

BUDGET ANALYSIS AND SOCIAL ACTIVISM
The case of DISHA in Gujarat, India

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**Lessons from Civil Society Budget Analysis
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1. Introduction

DISHA (Developing Initiatives for Human and Social Interaction) is a leading non-governmental organization (NGO) engaged in budget analysis and advocacy work in India. Based in the western state of Gujarat, DISHA was founded in 1985 as a social movement dedicated to the political and economic empowerment of the poorest citizens, predominantly in the eastern tribal belt.

DISHA has used budget analysis for over a decade to complement its efforts to mobilize 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 marginalized communities.² DISHA provides information on the state government's budget priorities to members of the state legislative assembly, the media and to non-governmental organizations, with a view to improving the transparency of the budget process. It analyzes government spending commitments and expenditure outcomes in areas that are of greatest concern to the poor. DISHA has also provided training in budget work to NGOs in Gujarat and elsewhere in India, which has given rise to the formation of budget groups in other states and stimulated interest in the use of budget analysis as a tool to improve government accountability.

The case study draws principally on interviews with DISHA's staff, representatives of Gujarati NGOs and government officials conducted over a ten-day period in April 2005. It examines DISHA's budget initiatives to assess their impact on budget priorities and the transparency and openness of the budget process in Gujarat. The case study also draws on budget data compiled by DISHA from government sources, internal documentation, and reports on various aspects of DISHA's work compiled by outside observers.

The main contribution of DISHA's budget work is through information provided to Members of the Legislative Assembly (MLAs), NGOs, and the media on government budget priorities and the implementation of expenditure commitments. In this way DISHA contributes to greater public and legislative awareness of the importance of budget issues and improves the accountability of the budget process by subjecting the executive to improved legislative oversight. DISHA receives recognition from all its stakeholders for improving the accuracy and timeliness of budget information. It has found it much more difficult to influence budget priorities and expenditure commitments, although it has registered some success in identifying shortfalls in government expenditure outlays for programs designed for the benefit of the poor (especially for tribal communities) and in tracking budget commitments for local level investments.

² Dalits are the Scheduled Castes in the Indian Constitution, referring to former 'untouchables' in the caste hierarchy, while tribals refer to the indigenous peoples of India with distinct cultural and social practices.

Section 2 situates DISHA's work in the broader economic and political context of Gujarat since this fundamentally shapes its overall approach and strategy of social mobilization which is examined in Section 3. Section 4 describes DISHA's approach to budget work in relation to different parts of the budget cycle. Section 5 analyzes the impact of DISHA's work on budget priorities and transparency and through DISHA's engagement with the legislature, the bureaucracy and the media, and civil society. Section 6 considers the strengths and weaknesses of DISHA's approach and identifies ways in which its impact could be enhanced.

2. Gujarat: economic and political context

Gujarat is a prosperous state in western India with a per capita income higher than the all-India average, and is the most industrialized after the neighboring state of Maharashtra. It was created in 1960 following the bifurcation of the former state of Bombay into Gujarat and Maharashtra. The former state capital, Ahmedabad, is a leading industrial center with a population of 5 million with commercial as well as cultural links to neighboring states.

Gujarat's economic performance in recent years has been better than other Indian states, averaging an impressive growth rate of 10 percent per year in the period 1995-2003. With about 5 percent of India's population, its share of the national GDP is 11 percent and its private consumption 10 percent.³ However, like in the rest of India, its development performance has been uneven. More than 60 percent of the population earns a living from the land, and rural areas suffer from very low human and economic development. Although the relative incidence of poverty in Gujarat is lower than many Indian states, the distribution of poverty in Gujarat is skewed toward rural areas. In spite of Gujarat's wealthier status, the ratio of marginal (seasonal and irregular wage work) to regular workers in the state is twice the national average,⁴ which indicates relatively more polarized development and uneven distribution of productive assets. Tribal and dalit minorities, who between them constitute some 20 percent of the population, generally work as farm laborers or cultivate marginal landholdings, supplementing their agricultural earnings from casual work or labor migration to the cities.

Gujarat was prominent in the Indian independence movement as the birthplace of Mahatma Gandhi, who played a leading role in anti-colonial struggles. The Gandhian legacy remains strong in Gujarat's social fabric with his values of non-violence, anti-untouchability and asceticism continuing to inform NGO practice. Gujarat has a rich tapestry of several hundred such organizations, many of them engaged in development and charitable work and drawing their inspiration from Gandhian perspectives, most of which focus on the rights of the poorest sections of rural society.

³ Centre for Monitoring Indian Economy, 'Monthly Review of Gujarat Economy', March 2005.

⁴ Sagar Prasai, 'Gujarat Earthquake: Planning Concerns in Post-Disaster Development', Department of Urban and Regional Planning, University of Illinois, August 2002.

Gujarat has been ruled by the Bharatiya Janata Party (BJP) since it won a landslide victory in the state assembly elections of February 1998, displacing the formerly dominant Indian National Congress. It increased its margin of victory in the December 2002 elections and now controls two-thirds of the seats in the Legislative Assembly. The present government espouses a strong Hindu nationalist line, which permeates the bureaucracy with senior appointments increasingly reflecting partisan considerations. The government is averse to criticism and exerts controls over the media and the activities of NGOs in an effort to prevent any challenge to its political dominance. Gujarat has not enacted Right to Information legislation, which makes it difficult for independent organizations to access government reports and data.

Like other states in India, Gujarat has three tiers of local government with elected local councils (panchayats) in which one third of seats are reserved for women, with reservations for scheduled castes and tribes on the basis of their population share. Gujarat is one of the few states in India to have held regular elections to the panchayats, but without devolving significant powers and resources.

The state has been rocked by several major catastrophes in recent years. The first was a devastating earthquake in January 2001 that claimed 20,000 lives and injured a further 200,000 people with considerable financial loss to the state. With a history of communal violence, Gujarat experienced sectarian riots between Hindus and Muslims in February and March of 2002 which resulted in the loss of several hundred lives, thousands of injuries and destruction of property. The state also suffers from periodic droughts and has been affected by devastating cyclones. These events have a significant impact on the state finances since expenditure on relief and rehabilitation impacts adversely on departmental budgets.

3. DISHA: From social activism to budget analysis

DISHA was formed by social worker M. D. Mistry and tribal activists in late 1985 with the objective of promoting the socio-economic development of the poor and disadvantaged communities through protest, assertion, and empowerment. DISHA is a mass-based membership organization working toward improving the economic and social conditions of marginalized groups such as laborers, the landless, tribals, dalits, and women. As a social movement DISHA's emphasis is on changing power relations in favor of poor and disadvantaged groups in Gujarat through improved access to natural, economic, and financial resources. The main influences on DISHA came from Gandhianism and the trade union movement, both of which have strong roots in Gujarat. Its founder believed that tribal interests were not well served by existing political parties (including those on the left which prioritized the industrial working class) and NGOs.

DISHA's main programs are organized around particular mass organizations and their unions and their specific needs and priorities. Key social issues taken up by DISHA include organizing tendu leaf workers, unionizing forest

and agricultural laborers, and upholding the land rights of forest dwellers.⁵ Studies conducted by DISHA in the 1980s revealed that the tribal communities in the eastern tribal belt of Gujarat were among the poorest and most backward in the state. DISHA commenced its intervention in several localities in these tribal areas and later grew to encompass almost the entire eastern tribal belt and other parts of Gujarat with significant tribal populations.⁶

One of DISHA's early struggles initiated in 1985 entailed organizing casual laborers to demand an increase in the payment rate for tendu leaf collection (used in the manufacture of bidis, a local cigarette) and preventing exploitation by private traders and the State Forest Development Corporation that regulates the trade. The activity is dominated by tribal women, 100,000 of whom are engaged to pluck tendu leaves over a six week season in April and May each year on a casual labor basis. The leaves are sold at fixed rates for 100 bundles of 50 to government-appointed private traders, in which the laborers received just one-third of the sale price. Through a strategy of mobilization and advocacy DISHA demonstrated to the government the exploitative nature of the payment rates and succeeded in raising these. DISHA created a union (the Gujarat Forest Produce Gatherers and Forest Workers Union) to campaign for just rates and compensation against accidents and improved working conditions. In the 20-year period from 1985 to the present the Union succeeded in raising daily rates from Rs.8 to Rs.40, with the benefits translated into improved household expenditures for tribal families. DISHA employed budget analysis to demonstrate how payment rates could be increased without significantly eroding profit margins or market rates for tendu leaves.

DISHA also worked to unionize forest laborers who are employed as casual laborers by the Forest Department to protect trees and tend nurseries in government forest areas. A particular focus of DISHA's activities was campaigning for the enforcement of provisions of the Minimum Wages Act and employment regularization by the government. Sustained campaigning by the Forest Workers Union eventually resulted in a successful legal petition in 1998 which granted proper terms and conditions to 6,000 forest laborers. As with the tendu leaf pluckers, DISHA was able to show how the state government was deriving revenues from forest products without transferring the benefits to the workers, most of whom are from tribal communities.

A third issue pursued by DISHA was unionizing agricultural laborers in the state. The state government provides high subsidies to farmers on account of their power and political influence and paid little attention to labor welfare. DISHA set up the Gujarat Agricultural Laborers Union in 1985 to address problems such as non-payment of wages, harassment by employers, accidents at work, the rights and entitlements of the landless, and access to services such as health care, education, and government welfare schemes. With its initial base in the eastern tribal belt, the Union now has 85,000 members spread across the state, predominantly from the dalit and tribal

⁵ The material for this section draws primarily on interviews with union leaders and DISHA staff, along with documentation produced by DISHA.

⁶ For further details see DISHA's website <http://www.disha-india.org>.

communities. Wages increased from Rs.15 to Rs.34 in 1996 as a result of DISHA's lobbying efforts, with the prospect of a further increase in the minimum agricultural wage.

DISHA has also been involved in organizing poor tribals working as laborers in the mining and processing of marble in north Gujarat. In 1993 a union was formed to represent workers in 40 mines and processing units, taking up issues such as wages, security of employment, and health and safety problems. Another union was formed to represent tribals who work in the construction industry migrating from the eastern tribal region to Ahmedabad and other cities. The union has branches in Ahmedabad and other cities, addressing wages and employment conditions as well as childcare and health problems arising from their migrant status.

Besides forming labor unions DISHA has been active in advocating for the land rights of the tribal and other communities who have cultivated forest land for decades and face harassment by forest officials in asserting their rights. DISHA addresses other issues such as exploitation by forest bureaucracy, forceful plantation in cultivated land, and delays in the process of providing the documents conferring their rights of cultivation. Mass mobilization and campaigns by the Land Rights Protection Committee created under DISHA's auspices eventually led to the Gujarat government releasing 125,000 acres of forest land to 68,000 tribal families for cultivation, half of whom have received their entitlement to date.

Finally, DISHA has encouraged the formation of grassroots women's organizations and youth groups to raise awareness and improve access to government services, and to provide support for the activities of the labor unions and forest cultivators. DISHA initiated a leadership development program in 1997 to train activists in various parts of rural areas of Gujarat to help organize agricultural laborers, tribals, dalits, and women. Over 40 issue-based organizations have been formed by leaders graduating from the training program, formally registered under state government legislation.

DISHA's strategy centers on the formation of and support to mass organizations that include village-level groups, trade unions, issue-based organizations, women's groups and co-operatives. In 1992 DISHA formed Eklavaya Sangathan as an umbrella organization to coordinate and represent the different unions at the state and local levels. It organizes demonstrations, protest rallies, and marches in support of its various campaigns which include issues of broader concern such as drought relief, compensation for those displaced by dams, and victims of communal violence. The Sangathan has a membership of 20,000 who pay an annual subscription that covers its core administrative expenses.

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.⁷ 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 organizations and budget advocacy is fundamental to DISHA's approach and renders it unique among budget groups in India and other parts of the world.

DISHA employs 140 staff members, most of whom are based in the field working directly with the various unions and people's organizations. Pathey has just 10 staff members to undertake budget work, three of whom are engaged full time in data entry. DISHA's president and the headquarters of Eklavaya Sangathan are based in a small town 60 kilometers from Ahmedabad. DISHA relies mainly on external funding from several Dutch NGOs and the Ford Foundation.

The next section explores DISHA's budget work in relation to the state budget cycle in more detail.

4. DISHA's approach to budget work

4.1 DISHA-Pathey budget activities

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. This entailed an extensive preparatory process, which required considerable effort in locating and securing budget data and developing an understanding of the budget process.⁸

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 utilization of budget commitments. Within DISHA, budget work is an essential tool that links to its wider constituency; for example, Eklavaya Sangathan brings issues of concern to Pathey which then checks budget outlays and frames proposals on government spending allocations for lobbying purposes.

⁷ DISHA's founder, M. D. Mistry, was part of a cohort of leading NGO activists that had been invited to participate in a training and orientation programme at the Advocacy Institute in Washington D. C. which was exposed to the budget work of the CBPP during this visit.

⁸ For details, see Mihir Bhatt, 1997, '*Budget Analysis and Advocacy Work in India*', Ahmedabad: Foundation for Public Interest.

Analysis of expenditure trends and tracking expenditure outcomes are the main focal points of DISHA's budget work. Collating and summarizing 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 analyzed the union (national) budget priorities in recent years, and has conducted studies of budgets in other states.

DISHA also engages in capacity building on budget work, through seminars and workshops for NGOs and training events for elected representatives in local panchayat councils. DISHA seeks to increase awareness of the importance of budget issues through training events for chairpersons (sarpanches) of the local councils to provide them with better information about locally available resources. These training activities are conducted by DISHA's core staff, along with former government officials and independent experts. DISHA has organized workshops for panchayat representatives in various districts since 1998. Over the past decade DISHA has conducted more than 40 training events to build awareness of the importance of the budget and to train NGOs in budget analysis in Gujarat and other states, though there is no systematic evaluation of the impact of this training.

4.2 DISHA's budget work in the budget cycle

As detailed in Annex 1, the state government budget cycle has four stages:

- Formulation (October to February), when the executive branch of government develops the budget plan;
- Approval (February to March), when the budget plan may be debated, altered, and approved by the legislative branch;
- Execution (April to March the following year), when budget priorities are implemented by the executive;
- Evaluation and audit (April to September the following year), when the actual expenditures of the budget should be accounted for and assessed for effectiveness by the executive and by external auditors independent of the executive.

Budget formulation

Budget formulation is largely conducted by the government as an internal exercise in which outside groups, including DISHA, have very little scope for exerting influence, though business houses do lobby in pursuit of their special interests.

During the formulation stage DISHA undertakes pre-budget advocacy with Members of the Legislative Assembly (MLAs) to increase the time allocated for the budget debate. DISHA organizes meetings with legislators to explain some points in more detail or to encourage them to adopt a more active role in Assembly budget debates. It also prepares press articles and questions for

the MLAs for use in budget debates.⁹ DISHA develops an analysis and recommendations on what should be included in the next fiscal year's budget. Finally, it arranges meetings with NGOs to elicit their views on expenditure priorities.

Approval

This is probably the most important stage in DISHA's budget work. The budget is debated by MLAs on the floor of the Assembly in 12 legislative sessions which cover the overall budget and the demands for each of the 27 departments. Although there is limited scope to change budget priorities at this stage, cut motions can be proposed by MLAs to reduce or increase departmental budget allocations within limited parameters. DISHA engages in three main areas of activity during the budget debate period in February and March: commentary on the Governor's and Finance Minister's Speeches, analysis of the government's budget priorities, and analysis of expenditure trends.

The Assembly budget session begins with speeches from the Governor and Finance Minister outlining the main features and priorities of the budget. DISHA compares the main features of the Finance Minister's speech with the previous year's speech, reporting on new commitments and focusing on pro-poor aspects such as allocations to anti-poverty programmes and welfare schemes.

As Gujarat has not passed Freedom of Information legislation it is very difficult for organizations outside the government to access budget information. Budget information is not easily accessible and only made available in summary form. DISHA obtains the budget documents from the Assembly on the day of the speech, usually from one of the opposition MLAs.¹⁰ It then prepares summary comments on the demands by department. This analysis is in the form of a 5-6 page brief that contains explanation and proposals of specific demands with a particular focus on pro-poor issues. DISHA then sends this information to the MLAs so that they have an information base on which to raise questions, usually by hand the night before the Assembly debate. It summarizes the data contained in the budget and compares the speech with the actual data in the budget proposal, providing budget information on a daily basis during the budget debates and disseminating it to MLAs, NGOs, and the press. After receiving summary budget information some MLAs ask DISHA for further information on specific issues. DISHA provides information to MLAs to help them in framing such motions. Finally DISHA produces commentaries on the debates and the speeches of individual MLAs for the use of the media.

⁹ These questions are divided into starred and non-starred questions. The first have to be addressed in the Assembly orally by government ministers while the non-starred questions can be answered in written form.

¹⁰ As stated by DISHA: "We had formally asked the Finance Department of the State to provide us the current year's budget in order to help us analyze and prepare write-ups. The sources in the Finance Department had informed us that the budgets would be provided to us through government channels and due process. But this year, like the previous one, we were able to obtain the copies only through MLAs." (DISHA Annual Report 1999-2000).

Execution

This stage is crucial in influencing the utilization of the budget. DISHA engages in a number of activities to analyze the budget information in more detail. Using the raw budget data in the departmental reports, DISHA prepares a series of spreadsheets on each department's budget since this is not available in an electronic format. It checks the data for accuracy and consistency and identifies computation errors which are cross-checked with government clerks. More than six months are spent keying-in the entire budget in order to undertake the subsequent analyses. Even though it allows DISHA to check the accuracy of the government's budget data, it also runs the risk of potential mistakes when manually keying-in all the data.

After the budget is enacted through a vote of the Assembly, the DISHA staff works on the Supplementary Demands.¹¹ DISHA analyzes the data and formulates pro-poor recommendations over the course of the year. For example, DISHA undertakes special analyses focusing on allocation of relief for major calamities, and monitoring budget allocation and implementation. DISHA disseminates this information through write-ups for the media, MLAs, and NGOs.

DISHA also works directly with the sarpanches (elected leaders of local councils), informing them about specific budget allocations for physical infrastructure in their jurisdictions and checking on their implementation status. In tracking specific budget allocations (such as for a school in particular village) DISHA writes to the Council saying what has to be done in order to monitor the demands contained in the budget. When tracking these expenditures DISHA is able to identify misuse of funds by local government officials with the sarpanches. DISHA collects information from the field, undertakes analysis and trains different groups (NGOs, youth, and women's groups) in tracking expenditures (for a detailed example see Annex 3). Along with the tracking exercise, DISHA analyzes district and local budgets to provide this information to sarpanches in order for them to ensure the scheduled allocation is being implemented. DISHA collects information from villages and then provides it to MLAs and the corresponding Minister who then demands an immediate response from government officials.

Evaluation and Auditing

Because most of the external auditing is several years in arrears, it is difficult for DISHA to work effectively with the Public Accounts Committee (PAC) of the Legislative Assembly. For this reason, DISHA bases the evaluation mainly on government audit reports and field work. DISHA evaluates the implementation of specific budget allocations. From the data collected by local stakeholders it analyzes the budget showing how the resources allocated by the government were actually spent. DISHA also analyzes the auditing by the government of specific schemes, especially major schemes that affect their target audiences, such as irrigation projects for small farmers.

¹¹ This is the part of the Annual Plan that remains unbudgeted at the beginning of the financial year, becoming part of the budget during the course of the year through Supplementary Demands.

5. Impact of DISHA's budget work

The impact of DISHA's budget work can be examined 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. It is important to recognize that it may not be possible to demonstrate success across all these areas and that positive impact has to be assessed in light of the political and bureaucratic context in which DISHA is operating.

5.1 Transparency and accountability

Availability of information

Should the government take the initiative to share budget information because it forms part of its responsibilities, or should citizens ask for and demand access to public information because it is their right? The answer to this question is probably that access to information should result both from government initiatives and from civil society action. There is no point in providing the full range of budget information to the public if its potential usage is limited. Thus, access to information has to be viewed in the wider context of efforts to promote responsive administration and attitudinal change in public officials at all levels. But simultaneously it is necessary to work with civil society groups to train them on right to information issues. DISHA works on both levels, and its impact can be assessed in this light.

The government of Gujarat is pursuing administrative reforms which it claims will facilitate quick and easy access to official information on the services and activities of government. But in practice there are considerable delays in redressing grievances and securing access to information, since government departments with a public service interface do not have a mechanism to provide information to citizens across the counter.

The Gujarat government presents only the summary features of the budget on its Web site. In theory it might be expected that after more than 10 years of intensive work on the part of DISHA, the availability of information in Gujarat should be better than in other states. But the absence of Right to Information legislation and the authoritarian nature of the ruling party create an environment in which independent efforts to broaden access to information are strongly discouraged. In the absence of official data in computerized form, DISHA has to request government budget reports in hard copy from MLAs rather than from the bureaucracy or a public access point.

DISHA provides the sole source of publicly available budget information in Gujarat. The media relies on DISHA's analysis for reporting purposes, and legislators in the Gujarat Assembly actively use DISHA's report in budget debates. In the absence of government initiative, DISHA's contribution remains seminal as a means of fostering budget transparency. Its inability to persuade the government to publicize comprehensive budget data is more a reflection of the prevailing bureaucratic and political environment rather than

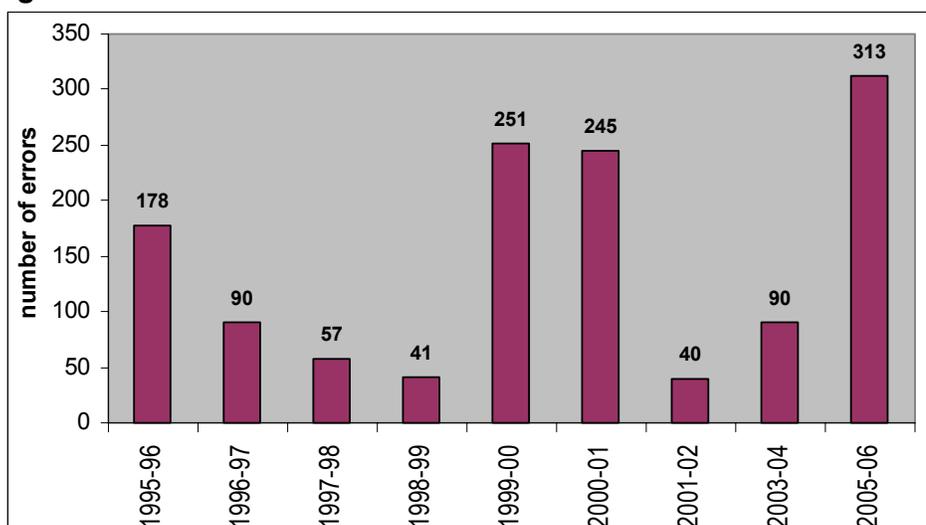
the limitations of DISHA's approach. At the same time the results of DISHA's analysis are primarily disseminated to legislators, the media and selected civil society groups and only reach citizens or academic organizations indirectly. The full results of its analysis and data entry work are not made available through DISHA's Web site or published in hard copy.

Accuracy of information

One of the rules of the Assembly is a requirement that the State Government has to give a statement of arithmetic errors before the discussion of each departmental demand. But during the period 1993 to 1995 the Government was not serious about issuing an errata statement. After DISHA started highlighting the errors through its demand write-ups, the government was prepared with the errata statement and circulated this information to all MLAs before the day of discussion on each demand.

A review of government budget data errors from the mid-1990s compiled by DISHA does not reveal that its analysis and advocacy work resulted in improved accuracy of budget information. There was considerable improvement in the late 1990s with a progressive reduction in the number of arithmetic errors but significant variation in subsequent years, with the number of errors reaching a peak in 2005-06 (see Figure 1). Even though DISHA highlighted the errors through the media and sent them to MLAs, there is little official concern about the number of arithmetic errors. This could be due to a lack of political support, but it also reflects a lack of staff and resources in the accounting section of each department.

Figure 1. Number of arithmetic errors



Source: Based on analysis of departmental data by DISHA

Another aspect that should be considered is not the amount of errors but their numerical significance. For example, the 40 arithmetic mistakes in 2001-02 represent more money than the 250 errors detected in the 1999-2000 budget. On these grounds, systematic attention to budget accuracy by DISHA has reduced the significance of reporting problems, but the combined magnitude of the errors remains significant.

Timeliness of information

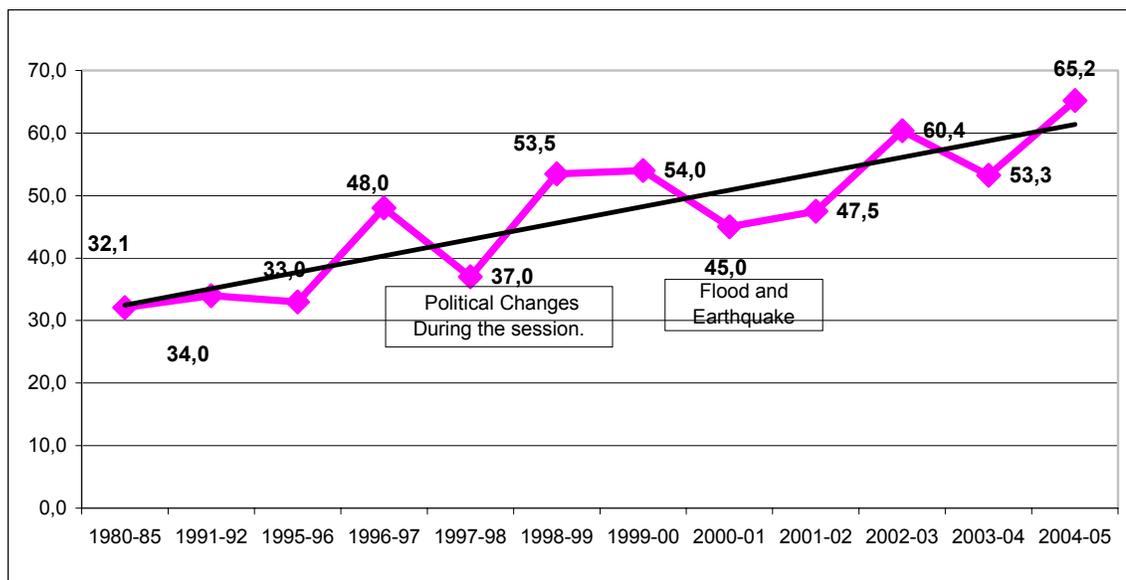
DISHA has been very effective at producing budget information in a timely manner, which maximizes its potential utilization in budget debates and for highlighting media attention to implementation concerns. DISHA is not only the sole source of independent budget analysis but it successfully produces information in a distilled form that can be used by legislators in budget debates and covered by journalists on the day of budget debates. The timeliness of DISHA's analysis was highlighted as a positive feature in feedback questionnaires from MLAs and journalists.

5.2 Legislative impact

A principal element in DISHA's approach to budget analysis is working at the legislative level. The main focus is providing timely and accurate information to state legislators to improve the quality of debate during the budget session. DISHA also drafts questions on key items in the budget for MLAs to raise on the floor of the Assembly with a view to securing clarifications from government departments on the utilization of budget allocations and the need for fresh budgetary commitments to priority areas of concern to the poor.

One indirect indicator of DISHA's impact on the budget process is the amount of time allocated to discussion of the budget relative to other subjects in the state legislature. The data reveal that the time allocated to discussion of the budget accounts for an increasing proportion of total business hours in the state, rising from an average of 32 percent in 1980-85 to 65 percent in 2004-05 (see Figure 2).

Figure 2. Pattern of time utilization for budget discussion in the Gujarat Assembly (in %)



Source: Based on analysis of departmental data by DISHA

At first sight this upward trend would appear to be indicative of growing attention to budget issues in the state legislature. But since the total number of hours devoted to budget debate has remained constant from 1986 (at around 58 hours) the main explanation of an increasing share of budget discussion is a 50 percent decline in the time devoted to legislative business over the past two decades, from an average of more than 200 hours per year to 89 hours by 2004 (see Table 1 below). While it is difficult to attribute an increasing proportion of legislative debate on the budget to DISHA's intervention, it could be argued that the protection of the time allocated for budget debate in a context of declining business hours is indicative of the continuing centrality of budget issues in legislative discussion to which DISHA may have contributed indirectly. The continuing significance of budget debate in the Assembly underscores the importance of DISHA's engagement at this level.

Table 1. Proportion of Assembly time spent on budget debate

	Average 1980-85	Average 1986-90	2003	2004
Business hours dedicated to budget debate	65.6	58.9	59.37	58.14
Total business hours	204.1	213.1	111.9	89.3

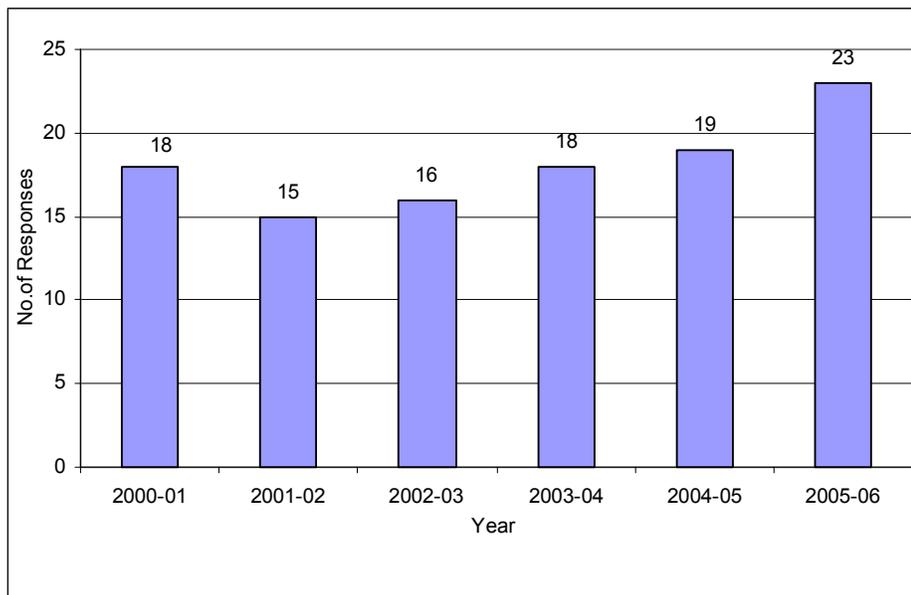
Source: Based on analysis of Gujarat Assembly data by DISHA

A more direct indicator of DISHA's impact on the quality of budget debate is the number of references by MLAs to its analysis in budget debates through direct reference to specific information and data provided in its response to

the budget speech by the Finance Minister and its summary departmental budget reports. Theoretically one could estimate the proportion of budget debates in which this information is specifically used, but this would require detailed and painstaking analysis.¹² A review of records maintained by DISHA on the budget sessions reveals frequent reference by MLAs to budget information supplied by DISHA, highlighting its utility as an authoritative source. As shown in Figure 3, direct references by MLAs to DISHA's analysis ranged from 15 to 23 over each of the five years since 2000, though others refer to the data without mentioning the source. Contributions by MLAs using DISHA's data center on unspent funds or requests for increased expenditures in pro-poor areas, especially on matters relating to agriculture and rural development, the social sectors and tribal affairs. A breakdown by political party for 2004-05 and 2005-06 reveals that while the majority of questions came from ruling party MLAs, the information provided by DISHA is used by MLAs from both major parties.¹³

DISHA sends out questionnaires after the annual budget session to all 182 MLAs to secure feedback on the perceived value of its analysis. In 2004-05, 15 responses were received to the questionnaire. All confirmed that the information provided by DISHA was presented in a short and simple form, although some found the information on the general budget difficult to interpret. All the respondents reported that they made use of this information in the general budget discussion, with one MLA reporting six interventions using DISHA's data. They also reported using the summary data on departmental expenditures, with four MLAs reporting they had done so on more than six occasions.

Figure 3. Reference to DISHA's analysis by MLAs in budget debates



¹² The contributions by MLAs are recorded by duration as are the proportion of business hours devoted to budget issues.

¹³ In 2004/05 12 out of 19 responses came from ruling party MLAs and 7 from the opposition, while in 2005/06 14 out of 23 responses came from ruling party MLAs and 9 from the opposition.

Source: Based on analysis of Gujarat Assembly data by DISHA

MLAs also approach DISHA directly for information on specific budget issues, usually in person at the office. DISHA maintains detailed records of the number of visits and requests by type of query and the party affiliation of the MLA. Data collected for the 2005 budget session demonstrates that DISHA received 16 queries from MLAs concerning budget matters. In practice, 8 MLAs approached DISHA for information, several on more than one occasion. These MLAs were all from the opposition Indian National Congress.¹⁴

It is more difficult to determine whether or not budget literacy among MLAs is improving as a result of the information and briefings provided by DISHA. An assessment of the quality of budget debates from the mid-1990s would provide some insight into this but DISHA's contribution could not be attributed with any degree of certainty. According to the leader of the main opposition party in Gujarat, budget issues remain the preserve of a relatively small number of MLAs who are conversant in these matters, usually those with a higher level of education and numeracy. As a result only a small proportion of MLAs play an active role in budget debates, and these MLAs draw most actively on DISHA's analysis.¹⁵ The fact that awareness of the importance of budget issues among MLAs is not more widespread is not surprising, and DISHA's proven ability to provide information that is used consistently by a limited group of committed legislators offers positive evidence of its legislative impact.

5.3 Stakeholder engagement: government, civil society, and the media

As noted in the previous section, the main focus of DISHA's budget work is working at the legislative level. DISHA also works with the state government bureaucracy, local panchayat councils, civil society, and the media, as a means of deepening the impact of its work and widening participation in the budget process.

Relationship with government

The government bureaucracy is a critical determinant of the potential impact of budget advocacy work, since it is responsible for implementing the budget priorities set by the executive and approved by legislators.¹⁶ But there is no regular interaction between DISHA staff and government bureaucrats. DISHA does not actively cultivate these relationships, and government officials in departments such as Tribal Development and Health display little knowledge of DISHA's work, even though DISHA sends budget information to a large number of officials and has conducted orientation sessions for government

¹⁴ For example, four separate queries were made by a single opposition MLA from a tribal constituency, and three from the leader of the Congress in the Assembly.

¹⁵ It was reported by DISHA that MLAs from the ruling party value the information but are reluctant to criticize the government as they could face retribution from the party whips.

¹⁶ The seat of government and the administrative headquarters is located in Gandhinagar, the state capital, which is some 30 km from Ahmedabad.

officials on budget issues in the past.¹⁷ The lack of sustained contact with government officials also directly inhibits the supply of raw budget data from the Ministry of Finance, with which DISHA has no direct line of communication. Opportunities for improving the budget literacy and monitoring capacity of bureaucrats, and strengthening the bargaining capacity of line departments vis-à-vis the Ministry of Finance are not pursued by DISHA.

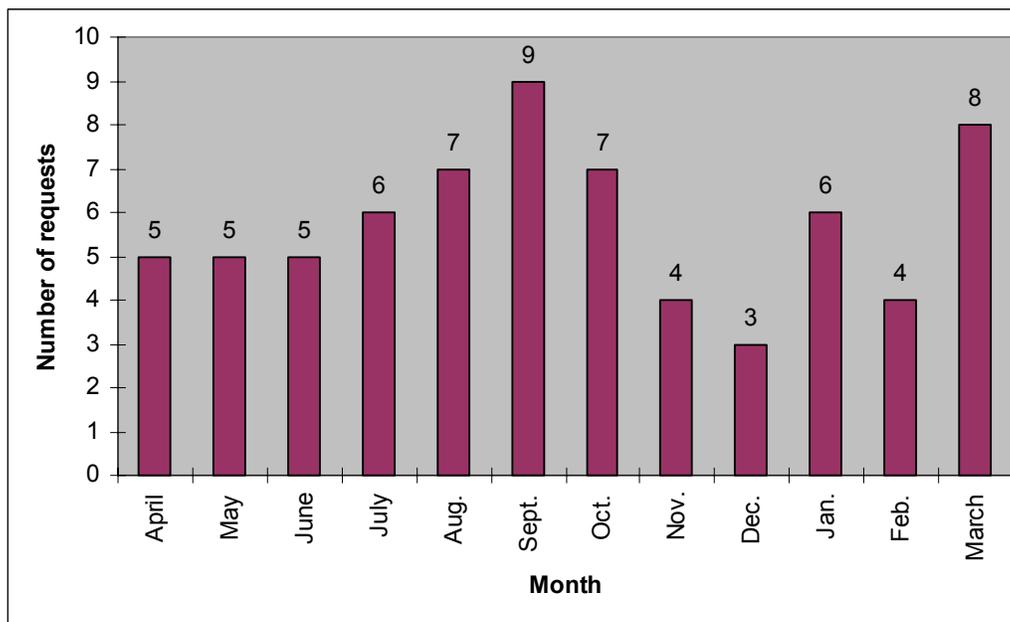
DISHA's limited engagement with government results partly from a strategic decision to concentrate on the legislative sphere as the most effective means of engaging in the budget process. It also reflects a confrontational style of engagement reflecting DISHA's locus in movement politics with its emphasis on grassroots mobilization and sustained critique of government policies on agricultural labor and tribals. A third factor lies in the political character of the ruling party that has controlled the state government, which is dominated by an exclusivist brand of Hindu chauvinist politics that permeated the bureaucracy and is antagonistic to NGOs. For these reasons DISHA places more emphasis on working with local governments, principally by encouraging elected councillors to exert pressure on local government officials.

Engagement with civil society

DISHA is well known for its work on budget analysis in Gujarat and elsewhere in India. It regularly conducts training for NGOs engaged in budget analysis at national, state, and local levels. Since 1995 DISHA has conducted more than 40 training events for NGOs and research institutions in Gujarat and other Indian states, as well as for NGOs in Bangladesh and Nepal. All the NGOs in other Indian states currently involved in budget work have received training in budget analysis from DISHA, and many have sent their staff to DISHA for in-depth immersion in budget techniques. Many NGOs currently engaged in budget work started with initial motivation and support from DISHA. NGOs interviewed for this study in Ahmedabad attribute their initial exposure to budget work to DISHA and many regularly submit requests for advice and information on budget issues, usually geared toward the concerns of the poor. As shown in Figure 4, DISHA received 69 requests for information and training from NGOs in the 2004-05 fiscal year alone.

¹⁷ For example, DISHA conducted training for 22 officials in the Gujarat State Tribal Development Corporation in December 1996 in preparation for the Ninth Five Year Plan

Figure 4. Requests for information from NGOs, 2004-05



Source: Based on information provided by DISHA

Several of the NGOs in Gujarat that have received training from DISHA have actively utilized budget analysis in their own work. For example, the Foundation for Public Interest developed a program on Urban Planning Partnerships in which budget analysis was used as a tool in working with slum communities in Ahmedabad to improve local infrastructure amenities. With the benefit of training provided by DISHA, the NGO Gujarat Forces has used budget analysis to demonstrate how the state government has under-utilized budgets for children and to leverage additional funds from various government departments for children. The Western India Panchayat Raj Forum makes extensive use of budget information produced by DISHA in its training for elected officials, and the two organizations run joint training sessions.

As these examples illustrate, most of DISHA's engagement with civil society organizations is with development NGOs. Its contact with academia and research institutions is much more limited. There is a perception on the part of researchers that DISHA does not produce analysis that is academically rigorous, while DISHA believes that academic institutions in Gujarat are largely disinterested in budget issues and are divorced from the concerns of the poor and the disadvantaged. This mutual lack of trust perpetuates a situation in which a potential academic constituency is not cultivated, and DISHA does not draw on academic research skills to improve the quality and sophistication of its analysis.

Media engagement

DISHA is considered to be an authoritative source of budget information by the media. Two journalists from leading Gujarati dailies interviewed for this study confirm that DISHA provides the sole source of reliable data and

analysis on the government budget, with a particular focus on poverty and development. Such data are not directly available from the government. The local media lacks specialist knowledge and journalists that report on budget issues and Assembly debates read most of the summary briefings and reports produced by DISHA.

The significance of DISHA's work in the public domain can be gauged by the number of newspaper references over time which point to considerable fluctuation from year to year, ranging from a peak of 40 articles in 1999 to a low of eight in 2002 (see Table 2).

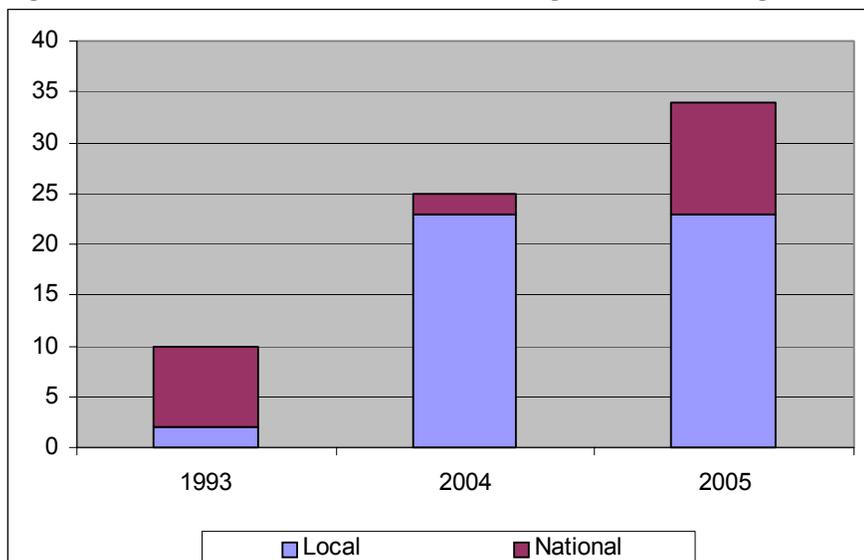
Table 2. Newspaper articles by year with direct reference to DISHA

Year	Total
1993	10
1994	36
1995	10
1996	15
1997	20
1998	25
1999	40
2000	27
2001	23
2002	8
2003	28
2004	23
2005	25
Total	290

Source: Based on information compiled by DISHA

As shown in Figure 5, newspaper reports mentioning DISHA by name rose from 10 in 1993 to 34 in 2005. Much more extensive use is made of DISHA's budget data than revealed by these figures since some newspapers maintain an editorial policy which prevents journalists from citing the source of information, while others quote DISHA without such a restriction.

Figure 5. References in the media using DISHA's budget data



Source: Based on information compiled by DISHA

Further analysis of references to DISHA in newspapers reveals that the two mass circulation Gujarat dailies (*Gujarat Samachar* and *Sandesh*) report on its budget data most frequently. Local editions of English national newspapers most often carrying reports of DISHA's budget work are *The Times of India* and *The Indian Express*.

DISHA has established a strong reputation for producing quality, accurate, and timely budget information that is a unique resource for the media in the absence of other sources of data. This is one of DISHA's major contributions in a context where access to official information remains highly circumscribed and budget literacy among journalists is limited.

5.4 Impact on budget implementation and utilization

Impact on budget policies

One of the aims of DISHA's budget work is to generate a change in policies that affect the poor and marginalized. DISHA believes that the budget should reflect demands of civil society from a pro-poor perspective. In other words, the ultimate objective of DISHA's work is to improve the distribution of public resources in a just and equitable manner and thus positively impact the lives of the marginalized. In this respect, budget analysis is a tool to place the demands of poor and marginalized people on the public agenda. The question that arises is whether this analysis had any measurable effect on the government's budget priorities. Even though it is not possible to demonstrate conclusive impact on policy priorities which is attributable to DISHA's interventions, the exercise of analyzing in detail the budget over the past ten years for the priority areas singled out for attention by DISHA, namely the Tribal Sub-Plan (TSP), health and education, can raise some interesting issues in this regard.

The analysis presented in Annex 2 reveals that the main explanatory factor for observed expenditure trends is the growth of the state economy. Increases in departmental budgets for the TSP and education from 1993 to 1999 are mainly explained by growth in the state economy and a corresponding increase in government expenditure. The main influence on expenditure trends after 2002 is increased allocations for relief in the wake of a major earthquake and intense episode of communal violence. It would therefore be more accurate when measuring the impact of DISHA's budget work to evaluate changes in the level of implementation and the utilization of the public funds allocated to the main areas where DISHA focuses its work.

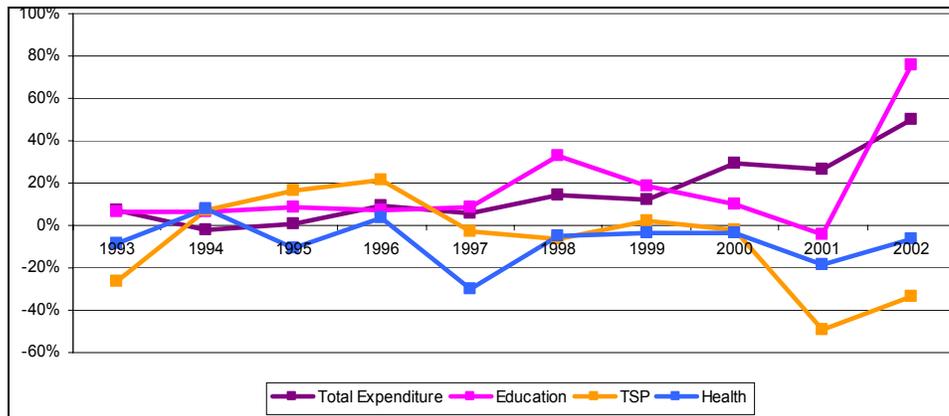
Evaluation of the level of budget implementation

Another way of evaluating the impact on DISHA's work is through the level of implementation of the budget, as it has consistently advocated for higher level of implementation of funds allocated to the Tribal Sub-Plan which was significantly under spent when DISHA began its budget work. However, such analysis must be subject to two caveats. A higher level of implementation can reflect improved auditing of public accounts. On the other hand, more expenditure does not mean better expenditure. Analysis should therefore consider the level of fulfilment of outputs as well as the implementation of the budget.

As shown in Figure 6, the level of implementation of total expenditure consistently increases from 1993, with an average over-spend of 15 percent above initial estimates. Thus, it can be concluded that not only were there no unspent funds, but that the increase in the over-implementation of the budget is higher every year. Even though one cause could be an underestimation of public expenditure for political reasons, it could also be due to an evaluation of priorities and a reallocation of public resources, or to improved performance of the economy. What is important to determine is what happens with the level of implementation in the areas of expenditure relevant to DISHA's concerns.¹⁸

¹⁸ Over-execution means that the original budget estimates were exceeded, with the difference accounted for by supplementary demands or an increase in the current account deficit.

Figure 6. Level of budget implementation (%)



Source: Based on budget data provided by DISHA

No clear tendency emerges when the details of the performance of the budget in the areas where DISHA works are examined. It can be concluded that the expenditure on these areas—except in 2001 where there was a reallocation of resources as a result of the earthquake—is generally equal or higher than the amount estimated at the beginning of the fiscal year, even though it cannot be argued conclusively that the level of implementation is higher as a direct result of DISHA’s advocacy efforts.

One of DISHA’s activities is to advocate for the efficiency of the implementation of the budget in its priority areas. In that respect, it can be said that during the early years of its budget work, from 1993 until 1996, TSP budget implementation increased. From 1997 to 1999, even though the budget allocated to TSP had increased, actual expenditure was again under-executed. These figures provide some support for the claim DISHA was successfully pursuing strategic work in advocating for a better implementation in the mid-1990s of the areas with which it is mainly concerned.

Tracking expenditures

DISHA’s efforts to track local government expenditures largely rely on information solicited from elected representatives. DISHA organizes training workshops to promote better understanding of the budget process. It investigates panchayat budgets in detail, identifying specific budget allocations and seeking information on the progress of implementation. DISHA informs each panchayat about the availability of public funds and the work that has to be carried out in their area for public works (roads and buildings) or minor irrigation, and requests verification on whether the funds have been spent on the designated investment. If the budget has not been spent, DISHA informs the relevant minister who then puts pressure on the local officials to implement the project as provided for in the budget. This has proved an effective means of tracking local expenditures and ensuring some level of local financial accountability. When tracking budget information in this way, DISHA has identified examples of misused public funds or delayed implementation. A case study detailing this process can be found in Annex 3.

6. Strengths and limitations of DISHA's budget work

6.1 Achievements in budget work

Budget information

DISHA places considerable emphasis on making the results of its budget analysis available to MLAs in the Assembly. The findings indicate that MLAs make regular use of DISHA's analysis in their contributions to budget debates. MLAs indicate a high degree of satisfaction with the information provided by DISHA in terms of its perceived timeliness, accuracy, and relevance. DISHA's budget analysis is actively used by newspapers in Gujarat, both the vernacular Gujarati press and the English language dailies. Journalists working for the mass circulation Gujarati dailies claim that DISHA is the sole source of budget information and believe that the information it provides is both timely and accurate. NGOs report increased awareness of budget issues, utilize DISHA's analysis, and regard DISHA as an authoritative source of budget information. Several organizations trained by DISHA now use budget analysis in their work. DISHA also publishes a monthly newsletter which is circulated to panchayats, community organizations and NGOs working at the grassroots. This contains summary information on budget issues and is widely read.

Budget priorities and implementation

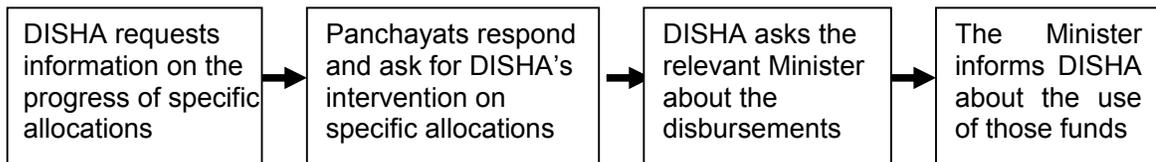
In its early interventions DISHA utilized budget analysis to highlight, for example, the conditions of tendu leaf pickers and to negotiate improved payment terms and working conditions for this vulnerable category of the rural population. It was also able to highlight under-spending in critical areas of the government budget designed to benefit the poor, especially the tribal population. While DISHA can claim some success in addressing the conditions of the poorest rural laborers and ensuring that pro-poor perspectives feature in budget debates through the provision of information to MLAs, it is more difficult to establish any significant contribution in terms of DISHA's impact on budget priorities and utilization of expenditure commitments.

Despite DISHA's acknowledged contribution in advocating for the rights of tribals and the rural poor, it is not possible to identify increased budgetary allocations to priority areas for the most vulnerable sections of the population as a direct consequence of its work. However, it should be acknowledged that the difficulty of shifting government spending priorities in favor of pro-poor areas reflects the limited scope for MLAs to effect changes in budget priorities. It also reflects the lack of responsiveness of the current state government to independent advocacy efforts designed to increase pro-poor expenditures.

One of the other focal points for DISHA advocacy work is improved efficiency of budget execution for particular categories of expenditure over discrete time periods. There is some indication from the data that DISHA has positively contributed to improved budget utilization for the TSP and Education. In both

cases DISHA had engaged in systematic efforts to lobby the state government to ensure effective utilization of budget allocations. During the period 1993-96, which coincided with DISHA's initial advocacy efforts, TSP budget implementation increased and was over-executed (i.e. actual spending exceeded budget commitments) during these years. In spite of this, actual expenditure was under-executed in the period 1997-99, even though the budget allocated to TSP increased in real terms. These trends may confirm that DISHA is having an impact in advocating for a higher degree of implementation of the budget in priority areas, but they also reflect other factors and cannot be conclusively attributed to DISHA's interventions.

Expenditure tracking



Another area of budget work in which DISHA is engaged is budget tracking, which is related to its impact on the effectiveness of the budget. DISHA has been successful in tracking expenditure commitments to panchayats and ensuring that funds are allocated in line with stated plan priorities. DISHA informs panchayat chairpersons (elected heads of local councils) of budget commitments for local development investments and solicits information on the utilization of allocated funds. Where budget commitments remain unspent or partly disbursed DISHA alerts local politicians, who exert pressure on the local bureaucracy to honour budget commitments. This has resulted in significant mobilization of unused funds for development purposes at the local level, thus improving the effectiveness of the budget in these areas.

6.2 Challenges and limitations

While DISHA has made budget information accessible to legislators, the media and NGOs, improved the utilization of budget allocations for pro-poor areas, and used expenditure tracking to identify under-spends, it faces a number of challenges which limit the potential impact of its work. These relate to DISHA's organizational priorities, the wider political and institutional environment in Gujarat, and the nature of its engagement with government.

DISHA's approach to budget work is labor-intensive, drawing on basic analysis and simple statistical techniques. Government budget data is collected in the form of departmental ledgers and is keyed-in manually into a fresh spreadsheet. This enables DISHA to identify arithmetic errors but involves painstaking effort entailing six months of data-entry work.

The analysis is performed using nominal data and does not employ a deflator to convert the information into real values to adjust for the effect of inflation. This has the effect of over-estimating the real increase (or under-estimating the real decrease) in the annual budget and provides an inaccurate picture of budget trends. Budget information in the departmental summaries provided to

legislators is presented in the form of changes in aggregate figures and percentages. While DISHA claims that legislators and journalists find nominal data to be more intelligible, this form of presentation can obscure real expenditure trends.

The main challenge that DISHA faces with regard to budget information is finding ways of encouraging the executive to provide better access to budget information or to promote the use of budget work among other stakeholders. While DISHA has made an acknowledged contribution to enhancing budget accountability through the provision of information through the media and civil society, it has not contributed to enhanced transparency even though this is one of its objectives. Budget transparency is very poor in Gujarat. The only information the government presents on its official Web site, for example, is a summary of the budget. The question that arises from this is the extent to which DISHA's activities lead to greater openness and transparency of public information regarding the budget.

The analysis and information collated by DISHA is not made widely available in the public domain other than through its summary reports for legislators and periodic reports on particular sectors and issues. DISHA does not make budget information available through its Web site or published reports and thus does not substantially enhance budget transparency other than for a core constituency in the legislature and the media.

Despite its ability to provide timely and accurate information to the media, NGOs and legislators, DISHA has not developed a coherent communications strategy to maximize the utility of its analysis. Limited use is made of visual aids such as charts and graphs. Reports are produced sporadically, and there is not a regular newsletter summarizing the results of its budget work through the year, or focused on particular sectors. The reports are often very long and do not contain short summaries of the main findings and recommendations. DISHA does not produce short press releases but circulates the same information to all its constituencies, aside from the newspaper circulated to grassroots activists which reports on some budget issues. Another limitation is that even though it manually keys-in budget information for all government departments, DISHA only produces budget reports on the issues it prioritizes.

Limited use is made of new technology. DISHA has not placed any of its budget information or analysis on its Web site to improve public access. It has not managed to find a means to access government data in a raw form on a spreadsheet which can then be analyzed and disseminated widely, even though this technology is now available. One of the consequences is that, as one academic interviewed for this study stated: "If I need to do some sophisticated analysis, I have to compile all the data DISHA provided me, process it again and then can elaborate documents with some perspective and complexity. DISHA is still using the technology of the early 1990s."

DISHA conducts periodic training for NGOs and panchayat representatives on budget issues, and many acknowledge the significance of this work in building awareness. But the content of the training is largely confined to the provision

of information on various aspects of the budget in a didactic lecture style format. The approach is not participatory, nor does it draw systematically on the direct experience of participants. However, it is difficult to determine the impact of its training as it is only conducted periodically, and there is no systematic evaluation of this activity.

DISHA has minimal impact on the government bureaucracy since it does not systematically cultivate relationships with officials. The impact on the bureaucracy is at best indirect, through the pressure exercised by politicians at state and local levels to ensure effective implementation of budget commitments using the information supplied by DISHA. This lack of engagement partly reflects the perception that the bureaucracy has become politicized and is resistant to NGO advocacy efforts and that working through civil society and the legislative domain would produce greater impact. The analysis shows that while DISHA has registered significant achievements, the decision not to engage systematically with the bureaucracy contributes to mutual distrust and limits DISHA's potential to influence the budget.

6.3 Lessons and opportunities

DISHA's pioneering approach to budget work in which systematic analysis feeds into social activism and mass mobilization has been influential in Gujarat and elsewhere in India. Its decision to focus its work on providing budget data and analysis to legislators, the media, and NGOs has proved effective in a context where the government does not favor right to information legislation and hampers the operations of independent organizations that are committed to deepening accountability and transparency.

DISHA is now at a crossroads in its budget work after more than a decade of experience, having acquired legitimacy in the legislature, the media, and NGOs for the information and analysis it produces. It faces a combination of challenges and opportunities in considering the best strategy to adopt in light of its impact to date and the broader political and institutional environment in which it operates.

There is a risk of routinization in DISHA's approach to budget analysis, which has remained largely unchanged since it first developed this line of work in the early 1990s without cumulative learning and progression. The same methods and forms of presentation continue to be employed, with a focus on similar issues and constituencies in the absence of more comprehensive and systematic analysis. While DISHA remains firmly grounded in the issues that concern the poorest sections of the population in Gujarat—tribals, scheduled castes, and agricultural labourers—there is potential for it to enhance its impact through the adoption of more refined analytical approaches, greater emphasis on transparency issues, and a more systematic approach to information and communications technology.

The wider environment in which DISHA operates has changed in several fundamental ways over the past decade. At the political level, the party in power in Gujarat since the late 1990s has not prioritized the concerns of the

poor in its policy agenda and is inimical to the role of advocacy NGOs in lobbying for pro-poor change. It is less receptive to independent budget analysis, and MLAs from the ruling party are less inclined to solicit budget information from DISHA. The state bureaucracy is also more politicized and is not disposed to working with NGOs that exhibit a critical perspective. DISHA could also draw more systematically on its mass base to press for more concerted government spending commitments in tribal areas and for increases in pro-poor budget allocations, such as health, which have diminished in significance in recent years.

Second, NGOs in Gujarat have become increasingly concerned with governance issues, reflected in greater engagement with panchayat raj institutions (local councils), and work on municipal governance and the right to information. This creates a larger pool of organizations that use and benefit from the information and dissemination work conducted by DISHA. They can also serve as strategic allies in joint campaigns in a hostile political environment, with improved budget transparency as a central objective.

Third, the government is actively developing e-governance initiatives which provide opportunities to access government data and information through electronic means. Increasing amounts of information on government programs and institutions are now available through its Web site, and information technology is reducing the costs of transacting government business. Fourth, there has been tremendous growth in the modern sector of the economy, fueled in part by information technology and the growing availability of skills and expertise in Ahmedabad and other major cities in Gujarat.

These developments create new opportunities for DISHA's budget work. First, DISHA could strengthen the constituencies for its analysis beyond the legislature, media, and NGOs by cultivating stronger links with select government departments, especially those responsible for the social sectors and tribal development. Regular interaction and sharing of data and information could create greater trust and foster better understanding of the value of DISHA's work, particularly if it led to enhanced budgets for pro-poor priorities which are more effectively utilized. Experience from budget groups elsewhere highlights the value of developing relationships with the government bureaucracy, with the possibility of enhancing the impact of independent budget work. Second, DISHA could also develop better linkages with academics and research institutions in Gujarat, to broaden awareness of the importance of budget issues and to develop new audiences for its work.

Third, DISHA could upgrade its technical capacity to improve the efficiency of its operations and to enhance its impact. A critical innovation would be to access government budget data electronically or to convert this into a spreadsheet form in order to dispense with laborious manual data entry. The staff resources saved in moving to this system could be redeployed, with appropriate training, to analytical work. DISHA could also upgrade its technical capacity by refining its analysis, moving to a system of presenting

data in real terms, and through greater use of graphs and charts to depict budget trends rather than dense text and tables containing nominal data.

Fourth, DISHA could develop a more coherent communications strategy to improve the reach and effectiveness of its analysis. This would entail consideration of the form in which data and information are presented, the style and format of its reports, potential gaps in the range of products, and above all, redesign of its Web site so that budget information and data can become publicly available to the wider population. These changes would heighten the visibility of DISHA's work and in the process enhance budget transparency.

Fifth, DISHA has relied on a narrow base of funding for its budget work over the past decade, which comes largely from a single donor source. It could explore the potential to raise philanthropic resources from the professional and business communities in Gujarat and broaden the range of foreign donors from which it derives financial support. Failure to successfully diversify funding might jeopardize its future budget work since it cannot rely on a single funding source. Success in raising domestic resources would enhance the legitimacy of its work at a time that organizations receiving support from foreign donors are under increased scrutiny from the state government.

Taking advantage of these opportunities and addressing the challenges it currently faces would require the acquisition of new capacities by upgrading existing technical skills through training, exposure to best practices in training and communications in other budget groups, and advice from specialists familiar with new information and communications technologies. DISHA has an opportunity to deepen the impact of its budget work provided that it can successfully negotiate a transition to a higher level of analysis and engagement and draw in new constituencies.

6.4 Wider Significance

DISHA's experience with budget work raises a number of broader implications for groups operating in comparable conditions outside Gujarat. On the positive side, it demonstrates the importance of providing budget information to legislators, the media, and civil society organizations in an environment where the government lacks transparency and is resistant to engaging with non-state actors. Second, independent budget work can develop strong legitimacy when linked to the struggles waged by social movements in defense of the rights of the poor, and it can be an effective tool in the arsenal of advocacy and campaigning approaches deployed by such movements. Third, detailed analysis of budget trends and implementation gains particular resonance when combined with efforts to broaden participation in the budget process and to make the results of the analysis available in a manner that affects action at the grassroots level.

Several lessons can be derived in terms of the limitations of DISHA's approach. First, evidence of impact should not be sought primarily in terms of changes in budget trends and implementation, as the scope to influence

aggregate expenditure is limited by the structure of the budget process and it is difficult to attribute changes in budget priorities to independent analysis and advocacy work. Second, the effort expended in gathering a large amount of budget data requires complementary initiatives to make such data available in the public realm, thereby contributing to greater transparency. Third, a strategy for engaging with the government bureaucracy is a necessary adjunct to working with legislators and the media, to ensure that recommendations can feed into improvements in public expenditure management. Finally, a well-developed communications strategy that targets outputs to specific audiences is required to maximize the potential impact of budget work.

ANNEX 1: BUDGET STRUCTURE AND PROCESS IN INDIA

India has a federal system of government in which different levels of government have different spheres of responsibility and some joint responsibilities. The state budget details the financial allocations for policies and programs for items on the Union list (which includes central government responsibilities like defense, foreign affairs, etc.), the State list (which covers issues like local government, irrigation, public health, agriculture, etc.) and the Concurrent list (includes areas in which both the Union and the State have powers).¹⁹

The following section details salient features of the budgetary process followed in the framing of the budget of the State Government. The process of budget formulation is a highly streamlined exercise and is governed by a well-defined set of rules. These rules have been prepared within the framework of the various articles of the Constitution of India.

The presentation of an annual budget is a mandatory responsibility of the state governments. The Governor of a state is required to present before the state legislature an annual statement of the estimated receipts and expenditures of the state government for the coming financial year (April 1-March 31). This statement is termed the *Annual Financial Statement* and comprises a statement indicating the sums required to be spent during the financial year, estimates of revenue and receipts expected to be received by the government during the year, and a statement showing the financial position of the government. When the budget is passed by the legislature, monetary limits are set by it on the extent of the expenditure and the purposes for which it is to be incurred during the year.

The basic structure of the budget is as follows:

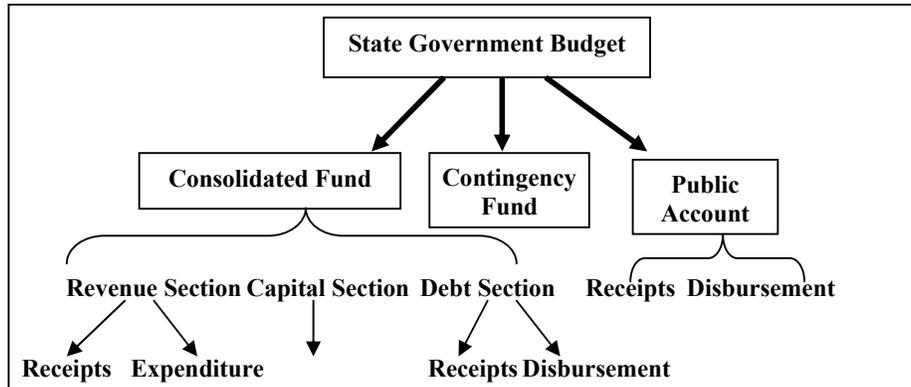
(A) Consolidated Fund of the State: This is the first and the most important part of the government accounts. All the tax and non-tax receipts (including transfers from the central government) are credited and all expenditure of Government is debited to the Consolidated Fund of the State. It is divided into **Revenue, Capital and Debt Sections**.

(B) Contingency Fund of the State: The Fund is drawn upon by the Government to meet expenditure of an emergent and urgent nature which could not be foreseen at the time of the framing of the annual budget estimates. Expenditure met from the Contingency Fund has to be approved by the Legislature post facto by presenting supplementary demands which explain in detail the nature of the proposed expenditure.

(C) Public Account: Where the Government incurs the liability to repay the money received or has a claim to recover the amount paid. For example, the

¹⁹ Mihir Bhatt, “*Understanding The Budget: As if People Mattered*”; John Samuel (Ed.), “Budget Analysis Experience of DISHA in Gujarat”, National Centre for Advocacy Studies. Pune, 1999.

money deducted from the salaries of employees as provident fund subscriptions are credited to the Public Account (Receipt side) and all payments to employees out of their Provident Fund (retirement fund) accumulations are debited to the Public Account (Disbursement side). The Government has custody but not ownership of the Public Account.



Planning the budget

The presentation of the annual budget of the state government is a constitutionally mandatory function of the Governor of the state, who is appointed by the central (Union) government. The budget exercise for a financial year (that starts in April) commences in the month of August/September of the previous year with a circular from the Union Finance Department addressed to all the State Governments. The circular contains a detailed timetable and guidelines for the various stages of budget preparation.

The Revised Estimates

After the budget is presented at the beginning of the year, many developments take place during the course of the year which require a review and revision of the budget. The revised estimates are prepared as a regular exercise undertaken during the course of the year and based on the anticipated excess expenditure or savings. These are backed by Supplementary Demands in the Budget Session of the legislature wherever these estimates reveal expenditure in excess of sanctioned grants.

The revised aggregations of departmental outlays, which comprise the State Plan, are presented to the Planning Commission between December and January, and this forms the bases for subsequent Plan Discussions. This final draft Plan is submitted to the Cabinet for discussion and then presented to the legislature for approval.

Non-Plan and Plan Expenditure

The resource raising capacity of the State Government determines the size of the Five Year Plans and the Annual Plans of the State. The expenditure provided in the budget comprises Non-Plan and Plan expenditure. The Planning Department coordinates all the work related to the formulation of the Five Year Plans and the Annual Plans of the State. Plan expenditure is that which is provided for in the five year Plans. However, if the project takes a longer period to complete, further expenditure to be incurred on the project will be categorized as non-plan expenditure.

The outlay of the Annual Plan consists of two parts. One part is met from the financial resources of various statutory bodies. The other part, which remains unbudgeted at the beginning of the year, is allocated during the course of the year through Supplementary Demands. These demands presented in each session of the legislature are an important repository of information on Plan Schemes.

The budget process in the legislature

The Annual Financial Statement or the 'budget' is required to be laid before the Legislative Assembly as provided for in the Constitution. From the date of presentation of the budget until the date of passing of the Appropriation Act, a series of steps are taken. First, the State Finance Minister outlines the salient features of the budget. This is followed by a general discussion of the budget by Members of the Legislative Assembly (MLAs). Thereafter, voting for Demand for Grants is taken up by department.

Demand for Grants

A "Demand for Grant" is a proposal made on the recommendation of the Governor for appropriation of funds from the Consolidated Fund of the State. The expenditure, which is charged on the Consolidated Fund, *is not subject to the vote* of the Legislature, while those entering as a simple "Demand" have to be voted for subsequent appropriations from the Consolidated Fund.

The Demands are presented for the vote of legislature. Each item of expenditure contained in the Demand for Grants is taken up separately for further consideration and approval. After the voting of the Demands for Grants, the Appropriation Bill is introduced to provide for appropriation out of the Consolidated Fund of the state all sums required to meet the Grants passed by the Assembly and those expenditures that are charged to the Consolidated Fund.

Once the Appropriation Bill is passed by the Parliament, the Governor should provide approval, and it then becomes an Act. The amounts specified in the Act then become the sanctioned grants for expenditure.

Budget Execution

Budget execution starts immediately after the enactment of the budget. The funds appropriated from the Consolidated Fund have to be passed on to the respective departments, which incur expenditure under different item heads

on account. The limit to spend then is established by the budget and it can only be exceeded if the expenditure is covered under sanctions or where necessary power has been provided to these administrative authorities by the Finance Ministry.

Audit and Review

Auditing is done by the Audit Department, which is constitutionally independent of the Executive. All cash transactions are closed on March 31. All subsequent transactions are revised by Government accounts. The audited accounts are compiled by the Accountant General who sends these to the State Government in the form of (i) Finance Accounts and (ii) Appropriation Accounts.

The Public Accounts Committee is a committee of the Legislative Assembly, constituted after the first session of the Assembly every year. The Committee mainly reviews the report on Appropriation Accounts and makes recommendations on the excess of the disbursements made and also scrutinizes the expenditure and the Finance Accounts of the state government and the Audit Report. In practice, the Committee reviews the government accounts several years in arrears.

There are other Committees in the Legislature that review different aspects of the Government Accounts, such as the Committee on Estimates (that scrutinizes in detail the Budget Estimates of the current financial year), the Expenditure Priorities Committee (that scrutinizes all new schemes which are taken up during the course of the year), among other Committees.

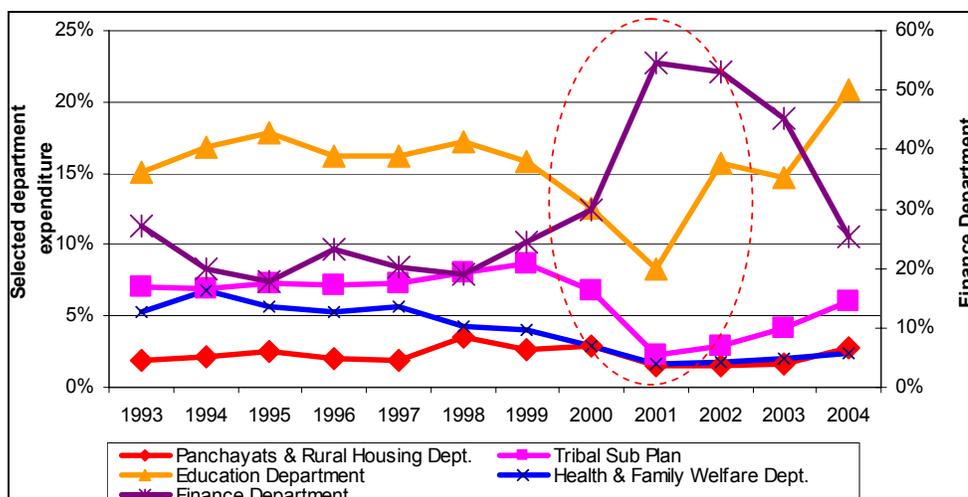
ANNEX 2: DETAILED ANALYSIS OF EXPENDITURE TRENDS

One way to study the impact of DISHA's budget analysis is through the budget allocation in the main areas in which DISHA works. The government's budget priorities can be analyzed by measuring the actual share of the total budget to these priority areas over time. Because the budget total will always add up to 100 percent, when the portion of the budget allocated to one area changes there should be another item of the budget that is correspondingly reduced. Thus a positive change in the proportion allocated to the relevant item reflects whether it has been prioritized or not.

From an analysis of DISHA's budget work over ten years it might be expected that the budget allocation as a portion of total expenditure would at least remain constant. However, if the share to priority areas increases it might be claimed with some justification that part of this impact can be attributed to DISHA's efforts in the absence of other significant influences. Conversely, if there is a reduction on the portion of the budget allocated to certain priority areas after ten years of work, the effectiveness of their work would be at least be open to discussion.

Taking the budget allocation for the Tribal Sub-Plan (TSP), Panchayat and Rural Housing, Education, Health and Family Welfare and Finance (Relief of Natural Calamities) Departments as a proportion of total expenditure, the analysis can be divided in two periods: before and after 2001. Before 2001 there was a general decreasing trend for all these items with sharp decline in that year. After 2001 there was an increasing trend for all areas except Health.

Figure 1. Departmental expenditure as a percentage of total, 1993-2004



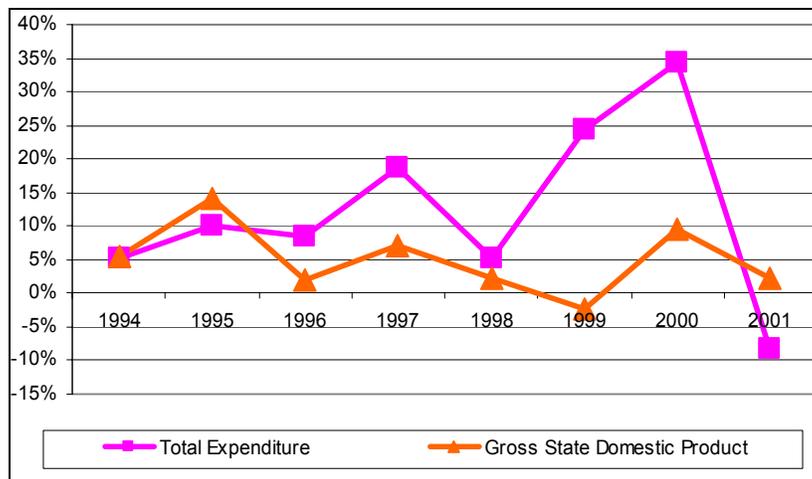
Source: Based on budget data provided by DISHA.

From 2002, the portion of the budget allocated to those areas where DISHA's work is focused—except for the Health Department—increased mainly because of the reallocation of resources for emergencies and calamities that has been

allocated to the Finance Department in response to the 2001 earthquake. Only education showed signs of a small net increase in spending over the decade as a whole. In contrast, the health budget decreased from 6 percent of total spending in 1994 to 2 percent in 2004. The proportion of expenditure on the Tribal Sub-Plan (TSP), which was singled out for particular attention by DISHA, did not change significantly. Hence, from this analysis, it is not possible to attribute any meaningful impact on budget priorities to DISHA's work.

The main explanatory factor for these expenditure trends is the growth of the economy. Government expenditure tends to be pro-cyclic: It grows when the GDP grows, and it decreases when GDP decreases. To be able to affirm that there was a political strategy of increasing a certain line of spending relative to others, a comparison can be made with economic growth trends in real terms in 1994 prices). Figure 2 demonstrates that the overall trend in total expenditure is a good indicator of the state of the economy. When the Gross State Domestic Product increases government expenditure also increases, and when it decreases government expenditure falls.

Figure 2. Trends in public expenditure and GDP, 1994-2001



Source: Based on budget data provided by DISHA and information of index prices from the EPW Research Foundation.

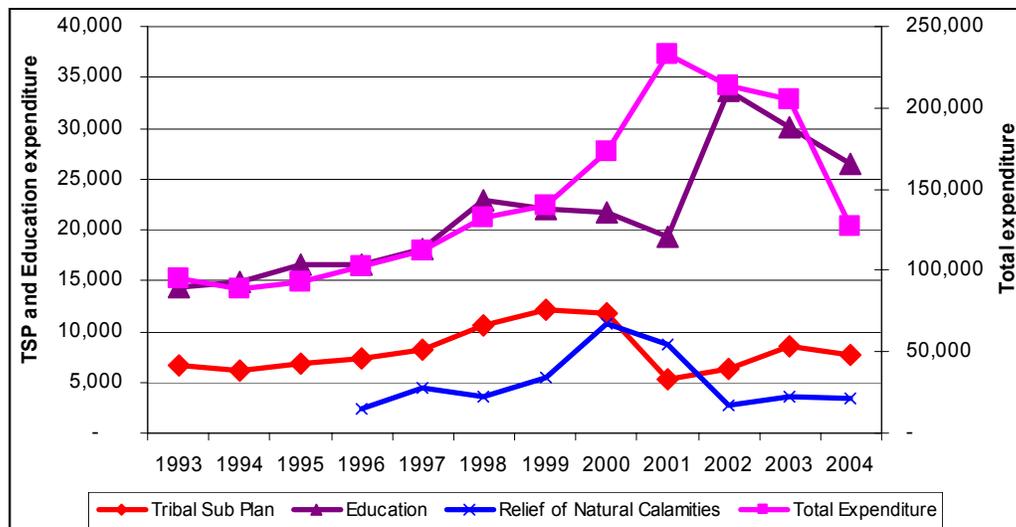
Hence, if total expenditure increases, it will probably be because of a good economic situation that would permit an increase in all items of the budget. Conversely, if total expenditure decreases but the budget allocated to certain item increases, it shows that conscious political choice led to an augmentation in that item. Hence, as shown in Figure 3, it can be seen that total expenditure increases from 1993 to 2001, with similar trends in departmental expenditures. In 2001, total expenditure increases, while expenditure on education and TSP decreases. Most of the increase is accounted for by the Relief of Natural Calamities, reflecting the strategic reallocation of resources in response to the 2001 earthquake.

After 2001, even though total expenditure diminishes, public spending on TSP and relief of natural calamities increases. This is important because it shows

that the growth of the expenditure in these areas was not a result of the growth of the economy; other factors (possibly the demands of civil society) should be taken into account in explaining the augmentation of the budget in priority areas. In the case of Education, the correlation with total expenditure is stronger, when the total expenditure increases, the educational budget mirrors that trend and when it diminishes, the same happens with the education budget. Thus the growth of the economy is probably the main explanation of an increase in the resources allocated to education from 1993 to 2001. The later contraction of total expenditure accounts for its subsequent downward adjustment.

Analysis of detailed budget trends by department might reveal the impact of DISHA’s advocacy work on the TSP, Education, Health and Panchayat and Rural Housing Departments. Despite its acknowledged work in advocating for pro-poor rights, it is not clear from the analysis that, as a consequence of its budget work, there was an increased budget allocation to programs designed to benefit the most vulnerable population.

Figure 3. Evolution of the budget in real terms (in thousands of rupees in 1994 prices)



Source: Based on data of budget books provided by DISHA and information of index prices from Economic and Political Weekly, EPW Research Foundation.

If the evolution of the budget expenditure of the different areas as a portion of the total budget is analyzed in real terms, it can be seen that the main increase in the budget allocation to the priority areas was from 1993 to 1999. However, it is difficult to attribute this increase to DISHA’s budget work because those years corresponded to a period of economic growth. After 2001, more funds were allocated to dealing with the consequences of the earthquake and communal violence, resulting in a diminution of the budget assigned to these areas. There is no significant trend on the level of prioritization given to these areas. Hence, there is no strong evidence that DISHA has influenced budget allocations, and this may not be the best means

of identifying the impact of its work. The main explanatory factors for observed expenditure trends are the state of the economy and unexpected calamities.

ANNEX 3: EXPENDITURE TRACKING – PANCHAYAT CASE STUDY²⁰

Letter from PATHEY to Panchayats

PATHEYA Budget Information and Analysis Service

Date: 1 September '99

To:
The Sarpanch,
Village Itava,
Taluka & District Dahod

Sub: To know about the progress on the works of road/building/irrigation sanctioned in your area

Dear Sarpanch Shri,

Hope you are well.

For the last eight years Patheya has been analysing the budgets of state government, district and talukas panchayats with pro-poor and socio-economic perspective. As a part of our activities, we seek information/responses on the progress on the works allocated and carried out in the previous years. Given below is the work sanctioned in your area, year in which the work was to be carried out, and the amount allocated for expenditure.

<u>Detail of the work</u> <u>(Rs.)</u>	<u>Year concerned</u>	<u>Amount</u>
Check dam near temple in Itava village	1998-99	2,25,700

We would be grateful if you could let us know about the progress in this work so far. Please also let us know if the work has started yet, and we would be able to help remove any hindrance/delay by taking the necessary steps. Also, let us know about other problems of your village and what necessary steps do you think are necessary; if you want we can represent them on your behalf to appropriate authorities towards their solution. We request you to send us a copy of the budget of your village.

Thanking you,

Sd/-
(Bipin Thakker)
Research Officer

²⁰ Based on translations of correspondence on DISHA's files

Response from Sarpanch, Itava village

Date: 21 September 1999

To:
Patheya Budget Information and Analysis Service,
Shri Bipin Thakker,
Research Officer
Mangaldeep Flat, Gandhi Ashram Post,
Ahmedabad

We have received the letter you have sent us from Patheya Budget Information and Analysis Service, and you have mentioned about allocation of Rs.2,25,700 for check dam for our village Itava. No such work has been carried out for last ten years in our village as far as we all know. Therefore we the people of Itava request you to consider our case and enquire into the matter as to what happened about the amount allocated for our village. We also request you to enquire through police if necessary in the matter.

We the people of Itava village are giving our signatures below.

(Signatures/thumb impressions of 57 people)

Response from former Member of Parliament

Somjibhai Damor
Ex-Member of Parliament

Delhi Address:
15, Canning Lane,
New Delhi 110001

Permanent Address:
Adivasi Society,
Chakaliya Road,
Dahod 389151, Gujarat

Shri Bipinbhai,

In response to your letter no.60/P/M/V/99 of 1 November 1999, I have say that the amount of Rs.2,25,700 allocated for building of check dam in Itava village has not been spent in this village, and no such check dam has been constructed in the village. I am enclosing herewith a copy of the application/letter signed by the villagers on the matter, as a proof of it. Please do the needful in this matter.

Hope you are well.

Yours,

Sd/-
(Somjibhai Damor)

To:
Shri Bipinbhai Thakker,
Research Officer,
Pathey Budget Information & Analysis Service,
Ahmedabad

Response to Pathy from Minister of State for Tribal Welfare

Mangaubhai Patel
1510/99

Ref: R.K.M./A.K.711-

Minister of State for
Tribal Welfare (Independent Charge)
Government of Gujarat
Block No.2, Fifth Floor,
Sardar Bhavan, Sachivalaya,
Gandhinagar 382010

Date: 19 Nov. 1999

Under the Tribal Plan Scheme, Gujarat Government has carried out the work of a check dam with an expenditure of Rs.2,25,700. Patheya Sanstha has made some observations in this work. The organisation has represented to me to enquire into the matter of check dam work to know the actual situation, a copy of which is attached herewith. Please enquire about the details of the check dam work and the expenditure, and present a report on it.

Sd/-
Mangubhai Patel

To:
Secretary (Tribal Development Department),
Social Justice and Empowerment Department,
Secretariat,
Gandhinagar

Copy to:
Shri Bipin Thakker,
Research Officer,
Budget Information and Analysis Service,
Mangaldeep Flats, Gandhi Ashram Post,
Ahmedabad