Budget Analysis as Social Audit
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BUDGET ANALYSIS AS SOCIAL AUDIT

TAMILNADU EXPERIENCES 1995 - 2002

TAMILNADU PEOPLES’ FORUM FOR SOCIAL DEVELOPMENT
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Over the last 7 years (1995-2002), the Tamilnadu People’s Forum for Social development has established itself as the premier Budget Analysis group in the State of Tamilnadu – as can be seen from responses from civil society, bureaucrats and policy makers as well as the media and even national and international agencies.

The Forum is a founder member of the national initiative, Peoples’ BIAS (Budgetary Information and Analysis Services), consisting of budget analysis and advocacy groups in India. And the Forum is the sole representative of all such initiatives in Tamilnadu.

The International Budget Project of the Centre for Budget and Policy Priorities, Washington has identified the Forum as one of the 7 major initiatives in India involved in serious budget analysis and policy efforts. Our major research articles and publications are regularly posted in their web-site www.internationalbudget.org

What have been the experiences and lessons learned over the last 7 years? What have been the achievements, the limitations? And what are the pointers for the future?
The present Dossier attempts to sum up the experiences of the Forum in “Budget Analysis as Social Audit” from the perspectives of

- Our critique of Social Development in Tamilnadu
- Links between Budget Analysis and Social Development
- Budget Analysis as part of social monitoring
- Budget Analysis as a tool for Social Policy advocacy
- The various interventions of the Forum in Tamilnadu’s Socio-political scenario, during the years 1995-2002

The Dossier contains also OHP sheets on Budget Analysis (exhibited on the left hand pages of the dossier), which the Forum has developed and extensively used.

Many thanks to the members of the Forum, who have been of great support to the works of the Secretariat all these years. And a special appreciation for the staff at the secretariat: John Kumar, Marimuthu (part-time), Stella, Arumugam, Hema, Babu and Paulraj.

Chennai.
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MANU ALPHONSE
(Co-convener, TNPFSD)
Tamilnadu, the Southern State of India, with its over 60 million population, is among the relatively more urbanised and industrialised States of India, with a relatively well-developed infrastructure. Factors such as a progressive reduction in birth rate, abundant skilled manpower, relatively better performance in education and health among the States of India etc. have contributed to the overall economic and social development of the State.

However, the social development scene in Tamilnadu is riddled with many contradictions and negative factors. Development has been very uneven regionally within Tamilnadu. And, more important, the benefits of development have been very unevenly distributed. This, added to the already highly skewed distribution of landholding and assets, has assured that inequality levels have increased over the years. Poverty levels, both in urban and rural areas, have been, for long, higher than the all-India averages and only recently have they reached national average levels. The rural-urban disparities too have increased.

Since 1991, Tamilnadu has been among the front-line States, set on course for the onslaught of unfettered globalisation and private enterprise. The liberalisation policy and the Structural Adjustment Programme (introduced in 1991) have already resulted in explicit cuts in Govt investment in key areas of social sector and have been reflected in steep increase in the existing socio-economic inequalities in the State.
The impressive statistics put out by the Tamilnadu government to boast about its performance in the social sector are often misleading. These impressive indicators mask the relative and absolute deprivation of a vast section of people, especially dalits, tribals, traditional fisherfolk, unorganised labour and vast sections of women and children.

On top of it all, since 1991, Tamilnadu has been among the front-line States, set on course for the onslaught of unfettered globalisation and private enterprise. The liberalisation policy and the Structural Adjustment Programme (introduced in 1991) have already resulted in explicit cuts in Govt investment in key areas of social sector and have been reflected in steep increase in the existing socio-economic inequalities in the State.

Hence, the need for an ongoing process of monitoring Govt policies and priorities in the field of social development, from the point of view of the relatively weaker sections of the Tamilnadu population, becomes urgent and crucial.
The Tamilnadu Peoples’ Forum for Social Development (TNPFSD) was born in the context of the Global Summit on Social Development at Copenhagen in March 1995.

A parallel “Peoples’ Summit on Social Development in Tamilnadu” at Chennai, initiated by a group of friends, long involved in the development scene of Tamilnadu, brought together more than 100 persons - academics, grassroots activists and representatives of social movements, trade unions, women and dalit organisations, consumer, environment and human rights groups and research institutions, as well as NGOs of varied types. The participants looked deep into the various dimensions of social development in Tamilnadu - of dalits, women, fisherfolk, children, disabled, refugees... as well as on themes such as Health, Education, Environment, Human Rights and Consumer protection.

The more-than expected positive response to the parallel summit enthused the organisers into visualising an ongoing “Forum”. Thus was born the Tamilnadu
Peoples’ Forum for Social development. Since then, the Forum has been intervening as and when required in the field of Social Development in Tamilnadu.

Among the significant contributions of the Forum over the years are:


- **“Peoples’ Manifesto Vs Party Manifestos (Indian Lok Sabha Elections – 1999)”** – A critical appraisal of 6 national and 6 regional parties’ manifestos vis-à-vis the genuine needs of masses (as expressed in the Forum’s Tamilnadu People’s Manifesto), providing concrete study material for political party analysis.
“Tamilnadu Social Development Report 2000” – A professional resume of the overall social development scene in Tamilnadu, with updated information from Government, private research and grassroots.


A Mirror to the Government’s Policies
- Programmes
- Priorities

Changes power relations within a society
Reveals the hidden agenda of the ruling class
Too important to be left in the hands of bureaucrats and the political class
- Concerns vast amounts of Public Resources
- A Constitutional Requirement
- Performance scrutinized by Controller & Auditor General of India
TNPFSD defines development as a process that changes the power relationships in a society in favour of the poor. Development should direct the allocation of financial resources progressively in favour of the poor.

Hence, from the very beginning, the Forum felt the need for an ongoing process of monitoring the policies and priorities of the State Government in the field of social development, from the point of view of the relatively weaker sections of the Tamilnadu population.

Budget Analysis has been perceived as a powerful tool to monitor such a process directly in a measurable and ongoing way. Hence the Forum decided to develop a “Budget Analysis and Policy Priority Cell” for the task of analysing and monitoring the Tamilnadu State Budget vis-à-vis social development and take up a continuous Social Audit on Tamilnadu.

The major tasks of the Budget Cell were visualised as the following:

a) Influencing State Public Social Policy, as reflected in Budgets

b) Budget Analysis and popular dissemination through information networking, advocacy and lobbying

c) Constant monitoring of various facets of social development in the State, leading to proposals of alternative budgeting in required areas of change
BUDGET ANALYSIS

Is based on the NEED

- to demystify
  - Budgets
  - Budgetary Processes
- to counter lobbies of vested interests
- for constant public pressure on
  - Legislators
  - Bureaucrats
- to ensure good governance through
  - accountability
  - transparency
  - people-friendly Governing
- to shift the focus from mere allocations to concrete social outcomes of Budgets
- to provide ‘actionable’ signals for change
The experiences of Dr. Mistry of DISHA in Gujarat in the sphere of Budget Analysis were indeed among the most helpful and crucial of the inspirations for our early work on Budget Analysis in Tamilnadu.

A workshop on Budget Analysis at Madurai in December 1995, organised by the Forum and conducted by Dr. Mistry, provided the needed basic skills for us to plunge into our task of budget analysis. On-the-spot experiences and interactions with Mr. Mistry & his team during the 1996 Gujarat Assembly Budget Session at Ahmedabad, by a small group from the Forum, provided still further skills and orientations to us.

And the Budget Cell of the Forum started functioning in February 1996.

February to July 1996 were spent on efforts to familiarise ourselves with the technical details and skills required to undertake the exercise of detailed budget analysis. The Cell began the creation of a database, feeding into the computer all data regarding the 1995-'96 Tamilnadu State Budget.

Simultaneously background data and information on various social sectors of Tamilnadu were collected from secondary sources. We also made the needed contacts with bureaucrats as well as political parties to obtain the budget documents.

We also undertook a group study on the 1995-96 Tamilnadu Budget. We undertook selective analyses of social sectors such as health, education, welfare of scheduled castes and scheduled tribes, fisheries etc.
BUDGET ANALYSIS AS SOCIAL AUDIT

Needs to be linked to

- Ongoing Social Monitoring & Social Audit
- Consistent Public Policy Advocacy
- Vibrant Peoples’ Lobbies
Our First Public Exercise: TN 1996–‘97 (Revised) Budget

The 1996–‘97 Tamilnadu State Budget (Revised), presented to the Assembly in July 1996, was the first major occasion, when the Cell of the Forum had its public exercise.

The Budget Cell identified the following as the basic thrusts for our analysis of the 1996-97 budget:

1. Comparison of the Election Manifesto of DMK, the then ruling party, and the Budget speech of the Finance Minister at the Budget session

2. Comparison of the 1996-97 (Interim) Budget and budget speeches of the previous AIADMK Govt. and the present Budget (1996-97 Revised) speeches

3. Absolute and Relative Budgetary allocations for social service sectors

4. A deeper study of the Budget section “Introduction of new schemes”

5. An analysis of the component of external aid in the Budget.

An intensive 3-days study session was organized, where the members of the Forum, literally tearing the budget papers to pieces, looked into mysterious documents like the Policy Notes, the Budget Memorandum, the Detailed Demands for Grants etc. Six groups were formed to study in detail the various thrust areas.
NEEDS to be viewed as a help to ensure

- Peoples’ Right to Information
- Peoples’ Right to Public Resources
- Peoples’ Right to Good Governance
- Claims of the poor to the State’s resources
- A pro-active civil society ensuring democracy
Based on the findings, the final Statement was prepared. And on 24th July, the Statement, “The Comments on the Tamilnadu 1996–’97 (Revised) Budget” was released to the press.

The “Comments” contained the following sections:

- Some Important Conclusions on the Budget
- Policy Statements in Budget Speech: Directly Anti-poor
- Manifesto Promises and the Budget Betrayals
- Important programmes announced without budgetary allocations
- 15 Questions we want the Government to answer

Copies of the “Comments” were distributed to legislators, research institutions, academics, grassroots organisations and the general public. The press gave a good coverage and many acclaimed the step as novel and were happy to publish the discrepancies in the budget, as pointed out in the “Comments”.


Our critiques have been at two levels: general critiques and sectoral critiques.
BUDGET CRITIQUES

GENERAL CRITIQUES

- Peoples’ Critiques, compared to
  - Party Manifestoes
  - International/National standards
  - Constitutional Requirements
  - Socio-Economic Realities

- Major Questions raised about
  - Public Policy Trends
  - Specific Allocations
General Critiques

- “The anti-Social Development bias of TN Budget” (Comments on Tamilnadu Budget 1997-`98)
  - Total control of World Bank and MNCs on the Budget
  - Bankruptcy of State Govt’s Agricultural Policy
  - Miserly provision for welfare of SCs and STs
  - Administrative Reforms
  - Total neglect of the Worker’s sector
  - Contradictions in Sectoral allocations
  - Significant aspects of allocation anti-people

- “Tamilnadu Budget 1998-99 – A Peoples’ Critique”
  - “Has the social welfare and growth of the 6 crores-strong Tamil people seriously influenced the Budget?”
  - “To the concerns of which sections of the people does the Budget give priority?”
  - “Have the grand promises found in the ruling DMK party’s election manifesto (1996) and the Governor’s address (1998) been truly concretised into due budgetary allocations?”
  - “How has the new economic policy of the Central and State Govts (privatisation, global integration, dependence on external financial bodies…) shaped the different sections of the Budget?”

- “Tamilnadu Budget 1999-2000 : A Perspective”
  - Nothing substantial for industrial working class, dalits, unorganised labour, women and children
  - Considerable decline in allocations to social sectors
  - Continued and unbridled thrust towards privatisation and control by Overseas agencies
  - No allocation to major social commitments
BUDGET CRITIQUES

SECTORAL CRITIQUES

- Departments / Demands-based
  
  E.g. ‘Child Budget’ (South Africa)
  
  ‘Tribal Budget’ (Gujarat)
  
  ‘Gender Budget’ (Tanzania)
  
  ‘Dalit Budget’ (Tamil Nadu)

- Constituency / Designed Region-based

- Programme / Project-based

- Beneficiary target Groups-based
“Yet Another Budget Drama”: A People’s Perspective on TN Budget 2000-2001

- Unbridled privatisation and global control
- Strengthening of unequal benefits of warped economic development
- Death knell to local bodies in the State
- Social Development of dalits completely ignored
- Right to Education set aside
- Populist programmes every year have no development or justice thrust


- Confused one-year history of Tamilnadu Finance
- Economic and Political Background to White Papers
- 10 Questions to be raised at the Assembly
  - Budgets and Democracy
    - Tamilnadu’s Development path – Basic contradictions
    - Social Sector – Continued Neglect
    - Tax Burdens
    - World Bank and the burden of loans
    - Public Distribution System & Food Security
    - Retrenchment of workers and Social Security
    - Departmental Reforms and the Black Economy
    - Rights of SCs, STs and BCs – Basic Denial
    - Federal Finance – the Centre Vs the States
“The basic problem with budgeting for dalits is not merely the amounts allocated, but the very approach to dalit welfare. Stereotyped and heavily casteist perceptions of the capabilities of dalits are, more often, the most tragic element”

“A cursory look at successive budgets of the scheduled caste sector in the Centre as well as in any constituent State of the Country will reveal that ‘change’ is an arena, planners and programme executives still fear to tread upon. They feel safe wearing the mantle of a status-quoist”

- Christudoss Gandhi IAS
Dalit Budgeting:

Our greatest success in terms of concrete impact, probably, has been in the field of dalit budgeting, especially our research, lobbying and advocacy work around the Special Component Programme for Dalits. Starting from a near total ignoring by the govt., the consistent lobbying by the Forum in collaboration with dalit movements and networks and dalit legislators, based on concrete research, has forced the govt. to openly announce, during the last Budget Speech, a decision to evaluate the Special Component plan in the State. The Forum can surely take much credit for it!

Our dalit budget critiques have been helpful in adding value to dalit movements at the grassroots levels in their various struggles. For example, the Tamilnadu Dalit Panchayat Presidents Association continues to incorporate our studies on Special Component Plan for dalits in their struggle for greater political and financial powers.

At the national level too, groups such as Sakshi, Andhra Pradesh and Yuva in Mahararastra have benefited from our expertise on dalit budgeting, through specially organised interactions.
Basic Perspective:

Convention on the Rights of the Child, 1989

General Principles:

1. Non-Discrimination
2. The Best interests of the Child
3. Right to life, survival and Development
4. Respect for the views of the Child
During the coming Asian Social Forum at Hyderabad in January, we have been requested by the National Campaign on Dalit Human rights (NCDHR) to offer a workshop on “Dalits, Public policy and Budgets”

(Rf. our publication, in both English and Tamil: “Social Development of Dalits and Tamilnadu Govt. Budget – A critique” and our Assembly handouts on Dalit budgeting)

Child Budgeting:

The request by the Indian Council of Child Welfare (ICCW) that the Forum be the official consultant for their 3-year study of Assembly proceedings and budgets in Tamilnadu opened to us a wide avenue to go deeper into child budgeting and to lobby towards a separate department for Child welfare. Networks such as the Campaign Against Child labour have also consistently incorporated our child budgetary findings and analysis in their overall lobbying efforts towards the empowerment of children in Tamilnadu.

Gender Budgeting:

The invitation of the Tamilnadu Development Corporation for Women to the Forum to help evolve a draft policy for the State Government on “Gender and Governance” was an incentive to go deeper into gender dimensions of public policy in Tamilnadu, including its budget perspectives. Last year, an initial effort was undertaken, in collaboration with networks like “All India Democratic Women’s Association” (AIDWA), “Women’s Movement Against Poverty and Violence” and “Initiatives: Women in Development” (IWID), to explore deeper dimensions of gender budgeting in Tamilnadu. This needs to be taken forward in the State.
METHODS OF BUDGET ANALYSIS

Comparative Budget Analysis:

- Analysis, comparing the performance of the State with other
  - State Governments
  - Central Government
  - Local Governments
- on sectors or groups beyond geographical boundaries e.g.,
  tribals, dalits, women, labour
Labour Budgeting:

Recently, International labour Organisation (ILO), Chennai office, has chosen the Forum as the key organization to monitor the labour policy and budgeting of the Tamilnadu Government vis-à-vis the labour standards and international covenants of ILO.

Other Critiques:

Besides the above three areas, the Forum, over the Years, has done substantial sectoral budgetary critiques regarding tribals too as well as on issues like Basic Right to Education, Right to work and Food Security, and as per requests by various NGOs, networks and movements.

- **1997-98:**
  - Critiques on specific demands of 15 departments of the government

- **1999-2000:**
  - A critique on Demand 15 (Police)  
    in collaboration with Peoples Watch (TN)
  - A critique on Demands 18&19 (Medical and Public health)  
    in collaboration with “Campaign against sex selective abortion”
  - A critique on Demand 21 (Fisheries)  
    in collaboration with “Coastal Action Network” and  
    “Ramanathapuram District, Fish Workers Trade Union”
  - A critique on Demand 21 (Co-operation)  
    in collaboration with Malaragam
METHODS OF BUDGET ANALYSIS

Chronological Budget Analysis:

- Analysis as to how, over the period, the government treats certain sector, like
  - Over time
  - Across sectors
  - Across constituency or designed regions
  - Over agencies or departments
  - By item or activity
  - By urban or rural settlements
  - By target & beneficiary group
- A critique on Demand 27 (Rural development) in collaboration with Malaragam
- A critique on Demand 28 (Labour)
  in collaboration with the “Campaign for the Rights of unorganised workers”
- A critique on Demand 30 (SCs & STs Welfare)
- A critique on Demand 32 (Housing)
- A critique on Demand 33 (Urban development)
- A critique on Demand 49 (Municipalities)

2000-2001:
- A critique on Demand 30 (SCs & STs Welfare)
  - Special Component Plan for Dalits
  - Funds for Samathuapuram
  - White Paper on dalit vacancies in Govt. depts.
- A critique on Demand 17 (Education)

2001-2002:
- A critique on Demand 17 (Education)
  - Fundamental Right to Education
  - Sarva Shiksha Abhiyan – A critique
  - Allocations to Education - Inadequate

2002-2003:
- A critique on Demand 29 (Social welfare)
PRE-BUDGET LOBBYING

- Countering behind-the-screen lobbying by vested interests
- To be situated in the long-term perspective
- To be focused on a specific
  - Programme
  - Project
  - Demand
- To be linked to an informed Peoples’ Lobby
- Need to combine a clear politics with practical financial alternatives
The presentation of the budget in the State Assembly is always preceded by large-scale behind-the-screen lobbying by various interest groups: traders, industrialists, Govt. employees etc.

While our critiques of the Govt. budgets have been valuable focal points for our lobbying and advocacy work, there had been a growing felt need that we should venture into the complex world of pre-budget lobbying. Hence, over the years, we have taken up pre-budget lobbying in a limited way. Much more needs to be done – especially in the area of developing peoples’ lobbies!

*Our major efforts in the sphere of pre-budget lobbying have been:*

- **1997-’98 : Budget Recommendations**
  - The Forum presented a 20-pages long memorandum to the Government, the Planning Commission as well as political parties and legislators.
  - The Recommendations contained suggestions of a general nature with regard to overall expenditures and revenue patterns, relative importance of Social Sector etc. They also contained recommendations of a more pointed nature – dealing with individual sectors and departments.
BUDGET ANALYSIS – AREAS OF INFLUENCE

- Legislators / Ministers / Executive
- Bureaucrats / Administrators
- NGOs / CBOs / Parties / Trade Unions
- Social Researchers / Academics / students
- Media
- Policy Institutions
  - Regional
  - National
  - International

A major effort of the Budget Cell during 1999 Budget Session was the lobbying around the publication of the booklet “Social Development of Dalits and Tamilnadu Govt. Budget” (in English and Tamil). With the help of a couple of bureaucrats (especially Mr. Christudoss Gandhi IAS, former Secretary, SC/ST Dept, Govt. of TN), the Forum had a series of sittings in the months of November and December ’98 – to attempt a pre-budget lobbying effort, centered around the concept of “Special Component Plan” for dalits in Tamilnadu.

Major dalit organisations in Tamilnadu as well as committed bureaucrats have highly appreciated the effort.


In 2000, the Forum organized a pre-budget consultation with some of the former civil servants from the Finance dept. etc.

The Forum prepared a 25-pages “Peoples’ Memorandum” on the theme, “Social Development in Tamilnadu – Serious Concerns”. The Memorandum was submitted to the Chief Minister’s office, the Finance Secretary, the Budget Secretary as well as to the members of the legislative Assembly.
METHODS OF BUDGETING

Incremental System of Budgeting:

- A mechanical approach of sticking on to expenditures relating to ongoing programmes with just an annual increment or percentage increase

- Not very conducive to a developing country like ours, because the requirements of the people and the role of the Government are always evolving and there is a persistent need to have new schemes.

- This is the system that is usually followed in most States, including in Tamilnadu.
A great point of satisfaction and an area for deeper interventions in the future is the fact of a small number of legislators, across parties, interacting with us regularly during legislative assembly sessions, getting equipped for their interventions on the floor and taking our material to their respective parties.

Regular despatches, questions and analysis on various sectors are supplied to selected members of the Legislative Assembly. And our dispatches during the Budget Sessions have been much sought after by the more serious minded legislators as well as the opposition MLAs. And quite a few of the questions raised by them at the Session have been based on the findings and study materials provided by the Secretariate of the Forum.

Even though small in number, this is a very potential area for interventions and advocacy. We need to evolve a whole series of professionally developed mechanisms to keep such interactions growing!
Zero Base Budgeting:

- A system which continuously reviews all departments to identify wasteful schemes and surplus staff, so that the resources can be used more effectively

- More creative, but resisted by bureaucracy and the ruling classes
Our efforts at every Budget Session have been accompanied by a Press Meet and a Press Release, releasing the Forum’s Critique. Though reluctant in the beginning, the mainstream press, including the electronic media, has shown increasing interest in our work and have published our findings.

Dissemination of the material to movements, grassroots groups, trade Unions, organizations as well as individuals closely linked with the work of the Forum has been another priority of the Forum. Our 1000-strong mailing list is a pointer to this effort of democratizing budgetary information in the State.

Based on our various initiatives, a distinct possibility now of having a powerful group of a few bureaucrats, legislators, research institutions and civil society organizations at an All Tamilnadu level has emerged. We hope to develop it during the coming years.

The very positive response, both among legislators and civil society groups, to our recent publication, “White Papers and Black Truths”, analyzing budgetary processes in Tamilnadu over one year vis-à-vis issues like state accountability, democracy and globalisation has shown us the importance of carrying such initiatives more vigorously in the future.
A SELECT BIBLIOGRAPHY

- “Budget Analysis: A means towards transparent and accountable Governance”, John Samuel, NCAS, Pune
- “Reading the Budget: A Manual”, NCAS, Pune
- “Understanding the Budget: As if people mattered”, (ed.) John Samuel, NCAS, Pune, 1998
Over the years, the requests both from within Tamilnadu and outside for training programmes in budgetary skills and information for members of people’s movements and civil society groups have grown. So have requests for lectures at Colleges and Universities for linking budget analysis with social policy for university students. And, of late, there have been persistent demands from leaders of panchayats and various local bodies, especially dalits and women, to be equipped with budgetary skills in their struggles towards greater democratization of politics in Tamilnadu.

Lack of adequate personnel, time and resources have been hurdles in our efforts to meet such a growing demand. Among the major capacity building sessions that have been undertaken by us are the following:

- On the request of the Madurai-based Peoples’ Education and Action for Liberation (PEAL) trust, the secretariat team conducted for the animators (involved in organising agricultural labourers) a 2-day session on budget analysis and critique.
- On the request of Action Aid, South India, we introduced the dynamics and skills of budget analysis to all their regional managers across the country. Enthused by it, Action Aid has requested us to take up budget analysis to all their partner organisations.
- We have helped organisations like Arunodhaya, Chennai and networks like TN-Forces to develop Child Budgeting and advocacy skills for Child Rights.
“Are our Budget-makers faithful to the Constitution: A tour of Budgets 1947 to 2001”, L.C. Jain, Peoples’ Bias, NCAS, March 2000


“Democracy and Decentralization: A study of local Budgets in two districts of Karnataka”, A. Indira, Centre for Budget and Policy Studies, Bangalore, March 2000


“Budget For Education”, Vinod Viyasulu & co, CBPS, November 2001


On the request of the Tamilnadu Dalit Panchayat Presidents Association, we have offered a series of district-level interactions with dalit and women leaders on Dalit Budgeting and, specifically, the Special Component Plan for dalits. Programmes conducted at Theni and Kanchipuram districts have led to further requests from Sivagangai, Madurai, Viluppuram and other districts.

We have been involved in evolving a course on Social Policy for the post graduate students of social work in Stella Maris College, Chennai.

We have organised panel discussions on budget analysis to students of Arul Anandar College, Karumathur and Loyola College, Chennai, leading to requests by students and departments to guide specific study projects in the field of budget analysis, social monitoring and policy advocacy.

Conclusion: Towards the Future

TNPFSD, through its Budget Cell, is seriously committed to continue this process of social auditing. It aims to reverse the process of decision making in the State, so that Govt policy becomes deeply a people-involved process and that the State Budget truly reflects the priorities of people. It will be our effort to do away with the atmosphere of secrecy surrounding the budgetary process. Information is power and TNPFSD would make all efforts to put it back in the hands of people.
MAJOR BUDGET ANALYSIS ORGANISATIONS IN INDIA

- ASTHA, Udaipur
- Bal Rashmi Society, Jaipur
- CEHAT, Mumbai
- Centre for Budget and Policy Studies, Bangalore
- Centre for Budget Studies, Samarthan, Mumbai
- Consumer Action Group (CAG), Chennai
- HAQ: Centre for Child Rights, New Delhi
- Mazdoor Kisan Shakti Sangathan (MKSS), Rajsamand
- National Centre for Advocacy Studies (NCAS), Pune
- PATHEYA, DISHA, Ahmedabad
- Public Affairs Centre, Bangalore
- Tamilnadu Peoples’ Forum for Social development, Chennai
As part of our works, we have tried to establish and maintain contacts with organizations in India and abroad.

The National Centre of Advocacy Studies (NCAS), Pune, has been a pioneer in encouraging and building national network of groups involved in budget analysis and social monitoring. And we work closely with them. The publication “Understanding the Budget: As if people mattered” by NCAS has a chapter on “Budget Analysis: Experience of Tamilnadu.”

We have been playing active roles at many national level consultations in the field of public social policy and budgetary advocacy.

The Secretariate staff have attended the “National Workshop on Budget Analysis and Policy Advocacy” organized, at Goa, by the Ford Foundation in October ’99 and the Global Conference on Budget Studies, held at Mumbai in October 2000 and have shared our experiences at these meetings. They have also taken part in the “National Consultation of Methodologies of Government Monitoring” organised by Public Affairs Centre, Bangalore etc.

In the effort in November-December 1999, taken by various State-level budget study groups to come together and work out a strategy for lobbying on the National budget, the work of the Forum, especially on Dalit Budgeting, was taken up for special study and application.

The International Budget Project of the Centre for Budget and Policy Priorities, Washington has identified the Forum as one of the 7 major initiatives in India involved in serious budget analysis and policy efforts. Our major research articles and publications are regularly posted in their web-site www.internationalbudget.org
Annexure:

Budgeting in Tamilnadu (A Background)

THE SOURCES:

- The Tamilnadu Budget Manual (2 vols), Finance Department, GOTN, 1992 (7th edition)
- “An Introduction to Budget 2002-2003”, Finance Department, GOTN

THE LISTS:

The Indian Constitution divides the powers between the Central and State Governments, in terms of 3 lists:

1. **Union List**, of areas where the Centre has total power
   (e.g. defense, foreign affairs...)

2. **State List**, of areas where the State has full power
   (e.g. local government, agriculture, public health...)

3. **Concurrent List**, of areas where both the Centre and the States share power (e.g. charitable institutions, education, forests...)

- In India, there are separate Budgets for the Centre and the States.
- The State Budget deals with the financial allocations for programmes for items covered by both the State List and the Concurrent List.
- But in the case of State schemes, supported by the Central Government, only the expenditures to be incurred by the State in the particular scheme figure in the State Budget. (e.g., in an IRDP programme, subsidised by 60% by the Central Government, only the expenses born by the State, i.e., the 40% of the total expense, enters the State Budget calculations)
STRUCTURE OF GOVT ACCOUNTS:

All transactions of the Tamilnadu Government are conducted through one of the following accounts / funds. All the receipts and expenditures of the Government are credited to and met out of the above Funds.

1. Consolidated Fund of Tamilnadu
2. Contingency Fund of Tamilnadu
3. Public Account of Tamilnadu

CONSOLIDATED FUND:

The Fund consists of

- all revenues received by the State Government
- all monies received by raising loans or by way of “ways and Means Advances (i.e., short term loans from the Reserve Bank of India)
- all monies received through repayment of loans.

Most of the State Government expenditures are met from this Fund. To incur expenditures under this Fund, the sanction of the State Legislature is required.

The Consolidated Fund has three Divisions:

1. The Revenue Division
   a) Revenue Receipts
      - Income from taxes and duties
      - Fees for services, fines and penalties by the State
      - Rents from lands and other proceeds
      - Grants-in-aid from the Central Government
      - Interests and dividends and miscellaneous receipts
b) Revenue Expenditures

- routine administrative expenditures (wages, salaries, vehicles, printing...)

2. The Capital Division

a) Capital Receipts

- Sales of Government property
- Disinvestments from Public Sector Units...

b) Capital expenditures

- acquiring concrete and permanent assets (land, buildings, equipment...)
- payments for reducing recurring liabilities

3. The Debt Division

- Public Debt
- internal loans raised by the State Government
- loans from outside agencies, banks
- ways and Means advances from the RBI
- loans and advances from the Central Government
- Loans and Advances received and/or recovered by the State
- Inter-State Settlements.
Contingency Fund:

This fund is created for emergency use, providing for unforeseen and unavoidable expenditures, to enable the Executive to incur expenses not covered by the vote of the legislature.

Once the legislature approves a particular expenditure incurred under the fund, the Contingency Fund is recouped with money from the Consolidated Fund for the equivalent amount.

The Tamilnadu Contingency Fund Act 1950 created a contingency fund of Rs 1 crore. The Tamilnadu Contingency Fund Act 1954 fixed the amount at Rs. 75 lakhs. As of 10th August 1992, the corpus stands at Rs. 150 crores.

After 1982, the corpus has been raised and reduced several times.

Public Account:

These are funds held by the State in trust for other entities, the Government functioning as a banker. The monies, whose transactions are recorded here, do not really belong to the Government, but have to be paid back to those who deposited them.

- deposits from municipal corporations
- pension fund accumulations of employees’ provident fund
- small savings
- reserve and depreciation funds...

Legislative authorisation is not required for payments from the Public Account. (as payments are made only to those to whom payment is required /paid from their own deposits with the govt)
The Documents:

Part – I of Budget:

- estimates of all the ongoing schemes and the available sources of taxation

Part – II of Budget:

- estimates of all the new schemes, being introduced during the year

The Budget documents consist, primarily, of 3 basic sets of documents:

1. Demands for Grants

   a) Proposals made by the various departments for appropriation of funds from the Consolidated Fund of the State.

   b) Each demand for grant contains first a statement of the total amount required, followed by details arranged by major heads, minor heads, sub-heads and detailed heads etc.

2. Policy Notes

   a) A document, supportive of the Demand for grants, giving the rationale and purpose of the allocations of the respective programmes and projects.

   b) The document presents the Demand, with all its allocations, but in a summary form.
3. Performance Budgets

a) A comprehensive operational document, conceived, presented and implemented in terms of programmes, projects and activities with the financial and physical aspects closely interwoven.

b) Performance budget seeks to present the purposes and objectives for which funds are requested, the cost of various programmes and activities proposed for achieving these objectives and quantitative data measuring the work performed or services rendered or results accomplished under each programme and activity.

c) The document deals with the performance of the previous financial year.

Sectors & Heads of Accounts - A Six-tier Classification:

For providing a link between the budget outlays on the one hand and functions, programmes and schemes on the other, as well as for links with the national level etc., Tamilnadu Government uses a six-tier Classification structure:

1. **Sectors** (comprising sub-sectors wherever necessary) indicate the grouping of the series of broad governmental functions:

   b) General Services (Defense, Police, General Administration...)

   c) Social and Community Services (Education, Public Health....)

   d) Economic Services (functions relating to Agriculture, Industry, power..)

   e) Grants-in-aid and Contributions (transfer of resources between Centre, Foreign Govts, Local bodies etc. and the State)

2. **Major Heads** (comprising sub-major heads wherever necessary) indicate the functions of Government such as Agriculture, Education, Police, etc.
A four digit code is allotted to the Major head
- First digit “0” or “1” denotes Revenue Receipts
- First digit “2” or “3” denotes Revenue expenditure
- First digit “4” or “5” denotes Capital Expenditure
  (e.g. 4000 denotes Capital Receipt)
- First digit “6” or “7” denotes Loan Head
- First digit “8” denotes Contingency Fund & PublicAccount

3. **Minor Heads** denote the various programmes under each major head
   - The Budget Code for a Minor Head is a three digit code

4. **Sub-Heads** denote the schemes for developmental expenditure or Organizations for non-plan expenditure under each programme minor head

<table>
<thead>
<tr>
<th>Budget Code</th>
<th>Blocks</th>
<th>Alphabet code</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Non - Plan</td>
<td>I</td>
<td>AA to IZ</td>
</tr>
<tr>
<td>b) State Plan</td>
<td>II</td>
<td>JA to RZ</td>
</tr>
<tr>
<td>c) Centrally Sponsored</td>
<td>III</td>
<td>SA to TZ</td>
</tr>
<tr>
<td>d) Schemes financed by</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Autonomous Bodies</td>
<td>V</td>
<td>ZA to ZZ</td>
</tr>
<tr>
<td>e) Schemes shared equally</td>
<td></td>
<td></td>
</tr>
<tr>
<td>between Centre &amp; State</td>
<td>VI</td>
<td>UA to YZ</td>
</tr>
</tbody>
</table>

5. **Detailed Heads** indicate the specific objects of expenditure such as salaries, travel expenses etc.
   - The Budget Code for a Detailed Head is a two-digit numeric.

6. **Sub-Detailed Heads** indicate the break-up details under the Detailed Heads, wherever necessary.
   - The Budget Code for a Sub-detailed Head is a one digit numeral.
The last decade in Tamilnadu has witnessed the rise of numerous voices from below - people’s movements and campaigns for basic needs, for the right to land, food, living wages, housing, work, education and health care; protests against shrimp farms and deep sea fishing vessels; against destruction of forests, commercial exploitation of natural resources and common village resources, environment pollution and alienation of lands.

The Dalit movement and women’s movement have forcefully fought oppression and have put forward a new politics of empowerment. In various places activists and grass roots organizations have opposed corruption, the new economic policies, WTO and the imposition of social clauses as part of the Multilateral Trade Agreement. Increasingly unorganized labour is getting organized and the campaign for eradication of child labour has forced society and government to work for the abolition of child labour and the recognition of the rights of children.

The Tamilnadu People’s Forum for Social Development is an effort to sum up these various demands and struggles into effective peoples’ lobbies - towards monitoring and changing public policy in the field of social development.

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Co - Convener

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