

Budget Work in India: civil society's innovative experiment in democratic engagement with the state

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In the last decade or so, civil society space in India has witnessed the proliferation of organizations engaged in budget analysis. Budget analysis can be defined as the process through which state budgets are scrutinized from the perspective of the poor and marginalized. Its focus is on critically evaluating budgetary allocations made by governments at the beginning of the fiscal year and tracking expenditure undertaken on the basis of these allocations to determine the extent to which policy translates into outcomes. The relevance of budget analysis lies in the fact that it has provided civil society with a tool through which it can effectively bring the perspectives and concerns of the poor and marginalized in to the process of policy formulation. More importantly, through budget analysis civil society organizations have successfully demonstrated the importance of strategic engagement with the state for promoting a people centric democratic discourse.

Despite its importance, budget analysis has not received adequate attention both from academics in particular and civil society more generally. This paper is an attempt to bridge this gap by documenting and analyzing some of the prominent civil society organizations involved in budget analysis in India. Through this analysis, this paper hopes to highlight the importance of strategic engagement with the state as the means through which civil society can further a rights based, people centric democratic polity. It argues that budget analysis is an innovative tool through which civil society can enlarge the space for democratic engagement with the state.

Locating Budget Work within the Civil Society Space:

Civil society's role in Indian polity needs to be understood within the context of its relationship with the state. Following independence, the post-colonial state was entrusted with the primary responsibility of institutionalizing democracy and catalyzing the socio-economic transformation of the country. Through the first two decades of independence, this role remained unchallenged and civil society, with a few exceptions, worked in tandem with the state to strengthen its legitimacy and role in institutionalizing democracy in India. By the 1970's, however, it became increasingly clear that the state had failed in its promise. Crucially, the state had not been effective in bringing in its fold the marginalized and had failed both to adequately meet citizens demands and expectations. Democracy in India was thus characterized by enormous deficits. This sense of disillusionment with the Indian state was further exacerbated with the imposition of the emergency in 1975 that temporarily suspended democracy and fundamental rights in India.

It was in response to these broader political developments that civil society emerged as a powerful force in Indian polity. The twin factors of an increasingly centralized state on the one hand and the failure of the state to substantively democratize Indian society on

the other helped galvanize civil society to work towards countering the hegemonic tendencies of the state and secure the socio-economic rights of the marginalized¹. Arguably then, one of the most crucial roles played by civil society in contemporary India has been to act as a watch dog to the state; and in doing so push the state in directions that are accountable and responsive to citizens thereby protecting and deepening their democratic rights.

The movement for social transformation initiated by civil society has largely been conducted within a framework of 'participative and mobilization politics'.² In its struggles for justice, civil society has drawn heavily on the idiom of mass mobilization and political agitation popularized in India through the freedom movement. The Gandhian means of civil disobedience characterized by mass mobilization, rallies, petitions and direct confrontation have dominated the practices through which civil society engaged with the state and struggled for justice. Prominent examples include the Narmada Bachao Andolan, the Chipko movement and more recently the movement for right to information. All these movements draw upon the practice of broad-based protest action characterized by rallies, public hearings and protest marches as the chief instrument for mobilization and resistance.

Although civil society has come to occupy a powerful force in Indian polity its impact has been somewhat limited. This is partly because civil society organizations have deliberately maintained a critical distance from mainstream political institutions. As a result civil society has not been able to effectively leverage its mass base to influence public policy³. Consequent to their marked preference for pursuing a political strategy that remains confined to the civil society domain, civil society organizations have often been unable to transcend the boundaries of mass mobilization and direct confrontation to effectively engage with the state.

In recent years, the civil society space has witnessed the growth of organizations that have attempted to devise innovative strategies that straddle the practice of mass mobilization with effective engagement with the state. These include efforts that emphasize research; participatory planning and public interest litigation amongst others. Budget work is one such innovative strategy⁴. Budget analysis is the process of critically evaluating budgetary allocations made by governments at the beginning of the fiscal year and tracking expenditure undertaken on the basis of these allocations from the perspective of the poor. Such an analysis can have a significant impact on the flow of resources and public service delivery thereby ensuring that democratic goods reach the poor. Budget work has the potential to push the state in directions that are accountable and responsive precisely because it uses a critical instrument of the state as its point of

¹ For a comprehensive historical and contextual overview of civil society in contemporary India see Jayal, G. Nirja 'India' in Yamamoto Tadashi eds *'Governance and Civil Society in a Global Age'* 2001, (Japan, Tokyo)

² D.L.Sheth 'Grass Roots Initiatives in India', *Economic and Political Weekly* Vol 19, No. 6, 1984

³ Robinson, Mark 'Civil Society and Ideological Contestation in India' in Carolyn Elliot eds 'Civil Society and Democracy: A reader' 2003, (India, New Delhi) Pp 372-73

⁴ We use the terms budget work and budget analysis interchangeably. We also refer to civil society organizations engaged in budget analysis as budget groups.

contestation with the state. In other words, budget work recognizes the importance of strategic engagement with the state and uses it as the means through which to promote just, accountable and people centric governance. Conceptually speaking, budget work effectively uses the tools and instruments of 'institutional democracy' for furthering 'substantive democracy'.

The Budget Work: an Initiative for Accountable and Responsive Governance

The primary responsibility of the welfare state in a developing economy is to ensure the well being of citizens through the delivery of essential services and the provision of non-market goods. It is in this context that the budget gains significance. Budgets are significant both because budgetary decisions articulate the macro-economic policy of a nation and also for the fact that they impact issues related to the provision of basic social services, poverty alleviation, and employment, all of which directly affect the well being of poor and vulnerable citizens. Budgets thus reflect the vision of economic and social development of governments and perhaps more importantly, the choices that governments make to realize their socio-economic agenda. An equally important aspect of budgets is its implementation for the effective implementation of budgets determines the extent to which policy translates into outcomes. In this context, the budget gains even greater significance for effective expenditure and efficient program management are critical to ensuring that money allocated for the delivery of public services reaches the poor⁵. Despite this fact, debate on the budget tends to be dominated by technocrats, businessmen and academics. In India for example, both state and national governments involve the chambers of commerce (like the CII, ASOCHAM and FICCI) in debates on the budget. However, no space is given to NGO's and peoples organizations to reflect on the impact of budgetary decisions on the lives of the poor. Consequently, while the business lobby has considerable influence in determining the outcome of national budgets, the poor are left out of the process. This has led many to argue that budgets and more importantly policy articulated through budgets mirror power relations within a society. In effect, access to political power plays a determining role in the extent of influence that interest groups have on the budgeting process. Thus, in countries such as India where political power is largely concentrated in the hands of the elite, the voices of poor and marginalized are rarely reflected in the budgeting process.

It is in this context, that civil society interventions in the budget process have gained significance. Budget work can be defined as a process through which state budgets are scrutinized from the perspective of the needs and demands of the poor and marginalized. According to the International Budget Project (IBP) of the Center on Budget and Policy Priorities (CBPP), Washington, 'the objective of budget work is to access, through analysis how priorities for public spending as expressed in the budget can affect the lives

⁵ Development theory is increasingly emphasizing the importance of public expenditure management. It is in this context that analysts have begun identifying innovative means for achieving this. See for instance Edwards, John 'Results Oriented Public Expenditure Management: Will it Reduce Poverty Faster?' ODI Briefing Papers, www.odi.org.uk/pppg/cape/research/management, 2003

of the poor and vulnerable'⁶. Crucially, budget analysis tracks budgetary allocations through the financial year with a view to determining the extent to which policy translates itself in to outcomes on the ground. Budget work is premised on the notion that in a welfare state the provision of essential public services is a basic function of the state and access to these services by all citizens is a fundamental right. However, often the elite dominated and controlled State operates in an environment characterized by a lack of transparency and accountability or what is popularly referred to as 'poor governance' resulting in public services never reaching citizens. Through budget analysis, civil society organizations hope to counter this tendency by developing mechanisms for ensuring accountability and transparency in the budget process and through this in state functioning and delivery mechanisms more generally.

Civil society analysis of budgets tends to largely focus on government allocations, expenditure and taxation issues. While the strategies and approaches adopted by budget groups varies, broadly speaking, budget work focuses on simplifying the budget - which includes demystification of the budgetary jargon, fiscal architecture, and the technicalities involved with budgets- to spread awareness on budgetary provisions both amongst citizens as well as different interest groups; analyzing budgets from the perspective of allocations in favor of the poor and marginalized; training of NGO's and legislatures on various aspects of the budget; monitoring government expenditure and finally advocacy for promoting pro-poor policy.

Profiling Strategic Budget Work in India

Budget work in India gained momentum in 1995, with the work of DISHA (an NGO in Ahmedabad, Gujarat) whose analysis of the Gujarat state budget from the perspective of tribal welfare made a significant impact on the state government's policy. Since then a number of organizations in India have drawn upon budget analysis to further their work on strengthening state accountability and transparency. Prominent amongst these are the Center for Budget and Policy Studies in Bangalore, the Center for Budget Studies, Mumbai, the Public Affairs Center, Bangalore and the Pune based National Centre for Advocacy Studies (NCAS) with its new initiative for building a Centre for Budget and Governance Accountability (CBGA) in New Delhi.

DISHA's work focuses on analyzing government budgets to determine expenditure commitments for anti-poverty programs and compare these with actual investments on the ground. Founded in 1985, DISHA is a membership organization that represents the interests of unorganized tribal and forest workers in Gujarat through advocacy on state level policy issues such as the regularization of land rights for forest laborers. Disha's involvement with budget analysis grew out of its experience in advocacy for the rights of laborers and tribal communities in Gujarat for it soon recognized that information on expenditure incurred by national and state governments was crucial to highlighting gaps in government commitment to tribal welfare. This recognition led Disha to make its first foray into budget analysis with the establishment of Patheya-its budget arm in 1995. Disha's budget work focuses on analyzing budgets of state and central government

⁶ www.internationalbudget.org

departments to determine the extent to which budget policy and priorities reflect the interests of the poor in particular dalits, women, tribals and agricultural laborers. Disha intervenes primarily at the legislative and implementation stage of the budget process. Once the budget is tabled in the legislature, Disha evaluates the budget in terms of allocation trends focusing on programs or schemes for marginalized groups. This information is then collated and circulated to MLA's to use as reference points once the budget debate gets underway. Over the years, DISHA has developed a computerized data base of all the ministries and departments of the central government with data on income and expenditure incurred by the government on all its activities, programs, and schemes including the salaries and other administrative expenditures. In addition Disha has developed a special data base of government spending on specific themes, issues and particular subjects which is then used to evaluate actual expenditure against projected commitments. Disha's work has been critical in highlighting the policy priorities of successive state and national governments as well as the gross irregularities in government spending. For instance, in 1998, DISHA undertook a detailed analysis of the financial allocations made by the state government to the tribal and non-tribal regions vis a via agriculture, industry, energy and the social sectors like health and education. The facts obtained from the budget study demonstrated that the government had allocated almost no funds to tribal areas. Disha was able to use this information to advocate with the state government to fulfill its stated commitment to the marginalized.

The center for budget studies underwent a similar evolution. The Center for Budget Studies (CBS) is an offshoot of Vidhayak Sansad, an organization working for the rehabilitation and training of bonded laborers. In 1993, Vidhayak Sansad set up Samarthan, its research arm to access information about policy making and legislation to better advocate for their particular issues. Budget analysis was a logical next step for Samarthan and the Center for Budget Studies (CBS) was established in 1997. CBS intervenes in the budget process primarily in the legislative and implementation stage. CBS examines the state budget both from a macro perspective in terms of overall trends in receipts and expenditures as well as from a sectoral perspective. The focus here is on budgetary allocations and expenditure on tribal welfare; women and child development and primary education. CBS 's analysis also emphasizes the misuse of funds allocated and budget cuts on welfare schemes. Research conducted through this center has played an important role in successful advocacy efforts of Vidhayak Sansad. For instance, through information gathered from state budgets, Vidhayak Sansad was able to highlight the fact that the state government had done very little to fulfill its commitment to provide educational opportunities for child laborers. Using these facts, Vidhayak Sansad successfully advocated for the establishment of a school for child laborers working in brick kilns in Thane district.

Another successful experiment with budget work can be found in the experience of the Tamil Nadu People's Forum for Social Development, a Chennai based NGO. The forum's budget work began in 1996 through the establishment of the Budget Analysis and Policy Priority Cell. The unique feature of this group is the fact that it is part of a larger network of twelve organizations working for the promotion of social justice through different perspectives and strategies. Budget analysis is undertaken on the basis

of demands made from network members and is used as a tool to complement their on going activities and strengthen their advocacy potential.

While the organizations profiled thus far have primarily focussed on analyzing budgets at the national and state level, a more recent experiment in Bangalore undertaken by the Center for Budget and Policy Studies (CBPS) has chosen to work with budgets at the local level. This work is particularly relevant in the context of the 73rd and 74th amendments that mandated the devolution of financial and other powers to local governments in the interest of strengthening democracy and service delivery to the poor. CBPS's work is premised on the fact that the functional efficiency of local governments is dependent upon their financial health. Their analysis of the budgetary process at the local level has made a significant contribution to current understandings of financial devolution. The main activities of CBPS are the collection, collation and validation of budgetary data from local governments in Karnataka, training of local officials and elected representatives in the use and application of budgetary analysis and working with local bodies and civil society organizations in the preparation of district level plans. Since its inception, CBPS has undertaken a detailed analysis of both panchayat and Municipal budgets from the perspective of allocation and expenditures and significantly, income of local bodies. CBPS's point of departure from other groups engaged in budget work lies not only in its emphasis on local budgets but also on its attempts at working directly with different local bodies to strengthen their participation in budgetary decision making. One such attempt was made in Kodagu district in Karnataka where CBPS worked with the District Planning Commission to encourage them to use the tool of budget analysis to influence the budgeting process at the state level.

Impact and Potential of Budget Work for Public Advocacy

As is evidenced from this brief profile of budget work in India, the focus of civil society interventions in this arena is primarily on examining budgetary allocations in the social sector and tracking expenditure. Such an analysis is critical in developing public understanding and awareness on policy issues and is a useful tool through which civil society organizations can push the state in directions that are pro-poor. Importantly, expenditure tracking allows communities and their elected representatives to determine whether expenditure priorities are in conformity with local needs and priorities and whether resources have been allocated for their intended uses. Discrepancies in the data and aggregate expenditure trends provide civil society organizations with a basis for engaging with government policy makers over budget priorities and for advocating changes in expenditure, which can influence the governance processes in favor of the poor and marginalized. Importantly, budget work enjoys high credibility and legitimacy with the State as it uses its very own instruments, documents, data and apparatus for arriving at conclusions. Budget analysis has thus emerged as an important tool through which civil society organizations can directly engage with the state to promote accountable, responsive and people centric governance.

As suggested earlier, the most important contribution that budget work has made to civil society engagement with the state is in strengthening policy advocacy. The importance of

effective public action or advocacy in promoting socio-economic development has been extensively studied in development theory⁷. However, the ability of citizens to effectively utilize this space is curtailed by lack of information and understanding of the role of the state in responding to the needs of the poor⁸. Budget work plays crucial role in filling this gap. This is evidenced by the fact that this work evolved out of a need to strengthen the advocacy efforts of organizations such as DISHA and Vidhayak Sansad. Using information gathered through budget analysis, Disha for instance fought and won a case in the Supreme Court to make the forest laborers' employment status 'permanent'. Vidhayak Sansad too has similar success stories where budget analysis provided the platform for successful advocacy with the state on issues of bonded labor. Significant among these was the incorporation of schemes for the rehabilitation of bonded laborers in the Maharashtra State budgets.

Perhaps the most important contribution that budget work has made to civil society efforts in policy advocacy is that it has carved a space within which civil society organizations can interact directly with legislatures and parliamentarians and encourage them to push for pro-poor policies. The Tamil Nadu People's forum has been particularly successful in effectively utilizing this space. The Forum's budget cell sends regular dispatches, questions and analysis on various sectors to selected members of the legislative assembly. These dispatches have had a tremendous impact on the budget debates that take place in the legislative assembly and increasingly legislators themselves have approached the forum for more information on these issues.

It can thus be argued that in engaging strategically with the state apparatus, budget groups have successfully broadened the scope and impact of advocacy for accountable and responsive governance. Budget groups, like civil society organizations more generally also distance themselves from mainstream party politics. However, the distinguishing feature of their approach is the recognition that working through the instruments of the state rather than directly confronting the state can be a powerful means of initiating transformation within the state. Essentially, these groups see the spheres of civil and political society as complementary to one another and they use the instruments of political society to further their objectives.

Despite the success that budget work has had in strengthening advocacy on social issues and encouraging legislatures to debate these issues more proactively, their impact remains limited and it can be argued that the advocacy potential of budget analysis has been underutilized. This is evidenced by the fact that budget work in India remains limited to a few states and there has been no concerted attempt by practitioners or academics to document this work. Two reasons can be offered for this. The first is a more generic problem of the lack of skillful and effective knowledge documentation and

⁷ Dreze and Sen's work has been particularly influential in documenting and analyzing the role that effective public action has played in promoting socio-economic development. See for instance *Development as Freedom*, 1999, (Oxford).

⁸ This has been documented in a recent study examining the cause for the wide gap in development indicators between Kerala and Uttar Pradesh see Rani, Manju and Shah Shekhar, 'Why are Kerala and Uttar Pradesh so different in their human development outcomes?' World Bank Working Paper Series, 2003.

dissemination that confronts civil society organizations. Dissemination is always given secondary importance in the work carried out by CSO's and as a result, dissemination strategies are never weaved in to the broader interventions and approaches followed by these organizations. Specifically for budget work, an effective dissemination strategy is critical to ensuring that it reaches out to a wider audience. Budget groups thus need to actively engage with the media, academics and policy makers to publicize their work. An important aspect of any dissemination strategy is that of communication and presentation. Thus far, budget groups have failed to recognize the need to have distinct strategies to present and communicate their information and analysis to suit the needs of different audiences. Therefore, it is crucial that budget groups develop a more nuanced understanding of the process of dissemination so that they are able to communicate their work to a wider range of institutions and actors both within and outside the civil society space.

The second and perhaps more important reason for the limited impact of budget work is that budget groups have not attempted to broaden their network and engage with other movements and organizations that occupy the civil society space. While efforts have been made to develop a community of practice from amongst CSO's already engaged in budget work to disseminate best practice and share experiences, this has not spread to the wider gamut of civil society action. The absence of such a network raises important questions regarding the legitimacy of budget work and the extent to which this work has been able to complement pro-poor advocacy undertaken by civil society. The irony here is that the uniqueness of budget work, in exploring new idioms beyond mass mobilization for engaging with the state and enlarging the operative democratic space, has also become its limitation. Most budget work, with notable exceptions like Disha and Vidhayak Sansad, have weak links with social movements and grass roots groups. Attempts need to be made by budget groups to anchor their analysis in the work of social action groups in order to broaden their work and perhaps more importantly, complement the impact of mass mobilization. Increasingly, leading activists in budget analysis have come to recognize this lacuna in their work. Manu Alphanosoe of the TNPFS makes a case for 'democratising budget analysis' through creating links with groups that work for the socio-economic rights of the marginalized. Vivek Pandit of CBS too has echoed this position and argues that budget analysis needs to be substantiated and supported by people's lobbies that together can compel governments to listen⁹.

Perhaps then, the greatest challenge that confronts budget work in India today is that of strengthening its potential for advocacy. One way of doing this is through the creation of a network of civil society organizations engaged both in budget work as well as social action more broadly. These networks also need to include the media; academics and policy makers. An interesting experiment in this direction has taken shape in the form of Center for Budget and Governance Accountability (CBGA) an initiative of the National Centre for Advocacy Studies (NCAS). Interestingly, most of the actors involved in budget work in India have been actively involved with the creation, establishment and promotion of this Centre. Established in 2002 in New Delhi with a mandate for networking with regional budget groups and the wider civil society. The center aims to

⁹ These comments were made during a seminar on Budget Work held in New Delhi in November 2003.

complement state level budget analysis with a national perspective as well as build the capacity of social action groups in the use of budget analysis to pursue their objectives. While the center is still in its nascent stage of development and any analysis of its impact would be premature, it does have the potential to strengthen the advocacy impact of budget work and facilitate the formation of an effective network of budget groups, dialoguing with organizations that operate outside the ambit of budget work.

Conclusion

In the last decade or so, budget work has emerged as an effective tool through which civil society organizations can push the state in directions that are transparent, accountable, responsive and perhaps most importantly pro-poor. The methodology of budget analysis uses hard quantitative data accessed from government sources, and analyses it using universally accepted and respected research techniques. This lends the initiative a high degree of credibility with the state thereby strengthening its potential to impact policy. Budget analysis can thus go a long way in complementing the diverse strategies adopted by the media, academics and civil society in their struggles for promoting just and accountable governance. Despite its importance, budget work remains largely unnoticed both by academics and practitioners in India. It has not been able to transcend the boundaries of professional development organizations to form alliances and networks necessary to provide the cutting edge to social action groups, media and other civil society actors.

Perhaps the most important contribution that budget work has made to the civil society discourse has been to demonstrate the importance and impact of enlarging the operative space available for engagement with the state. The currently used idioms and language for democratic social action, particularly that of civil disobedience has had a limited impact on Indian policy makers. It is thus critical that social action groups find alternatives mechanisms of using the democratic space beyond the traditional channels of elections, rallies and mass protests. By prioritizing strategic engagement with the state through debate, research and analysis, budget work thus marks an important step in this direction.