

Budget Work in India.
Notes for a Presentation at the Fourth IBP Conference
Mexico, March 9, 2003
By Vinod Vyasulu

To begin, I must acknowledge that budget analysis has a long tradition in India. Such work, in the sense of realizing the importance of macroeconomic balances, and of financing the plans, was an integral part of the planning process that was accepted after 1952. In each five year plan there was a discussion of these financing issues. It then moved over into the annual budget of the government of India. And much of this debate has focused on the national budget.

There has also been a long tradition of corporate lobbying around the annual government budget. The chambers of commerce and industry were active in seeking tax breaks, import protection, etc in each budget. How effective they were is another story waiting to be investigated in depth.

A focus on poverty issues came into prominence in the 1970s, when Mrs. Gandhi was in power. Her slogan of "garibi hatao" – remove poverty – brought it into the agenda rhetoric of all political parties. Though the Left had been talking about it for long, Mrs. Gandhi took it over.

But active interaction outside of these circles is a recent phenomenon. Intervention by citizen's groups, NGOs and the like came into existence in the 1990s. Credit for this must in large measure go to Madhusadhan Mistry. Mistry, who works at Disha in Ahmedabad, began to analyse the Gujarat state government budget to intervene effectively in favour of the tribals he was working with. These are forest dwellers whose forests are being cut down. Thus, apart from traditional discrimination, their livelihoods have been under threat. Mistry made effective use of budget information in the state Assembly in their favour. They analysed the state budget allocations for tribals, the implications of these allocations, and clearly showed what the state promised and failed to carry out. They also showed that there was no shortage of money if items of lower priority were cut.

Such interventions were made just after the state budget was presented and when it was under discussion in the Assembly. This made it timely and there was appropriate publicity as well. Mistry's work made an enormous impact at the state level. Today it is established practice.

Mistry also made efforts to take such work to other parts of the country. He tried to develop citizen's groups to provide training and support. Today, the NCAS, which was born of this effort, has an impressive presence in the NGO sector. John Samuel is here and he will talk more about this work later.

In Bombay, Vidhayak Sansad also began such work, guided by Vivek Pandit, and following a similar model to intervene in favour of bonded labourers who had been

released. It also took up the cause of education of the children of these bonded labourers. Vidhayak Sansad was an organiser of the Bombay conference, and many of you know of its work. Ramwesh Narayan is also here to discuss this issue.

In the same way, this work now exists in other parts of the country. We have here, Manu Alphonse from Tamil Nadu and Srinivas Krishnaswamy from CUTS in Rajasthan – the desert state in India –. This in itself is enough to show how such work is growing!

A different direction took place in Bangalore, at the Center for Budget and Policy Studies (CBPS), where I work. Around this time, the Indian Constitution was amended to bring in local self government –the 73rd and 74th amendments – and this provided an opportunity to look at local budgets. CBPS has been working with local budgets in both rural and urban areas. It is at this level that responsibility for education, health, roads, etc, lies in India.

Some lessons learned are as follows:

- We learned a great deal from our work.
- We learned about local budget systems, and the complex links top the higher levels these budgets have.
- There are no local accounts.
- There is no local decision making. All decisions are taken at higher levels and only implemented below.
- There is no local audit in practice.
- There is money available that is not spent, and there is no money for pressing local needs. The situation of surplus balances with unmet requirements was a paradox we began to discover--and understand. It led us beyond budget analysis to budget processes and systems of decision making; of transition from one system of governance to another under the constitutional amendment.

One example of this is the PROOF campaign, in which CBPS and three other partners are developing an active engagement with the Bangalore city government around quarterly disclosures of the city government budget with a public discussion around these disclosures. As I speak, we are preparing for the third quarter public discussion on March 15 and review the following:

- What is the position now?
- Work with the government at different levels.
- How to engage with the government by asking tough questions and working together for answers.

These are formal, regular, standardized formats for public discussions.

We have trained citizens in understanding these statements. A copy of the manual is available on request from proof@vsnl.net. Different forms of communication, such as radio are being used for encouraging and sustaining public interest.

PROOF details can be found at www.indiatogether/campaigns/proof.html.

Another initiative has been the coming together of the groups I have mentioned above to launch the National Budget Accountability Initiative with a grant from the Ford Foundation. Many things in India depend on the national budget. This organisation is based in New Delhi and will work with the existing groups to support and strengthen them. It will also have a programme of its own. It made its first appearance just after this year's national budget was presented with a press conference in which a preliminary analysis of the latest budget was given on March 3rd, just before this conference. Praveen Jha is here from this centre and he has the awesome responsibility of nurturing it.

Thus there has been rapid growth on many fronts where budget analysis is concerned in India.

But more needs to be done.

- We need to enter the area of budget formulation. Until now the budget has been taken as a given that must be implemented. But in my interaction with groups represented here I find much can be done to influence the formation of the budget. Thus, we must move towards.
- We need to get into performance indicators. It is not enough to spend money; it must be spent for a purpose. PROOF has begun such work, but much more needs to be done.
- We need to improve transparency and accountability to citizens, but also to elected representatives. We have to move beyond audits and engage, this is the big challenge.