

Budget Work in India:

A Stocktaking







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— Mr. Gopakumar Thampi



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1 The Context

There is a small but growing community of budget groups in India engaged actively in budget work ranging from highly analytical exercises to grassroots campaigns. A cursory review of the last two decades of budget work in India highlights two striking and seemingly contrasting trends: (a) though small in terms of number of actors and initiatives, civil society engagement in budget work in India has resulted in substantive outcomes and; (b) even with a two-decades long legacy of engagement and experience, the critical mass of budget groups has not expanded much in the country. Compared with the virtual explosion of actors and actions in related domains of civil society actions like performance and outcome monitoring of public services, this 'low intensity' engagement poses quite a few questions.

Is the domain of budget analysis and advocacy quite technical and complex for relatively less resourced Civil Society Organisations (CSOs) to get engaged? Or, is the critical role of budgets still not widely understood and appreciated in the civil society domain? A review of budget work in India articulates this conundrum quite vividly: "Despite its importance, budget work remains largely unnoticed both by academics and practitioners in India. It

Budget analysis vs. Budget work

'Budget analysis' mean work related to analysing figures in the government's budget—whether those are revenue, allocation or expenditure figures. The analysis may be of figures presented in the budget itself or in other government in-year or end-year (audit) reports. 'Budget work', in contrast, can include budget analysis, but also encompasses work such as expenditure tracking of various sorts, assessments of the impact of government expenditures, community education about the budget, advocacy related to the way the budget impacts the poor, and so on. (FAO, 2009)

has not been able to transcend the boundaries of professional development organisations to form alliances and networks necessary to provide the cutting edge to social action groups, media and other civil society actors” (Aiyer & Behar, 2005). However, given the increasing groundswell of civil society activism and engagement in issues of governance in India, there exist ample opportunities to widen and deepen the scope of budget work, both in terms of expanding applications and networks. A defining challenge for budget work in India is to move the current discourse from the rigor of analysis to the praxis of politics.

The rest of the paper builds on these pointers and discusses three aspects:

- Section II** locates the rationale of budget work in the larger ecology of civil society engagement in governance. In particular, an emphasis is made to position budget work as an untapped potential to bridge the practice of representative democracy with the ideal of participatory democracy.
- Section III** discusses the historical antecedents of budget work in India and profiles emergent typologies. Documented evidences of the impact of budget work are laid out to support the case for advancing the field. The final segment,
- Section IV** charts some promising pathways to push the frontiers of budget work in India.

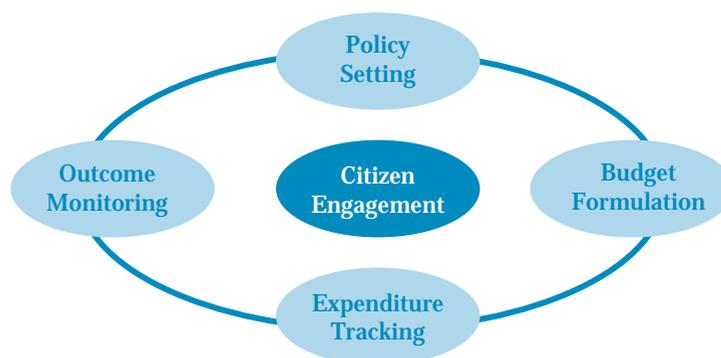
2 The Rationale

The burgeoning interest in budget work in India and elsewhere has to be seen in the larger context of civil society's engagement in governance, especially the increasing potency of citizens' 'voice' in exacting accountability and responsiveness from the state. Traditionally, in democracies citizens' 'voice' was a metaphor for the exercise of votes during elections; a given space and opportunity in the democratic governance cycle, when citizens signal their choices, preferences, priorities and create pathways for change. However, since 1990s there has been a radical shift in this thinking and a conscious move to distinguish 'voice' from 'votes'. Democracy was increasingly being defined as *"not just elections, but what happens between them"*. Citizen engagement in contemporary discourses and practices, especially in the Global South has emerged from two vantage points: one, in the context of public service delivery, especially for the poor and marginalised. And the other, as a potent link between representative and participatory democracy, especially in light of the growing chasm between public policies crafted by representatives of the citizens and the actual needs and aspirations of the citizens.

Opportunities for citizen engagement in governance can be imagined, located and applied in four functions of the government (Malena et al 2004):

- a. Policies and plans
- b. Budgets and expenditure
- c. Delivery of services and goods
- d. Public oversight

These domains straddle the polity, executive and legal domains of governance.



We may now examine these domains briefly:

Policy setting is the process where policies, strategies (programs, projects, and activities) and development outcomes are identified at the national, state and local levels. Citizen engagement is essential on two grounds – equity and efficiency. One, it promotes equity by ensuring that the government will prioritise issues and problems that are considered relevant by the citizens, especially for those who have been historically left out of the development process. Two, it enhances efficiency by ensuring that the limited resources of the government are properly allocated.

Budgeting pertains to the provision of financial resources to government functions to accomplish development objectives. The rationale for embedding citizen's voice in budgeting can be summarised in the following points Boncodin (2007):

- a. demystifying the budget and the budget process;
- b. responding to basic needs of citizens at grassroots;
- c. improving budget allocation and facilitate fund distribution procedure; and
- d. preventing financial corruption and enhance accountability.

Integrating voices from specific enclaves like gender, socially disadvantaged and children brings in strong elements of equity into the budgeting process.

Expenditure tracking follows the flow of resources through several layers of the government till it reaches the frontline service providers. The emphasis here is to see how much of the originally allocated resources reach each

level, especially the grassroots. Citizen engagement can provide useful feedback on issues such as pilferage, bureaucratic corruption and other accountability issues related to accountability.

Outcome Monitoring implies assessing the impact of development interventions. These assessments very often emphasise issues of access, quality, reliability, and costs (legal, illegal and hidden) and hence provides many avenues to contest, challenge and supplement official statistics. Participatory monitoring approaches also provide potent channels to amplify voices to highlight issues of priorities and also, variations across demographics and geographies.

Interestingly, this interplay of ‘voice’ happens at various sites – at the *‘political’* when it integrates into processes such as manifestos, advocacy campaigns, legislature/parliament watch etc.; at the *‘executive’* when it complements or contests existing chains of accountability and stake a claim for service providers to be more accountable and responsive and within the larger *‘civil society’* itself when it forges coalitions and creates converging hubs for diverse stakeholders to claim citizenship rights and entitlements. Public service delivery domain, thus incidentally becomes the larger site for democratic contestations and negotiations. It is this ‘bridging’ potency of civil society engagement that offers much promises and potential in widening and deepening democratic practices.

While the importance of budget as the principle economic policy document in a country and its critical role in ensuring equity and justice is well appreciated, serious budget work by independent groups was triggered mostly by certain contextual factors that followed in the wake of the dramatic transformations in the governmental systems since the 1990s. Some of these triggers include increasing roles of and opportunities for non- governmental actors, especially CSOs, to actively engage in development and governance agendas; new public finance practices that supported greater transparency in budget systems and a larger role for the independent oversight offered by civil society and legislatures and; rapid proliferation of decentralisation and devolution that brought budgeting closer to communities and made it more real for them (IBP, 2001).

In India, the early forays by civil society organisations in to budget analysis and advocacy was triggered by a lack of space for CSOs to engage with the state in budget formulation, especially in influencing allocations. Arguably, that space was seen to be captured by powerful industry lobbies like industry

associations and the chambers of commerce. There was thus a need to create a countervailing initiative to bring in people's voice and representation in the budgeting processes. The other trigger was more compelling and located in social justice imperatives. Budget analysis became a powerful tool to advocate for pro-poor and pro-marginalised resource allocation and use. Two interesting and persuasive arguments stand out: One, budget analysis using both current and historic trends became a powerful evidence to hold the state to its avowed social and welfare obligations. Second, budget analysis became a powerful proxy transparent and accountability instrument to contest claims of public spending and expose gross irregularities.

In many sense, the genesis and spread of budget analysis represent a key facet of the rise of 'empiricism' within civil society whereby contestations and negotiations with the state was premised on facts and advocacy influenced and informed by facts. This transition and its potential has been succinctly summed up in the proceedings of a meeting of budget groups in 1999: *"Budget analysis is assuming increasing importance in an era of digital thinking. Numbers are increasingly becoming important in the realm of politics and political discourse. The transition from ethical to digital thinking is seeing the growing use of facts and figures to win political arguments in one's favour. The language and logic of institutions is changing and unless social action groups adapt their strategies to meet the changing needs, they will inevitably lose out. As policy makers and economists use numbers and figures to 'mystify' and dominate budget discourse, social action groups can use budget analysis techniques to counter their arguments"* (John Samuel, 1999). There was an early realisation within budget groups that working through the instruments of the state rather than directly confronting the state can be a powerful means of initiating transformation within the state (Aiyer & Behar, 2005).

3 Budget Work in India: Origins & the State of Play

The earliest documented instance of independent budget work in India by a civil society organisation can be located in the work of the Foundation for Research in Community Health (FRCH) on national and state-level health budgets. FRCH's efforts, commencing in 1984 to track health expenditures from household, block and district level to state and national levels led to the generation of a database on budgets of ministries of health of all state and Union Governments from 1951 to 1986 (Duggal et al, 1992). The database is currently managed and updated by the Centre for Enquiry Into Health and Allied Themes (CEHAT; <http://www.cehat.org/go/Database/Home>) and has provided a strong empirical foundation for informed advocacy campaigns.

However, it is now widely acknowledged that budget work in India got the visibility and momentum from the pioneering work of DISHA (Developing Initiatives for Social and Human Actions) in Gujarat in the early 1990s (Paul, 2007; Malajovich & Robinson, 2006; Aiyer & Behar, 2005). DISHA was founded in 1985 as a trade union and a tribal welfare organisation. Gujarat's northeastern districts have large tribal populations and DISHA's focus was on improving the status and conditions of this population. Among its early activities were the creation of twenty labor unions and cooperatives in the region, training of tribal youth, men and women, and advocacy work to improve social justice, especially land ownership and participation in decision-making bodies. In this context, DISHA had studied the state's tribal development plans and their implementation at close range. The organisation had observed that the benefits of the much publicised plans and schemes were hardly visible in the region where the programs operated. It is this realisation that led to the creation of "Pathey" as a new unit for undertaking budgetary analysis and advocacy work in 1995. DISHA has

used budget analysis (through Pathey) for over a decade and a half now to complement its efforts to mobilise tribals and dalits to demand their rights by ensuring that successive state governments adhere to their constitutional mandate of providing resources and services to the most marginalised communities.

Since then a number of organisations in India have been engaging in budget analysis to further their work on strengthening state accountability and transparency. Prominent amongst these are the Center for Budget and Policy Studies in Bangalore, the Center for Budget Studies, Mumbai, the Public Affairs Center, Bangalore and the Pune based National Centre for Advocacy Studies (NCAS) with its new initiative for building a Centre for Budget and Governance Accountability (CBGA) in New Delhi. As per data compiled by the Centre for Budget and Governance Accountability (CBGA), currently there are atleast 22 organisations in India engaged in budget work in some form or other (see http://www.cbgaindia.org/bwi_budget_groups_india.php). The International Budget Partnership (IBP), a global coalition promoting the use of budget analysis and advocacy as a tool to improve effective governance and reduce poverty, recognises 18 organisations in India that are engaged in budget work, of which nine are involved with IBP's programmes (see <http://internationalbudget.org/who-does-budget-work/findgroup/group-data/?country=in>). These groups represent a vibrant community of research and policy focused entities, sector-based advocacy groups and grassroots-led mass organisations. Though small in numbers, there is enough diversity and complementary skills among the cohorts to advance budget work in India. The role of the Ford Foundation should be specially mentioned in this regard as a key catalyst in providing financial support to the pioneers and also, for convening the small but growing band of budget work organisations regularly for exchange of knowledge and experiences.

Though the nature of budget groups differ significantly in terms of their origin, mandate and operations, certain common strands can be delineated:

- Most of the groups see a larger role for budget work in promoting the equity, efficiency and effectiveness imperatives of governance. They use the language of inclusion, commitment to pro-poor policies, accountability in spending public resources and answerability while taking policy decisions. Budget work, interestingly has become a meeting ground for these diverse groups.
- Since applied budget work is the dominant theme cutting across the groups, the potential for visible and tangible impact on lives and

livelihoods, especially of the disadvantaged is very high; though the question whether this potential has been tapped fully looms large. The work of DISHA and Vidhayak Sansad in the early 90s and their successes reflected this potential of using applied budget for advancing social causes.

- Analytical rigor and use of empirics to set the stage for contestation and claim making underscore the strategies employed in budget work by different groups. Demystification of budget jargons, analysis of expenditure trends and tracking outcomes have hugely impacted on the ability and potency to advocate for allocative justice and equity.

The state of play of budget work in India can be reviewed through multiple lenses: sector/theme, governance levels, demography (social categories) and strategic (entry points). We may now proceed to briefly discuss these:

3.1 Budget Work Based on Sectors/ Themes

Budgets are very often analysed from a ‘generalist’ point of view, where the focus is on a comprehensive analysis of the totality of the budget. On the other hand, there are increasing instances of assessing and analysing budgets from a sector perspective. Sector based budget work sharpens the focus of advocacy actions by bringing together stakeholders who are committed to and have the experience in a particular sector. Sector based budget work aims to improve budget outcomes through advocacy work designed to influence budget priorities (i.e. allocations between major items of expenditure), the quality of implementation (the proportion of the allocations actually expended and the efficiency and effectiveness of expenditure targeting) and the utilisation of expenditures (how far budget allocations translate into physical outputs).

Two case studies are discussed as exemplars of sector/theme focused budget work in India:

3.1.1 CBGA’s Social Budget Analysis

The Centre for Budget and Governance Accountability (CBGA) has been leading a pioneering initiative with support from UNICEF on social budget analysis by doing focused research on programmes affecting children

in India. The partnership undertook a series of analyses on the share of resources, and impact of public investments allocated to realising children's rights in India. Between 2007 and 2008, field work was conducted by CBGA and partner organisations in select states to delve deeper into state and district specificities.

Social budget analysis aims to bring to public focus how government budgets for schemes that affect children are allocated and spent. Among the desired outcomes of social budget work are greater - and more effectively channelled - resources for children, women and families in need of public support. The focus is twofold. The first is on the analysis of allocations and expenditures on social sector to highlight the priorities accorded to these sectors in public expenditure in the country. The second component of social budget analysis is an assessment of budgetary processes. This can generate significant insights about the factors that constrain effective utilisation of funds in social sector programmes. (CBGA, 2011)

As a result of this partnership, CBGA has come out with the 'Budget for Change Series' – a set of highly researched briefing notes that unbundles key issues, profiles trends and gaps and sets the agenda for advocacy. The data on which the reports in this series are based are case studies of a selected set of Centrally Sponsored Schemes, including the *Sarva Shiksha Abhiyan* (SSA), Integrated Child Development Services (ICDS), Reproductive and Child Health (RCH) programme and Immunisation programme (both under the NRHM), and the Total Sanitation Campaign (TSC). Secondary data on allocation, release and expenditure/utilisation were scrutinised, and complemented with primary data based on discussions and interviews with key officials at state and district levels of government.

Four different kinds of data have been collected through the studies:

(i) Data on *approved budget outlays, funds released, total funds available and expenditure reported* for the state and district (as relevant) during the last four financial years; (ii) Data on the *time-line of fund flow and fund utilisation in the state and district* (as relevant); (iii) Perceptions of relevant government officials, involved in planning and implementation of the scheme, on the major constraints in effective utilisation of funds; and (iv) Perceptions of grassroot-level service providers as regards constraints faced at the level of the primary units of service delivery (e.g. Primary School, Primary Healthcare Centre, and *Anganwadi* Centre).

Through regular review of budgetary data compiled by the Government of India, combined with local level monitoring and scrutiny of budgetary processes, it is hoped that the social budget analysis goes beyond a highly quantitative technical exercise to an exercise in accountability that can bring diverse stakeholders together to change the lives and circumstances of India's children.

3.1.2 Samarthan's Campaign to Make Real the Right to Work

In 2005 the government of India passed the National Rural Employment Guarantee Act (NREGA). The Act said that every rural household was entitled to 100 days per year of unskilled employment on public works projects. However, widespread instances of poor demand, bureaucratic delays and corruption warranted a closer review of NREGA. Samarthan was established in 1994 to support the development of civil society groups in the state of Madhya Pradesh. The organisation, which has since expanded into the neighbouring state of Chattisgarh, says its mission is to create a social order of equal opportunities and access to information, especially focusing on the poor and disadvantaged sections of the society. It was incidentally in the state of Madhya Pradesh where the Indian government decided to launch NREGA in 2006, so Samarthan has been involved in the monitoring and implementation of the program since its earliest days.

The organisation also developed a system for tracking all of the paperwork and payments made under the NREGA. It looked at the certificates issued by officials who physically verify the completion of public works projects. It looked at the management information system data that the Indian government avails online; these include village-level records of the number of persons given work, wages paid, delays in payment, and unemployment allowance. Samarthan even looked at the inventories provided by village officials and the notations made on job cards. Together with the social audits, this analysis revealed the pattern of abuses. The organisation also followed the money, paying special attention to dates at which funds were demanded and received and key documents filed. Samarthan gradually perfected a system for doing this that was considered so useful that it has since been adopted by officials in two blocks for their own internal monitoring. The system, when applied widely, revealed that the delay was most often at the block level and that the payments were often delayed by 20 days and, at times, by over two months.

To address lack of awareness of the program, Samarthan organised village youth to distribute the application forms for NREGA. The application forms were also made available in the village grocery shops. Samarthan told people that they must ensure that they get a dated receipt for their application so that they could get the unemployment allowance if they were not given work. Samarthan's campaign resulted in some tangible gains which holds potential for replication and scale up:

- Greater awareness among workers on their rights
- An increase in the number of workers getting demand based employment
- Better understanding of the blockages and irregularities in the administrative process of NREGA
- Increased capacity of local officials to propose public works projects and budgets

3.2 Budget Work Based on Governance Levels

Though historically budget work evolved and coalesced around national and sector budgets and vulnerable demographics, the rise and spread of participatory budgeting following the Porto Alegre experiment in Brazil in 1989; and much closer to home, the highly enabling People's Budget Initiative in Bangladesh (Rahman, 2004) triggered an interest on sub national level budgets. The National Institute of Urban Affairs (NIUA), for instance produced a series of municipal finance studies in the late 1980s and 90s (<http://www.niua.org/urban%20finance&managment.asp>).

This push for locating budget work at lower tiers of governance is usually triggered by certain contextual factors (Yilmaz et al, 2008):

- Decentralisation reforms grant local governments new powers and responsibilities in three dimensions: political, administrative, and fiscal. These dimensions give local governments discretionary space.
- Ensuring appropriate use of such discretionary space requires introducing effective accountability systems. Within their discretionary space, local governments would be accountable to higher levels of government (upward accountability) as well as to citizens (downward accountability).

- Public accountability mechanisms safeguard against misuse and abuse of local discretion, but they have imperfections. New forms of social accountability mechanisms, which enable direct engagement of citizens with government, emerge to complement public accountability mechanisms.
- Public and social accountability approaches must be bridged to ensure that citizens have the ability and opportunity to demand accountability and that local governments have the means and incentives to respond to citizen demands for accountability and better service delivery.

Though the 73rd and 74th Constitutional Amendments mandated the devolution of financial and other powers to local governments, Panchayat and Municipal budgets in India seldom attract much public attention. Budgets are debated and approved by the elected assemblies and councils. As there are no public reviews of revenues and expenditures, people are not aware about the budgets. Audited statements of revenues and expenditures become available only much later, often after years. Budget documents, audited or otherwise, are not made available to the public on a regular basis. Public awareness of budgets and their implications therefore tends to be low, and public participation is minimal (Paul, 2007).

3.2.1 Analysis of Local Government Budgets by CBPS

The work of the Centre for Budget and Policy Studies (CBPS) is a good illustrative example of working on local government budgets (Aiyer & Behar, 2005). CBPS's work is premised on the fact that the functional efficiency of local governments is dependent upon their financial health. Their analysis of the budgetary process at the local level has made a significant contribution to current understandings of financial devolution. The main activities of CBPS are the collection, collation and validation of budgetary data from local governments in Karnataka, training of local officials and elected representatives in the use and application of budgetary analysis and working with local bodies and civil society organisations in the preparation of district level plans. Since its inception, CBPS has undertaken a detailed analysis of both Panchayat and Municipal budgets from the perspective of allocation and expenditures and significantly, income of local bodies. CBPS's point of departure from other groups engaged in budget work lies not only in its emphasis on local budgets but also on its attempts at working directly with different local bodies to strengthen their participation in budgetary decision making. One such attempt was made in Kodagu district in Karnataka where CBPS worked with the District Planning Commission to encourage them to

use the tool of budget analysis to influence the budgeting process at the state level.

3.2.2 Comparative Analysis of Municipal Budgets in Five Cities by PAC

The Public Affairs Centre (PAC) has carried out an analysis of municipal budgets of city corporations in Ahmedabad, Bangalore, Chennai, Mumbai, and Pune in 1999. This study was a follow up to an earlier study conducted by PAC in 1997 on municipal budgets in Bangalore. The main issues discussed in the study were:

- How have city corporations grown in terms of revenues generated and expenditures incurred?
- What is the growth in real terms accounting for inflation?
- What are the major sources of revenue?
- Do cities differ in the magnitude and composition of their resource mobilisation?
- Do allocation patterns vary across cities?
- What sectors is expenditure concentrated on?
- Are capital expenditures on infrastructure development keeping up with the needs of the cities?
- Are there any good practices that one can draw upon from a comparative analysis of city budgets?

The sources of data for the study were the budget documents brought out by the municipal corporations of the different cities. The data used was for the years 1989-90 to 1995-96.

The major findings in the study were the annual growth rate in percentage of revenue, expenditure and capital expenditure for the cities from 1989-90 to 1995-96. The analysis shows that revenue has been growing in all the cities over the period under study. Ahmedabad and Chennai show the highest growth of 17% per year while Mumbai and Pune follow with growth rates of 16.5% and 16% respectively. Bangalore trails behind with a mere 12% growth in revenue. When the nominal figures were adjusted for inflation, it was seen that the growth rate in real terms for Chennai, Ahmedabad, Mumbai, Pune and Bangalore dropped down to 8%, 7%, 6%, 5% and

1% per year respectively. The capital expenditure for Chennai was the highest both in real and nominal terms. The capital expenditure for Bombay showed a negative figure in real terms. The study examined the allocation of expenditure to different sectors in the cities and found that the grants and contributions for education were the highest for Pune, Ahmedabad, Mumbai, and Chennai. The reason for this has been attributed to grants and contributions to medical colleges, which are being run by the state in Pune, Ahmedabad, and Mumbai. Grants and contributions for public works was the second highest item of expenditure for all cities except Bangalore, where it was the highest. After analysing the revenue and expenditure of different cities as a proportion of the state's revenue and expenditure, it was found that while the Bangalore Municipal Corporation's revenue as a percentage of the state's revenue had gone down, for all other cities it had increased. The comparative analysis of the municipal budgets of the five cities shows that revenues have not kept pace with the growth of these cities. Nonetheless, some cities, particularly Ahmedabad and Chennai, have done a reasonably better job than others in raising resources. Also some cities have planned and managed the resources available to them better than have others.

3.3 Budget Work Based on Social Vulnerabilities & Human Rights

Over the past five years human rights budget work has been growing rapidly in its scope, creativity and impact. The findings of budget analysis provide important technical data to back up human rights claims, data that are particularly persuasive because they are often derived from the government's own figures. Budget work, when properly used, can even expose human rights abuses that may otherwise remain hidden in the dense complexity of a government's financial reports. Moreover, a human rights framework strengthens the work of civil society budget groups through infusing that work with the moral claims of human rights and grounding it in legal obligations of governments (Blyberg, 2009).

Budget work on social vulnerabilities and human rights can also be located in the discourses and practices of a Rights Based Governance (RBG) framework. Central to this premise is the assertion that basic needs are basic rights and that any engagement in service delivery will work only in ways that help to strengthen people's leverage to claim their rights from the state more effectively and sustainably. Budget work is premised on the

The Rights Based Approach (RBA) to governance is a theme that has come up strongly in the face of rising ascendancy of neoliberal concepts and practices. As Ackerman (2005) notes: *Specifically, the core objective of RBA is to invert the power relationships between policy makers, service providers and the poor. Instead of envisioning development as a process by which governments, foundations or international agencies channel resources to “help” excluded groups overcome poverty and suffering, the human rights approach starts by acknowledging the entitlements of the poor”. As a result, according to this perspective “service providers” and “policy makers” are better conceptualised as “duty-bearers”. It is their obligation, not their choice, to guarantee the human rights of the poor, the “rights-holders”.*

notion that in a welfare state the provision of essential public services is a basic function of the state and access to these services by all citizens is a fundamental right. However, often the elite dominated and controlled State operates in an environment characterised by a lack of transparency and accountability or what is popularly referred to as ‘poor governance’ resulting in public services never reaching citizens. Through budget analysis, civil society organisations hope to counter this tendency by developing mechanisms for ensuring accountability and transparency in the budget process and through this in state functioning and delivery mechanisms more generally (Aiyer & Behar, 2005).

3.3.1 Budget Work as Social Activism: DISHA’s Legacy

DISHA’s pioneering work which set the momentum for budget work in India is firmly rooted in a rights based framework (Malajovich & Robinson, 2006). Influenced by the work of the Center for Budget and Policy Priorities (CBPP) in Washington, D.C., DISHA established a budget analysis wing called Pathey (meaning ‘food for the journey’) in 1993 to conduct research and advocacy on state budget priorities. DISHA’s early foray into budget work evolved as part of a broader rights-based strategy in which the results of its analysis fed into advocacy around issues of concern to mass organisations representing the poor and most disadvantaged people in Gujarat. The link between mobilising the poor through mass organisations and budget advocacy is fundamental to DISHA’s approach and renders it unique among budget groups in India and other parts of the world. The initial budget work of Pathey focused on providing data and analysis in support of the struggles

of laborers and forest dwellers. DISHA's analytical work centered on the allocation and use of government budgets earmarked for tribals through the Tribal Sub-Plan (TSP), which is allocated a proportion of line department budgets for tribal communities in line with their shares of the population. DISHA uses the results of its analysis to advocate for changes in government budget priorities in favor of disadvantaged groups, with a particular focus on tribals and agricultural labor. It periodically undertakes investigations on areas of special interest, such as the economic status of tribals, education, and agricultural labor, using the tool of budget analysis to provide evidence of a lack of government budgetary provisions or utilisation of budget commitments. Analysis of expenditure trends and tracking expenditure outcomes are the main focal points of DISHA's budget work. Collating and summarising budget information in the form of commentaries on the budget speech and the production of departmental summaries are the means by which DISHA communicates the results of its analysis to MLAs, civil society and the media. Most of this work is focused on the Gujarat state budget, though DISHA has analysed the union (national) budget priorities in recent years, and has conducted studies of budgets in other states.

The impact of DISHA's budget work can be assessed at several levels: by improving the budget process in the form of increased accountability and transparency; widening participation in the budget process; and influencing budget priorities and the quality of execution.

3.3.2 Networking for Social Justice: Social Watch – Tamil Nadu

The Tamil Nadu Peoples' Forum for Social Development (later recast as Social Watch – Tamil Nadu) has, over the last 17 years established itself as the premier Budget Analysis group in Tamil Nadu. The Forum has also been actively involved in all processes towards budget monitoring work at the national level. The Forum, from its beginning, had understood budget analysis as an instrument to change socioeconomic power relations in the State. The constituents of the Forum came to Budget Analysis as a potential add-on value to their earlier and continuing grassroots and political mobilisation efforts.

The Forum identified Dalits, tribals, women, children, unorganised labour and small fisher folk of Tamil Nadu as the 6 focal points of all their concerns. Hence the search for the Forum has constantly been to move from General Budget Analysis to sectoral budget analysis, monitoring and advocacy, as

in the fields of “Dalit Budgeting”, “Tribal Budgeting”, “Gender Budgeting”, “Child Budgeting” etc. The greatest “success” (in terms of concrete impact and processes) of the Forum has been in the field of Dalit Budgeting – especially the research, lobbying and advocacy work of the Forum around the Special Component Programme for dalits. The Forum’s first publication, “Social Development of Dalits and Tamil Nadu Government Budget – A Critique” effectively stressed the need for a radically new approach to budgeting for Dalits. The Dalit budget critiques of the Forum have also been helpful in adding value to Dalit movements at the grassroots levels in their various struggles.

3.4 Budget Work Based on Budget Cycle

The budget cycle usually has four stages:

Budget formulation	when the budget plan is put together by the executive branch of government;
Enactment	when the budget plan may be debated, altered, and approved by the legislative branch;
Execution	when the policies of the budget are carried out by the government; and
Auditing and assessment	when the actual expenditures of the budget are accounted for and assessed for effectiveness.

Each of these stages offers different entry points for CSOs to participate and influence the budget process. How have CSOs in India responded to these possibilities? To what extent have they been able to influence these stages? We now proceed to examine these issues by locating some enabling examples (Pandey, 2012).

3.4.1 Influencing Budget Formulation

In India, as the case is for most countries, the Ministry of Finance at the Centre and States is the main administrative body responsible for coordinating and managing the 10 budget formulation process. As the

Financial Year in India starts with 1 April, the stage of budget formulation starts with the month of September and continues till the presentation of the Budget in the legislature. In the process, the ministry of finance issues Budget Circular detailing the parameters that must be kept in mind by the spending department before they prepare their expenditure requirements from the budget, tries to balance the various competing priorities, proposing several trade-offs in the process, calculates the total budget expenditure and determines available resources to meet the expenditures. Besides Ministry of Finance, other line ministries, Planning Commission and other influential institutional bodies do play significant role in the formulation stage of budgeting. In last few years, Union Finance Ministry in India is holding pre-budget consultation with CSOs on social sector budgeting in the month of January which has provided many to submit their views at the highest level of budgetary processes. More recently, Odisha Government has begun for the first time in the country particularly at provincial level the pre-budget consultation with various stakeholders including CSOs on the issue of budget which has opened up opportunities for many to share their demands/ expectations with the Government from the forthcoming budgets.

There are some enabling examples of evidence-based interventions and advocacy by budget groups in India impacting on the budget formulation stage. For instance, after a long standing campaign carried out by the National Campaign for Dalit Human Rights (NCDHR) for the implementation of Scheduled Caste Sub Plan (SCSP) and Tribal Sub Plan (TSP) budgetary codes for all the administrative departments at the centre and states in order to show transparency in the budget documents about the allocations made for the benefits of scheduled caste and tribal community, in the 2011-12 Budgets, the Ministry of Finance introduced separate budgetary codes for the SCSP and TSP components not only for Union Budget documents and also for State Budget documents. Similarly, the People's Budget Initiative (PBI) submitted set of recommendations in the form of a People's Charter of Demands to the Union Ministry of Finance for the Union Budget 2010-11, as a result of which several significant changes were made to the Expenditure Budget documents. For the first time, the Expenditure Budget included figures for the Actual Expenditures (AE) in all the schemes across all the Union ministries/departments which in earlier case the budget documents used to give only Budget Estimates (BE) and Revised Estimates (RE) of the expenditures on schemes.

3.4.2 Influencing Budget Enactment & Execution

The budget enactment stage typically is when public attention on the budget is the greatest and information about the budget is made most broadly available. It is during this phase of the budget cycle that non-governmental groups often have the most potential for input. Since public discussion of and interest in the budget are typically at their high point when the executive presents its budget to the legislature, this creates opportunities for non-governmental groups to get media coverage for their budget analyses.

In India, not many efforts could be traced at national level during budget enactment and implementation. However some encouraging examples could be highlighted at the state levels. We now examine one such effort by the **Budget Analysis Rajasthan Centre (BARC)**, a Jaipur based budget and policy analysis and advocacy group, which focuses on state budget and policies. Since 2002, BARC have been working to influence the budget process and implementation through working directly with the MLAs of the state. The intervention of BARC starts in the enactment stage of stage budget as soon as it is presented in the Assembly by analysing the budgeted expenditure for various departments and for various social groups. The analysis is presented to both media and the state MLAs who use the BARC analysis during the discussion inside the state Assembly. BARC also prepares legislative questions related to budget and send to MLAs during the budget session in the House. This way the BARC has been helping the relevant issues to be raised during the budget session. For instance,

BARC along with other CSOs have advocated with MLAs to raise the issue of lower allocation to Tribal Sub-Plan (TSP) and Scheduled Caste Sub-Plan (SCSP) and to increase the fund available for the two sub-Plans. The Planning Commission of India issued guidelines to the ministries of the Union Government and all the State Governments to ensure that allocations for the development of SCs and STs are proportional to their share in the total population of the state. In most cases, the State Governments have not been allocating the amounts required. For example, the share of ST and SC communities in the state of Rajasthan is 12% and 17% respectively. But the BARC found that the government is allocating no more than 4-5% of the total State Plan to TSP and less than 2% to SCSP. The issue of under allocation and spending under TSP and SCSP was raised again by BARC with the MLAs, who raised it in the Assembly during the debate in March 2010. In response, the government promised that by next year all the departments will open the Minor Heads and better data compilation will

be available on the implementation of the programme under TSP and SCSP. As a result, the Rajasthan Government in last years' budget (for the year 2011-12) has considerably increased the allocation to the two sub-Plans, though it is still lower than the proportion of the two communities in the state population. The government has also opened the Minor Heads for the two sub-Plans under some new departments/Major Heads, including Energy Department, which spends more than 40% of the total Plan allocation of the state government.

3.4.3 Influencing Budget Audits & Assessments

The last stage in the budget cycle includes a number of activities that aim to measure whether there is an effective use of public resources. Evaluation and auditing are not only necessary for the legislature to exercise its oversight function, they are an integral part of the overall public expenditure management system; reports on performance are necessary to secure the best possible use of public resources. This budget stage presents a valuable opportunity for budget groups to obtain information on the effectiveness of particular budget initiatives, as well as to advance accountability by assessing whether the legislature and executive branches respond appropriately to the findings of audit reports.

However, given the immense potential for CSOs to exploit this space, surprisingly very few strategic initiatives could be traced in India. However, the increasing applications of social accountability tools like social audits and Public Expenditure Tracking Surveys (PETS) hold enough promise on this front. The experiences of Mazdoor Kisan Shakti Sanghathan (MKSS), Social Watch Tamil Nadu and Samarthan have demonstrated the potency of outcome monitoring as a powerful independent audit mechanism for budget implementation. The mandatory clause of implementing social audits as part of the Mahatma Gandhi National Rural Employment Guarantee Scheme (MNREGS) is another affirmation of this possibility.

“A budget is like a clothes hanger. It holds a suit, but if you need information about the cut, the quality of cloth etc., you need to move beyond the hanger.” (Vyasulu, 2012)

Following the Money in Primary Health Care

Primary Health Care Centres (PHCs) in India are beset with many issues like staff absenteeism and leakages. In a pioneering study of 30 PHCs in three districts of Karnataka (Bidar, Chitradurga and Shimoga) by IDPMS, the extent of these systemic aberrations was quantified (Sadananda and Bhat, 2011). This study has focused on causes of absenteeism, loss of resources due to absenteeism and issues related thereto with a view to suggest ways and means of reducing absenteeism and maximising impact on the utilisation public resources. The study involved four unannounced visits to the selected PHCs and face to face interactions with the available staff. Besides, Focus Group Discussions were held in selected PHCs with the staff members, users and Arogya Raksha Samiti members (formed under NRHM programme). Records available at the PHCs like the attendance and movement registers were looked into. The staff population of PHCs was 173 consisting of 46 doctors, 17 male nurses, 57 female nurses, 24 pharmacists and 29 laboratory technicians. Out of this 158 staff members were interviewed. Key findings include:

- Absenteeism was common across all staff categories and was observed mostly during the beginning of the week; rate of absenteeism ranged from 64% in Bidar to 44% in Shimoga.
- Contrary to existing belief, absenteeism had no correlation to place of residence of the staff. The general belief is that those who reside in the village will be more punctual compared to those who travel long distances to work.
- A conservative estimate of wastage of resources pegs annual wastage per staff at INR 117,000.

IDPMS has also carried out another similar intervention at the PHC level using Public Expenditure Tracking Surveys (PETS) and Quantitative Service Delivery Surveys (QSDS) in two districts – Chamaraja Nagar and Bellary to track the flow of resources across different administrative strata and understand systemic issues like procurement of drugs (IDPMS, 2008).

The empirical evidences captured by these interventions are examples of how budget work and budget advocacy can benefit from good research and analysis.

4 Advancing Budget Work in India: Potential Pathways

As the discussions in the preceding sections reveal, despite the strong precedents set by enabling initiatives, budget work in India is yet to generate the critical mass to make its impact felt on a wider and deeper scale. A large part of this problem lies in the nature and character of the budget groups in India, especially in not using the advocacy potential of budget analysis (Panda, 2012). This is a reflection of a more generic problem of the lack of skilful and effective knowledge documentation and dissemination that confronts civil society organisations. Dissemination is always given secondary importance in the work carried out by CSOs and as a result, dissemination strategies are never weaved into the broader interventions and approaches followed by these organisations. Specifically for budget work, an effective dissemination strategy is critical to ensuring that it reaches a wider audience. Budget groups thus need to actively engage with the media, academics and policy-makers to publicise their work. An important aspect of any dissemination strategy is that of communication and presentation. Thus far, budget groups have failed to recognise the need to have distinct strategies to present and communicate their information and analysis to suit the needs of different audiences including executive, legislature etc. (Aiyer and Behar, 2005).

There is also the issue of weak networking among budget groups and the wider cohort engaged with social accountability. As discussed elsewhere in this paper, budget analysis is intrinsically linked to other domains of social accountability like planning, expenditure tracking and outcome monitoring.

This surfeit of expertise and experience resident in the civil society space has not been leveraged into budget work.

A recent meeting convened by the National Foundation for India (NFI) to strategise options and explore potential pathways to advance budget work in India generated some tentative ideas that need to be reviewed and discussed .

- a. **Expanding the boundaries of analysis and praxis:** Budget work needs to articulate an alternative vision of politics and economics in the arena of public policy and finance. Engaging with the revenue side of budgets, analysing issues like taxation, subsidies and investigating new models like public private partnerships are a few illustrative examples in this regard. Given the implications of decentralisation, there is also a strong imperative to focus on sub-national levels like budgets of districts, blocks, panchayats and urban local bodies. One key transition that is recommended is to enlarge the focus from fragmented analysis to macro issues.
- b. **Building new competencies:** Budget literacy remains inadequate and remains as the exclusive domain of few groups. Given the vibrant range of actors in the civil society arena, there is a huge potential to make budget literacy an essential pedagogical tool for broader civil society actions in the arena of governance and accountability. Budget partnerships also need to address issues of organisational capacity building, especially in developing a cadre of committed young professionals. Budget work to look at systemic issues related to building the capacities of government institutions in the basics of budget-making, especially of frontline institutions of service delivery like anganwadi centres, primary health centre. Given the increasing demand for budget tools from non budget groups, resource hubs can be created in different parts of India within existing budget groups to provide specific expertise and capacity support.
- c. **Building complementary competencies:** There is a clear distinction between the science of diagnosis and the art of advocacy (Thampi, 2012). One calls for integrity in applications and interpretations and the other, creativity and strategic orientation. Though constructive engagement is very built in to most of the diagnostic tools, actual skills on the ground often are weak. Most civil society interventions have emerged or find legitimacy in their opposition to the state and very often, contestation becomes a legitimate form of engagement. This legacy of engagement can be seen in the character of skills and competencies

embedded within organisations. While, skills for rights based advocacy and non violent protests are commonly located, those of negotiation and working with polarised stakeholders are rare. This lack of capacity very often reflects in the inability of good diagnosis to translate into desired changes. Often, the tools of constructive engagement stand in stark contrast to the highly polarised relations between state and civil society in practice. For groups who are more activist-oriented with a wide membership base and who are used to taking a confrontational position with the government, this shift of strategy could be difficult to internalise as well as convincing their membership base. On the other hand, groups whose traditional competencies include research and analysis need strong exposure to advocacy and social mobilisation skills to be effective. The other major constituency that needs to be oriented is the media. Public dissemination being one of the key components of a successful budget work, the media is a natural ally and a critical partner. However, very seldom does budget work reach across to this critical ally.

- d. **Bringing politics back to the discourse:** It has been argued elsewhere that the discreditation of many (if not most) contemporary models of governance interventions has been the result of a conscious or otherwise strategy of ‘de-politicisation’ (Wil Hout & Robison, 2009). By distinguishing between the ‘demand side’ and ‘supply side’ actors and actions in the governance equation and by treating politics exclusively as a part of the problem, most interventions have reduced governance to the level of a technical construct that can be driven and managed as part of a techno-deterministic model of change. Budget work, given the primacy of analysis and rigor, is a prime candidate to fall in to this trap. Budget initiatives need to navigate the complexities of power and politics if they want to be effective in the long run and address systemic changes. However, in practice there is often a tendency to avoid the complexities of interfacing with political structures. This inability, either by design or default, to engage with political institutions and processes could perhaps best explain why budget work has failed to provide the critical momentum to change policies and practices in the larger context. There is a need to anchor budget work in a larger framework that integrates financial questions of a technical nature with social justice issues that are fundamentally politicised.
- e. **Forging wider alliances:** There are two issues impinging on the possibilities to widen the presence of budget work in India. One, linking up with people’s movements and campaigns for a wider impact and politicising budget work. The work of Social Watch-Tamil Nadu is a

powerful beacon in this regard. The other issue is of creating better synergies among budget groups in India. An over emphasis on sector/ thematic budget work has led to a 'narrow banding' of budget work and compartmentalised expertise and experience. Budget groups also need to work closely with legislators and watchdog institutions like the Comptroller and Auditor General (CAG) and the Lok Ayuktas.

- f. **Developing pedagogies:** There exist large repositories of knowledge and experience within the budget work domain in India. These learnings can be leveraged into academic/professional spheres in the form of case studies, teaching and training modules etc. This cross-fertilization of knowledge will also forge strong ties with the research and professional communities.
- g. **Documentation and Impact Evaluation:** Finally, given that budget work in India has a rich legacy spread over two decades, it is surprising to see that very in-depth documentation exists to profile key trends and typologies and extract useful pointers to inform existing and future trajectories. Of particular importance is the need for impact assessments to critically examine existing practices and identifying critical building blocks for effective replications and adaptations.

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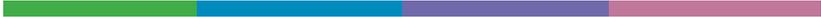
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Strengthening Social Justice Philanthropy Initiative

Social Justice Philanthropy is an approach that seeks a paradigmatic change in the discourse of philanthropic givings. Unlike charity, which is targeted at the immediate needs of the vulnerable and marginalised, social justice philanthropy seeks to leverage private givings to address deep-seated structural inequalities in society.

For this purpose, NFI seeks to strategically engage with private sector philanthropic efforts for social transformation. As a part of this engagement, NFI is committed to creating conversations and debates around social justice philanthropy through the use of multiple media channels, initiating dialogues with the private sector and civil society, and working in close collaboration with key government institutions and corporate associations to promote a philanthropic approach to both development policy and practice.

NFI is keen to reach out to different stakeholders in taking forward this discourse. To learn more about the initiative and how you can associate yourself with this, please write to pradeep@nfi.org.in or barsha@nfi.org.in



List of Publications by NFI

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