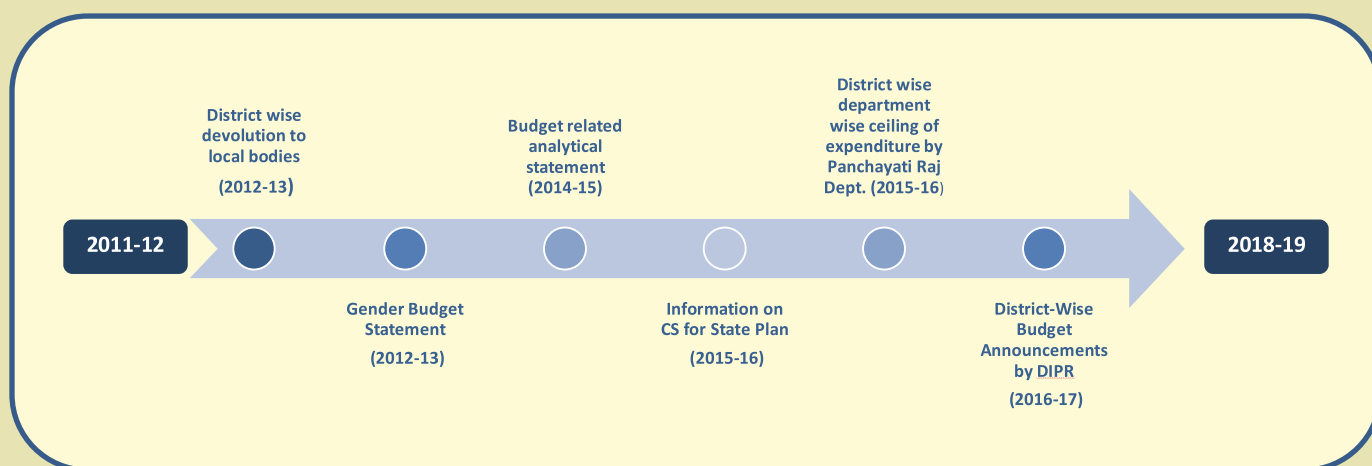


Transparency in the State Budget of Rajasthan : An Assessment at the State and District Levels

2019



NESAR AHMAD

BUDGET ANALYSIS RAJASTHAN CENTRE
(Unit of Astha)

E-758-59, 2nd Floor, Nakul Path, Lal Kothi Scheme,
Lalkothi, Jaipur (Raj.)-302005
Phone/Fax: 0141- 2740073
Website : www.barcjaipur.org
E-mail : info@barcjaipur.org

SUMMARY :

This policy brief presents the status of transparency in government budget at the state and district levels in Rajasthan. The policy brief is based on the studies conducted by Budget Analysis Rajasthan Centre (BARC) on transparency in state budget of Rajasthan and the assessment of current status of transparency at the state and district level on the basis of same parameters adopted in the earlier study (2011). The status of transparency in government budget reflects the level of government accountability for the development and effective governance of the public resources. Transparency is not only the availability of government budget documents at state, district and below levels but also these documents should be made easily accessible for public with putting them in the public domain. The policy brief suggests for improving the gender budget statement (GBS) and statement of allocation for TSP and SCSP, and in availability of state budget related information and documents at the district level. It is important to provide the district-wise state budget for all the line departments of the state. Besides this the CMIS website should be opened for the public. The government should start providing information of budget expenditure on treasury website as well as creating MIS for all the schemes/programmes in the line of MNREGA and which should be made accessible to public to see the progress.

What is meant by Transparency in the State Budget?

“The notion of budget transparency usually refers

¹<http://www.cbgaindia.org/wp-content/uploads/2018/01/Study-on-Transparency-in-State-Budgets-in-India-CBGA.pdf>

²<http://www.cbgaindia.org/wp-content/uploads/2011/02/Summary-Fact-Sheet.pdf>

³<http://www.cbgaindia.org/wp-content/uploads/2011/02/Summary-Fact-Sheet.pdf>

to the openness of the budget process and the scope for public involvement in this process.”¹ This also includes easy availability of the budget documents and budgetary information in the public domain. In the year 2011, Budget Analysis Rajasthan Center (BARC), in collaboration with CBGA, New Delhi, had conducted a study on transparency in the state budget in Rajasthan. Similar studies had been taken up in nine other states as well by other budget analysis groups. The study was meant for assessing transparency in the state budgets based on a common set of

Box 1

Budget Transparency Parameters

- ◆ Availability of budget documents
- ◆ Completeness of information
- ◆ Facilitating understanding and interpretation of the information
- ◆ Timeliness of the information
- ◆ Audit and performance assessment
- ◆ Scope for legislative scrutiny
- ◆ Practices relating to budgeting for disadvantaged sections
- ◆ Practices related to fiscal decentralisation

parameters (Box 1). Here, in this Policy Brief, we assess the current status of transparency in the state budget of Rajasthan at the state and district levels based on the same transparency parameters but with slight modifications.

Recent Developments in Transparency in State Budget in Rajasthan

In the earlier study, it was found that the scenario of budget transparency in Rajasthan was not

impressive at all, as it appeared then (in 2010-2011) among one of the poorly performing states (among the ten states where such studies were conducted)³. After the said study, however, there have been some noteworthy changes in Rajasthan in this regard. Since then the government has started providing information on devolution of funds to Panchayati Raj Institutions (PRIs) and Urban Local Bodies (ULBs) in a somewhat detailed manner. Gender Budget Statements (GBS) also started coming out every year since 2012-13. The two Minor

budget announcements” and district wise information on available resources for each of the 33 districts. In this Policy Brief, we present an overview of the current scenario of transparency in the state budget of Rajasthan.

Current status of Transparency in State Budget in Rajasthan

A. Budget Making Process State Level

1. In the budget making process, people are asked to send their suggestions online for the budget by the Finance Department.

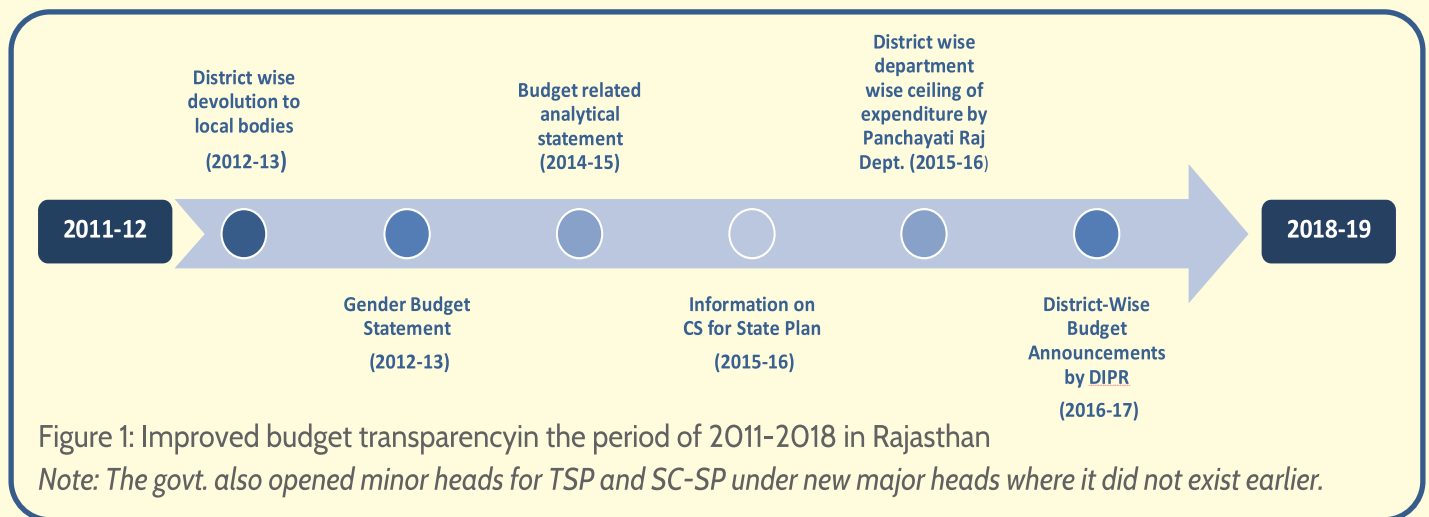


Figure 1: Improved budget transparency in the period of 2011-2018 in Rajasthan

Note: The govt. also opened minor heads for TSP and SC-SP under new major heads where it did not exist earlier.

Heads of Tribal Sub-Plan (TSP) and Scheduled Caste Sub-Plan (SCSP) have since been opened under those Major Heads in Rajasthan's state budget where they didn't feature earlier. Besides these, the government has started publishing a “Budget Related Analytical Statement”, which provides some relevant information regarding allocation of budget to each administrative department, the expenditure incurred against it and information on major allocations and expenditure made under major development schemes separately. Recently, the state government also started publishing “district wise

2. There is also a practice of holding pre-budget consultation with NGOs and other groups. But this consultation is held quite late, only a couple of weeks before the state budget is presented in the Vidhan Sabha.

District Level

3. At the district level, there is no such mechanism available for the people or the civil society organizations to suggest priorities or inputs for the state budget.

B. Availability of State Budget Documents

- I. Availability of State Budget Documents at State Level: At the state level, the detailed budget

documents published by the State Finance Department are available online. They are :

- Details of various types of income
- Major Head wise budget in detail
- Department wise budget(summary)
- Ø Major Scheme wise budget (not very clear)
- Grants to PRIs and ULBs (total and district wise total)
- Allocations to TSP and SC-SP (shown under two minor heads)
- Gender Budget Statement (not very useful)

The State Finance Department brings out most of the relevant documents, but it does not produce a few other documents which would also be very useful (such as, Key to Budget Documents). The state government's report on in-year assessment of the state budget is also not available in the public domain.

II. Availability of State Budget Related Information at the District Level

There is no district-wise comprehensive budget documents available in the state; such documents are not even prepared / compiled in the first place. But, now, there are two documents which provide some relevant information on state budget at the district level though they are not brought out by the Finance Department. These documents are:

District Wise Budget Announcements by the Department of Information and Public Relations: The state government started publishing a booklet titled "District-Wise Budget Announcements" (Zilewar Budget Ghoshnayan) which lists the announcements made in the budget speech for every district.

District wise and department wise budget : The state government has started providing the "ceiling of expenditure" for various line departments in a district. It is called "Consolidated Total District Plan - District-Wise" and is available on the website of the Panchayati Raj Department. It gives the total amount available for each of 35 line departments for every district as well as for TSP and SC-SP and amount available for various schemes under each department and amount of TSP and SC-SP under each scheme. Also, this document is provided to the Chief Planning Officer of the every district before the beginning of the financial year, so that it becomes a part of the District Development Plan.

III. Outcome / Performance Budget

Outcome/performance budget is a document, which is meant to present the intended and realized outcomes of the budget expenditure in terms of the achievements made by making any expenditure. The Planning Department of the Government of Rajasthan provides the outcome budget and output budget of all the departments. These documents, however, are not available online and have a lot of scope for improvement.

C. Completeness and Time lines of Information

The budget documents provide complete information on government expenditure, receipts, outstanding debts etc. It also provides detailed information on nature and composition of public debt and financial assets held by the state government. Extensive information is provided on transfer of resources from public sector undertakings and state government.

However, the details of the state liabilities, expenses relating to repair and maintenance of

capital assets are not provided. Comprehensive information on previous years' budget proposals are not provided. Also, the state treasury is not publicly accessible online and there is no information on month wise disbursement and receipts of the state treasury in public domain, unlike in a number of other states that have made their state treasury publicly accessible online.

E. Facilitating Comprehensibility

Though the Directorate of Economics and Statistics brings out "Budget at a Glance" and "Budget Summary", still there is a scope for making the budget document more comprehensible by bringing out a key to the state budget documents and incorporating discussions on various policy objectives of the state government.

F. Auditing and performance assessment

Audit of the government accounts are done by the CAG office (for union government) and AG office (for the state government). Local Fund Audit Department (LFAD) and AG audit the accounts of local government (PRIs and ULBs). The audit reports of the state legislative assembly and are available after a time lag of two years. The audit reports of the local governments are placed in the legislative assembly with a lot of delay.

However, the state government does not release any document giving information on MoU's signed during the last year. There is no availability of any document of steps taken on audit observations by CAG as well. There is no provision of relevant information on outcomes of government interventions for all those administrative departments that are required to track such information.

Social audit : Social Audit, which is an important tool for ensuring transparency and accountability, is a mandatory provision under MGNREGA Act and Rajasthan Panchayati Raj Act. In Rajasthan, a directorate has been set up which is not very active. However, the CAG has provided rules to run for the setting up of an independent directorate and conducting the social audit for MGNREGA works.

F. Scope of Legislative Scrutiny

The state legislature has a separate committee (PAC) to look into reports from CAG relating to state government. Further, the executive seeks permission from the legislature before shifting funds between administrative units and functional heads during the course of the fiscal year.

There are various standing committees of the Legislative Assembly but details of their meetings and their reports are not available in public domain. The state government does not present to the legislature any MoU signed by the state over the last year. There is no practice of holding consultations with legislature on the demands to be submitted by the state to finance commission and planning departments.

G. Practices related to disadvantaged sections

TSP and SC-SP: The allocation of the budget for the Tribal Sub-plan (TSP) and Scheduled Caste Sub-Plan (SC SP) used to be done as percentage of plan budget same as the share of SCs and STs in the state population. But now Plan and Non-Plan division of budget has been done away with and now the allocation for these two sub-plans is to be made in the schemes and programmes in same proportion of the population of SC and ST in the state.

Also, the allocations are being reported under the

specific Minor Heads (798 and 789) created for the two sub-Plans. But it is difficult to add up the total allocations for TSP and SC-SP from the detailed demanded for grants. Currently, the information on TSP and TSP allocations are provided in the Part 4b of the state budget but it does not match with the total of the allocations under the two Minor Heads (798 and 789) done in the detailed demand for grants.

Gender Budget : The Rajasthan government started providing Gender Budget Statement (GBS) with the budget 2013. This year the government has changed the format of GBS but it is still being provided BFC wise which is not easy to understand for common people.

Child Budget: It's not yet being provided in the state.

H. Practices relating to fiscal decentralization

The state finance commission holds consultations with relevant stakeholders such as Rural Local Bodies (RLB) and Urban Local Bodies (ULB), civil society, legislators in the process of formulation of their recommendations.

The budget document does not provide disaggregated information on devolution of funds from state budget to each RLB and ULB at different tiers but it's only available for each district as a whole.

At the level of execution/implementation : After the budget is passed its implementation starts with the beginning of the new financial year. There has to be transparency in its implementation by various departments of the state government. But in Rajasthan we have:

- No information on status of implementation of the budget announcements.

- No real time data on head wise / department wise expenditure.
- Real time data on implementation of some of the schemes is available through their Management Information Systems (MISs).

Suggestions for Improvement in Budget Documents

1. Improving the Gender Budget Statement

The GBS can be improved by providing department-wise information or by putting all the data collected by BFCs of each department together. The GBS should also provide information on what is the basis of the reported allocation. The Finance Department in its new circular has also asked for it. This will enable various stakeholders to see the gender budget performance of the departments in totality and the extent of women participation in schemes.

Improving the Statement of allocations to TSP and SC-SP

The allocation of the budget for the Tribal Sub-plan (TSP) and Scheduled Caste Sub-Plan (SC SP) are to be done as percentage of scheme/programme budget same as the share of SCs and STs in the state population. However the data given in the statement provided in the part 4b of the statement does not match with the allocation shown under the specific minor heads for the two sub plans. The statement in 4b should be based on the allocation made under these two minor heads (798 and 789).

Suggestion for Improvement in availability of state budget related information and documents at the district level

1. Providing district-wise information on

state budget by the Finance Department

There is now a document available on the website of the Panchayati Raj department which provides information on budget available to each of the select 35 line departments in all the districts. There is however, a need to have a district-wise state budget for all the line departments which should be made available by the Finance Department.

2. Providing information on devolution for the PRIs and ULBs from the state budget

Currently, the information on devolution of budget is available only for each Zila Parishad and each Municipal Corporation. Therefore, Gram Panchayats, Panchayat Samitis and Municipal bodies do not have advance information on budget to be devolved to each one of them. Providing this information in advance will empower the PRIs and ULBs, enhance their confidence and commitment and allow them to make realistic plans.

Suggestions for improvement for transparency in implementation

1. Providing information on implementation of budget announcements

The Chief Minister office (CMO), however, does track the development on each budget announcement through the Chief Minister Information Systems (CMIS) website (cmis.rajasthan.gov.in). This website however is not open for the public. Therefore making this website accessible for the public will be an important step towards budget transparency.

2. Making Rajasthan's State and District Treasury Management System publicly accessible online

Treasury websites of the states like UP and Maharashtra enable the users to check the data on expenditure made under each head on real time basis. As per the government officials the treasury department's website is being updated and it will start providing such data soon in Rajasthan.

3. Having MIS of Departments/Schemes for the Public

The Management Information System (MIS) schemes other than MNREGA should be created (for which MIS is nonexistent) and be made accessible to public to see their progress.

Transparency in Local Bodies' Budget

- ♦ All PRIs make their budget and share the document if someone asks for it
- ♦ All ULBs also make their budget and share it if someone asks for it
- ♦ A consolidated District Development Plan is made and approved by DPC and generally made available by the ZP office

Getting the budget and plans, including DDP, from local bodies may be very easy and sometimes extremely difficult

What we don't have:

- ♦ From state budget: District wise break up of state budget
- ♦ PRIs and ULBs: Budget and plans of PRIs and ULBs and DDP are made available

Some ULBs have their website but their budgets are not uploaded or partially uploaded or not uploaded in time on their websites and PRIs don't have their websites.

NESAR AHMAD

BUDGET ANALYSIS RAJASTHAN CENTRE
(Unit of Astha)

E-758-59, 2nd Floor, Nakul Path, Lal Kothi Scheme,
Lalkothi, Jaipur (Raj.)-302005
Phone/Fax: 0141- 2740073
Website : www.barcjaipur.org
E-mail : info@barcjaipur.org