



EXPLAINING BUDGET DEVIATION

A BUDGET CREDIBILITY SNAPSHOT

April 2019

The study of budget credibility examines the extent, nature, causes and consequences of deviations from approved budgets. In this series, part of the International Budget Partnership's Assessing Budget Credibility Project, 24 civil society partners in 23 countries probed a specific area in which execution of the national budget repeatedly diverged from the approved plan to learn whether adequate reasons were provided for the deviation. The broader synthesis report on these findings can be found [here](#).

INDIA: SCHOLARSHIPS FOR DISADVANTAGED STUDENTS

In India, Scheduled Castes (SCs) and Scheduled Tribes (STs) are among the most disadvantaged communities in India. They face significant social disparities, including in education. In 2016-17, the gross enrollment ratio in higher education of SC and ST students was 21.1 and 15.4 percent, respectively, lagging behind the national average of 25.2 percent. To address this imbalance, significant public funds have been designated to help SC and ST students afford higher education.

BUDGET CREDIBILITY CHALLENGE

The University Grants Commission (UGC) administers a scholarship scheme for SC and ST students to attend university. According to data from the Ministry of Finance, one third of the approved budget for this scheme was unspent between fiscal years 2012 to 2017. The unutilized cumulative amount of USD \$162 million over this period is of great concern, as these funds could have benefitted almost 8,000 SC and ST students with full five-year aid packages worth USD \$20,548 each.

However, a serious complication with assessing the budget credibility of the scholarship program comes from the fact that another set of official data, released by the UGC, contradicts the figures reported by the Ministry of Finance. For example, in 2015-16, the Ministry of Finance data report that half of the program's budget was unspent, whereas the UGC data indicate that the budget was *overspent* by 15 percent. There are no published narratives to explain this discrepancy, but it may be due to certain expenditures not being authorized by the Ministry of Finance.

DISPARATE EXECUTION DATA ON SCHOLARSHIPS FOR DISADVANTAGED STUDENTS, FROM 2 OFFICIAL SOURCES

Fiscal Year	Ministry of Finance data:				University Grants Commission data:			
	Approved (million USD)	Executed (million USD)	Deviation (million USD)	Deviation (%)	Approved (million USD)	Executed (million USD)	Deviation (million USD)	Deviation (%)
2012-13	142.8	100.5	-42.3	-30%	132.3	121.6	-10.7	-8%
2013-14	118.9	102.6	-16.3	-14%	114.2	100.0	-14.2	-12%
2014-15	82.6	60.7	-21.8	-26%	79.4	86.1	6.7	8%
2015-16	81.7	40.5	-41.2	-50%	68.3	78.5	10.2	15%
2016-17	82.2	41.9	-40.4	-49%	82.2	80.9	-1.4	-2%
Cumulative	508.3	346.3	-162.0	-32%	476.3	467.0	-9.3	-2%

Source: Expenditure Budget Profile by Ministry of Finance; University Grants Commission

WERE EXPLANATIONS FOR THE DEVIATIONS FOUND IN GOVERNMENT REPORTS?

No. None of the following reports contained justifications for budget deviations:

- Statement 10A: Allocation for Welfare of Scheduled Castes, Expenditure Profile, Ministry of Finance
- Annual Reports of the UGC
- Annual Accounts of the UGC
- Office memorandums, letters, and minutes of meetings published on eUTTHAAN, a budget information portal on scheduled castes

DID THE GOVERNMENT AGREE TO BE INTERVIEWED TO EXPLAIN FURTHER?

Interviews were conducted with officials in the Ministry of Human Resource Development:

- Ms. Smita Srivastav, Director, UGC, Department of Higher Education
- Ms. Ishita Roy, Joint Secretary, UGC, Department of Higher Education
- Mr. R. Subrahmanyam IAS, Secretary, Department of Higher Education

These conversations yielded no substantive answers. In some cases, officials denied that there was an under-spending problem.

WERE THE REASONS PROVIDED BY GOVERNMENT ADEQUATE?

No. No reasons were identified via published reports or interviews with officials.