

Budget Transparency at the District Level in Rajasthan

A Case Study



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July, 2017

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Budget Analysis Rajasthan Centre

The picture of the book on the cover page is imagined in order to highlight the need of a budget document at district level.

Graphics Design by : Nitin Nirwan

Printed by : Ruchika Creation

0141-4043430, 9799321626

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Preface

In the year 2011, The Budget Analysis Rajasthan Center (a unit of Astha), in Collaboration with the CBGA, New Delhi, conducted a study on transparency in state budget in Rajasthan, Similar efforts were taken up in other states as well by other budget study groups. In this study, it was found that the state of budget transparency was quite dismal in the Rajasthan state putting among one of the low performing states where the study was conducted.

Since then there has been some noteworthy changes in the state in this regard. For example, since the year 2011-12, the government has started providing information on the devolution of amount to the Panchayati Raj Institutions (PRIs) and Urban Local Bodies (ULBs) in somewhat detailed manner. Gender Budget Statements (GBS) also started coming since 2012-13. Two minor heads of Tribal Sub-Plan (TSP) and Scheduled Caste Sub-Plan (SCSP) have since been opened under increased number of Major Budget Heads. Besides this the government has started providing two more documents titled “Budget Related Analytical Statement, since the budget 2014-15 which provides information regarding allocation of budget for each administrative department and the expenditure incurred against it. This document also provides information on major allocations and expenditure made under major development schemes separately which was earlier not available at on place (as the budget is presented in Rajasthan major head wise).

Though there is need to do more to ensure further transparency in state budget at the state level, there seems to be a complete lack of transparency about the state budget at the district level. This study tries to map transparency at the district level both in regards to the state budget as well as the budget for the local self-governing bodies like PRIs and ULBs.

Tushar Dhara, then volunteering with the School for Democracy, took up main responsibility of conducting the study. We express our gratitude to Nikhil Dey and the School for Democracy and MazdoorKisaan Shakti Sangathan for providing valuable guidance and support for the study. We hope the report will help in creating demands for the transparency in the state budget in Rajasthan.

Nesar Ahmad

Coordinator,
BARC (A unit of Astha)

1. Introduction

The Annual Financial Statement, otherwise known as the budget, is a fundamental requisite of modern public finance. It details the receipts and expenditure of governments, corporations, and individuals for a set period of time (normally one year). Government budgets, which are the object of this study, list the sources of revenue and targets of expenditure. The source of inquiry in the current study is government budgets, specifically the budget of Rajasthan.

Budgets are presented by the union government and state governments. In fact, budgeting is a constitutional requirement at the federal and sub-national levels. Governments undertake a comprehensive budget preparation exercise, which involves a review of the coming year's estimated expenditure and income, to prepare the annual financial statement which is subsequently tabled in the parliament or the state legislatures. This helps the government in estimating how much money is available for the government schemes. This is an important exercise, from the point of view of civil society. No meaningful intervention is possible unless one knows how much is being spent on a particular scheme within a particular geographical area.

However, the state budget has a major shortcoming. It does not have the district wise break up of the budget figures and estimates. This poses a major challenge and this is where budget data at the district level assumes importance. A district is a basic unit of administration and the top tier of the Panchayati Raj System of India. The 73rd amendment in 1993 gave panchayats constitutional status and devolved significant powers to them. Unfortunately, fiscal devolution has been patchy. Some states like Kerala, Maharashtra and the North Eastern states have devolved financial powers to panchayats, while other states have lagged behind.

Devolution cannot be completed unless it is accompanied by significant financial decentralization. This central axiom forms the basis of any inquiry into local self-governance, especially its finances. Power to people - to make financial decisions about their villages and panchayats leads to better outcomes than letting the bureaucrats in distant offices make the financial allocations in a centralized manner. However, one needs to analyze district level¹ budget data to understand the implications before even making an intervention towards better governance outcomes.

It was observed that the picture in Rajasthan is less clear. The state budget has no information on how the money is allocated district-wise. It contains information and tables on allocations to departments, but the district-level breakup is not provided. Social infrastructures like schools, hospitals, PDS shops etc., exist to cater to the needs of a district. However, it is difficult to figure out the amount of money being spent on maintaining/upgrading these as the information is not provided in the budget.

This report begins by providing brief information about the budget and the notion of budget transparency in Indian states and other countries. In the next section, it explains the

¹A district is an administrative unit within a state that has its own administrative set up. It is sub divided into blocks which is composed of several gram panchayats. A district is an administrative unit within a state that has its own administrative set up. It is sub divided into blocks which is composed of several gram panchayats.

objective of the study followed by a discussion on the methodology adopted in the study. The report then discusses in detail the findings of the study in section 5. This section is further divided into subsections to analyze in detail, the budget-making process in Rajasthan state (at the state, district and block level), three parameters of Budget transparency, and the state of monitoring & accountability in Rajasthan state. In the concluding part of this report, our analysis has been used to highlight some important suggestions from our end and scope of interventions to ensure better transparency in the budget making and allocation process in the state of Rajasthan.

2. Budget transparency in other states and countries

In a study conducted in 2011 under the aegis of the open budget initiative of the International Budget Partnership, 10 Indian states were ranked for the level of transparency in their budgets. New Delhi-based Centre for Budget and Governance Accountability (CBGA) conducted the survey in India. Of the states surveyed Gujarat and Madhya Pradesh received the highest total budget transparency scores of 61.7% and 60.2% respectively.

The parameters used for assessing transparency were:

- Availability of budget documents
- Completeness of information
- Facilitating understanding of the information
- Timeliness of the information
- Audit and performance assessment
- Scope for legislative scrutiny
- Practices related to budgeting for disadvantaged sections
- Practices related to financial decentralization

Significantly, on financial decentralization, the maximum score was 31 (out of 100) scored by Assam, which indicates that states have a long way to go. However, the study assessed states only on the state budget documents. It was also observed that both Maharashtra and Gujarat provide a separate district-level budget document for each district of their state.

3. Objectives of the Study

The state budget is a public document and a lot of information about public policy, economics, finances and government's intent, social sector funding etc. can be gleaned from it. There are a lot of government programs to eradicate poverty, improve literacy, improve health outcomes etc., at the district-level and studying the funding pattern reveals their efficiency and outcome. But often this district level data do not exist or is hard to come by. This is why transparency is significant. How is money allocated to districts? Are there district and block level inputs that go into making the state budget? Is the process functioning efficiently? How easily available is this data, in whole or in part, not just in terms of finding it, but also the willingness of government officials to share it. Is it available in one place or in different offices?

A related issue center on accountability, which is linked to transparency. Who is responsible for ensuring that expenditure incurred is fulfilling its stated goals? For instance, is the money which is being spent on a poverty alleviation program, really making a difference on the ground?

Transparency cannot be assessed only in terms of availability and accessibility of state budget document at the district and block level. Although it is one of the most important aspects of determining the budget transparency at the district level and below, this study tries to include few other important dimensions of transparency, which includes the following;

- a. To explore the availability and accessibility of important budgetary documents at the state as well as district and block level.
- b. To determine how money is allocated to the districts i.e., how the state government decides how much fund each district will get. It is also important to understand if different parameters such as population, land area, backwardness etc., are taken into consideration in determining the differential budgetary allocation between districts.
- c. To explore the role of districts in sending inputs to the state government about how much fund they need and the basis of their demands.
- d. To explore the accountability of officials in ensuring that the money spent is achieving its desired objectives.

Apart from finding out the answers to questions mentioned above, the study has a larger aim to do necessary advocacy to improve the state of budget transparency in Rajasthan;

- i. Encourage the preparation of bottom-up district level budget
- ii. Advocacy for the treasury website to be opened to the general public

4. Methodology

This is an exploratory study to primarily identify the availability and accessibility of state-level budget documents at the district and block level. This study is a collaborative exercise between Budget Analysis Rajasthan Centre (BARC) a unit of Astha, Udaipur, and School for Democracy, Rajsamand. The study arose out of a desire to try and unravel the level of transparency in Rajasthan state budget, particularly at the district level.

Since the budget is first allocated to the state and then travels down to the districts, this study seeks to analyze both the ends of budgetary utilization. BARC anchored the project from the state capital i.e., Jaipur, while School of Democracy was responsible for carrying out the study in the Rajsamand district along with making a fortnightly visit to Jaipur. Rajsamand is one of Rajasthan's 33 districts, which lies 250 km to the South West of Jaipur.

Types of evidence to be collected

- a. Information about budget-related documents issued by the state government at district and block levels
- b. Parameters considered by the state for district level allocation

This was a qualitative study mostly based on the unstructured interviews conducted with state officials at various levels i.e., Jaipur, Rajsamand district and the block headquarter of Bhim block in Rajsamand district. To understand the transparency level and the accessibility of the documents it was decided not to use Right to Information (RTI) unless required. However, RTI was used as a tool to access government files in the Finance and Education departments in Jaipur and at the district level in Rajsamand.

The planning department is the nodal agency for formulating the plan budget for the state. It also has statistics pertaining to the planning process. However, the department data comes with a lag of 2-3 years, i.e. by the time documents are made public they are already out of date. It was decided that the request should be made to the officials to share documents and reports to support the project.

This report, therefore, presents the findings of conversations with officials from the health and education departments, as it tries to unravel how their budgets are made and what inputs go into its formulation.

5. Observations and Findings:

5.1.1. Transparency in the Budget-making process:

At the state level, the budget-making process has very little transparency and public participation. The final decision on how much each department gets is done by the Finance department. The negotiations between the concerned departments and the Finance department take place in the run-up to the announcement of the budget and the process is run by bureaucrats and elected officials.

There exists a mechanism in the district to formulate a plan budget for the district, but its effectiveness is doubtful. The District Planning Committee is the nodal agency in the district that prepares a district plan budget in consultation with the line departments, but this is more of a consultative rather than an authoritative document. The state government is free to disregard its recommendations.

Transparency at DPC's is a matter of hit and miss, in the sense that in the absence of an institutional mechanism for making the deliberations of the DPC known to the public, it falls to the attitude of individual members of the DPC. As a bureaucratic process, a letter in writing signed by the CEO of the Zila Parishad was asked before sharing the district planning document. Therefore, in the absence of institutional mechanisms to make the functioning of sub-national organizations transparent, citizens seeking information will be at the mercy of individual's whims and fancies.

At the block level, it only exists for non-plan budget. Schools and hospitals prepare their own non-plan budget at the block level and send it to district headquarters for approval.

5.1.2. Basis of allocation of budget to the districts

Once the finance department allots the money to the department its job ends. All further decisions on what to do with the money and how to allocate it are taken by the line

departments. Though the Planning Department prepares and also provides district wise break up of the plan expenditure, but this usually is put in the public domain with a lag of 2-3 years. This year, however, it has been made available on time but this is more the exception than the norm. The document *“District wise budget information/break up at state level”* found on the planning department website contains the district wise break up of funds in the state plan document. But, no official in the Planning Department or other departments could confirm that this indeed will be the basis for allocation of plan funds to the district this year. A high-ranking official in the planning department was surprised that this document was available on their website.

At the district level, the district plan document may and should form one of the bases for allocation of money to the district, though it is far from certain how much of a role it plays in the process. The physical targets and budget for each scheme, urban and rural local bodies and line departments for the financial year are determined by the DPC and these do play a role in the final allocation under the plan budget.

5.2. Roles of District level line departments in the Process of Budget Making in Rajasthan

5.2.1. State Level (Jaipur)

The secretary of the planning department, Jaipur shared that the planning department relies on the line departments for the projections it makes as well as the physical targets. He suggested visiting individual departments to find out more about the planning process. Another meeting in the finance department revealed that the job of the Finance Department ends with deciding the allocation for each department. This is done through negotiations with each department based on their estimated demand for the next fiscal. The final decision of allocation rests with Finance, based on their estimation of revenue and other factors.

Accounts officer in the Expenditure section of the Finance Department was familiar with the process of collation of district data in Jaipur and he had also compiled the district and block level health budget and sent it to Jaipur in his previous posting. He informed about the bureaucratic set up of the health department and the way the budget is prepared.

In order to understand the role of line departments in the budget-making process this study tries to explore the budget-making process in health and education department of the state. Several concerned officials in select departments were consulted to understand the process they follow and the responsibility of officials to prepare the final budget estimation of their respective department.

a) Health

Every district in Rajasthan has a Chief Medical and Health Officer (CMHO), who is the top health bureaucrat for that district. Under the CMHO come the Community Health Centres (CHC's) at the block headquarters and below these are the Primary Health Centres and Sub-Centres at the panchayat level. In addition, each District is divided into blocks and these are

headed by a Block CMO. The Medical and Health Division is responsible for basic medical care in the rural parts of the district. In around September or October, every PHC and CHC compiles its budget for the coming year and sends it to the Block CMO who compiles the data for the block and sends it up to the CMHO at the District headquarters. The CMHO does a similar exercise and sends the district-wide budget demand to the Health department in Jaipur. A similar exercise is carried out in each of the 33 districts of the state.

It is an important thing to note that the budget estimates compiled by the Sub-centres, PHC's and CHC's are salary estimates for the staff in the respective centers. They look at their staff strength and estimate the salaries for the coming fiscal taking into consideration variables like cost of living, dearness allowance, pay commission recommendations etc.

On the other hand, the health needs in urban areas are taken care of by the government hospitals. The number of public hospitals depends on the population of the district. Each hospital is headed by a Principal Medical Officer (PMO) who prepares the salary budget for the coming fiscal year. Additionally, there are officials at the district for leprosy, AIDS, and family welfare, which are separate from M&H. It was also shared that the Medical Department has records to back all the written communications and is even willing to provide the minutes of the Budget Finalization Committee (BFC) deliberations, which reflects the willingness of bureaucrats to share as much information as possible.

The BFC is the final negotiation between a department and finance. The negotiation usually takes place a couple of months before the state budget is unveiled. This is where the respective department pitches its final figure for the coming year to Finance, whose officials ask the department to justify the amount. A back and forth follows and Finance looks at their revenue accruals and takes the final decision about what to allot the department. This decision by Finance is final and is the figure which is included in the budget.

A meeting was done with officials in the accounts section of the health department in Jaipur. The Health Department ask their field formations (CHCs, PHCs, SCs) for their budget estimates for the coming fiscal sometime in October-November. These are firstly prepared at the block level and are sent to the district level. The controlling officer at the district headquarters compiles the budget proposals from all the blocks and sends it to the next higher level at the state level where the budget proposals from all the districts are collated and sent to the respective departments in Jaipur.

Officials in the health department also explained how the money is allocated after the budget has been announced. There is a system of classifying all the heads of income and expenditure into heads, major head, sub-major head and so on. It is an accounting system through which all the budget proposals are made. Rajasthan is divided into 7 health zones and each zone has a certain number of districts. Apart from the CMHO and PMO, there are other officials in charge of TB, Malaria, and AIDS. Each of these officials is a Drawing/Disbursing Officer (DDO), who has the power to disburse money. The money is allocated downwards by the health department in Jaipur on the basis of which it gets proposals from the field units.

The Health Department's allocation of money to the districts is made on the basis of how much money the districts have asked for. The people who make those projections are the officials at the block and district level, but often there is no solid basis for making these projections.

b) Education

There are 28 universities in the state and 257 colleges for higher education. Each college and university makes its own district wise budget and sends it to the Deputy Director, higher education who compiles it and sends it to the Director in Jaipur. The chain for elementary and secondary education is different. The nodal office for both is in Bikaner and it is this office that receives and compiles the budget demands from the districts and sends them to the Education Department in Jaipur.

5.2.2. District Level (Rajsamand District)

The 73rd amendment gave Panchayati Raj a constitutional status and mandated the creation of a District Planning Committee (DPC) at the district level. Article 243ZD gives the DPC constitutional status and makes it responsible for the planning for the district. The DPC consolidates the plans prepared by the panchayats and municipalities and prepares a draft development plan for the district. District Collector, CEO of the Zila Parishad, additional CEO, MLAs and MPs of the district are members of the DPC. All the departments, Urban Local Bodies and Panchayati Raj institutions of the district come under the ambit of the DPC for the purpose of the plan budget.

DPC is the nodal agency in the district in charge of formulating the plan budget. The plan budget is the money that is used for maintenance of current social infrastructure (schools, hospitals etc.) and building new infrastructure. This is the 30 percent of the budget that is non-salary, which is the actual development expenditure.

The process of making the plan starts in October or November. The District Planning Committee asks all the departments, Urban Local Bodies and Panchayati Raj Institutions in the district how much money they were allocated in the current budget. For instance, in October 2015 the DPC gets estimates from all the bodies about how much money they were allocated in the 2015-16 budget and how much they are likely to spend the rest of fiscal year to March 31. This amount is then compared to what was allocated to each department at the beginning of the year and the next financial year's budget is fixed accordingly. For instance, if the PWD department in Rajsamand district was allocated Rs one crore in FY 2015-16 they may estimate that they will need Rs 1.25 crores in the coming fiscal and plan works accordingly. If the irrigation department in Rajsamand district spends by October, Rs 40 out of every Rs 100 that it is allocated then it intimates this to the DPC and estimates how much more it will spend between October and March 31. The budget for the next fiscal is prepared to keep in mind how much it has spent in the current fiscal. For instance, if it manages to spend only 80 percent of the allotted amount then the next years' budget is fixed a little in excess of this amount.

In Rajasthan, the DPC is a part of the Panchayati Raj department and not the planning department. Therefore, the plan document which the Planning department prepares (which contains a district-wise breakup) has no relation with the district document that the DPC prepares, in the sense that the DPC document is not used as a basis for the plan document. Both these documents are compared through this study: the Rajsamand district document prepared by the DPC with the allotments for Rajsamand district in the state plan document and found some overlaps.

For instance, in 2015-16 Rajsamand district was allotted Rs 10.64 crore under the Indira

Awas Yojna(IAY) - a housing scheme for the poor. That doesn't mean that all the money will be released at the same time at the beginning of the year. They will get Rs 5 crore for the first quarter of the year and then take stock in October. After this exercise, the next year's target is fixed. It may be greater or lesser than the Rs 10.64 crore allotted in 2015-16, depending on what the capacity is.

NREGA planning happens differently (for a description see box). The Sarpanch and secretaries are responsible for assessing how much money is coming into their gram panchayats and planning for next year.

The DPC's estimates for the plan budget for the district can and do vary with what the state government allocates. This is because the DPC's recommendations merely act as a benchmark for the district's plan budget. According to the secretary of the DPC, Rajsamand, the plan budget for Rajsamand district in FY 2015-16 amounted to Rs 1,025 crores while the total state government allocation was Rs 800 crores. In the exercise conducted in October 2015 and March 2016, if it emerges that Rajsamand district as a whole only managed to spend Rs 500 crores in the fiscal year then the target for FY 2016-17 may be fixed at around Rs 600 crores.

NREGA BUDGET

Planning for NREGA starts in August. A Gram Sabha is called in each panchayat where a list of NREGA works needed in the GP is compiled, based on the demands that people submit. By December all the GP plans are consolidated and sent to the block level. The consolidated block plans come to the Zila Parishad by January or February and they are sent to the state capital Jaipur. The state government assesses the budget for NREGA that it has and calculates how many man-days it can allocate to the 33 districts. In that sense the making of the NREGA is an example of a bottom-up process of planning.

Issues with District Planning Committee

- a. The District Planning Committee has no oversight over expenditure. The actual spending of the money by departments falls outside its purview.
- b. In several States, where there is no separation of the budget into District and State sectors, allocation of funds to Panchayats does not match the legislative devolution of functions to them. For instance, the Rajasthan government devolved 5 items, but actual financial and administrative control by the panchayats is yet to happen.

- c. Funds given to Panchayats are tied down to schemes, thus limiting the scope for determining and addressing local priorities through a planning exercise
- d. Planning is of poor quality and is generally a mere collection of schemes and works, many of the works suggested by elected panchayat members themselves is an ad-hoc manner. Integration of Gram and Taluk Panchayat plans into the District plan, even when done, also tends to be mere summation
- e. In the absence of well-functioning District Planning Committees, taking decisions on the priorities of a district is often left to officials, guided by district development committees, which consist largely of elected representatives of legislatures and Members of Parliament.

5.2.3. Block Level (Bhim Block)

At the block level, a visit to the Bhim boys school and community health center reveals their role in the budget preparation.

a) Education

An official in the administrative section of the school said that not only they prepare their own budget, but since the school is the nodal office for senior and senior secondary schools in the block, it helps to prepare the budgets for other schools also. The budget consists of following components;

1. Salaries
 - a. TA/DA
 - b. Medical allowance
2. Library expenses
3. Laboratory costs
4. Peon uniforms

Out of these salaries accounted for the bulk of the budget, nearly 90 percent. For instance, there are 46 approved posts (teaching and non-teaching) at the school, but only 24 are filled currently. The budget is made for the salaries of these 24. The library gets Rs 1,500 and three laboratories receive Rs 10,000 for the entire year! Similarly, uniforms get a measly amount.

The official mentioned that there is a “budget camp” every year in August in which 39 senior and senior secondary schools of Bhim tehsil gather at the nodal school and jointly prepare their budgets. This block-level budget is sent to the District Education Officer at the District Headquarters (Rajsamand in this case) who receives similar documents from all the blocks in the district and compiles them into one document, the District budget. The DEO sends this to Bikaner, which receives similar reports from all 33 districts and compiles them into a single document which is the salary budget for every senior and senior secondary school in Rajasthan. This is the budget that the Education Department presents to Finance as their demand for salaries.

After the budget gets approved by Finance and allotted to the Education department it is released in tranches by the treasury. None of it is handed out as cash, as the payments system is online now. The money is released directly to the teachers' bank accounts.

b) Health

At the community health center (CHC) the bureaucratic setup was found to be very complex when compared to education. The CHC receives operational funds and salaries from the Medical & Health section, money from the National Health Mission, funds from a different agency for HIV prevention etc. In other words, money to a single CHC comes from 5-6 different agencies. However, the pattern was same here. The CHC prepares its budget for salaries and passes them onto CMHO at the district level, who approves it and so on till the top level.

The officials in the accounts sections of the education and health departments confirm that salaries and pensions eat up about 60-70 percent of the budget.

5.3. Parameters of Transparency

Three parameters have been picked up from the parameters mentioned in section 2 (budget transparency in the Indian state and other countries) of this paper. This study mainly looks at the availability of state budget documents at the district and block level. On the other hand, it also tries to analyze the transparency in the budget-making processes and the role of district and block level officials in its formulation. The third aspect this paper looks at is the allocation of budget to the districts. Therefore three parameters have been selected to support this study.

5.3.1. Availability of budget documents:

District wise budget information/break up at state level

Budget documents at the state level are readily available in the public domain but they don't provide district wise breakup. The state budget, or the annual financial statement, is put up on the website of the finance department. The other documents available are the Finance Act, budget speech, budget at a glance, budget study, budget notification, Finance Bill, revenue receipts volume, revenue expenditure volumes, a statement on public debt and loans, capital expenditure and an analytical statement on the budget.

But none of these documents are available on the Finance Department's website, present district wise breakup of the allocations, except for the statement providing the grants/allocations devolved to the panchayats and ULBs by the state government. This statement which is part of state budget book Vol 4B "*Grants loans and investment*" provides the district-wise information on grants and other funds devolving to the PRIs and ULBs.²

However, by a stroke of luck, the plan document for the current fiscal (FY 2015-16) was found on the website³ of the Planning Department. It had a district-wise allocation of funds as well as physical targets for the fiscal year 2015-16. The name of the report is "*Annual Plan 2015-2016 Rajasthan: District-wise Plan Outlay and Physical Targets 2015-2016*" and it is marked for "*Official Use Only*".

²Available on http://finance.rajasthan.gov.in/aspxfiles/docs/budget/statebudget/2015_16/vol4b-201516.pdf

³Available on <http://www.planning.rajasthan.gov.in/docs/622062015040045.pdf>

The document gives a district-wise breakup of plan funds allocated to 33 districts of Rajasthan in the following areas: Agriculture and Allied Services, Rural Development, Special Area Programme, Irrigation and Flood Control, Power, Industry and Minerals, Transport, Scientific Services and Research, Social and Community Services, Economic Services and General Services. It also gives a break up of each of 11 heads. For example, under agriculture, it gives a break up of funds for horticulture, soil conservation, animal husbandry etc. The second part of the report deals with the physical targets for each district, listed under the 11 heads. For instance, the target for construction of homes under Indira Awas Yojna for Ajmer district in 2015-16 is 326.

It is important to note that the figures in this document do not match with the figures given in the district development plan for Rajsamand District. The reason for this is well known, the state plan doesn't take districts into consideration while preparing the state plans.

State Budget Document at the District Level

As mentioned above, there is no budget document pertaining to the state budget, is available at the district level.

Documents Available at District and Block levels

Though there is no document available at the district or block level which gives information about the state budget at the district and block levels. However, the local bodies (PRIs and ULBs) located in the district do have their separate plan and budget documents which are not easily available. Some of the important documents are:

- a. District Development Plan (one in each district) approved by the District Planning Committee
- b. Zila Parishad Budget
- c. Block Development Plan (for every panchayat samiti)
- d. Panchayat Samiti Budget
- e. Gram Panchayat Plan
- f. Gram Panchayat Budget
- g. The Plan and Budget documents of the ULBs in the district

In the documents listed above, mostly the District Development Plan is focussed for the purpose of this study. At the district level, documents pertaining to the plan budget do exist, particularly the district plan document. However, they are not in the public domain and not accessible to common people. Also, the district development plans are not the district level document for the state plan. They are rather the district plan for the urban local bodies (ULB), rural local bodies (PRIs) and the line departments at district levels combined.

Similarly, no documents pertaining to the state budget are available at the block level. There is a plan document available for Panchayat Samiti (Block panchayat) and some papers pertaining to the non-plan budget (salaries, pensions etc.) can be found at the local offices.

Transparency of the documents available at the district and block levels

It is observed that the state capital of Jaipur offers more transparency than the district (Rajsamand). Officials and bureaucrats across three departments in Jaipur volunteered information, time and contacts, which is a sign that they are offering to share information. Documents at the state level are also easily available.

There is very little transparency at the district level in the sense that these documents are not easily accessible to the common people. One requires either contacts in the offices to get those documents or may have to make a formal application citing the purpose of obtaining the document or as a last resort may have to file an RTI application.

5.4. Monitoring and Accountability

Another issue that plagues district level planning is the absence of a monitoring mechanism. The District plan is a rough guide for the allocation of money. However, there's no clarity on accountability and tracking of money being spent.

Transparency and accountability are twin pillars that help turn the citizen into an active stakeholder in democracy and governance. There was a “transparency wall” in the Rajsamand collectorate. Painted on a wall on the first floor was a chart that showed the money that the District had received for a poverty alleviation program. The project was being funded by the World Bank and the state government in the ratio 80:20 and the district had received approximately Rs 100 crores over 7 years. The idea was that this money would

Management Information Systems (MIS) of various departments

The MIS systems of various schemes of the government departments are provided on their websites giving various information like number of beneficiaries, type of beneficiaries, status of applications given by the citizen, and in some cases, like in MGNREGA, they also provide information on budget allocation and expenditure. The NREGA MIS (<http://nrega.raj.nic.in/>) can arguably be said to be the best among all the government scheme MIS systems which provides all the relevant information including government expenditure on the scheme, down to the level of the panchayats. The MIS systems of the other departments leave much space for improvement.

However, for overall status of the government budget, the Integrated Financial Management Systems (IFMS) website (<http://ifms.raj.nic.in/webpages/default.aspx>) allows guest log in for the common visitors. But it does not provide any useful information on the budget allocation or expenditure.

In some Indian states, for example Uttar Pradesh (<http://koshvani.up.nic.in/>), website of the State Treasury provides real time data on actual expenditure on various heads under various departments of the government. The Rajasthan's state treasury website (<http://rajkosh.raj.nic.in/>), earlier used to provide limited access through guest log in but now it does not provide log in for the common visitors as guest. The MIS systems of various schemes and also of the state treasury can be made much more transparent and useful.

be spent on promoting entrepreneurial activity through self-help groups (SHGs). This was an example of the pro-active and transparent disclosure. However, no information about the accountability and effective utilization of the allocated fund was displayed on the wall.

Another issue at the district level is that there is no monitoring system for the implementation of the program. The government machinery has no way of knowing how effective its programs are, or more accurately, what the impact of the money it is spending is. In other words, what is the social return on money invested? And in the absence of a mechanism to understand the effectiveness of the policy or a program, fixing accountability gets difficult.

6. Suggestions and Conclusion

In order to ensure better transparency and accountability in the budget making process government should proactively disclose few documents for the public perusal.

6.1. List of documents that should be shared for the public perusal

- a. **District allocation document (Department-wise district budget):** This document currently does not exist in Rajasthan. Along with the state budget, the government should also release a district budget. This document will give details of the amount allotted to each district.
- b. **Devolution document for Panchayati Raj Institutions:** The state finance commission's report is released once in 5 years and is a roadmap on state finances. However, a detailed statement released every year on how much money the government is devolved to the PRI's would be a useful reckoner.
- c. **Devolution document for Urban Local Bodies:** Similarly, a document released every year on how much money is being devolved to municipal corporations and municipalities, as per the SFC's report, would help citizens track funds.
- d. **District development plan document prepared by the District Planning Committee:** This is a very important document to have in the public domain. The district-wide expenditure in one concise document would help citizens see how much is being spent in their district, blocks, and villages.
- e. **District level output and outcome budget** which is not being prepared currently are recommended to be prepared and made available for public perusal.
- f. **Treasury website:** Currently, Rajasthan limits access to the treasury website. Providing unrestricted access will allow the public to track incomes and expenditure on a real time basis.

None of the measures or documents listed above exists in Rajasthan. Some of the states in India such as Odisha, Maharashtra, Gujarat have some of these documents.

Annexure 1: Status of transparency in State Budget in Rajasthan⁴

**An overview of what is available and what is not available at each level
of budget process at the state and district levels**

Nesar Ahmad

In the year 2011, The Budget Analysis Rajasthan Center (BARC), in Collaboration with the CBGA, New Delhi, conducted a study on transparency in the state budget in Rajasthan, Similar efforts were taken up in other states as well by other budget study groups. In this study, it was found that the state of budget transparency was quite dismal in the Rajasthan state putting among one of the low performing states where the study was conducted.

Since then there have been some noteworthy changes in the state in this regard. For example, since the year 2011-12, the government has started providing information on the devolution of the amount to the Panchayati Raj Institutions (PRIs) and Urban Local Bodies (ULBs) in somewhat detailed manner. Gender Budget Statements (GBS) also started coming since 2012-13. Two minor heads of Tribal Sub-Plan (TSP) and Scheduled Caste Sub-Plan (SCSP) have since been opened under increased number of Major Budget Heads. Besides this the government has started providing two more documents titled “Budget Related Analytical Statement, Volume I and II” since the budget 2014-15 (it comes now in one volume). Through this document, the government has started providing information regarding allocation of budget for each administrative department and the expenditure incurred against it. This document also provides information on major allocations and expenditure made under major development schemes separately which was earlier not available at one place (as the budget is presented in Rajasthan major head wise).

Here we present an overview of what is available and what is not available at each level of budget process⁵ at the state and district levels:

A. Budget Making Process

1. Pre-budget consultation with the people

The government has started this process in the state for which it deserves appreciation.

2. There is also a practice of holding pre-budget consultation with NGOs in the state in which the Chief Minister hears the suggestions offered by the participants. But the pre-budget consultation is held quite late, only a couple of weeks before the state budget is presented in the Vidhan Sabha. So there is a need to hold the pre-budget consultation well in advance say in the month of November/December when the budget-making process is going on in the government so that the government has sufficient time to evaluate the suggestions received during the course of consultations and may include them in the budget and also make appropriate budget allocations for the same.

⁴This paper was written as background note for the conference on “Transparency in State Budget”, organized jointly by BARC and Institute of Development Studies, Jaipur, on February 6, 2017.

⁵Budget process can be seen as involving steps of budget making and presenting in the legislature, execution of the budget, accounting and auditing

B. Availability of State Budget Documents at State Level

What we have:

- **Details of various types of income**
- **Major Head wise (in detail) and department wise expenditure**
- **Major Scheme wise expenditure (not very clear)**
- **Grants to PRIs and ULBs (total and district wise total)**
- **Allocations to TSP and SC-SP (have to be calculated)**
- **Gender Budget Statement (not very useful)**

What we don't have

- **No information on revenue forgone**
- **District wise break-up of expenditure by departments/District wise break-up of expenditure under various heads**
- **Detailed Statement on TSP and SC-SP**
- **Grants to each PRIs and ULBs (when the GO for transfer is given for transfer under various heads its put on the website)**

Suggestions for Improvement

1. Improving the Gender Budget Statements

The Rajasthan government started providing Gender Budget Statement (GBS) with the budget 2013. Currently, the GBS is provided on the basis of details prepared by the budget finalization Committee (BFC) in which program heads are given A, B, C or D category in accordance with the plan and non-plan items. Separate information is provided on plan and non-plan components of an expenditure item. However, the GBS in its current form hardly serves any purpose. It can be improved by simply providing department-wise information or by putting all the data collected by BFCs of each department together. This will improve the utility of GBS as the departments would be able to see the gender budget performances of their department in totality. By using such information, concerned department will be able to assess the extent of women participation in their department's schemes, especially with regard to the special schemes meant for women. NGOs, women rights organizations and academic and researchers will be able to monitor the implementation of gender budget.

2. Allocation to TSP and SC-SP as per the norms and providing a document on the same

The allocation of the budget for the Tribal Sub-plan (TSP) and Scheduled Caste Sub-Plan (SC SP) is done in accordance with the population ratio of the two communities. The allocations are reported under the specific Minor Heads (798 and 789). The allocation and expenditure under the two Sub-Plans, however, continue to be lower than the norms as could be seen from the allocation made under the two Minor heads. **Now there as the plan and non-plan distinction is done away with, there is need to clearly define the basis of these allocations.**

It is also difficult to add up the total allocations to TSP and SC-SP from the detailed demanded grants. Currently, a table is provided by the planning department but it does not match the total of the allocations under the two Minor Heads (798 and 789). **Therefore there is a need to provide a separate document showing the allocation as per the two Minor Heads (798 and 789) for TSP and SC-SP by various departments.**

C. Availability of State Budget Document at District Level

What we have:

- **Nothing for state budget at district level**
- **All PRIs make their budget and share also if someone asks for it**
- **All ULBs also make their budget and share also 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

Suggestion for Improvement

1. Providing district-wise information on state budget information

There is an urgent need to provide district- wise state budget for all the line departments. This will make people (in the respective district) aware of the amount being allocated to each line department in their district. This will also empower citizens to monitor implementation of the programs in an effective manner.

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

As mentioned above, the state government is providing information on the devolution of the budget to the Panchayati Raj Institution (PRs) and Urban Local-self-governing Bodies (ULBs) but currently, it is available only for each Zila Parishad and each Municipal Corporation. And for all the Panchayat Samities and all the Gram Panchayats in a district, this is available in a combined or consolidated form. Same is true for all the ULBs except Municipal Corporations. Therefore, Gram Panchayats, Panchayat Samities and Municipal bodies do not have advance information on budgets 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 would allow them to make realistic plans.

3. Budget and Plan Documents of PRIs and ULBs

The PRIs and ULBs are Constitutional units of governance at local levels. These bodies are making their plans and budgets. These plans are also consolidated to make a District Development Plan of the District. These plans are available but one has to ask for them and sometimes it could be difficult to get them

D. At the level of execution/implementation

- No information on status of budget announcements
- No real time data on expenditure (neither monthly nor quarterly)
- No real time data on implementation (MIS)
- Though there are a few exceptions

Suggestions for improvement

1. Providing information on implementation of budget announcements-

The budget speech read by the Chief Minister (who is also the Finance Minister of the state) in the Vidhan Sabha is the most closely watched and followed budget document. The announcements made in the budget speech are the main budget promises which government, as well as the media, both highlight, and the people, observe those announcements with a keen interest. But after the euphoria of the budget is over in one or maximum two weeks, no one talks about the announcements made by the government in the budget speech or about the implementation of the announcements.

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

2. Providing expenditure data on treasury website

In some Indian states for example Uttar Pradesh (<http://koshvani.up.nic.in/>), website of the State Treasury provides real time data on actual expenditure on various heads under various departments of the government. The Rajasthan's state treasury website (<http://rajkosh.raj.nic.in/>), earlier used to provide limited access through guest log in but now it does not provide log in for the common visitors as guest. The MIS systems of various schemes and also of the state treasury can be made much more transparent and useful.

3. Opening MIS of Departments/Schemes for the Public

Management Information System MIS of the MGNREGA could be considered as the best MIS providing all the required information on daily basis. Many departments have MGNREGA like MIS for the schemes of those departments. For example – the MIS run by the Public health and Family welfare Department of the Rajasthan Government tracks the status of benefit provided to pregnant women and for child development. This website can be opened partially to the public in order to provide data like a number of women and children (male and female) beneficiaries at every health care center. Likewise, the MIS of other schemes should also be made accessible to the public and should be created where such MIS don't exist.

E. Outcome / Performance Budget

Outcome/performance budget is a document which presents the outcome of the budget expenditure in terms of the achievements made by making any expenditure. The Government of Rajasthan provided outcome budget for all the departments for the years

2005-06 and 2006-07 which are available on the Finance Department's website. After that it seems none of the departments have produced their outcome budget or performance budget. It's at least not available on the websites of the government departments.

F. Auditing

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) audits the accounts of local government (PRIs and ULBs). AG office also audits the accounts of the local governments. The audit reports of the state and union governments are put before the parliament (for union government) and legislative assembly (for state government and local bodies) and are available. There is usually time lag of two years in availability of the audit reports of the state and union government. The audit reports of the local governments are placed in legislative assembly with lot of delay.

Social audit: Social Audit is an important tool of ensuring transparency and accountability. It's a mandatory provision under MGNREGA Act and also under Rajasthan Panchayati Raj Act. In Rajasthan the social has been used as an effective tool for transparency and accountability by many organizations. But now the process has suffered a setback and a directorate has been set up by the government which does not seem to be very effective so far. Now, however, the CAG has provided rules to run for the setting up of independent directorate and conducting the social audit for MGNREGA works. Rajasthan government is now in process of restructuring the directorate of social audit in accordance with the CAG rules.

Major Publications of BARC

शीर्षक	Title in English	Year
जिला स्वास्थ्य प्रतिवेदन (बाड़मेर, भरतपुर, चित्तोड़गढ़, झुंझुनू)	District Health Report (Barmer, Bharatpur, Chittorgarh, Jhunjhunu) (In Hindi)	2017
राजस्थान में स्वास्थ्य बजट एवं सेवाओं पर नीति प्रपत्र	Policy Brief on Health Budget and services in Rajasthan (In Hindi)	2017
राज्य में विशेषयोग्य जनों की सरकारी योजनाओं तक पहुंच : एक अध्ययन (अंग्रेजी में)	Study on Access of People with Disability to Government Schemes in the State: A study	2017
कैसे समझें सरकार का बजट	How to Understand the Government Budget (In Hindi)	2017
राजस्थान में अनुसूचित जाति एवं जनजाति उपयोजना के क्रियांवयन का जिला एवं निम्न स्तर पर अध्ययन (अंग्रेजी में)	District Budget Tracking Study of Tribal Sub Plan and Scheduled Caste Sub Plan in Rajasthan	2017
राजस्थान में खनन एवं खान मजदूरों की स्थिति पर अध्ययन (अंग्रेजी में)	A Study on Status of Mining and Mine Workers in Rajasthan	July 2015
राजस्थान में जेण्डर संवेदी बजट की प्रक्रिया : एक अध्ययन (अंग्रेजी में)	Status of Gender Responsive Budgeting in Rajasthan	March 2015
अनुसूचित जाति एवं जनजाति उपयोजना के क्रियांवयन का जिला एवं निम्न स्तर पर अध्ययन	A Study on Implementation of Schedule Cast sub Plan and Tribal Sub Plan at district and below level in the state (In Hindi)	March 2014
जेण्डर संवेदी बजट प्रक्रिया एवं सीमांत महिलाएं : भारत, बांग्लादेश एवं नेपाल का एक अध्ययन (अंग्रेजी में)	Gender Responsive Budgeting Process and Marginalized Women: A Study in India, Bangladesh and Nepal	Nov. 2014
अल्पसंख्यक समुदायों के लिये कल्याणकारी योजनायें	Welfare Schemes for Minority Communities (In Hindi)	March 2014
राज्य में मुस्लिम परिवारों की सरकारी योजनाओं तक पहुंच : एक अध्ययन	Access of Muslim Families to Government Schemes in the State: A study (In Hindi)	Feb. 2014
राजस्थान में जेण्डर संवेदी बजट : एक अध्ययन	Gender Responsive Budget in Rajasthan: A Study (In Hindi)	Nov. 2013
राष्ट्रीय कृषि विकास योजना: एक अध्ययन	Rashtriya Krishi Vikas Yojna: A Study (In Hindi)	Nov. 2013
पंचायत बजट मैनुअल	Panchayat Budget Manual (In Hindi)	Sep. 2013
बजट को वंचित समुदायों की हकदारी से जोड़ने के प्रयास	Linking Budgets to the Concerns Weaker Sections (In Hindi)	2012
राजस्थान : वर्तमान वित्तीय स्थिति	Rajasthan : A Study of State Finances (In Hindi)	Feb. 2012
भारत में राज्य बजट में पारदर्शिता : मुख्य परिणाम	Transparency in State Budget in India: Summary fact sheet (in Hindi & English)	2011
भारत में राज्य बजट में पारदर्शिता : राजस्थान	Transparency in State Budget in India: Rajasthan (in Hindi & English)	2011
बजट अध्ययन : एक परिचय	Budget Study: An Introduction (In Hindi)	Aug. 2010

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लुप्त होती लघुवन उपज : खतरे में आदिवासी आजीविका	Depleting Mining Forest Produce: Threat to Tribal Livelihood (In Hindi)	Dec. 2009
दलितों के लिए राज्य की कल्याणकारी योजनाएं	State's Welfare Schemes for Dalits (In Hindi)	June 2009
स्थानीय स्तर पर लिंग आधारित बजट (जेण्डर बजट) : कैसे करेंगे पैरवी?	Gender Budget at State Level: How to do Advocacy (In Hindi)	Dec. 2006
बजट की तकनीकी शब्दावली	Budget Terminologies (in Hindi & English)	Sep. 2006
दलित एवं आदिवासियों के लिए बजट एवं योजनाएं	Budget and Schemes for Dailits and Tribals (In Hindi)	Nov. 2005

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