Programme for Women in Science" this year to facilitate the mobility of women scientists. It aims to avoid or reduce difficulties faced by employed women mid-career in moving from one place of employment to another within India due to family reasons.

Department of Telecommunications, Government of India

Department of Telecommunications constituted a GB Cell in 2006 which was reconstituted in 2010. The website of the Department gives details of some of the initiatives that have been taken. The Universal Service Obligation Fund (USOF) of India has recently initiated a scheme called "Sanchar Shakti". It is a pilot scheme aimed at empowering women through Information, Communication and Technology (ICT). Under the scheme, women SHGs will be provided a discounted bundle of mobile services – connectivity and Value Added Services (VAS). VAS would include services related to women's health, well-being and education, banking and financial services, market information and skills. In addition, the scheme also proposes to provide rural women SHGs the means of livelihood such as mobile set/modem repair centres and SHG-run solar-based mobile charging facilities.

The other two initiatives that the USOF has taken are providing broadband connections to women SHGs in rural and remote areas and subsidy on Broadband Enabled Rural Public Service Terminals (RPST) to women SHGs. Memoranda of Understanding (MoUs) have been signed with BSNL for this purpose. Both these initiatives are being implemented on pilot basis.

What these examples clearly indicate is that in order to make policies responsive to the needs of women and girls, the very first step is to recognise the gender-based disadvantages faced by them and design the programmes accordingly. Further, women belonging to disadvantaged groups such as tribal women, single women, *dalit* women, Muslim women or disabled women face specific disadvantages, for which special policy measures are needed.

Table 8.c. Specific Gender-Based Disadvantages Confronting Women and Girls

Sectors	Specific Gender-based Disadvantages
School Education	Girl children do not enter schools or drop out very early due to them lending support to family, safety concerns, unsanitary school environment, migration of men leaving women-headed households
Health	Female infanticide due to male preference in society; Socialisation of women to eat least and last in family leads to lifelong anaemic conditions; Pregnant women 4 times more likely to contract malaria
Water & Sanitation	Less available drinking water means women expend more effort to collect, store, protect and distribute it; Poor sanitation relates to sexual health & safety concerns
Post-Disaster Relief Operations	Women are 14 times more likely to die than men during disasters; loss of shelter usually leads to domestic & sexual violence; unsecure access to/control over natural resources impact women in multiple ways
Labour & Employment	Women's limited access to higher education, training, employment opportunities; conventional employment patterns. There is an urgent need to address unemployment of women on a priority basis. Also, special measures need to be adopted to support women's participation in the economy.
Multiple Disadvantages faced by Women from Disadvantaged Sections of the Community	
SC and ST Women	The special package of social security and nutritional support for tribal and *dalit* women in TSP and SCSP needs to include special support for girl child in these communities and residential schools for them. Women forest produce collectors should be protected by providing a minimum support price for all minor forest produce. Allocations should be made for technical support to assist women to process minor forest produce at the local level, and market access should be facilitated by the state to ensure that women collectors are not exploited by middle men.
Minority Women	Access to quality healthcare and education remain a constraint for minority women, especially Muslim women. A special sub plan with focus on women's health and education should be formulated.
Differently-abled Women	This is one of the most invisible and neglected groups of women whose access to nutrition, health, education and employment are almost non-existent. The concerns of disabled women as a distinct group should be mainstreamed in all programmes and schemes in general, and special efforts should be made to incorporate their concerns in all schemes for women and children.

Schemes for Women in Union Budget 2012-13

The Ministry of Women and Child Development is responsible for implementing a range of schemes for women and different groups of women. The Steering Committee on Women's Agency and Empowerment for the 12th Plan reviewed the existing interventions and gave important recommendations. Since 2012-13 marks the first year of the 12th Plan, it is crucial to look at the allocations made this year for the existing interventions.

Table 8.d. Outlays in 2012-13 for the Existing Interventions (Figures in Rs. Crore)

	Proposed Funds for 12th Five Year Plan	Proposed Allocation for one year	Allocation made in Union Budget 2012-13
Hostels for Working Women	100	20	9
Support to Training & Employment of Women	260	52	17.5
Central Social Welfare Board	1000	200	56.85
National Commission for Women	90.22	18.044	14.03
Swayamsidha-Phase II	1700	340	0
Swadhar	675	135	90
Ujjwala	50	10	10.8
Priyadarshini	140	28	15
National Mission for Empowerment of Women	655	131	22.5
Rashtriya Mahila Kosh	400	80	90
Swayamsidha	1700	340	0

Source: Steering Committee Report on Women's Agency and Empowerment and Expenditure Budget Volume II, 2012-13
Note: Allocations for schemes do not include lumpsum provision for North East region.

Table 8.d. shows that for most of the existing schemes, the outlays fall far short of those proposed by the Steering Committee on Women's Agency and Empowerment for the 12th Plan. Allocations for schemes such as Priyadarshini, STEP, Hostels for Working Women have registered a marginal increase over the previous year. Further, no funds have been allocated for Swayamsidha which was supposedly the main vehicle of women's empowerment in the 11th Plan. In fact, the Steering Committee proposed to expand the coverage of the scheme in all blocks of the country with an allocation of Rs. 1,700 crore in the 12th Plan.

Table 8.e.Outlays in 2012-13 for New Interventions

	Proposed Funds for 12th Five Year Plan	Proposed Allocation for one year	Allocation made in Union Budget 2012-13
Strengthening of implementation of laws	450	90	0
Setting up One Stop Crisis Centres	150	30	5
24 hour National Women's Helpline	60	12	2
Compensation to Rape Victims	1300	260	19
Distance Learning Programme on Rights of Women	0.5	0.1	0.1
Media Plan	500	100	0
Scheme for coaching classes to increase representation of women in Central govt. jobs	15	3	0
Implementation of Protection of Women from Domestic Violence Act (PWDVA)	450	90	20
Support for Gender Training	5	1	0

Source: Steering Committee Report on Women's Agency and Empowerment and Expenditure Budget Volume II, 2012-13
Note: Allocations for schemes do not include lumpsum provision for North East region.

In addition to improving and expanding the scope of the existing interventions, the Steering Committee proposed a range of significant interventions to be introduced in the 12th Plan. While some schemes/interventions such as One Stop Crisis Centre, Women's Helpline,Compensation to Rape Victims, Implementation of PWDVA and Distance Learning Programme on Rights of Women did see the light of the day, a majority of them have been provided paltry allocations this year, as the table indicates. Further, although both Swadhar and Short Stay Homes have been merged into a new scheme "Swadhar Greh", the allocation for the scheme in Union Budget 2012-13 is a meagre Rs. 100 crore. This would be grossly insufficient to set up Swadhar homes across all districts of the country and meet the multiple needs of women in distress.

In many cases, the quantum of funds allocated for various schemes in the five years of the 11th Plan (2007 to 2011) were not equal to the outlay proposed for them in the beginning of the Plan.

Table 8.f. 11th Five Year Plan Recommended Outlay vis-à-vis Union Budget Allocations

Name of Plan Scheme / Programme	Proposed Outlay for 11th Plan in Rs. Crore [at Current Prices]	Outlay for 11th Plan (in Rs.Crore)					Total Outlay Made in the Five Years (in Rs. Crore)	% Allocation Against Proposed Outlay
		2007-08 (RE)	2008-09 (RE)	2009-10 (RE)	2010-11 (RE)	2011-12 (RE)		
Swayamsidha	500	25	50.08	.05	0	0.3	75.43	15
Rashtriya Mahila Kosh	108	12	31	16	0	100	159	147.2
Gender Budgeting	20	1	1.3	.05	1	1	4.35	21.8
Conditional Cash Transfer for girl child with insurance cover	80	0	10	5	10	5		
Comprehensive scheme for combating trafficking of women and children *(Ujjwala)*	30	5	6	5	7	10	33	110
Support to Training and Employment Programme for Women (STEP)	100	20	27	15	25	11.5	98.5	98.5
Hostels for Working Women	75	5	11	10	15	4.9	45.9	61.2
Priyadarshini	95	10	23	1.22	29.79	15.1	79.11	83.3
Swadhar	108	15	15	15	34.2	30	109.2	101.1
Relief and Rehabilitation of Rape Victims	25	1	5	.01	10	45.5	61.5	246
Rajiv Gandhi National Crèche Scheme	550	100	50.94	50.3	35	42.5	278.74	50.7

Source: Expenditure Budget Vol-II, Various Years, Government of India and Appendix Eleventh Five Year Plan (2007-2012)

Assessment of Expenditure of Major Schemes Meant for Women

It is also important to see whether the interventions for women were effectively implemented in 2011-12. Table 8.g. paints a dismal picture as far as expenditure of major schemes for women is concerned. In most of the schemes meant for women, the percentage expenditure over the Revised Estimate figures was very low. Barring Indira Gandhi Matritva Sahyog Yojana (IGMSY), barely one scheme crossed the 50 percent mark.

A regressive practice that is being followed by the government is the reliance on underpaid labour of Women. Most of the government's flagship schemes have women frontline service providers and invariably they are grossly underpaid and extremely overburdened. Even in this year's budget, while the burden of ASHA workers under NRHM has been further increased, there was no mention by the Finance Minister about regularising their services. Infact, he mentioned that with increased work responsibilities, ASHAs are likely to get a higher honorarium based on the activities they perform and targets they are able to achieve.

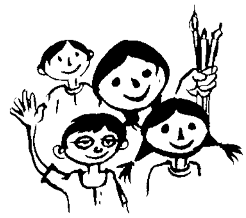
Table 8.g: Expenditure of Some Schemes meant for Women

Scheme	2011-12 RE (in Rs. Crore)	Expenditure Upto 29/02/2012 (in Rs. Crore)	Percentage of Expenditure over RE
Conditional Cash Transfer Scheme for the Girl Child with Insurance Cover	5	0	0
Hostels for Working Women	4.9	0.4	8.14
STEP	11.5	1.2	10.47
Rashtriya Mahila Kosh	100	0	0
Swayamsiddha	0.3	0	0
Ujjwala	10	5,29	52.89
Gender Budgeting	1	0.29	29.21
Swadhar	30	12.05	40.17
Relief to and rehabilitation of Rape Victims	45.5	0	0
Priyadarshini	15.1	0.16	1.04
Indira Gandhi Matritva Sahayog Yojana	403	289.54	71.85

Source: Summary Statement of Expenditure, Ministry of Women and Child Development. Available at www.wcd.nic.in

To ensure women's empowerment in the true sense, it is imperative that their capabilities and choices are enhanced. The Department of Science and Technology, traditionally perceived as not "women related", has launched several interventions exclusively targeting women in order to promote their participation in technical fields. Likewise, other ministries and departments too will have to think innovatively and design interventions in ways that enhance strategic life choices for women in a significant manner.

Response to Union Budget 2012-13



- The Union Government's total allocation earmarked for children has registered a small increase from 4.6 percent of the total Union Budget in 2011-12 (RE) to 4.8 percent in 2012-13 (Budget Estimates).
- Within the 'Child Budget' (i.e., the total allocation for all child-specific schemes) in 2012-13 (BE), which stands at Rs.71028.11 crore, the share of Child Education is 72 percent, the share of Child Development 23 percent, interventions in Child Health account for 4 percent and those pertaining to Child Protection account for 1 percent.
- A multi-sectoral programme to address maternal and child malnutrition in 200 selected high burden districts would be rolled out during 2012-13.
- It has allocated Rs.15,850 crore or Integrated Child Development Services (ICDS), representing an increase of 12.8 percent over the Rs.14,048 crore in 2011-12 (Revised Estimates). This is way below the target average annual amount of Rs.36,600 crore recommended by the Working Group on Child Rights for the 12th Five Year Plan for ICDS (the working group recommends Rs. 183,000 crore over the entire plan period).
- The Integrated Child Protection Scheme's (ICPS) allocation has been raised to Rs. 400 crore this year from Rs 213 crore in 2011-12 (RE). However, this still falls short of the target average annual amount of Rs 1,060 crore recommended by the 12th Plan Working Group on Child Rights for ICDS (which recommends Rs. 5,300 crore over the entire plan period).
- A total of Rs. 11,937 crore has been allocated for the national programme of Mid-Day Meal in schools.
- An allocation of 750 crore has been proposed for the Rajiv Gandhi Scheme for Empowerment of Adolescent Girls or SABLA. The Working Group recommended an average annual amount of Rs. 6,400 crore.

Irrespective of being a signatory to the UN Convention on the Rights of the Children (CRC 1992), which safeguards the rights of children regardless of vulnerabilities of their class, caste, religion, ethnicity, regional and gender status, India is still far behind even many developing countries in various development indicators related to children. Further, the country is also trailing in terms of achieving the targets set in the Millennium Development Goals. Table 9.a depicts brief snapshots of the severity of various development deficits regarding children.

"*More Inclusive Growth begins with Children*" was the recommended vision of the Working Group on Child Rights for the 12th Five Year Plan (2012-2017). The working group also recommended that the 12th Plan represent a new "child rights paradigm" that "mandates the fulfillment of children's rights to survival, development, protection and participation, as the foundation of human development and the driver of more inclusive and sustainable growth". Against the background of the first budget of the 12th Plan, it is pertinent to ask: "What is the commitment of the current government towards achieving this vision?"

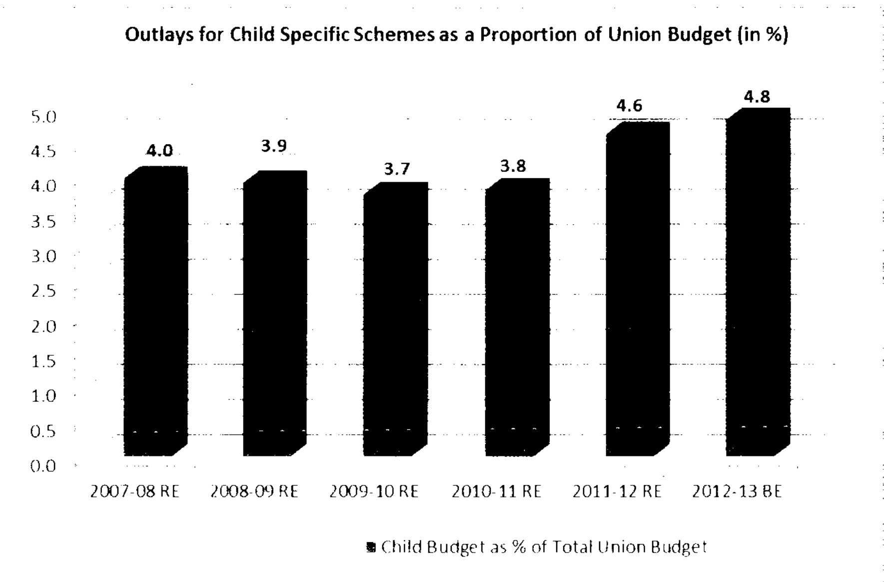
Table 9.a. Children in India: Status at a Glance

Child sex ratio (2011 Census)	914
Infant Mortality Rate (IMR) Per 1000 Live Births	47
Anaemia (NFHS-3, 2005-06)	69.5% children (6-59 months) 55.8% in girls (15-19 years) 55.3% women (15-49 years)
Underweight (NFHS-3, 2005-06)	42.5% children under 5 years 35.6% of women in the age group of 15-49 years are Chronic Energy Deficient(*measured as Body Mass Index [Wt. (Kg)/Ht. (m2)]
Low Birth Weight (NFHS-3, 2005-06)	Nearly 22% newly born children have Low Birth Weight (LBW) i.e. below 2.5 kg.
Child Immunization	54 % children received full immunisation. 86.7 % of Children received BCG. 63.4 % of (DLHS Survey-3, 2007-08) Children received 3 doses of DPT. 65.6 % of Children received Oral Polio vaccine. 69.1 % of Children received Measles vaccine.
Vitamin A (DLHS Survey-3, 2007-08)	54.5 % of Children (9 months & above) received at least 1 dose of Vitamin-A supplement.
Initiation of breast feeding (DLHS Survey-3, 2007-08)	40.5% Children Breast fed with in 1 hour of birth.
Child Labour in Hazardous Occupations [Report of the Working Group on Child Rights (2012-2017)]	1219470 (5-14 years)

Resources Earmarked for Children (Child Budget) in Union Budget 2012-13:

The magnitude of the 'Child Budget' (i.e., the aggregate outlay for child specific schemes) stands at Rs. 71,028.11 crore in 2012-13 (BE). The 'Child Budget' as a proportion of total budget outlay by the Union Government shows a slight upturn from 4.6 percent in 2011-12 (RE) to 4.8 percent in 2012-13 (BE).

Figure 9.a: Outlays for Child Specific Schemes as a Proportion of Union Budget



Source: Compiled from Expenditure Budget Vol. I. Union Budget, GoI, various years.

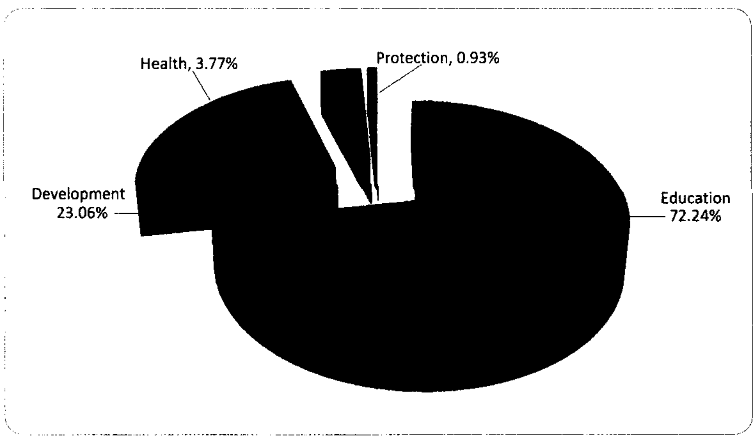
With only a 0.2 percent increase in the outlays for child specific schemes as a proportion of the Union Budget, it is evident that there is no political commitment towards fulfilling the rights of children (all persons up to the age of 18 years) who constitute 42 percent of the population of the country. With the poor status of children in India (as highlighted in Table 9.a), an allocation of 4.8 percent of the Union Budget is grossly inadequate for addressing the various needs of children. This is also a clear indication of the low priority being given towards children in the country.

Sector-wise Prioritisation of the Child Budget:

Taking into account the different needs of children, all child-focused programmes and schemes of the Union Government can be categorised into four sectors. These are:

- Child Development (interventions for early childhood care and nutrition);
- Child Health (interventions for child survival and health);
- Child Education (education related interventions up to secondary level); and
- Child Protection (government interventions for protection of children in various kinds of difficult circumstances).

Figure 9.b: Sector-wise Composition of the Total Outlay for Children



The sector-wise prioritisation of the Child Budget continues to be highly skewed in favour of Child Education and Child Development, whereas Child Health and Child Protection are neglected. Out of the total resources earmarked for children in Union Budget 2011-12 (BE):

- Around 72 percent (76.4 percent in 2011-12 BE) is meant for Child Education (which includes funds for Sarva Shiksha Abhiyan (SSA), Mid-Day Meal Scheme, Rashtriya Madhyamik Shiksha Abhiyan, Kendriya Vidyalayas, Navodaya Vidyalayas etc.)
- 23 percent (18.6 percent in 2011-12 BE) for Child Development (which includes funds for schemes like ICDS, National Crèche Scheme etc.)
- 3.8 percent (3.6 percent in 2011-12 BE) for Child Health (which includes funds for schemes like Immunisation Programmes, RCH programme, Children's Hospital etc.)
- 0.93 percent (1.3 percent in 2011-12 BE) is meant for Child Protection (which includes ICPS among others).

Comparing this sector-wise prioritisation to the previous fiscal year points to a mere redistribution in resource allocation rather than any focused, committed intervention.

A multi-sectoral programme to address maternal and child malnutrition in 200 selected high burden districts is being rolled out during 2012-13. But the allocation for ICDS sees a mere 12.8 percent increase to Rs. 15,850 crore over last year. This is far short of the target average annual amount of Rs 36,600 crore recommended by the 12th Plan Working Group on Child Rights for ICDS (which recommends Rs. 183,000 crore over the entire plan period). It is unfortunate that even with over 40 percent of children in the country being underweight, there is still no commitment towards universalisation of ICDS. CBGA had estimated (on the basis of the norms and guidelines of ICDS) that Rs. 87,750 crore is required in the Union Budget 2012-13 to universalise ICDS.

An allocation of Rs. 750 crore has also been proposed for the Rajiv Gandhi Scheme for Empowerment of Adolescent Girls or SABLA. This figure again does not come close to the recommendation of the working group which recommends an average annual amount of Rs. 6,400 crore.

The ICPS allocation has been hiked this year to Rs. 400 crore from Rs 213 crore in 2011-12 (RE) but this outlay is still short of the target average annual amount of Rs 1,060 crore recommended by the Planning Commission's working group for ICDS (which recommends Rs. 5,300 crore over the entire plan period).

Projected Financial Requirements during 12th Plan Period for Children

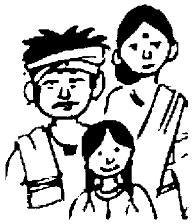
Table 9.b: Outlays Recommended* for 12th Plan vs. Union Budget allocations made in 2012-13 BE

Programmes	12th Plan Working Group recommendation Amount (in Rs. Crore) [average per annum]	Union Budget Allocation 2012-13 (BE)(in Rs. Crore)
Integrated Child Development Services (ICDS)	36600	15850
Integrated Child Protection Services (ICPS)	1060	400
Rajiv Gandhi National Crèche Scheme for the Children of Working Mothers	384	110
Rajiv Gandhi Scheme for Empowerment of Adolescent Girls (SABLA)	6400	750

*by Planning Commission Working Group on Child Rights

Source: 12th Plan Working Group on Child Rights, Planning Commission, Govt. of India

It is evident from Table 9.b that allocation in Union Budget 2012-13 for some of the key programmes for the welfare of children are far below the amount recommended by the Planning Commission's working group. Although the 12th Plan Approach Paper states that *"the 12th Plan must make children an urgent priority"*, the first budget of the new Plan period shows a lack of will realising this vision.



- As per Statement 21 (in Expenditure Budget Vol. I) of Union Budget 2012-13, the government's allocation under the Scheduled Caste Sub Plan (SCSP) has increased to Rs.37,113.03 crore from Rs.31434.46 crore in 2011-12 (Budget Estimates).
- Of the 105 Demands for Grants made from the Union Government, only 25 have allocated funds under SCSP in the budget. Of the remaining 80, as many as 43 Ministries and Departments have attributed their inability to do so on the grounds of "indivisibility" of their programmes and schemes.
- Statement 21 provides allocations earmarked for Scheduled Castes (SCs) but does not report actual spending on the *dalits*.
- From this year's budget, the segregation of schemes in terms of 100 percent and at least 20 percent of funds for the welfare of SCs has been done away.
- The new Ministries/Departments of Power allocating funds for the welfare of SCs have begun reporting in Statement 21 while the Department of Biotechnology and the Union Territories of Chandigarh and Daman & Diu have discontinued the allocation.
- The Union Government has not ensured that the Plan allocation earmarked for SCs is at least 16 percent of its Plan Budget, as is required under SCSP guidelines. The allocation made under SCSP in 2012-13 (BE) is 9.4 percent of the Plan Budget for the Union Ministries.
- Under the funds earmarked for SCSP, a large chunk is meant for essential services and employment generation programmes, with no emphasis on providing funds for long-term development and empowerment of the *dalits*.

SCs or *dalits* have historically been disadvantaged and vulnerable, being at the lower rung of the caste system and suffering the dual discrimination of economic exploitation and social exclusion for thousands of years. As per the Census 2001 report, they constitute a sizeable 16.23 percent of India's population. Considering their socio-economic exclusion from mainstream society, all the five-year plans since 1951 have tried to focus on the development of SCs while the Central and several State governments have introduced development schemes especially for *dalits*. But despite the policy initiatives over the past 60 years, the development outcomes for the bulk of SCs has at best been limited (Table 10.a).

The Draft Approach Paper (DAP) to the 12th Five Year Plan has identified a number of deficiencies in the development of SCs and raised concerns over the weaknesses in the process of implementation of policies and programmes meant for these communities. It talks about devising a new system in the 12th Plan to overcome the past difficulties experienced in the Special Component Plan (SCP) for SCs. However, the DAP has not given any specific suggestion on how to overcome the problems, inherent in the sub plans for over 30 years now. There remain critical bottlenecks in the implementation of the plan strategies of SCSP. The strategies for SCSP requires the Central government to ensure that of the total Plan budget, at least 16 percent in the Union and State Budgets is earmarked for the development of SCs and at least 8 percent for that of Scheduled Tribes (STs).

Table 10.a. Differences in Development Indicators between SCs and other Social Groups

Indicators	SCs	All Groups
Literacy (%)	63.5	72
Malnutrition among Women (BMI<18.5) (%)	41.2	33
Underweight Children (%)	47.9	39.1
Pucca Housing (%)	38.3	66.1
Toilet Facility (%)	65	49.2
Electricity for Domestic use (%)	61.2	75
IMR (per 1000 live birth)	66.4	50
U5MR (per 1000 live birth)	88.1	74.3
Total Fertility Rate	2.92	2.6
Child Immunisation (%)	39.7	43.5
Incidence of Poverty (Rural)	20.6	14.9
Incidence of Poverty (Urban)	25.3	14.5

Source: India – Human Development Report 2011: Towards Social Inclusion, Institute of Applied Manpower Research, Planning Commission, GOI
Note: Incidence of poverty counted on Mixed Reference Period (MRP) in 2007-08 is higher among SCs and STs; poverty ratio was calculated from NSS Database, 64th Round Consumer Expenditure Survey
Note: Social groups include SC, ST and Muslims

Assessment of Fund Allocation up to Union Budget 2010-11

In the Budget Statements for SCs and STs up to the financial year 2010-11, funds for SCs and STs was segregated on the basis of their proportion in the population, which was approximately two-thirds for SCs and one-third for STs. Table 10.b presents the Ministries/ Departments that have allocated funds under SCSP and the quantum of funds allocated. It shows that allocation of funds under SCSP increased gradually over the years up to 2007-08 (Revised Estimates), after which it declined in the next two budgets. It crossed the halfway mark of the SCSP norm of 16 percent only once in 2007-08 (RE). it is therefore clear that the allocation under SCSP has not achieved even half of what was promised by the Planning Commission 30 years ago.

Box 10.a. Key Recommendations of Narendra Jadhav Task Force, 2010

- No obligation for 43 ministries / departments to implement SCSP and for 40 ministries / departments to implement Tribal Sub Plan (TSP).
- Provide Plan allocation for SCs and STs in proportion to their population.
- Show earmarked allocations for SCs and STs in Minor heads 789 and 796 respectively from 2011-12 budget

Table 10.b. Plan Allocation Earmarked for SCs up to Union Budget 2009-10

	2004-05 RE	2005-06 RE	2006-07 RE	2007-08 RE	2008-09 RE	2009-10 RE
A. Total Plan Allocation earmarked for SCs (in Rs. Crore)	3611.2	6578.6	8473.9	12367.8	14727.0	14623.5
B. Total Plan Allocation of Union Govt. (excluding Central Assistance to State & UT Plans) (in Rs. Crore)	85061	109900	129804	152313	208252	233919
A as % of B	**4.25**	**5.99**	**6.53**	**8.12**	**7.07**	**6.25**

Note: * The Union Budget documents do not segregate the total allocations earmarked for SCs/STs further to show allocations separately for SCs and STs in these Ministries/Departments. Taking the proportion of SCs and STs in the total population of the country (i.e., 16.2 percent for SCs and 8.2 percent for STs as per Census 2001), out of the total funds earmarked for SCs and STs together, it is assumed here that roughly two-thirds would be spent for SCs and one-third for STs.
Source: Compiled from Expenditure Budget Vol. I and Vol. II, Union Budget (various years)

Table 10.c looks at the implementation of SCSP with regard to Union Budget outlays for SCs. As per the provision of SCSP, all Ministries/Departments have to allocate plan funds in proportion to the SC population in the total plan fund. Analysis of Union Budget 2012-13 reveals that of the 105 Union Ministries and Departments, only 25 have allocated funds under SCSP. The rest have been kept outside the purview of SCSP on the grounds of their engagement in regulation, policy making, involvement in scientific research, and implementing infrastructure projects where benefits for SCs are not quantifiable.

Table 10.c. Assessment of Fund Allocation through Statement 21 in Union Budget 2012-13

(in Rs. Crore)

S. No.	Dept./Ministry	2010-11 RE	2011-12 RE	2012-13 BE
1	Ministry of Agriculture and Cooperation	272.5	1401.98	1780.8
2	Department of Animal Husbandry, Dairying and Fisheries	0	160.11	309
3	Department of Commerce	0	90	94
4	Department of Industrial Policy & Promotion	30.73	30.01	12
5	Department of Information Technology	53.2	45.08	60
6	Ministry of Environment & Forest	0	51	53.46
7	Department of Health & Family Welfare	2163	3137.61	4123.3
8	Department of AYUSH	0	32.5	49.5
9	Department of AIDS Control	0	228	258.4
10	Ministry of Housing & Urban Poverty Alleviation	0	234.91	259.87
11	Department of School Education & Literacy	5509.38	7791.4	9193.8
12	Department of Higher Education	1242.59	1922.85	2318.7
13	Ministry of Labour & Employment	5.84	210.6	400.14
14	Ministry of Micro, Small & Medium Enterprises	276.26	186.09	204
15	Ministry of New and Renewable Energy	0	42	48.5
16	Ministry of Panchayati Raj	11	14.01	34.42
17	Ministry of Power	0	502.23	800
18	Department of Rural Development	7492	4375.06	4942.13
19	Department of Land Resources	0	279.75	518.48
20	Department of Drinking Water & Sanitation	0	2200	3080
21	Department of Science & Technology	3	31.52	61.93
22	Ministry of Social Justice & Empowerment	3413.93	4019.1	4300
23	Ministry of Textiles	139.2	265.16	350
24	Ministry of Women and Child Development	2349	2530	3700
25	Ministry of Youth Affairs and Sports	177.09	136.55	160.6
26	Department of Biotechnology	3.5	0	0
27	UTs of Chandigarh and Daman & Diu	10.97	0	0
	Total Allocation	**23153.19**	**29917.52**	**37113.03**

Source: Statement 21 from Union Budget 2011-12 &2012-13

Table 10.d depicts allocations earmarked for SCs in Union Budget 2012-13. The recommended percentage of allocation for SCSP has not been fulfilled in this budget either. The allocation under SCSP is only 9.49 percent of the total plan allocation, which shows a slight increase from the previous year's budget.

Apart from allocations, an analysis of the designs of a few schemes reveals that beneficiary-oriented schemes have less scope for fund diversion while benefits of infrastructure-related projects are often diverted to other sectors/purposes and non-SC communities. Some changes have recently been made in the scheme designs of two programmes – National Rural Health Mission (NRHM) and Integrated Child Development Services (ICDS) – to cover the needs of SCs. Still, there is a lack of clarity in their guidelines from the point of view of the *dalits*. Also, NRHM and ICDS do not have enough provisions on physical targets in the

Table 10.d. Plan Allocation Earmarked for SCs in Union Budget 2012-13

	2010-11 BE	2011-12 RE	2012-13 BE
A. Total Plan Allocation earmarked for SCs (in Rs. crore)	23,795.61	29,917.52	37,113.03
B. Total Plan Allocation of Union Govt. (excluding Central Assistance to State & UT Plans) (in Rs Crore)	2,98,611.74	3,21,405.4	3,91,027.00
A as % of B	**7.97**	**9.31**	**9.49**

Source: Statement 21 from Union Budget 2011-12&2012-13

guidelines concerning SC beneficiaries. On the other hand, the Jawaharlal Nehru National Urban Renewal Mission (JNNURM) has no policy provision to address the development deficits of SCs in urban areas. Many Departments and Ministries have made notional allocations without exclusive schemes benefitting SCs. The "general sector" schemes should revise their norms and guidelines for creating special provisions and tailor-made projects for the development of SCs.

It is evident from an analysis of Union Budget 2012-13 that the percentage share of allocations for the Scheduled Caste Sub Plan falls short of even the 10 percent mark (at 9.49 percent of the total plan allocation) and way below the recommended allocations by the Narendra Jadhav Task Force set up to review the SCSP and TSP guidelines. Plan allocations for SCs in the Union and State Budgets should be made in proportion to their population. Funds exclusively meant for the welfare of SCs and STs should not be diverted to other purposes/sectors. The line ministries and departments of the Central and state governments that have not allocated the earmarked funds for SCP so far must do so by introducing projects especially geared for them. There are around 43 Union Ministries and Departments which have not allocated funds for SCs and STs owing to their nature of engagement, either as regulator, their primary role of policy making, or being responsible for creating infrastructure. Without corresponding schemes and tailor-made projects, no allocation should be made for SCSP.

- Additional ministries/departments such as Agricultural Research & Education, Coal, Environment and Forests, Mines, Road Transport & Highways have begun to report in Statement 21 A (Statement showing earmarked allocations for Scheduled Tribes) from 2012-13.
- Union Ministries of Civil Aviation and Biotechnology have withdrawn from reporting in Statement 21 A.
- As per Statement 21A, the Union Government's allocation under Tribal Sub Plan (TSP) has increased to Rs. 21710.11 crore in 2012-13 (BE) from Rs. 18466.23 in 2011-12 (BE).
- Allocations under Ministry of Tribal Affairs have increased from Rs 3723.01 crore in 2011-12 (BE) to Rs.4,090 crore in 2012-13 (BE).
- The format of the Statement reporting schemes with earmarked allocations for the development of the Scheduled Tribes (Statement 21A) has been modified, effective from this financial year, i.e.,2012-13,. Till last year, the Statement was bifurcated into two categories – Part A showing schemes that have 100 percent allocations for STs and Part B showing schemes that report 20 percent and above outlays for STs. This has now been merged and there are no categories in the Statement. The ramifications of this change would need to be examined before commenting on this

Scheduled Tribes (STs) are among the most disadvantaged of the socially marginalised groups in the country. The population of STs in India stands at 8.4 crore, which constitutes 8.2 percent of the total population, as per Census 2001. Ever since Independence, the Government of India has adopted various developmental schemes focussing on STs. Despite the policy interventions, the developmental deficits among STs have persisted (Table 11.a) even after six decades of development planning. Most of the

Table 11.a: Development Indicators for STs and other Social Groups

Indicators	STs	All Groups
Literacy (%)	60.5	72
Malnutrition among Women (BMI<18.5) (%)	46.6	33
Underweight Children (%)	54.5	39.1
Pucca Housing (%)	57.9	66.1
Toilet Facility (%)	69.1	49.2
Electricity for Domestic use (%)	66.4	75
IMR (per 1000 live birth)	62.1	50
U5MR (per 1000 live birth)	95.7	74.3
Total Fertility Rate	3.12	2.6
Child Immunisation (%)	5.4	43.5
Incidence of Poverty (Rural)	22.8	14.9
Incidence of Poverty (Urban)	20.6	14.5

Source: India – Human Development Report 2011: Towards Social Inclusion, Institute of Applied Manpower Research, Planning Commission, GOI
Note: Incidence of poverty counted on Mixed Reference Period (MRP) in 2007-08 is higher among SCs and STs , poverty ratio was calculated from NSS Database. 64th Round Consumer Expenditure Survey;Social groups include SC, ST and Muslims

outcome indicators point to the fact that STs have not been included in the growth and development process witnessed in the country over the past three-and-a-half decades since the Tribal Sub Plan (TSP) was introduced.

Assessment of Fund Allocation through Statement 21 up to Union Budget 2010-11

Analysis of Statement 21 from 2004-05 to 2009-10 reveals that out of 108 Union Ministries and Departments, only have 18 allocated funds under TSP. The rest attributed their inability to do so to the problem of indivisibility of funds. Until 2010-11, the fund allocation for Scheduled Castes (SCs) and Scheduled Tribes were segregated in proportion to their percentage in the total population of the country, the assumption being that roughly two-thirds would be spent for SCs and one-third for STs. Table 11.b. shows the ministries/departments allocating funds under TSP and their respective quantum. It depicts the proportion of total Plan Outlay of the Union Government earmarked for STs, which increased during the period 2004-05 (RE) to 2007-08 (RE), but declined during 2008-09 (RE) and 2009-10 (RE). This was inadequate considering the proportion of STs in the total population of the country (roughly 8 percent).

Table 11.b: Plan Allocation Earmarked for STs in the Union Budget up to 2010-11

	2004-05 RE	2005-06 RE	2006-07 RE	2007-08 RE	2008-09 RE	2009-10 RE
A. Total Plan Allocation earmarked for STs (in Rs.Crore)	2382.0	4175.5	5564.9	7447.0	8771.0	8600.6
B. Total Plan Allocation of Union Govt. (excluding Central Assistance to State & UT Plans) (in Rs.Crore)	85,061	1,09,900	1,29,804	1,52,313	2,08,252	2,33,919
A as % of B	**2.8**	**3.8**	**4.29**	**4.89**	**4.21**	**3.67**

Note: *The Union Budget documents were not segregating the total allocations earmarked for SCs/STs further to show allocations separately for SCs and STs in these Ministries/ Departments till 2010-11. We assume here that following the proportion of SCs and STs in total population of the country (i.e. 16.2 percent for SCs and 8.2 percent for STs as in Census 2001), out of the total funds earmarked for SCs and STs together, roughly one-third would be spent for STs.

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

Assessment of Fund Allocation through Statement 21 A

In so far as implementation of TSP is concerned, only 31 out of 105 departments/ministries have allocated funds under the sub-plan (as per the provision of Task Force on TSP, 2010) in Union Budget 2011-12 outlays (Table 11.c.) The Task Force cites the problem of indivisibility of funds as the primary reason for other departments and ministries failing to allocate funds under TSP. This is because these are either regulatory departments or ministries addressing only specific target groups other than STs or are engaged in basic scientific research and implementation of infrastructure projects, the benefits of which are difficult to quantify.

Table 11.c: Assessment of Fund Allocation through Statement 21A in Union Budget 2012-13

(in Rs. Crore)

S. No.	Dept./Ministry	2010-11 RE	2011-12 RE	2012-13 BE
1	Ministry of Agriculture	139.3	692.33	882.59
2	Department of Agricultural Research & Education	0	100.8	116
3	Ministry of Coal	0	27	31
4	Department of Telecommunications	0	5.02	12
5	Department of Information Technology	0	196.2	201
6	Department of Food & Public Distribution	0	1.96	4.06
7	Ministry of Culture	7.4	16.1	17.28
8	Ministry of Environment & Forests	0	15	16
9	Department of Health & Family Welfare	1167	1683.7	2224.41
10	Department of AYUSH	8.21	13	19.8
11	Department of AIDS Control	0	123	139.4
12	Ministry of Housing & Urban Poverty Alleviation	0	25.06	27.72
13	Department of School Education & Literacy	3441.06	4168.4	4918.68
14	Department of Higher Education	621.29	961.33	1159.35
15	Ministry of Labour and Employment	0	106.6	202.54
16	Ministry of Micro, Small & Medium Enterprises	147.32	133.96	139.48
17	Ministry of Mines	0	8.12	8.72
18	Ministry of Panchayati Raj	11	7.08	17.44
19	Ministry of Road Transport & Highways	0	375	500
20	Ministry of Rural Development	0	3081.94	3460.37
21	Department of Land Resources	0	246.42	320.05
22	Dept. of Drinking Water & Sanitation	0	1000	1400
23	Department of Science & Technology	3	32.75	61.93
24	Ministry of Textiles	27.6	63.63	84
25	Ministry of Tourism	0	27.5	30.25
26	Ministry of Tribal Affairs	3203.3	3723.01	4090
27	Union Territories (Andaman & Nicobar Islands)	0	2.71	2.94
28	Union Territories (D&D)	0	1.16	1
29	Ministry of Water Resources	0	10.4	19.5
30	Ministry of Women and Child Development	0	1037.3	1517
31	Ministry of Youth Affairs & Sports	75.9	72.55	85.6
32	Ministry of Civil Aviation	0.05	0	0
33	Department of Biotechnology	1.75	0	0
34	UTs of Andaman & Nicobar Islands, Dadra and Nagar Haveli, Daman and Diu and Lakshadweep	367.13	0	0
Total		***9221.31***	***17959.03***	***21710.11***

Source: Statement 21A, 2011-12, Expenditure Budget Volume-I, Ministry of Finance, Government of India

Table 11.d shows the allocations earmarked for STs in Union Budget 2011-12. In 2010-11 (RE), the allocation made was just 3 percent of the total budgetary outlay. The Task Force on TSP, 2010, recommended that the allocation under TSP should be around 8 percent of the total budgetary outlay in 2011-12. An assessment of Statement 21 A however reveals that it is just 5.55 percent, clearly pointing to the government's inability to implement the recommendations of the Task Force which mandates that budgetary allocations be commensurate with the proportion of STs in the population.

Table 11.d: Plan Allocation Earmarked for STs from the Union Budget 2012-13

	2010-11 RE	2011-12 RE	2011-12 BE
A. Total Plan Allocation earmarked for STs (in Rs.crore)	9,221.31	17,959.03	21,710.11
B. Total Plan Allocation of Union Govt. (excluding Central Assistance to State & UT Plans)(in Rs.crore)	2,98,611.74	3,21,405.40	3,91,027.00
A as % of B	**3.09**	**5.59**	**5.55**

Source: Expenditure Budget Volume I, Union Budget 2011-12

Assessment of Fund Utilisation

Table 11.e presents the status of fund utilisation from 2007-08 to 2009-10 under Ministry of Tribal Affairs (MoTA) which deals with the welfare of STs. The actual fund allocation for four years (2007-10) by MoTA has been Rs. 10252.71 crore but the year-wise utilisation of funds as percentage over Budget Estimates does not seem encouraging during the three years (2007-10) of implementation.

Table 11.e: Utilisation of Plan under MoTA

Year	Budget Estimate (BE) (In Rs. Crore)	Actual Expenditure (AE) (In Rs. Crore)	AE as % of BE
2007-08	1719.71	1524.32	88.64
2008-09	2121	1805.27	85.11
2009-10	3205.5	1996.75	62.29

Source: Ministry of Tribal Affairs

With regard to fund utilisation, the studies commissioned by the Ministry of Tribal Affairs (Adoption of TSP Approach in Maharashtra, Andhra Pradesh and MP) and the Planning Commission (Livelihood Options Assets Creation out of SCSP and TSP schemes and its impact among SCs and STs) found several problems in the functioning of Intensive Tribal Development Project (ITDP) and Integrated Tribal Development Agencies (ITDAs) to implement the strategy of TSP. In many states, project officers of ITDP do not have sufficient work experience. Often, they come from a junior grade level which has serious consequences on their ability to ensure good performance. The staff in ITDP project offices are inadequate and many of them work on contractual basis. Besides, the staff are not adequately trained.

One of the weaknesses in the implementation process is lack of proper planning in the Special Central Assistance under TSP and Grants-in-Aid under Article 275(1) of the Constitution relating to TSP at ITDPs. Whatever plans are made, are not properly integrated. Planning without convergence and integration with line departments is another major problem; the line departments operate independently in ITDPs.

An assessment of Statement 21 A of 2012-13 indicates that just 5.55 percent of the Plan allocation was made towards Scheduled Tribes, which points to the government's inability to implement the recommendations of the Task Force on TSP that budgetary allocations be commensurate with the percentage of STs in the population. From the analysis of TSP, it is clear that there exists a huge gap in the budgetary allocation as well as fund utilisation for STs even thirty years after its implementation.

12. Muslims

- In this year's budget, the Finance Minister has made no mention of any policy provision or budgetary allocation for development of Muslims.
- There is a slight increase of Rs 365 crore in the allocation of the Ministry of Minority Affairs (MMA) in Union Budget 2012-13.
- The total allocation of the Ministry has increased to Rs. 3,135 crore from Rs. 2,750 crore in 2011-12.
- The outlays under prominent programmes like the Maulana Azad Foundation, National Minorities Development Financial Corporation and Multi-Sectoral Development Programme (MSDP) have declined.
- The government has proposed a few new schemes for the minorities like Support for Students Clearing Prelims conducted by the UPSC, SSCs, State PSCs, Scheme for Promotion of Education in 100 Minority Concentration Towns/Cities, Village Development Programme for Villages not covered by Minority Concentrated Blocks/Districts, Support to District Level Institutions in MCDs and Free Cycles for Girl Students of Class IX.
- The total allocation of these scheme does not exceed Rs. 120 crore, which amounts to tokenism in the name of development of the minorities

The Rajindar Sachar Committee Report (2006) established that Muslims fare badly in terms of socio-economic indices as compared to other socio-religious groups. A look at development indicators for minorities also suggests that Muslims are among the bottom of the socio-economic pyramid. Poverty indicators (2004-05) show that about 12.4 percent of the Muslims in rural areas and 27.9 percent in urban areas fall below the poverty line. Around 35 percent of Muslim women had body mass index (BMI) less than 18.5 and 54.7 percent women were anaemic as of 2005-06. The indicators with respect to children are also dismal with the infant mortality rate (IMR) found to be around 52.4 percent and under-five mortality rate as high as 82.7 percent in 2005-06. Besides, around 29 percent of children (aged 6 to 17 years) reported to be out-of-school were from the Muslim community, which is much higher than the figures for other religious groups in the country. In the year 2008-09, only 67.5 percent of Muslim households had access to electricity for domestic use compared too much higher rates for other groups (Human Development Report, 2011).

Since 2006, the Government of India has adopted a two-pronged strategy in terms of policy initiatives to address the development deficit among the minorities, particularly Muslims. One, the Central government selected a few flagship programmes / schemes related to education, livelihood and public services under the Prime Minister's new 15-Point Programme (15 PP) and, two, some new development schemes and programmes were devised under the aegis of the nodal ministry. The important programmes under MMA include MSDP for infrastructure development in 90 Minority-Concentrated Districts (MCDs) and four types of scholarship schemes for students of the minority community.

Even so, by the end of the 11th Five Year Plan, the policy initiatives of the government towards the development of Muslims leave a lot to be desired. There are still huge gaps in the resource allocation, utilisation of funds and programme implementation specific to the development of minorities.

The design of MSDP and the guidelines for the PM's new 15 PP do not have much scope for creating a tailor-made project that suits the needs of the Muslim community. In these two programmes, the norms and guidelines of the existing Centrally Sponsored Schemes (CSSs) were adopted. There are several instances where the targeted benefits for Muslims have been diverted to other communities due to adoption of the area approach (which treats the district instead of Muslim-dominated hamlets/*bastis* as the implimentation unit) in several states like Uttar Pradesh, Bihar and Haryana.

According to the Census 2001, Muslims constitute around 14 percent of the total population of the country. In 2010-11, fund allocation for minorities accounted for 2.29 percent of the total Plan funds (excluding the allocation under the Jawaharlal Nehru National Urban Renewal Mission-JNNURM and Priority Sector Lending). Similarly, the allocation for minorities in 2009-10 amounted to about 10 percent, out of which large allocations were made through the four components of JNNURM meant for urban development. This constitutes 60 to 70 percent of the total allocation intended for the minorities. However, the operationalisation of JNNURM is found to be almost non-existent at the state and district levels. Most of the allocation made under the Mission is notional and the scheme does not report the actual expenditure and beneficiary data on minorities. Projects and programmes like the Industrial Training Institutes (ITIs) and Swarna Jayanti Shahari Rozgar Yojana (SJSRY) have been allocated very small shares of the total outlay.

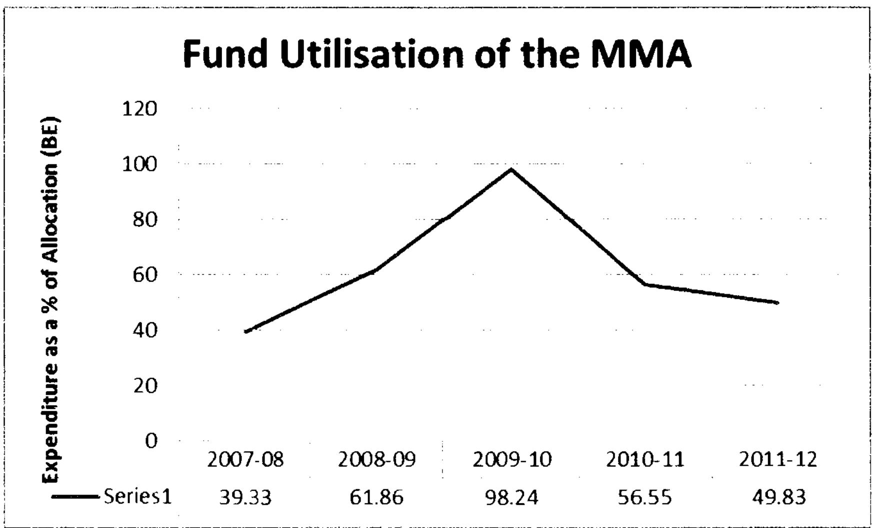
The performance of the Ministry in terms of fund utilisation itself is unsatisfactory. Table 12.a shows that the total allocation for the Ministry has witnessed a trend of marginal increase in allocations in subsequent budgets. The total outlay in the 11th Plan exceeded the initial amount that had been allocated for MMA (Rs. 7,000 crore). However, poor utilisation of funds has remained a major concern even till the end of the financial year 2011-12.

Table: 12.a: Fund Utilisation in Ministry of Minority Affairs (in Rs. Crore)

Year	Allocation	Expenditure		Expenditure as % of Allocation (BE)
		B.E.*	R.E.*	
2007-08	500	350	196.65	39.33
2008-09	1000	650	619.09	61.86
2009-10	1740	1740	1709.42	98.24
2010-11	2600	2500	2008.17	56.55
2011-12	2850	2750	1420.26**	49.83
Cumulative Outlay in 11th Plan				8690
2012-13	3135			

*BE: Budget Estimates, RE: Revised Estimates
** up to 31.12.2011
Source: Expenditure Budget Vol II, Union Budget, various years and Ministry of Minority Affairs

Figure 1 : Fund Utilisation of Ministry of Minority Affairs



A very important intervention by the MMA for overall development of the minorities has been the Multi-Sectoral Development Programme (MSDP). Being the largest programme to address the socio-economic deficits among Muslims, MSDP was allocated 39 percent of the total MMA budget in the 11th Plan, which was later increased to Rs. 3680.30 crore. The performance of this programme, however, has been far from satisfactory. Of the total tentative allocation of Rs. 3,632 crore made in the 11th Plan for MSDP, the proportion of expenditure of total projects approved (81 out of 90) was only 33 percent.

Table 12.b: Financial Performance* of MSDP in Major Muslim Concentrated States (in Rs. Lakh)

Select States	No. of MCDs	No. of MCDS whose plans Approved by MMA	Tentative allocation	Total expenditure	% Utilisation over Tentative allocation
Uttar Pradesh	21	21	101570	33038	32.53
West Bengal	12	12	68610	35110	51.17
Assam	13	13	70350	13851	19.69
Bihar	7	7	52320	16248	31.06
All India	90	81	363240	121110	33.34

*Data as on December, 2011
Source: Ministry of Minority Affairs, GoI

Besides inadequate financial outlays for MMA and underutilisation of funds, the physical performance has also been sluggish. The completion of major activities like construction under Indira Awas Yojana (IAY), health sub centres and Anganwadi Centres (AWCs) have not been able to reach even the half-way mark at the end of 11th Plan. The main constraint has been delayed submission of detailed project reports due to lack of capacity, inadequate human resources and lack of implementing institutions at the district level.

Table 12.c: Physical Performance* of MSDPs in Major Muslim Concentrated States (in Lakh)

		IAY	Health	AWC	Hand pumps DWS	Additional Class rooms	School Building
U.P.	T	84730	959	9581	11984	626	59
	A	54045	429	3798	5203	78	0
	T as % of A	63.78	44.73	39.64	43.41	12.46	0
W.B.	T	37532	743	7007	6529	6401	41
	A	17853	281	3523	5351	2407	14
	T as % of A	47.56	37.81	50.27	81.95	37.60	34.146
Assam	T	88866	133	2080	10019	3136	0
	A	25422	12	273	3107	299	0
	T as % of A	28.60	9.02	13.12	31.01	9.53	#DIV/0!
Bihar	T	35168	174	4835	2733	2334	134
	A	6061	37	503	469	94	3
	T as % of A	17.23	21.26	10.40	17.16	4.02	2.23
Total	T	300097	2529	27671	33377	13316	692
	A	121073	881	8884	15190	2992	101
	T as % of A	40.34	34.83	32.10	45.51	22.46	14.59

T- Target, A- Achievement
Data as on December, 2011
MSDP: Multi Sectoral Development Programme; MCDs: Minority Concentration Districts
Source: Ministry of Minority Affairs, GoI

The Ministry has performed relatively better as regards education-related schemes such as the Pre-Matric Scholarship Scheme,which has attained a high physical achievement agianst the target set by the 11th Plan. However, the physical target set in the Plan for the scholarship schemes is very less considering the number of students from the Muslim community enrolled in educational institutions. Moreover, the government has not been able to meet its targets in terms of financial outlays for the scholarship schemes during the 11th Plan period, except for the Free Coaching and Allied Assistance Scholarship Scheme. In the current budget, the Post-Matric, Pre-Matric and Merit-cum-Means Scholarship Schemes have received hikes in allocations with the maximum increase being for the Pre-Matric Scholarship Scheme.

Table 12.d: Status of Physical and Financial Performance of the Scholarship Schemes in 11th Plan

Scholarship	Physical Target for 11th Plan*	Physical Achievement till 2010-11 (31st Dec 2010)*	Total Outlays in 11th Plan (in Rs. Crore)	Budget Allocations till 2011-12 BE (in Rs. Crore)	Allocationas % of 11th Plan Outlay (till 2011-12 BE)
Pre-Matric Scholarship Scheme	25	34	1400	1268.9	90.64
Post-Matric Scholarship Scheme	15	4.2	1150	958.4	83.34
Merit-cum-Means Scholarship Scheme	2.55	0.37	600	498.5	83.08
Free Coaching and Allied Assistance Scholarship Scheme	0.25	0.0475	45	56.8	126.22

*No. of students in Lakh.
Source: Ministry of Minority Affairs, GoI

As is evident from the analysis, there are persistent gaps in resource allocation, fund utilisation and programme implementation specific to the development of minorities. At least 19 percent of total plan funds (in proportion to population) should have been allocated for minorities in Union Budget 2012-13 out of which 73 percent should have gone to the Muslims. Considering the problems in the guidelines and designs of the schemes, the PM's new 15-PP could be converted into a sub plan along with Additional Central Assistance (ACA) on the lines of the Scheduled Caste Sub Plan and Tribal Sub Plan. Muslim concentrated states like Uttar Pradesh, Bihar, West Bengal and Assam should be given priority/adequate funds through ACA due to their high degree of backwardness. It would also help to have a "separate budget statement" in the Union Budget on the 15-Point Programme as is already being done in the case of women, children, SCs and STs (for expenditure reporting). Besides, the coverage of MSDP needs to be extended / expanded beyond the 90 Minority Concentration Districts. The government should now also give serious thought to focusing on Muslim concentrated gram panchayats and targeting beneficiaries in Muslim *bastis* / hamlets (on the model of the Adarsh Gram Yojana for SCs) rather than at the block and district level. Side by side, there is a need for dedicated staff and institutions at the state and district level to implement the programmes for development of the minorities.

13. Disabled People*

- On the first day of the Budget Session this year, the President announced the much-awaited Department for the Disabled People under the Ministry of Social Justice and Empowerment. The current budget statement does not have any outlay towards creation of this department.
- There has been a decrease in the Inclusive Education for the Disabled at Secondary School (IEDSS) Scheme and the *Sarva Shiksha Abhiyan* (SSA) as a portion of the total allocation of the Ministry of Human Resource Development (MHRD). SSA is the only scheme of the government that provides for the realisation of the Right to Education of disabled children.
- As a token gesture, which seems to be the general trend of this budget, an increase from Rs. 200 to Rs. 300 per month has been made in the Indira Gandhi Disability Pension Scheme. The criteria for this scheme is exclusionary as it is for a specific category of "severally disabled" (category named as in the guideline of the scheme) people.
- The Ministry of Health and Family Welfare does not have allocations towards specific health needs of disabled people, despite 2012-13 being the first year of the 12th Plan which is being called the "Health Plan".
- The expenditure trend shows no change in the expenditure of any of the ministries which have schemes with 100 percent allocation for disability, despite the government having ratified the UNCRPD in 2007.

Review of Past Commitment

The current allocations need to be seen in the perspective of the government's past commitments towards the rights of disabled people. The UPA government had previously intended to introduce social security measures for marginalised groups, including disabled people, and amend laws such as the Persons with Disabilities (Protection of Rights & Full Participation) Act, 1995, National Trust Act, Rehabilitation Council of India Act and the Mental Health Act.

The Ministry of Social Justice and Empowerment (MSJE) had also made a series of commitments in the 11th Plan which included setting up a separate Department of Disability, a sign language research and training centre, ensuring all public buildings and facilities are accessible, setting up a National Institute of Universal Design, introducing a scheme to provide incentives to the private sector for employing disabled people, setting up District Disability Resource Centres (DDRCs) in 300 districts and developing trained human resource to address the growing magnitude of mental disabilities.

A review of these commitments will help in understanding the priority accorded to disabled people. Union Budget 2007-08 announced government support to the private sector towards contribution to social security measures for a period of 3 years to incentivise employing disabled people. After a gap of a year (there were no announcements in 2008-09), in the budget for 2009-10, tax exemption was announced up to Rs.1,00,000 from Rs.75000 towards the maintenance and medical treatment of people

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with severe disabilities. In Union Budget 2010-11, the outlay for MSJE was enhanced with a statement that the allocation could also be used for formation of the Sign Language Institute. Last year's budget did not mention anything specific for the disabled people.

According to the data for the 11^{th} Plan period:

- The Planning Commission has committed to setting up of the Indian Institute of Inclusive and Universal Design. A princely outlay of Rs.0.01 crore was earmarked for 2011-12 towards establishment of this institute.
- Sign Language Research and Training Centre was given an outlay of Rs.44 crore for five years. The work towards implementation of the commitment only started in October 2011.
- MSJE had requested all the Central Ministries to take appropriate steps in following barrier-free environment standards. The Delhi division of Ministry of Urban Development had notified the amended building byelaws to ensure all public buildings are made barrier-free. MSJE also sent the building byelaws to all states for amending their respective laws. Only 22 states have responded in amending their laws. The Central government has committed to bear the expenses of provision of hydraulically operated lifts with audio and Braille symbols on the panels in the buildings of the state secretariats where the Social Welfare Departments/Office of the Commissioner (Disabilities) are located. They have allotted Rs.16 lakh for this measure in 2007-08, 2008-09 and 2009-10, although this is provided for only 15 states.
- The Planning Commission intended to put in place 300 District Disability Rehabilitation Centres (DDRCs) during the Plan period, but the work towards getting approval and enhancing the numbers was initiated only during 2010-11 and only for 2 new Composite Regional Centres (CRCs) and 50 DDRCs.
- As per MSJE's annual Report 2009-10, only 31.47 percent of disabled people were issued disability certificates.

Priority for Disabled People in Union Budget 2012-13

(i) Ministry of Social Justice and Empowerment

The commitment of Planning Commission to give the disability division under MSJE the status of a separate department has not been given any budget allocation in Union Budget 2012-13. Further, no effort has been made for setting up National Captioning Centre as well as providing financial resources towards it in the past five years. With regard to the awareness drive, the government has spent money only to cover the disability day programme. Moreover, there is no research initiated or sanctioned to generate relevant data and culturally-valid rehabilitative measures.

Analysis of various programmes and schemes of MSJE reveals lack of allocation for ensuring habilitation and rehabilitation at the community level towards holistic development. On the contrary, huge amounts of money is being spent on national institutes where the reach of ensuring the various rights of disabled people are limited to only few thousands put together. Further, these "national institutes" are not engaged in community outreach programmes in any significant way. Setting up of Zonal Residential Schools and Colleges for the Deaf finds mention only in the 11^{th} Plan document. Table 13.a indicates the allocations from 2007-2012 of MSJE.

Table 13.a: MSJE's Statement of Allocation and Expenditure

(Figures in Rs. Crore)

Particulars	**Outlay Recomm-ended in the 11th Plan**	**2007-08 (RE)**	**2009-10 (RE)**	**2010-11 (Actual)**	**2011-12 (Actual)**	**2012-13 (RE)**	**Total Union Govt. allocations/ expenditure during 11th plan Period**	**Expenditure as % of Recomm-ended Outlay for 11th Plan**
Deendayal Disabled Rehabilitation Scheme	600	69	60.5	61.56	82.27	81.10	354.43	59.07
National Institutes for Blind, Deaf, Mentally Retarded and Orthopedically Handicapped	320	73.79	80.82	82.42	91.93	108.13	437.06	136.58
Aids and Appliances for the Handicapped	542	59.05	69.5	67.35	69.68	70	335.58	61.91
Schemes for implementation of Persons with Disability Act	140	13.1	14.5	10.84	50.41	53	141.85	101.32
Scheme of Employment of Physically Challenged	190		7	1	0	1	9	4.97
Other Programmes for the Welfare of Handicapped	8	11.02	9.97	6.82	6.40	7.94	42.15	526.875
NHFDC	40		18	9	45	45	117	292.50
ALIMCO	10							
Indian Spinal Injury Centre	22							
RCI	28	3	3.58				6.58	
Total	**1900**						**1443.65**	**75.98**

Source: MSJE website and Union Budget & Economic Survey. NHFDC – National Handicapped Finance Development Corporation. ALIMCO – Artificial Limbs Manufacturing Company of India

The total financial outlay for the Ministry during the 11th Plan period is Rs.1463.89 crore. Out of this, the recommended 11th Plan outlay for the welfare of persons with disabilities was Rs.1,900 crore. The analysis of the total expenditure incurred by the Ministry reveals that it allocated only 75.98 percent of the recommended allocations for the welfare of disabled people.

MSJE is the nodal ministry, which is expected to implement, protect and redress the various rights ensured by the laws of the land and the United Nations Convention on the Rights of Persons with Disabilities (UNCRPD), which India has ratified at the beginning of the 11th Plan. Analysis of the schemes reveals that there is no effort on the part of the MSJE to redefine the various schemes and programmes to reflect the changing paradigm mandated by the UNCRPD

There is no initiative to develop new schemes to implement the rights ensured in the Convention such as schemes ensuring independent and community living, habilitation and rehabilitation, reasonable accommodation. The only step forward has been to initiate the process of making a new law for persons with disabilities to replace the Persons with Disabilities (Equality of Opportunities, Protection of Rights and Full Participation) Act, 1995. Moreover, there is no scheme to ensure and protect the rights of people with psychosocial disabilities under the nodal ministry. This indicates the attitude of the government towards people with disabilities.

(ii) Ministry of Health and Family Welfare

The National Mental Health Programme is a part of the Ministry of Health and Family Welfare (MHFW). The programme was formulated in 1982 and still exists without many changes to its objectives. The District Mental Health Programme is restricted to 123 districts covering 29 states/union territories for the 10th and the 11th Plan periods. The total outlay for the National Mental Health Programme for the 11th Plan period is 622.931 crore. The circular/notification approving the district mental health programme for the 11th Plan period was issued vide F.No.V.15011/6/2007-PH–I (Vol 2) on 28th of November 2011. The budget statements of the Ministry of Health & Family Welfare revealed that only 340.59 crore have been spent towards the programme during the plan period.

The government spends crores in establishing, running and maintaining institutions catering only to a few disabled people and there is no change in the lives of people with psychosocial disabilities who constitute 2 percent of the country's population (Source: MH & FW). Most importantly, people with psychosocial disabilities do not want to be in institutions and it is the responsibility of the government to ensure community living.

There are no promises/commitments made by the government for the 11th Plan period to look at the general and specific healthcare needs of persons with disabilities. There is no focus on children and women with disabilities and their healthcare needs.

Table 13.b: Allocation for Disabled People Vs. the Total Allocation for the Ministry of H&FW

Year	Total Expenditure of Ministry of Health & Family Welfare (in Rs. Crore)	Total Expenditure incurred for disabled people under heads elaborated above (in Rs. Crore)	% of total departmental expenditure
2007-08 (RE)	14500	129.60	0.89
2008-09 (RE)	17307	217.36	1.25
2009-10 (Actual)	19554.09	262.17	1.3
2010-11 (Actual)	22764.50	305.05	1.3
2011-12 (RE)	25254	365.71	1.4
2012-13 (BE)	30702	443.79	1.4

Source: Ministry of Health & Family Welfare, Union Budget & Economic Survey

The allocations presented in Table 13.b have been made for (i) running Institutions for people with psychosocial disabilities, (ii) Institute of Physical and Rehabilitation Services, Mumbai and (iii) All India Speech and Hearing Impairment. A couple of other sub-major heads appearing in the budget statements relating to prevention of disabilities are not presented here.

(iii) Ministry of Human Resource Development

Table 13.c depicts the amount of money spent on disabled children by the HRD Ministry through its Department of School Education and Department of Higher Education. *Sarva Shiksha Abhiyan* is not included in the table, as inclusive education is a very small component of SSA. The Outcome Budget of the ministry does not attach any value or does not consider inclusion of disabled children as one of its success indicators.

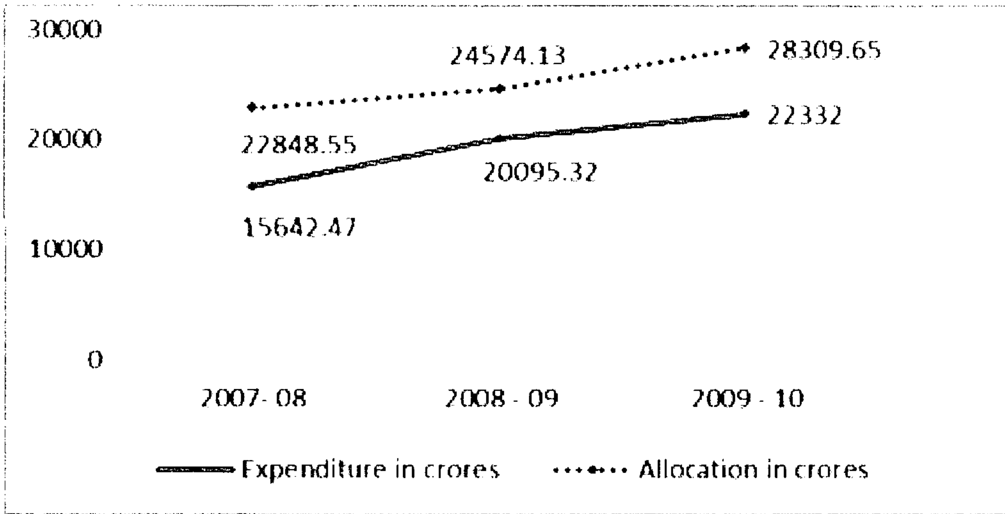
In almost all the states except Kerala, Mizoram, Tripura and Pondicherry, there has been underutilisation of funds allotted (Ref: SSA-Inclusive Education component/MHRD). Further analysis also reveals that the Ministry has allocated only 45 percent (on an average) of the provision of Rs. 3000 per child made for this programme on a per capita basis. This is the importance given by MHRD towards education of disabled children when SSA is considered to be the vehicle for implementing Right to Education Act, 2009. The scheme for students with disabilities under the UGC is a part of the development grant sanctioned by UGC to various colleges and universities. So far, this grant has been sanctioned for 42 central universities, 133 state universities and 35 deemed

Table 13.c: Outlays in MHRD on Children/Students with Disabilities

Year	Outlay-Department of School Education (MHRD) (in Rs. Crore)	For Children with Disabilities (in Rs. Crore)	%	Outlay-Department of Higher Education (MHRD) (in Rs. Crore)	For disabled students (in Rs. Crore)	%
2007 – 08 (RE)	23191.35	54	0.2	6397.36	2.60	0.04
2008 – 09 (RE)	26026.57	63	0.2	11340	3.60	0.03
2009 – 10 (Actual)	24466.07	55.13	0.2	13963.33	3.22	0.02
2010 – 11 (Actuals)	36432.50	80.34	0.2	18206	3.60	0.019
2011 – 12 (RE)	41521	90	0.2	19844	4.50	0.02
2012 - 13	48781	63	0.13	25275	4.50	0.016

Source: MHRD & Union Budget & Economic Survey

Figure 13.a: Allocation and Expenditure under SSA (IED)



universities. The scheme for disabled students under the development grant of UGC is a 9th Plan programme and carried out in the 11th Plan period also. Also, the money sanctioned under this head includes one-time grants of Rs.10 lakh for universities and colleges for providing ramps and toilets for disabled people and Rs.8 lakh towards assistive devices and technology. Apart from this, Rs. 77,000 per year is allocated for maintaining the enabling unit and for conducting awareness programmes within the university/college by the unit.

(iv) Ministry of Rural Development

Poverty Alleviation Schemes

The Persons with Disabilities Act, 1995, mandates that all poverty alleviation schemes reserve not less than 3 percent for disabled people. The government has not taken any effort to disaggregate the data based on disability. Data on the houses allotted for disabled people under the *Indira Awaas Yojana* could be culled out for 4 years from 2008-09 to 2011-12. The percentage of disabled people benefited under this scheme never reached the 3 percent mandate as mentioned in the law. The same is the case for *Swarnajayanti Gram Swarozgar Yojana (SGSY).*

The Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) 2005, Operational Guidelines (2008) states that if a rural disabled person applies for work, work suitable to his/her ability and qualifications will have to be given. This may also be in the form of services that are identified as integral to the programme. Provisions of the Persons with Disabilities (Equal Opportunities, Protection of Rights and Full Participation) Act, 1995, will be kept in view and implemented. The reporting of the disabled people covered under this scheme has been inconsistent, which makes it non-conducive for any kind of analysis for fund utilisation purposes.

Table 13.d: Allotment of Houses through *Indira Awaas Yojana*

Year	Houses Sanctioned to Disabled People	Houses Sanctioned Sanctions	% of Total
2008-09	3005084	53791	1.79
2009-10	4238474	74483	1.75
2010-11	3159297	47380	1.5
2011-12	2687422	34612	1.28

Source: *MORD website Annual report and Monthly Report Period*

Table 13.e: Total *Swarozgaris* under SGSY Scheme

Year	Total *Swarozgaris'*	Disabled People Covered	%
2007-2008	776408	14027	1.81
2008-2009	1861875	42315	2.27
2009-2010	978045	18799	1.92
2010-2011	1281221	23718	1.85

Source: MORD website / Annual Reports

Table 13.f: Coverage of Persons with Disabilities under MGNREGA

Year	Persons with disabilities covered under MGNREGA
2007-2008	Benefits accrued to disabled persons were in 230179 households out of 25749968*
2008-2009	204552
2009-2010	184241
2010-2011	Data not available
2011 –2012	282915

Source: MORD website/ Annual Reports

*There is no clarity as to whether it the household with a disabled adult or a disabled person who has got the employment under the scheme.

Council for Advancement of Peoples' Action and Rural Technology (CAPART)

The allocation under CAPART for two years is shown in Table 13.g:

Table 13.g: Analysis of Expenditure of CAPART for the Disabled People

Year (in Rs. crore)	Allocations to MORD under CAPART	Actual Expenditure of CAPART	Sanctions of Funds Under DAD Division of CAPART	Release of Funds under DAD of CAPART	% of expenditure
2007-08	58.84	51.57	0.75	**0.51**	**0.988**
2008-09	52.20	66.06	1.86	**0.90**	**1.3**
2009-10	50	42.45	1.47	**1.10**	**2.5**

Source: CAPART & MORD Annual Reports

CAPART has specifically committed to allocate 3 percent of its resources for disabled people.

Indira Gandhi National Disability Pension Scheme (IGNDPS) is available for persons with multiple disabilities belonging to households below poverty line (BPL), between the ages 18 to 64 years at the rate of Rs. 200 per person till 1st April 2011. The age limit has since been revised to 18-59 years beyond which they are covered under the Indira Gandhi Old Age Pension Scheme.

Table 13.h: Fund Allocation and Expenditure under IGNDPS

Year (RS in crore)	Allocation	Release	Expenditure Reported
2009-10	5200	5155.50	4914.88
2010-12	5762	3923.28	3002.27

Source: *MORD Annual Report*

It is clear from the table that disabled people do not even get the funds ear marked for them. These poverty alleviation schemes do not mention filling the 3 percent mandate as one of their success indicators, nor do these carry any weight in their outcome documents. In addition, the 3 percent reservation is segregated into 1 percent for people with visual impairment, 1 percent for people with hearing and speech impairment and 1 percent for people with locomotor disabilities. The law has not considered all persons with disabilities.

(v) Ministry of Youth Affairs & Sports

In 2009-10, the Ministry of Youth Affairs & Sports initiated a scheme called 'Promotion of Sports among Disabled Persons'

Table 13.i: Allocation made by the Ministry for Promotion of Sports among Disabled Persons

Year	Allocation for sports among disabled persons (in Rs. crore)	Total outlay of the Ministry (in Rs. crore)	%
2009 -10 (Actual)	0.74	3670.13	.02
2010 – 11 (Actual)	5.96	2841	0.2
2011 – 12 (RE)	3.85	999.0	0.38
2012 – 13 (BE)	5.00	1152	0.4

Source: Union Budget & Economic Survey

Table 13.i reflects the quantum of money allotted for disabled people. The analysis of the programme revealed that the money has been allotted for (a) Grant for sports coaching and purchase of consumables & non-consumable sports equipment for schools (b) Grant for Training of Coaches (c) Grant for holding District, State & National level competitions for the disabled. There is no mention about the support for sports persons with disabilities such as purchasing accessible sports equipment, scholarships for undergoing training, accessible coaching centres and so on.

There is also a scheme for awarding pensions for meritorious sportspersons. This pension has been awarded to 525 sportspersons so far. Disability disaggregated data could not be traced from the Ministry's website. Table 13.j presents the discriminatory practice of the Ministry under this scheme.

Table 13.j: Details under the 'Pension for Meritorious Sportsmen' Scheme

Particulars	Pension: Olympic games	Pension: Para-Olympic games
Gold medalists	10000/ month	5000/ month
Silver medalists	10000/ month	4000/ month
Bronze medalists	10000/ month	3000/ month

Source: Ministry of Youth Affairs & Sports Annual Report

(vi) Ministry of Labour and Employment

The Director General of Employment and Training (DGET), under the Ministry, deals with vocational training. This directorate lists assistance to persons with disabilities by enhancing their capabilities for wage employment and self-employment as one of its functions. Towards achieving this, they run Vocational Rehabilitation Centres (VRC) specifically for disabled people. The programme was started in 1968 with 2 VRCs and has now expanded to 20 VRCs with 1 VRC specifically dedicated to train women with disabilities.

Table 13.k: Financial Outlay for Vocational Rehabilitation Centres

Year	Expenditure towards VRCs (in Rs crore)	Total outlay for Employment and Training (in Rs crore)	Total Outlay of the Ministry (in Rs crore)	Expenditure towards employment of the disabled people as % of outlay for employment & Training / total Ministry's outlay
2008-09 (Actual)	13.9326	396.62	1972.39	3.512 / 0.7
2009-10 (Actual)	18.1488	446.92	2233	4.06 / 0.81
2010-11(RE)	19.58	448.07	3039	4.37 / 0.64
2011-12(BE)	19.63	489.99	3109.25	4.00 / 0.63

Source: Union Budget & Economic Survey / detailed demands for grant Ministry of Labour & employment

Around 4 percent of the outlay towards employment and training under the Ministry is earmarked for VRCs for disabled people.

On analysis of the provisions of VRCs, it is seen that:

1. Training is given only for specific identified jobs.
2. The principle of assessment and training is based on a deficit model focusing on restoration/normalising as opposed to accessibility and non-discrimination of UNCRPD. They are not looking at reasonable accommodation and adaptations in work place/training.
3. VRC training programmes are not designed for carrier advancement as the person carrying the certificate issued by the VRC is not eligible for other training under DGET.
4. The apprenticeship training scheme mentions the minimum qualification for undergoing the training offered by different ministries to be 8th standard or 12th standard pass, which excludes a lot of disabled people.
5. The programme does not include people with multiple and psychosocial disabilities.

If the VRCs are relooked at in line with the provisions of UNCRPD, then the crores earmarked for the programme will ensure employment and career opportunities for disabled people.

Tables 13.l and 13.m give the consolidated expenditure of schemes with 100 percent allocation towards disability.

The fact that disability is a social and human rights issue and that it is a cross-cutting issue has not been realised by the government. It is important that the government re-examine their structure and function towards ensuring and protecting the rights of all citizens in the country. It should set aside outlays for setting up the Disability Department under MSJE as announced by the President on the first day of the Budget Session of Parliament. It is imperative that the government bring out disability disaggregated data from this financial year, as, without knowing the utilisation of funds, it is impossible to make the necessary allocation for disabled people. Allocations have to be made under different ministries,and in consultation with disabled people, for implementing the various articles of UNCRPD.

Table 13.l: Total Expenditure for the Disability Sector (from Schemes with 100% Allocation for Disability)

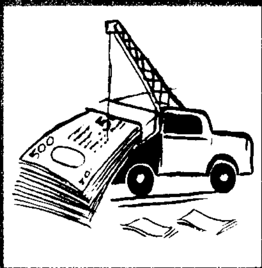
*The amounts considered are those of schemes with 100percent allocations for disability

Ministry	2009 -10(Actual) (in Rs. Crore)					2010 – 11(Actual)(in Rs. Crore)					2011 – 12(RE)(in Rs.Crore)					2012-2013 (BE)(in Rs. Crore)				
	P	NP	T	TEM	percent	P	NP	T	TEM	percent	P	NP	T	TEM	percent	P	NP	T	TEM	percent
MSJE	188.35	41.64	229.99	2530.38	9.1	264.19	36.50	300.69	4244.56	7	276.80	44.37	321.17	5210	6.1	424.0	47.10	471.1	6008.30	7.8
MHRD- SE	55.13		55.13	24466.07	0.22	80.34		80.34	36432.50	0.22	90		90	41521	0.21	63		63	48781	0.13
MHRD–HE	3.22		3.22	13963.33	0.02	3.52		3.52	15471.79	0.02	4.50		4.50	19844	0.02	4.50		4.50	25275	0.017
MH&FW	147.65	114.52	262.17	19554.09	1.3	200.11	105.25	305.25	22764.5	1.3	240.39	127.33	367.72	25254	1.4	316.59	132	448.59	30702	1.4
MYA&S	0.74		0.74	3670.13	0.02	5.96		5.96	2841	0.2	3.85		3.85	999	0.38	5.00		5.00	1152	0.4

Table 13.m: Proportion of Expenditure for the Disabled People to the GDP and Total Union Govt. Expenditure

Year	GDP at market prices (in Rs. Crore)	Total Expenditure from the Union Budget (in Rs. Crore) as percent of GDP	Total Expenditure for Disability * (in Rs.Crore)	Total Expenditure from the Union Budget	'Disability' Expenditure from the Union Budget as % of Total Expenditure
2009-10	6550271	1024487	551.25	0.0084	0.053 (Actuals)
2010-11	7674148[QE]	1197328	695.76	0.009	0.058 (Actuals)
2011-12 RE	8912179[AE]	1318720	787.24	0.0088	0.058 (RE)
2012-13 BE	10159884	1490925	992.19	0.009	0.066 (BE)

*The amounts considered are those of schemes with 100 percent allocations for disability



14. Resource Mobilisation

- The Central Government's Total Expenditure as a proportion of GDP is projected to fall from 14.8 percent in 2011-12 (RE) to 14.7 percent in 2012-13 (BE), which reflects that expenditure compression for reducing deficits is the overarching feature of this budget.
- The regressitivity of the tax structure would be aggravated further as it is recognized in the Union Budget 2012-13, that a net revenue loss of Rs.4,500 crore would occur as a result of Direct Tax proposals, while a net revenue gain of Rs.45,940 crore is estimated from indirect tax proposals.
- No concrete policy measure has been proposed to address the low tax-GDP ratio of India.
- Securities transaction tax (STT) would be reduced by 20 percent on cash delivery transactions.
- Revenue foregone due to tax exemptions remains a major concern and no concrete policy measures have been taken in the Union Budget 2012-13 in addressing this.

The UPA-II government has sent clear signals to the captains of industry and finance that it would strive to reduce borrowing but not put them off with any thrust for raising higher amounts of tax revenue in the coming years. The targets for reduction of deficits in 2013-14 and 2014-15 (Table 14.c), as stated in the latest budget, indicate the government's intent of reducing borrowing significantly over the next few years. However, if the government does not step up its tax-GDP ratio, such a reduction of borrowing can happen only by checking the growth of government expenditure as compared to the growth of the economy.

Overall Magnitude of the Union Budget

The magnitude of the Union Budget is projected to decline marginally from 14.8 percent of GDP in 2011-12 (RE) to 14.7 percent of GDP in 2012-13 (BE). The overall size of the Union Budget had been around 15.8 percent to 15.6 percent of the GDP during 2008-09 to 2010-11, i.e. the years of global economic recession in which the Union Government had recognized and tried to address the need for stepping up public spending in the country. In the last two budgets, the overall size of the Union Budget has shrunk as compared to the size of India's economy to reach 14.7 percent of GDP in 2012-13 (BE). However, the persistence of acute development deficits in many areas requires the country to step up public provisioning for promoting human development, which would be possible only when the Union Government adopts a fiscal policy that is much more progressive.

Borrowing done by the Union Government in the financial year 2011-12 (i.e. the Fiscal Deficit for 2011-12) is projected to be 5.9 percent of GDP, which is higher than the 4.6 percent of GDP projected in the Budget Estimates for the year. The higher than projected borrowing was needed, according to the Finance Minister, mainly because of the higher expenditure towards Petroleum Subsidy and lower collections of tax revenue in 2011-12. The Budget Estimates for 2012-13 peg the Fiscal Deficit at 5.1 percent of GDP. With this magnitude of borrowing in the financial year, the total Debt stock of the Union Government at the end of 2012-13 would stand at 45.5 percent of GDP, which would be lower than the target of 50.5 percent of GDP recommended by the Thirteenth Finance Commission.

Table 14.a: Total magnitude of the Union Budget as compared to the size of India's economy

Year	Total Expenditure from the Union Budget (in Rs. Crore)	GDP at market prices (in Rs. Crore)	Total Expenditure from the Union Budget as % of GDP
2004-05	498252	3242209	15.4
2005-06	505738	3692485	13.7
2006-07	583387	4293672	13.6
2007-08	712679	4986426	14.3
2008-09	883956	5582623	15.8
2009-10	1024487	6550271	15.6
2010-11	1197328	7674148[QE]	15.6
2011-12 (RE)	1318720	8912179[AE]	14.8
2012-13 (BE)	1490925	10159884*	14.7

Note: QE- Quick Estimates of Central Statistical Organisation; AE- Advance Estimates of Central Statistical Organisation; * Projected by Min. of Finance, GoI, assuming GDP (at current prices) growth at 14 percent over previous year.

Source: Compiled by CBGA from *Economic Survey 2011-2*, GoI, and *Union Budget* 2012-13.

Table 14.b: Deficits in the Union Budget

Year	Revenue Deficit as % of GDP	Effective Revenue Deficit*as % of GDP	Fiscal Deficit as % of GDP
2004-05	2.5	-	4.0
2005-06	2.6	-	4.1
2006-07	1.9	-	3.5
2007-08	1.1	-	2.7
2008-09	4.5	-	6.0
2009-10	5.2	-	6.4
2010-11	3.3	2.1	4.9
2011-12 (RE)	4.4	2.9	5.9
2012-13 (BE)	3.4	1.8	5.1

Note: *Effective Revenue Deficit* refers to the gap between Revenue Expenditure and Revenue Receipts of the government, where Grants-in-Aid made by the Centre to States & UTs that get used for creation of capital assets by the latter are not included in the figure for Revenue Expenditure. Since such capital assets are not owned by the Centre, the funds provided by Centre to States and UTs for these cannot be reported in the Capital Account of the Union Budget.

Source: Compiled from *Budget at a Glance*, Union Budget, GoI, various years.

Some of the more vocal sections of our society have been very critical of government borrowing, even rushing to misleading conclusions that the slowdown in the pace of economic growth and the high inflation rates are both due to higher than 'desired' government borrowing. The logic underlying such hypotheses is flawed; moreover, the situation pertaining to government debt in India is far from being as worrisome as is being presented in some quarters. Recently, the Finance Minister had shared that the general government debt (i.e. combined debt stock of Union and State Governments) stood at 66.4 percent of GDP at the end of March 2011 and it was largely domestic borrowing. He had also opined that this was much below the average level of 99.7 percent of GDP for advanced economies and 85.3 percent of GDP for the euro area for 2010 (reported in Business Standard, March 14, 2012). Yet, the central objective of the fiscal policy adhered to by the present Union Government seems to be elimination of borrowing.

The acute human development deficits confronting India in several sectors require a major stepping up of public provisioning for inclusive development; but that would require the government to adopt progressive policies in the domain of taxation. The overall magnitude of public resources available to the government in india for making investments towards socio-economic development remains inadequate in comparison to several other countries, mainly owing to the very low magnitude of tax revenue collected in our country. The total tax revenue collected by Centre and States (combined) has fallen from the already low level of 17.4 percent of GDP in 2007-08 to 14.7 percent of GDP in 2010-11 (BE). Hence, it is critical to emphasize the n and the feasibility of increasing the country's tax-GDP ratio.

Table 14.c: Fiscal Indicators of the Union Government

				Targets for	
	2010-11	**2011-12 (RE)**	**2012-13 (BE)**	**2013-14**	**2014-15**
Gross Tax Revenue of the Centre as % of GDP	10.3	10.1	10.6	11.1	11.7
Effective Revenue Deficit as % of GDP	2.1	2.9	1.8	1.0	0.0
Fiscal Deficit as % of GDP	4.9	5.9	5.1	4.5	3.9
Total Outstanding Liabilities at the end of the year* as % of GDP	45.3@	45.7	45.5	44.0	41.9

Note: *Total Outstanding Liabilities* include external public debt at current exchange rates (for the projections for 2013-14 and 2014-15, constant exchange rates have been assumed); @ Revised Estimates for 2010-11.

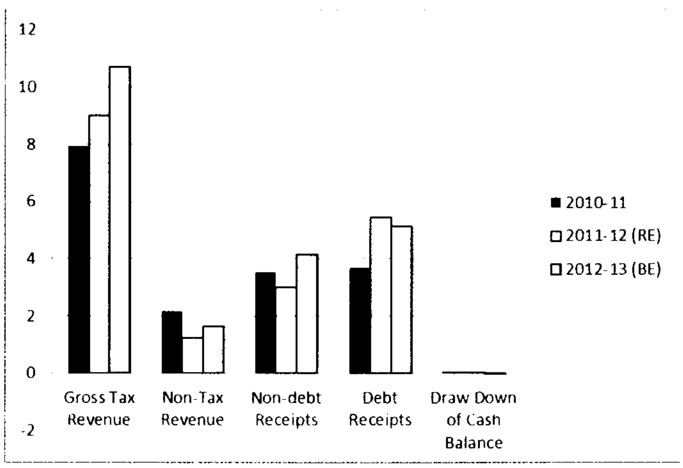
Source: Compiled from *Medium Term Fiscal Policy Statement* and *Budget at a Glance*, Union Budget 2012-13, GoI.

Mobilisation of Tax Revenue

The tax-GDP ratio for a country measures the total tax revenue collected as a proportion of the size of the country's economy. India's low level of tax-GDP ratio has been a cause for concern since long. The gross tax revenue collected under the Central Government tax system is projected to increase rather slowly from 10.1 percent of GDP in 2011-12 (RE) to 10.6 percent of the GDP in 2012-13 (BE) and at a similar rate over the next two years.

Union Budget 2012-13 has revealed the inability of the Central Government to revive the magnitude of its Gross Tax Revenue (i.e. the overall collection in the Central Government tax system, including the share of States) even after the economy has recovered from the impact of the global economic recession of 2008-09 and 2009-10. Prior to the economic recession, the Gross Tax Revenue of the Centre had reached up to 11.9 percent of GDP in 2007-08; it fell to 10.8 percent of GDP in 2008-09 and further to 9.5 percent of GDP in 2009-10 (as a result of both slowdown in economic growth and higher tax concessions by the government for promoting economic recovery). However, even after the economy has recovered from the impact of the recession, Centre's Gross Tax Revenue has shown a very slow revival to 10.1 percent of GDP in 2011-12 (RE) and 10.6 percent of GDP in 2012-13 (BE).

Figure 14.a: Major Sources of Receipts for the Union Budget (Rs. Lakhs of Crore)



Note: Non-Debt Capital Receipts mainly comprise proceeds from Disinvestment.

Source: Compiled from Receipts Budget, Union Budget 2012-13.

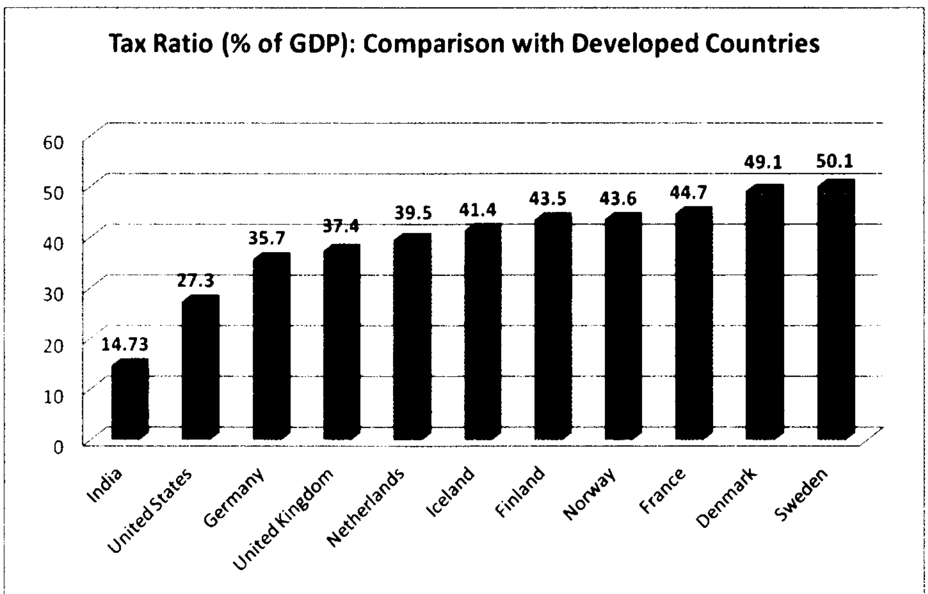
Table 14.d: Gross Tax Revenue to GDP Ratio for the Centre

Year	Gross Tax Revenue of the Centre (in Rs. Crore)	Centre's Gross Tax Revenue - GDP Ratio (in %)
2002-03	215905	9.2
2003-04	254348	9.7
2004-05	304957	9.4
2005-06	366151	9.9
2006-07	473513	11
2007-08	593147	11.9
2008-09	605298	10.8
2009-10	624527	9.5
2010-11	793072	10.3
2011-12(RE)	901664	10.1
2012-13(BE)	1077612	10.6

Source: Compiled by CBGA from *Union Budget*, GoI, various years, and *Economic Survey 2011-12*, GoI.

There is a lack of any concrete policy measure in the Union Budget 2012-13 to address the low tax-GDP ratio of India. After the introduction of economic liberalization in the 1990s, there was a decline in the gross central taxes (as compared to the GDP) due to reductions in the rates of customs duties[1] and excise[2]. The recent economic crisis (of 2008 and 2009) again had an adverse impact on the country's tax-GDP ratio, specifically on the central taxes, while the state tax-GDP ratio remained more or less unaffected. A disturbing fact is that India's tax-GDP ratios is much less compared to a number of developing countries and most of the developed countries (Table 14.e).

Figure 14.b: Comparison of India's Tax-GDP Ratio with Other Countries (2010-11)



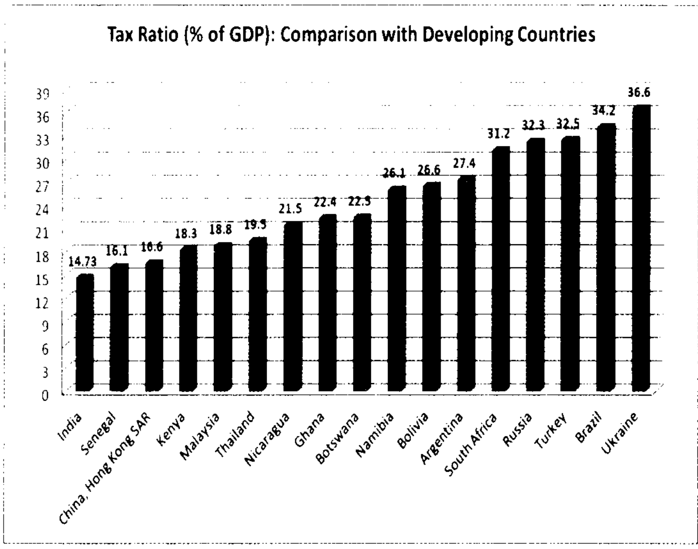
Some of the **amendments to the Income Tax Act to tackle tax evasion/avoidance**, which have been proposed in Union Budget 2012-13, are steps in the right direction and cause for cheer. Following are the highlights of these measures:

[1] Customs duty is an indirect tax which is levied on goods of international trade. It is a kind of consumption tax. It is of two types: Import duties are levied on imports and export duties are levied on export of goods

[2] An excise is an inland tax on the production and sale of a specific good within the territory of the country.

- **Section 9 and Section 2:** Retrospective amendment clarifying definitions of 'capital assets' and 'transfer' which will ensure that cross border transactions like the Vodafone-Hutch deal will be taxed. The Supreme Court had ruled in favour of Vodafone in January and held that the Government has no jurisdiction over transactions that take place outside the country. These amendments will now bring (under the jurisdiction of Indian tax authorities) all cross border transactions that involve **indirect transfers** of shares whose underlying assets are located in India.
- **Tax Residency Certificate**: Section 90 and 90A have been amended mandating 'Tax Residency Certificates' (TRCs) in a prescribed manner which is aimed at checking misuse of treaties such as the Double Taxation Avoidance Agreement with Mauritius. The Memorandum to the Finance Bill clarifies that submission of TRC is a necessary but not sufficient condition for availing benefits of the treaties. It gives the tax authorities the power to overlook the tax residency certificate and demand further proof of commercial substance. This will help address the loophole in the India -Mauritius Treaty that enables capital gains tax to be accrued in the country where the company is resident (i.e. Mauritius which has zero capital gains tax) and escape being taxed altogether.

Figure 14.c: Comparison of India's Ex-GDP Ratio with Other Developing Countries (2010-11)



Note: The data in both graphs include social security contributions, if they are applicable in a country.

Source: *Indian Public Finance Statistics*, 2010-11, Govt. of India and *Revenue Mobilization in Developing Countries*, IMF, 2011

- **General Anti-Avoidance Rules (GAAR)**: The introduction of GAAR which codifies the 'substance over form' doctrine is a positive step that should be welcomed. This will ensure that the real intention of the parties and effect of transactions and purpose of an arrangement is taken into account for determining the tax consequences, irrespective of the legal structure that has been superimposed to camouflage the real intent and purpose. Invoking GAAR requires the permission of the Commissioner before it is referred to an Approving Panel. Although the procedure and working of the Panel will be administered through a subsequent legislation, the Finance Bill provides that the panel will comprise a minimum of three members (and they have to be officers of the rank of Commissioner and above).

Tax Structure of the Country

In a society deeply affected by inequality, such as ours, taxation is also linked intrinsically to the issue of social justice. India's tax system, which collects almost two-third of the revenue from indirect taxes and only one-third from direct taxes, is regressive as compared to the tax system of many other countries (that collect a much higher proportion of tax revenue from direct taxes). Hence, the policies of the Union Government relating to taxation need to strive for more progressivity in our tax system by collecting a higher proportion of revenue from direct taxes. However, the proposals made in Union Budget 2012-13 would aggravate the regressivity of the tax system in the country; it is recognised in the budget that a net revenue loss of Rs.4500 crore would occur as a result of proposals relating to direct taxes, while a net revenue gain of Rs.45940 crore is estimated from proposals relating to indirect taxes.

In the total tax revenue collected by the Centre and the States, Direct Taxes (like Income Tax, Corporation tax) account for around 37 percent of the revenue while Indirect Taxes (like Customs, Excise, Service Tax, VAT) account for a much larger 63 percent of the revenue (as of 2009-10). The Indirect Taxes, which affect the rich and the poor alike, are considered to be regressive while the Direct Taxes (which take into account the tax payer's ability to pay) are considered widely to be progressive. Moreover, the extent to which India's tax system is dependent on Indirect Taxes is much higher than that in several other countries (such as the OECD countries). For instance, Column 5 titled as 'Taxes on goods and services (indirect tax) in Table 14.g shows that whereas the average indirect tax revenues from other selected countries are 28 percent of total tax revenues, in India this is as high as 66 percent of total tax revenues.

A higher share of tax revenues of the Central Government is accrued from Direct Taxes (such as, corporation tax and income tax), which constitutes nearly 57 percent of the total tax collection by the Centre. However, in the total tax revenue collected by the

Table 14.f: Direct Taxes Vs. Indirect Taxes in India's Total tax-GDP Ratio (Figures in %)

Year	Central Taxes - Direct	State Taxes-Direct	**Total Direct Tax**	Central Indirect Tax	State Indirect Tax	**Total Indirect Tax**	Tax-GDP Ratio
2002-03	2.52	1.04	**3.56**	3.99	6.97	**10.96**	14.52
2003-04	2.78	1.2	**3.98**	4.01	7.05	**11.06**	15.04
2004-05	2.94	1.29	**4.23**	3.99	7.03	**11.02**	15.25
2005-06	3.19	1.35	**4.54**	4.13	7.25	**11.38**	15.92
2006-07	3.83	1.56	**5.39**	4.35	7.42	**11.77**	17.16
2007-08	4.64	1.75	**6.39**	4.17	6.89	**11.06**	17.45
2008-09	4.2	1.68	**5.88**	3.75	6.78	**10.53**	16.41
2009-10 RE	4.25	1.72	**5.97**	3.36	6.67	**10.03**	16.00
2010-11 BE	3.76	1.72	**5.48**	3.02	6.23	**9.25**	14.73

Source: Compiled by CBGA from Indian Public Finance Statistics 2010-2011, GoI.

Centre and the States, Indirect Taxes account for a much larger share than Direct Taxes. Hence, there is a need for improving the progressivity of the overall tax regime in India by further increasing the reliance on Direct Taxes.

The Union Budget 2012-13 fails to address the regressive tax structure of the country, rather it could aggravate this problem further. The proposals for increasing the rates for Service Tax and standard Excise Duty would impose a higher burden of indirect taxes on people in general, while the sops given to the middle class and upper middle class sections in income tax would benefit only those sections. Moreover, the Union Budget 2012-13 does not attempt to raise any higher magnitude of revenue from corporate tax despite the recognition of the effective tax rate for corporates being significantly lower than the nominal tax rates due to the exemptions.

Table 14.g: Composition of Tax Revenues (in 2007)

Countries	**Revenue from Specific Taxes as % of Total Tax Revenue**						
	(1) Individual Income Tax	(2) Corporate Tax	(3) Property Tax	(4) Social Security Contributions	**(5) Taxes on goods and services (Indirect Tax)**	(6) Payroll Tax	(7) Total
INDIA	12.4	20.9	0	0	**65.9**	0	99.2
CANADA	37.4	11.0	9.9	14.4	**23.6**	1.9	98.2
USA	38.1	10.9	11	23.3	**16.6**	0	99.9
UK	30.1	9.4	12.6	18.4	**29.2**	0	99.7
JAPAN	19.5	16.8	8.9	36.4	**17.9**	0	99.5
MEXICO	27.7	1.7	15.3	**52.0**	1.4	98.1	0
KOREA	16.7	15.1	12.8	20.8	**31.3**	Negligible	96.7
MALAYSIA	12.2	33.8	NA	0	**27.1**	0	96.0

Note: The comparison pertains to the year 2007

Source: Compiled by CBGA from OECD Revenue Statistics (1965-2008), Indian Public Finance Statistics (2008-09), Govt. of India and Ministry of Finance, Govt. of Malaysia

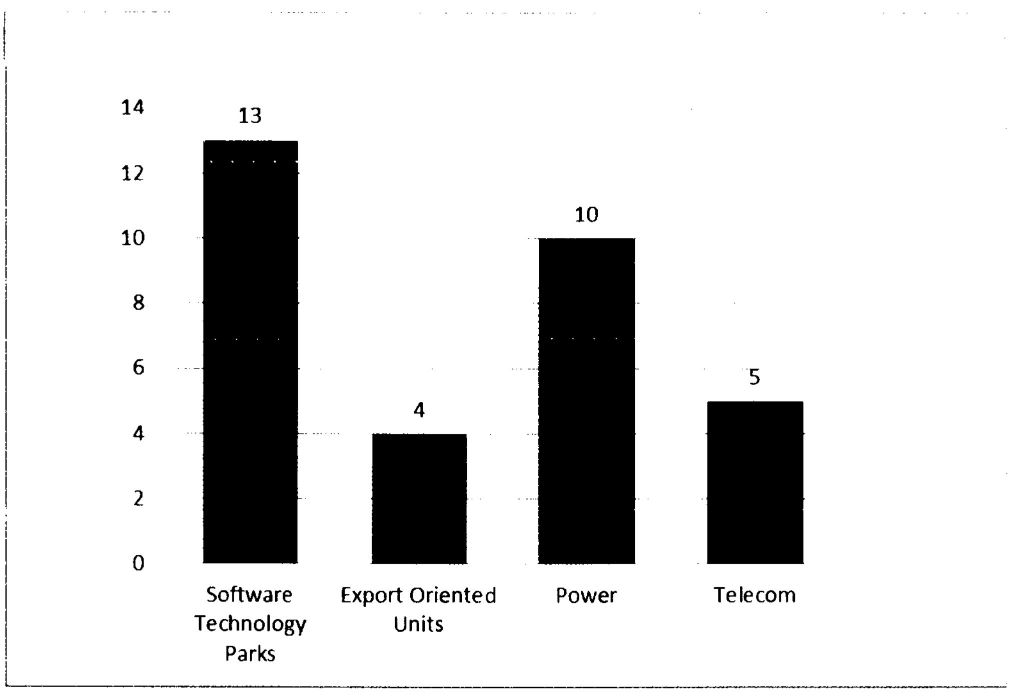
Exemptions in the Central Government Tax System

A huge amount of tax revenue is foregone due to the exemptions/ deductions/ incentives in the Central Government tax system The Union Finance Minister had recognized in his 2009-10 Budget Speech that India's tax base continues to be low compared to other countries, mainly due to a plethora of exemptions/ deductions/ incentives in the Central Government tax system. However, the Government had not taken any corrective measures in this regard in the last three Union Budgets

Table 14.h: Tax Revenue Foregone in the Central Govt. Tax System due to Tax Exemptions

	Corporate Income Tax	Personal Income Tax	Excise Duty	Customs Duty	Total
Revenue Foregone in 2009-10 (in Rs. Crore)	72881	45142	169121	195288	482432
Revenue Foregone as % of Aggregate Tax Collection in 2009-10	11.7	7.2	27.1	31.3	77.3
Revenue Foregone as % of GDP in 2009-10	1.1	0.7	2.6	3.0	7.4
Revenue Foregone in 2010-11 (in Rs. Crore)	57912	36826	192227	172740	459705
Revenue Foregone as % of Aggregate Tax Collection in 2010-11	12.6	8.0	41.8	37.6	100.0
Revenue Foregone as % of GDP in 2010-11	0.8	0.5	2.5	2.3	6.0
Projected Revenue Foregone in 2011-12 (in Rs. Crore)	51292	42320	212167	223653.0	529432
Projected Revenue Foregone as % of Aggregate Tax Collection in 2011-12	9.7	8.0	40	42.2	100.0
Projected Revenue Foregone as % of GDP in 2011-12	0.6	0.5	2.4	2.5	5.9

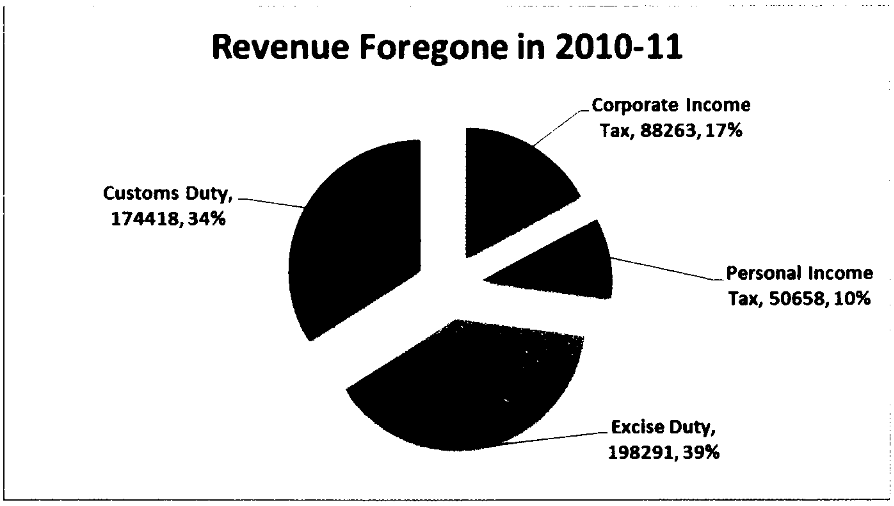
Figure 14.d: Estimated Tax Revenue Foregone (as % of Total Tax Revenue Forgone) in different Sectors in 2011-12



Source: Statement of Revenue Foregone, Union Budget 2011-12, Department of Revenue (Ministry of Finance), Government of India.

Substantial amount of tax revenue is foregone due to the exemptions in corporate, custom and excise taxes, several of which might not be necessary now (Table 14.h). Though some exemptions in certain sectors can be accepted, *what benefits are actually accruing* from such exemptions need to be closely scrutinized. It is evident that the lowest effective tax rate is paid by ITES providers, Business Product Outsourcing (BPO) service providers and software development agencies. There was a substantial revenue loss from exemptions in a number of EOUs, STP Units, and SEZs as well (Figure 14.d).

Figure 14.e: Revenue Foregone in 2010-11



Source: Compiled from the Revenue of Statement Foregone, Ministry of Finance(2010-11)

Box 14.a: Major items /areas of exemptions in different types of taxes

- Corporate Tax [Software Technology Parks (STP), Special Economic Zones (SEZ), Accelerated Depreciation, Export Oriented Units (EOUs), Power, Telecom]
- Income Tax [Partnership firms, Association of Persons (AOP) and Body of Individuals (BOI), Individual Taxpayers][1]
- Customs [crude oil, gold and diamond, machinery, food products]

Source: Statement of Revenue Foregone in 2011-12, Ministry of Finance, GoI

Box 14.b: What does Economic Survey (2010-11) say for the rationale of these exemptions?

- ***Corporate Income Tax (CIT)***: In the case of corporates, deduction on account of accelerated depreciation, deduction for export profits of export oriented units (EOUs) and units located in software technology parks, and for profits of businesses in the power and telecom sectors were some of the major incentives.
- ***Personal Income Tax (PIT)***: Deductions on account of certain eligible savings, investments, and expenditures under Section 80C of the Income tax Act being the major incentives.
- ***Customs Duty***: The major heads under these exemptions were diamond and gold, crude oil and mineral oils, edible vegetable, fruits, cereals and vegetable oils, machinery, and chemicals and plastics.
- Besides, lower effective rates offer the required protection for productive sectors and also facilitate the economy's competitiveness which in turn increases the tax base.
- Even in the case of excise on manufacture, the exemptions help achieve specific purposes and removal of exemptions would not ipso facto result in the same quantum of additional revenues as prices and altered demand conditions affect actual accrual.

Source: Economic Survey 2011-12, GoI.

With regard to tax exemptions, the 49th report of the Parliamentary Standing Committee on Finance emphasises that each exemption should serve an economic purpose; and adds that an annual or periodical review of each of the exemptions is also crucial in assessing the fulfilment of their economic purposes. It also opines that exemptions should not be for a very long period.

[1] Apart from Corporate sector, partnership firms, Association of Persons (AOP) and Body of Individuals (BOI) are also engaged in large business enjoying tax exemptions and deductions. See, "Revenue Forgone under the Central Tax System: Financial Years 2009-10 and 2010-11", Ministry of Finance, URL: http://indiabudget.nic.in/ub2011-12/statrevfor/annex12.pdf; p.23-25.

15. Sharing of Resources between Centre and States

Mobilisation and sharing of financial resources play a crucial role in every federal system and smooth functioning of the whole system critically hinges on a sound fiscal transfer mechanism of resources across different tiers of governance. The objective of the system of intergovernmental fiscal transfers is to correct vertical imbalances and horizontal inequalities in the distribution of federal resources. In the federal structure of India, the constitutional arrangement is clearly in favour of the central government regarding the distribution of revenue generation power. It creates an inherent imbalance between the States' expenditure needs and their powers to raise revenue and it ultimately leads the States to be dependent heavily on central transfer of resources i.e. central tax share & grants. The Finance Commission (FC) determines the overall share of States in the central taxes as well as its allocation among different States and recommends grants to States in need of assistance.

If the central revenue collection and transfers to the states is examined for the last decade, the trends appear unfavourable from the perspective of States:

- In the last decade, **Gross Tax Collection** by the Centre has been increased substantially from Rs.1,88,605 crore in 2000-01 to an estimated Rs.10,77,862 crore in 2012-13.
- Size of Central Tax Revenue **outside the Divisible Pool** (Cesses & Surcharges + Cost of Collection of central taxes + Taxes of UTs) has increased significantly from Rs.17,483 crore in 2000-01 to Rs.1,09,308 crore in 2012-13. Some of the cesses and surcharges have existed for fairly long periods. In the period between 2000-01 and 2012-13, **Share of Tax Revenue outside the Divisible Pool** as proportion of **Central Taxes (Gross)** hovered in between 9 percent to 14 percent, which goes wholly to the central government.
- As far as the **Actual Size of the Divisible Pool** is concerned, it has been higher than the **Projected Size of the Divisible Pool** especially during the period of the 12th FC and the initial two years of the 13th FC (Table 15.a). This higher revenue generation over and above the projected divisible pool varies from 5 percent to 32 percent.
- However, out of this additional revenue generation, a larger share goes the Centre (68 percent in the recommendation period of the 13th FC), which clearly emerges from the data presented in Table 15.a.
- It is a disturbing trend in the federal system India where all the buoyant tax bases are in the hand of the Centre albeit the major responsibilities (about 80 percent of the development expenditures in areas such as irrigation, roads, health and education etc.) are in the hands of the States.

Table 15.a: Total Divisible Pool of Central Taxes and its division between the Centre and the States

	Actual size of the Divisible Pool* / Projected size of the Divisible Pool@ (in %)	Actual share of States in Divisible Pool* / Projected share of States in Divisible Pool@ (in %)	Actual share of Centre in Divisible Pool* / Projected share of Centre in Divisible Pool@ (in %)	Share of Tax Revenue outside the Divisible Pool$ / Total Revenue from Central Taxes (Gross)@ (in %)
2000-01	93.4	96.1	92.2	9.3
2001-02	81.2	84.7	79.7	7.2
2002-03	76.4	76.4	76.5	11.8
2003-04	78.2	78.6	78.0	10.7
2004-05	80.0	80.1	79.9	11.1
2005-06	104.9	104.9	104.9	14.1
2006-07	120.1	116.9	121.5	13.0
2007-08	132.1	128.0	133.9	12.4
2008-09	114.9	117.4	113.8	14.1
2009-10	104.4	103.6	104.8	12.8
2010-11	111.6	107.7	113.5	10.5
2011-12 (RE)	108.8	107.0	109.7	10.0
2012-13 (BE)	110.0	107.2	111.4	10.1

Notes: @: Projected size of the divisible pool of central taxes, projected share of states in central taxes and the projected share of the centre are the projections in the reports of Finance Commissions

*: actual size of divisible pool/ actual shares are the actual figures as reported in budget documents

$:Collections from Cesses, Surcharges, Taxes of UTs and Cost of Tax collections are deducted from the Gross Tax revenue to form the Divisible Pool

Source: Calculated from the data compiled from the 11th, 12th & 13th Finance Commission Reports; Annual Financial Statement, Union Budget 2012-13.

Gross Devolution and Transfers (GDT) from Centre to States:

In the wake of the resource crunch faced by the Centre since 1997 (which was a consequence of some of the liberalisation policies), the magnitude of financial resources transferred from Centre to States had also been compressed. Gross Devolution and Transfers (GDT) from Centre to States has fallen from more than 7 percent of GDP in 1990-91 to about 5 percent of GDP in 2012-13 (BE). As a proportion of Total Expenditure from the Budgets of all the States, gross devolution and transfers (GDT) from Centre to States had fallen from 45 percent in 1990-91 to 39 percent in 1998-99; subsequently, it has fallen from 31.1 percent in 1999-2000 to 28 percent in 2003-04. There has been a gradual increase in the subsequent years to settle at about 33 percent in 2010-11.

Table 15.b: Gross Devolution and Transfers from Centre to States

Year	Gross Devolution and Transfers (GDT) from Centre to States* (in Rs. Crore)	GDT as % of GDP	GDT as % of Aggregate Disbursements of States**
1988-89	30333	7.1	45.2
1989-90	32862	6.7	42.8
1990-91	40859	7.2	44.9
1998-99	102268	5.8	39.1
1999-2000	95652	4.9	31.1
2000-01	106730	5.1	31.4
2001-02	119213	5.2	32.3
2002-03	128656	5.2	31.4
2003-04	143783	5.2	28.0
2004-05	160750	5.0	29.0
2005-06	178871	4.8	31.8
2006-07	220462	5.1	33.5
2007-08	267276	5.4	35.5
2008-09	297980	5.3	33.8
2009-10	315703	4.8	29.2
2010-11	389186	5.1	33.1
2011-12 (RE)	447146	5.0	-
2012-13 (BE)	529823	5.2	-

Note: * Gross Devolution and Transfers (GDT) Upto 2007-08 include: (i) States' Share in Central taxes, (ii) Grants from the Centre, and (iii) Gross Loans from the Centre.

GDP Figures have been taken from the Planning Commission, Government of India, available at http://planningcommission.nic.in/data/datatable/1705/final_11.pdf

Source: Compiled by CBGA from the basic data given in the State Finances: Budget at Glance 2011-12, 2012-13 and Handbook of Statistics on State Government Finances-2011, Reserve Bank of India.

Every Budget broadly consists of two parts, viz. (i) Expenditure Budget and (ii) Receipts Budget. The **Expenditure Budget** presents the information on how much the Government intends to spend and on what, in the next fiscal year. The **Receipts Budget** presents the information on how much the Government intends to collect as its financial resources for meeting its expenditure requirements and from which sources, in the next fiscal year.

Union Budget 2012-13 : Budget at a Glance (In Crores of Rupees)

	2010-2011 Actuals@ Estimates	2011-2012 Budget Estimates	2011-2012 Budget Estimates	2012-2013 Budget Estimates
1. Revenue Receipts	**788471**	**789892**	**766989**	**935685**
2. Tax Revenue (net to Centre)	569869	664457	642252	771071
3. Non-tax Revenue	218602	125435	124737	164614
4. Capital Receipts (5+6+7) $	**408857**	**467837**	**551730**	**555241**
5. Recoveries of Loans	12420	15020	14258	11650
6. Other Receipts	22846	40000	15493	30000
7. Borrowings and other Liabilities*	373591	412817	521980	513590
8. Total Receipts (1+4) $	**1197328**	**1257729**	**1318720**	**1490925**
9. Non-plan Expenditure	**818299**	**816182**	**892116**	**969900**
10. On Revenue Account of which,	726491	733558	815740	865596
11. Interest Payments	234022	267986	275618	319759
12. On Capital Account	91808	82624	76376	104304
13. Plan Expenditure	**379029**	**441547**	**426604**	**521025**
14. On Revenue Account	314232	363604	346201	420513
15. On Capital Account	64797	77943	80404	100512
16. Total Expenditure (9+13)	**1197328**	**1257729**	**1318720**	**1490925**
17. Revenue Expenditure (10+14)	1040723	1097162	1161940	1286109
18. Capital Expenditure (12+15)	156605	160567	156780	204816
19. Revenue Deficit (17 - 1)	**252252**	**307270**	**394951**	**350424**
20. Fiscal Deficit {16 - (1+5+6)}	**373591**	**412817**	**521980**	**513590**
21. Primary Deficit (20 - 11)	**139569**	**144831**	**246362**	**193831**

@ Actuals for 2010-11 are provisional.
$ Does not include receipts in respect of Market Stabilization Scheme.
* Includes draw-down of Cash Balance.
Source: www.indiabudget.nic.in

Economic Services: These are government services/ functions which usually lead to income generating activities for people and promote the expansion of economic activities in the country.

Social Services: These services usually refer to the interventions by the Government which are expected to promote social development. Although better outcomes in the social sector, like better education and better health, also contribute towards economic development, this effect would be indirect and take more time to be realized.

General Services: The term General is meant to distinguish these services from the other two kinds of services, i.e. Economic and Social.

CLASSIFICATION	EXAMPLES OF GOVT. SERVICES/ FUNCTIONS
General Services	Interest Payments
	Repayment of Debt (taken in the past)
	Defence
	Law and Order (Police)
	Running of Different Organs of the State
	Pensions
Economic Services	Agriculture
	Irrigation
	Industry and Minerals
	Employment Generation Programmes
	Transport
Social Services	Education
	Health & Family Welfare
	Water Supply & Sanitation
	Welfare of Marginalised Sections
	Welfare of Handicapped and Destitute People
	Youth Affairs & Sports
Grants to Sub-national Governments	Grants in Aid to States
	Grants in Aid to Union Territories

Note: This table illustrates only some of the services/ functions under the various heads. Please refer to the budget documents for a comprehensive list.

Receipts Budget can be divided into two distinct categories viz. **Revenue Receipts** and **Capital Receipts**.

Capital Receipts: Capital Receipts lead to a reduction in the assets or an increase in the liabilities of the government. Capital Receipts need not come periodically in every Budget.

- Capital Receipts that lead to a reduction in assets are *Recoveries of Loans* given by the government in the past, and *Earnings from Disinvestment* in government owned enterprises. Capital Receipts through *Debt* lead to an increase in government's liabilities.

Revenue Receipts: With this kind of receipts, there is no change in the asset-liability position of the government, i.e. a Revenue Receipt neither reduces the assets of the government nor increases its liabilities. Revenue Receipts consist of proceeds of total Tax and Non-Tax Revenues of the government.

Some examples of Revenue Receipts:

- *Receipts from Fees/ User Charges* imposed by government; *Dividend & Profits* from government-owned enterprises (no effect on the size of the original asset of government); Revenue earned from the various types of *Taxes*

Classification of Revenue Receipts

- **Tax Revenue and Non-Tax Revenue:** The receipts of the Government through different types of taxes are collectively referred to as Tax Revenue. On the other hand, Interest receipts, Fees/ User Charges, and Dividend & Profits from Government Enterprises together constitute the Non-Tax Revenue of the Government.

However, Recoveries of Loans, Earnings from Disinvestment, and Debt are distinguished from Revenue Receipts and are referred to as Capital Receipts.

- **Direct and Indirect Taxes**

Direct Taxes: Those taxes for which the tax-burden cannot be shifted or passed on are called Direct Taxes. What this means is: any person, who directly pays this kind of a tax to the Government, bears the burden of that particular tax. Examples of Direct Taxes are: Corporation Tax, Personal Income tax and Wealth Tax etc.

Indirect Taxes: Those taxes for which the tax-burden can be shifted or passed on are called Indirect Taxes. What this implies is: any person, who directly pays this kind of a tax to the Government, need not bear the burden of that particular tax; he/she can ultimately shift the tax-burden to other persons later through business transactions of goods/ services. Examples of Indirect Taxes are: Customs Duties, Excise Duties, Sales Tax, Service Tax etc.

Classification of Government Expenditure

Revenue and Capital Expenditure:

The entire Expenditure Budget can be divided into two distinct categories called: Revenue Expenditure and Capital Expenditure.

Capital Expenditure is usually meant for increasing the government's assets or reducing its liabilities.

- It is, however, not necessary that the assets created should be productive or they should even be revenue generating.
- Once the government decides to spend for the creation of an asset, Capital Expenditure bears all charges for the first construction of the asset, while Revenue Expenditure bears all subsequent charges for its maintenance and all working expenses.
- Capital Expenditure of any type is usually not incurred regularly from every Budget. Hence, most kinds of Capital Expenditure are seen as non-recurring expenditure.
- Some examples of Capital Expenditure:
    - Government spends for building a new Factory (increase in assets)
    - Government gives a Loan to someone (increase in assets)
    - Government repays the Principal amount of a debt it had taken from someone (reduction of a liability)

Revenue Expenditure generally does not have anything to do with creation of assets or reduction of liabilities of the government. Most kinds of Revenue Expenditure are seen as recurring expenditure, since the government incurs those expenditure periodically from every Budget.

Some examples of Revenue Expenditure:

- Government pays the Interest charges due on a loan from International Monetary Fund (no effect on the size of the original liability of Government)
- Government expenditure on Food Subsidy (no effect on assets/ liabilities)
- Government spending on Salary of its employees
- Government spending on procurement of medicines for its hospitals

- Government gives Grant [illegible] be reported as a Capital Expenditure in the Budget of the national Government as the national Government would not own the Schools/ Hospitals built!)

Plan and Non-Plan Expenditure

Plan Expenditure is meant for financing the development schemes formulated under the given Five Year Plan or the unfinished tasks of the previous Plans. Once a programme or scheme pursued under a specific Plan completes its duration, the maintenance cost and future running expenditures on the assets created or staff recruited are not regarded as Plan Expenditure.

Any expenditure of the government that does not fall under the category of Plan Expenditure is referred to as Non-Plan Expenditure. Sectors like Defence, Interest Payments, Pensions, Subsidies, Police, Audits etc. have only Non-plan Expenditure since these services are completely outside the purview of the Planning Commission; while sectors like Agriculture, Education, Health, Water & Sanitation etc. have both Plan and Non-plan Expenditure.

Different Categories of Plan Schemes

There are three different kinds of Plan Schemes, which are implemented in any State, viz. State Plan Schemes, Central Sector Schemes and Centrally Sponsored Schemes.

State Plan Schemes – The funds for State Plan Schemes are provided only by the State Government, with no 'direct contribution' from the Centre. However, the Centre may provide, at the recommendation of Planning Commission, some assistance to the State Government for its State Plan schemes, which is known as *'Central Assistance for State & UT Plans'*. Unlike Centre's grants to a State under central schemes, the *'Central Assistance for State & UT Plans'* cannot be tied to any conditionalities of the central government ministries.

Central Sector Schemes (also known as Central Plan Schemes) – The entire amount of funds for a Central Sector Scheme/ Central Plan Scheme is provided by the Central Government from the Union Budget. The State Government implements the Scheme, but it does not provide any funds for such a Scheme from its State Budget.

Centrally Sponsored Schemes – In case of a Centrally Sponsored Scheme, the Central Government provides a part of the funds and the State Government provides a matching grant for the Scheme. The ratio of contributions by the Centre and a State is pre-decided through negotiations between the two.

Deficit & Debt

The excess of government's expenditure over its income is known as 'Deficit'. Thus, deficit refers to a gap, and the Govt. takes Debt to cover that gap. Until late 1990s, Govt. of India could ask RBI to print money to cover a part of this Fiscal Deficit (called Monetisation of Fiscal Deficit). But that practice has been discontinued.

Fiscal Deficit: Fiscal Deficit is the gap between the government's total expenditure (including loans net of repayments) and its sum total of non-debt receipts. Thus, fiscal deficit indicates the total borrowing to be made by the government in a particular year.

Revenue Deficit: The gap between Revenue Expenditure of the Govt. and its Revenue Receipts is called the Revenue Deficit.

Budget Estimates (BE) and Revised Estimates (RE)

Let's consider a new Budget being presented in Parliament. The estimates presented in this Budget for the approaching fiscal year would be called **Budget Estimates (BE)**. The estimates presented in this Budget for the current/ ongoing fiscal year based on the disbursements in the first two to three Quarters of the fiscal year would be called as **Revised Estimates (RE)**. However, the figures (of receipts and expenditure) for the previous fiscal year would be referred to as **Actuals** or **Accounts**.