



Union Budget 2009-10

A Response

Research Team

Siba Sankar Mohanty, Director-NSA

Ratneswar Sahu, Programme Associate-NSA

Sashiprabha Bindhani, CCG Member, Wada Na Todo Abhiyan

Blorin Kumar Mohanty, Secretary, Bharat Gyan Bigyan Samiti (BGVS)-Orissa

Sarat Das, Secretary, Orissa State Committee, Students Federation of India

Gouranga Mohapatra, Coordinator, Jan Swasthya Abhiyan-Orissa

This document is a collective effort of the individuals mentioned in the list of researchers above and has no bearing with their organizational affiliation. Network for Social Responsibility (NSA) takes all responsibility of any errors and omissions in compiling the efforts of the research team in the form of this document.

CONTACT

Network for Social Accountability (NSA)

C-2, HIG, Baramunda Housing Board Colony, Bhubaneswar, Orissa

Email: media@nsa.org.in, info@nsa.org.in

Website: www.nsa.org.in

Phone: 0674-3267405



What follows is a response on the Union Budget 2009-10 presented in the Parliament on 6th July 2009. An effort has been made to look at the budget from the perspective of the poor and marginalized sections of our society. The present budget is not an ordinary budget. It has to be seen in the background of two major developments in recent times. Most prominently, this Union Budget 2009-10 is to be viewed as the first policy outline of the ruling coalition to tackle the ongoing world economic crisis (termed in several quarters as the greatest global economic recession in the history of mankind) to which, contrary to the tall claims of the ruling party, India is hardly immune. This Union Budget 2009-10 is also to be considered as the first policy formulation of the ruling coalition after getting the decisive political mandate of the people in the General Elections 2009 for its performance in keeping the economic meltdown away from critical sectors like banking and for providing substantial relief to the masses in distress through its programmes like NREGS; Again, for substantial reasons, these are achievements for which not the present ruling coalition but its previous partners (prominently the Left Parties) are to be credited. The Budget 2009-10 also holds a lot of significance for its relevance in assessing the intentions of the present government in keeping its own promises it has made during the general elections held recently. Unfortunately, the mainstream section of the academia media and civil society have hailed the Union Budget very uncritically by highlighting on mere numbers and an apparent increase in the aggregate allocation. Network for Social Accountability (NSA) in its efforts to create an informed debate on development issues and particularly on governance, views budgets as a tool to assess the level of pro-people orientation in the policy making efforts of a system. Towards this goal, the use of this document in response to Union Budget as an advocacy tool is highly appreciated and we are thankful for any use of this document to hold the government accountable to the people who are governed by the system. Any emphasis on specific items for discussion, any sarcasm and any exaggeration of the facts and statements made in the document has no intention of insulting or hurting anyone but to highlight certain issues that would otherwise go unnoticed.

Describing the position of the ruling party in relation to its alignment towards conflicting interest groups, the Manifesto of the party for the General Elections -2009 mentioned about their preference for opting a middle path. "Balance—or the middle path--has always been the hall-mark of the policies of the Indian National Congress"¹. When more than 90 percent of our rural population live below Rs. 38 per day, and spend less than Rs. 12 a day on food items², compared to a fortune of around Rs. 7.5 lakh crore (around 12 percent of the annual GDP of the country) held by only four richest Indians³, what constitutes a middle path is a serious issue for debate. The Manifesto of the Congress Party gives credit to this choosing of the middle path for keeping India away from the global meltdown in the wake of economic crisis. It takes pride in choosing a middle path between the public sector and the private sector by bringing in the concept of private-public partnership and acting as a facilitator of large scale grab of land and other economic resources for setting up SEZs and other forms of loot of common property of the masses. In a situation of polarization of interests of the haves and the have-nots, exploiters and the exploited, industrialists and the displaced masses, what does choosing middle path means? Have the achievements claimed to be the hallmark of success of the present party in power during last general elections been a result of this middle path? Is the government planning to fulfill its promises made in its manifesto through its middle path theory only? Let us try to find out answers for these questions by looking at the numbers it has presented in its first budget after the elections 2009.

¹ Manifesto of the Congress Party, General Elections 2009

² NSS 63rd Round

³ The Worlds Billionaire, Forbes.com



Medium Term Perspective of the Government

- Sustain a growth rate of at least 9 per cent per annum over an extended period of time;
- Strengthen the mechanisms for inclusive growth for creating about 12 million new work opportunities per year;
- Reduce the proportion of people living below poverty line to less than half from current levels by 2014;
- Ensure that Indian agriculture continues to grow at an annual rate of 4 per cent;
- Increase the investment in infrastructure to more than 9 per cent of GDP by 2014;
- Support Indian industry to meet the challenge of global competition and sustain the growth momentum in exports;
- Strengthen and improve the economic regulatory framework in the country;
- Expand the range and reach of social safety nets by providing direct assistance to vulnerable sections;
- Strengthen the delivery mechanism for primary health care facilities with a view to improve the preventive and curative health care in the country;
- Create a competitive, progressive and well regulated education system of global standards that meets the aspiration of all segments of the society; and
- Move towards providing energy security by pursuing an Integrated Energy Policy.

Source: Excerpts from the Budget Speech 2009-10

Let us see what the government has to offer in the current year budget towards achieving these medium term goals.

Sections Covered

1: Expenditure Issues and Revenue Situation

2: Agriculture and Rural Employment

3: Education and Literacy

4: Health and Family Welfare

5: Marginalised Sections: Women, Dalits and Adivasis

6: State Finances and the Overall Budget

7: Dealing with the Price Situation



Main Findings of the Response on Union Budget 2009-10

- Total Developmental and welfare expenditure that may directly benefit the masses as proportion of total budget expenditure has gone down from 60 percent in 2008-09 RE to 57 percent in 2009-10 BE (Table-1).
- 24 percent increase in defence allocation compared to a mere 6 percent increase in rural employment, 23.3 percent decline in Agriculture and Allied Activities and 14 percent decline on major subsidies (figure-2). 14 percent of total budget goes towards defence expenditure compared to 8 percent in central assistance to State and UT Plans.
- Tax-GDP ratio declined from 12 percent in 2008-09 to 11 percent in 2009-10.
- State share in central taxes as % of GDP declined from 3 percent to 2.8 percent over last two years.
- Rs. 4,18,095 crore revenue foregone in the central tax system in 2008-09 which is more than 3 times the total subsidies given by the government. Over last five years of UPA rule, the total tax revenue foregone is more than the whole budget for 2009-10. Tax revenue foregone is twice the total amount allocated towards central plans over last five years of UPA rule.
- The present tax regime is particularly discriminatory in favour of big business and is unduly harsh on the small scale sector as far as burden of tax is concerned. The effective tax rate (ETR) on small enterprises with an estimated profit before tax (PBT) in the range of Rs. 0-1 crore is more than 24 percent compared to less than 22 percent ETR for companies with a PBT more than Rs. 500 crore. The effective tax rate of PSUs is around 26 percent compared to just 21 percent in case of the private enterprises
- As percentage of total allocation for Agriculture and Allied Activities declined from 15.5 percent of total government expenditure in 2008-09 RE to 10.5 percent in 2009-10 BE.
- 91 percent allocations for Agriculture and Allied Activities go towards other purposes than direct promotion of agriculture in the country (Table-7 and Figure-4).
- Despite a promise of the government to increase the total number of employment days to be created under the programme by around 60 percent, the allocations for the programme have increased only by around 6.4 percent.
- public expenditure on education has actually declined from around 3.23 percent of GDP in 2000-2001 to 2.88 percent during the UPA rule. As a proportion of total government expenditure, it has declined from around 11.1 percent in 2000-2001 to around 9.98 percent during first UPA rule (See Table-9).
- the share of Private schools in total schools providing elementary education during UPA rule is on increase.
- share of elementary education in total allocations for education as a whole had increased from a mere 41 percent in 2000-01 to 71 percent in 2007-08. Then it declined drastically to 59 percent in 2008-09 RE and 48 percent in 2009-10 BE
- It is apprehended in many quarters that the recent shift in government focus towards higher education is basically for the purpose of creating a suitable atmosphere for making higher education more salable as the government has been planning to allow FDI in higher education in a massive scale. Irony is, in order to privatize higher education in India and to make the sector lucrative for foreign investors, the government is using education cess as an instrument for financing the basic ground works for such privatization



- if we calculate the amount the central government has actually allocated for elementary education in India after accounting for the amount it has collected through elementary education cess and external assistance, then in the budget 2009-10, the allocations in elementary education has declined by around 14 percent from Rs. 9991 crore in 2007-08 to Rs. 8590 crore in 2009-10.
- as per the two significant global surveys on out of school children, the total number of out of school children have declined significantly over the years, but the proportion of girls in the total out of school children have increased over the years in India (See Table-14).
- Among the selected countries, India is the single country where average school life expectancy of girls are less than the overall life of all students at school (Table-17)
- On an average an Indian spends around Rs. 5.80 per day out of pocket for availing health services in 2009-10 (Figure-6)..
- The gap between WPI all commodities and WPI –Drugs and Medicines widened further, indicating a proportionately higher prices for medicine prices compared to other prices during the UPA rule (Figure-8)
- in the present budget the government has allocated less money towards women specific purposes with only 19.47 percent of the total departmental budget (See Table-26).
- analysis of the gender budget statements for last four years reveal that the share of allocations towards gender budgeting in these departments has declined in plan head from around 32 percent in 2008-09 RE to 31.3 percent in 2009-10 BE. However, in the non plan head, the allocation is abysmally low at only 2.5 percent of the total non plan allocation of these departments (See Table-27).
- Out of total 32 departments, the top-10 departments in terms of their GB share in total departmental allocation, account for around 98 percent of the total gender budget statement. However, even these top-10 departments provide less than 40 percent of their own allocations towards gender budgeting (Table-28).
- Out of total 32 departments that have presented a gender budget statement in 2009-10, 19 have registered a decline in their proportionate allocation in total allocation.
- the total allocation for SCs and STs as mentioned in Statement 21 of the Expenditure Budget Vol-1 of the Union Budget, declined from around 3.4 percent in 2007-08 RE to around 3.1 percent in 2009-10 BE. In case of non plan expenditure, it is just 0.3 percent in 2009-10.
- the amount denied to SCST as proportion of the ideal amount onle under plan head is as high as 56 percent in 2009-10 BE which has increased over last couple of years (Figure-9).
- As proportion of total central transfers to states (excluding the amount of state share in taxes) the amount that bypass the state governance system account for around 36 percent in 2009-10 compared to around 17.5 percent in 2005-06 (Table-34).

Section-1 Expenditure Issues and Revenue Situation

Major Highlights

- Budget Estimates provide for a total expenditure of Rs.10,20,838 crore consisting of Rs.6,95,689 crore under Non-plan and Rs.3,25,149 crore under Plan registering an increase of 37 per cent in Non-plan expenditure and 34 per cent in Plan expenditure over B.E. 2008-09.
- Total expenditure in B.E. 2009-10 increased by 36 per cent over B.E. 2008-09.
- Outlay for Defence up from Rs.1,05,600 crore in B.E. 2008-09 to Rs.1,41,703 crore in B.E. 2009-10.
- Gross tax receipts budgeted at Rs.6,41,079 crore in B.E. 2009-10 compared to Rs.6,87,715 crore in B.E. 2008-09.
- Non-tax revenue receipts estimated at Rs.1,40,279 crore in B.E. 2009-10 compared to Rs.95,785 crore in B.E. 2008-09.

Contrary to the usual understanding on the government budget expenditure, if we try to study the trend of budget expenditure that may potentially benefit the masses directly, one can see a proportionate decline in the government allocation in the current year. As can be seen in Table-1 and Figure-1 below, the total developmental and welfare expenditure of the government as a proportion of GDP registered an increase from around 7.52 percent during 2004-05 to 10.15 during 2008-09. In the present budget it has declined to 9.9 percent of GDP. It should be remembered that less than half of the total budget expenditure of the government is actually spend towards different developmental and welfare purposes. This amount as proportion of total budget expenditure as cited by the government had increased from 47.6 to 60 percent during last UPA regime. This year it reduced to around 57 percent of the total government expenditure. The year 2009-10 is clearly a trend reversal of the increase in expenditure that was witnessed during last regime of the UPA government. One may ascribe this to the consistent pressure of the left forces on the earlier UPA government to spend more on issues that directly affect people. The present budget clearly indicate an absence of such an anchor that may guide the government on pro-people issues. Figure-1 which presents the information in column E, F and G in terms if indices (making 2004-05 numbers as 100) shows a stop of the increasing trend of the developmental and welfare expenditure that was witnessed during the first UPA regime.

**Table-1
Trend Reversal in Expenditure Pattern in Budget 2009-10 (in Rs Crores)**

	Total Developmental and Welfare Expenditure that may directly benefit masses ⁴	Total Expenditure as Shown in the Government Budget	GDP at Current Market Prices	Total Government Expenditure as % of GDP	Col B as % of GDP	Col-B as % of Total Government Expenditure
A	B	C	D	E	F	G
2004-05	236983	498252	3149407	15.8	7.52	47.6
2005-06	265060	505738	3586743	14.1	7.39	52.4
2006-07	315686	583387	4129174	14.1	7.65	54.1
2007-08	375012	712671	4723400	15.1	7.94	52.6
2008-09 RE	540339	900953	5321753	16.9	10.15	60.0
2009-10 BE	585313	1020838	5856569	17.4	9.99	57.3

⁴ Column B in Table-1 does not include interest payments, defence, grants and loans to foreign countries, other non plan and plan general services, police and non plan capital. It however includes, subsidies and pension expenditures.

Table-1(a)
Index of Government Expenditure as given in Col E, F and G of Table-1 (Indexed at 2004-05=100)

	Total Government Expenditure as % of GDP	Col B as % of GDP	Col-B as % of Total Government Expenditure
2004-05	100.0	100.0	100.0
2005-06	89.2	98.3	110.1
2006-07	89.4	101.7	113.7
2007-08	95.5	105.6	110.5
2008-09 RE	107.1	135.0	126.0
2009-10 BE	110.3	132.9	120.5

Figure-1
Trend in Government Expenditure

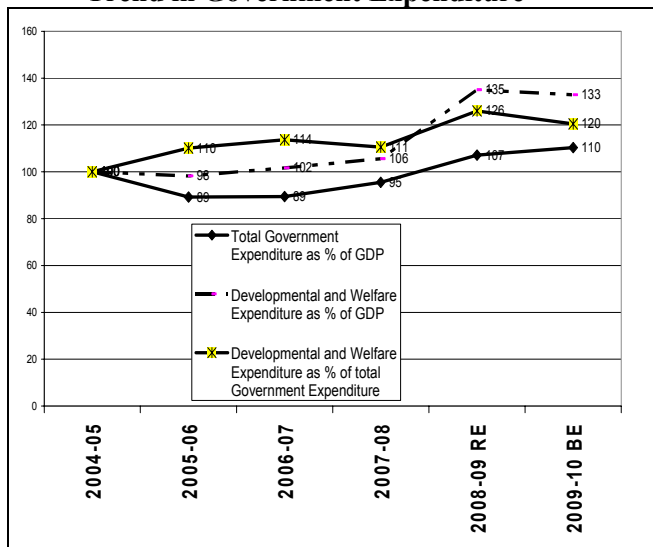
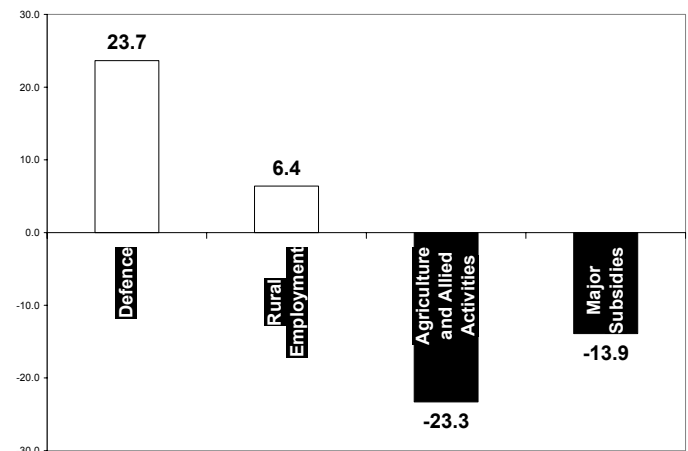


Figure-2
Percentage Change in Allocations for Critical Sectors between 2008-09 RE and 2009-10 BE



If one talks about the priorities of the present government, probably the top most priority of the present government is defence. *Not only that defence takes away around 14 percent of the total budget expenditure estimated for the year 2009-10 (See figure-3), over the last year it has registered an increase of over 23 percent from Rs. 114600 crores in 2008-09 RE to Rs. 141703 crores in 2009-10 BE. On the other hand, the allocation in critical sectors such as rural employment registered a modest increase of around 6 percent over last year and allocations for agriculture and allied activities has registered a decline of over 23.3 percent compared to last year figures.*

In the current year, the Tax GDP ratio continued the declining trend of the last year. The gross tax GDP ratio has declined from around 12.6 percent during 2007-08 to 10.9 percent in 2009-10 BE. While the government and many other quarters in the policy circles cite continuing economic slowdown as a major reason behind this the **real factor behind such a decline is the increased tax exemptions the government has offered to different entities, especially in the customs and excise duty front in the name of tax incentives.**

Figure-3
Priorities in Government Spending (Rupee Goes to)

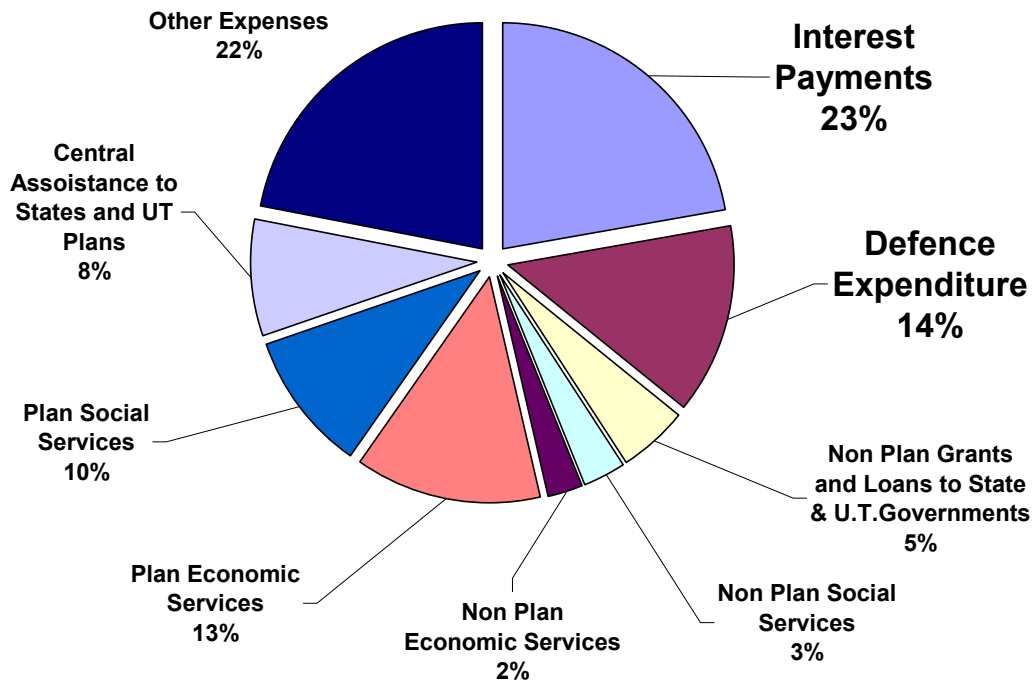


Table-2
Declining Tax Efforts in 2009-10

	Gross Tax Revenue	States' Share in Central Taxes	GDP	Gross Tax GDP Ratio	State Share-GDP Ratio
2000-2001	188603	51688	2102314	9.0	2.5
2001-2002	187060	52842	2278952	8.2	2.3
2002-2003	216266	56122	2454561	8.8	2.3
2003-2004	254348	65766	2754620	9.2	2.4
2004-2005	304958	78595	3149407	9.7	2.5
2005-2006	366151	94385	3586743	10.2	2.6
2006-2007	473512	120330	4129174	11.5	2.9
2007-2008	593147	151800	4723400	12.6	3.2
2008-2009 RE	627949	160179	5321753	11.8	3.0
2009-2010 BE	641079	164361	5856569	10.9	2.8

Between 2007-08 and 2008-09, the amount of revenue foregone has increased from around 2.8 lakh crore rupees to 4.2 lakh crore rupees per annum. In the Budget 2009-10 laid before the parliament on 6th July, the Finance Minister has estimated a revenue loss of around Rs. 462512 crores in 2008-09 towards various kinds of exemptions in the central tax system. Considering the export related credits of around Rs. 44417 crore, the net tax revenue foregone due to the exemptions and other forms of concessions amount to Rs. 418095 crores for the year. This is almost 7.9 percent of GDP and around a lakh crore rupees more than what the government has proposed this year as planned expenditure. The UPA government over its last tenure has foregone more than Rs. 13082 billion on account of such floodgates in the central tax system. This huge sum of money is around ten times more than the total outstanding external debt of the country as on 31st March



2009 and is more than sufficient to finance all developmental programmes run by the government. As can be seen in the table-3, the amount of tax revenue foregone during the last UPA regime has increased from around Rs. 158661 crore in 2004-05 when it assumed power after the 2004 verdict to the present level of more than 4 lakh crore rupees. As a percentage of GDP, it has gone up from around 5 percent in 2004 to around 8 percent in 2009.

Table-3
Total Tax Revenue Foregone in the Central Tax System during last UPA Regime

First UPA Regime	Total Tax Revenue Foregone in the Central Tax System (Rs. Crore)	Total Subsidies (Rs. Crore)	Revenue Foregone as % of GDP	Subsidies as % of total Tax Revenue Foregone
2004-05	158661	45957	5	29.0
2005-06	206700	47522	5.8	23.0
2006-07	239712	57125	5.8	23.8
2007-08	285052	70926	6	24.9
2008-09 Estimate	418095	129243	7.9	30.9
Last UPA regime	1308220	350773	6.3	26.8

The Government refers to lack of resources as a major inability to finance several developmental activities including its universalisation of Elementary Education (UEE) programme. It has even taken resort to strategies like education cess on all kinds of taxes collected through central tax system to finance the UEE. In the policy circles, proposals still continue to do away with the subsidies by quoting these as unproductive expenditure. ***This year also, the government has proposed a 14 percent cut in major subsidies from Rs. 129243 crores in 2008-09 RE to Rs 111276 crores in 2009-10 BE.***

The proponents of neoliberal policies consider subsidies as a leakage in a manner they consider taxes as resource mobilizing tool. In India, inequality in income and wealth is widespread. As per the 63rd round survey of NSS, around 65 percent people in rural areas live on less than Rs. 23 a day. Under such situation, tax and subsidies can be used as effective tools for providing economic distributive justice by diverting resources from the rich and making provisions for the poor. Unfortunately, the government by foregoing tax revenue and by consistently trying to reduce subsidies have only exposed its pro-rich agenda. ***It is worth mention here that the amount of tax revenue foregone in the year 2008-09 is more than three times the amount government gave towards all kinds of subsidies.***

A deeper analysis of the revenue foregone statement of the government reveals further disappointing issues. Around 49 percent of all revenue foregone is accounted in customs duty and 28 percent in the excise duty. Needless to say that most of the items on which these exemptions are given are not for the commons. Exemptions in personal income tax and corporate income tax account for around 9 percent and 15 percent respectively of the total revenue foregone. ***The present tax regime is particularly discriminatory in favour of big business and is unduly harsh on the small scale sector as far as burden of tax is concerned. The effective tax rate (ETR) on small enterprises with an estimated profit before tax (PBT) in the range of Rs. 0-1 crore is more than 24 percent compared to less than 22 percent ETR for companies with a PBT more than Rs. 500 crore.***

During last one and half decades, issues related to loss making public Sector undertakings (PSUs) and their privatization had been a major debate in the policy circles. However, when one compares the PSUs with the private enterprises one should not close eyes to the discriminatory treatment of the government does in favour of the latter. ***The effective tax rate of PSUs is around 26 percent compared to just 21 percent in case of the private enterprises.*** In the manufacturing sector, the effective tax rate for sugar sector is as low as 3 percent compared to around 25 percent tax rate on flour and rice mills. In trading, the ETR for retailers is 29 percent compared to 23 percent for chain stores. In service sector, the ETR is only 12 percent for software



development agencies compared to 30 percent for travel agents and tour operators. In the financial services sector, the stock brokers enjoy an ETR of 23 percent compared to 29 percent for those engaged in regular banking business.

Table-4
Item wise Leakages in Central Tax System

	2004-05	2005-06	2006-07	2007-08	2008-09 Estimate
Corporate Income-tax	59386	36250	45034	62199	68914
Personal Income-tax	11695	13550	32143	38057	39553
Excise Duty	30449	66760	75475	87468	128293
Customs duty	92561	127730	137105	153593	225752
Total	194091	244290	289757	341317	462512
Less Export credit related	35430	37590	50045	56265	44417
Grand Total	158661	206700	239712	285052	418095
GDP at Current market Prices	3149407	3586743	4129174	4723400	5321753
Total Tax Foregone (TF) as % of GDP	5.0	5.8	5.8	6.0	7.9
Total TF as % of total Subsidies	345.2	435.0	419.6	401.9	323.5
Total TF as % of total Central Plan	197.0	195.5	192.8	198.7	204.8
Total TF as % of net Transfer of Resources to States and Uts	158.6	125.1	112.9	109.0	142.5

Apparently the purpose of these exemptions and incentives has been to attract investment, retain the investor confidence and to promote employment generation in the economy. But in reality, investment would flow in only when there is a possibility of profit and employment will be offered only when there is a genuine rationale for a new employment. If one considers the employment generation impacts of such tax exemptions, during the year 2005-06 only around 5 lakh new employments were generated in the organized sector accounting for around Rs. 40 lakh per annum of tax revenue foregone per job created. From any logical ground, a country like India can not afford to generate such costly employment through tax exemptions and incentives to the rich and the affluent.

Liberalization process has created such a situation where the governments all over the world are resorting to tax concessions and other forms of tax incentives to retain investor confidence to attract capital flow in to the country. However, it should not be forgotten that under a crisis situation the world economy is currently facing, no amount of tax exemptions can sustain the investor confidence until and unless the aggregate demand is not boosted in the economy. An easing out of the demand constraint will automatically boost investment. Unfortunately, instead of boosting the aggregate demand in the economy, the government is trying to boost the investment through these exemptions. Incentives of exemption to individual tax payers may motivate them to invest a part of their income in certain projects specified for exemptions but will not be sustainable as the number of these tax payers is less. In an economy where more than 90 percent population in rural and urban areas live on less than Rs. 39 and Rs. 85 per day as per the NSS 63rd round, the only way to boost the demand is through increasing the purchasing power in the hands of the majority. This is possible through mass employment programmes and expansion of subsidies to more number of people and not through tax concessions to the rich. In the present context, exemptions are nothing but foregoing public resources for the welfare of the rich. The government should make urgent efforts to reverse this trend of increasing tax exemptions to the corporate and the rich and focus on programmes such as NREGS and universal public distribution system if it is really interested in dealing with the adverse impacts of the world economic crisis in a significant manner.



Section-2 Agriculture and Rural Employment:

Major Announcements Made

- It is intended to move to a system of direct transfer of subsidy to the farmers in due course.
- **National Rural Employment Guarantee Scheme (NREGS):** Allocation under NREGS increased by 144 per cent to Rs.39,100 crore in B.E. 2009-10 over B.E. 2008-09.
- **National Food Security Act:** National Food Security Act to be brought in to ensure entitlement of 25 kilo of rice or wheat per month at Rs.3 per kilo to every family living below the poverty line in rural or urban areas.

As mentioned earlier, *the total allocations for the head titled agriculture and allied activities registered a decline of around 23.3 percent in current year compared to the figures for the previous year.* In nominal terms it has declined from around Rs. 139671 crores in 2008-09 RE to Rs. 107635 crores in 2009-10 BE. As percent of total government expenditure, it registered an increase from a modest 7.3 percent in 2004-05 to more than 15 percent in 2008-09 RE. However, this year the figure declined to 10.5 percent of total government expenditure indicating the fact that government is really not serious about what it says about maintaining a 4 percent growth in agriculture. It should however be remembered that the amount shown as allocations under agriculture and allied activities also include allocations towards food (Rs. 52490 crore in 2009-10) and fertilizer subsidy (Rs. 49980 crore in 2009-10). If one discounts these amount which is primarily for the purpose of providing welfare to the poor farmers⁵ and consumers of PDS, then the real allocation for agriculture and allied activities comes down drastically.

**Table-5
Allocations under the Head Agriculture and Allied Activities**

	Allocations for Agriculture and Allied Activities	A& A Activities as % of total Government Expenditure	A& A Activities as % of GDP
2000-01	19330.77	5.9	0.9
2001-02	25448.96	7.0	1.1
2002-03	30939.37	7.5	1.3
2003-04	32746.24	6.9	1.2
2004-05	36192.82	7.3	1.1
2005-06	37443.13	7.4	1.0
2006-07	48143.6	8.3	1.2
2007-08	68257.83	9.6	1.4
2008-09 RE	139670.8	15.5	2.6
2009-10 BE	107634.8	10.5	1.8

Table-6 provides item wise allocation trends under agriculture and allied activities. It can be clearly seen from the table below that apart from allocations under crop husbandry and food storage, on other counts the amount allocated is meager. In crop husbandry and food storage also, the amount allocated registered a quantum jump in 2008-09 primarily because of the fertilizer subsidy and the food subsidy amounts. The present year saw a decline in the crop husbandry section.

As mentioned earlier, not all the amount shown under these heads is for actual agricultural promotion purposes. As can be seen from Table-7, *only less than 9 percent of the total allocations shown under revenue allocations for Agricultural and Allied Activities are directly for the purpose of agriculture development in the country* (Table-7 and Figure-4). In the year 2009-10 BE, around 97 percent of the total

⁵ Notwithstanding the fact that the fertilizer subsidy amount actually goes towards compensation towards producers and traders of fertilizers, such a subsidy makes the price of fertilizer affordable to a larger section of farmers in india.



non plan allocations for the head was for different purposes, many of which are not directly related to agriculture.

Table-6
Item wise allocation Trends under Agriculture and Allied Activities⁶

	Crop Husbandry	Soil and Water Conservation	Animal Husbandry & Dairy Devp	Fisheries, Forestry and Wild Life	Plantations	Food, Storage and Warehousing	Agri. Research and Education	Agri Financial Inst.	Co-operation	Other Agri Prog
2000-01	5087.8	33.7	198.2	187.6	199.7	12304.0	1264.1	6.1	28.2	21.4
2001-02	5687.5	10.1	215.8	232.3	199.5	17722.3	1274.3	29.7	32.7	45.0
2002-03	4331.0	7.6	214.1	352.9	270.8	24317.2	1299.0	30.5	30.5	85.8
2003-04	4608.5	10.4	260.5	409.2	415.8	25430.8	1435.7	27.4	42.4	105.6
2004-05	6785.8	10.1	352.7	448.3	580.3	26138.2	1588.3	65.6	66.2	157.5
2005-06	10449.6	14.1	444.7	511.0	430.1	23449.4	1875.1	35.5	96.4	137.3
2006-07	17209.9	14.2	656.8	592.5	310.0	24404.3	2065.8	2629.1	124.0	137.0
2007-08	28373.2	10.3	632.0	721.5	320.7	31882.7	2180.6	3828.1	80.8	228.1
2008-09RE	82837.5	13.2	751.1	703.5	352.6	44628.5	2781.2	7318.3	79.0	206.0
2009-10BE	45515.2	14.8	934.6	933.2	409.3	53446.7	3061.7	3056.0	79.0	184.4

Table-7
How much is really for Agriculture?

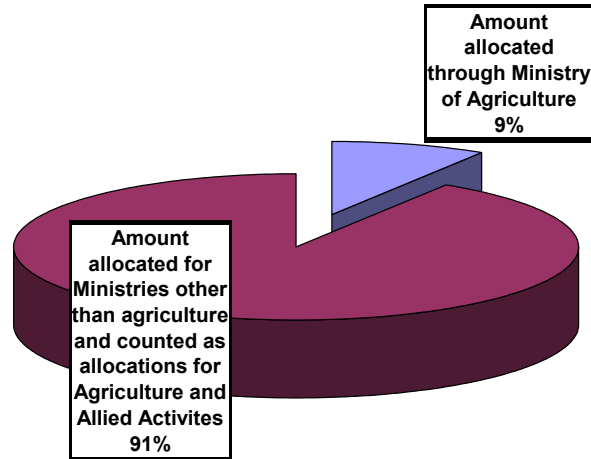
	A	2008-09 RE			2009-10 BE		
		Plan	Non Plan	Total	Plan	Non Plan	Total
Total Allocation in Agriculture and Allied Activities	B	9267.35	112997.4	122264.7	8362.86	98894.73	107257.6
Amount allocated through Ministry of Agriculture	C	8302.44	1741.45	10043.89	7311.36	2121.87	9433.23
Amount allocated for Ministries other than agriculture and counted as allocations for Agriculture and Allied Activities	D	964.91	111255.9	112220.8	1051.5	96772.86	97824.36
Column-D as % of Column B		10.4	98.5	91.8	12.6	97.9	91.2
Details of Column B							
Ministry of Commerce for different boards like coffee,tea, spice, rubber boards		301.24	51.4	352.64	290	119.33	409.33
Subsidy on Import of Pulses	...	...	...	...	...	200	200
Food Storage and Warehousing		3.12	44498.45	44501.57	4.8	53132.3	53137.1
Establishment expenditure on the O/o the Chief Directorate of Purchase	...	...	2.68	2.68	...	3.18	3.18
Ministry of Forestry and Wildlife Eco-development Programme National Afforestation and other programmes		498.1	48.97	547.07	516.05	61.46	577.51
International Cooperation under Ministry of Economic Affairs	...	...	...	...	...	45.01	45.01
Agricultural Financial Institutions General Financial and Trading Institutions	...	...	7318.25	7318.25	...	3011	3011
Assistance for infrastructure facilities for Mega Food Parks, Integrated Cold Chain Facility, Value Added Centres, Irradiation facilities and Establishment/ Modernization of Abattoirs under		42	...	42	134.8	...	134.8

⁶ Taken from AFS

Ministry of Food Processing						
For modernisation of Rice Mills, Horticulture Based Industries, Grants for Milk Based Industries, Meat Food Product Order under Ministry of Food Processing	120.45	3.77	124.22	105.85	0.58	106.43
Fertiliser Subsidy to Manufacturers and Traders of different fertilisers	...	59332.38	59332.38	...	40200	40200

Figure-4

91 percent allocation for Agriculture and Allied Activities goes towards other purposes



Very cleverly, the finance minister mentions about 144 percent increase in allocations for NREGS over the budget estimates of 2008-09. When the budget estimates were prepared in 2008-09, government did not allocate any money for the expanded NREGS for 600 districts. The allocations for the expanded NREGS was made with effect from 1st April 2008 to the tune of around Rs. 30000 crores in addition to the provision of around 6740 crores towards the foodgrain component under Sampurna Gramin Rojgar Yojana in the revised estimates for 2008-09 making the allocations for the total rural employment generation programmes reach to the tune of Rs. 36750 crore for 2008-09 RE. This year, *despite a promise of the government to increase the total number of employment days to be created under the programme by around 60 percent, the allocations for the programme have increased only by around 6.4 percent.*

Table-8

Allocations under Rural Employment Generation Programmes

	Rural Employment Programmes	Rural Employment as % of GDP	Amount under NREGS		Per District Allocation	Remarks
2004-05	7118.4	0.23				
2005-06	12954.9	0.36				
2006-07	29727.1	0.72	10170	200	50.85	For 100 days work
2007-08	16336.6	0.35	10800	330	32.73	For 100 days work
2008-09 RE	36750.2	0.69	30000	600	50.00	For 100 days work
2009-10 BE	39100.0	0.67	39100	600	65.17	For 160 days work



Section-3 Education and Literacy

Major Announcements Made

- **Female Literacy:** National Mission for Female Literacy to be launched with focus on minorities, SC, ST and other marginalized groups with the aim to reduce level of female illiteracy by half in three years.
- The overall Plan budget for higher education is to be increased by Rs.2,000 crore over Interim B.E. 2009-10.

The present UPA government has apparently in a very complacent mood as far as the need to revisit its performance in elementary education front. Our governments have always neglected education as a basic need. There is hardly any doubt that education plays a significant role in all-round development of the society. However, it is also equally true that all sections of society can not afford to buy this essential element of their life; this perhaps our governments and policy makers conveniently forget while making policies for the masses.

When United Progressive Alliance (UPA) Government came to power for the first time in 2004, by that time, in the influence of the liberalization process and increased expenses in education, it was already unaffordable for the majority of the masses. In an earlier analysis by Network for Social Accountability (NSA)⁷, during last two decades of liberalization process, the burden of expenditure on education by the working class increased by around 13 times or around 1150 percent. Even the Comptroller and Auditor General of India (CAG) had highlighted that by 2001, the number of out of school children in India was more than 3 crores and most of these children were unable to afford the cost of education due to poverty and economic backwardness of their families. Whether it is because of these considerations or because of the pressure from the alliance partners, the UPA government did emphasize on the universalisation of education and made the following announcements in its National Common Minimum Programme (NCMP).

- (a) To progressively increase expenditure on education to around 6 percent of GDP.
- (b) To support this increase in expenditure on education, and to increase the quality of education, there would be an imposition of an education cess over all central government taxes.
- (c) To ensure that no one is denied of education due to economic backwardness and poverty.
- (d) To make right to education a fundamental right for all children in the age group 6-14 years.
- (e) To universalize education through its flagship programmes such as Sarva Siksha Abhiyan and Mid Day Meal.

The people of India, gave the political mandate in favour of UPA with a lot of aspirations and hope that such a government would try to reverse the trend of distress of the masses caused by the uncontrolled growth of neoliberal vices of inequality and deprivation. When we are assessing the role of the UPA government after completion of its five year term, we have to say this with utter disappointment that the UPA has misled the poor masses of this country by bringing a progressive agenda and not complying with whatever it had promised. This particularly true in case of education sector in the country. Owing to its careless pursuit of neoliberal policy paradigm, it has not only ignored the aspirations of the masses for universalisation of education, but has not even properly utilized the resources collected from the people in the name of education cess for universalisation of basic education in India. In the present policy brief, an effort is made to provide an overview of the performance of the UPA government in the field of education.

⁷ Please read NSA Policy brief No-309: How the Working Class has Performed in the Turbulent Years of Liberalisation-A Preliminary Study of Working Class Income and Expenditure Survey 1999-2000
<http://www.nsa.org.in/Policybrief/309NSAResearchTeam1.htm>



Even after much excitement on the right to education amendment, formulation of several draft Bills⁸ on the implementation of right to education, Sarva Siksha Abhiyan, Mid-Day Meal and so on, the public expenditure on education in India have registered a decline both in terms of the amount allocated to the sector as a proportion of GDP and also in terms of priority expressed as the expenditure on the sectors as proportion of total public expenditure on all sectors. We set the benchmark year for our discussion as 2000-2001 because; the post 2001 period witnessed major interventions like SSA and Mid Day Meal in the Education sector. **The public expenditure on education has actually declined from around 3.23 percent of GDP in 2000-2001 to 2.88 percent during the UPA rule. As a proportion of total government expenditure, it has declined from around 11.1 percent in 2000-2001 to around 9.98 percent during first UPA rule (See Table-9).**

As far as Union Government's expenditure on education is concerned, it has registered an increase during the UPA rule from around 3 percent of total Union expenditure in 2000-01 to 4.75 percent during the UPA rule. However, such an increase in no significant way is sufficient to meet the promised 6 percent of GDP in education as the capacity of the state government to spend on education has declined over the period (primarily due to the faulty policies of the Union Government). The total state government expenditure on education as proportion of total state government expenditure has declined from around 18 percent in 2000-01 to less than 14 percent during UPA rule.

Another point worth emphasizing here is that, the Union Government is increasingly relying on education cess to finance a substantial proportion of its spending on education. As per the available information, the share of Prambhik Siksha Kosh in total education funding has been around one third during the UPA rule. However, it has been the most significant source of substituting Union government expenditure in case of school education and literacy. As can be seen from Table-10 the incremental recurring expenses on school education and literacy has been much less than the PSK inflows (please compare column 'e' and column 'g').

**Table-9
Combined Public Expenditure on Education in India**

	Union Expenditure on Education (Recurring+ Capital)	Total Union Government Expenditure (Recurring+ Capital)	Total State Government's Expenditure on Education (Recurring+ Capital)	Total State Expenditure (Recurring+ Capital)	Combined Expenditure on Education	Combined Total Expenditure
1999-2000	7081	250850	56346.6	307977	63427.6	558827
2000-2001	7696	271734	60267.5	339835	67963.5	611569
2001-2002	8642	301906	60793.1	368680	69435.1	670586
2002-2003	9885	347239	62982.8	410249	72867.8	757488
2003-2004	10928	403534	66199	514302	77127	917836
2004-2005	13985	426545	72037	553428	86022	979973
2005-2006	18775	434956	79863	561682	98638	996638
2006-2007	24974	497274	91957	657280	116931	1154554
2007-2008	28723	608859	110230	787489	138953	1396348
2008-2009	37509	639834	126707	892783	164216	1532617
2004-05 till 2008-09 (Five Years of UPA)	123966	2607468	480794	3452662	604760	6060130

⁸ It is worth mentioning here that even after almost five years of Constitutional Amendment effecting education as a Fundamental Right, the Union Government is yet to come out with an enacting legislation in the form of an enabling Act on Right to Education. Although a right to education Bill is floating in the policy circles, it has been highlighted by many organizations that it lacks basic elements of a fundamental right.



	Central Expenditure on Education as % of total Central Expenditure	Combined Expenditure on Education as % of total Public Expenditure	GDP at Current Market Prices	Combined Expenditure on Education as % of GDP	State expenditure on education as % of total state expenditure	Central Expenditure on Education as % of total Central Expenditure
1999-2000	2.82	11.4	1952035	3.25	18.3	2.82
2000-2001	2.83	11.1	2102314	3.23	17.73	2.83
2001-2002	2.86	10.4	2278952	3.05	16.49	2.86
2002-2003	2.85	9.6	2454561	2.97	15.35	2.85
2003-2004	2.71	8.4	2754621	2.8	12.87	2.71
2004-2005	3.28	8.8	3149412	2.73	13.02	3.28
2005-2006	4.32	9.9	3580344	2.75	14.22	4.32
2006-2007	5.02	10.1	4145810	2.82	13.99	5.02
2007-2008	4.72	10	4723400	2.94	14	4.72
2008-2009	5.86	10.7	5426277	3.03	14.19	5.86
2004-05 till 2008-09 (Five Years of UPA)	4.75	9.98	21025243	2.88	13.93	4.75

Note: Both revenue and capital expenditure on education incurred by the Centre and the States are taken together. Total Union Expenses do not include total central Assistance to State and UT Plans, Non Plan Exp in UTs without Legislature, Loans to Foreign Govt, Loans and advances to state govts, other loans, grants to states and UTs and Grants to foreign Governments. This is done in order to assess the total expenditure in the domestic economy and to avoid double counting.

Source: Computed by author from RBI handbook of Statistics on Indian Economy for state level data and Union Budget Documents for Union data

Table-10
Share of Prarambhik Siksha Kosh in Total Union Expenditure on Education

	Total Union Expenditure on Education	Amounts Transferred to Prarambhik Siksha Kosh#	Share of PSK in total Union Expenditure on Education	Recurring Expenses for School Education and Literacy	Share of PSK in Recurring Expenses for School Education and Literacy	Annual increase in Recurring Expenses for School Education and Literacy (change in Column 'e')
a	b	c	d	e	f	g
2004-2005	13985			7255		
2005-2006	18775			9428		
2006-2007	24974	8746	35	13986	62.5	4558
2007-2008	28723	11128	38.7	17875	62.3	3889
2008-2009	37509	12134.3	32.4	21471	56.5	3596
2009-10 BE	41283	12784.47	30.9	23884	53.5	2413
Total during 2004-05 till 2009-10	165249	44982	27.2	93899	47.9	

Note: @ except for the year 2009-10, all are revised estimates

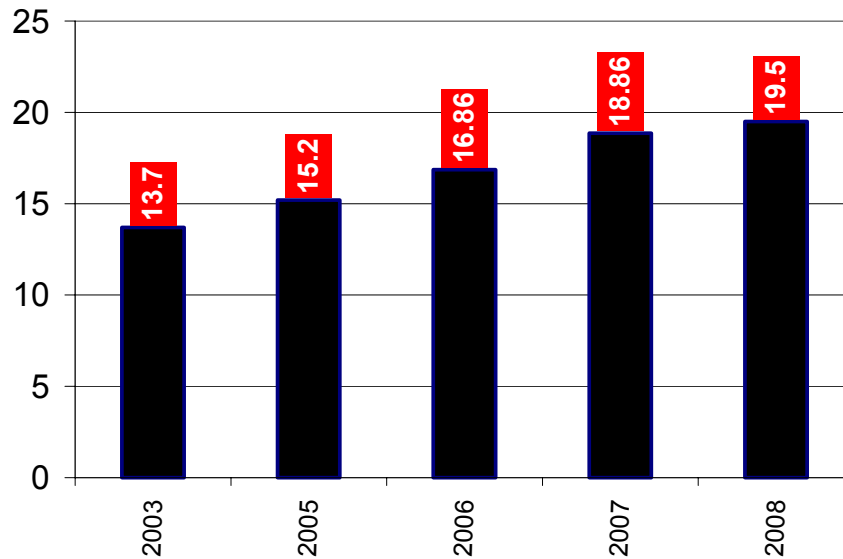
From 2008-09 onwards, include expenses for secondary education also.

Source: Compiled from the Union Budget Documents

In India, a stagnation of public expenditure on education is also accompanied by an unbridled growth of private sector, and making the education services increasingly unaffordable for the common people. The available information suggests that the proportion of private schools in India has increased from around 13.7 percent in 2003-04 to around 19.5 percent in 2008. During this period, the number of government schools providing elementary education has increased by around 26 percent from 794265 schools to 1002915 schools

whereas the number of private schools providing elementary education has increased by around 94 percent from 125842 schools to 243895 schools during the period (see Table-11). As can be seen from Figure-1, *the share of Private schools in total schools providing elementary education during UPA rule is on increase.*

Figure-5
Growth of Private Schools Providing Elementary Education in India (as % of total number of schools providing elementary education)



Source: as per the information in Table-11

Table-11
Growth of Private Schools Providing Elementary Education

Year	Government	Private	Total	Private as per cent of total
1903	107196	38678	145874	26.5
1973	495758	53392	549150	9.7
1979	534260	45780	580040	7.9
1986	705560	113404	818964	13.8
2002	755792	140594	896386	15.7
2003	794265	125842	920107	13.7
2005	880545	157268	1037813	15.2
2006	929345	189521	1124033	16.86
2007	967263	225691	1196663	18.86
2008	1002915	243895	1250775	19.50

Note: Government includes both government and local bodies
Private includes private aided, private unaided and private unaided unrecognized
Source: Compiled by the author from various sources⁹

⁹ 1903 Figure taken from "Statistical Abstract Relating to British India 1903-1912, Digital South Asia Library; 1973 figure taken from Third All India Education Survey; 1979 figure taken from Fourth All India Education Survey; 1986 Figure taken from Fifth All India Education Survey; 2002 Figure taken from Seventh All India Education Survey; 2003, 2005, 2006, 2007 and 2008 figures taken from Elementary Education in India: An Analytical Report.

Budget 2009-10 and the education sector

In the present budget, the government has not significantly changed the allocation for elementary education. Probably, the shift in attention has moved away from the elementary education to higher education. As can be seen from table below, the *share of elementary education in total allocations for education as a whole had increased from a mere 41 percent in 2000-01 to 71 percent in 2007-08. Then it declined drastically to 59 percent in 2008-09 RE and 48 percent in 2009-10 BE.* Here we are not arguing that a focus on higher education is unwarranted, but there should be a suitable argument for such a sudden shift in focus. *It is apprehended in many quarters that the recent shift in government focus towards higher education is basically for the purpose of creating a suitable atmosphere for making higher education more salable as the government has been planning to allow FDI in higher education in a massive scale. Irony is, in order to privatize higher education in India and to make the sector lucrative for foreign investors, the government is using education cess as an instrument for financing the basic ground works for such privatization.* As shown in figure-5, we have already noticed a massive privatization of elementary education during SSA and particularly during the last UPA rule in spite of the fact that the people of India have generously contributed towards the universalisation efforts of the government through education cess.

Table-12
Government Allocations for Elementary Education in India

	Total Expenditure on Education Sports Art and Culture	Elementary Education ¹⁰	Allocations on SSA and MDM	External Assistance +Elementary Education Cess	Total Expenditure on Education as % of GDP	Share of Elementary Education in total Spend on Education	Share of Elementary Education Financed through External Assistance and Education Cess
2000-01	7696	3152	1400	0	0.37	41.0	NA
2001-02	8642	3577	1531	1402	0.38	41.4	39.2
2002-03	9885	3764	2259	1550	0.40	38.1	41.2
2003-04	10928	5219	4107	1417	0.40	47.8	27.1
2004-05	13985	7228	6261	6108	0.44	51.7	84.5
2005-06	18775	11220	10177	8971	0.52	59.8	80.0
2006-07	24974	16895	16452	9833	0.60	67.7	58.2
2007-08	28656	20311	19849	10342	0.61	70.9	50.9
2008-09 RE	36631	21471	21100	11480	0.69	58.6	53.5
2009-10 BE	44606	21705	21100	13116	0.76	48.7	60.4

As mentioned earlier, during its last regime, the government had aggressively substituted its own commitment towards elementary education with the education cess and external assistance. The government circles term a major part of this external assistance as soft loans which are in fact in most of the cases more costly than the usual market loans available in the international banking systems. Anyway, government's substitution of its own commitment towards education with loans whose burden can be shifted to the future generations and education cess which is borne by the masses while paying their taxes and purchasing commodities, is condemnable. As can be seen from the table-12 below, during first two years of the previous UPA regime, the government financed more than four fifth of its allocations for elementary education

¹⁰ Revised estimates for all years except 2009-10

through external assistance and cess amount only. However, by 2007-08, the share of external assistance and education cess in financing of elementary education declined to 51 percent from around 85 percent in 2004-05. However, in recent times it has again started climbing up to 54 percent in 2008-09 and around 60 percent in 2009-10 BE. ***The government's total expenditure on education has increased remarkably (although not sufficiently to cater the needs of the sector) over the last decade. , but an increasing proportion of such increased allocation has been financed directly by the common people of the present and future generations through education cess and external assistance.*** As can be seen from the Table -13, if we calculate the amount the central government has actually allocated for elementary education in India after accounting for the amount it has collected through elementary education cess and external assistance, then in the budget 2009-10, the allocations in elementary education has declined by around 14 percent from Rs. 9991 crore in 2007-08 to Rs. 8590 crore in 2009-10.

Table- 13
Declining Central Government Allocation in Nominal terms

	Central Governments Allocation for Elementary Education Minus External Assistance and Education Cess
2001-02	2175
2002-03	2214
2003-04	3802
2004-05	1120
2005-06	2249
2006-07	7062
2007-08	9968
2008-09 RE	9991
2009-10 BE	8590

There is no disagreement over the fact that the number of out of school children might have declined over these years although the extent to which the government is claiming to have achieved it is debatable. But more important is that such achievement does not reflect an inclusive process. As can be seen in Table-5 below, ***as per the two significant global surveys on out of school children, the total number of out of school children have declined significantly over the years, but the proportion of girls in the total out of school children have increased over the years in India.*** This signifies that the overall education policy in India had not been inclusive enough to address the specific problems faced by girls to attend the school system. In a predominantly patriarchal society, the increase in out of pocket expenses for meeting the cost of education might have forced the parents to do away with the education of their girl children in order to send their boys in school.

Table-14
Increase in the Proportion of Girls in total Out of School Children at Primary Level

	Total Out of School Children (000)	Number of Boys (000)	Number of Girls (000)	Girl out of School Children as % of total
As per <u>Children Out-of-School Report-2005 (UNICEF/UIS)</u>	13,186	2,560	10,626	80.6
As per <u>EFA Global Monitoring Report -2007 (UNESCO)</u>	4583	654	3929	85.7

Source: Compiled by the author from the reports mentioned in the table

A cross country comparison of private educational expenditure also reveal that in India, the out of pocket expenses is one of the largest in the world, although the quality of education upon which such out of pocket



expenses is incurred, is debatable. As can be seen from Table-15, *the private out of pocket education expenditure in India at primary level as percentage of GDP is around 1.1% in the year 2003 compare to only 0.4% in Argentina, 0.2 % in France and 0.3 % in USA.* Similarly, Private education expenditure for primary and secondary education as percentage of total education expenditure in the economy more than 29% in India compared to only 7% in France and 8.4 percent in USA. One may wonder why we are comparing India with the so called advanced countries. But the fact is, when we are competing with many of these countries in terms of nuclear weaponisation, military strength, effort to land on Moon and so on and spending enormous amount of public money towards competition with them under a false consciousness of technical growth and advancement, why can not we compare with these countries in terms of basic development indicators that matter for the people?

Table-15
Private Education Expenditure: A Cross Country Analysis

	Private Education Expenditures as a Percentage of GDP		Private Education Expenditures as a Percentage of Total Education Expenditures	
	Primary & Secondary	All Levels of Education	Primary & Secondary	All Levels of Education
Argentina	0.4	0.8	12.3	16.9
Australia	0.7	1.4	16.1	25.8
Austria	0.1	0.4	4	6.7
France	0.2	0.5	7	7.9
India	1.1	1.4	29.3	28.1
Indonesia	0.3	0.6	23.8	35.7
Korea, Republic	0.9	3.1	22.8	41.5
United Kingdom	0.6	0.9	13.5	15.6
United States	0.3	1.9	8.4	26.2

Source: Taken from Edustat database in the World Bank Website

Table-16
Average School Life Expectancy of Students and Public Expenditure on Education

Country or territory	Academic year	School life expectancy				Public expenditure on education	
		Primary to secondary		Primary to tertiary		as % of GDP	as % of total government expenditure
		MF	F	MF	F		
Japan	2005	12	12	14.9	15	3.5	9.2
Brazil	2005	13	13	14.2	15	4.0	...
Cuba	2005	12	12	14.8	16	9.8	16.6
Canada	2005	13	13	16.9	17	5.6	12.5
United Kingdom	2005	14	14	16.6	17	5.6	12.5
United States of America	2005	12	12	15.8	16	5.3	13.7
India	2005	9.5	9	10	9.5	3.2	10.7
Nepal	2005	...	...	...	...	3.4	14.9
Botswana	2005	11	11	11.9	12	9.7	21.5

In case of countries where most recent year data was not available, the information for the previous year is taken

Source: Compiled from UNESCO Statistics

In India, the average life expectancy of students at school level is only around 9.5 years compared to more number of years in many countries of the world. However, more significantly, the average life expectancy of



students in India is adverse for girls compared to boys. As can be seen from Table-17, *among the selected countries, India is the single country where average school life expectancy of girls are less than the overall life of all students at school.* In terms of public expenditure as % of GDP also, India's performance is even poorer than countries like Nepal. Table-8 provides information on Official Development Assistance to education in India and selected adjacent countries in the South Asia block. This clearly signifies the shrinking scope of raising resources for education through external assistance. Under such a scenario, it is pertinent that the government fills the gap by providing more resources for the purpose. Otherwise, the high claims of the government for restoring the right of the children for education shall remain on paper only.

Table-17
ODA to Education in India and Adjacent Countries

Country	Total aid to education			Total Aid to Basic Education		
	Constant 2006 US\$ millions			Constant 2006 US\$ millions		
	1999–2000 annual Average	2005	2006	1999–2000 annual Average	2005	2006
Bhutan	5	7	9	1	1	3
India	462	82	160	295	18	76
Iran, Islamic Republic of	79	19	50	4	1	1
Maldives	15	8	5	0	1	2
Nepal	60	19	56	50	10	27
Pakistan	27	287	276	10	195	185
Sri Lanka	52	139	48	4	43	5
	Total Aid to Basic Education per Primary School Age Child			Direct Aid to Education		
	Constant 2006 US\$ millions			Constant 2006 US\$ millions		
	1999–2000 annual Average	2005	2006	1999–2000 annual Average	2005	2006
Bhutan	10	9	33	5	7	6
India	2	0	1	448	82	160
Iran, Islamic Republic of	0	0	0	79	19	50
Maldives	6	22	41	15	8	5
Nepal	16	3	7	60	16	56
Pakistan	0	10	9	27	141	164
Sri Lanka	3	28	3	52	136	48
	Direct Aid to Basic Education			Direct Aid to Secondary Education		
	Constant 2006 US\$ millions			Constant 2006 US\$ millions		



Country	1999–2000 annual Average	2005	2006	1999– 2000 annual Average	2005	2006
Bhutan	0	0	0	2	4	0
India	205	16	50	12	7	5
Iran, Islamic Republic of	0	0	1	0	1	1
Maldives	0	0	1	10	6	1
Nepal	49	7	10	4	0	1
Pakistan	5	107	120	1	0	9
Sri Lanka	4	6	3	45	53	33
	Direct Aid to Post Secondary Education			Aid to Education Level Unspecified		
	Constant 2006 US\$ millions			Constant 2006 US\$ millions		
Country	1999–2000 annual Average	2005	2006	1999– 2000 annual Average	2005	2006
Bhutan	1	1	2	2	1	3
India	65	56	53	166	4	52
Iran, Islamic Republic of	70	17	48	8	1	0
Maldives	5	0	0	0	1	3
Nepal	5	5	12	1	3	33
Pakistan	12	5	18	9	28	16
Sri Lanka	2	6	7	1	72	4
	Share of Education in Total ODA			Share of Basic Education in Total Aid to Education		
	%			%		
Country	1999–2000 annual Average	2005	2006	1999– 2000 annual Average	2005	2006
Bhutan	7	9	13	21	13	36
India	20	2	4	64	22	47
Iran, Islamic Republic of	53	31	43	6	4	2
Maldives	47	11	9	2	14	38
Nepal	12	4	12	83	53	48
Pakistan	3	10	13	35	68	67
Sri Lanka	9	9	6	9	31	10

Source: Education for All: Global Monitoring Report 2009

On several occasions, the government and its various agencies highlight the need for improving the conditions in the higher education system in India. Often, the issue like ‘quality education’ is raised to



highlight the poor educational outcomes and resource crunch is cited as one of the major reasons for non-achievement. In order to overcome the problem, foreign private investment is seen as the most suitable option. Towards this, the controversial Bill for Foreign Education Provider (Regulation) Act (FEPR) was floated¹¹. The proponents of FEPR argue that allowing foreign private involvement in education sector will bring quality education in India. They also argue that such legislation will provide an opportunity to the students to get world class education in the country and foreign investment can potentially reverse the brain drain from India. There is no case against increasing the educational level of the people. The controversy however, is over the structural issues relating to the composition (primary, secondary, higher, technical and vocational) and the provision (government or private) of education. Unfortunately, higher education has been a special target of the neoliberal thinking in a sense that higher education is considered as an arena of private enrichment for both domestic and foreign capital and its role in nation building is ignored

The first and foremost condition for quality education is the quality of resources in terms of infrastructure, human resources and accessibility. Even with the largest higher education system in the world and third largest enrollment in higher education in the world with 348 universities and around 18000 colleges, only around 11 per cent of population in the age group of 17-23 years is in the education system. This is much less compared to even countries like Philippines (31 per cent), Thailand (19 per cent), China (13 per cent), USA (81 per cent) and UK (54 per cent).

To improve the situation, we need better infrastructure both in terms of educational institutions and other socio-economic overheads like communication, transport and so on. We also need qualified teachers whose training needs to be refreshed periodically depending on the changing dynamics. All these require funding and that can come only through public sources. Foreign private capital would not be interested in providing education in backward districts, but would largely cater to the needs of the urban metropolitan elites who can afford for an expensive education and demonstrate their class exclusiveness in the society. There is no evidence anywhere in the world that foreign capital has enriched the quality of education other than providing skilled labourers for the dominating business processes.

For the existence of a sovereign planning process, it is highly essential that the higher education be an indigenous one. Again, under a paradigm of export led growth strategy, our ability to consistently and comprehensively upgrade our production structure is the precondition to ensure that we don't get locked into the production of a basket of exportable commodities that is not in favour with foreign buyers. Such upgradation of the production process requires an effective and affordable higher education system for the masses and not just for a few privileged ones. At the same time, it is also essential that the government put equal emphasis on universalizing primary and secondary education. On all these grounds, the Union Budget 2009-10 and all previous budgets of the UPA government have not done justice to their own promises to the people. We only hope that the people of this country shall make all efforts in future to make the governance system in our country responsive to the needs of the common masses and accountable towards its own promises made to the people.

¹¹ For more details on the arguments and counter arguments on the issue of Foreign Education Provider (Regulation) Act, please read Bibek Debroy (2006), "Open Education to FDI to Reverse Brain Drain" *Tehelka: The Peoples' Paper*, available at < http://www.tehelka.com/story_main23.asp?filename=Bu121606macro_micro.asp > and Vijender Sharma, (2006) "Higher Education in India and GATS: A Disastrous Proposal" *Peoples Democracy*, available at < http://www.cpim.org/pd/2006/1029/10292006_vijendra%20sharma.htm >



Section-4: Health and Family Welfare

- Allocation under National Rural Health Mission (NRHM) increased by Rs.2,057 crore over Interim B.E. 2009-10 of Rs.12,070 crore.
- All BPL families to be covered under Rashtriya Swasthya Bima Yojana (RSBY). Allocation under RSBY increased by 40 per cent over previous allocation to Rs.350 crore in B.E. 2009-10.

When the United Progressive Alliance (UPA) came to power in 2004, several announcements in different forms were made before the masses for the improvement of conditions in our shattered public health system. Among all these announcements, the promises made by the UPA government in its National Common Minimum Programme (NCMP) are noteworthy. The UPA government promised that;

- In order to get out of the stagnation in the public health system in the country, the government would increase public expenditure on health services from around 1 percent of GDP to around 2-3 percent of GDP.
- While focusing on primary health care in a substantial manner, all efforts shall be made to provide health insurance to all rural families.
- In order to tackle all communicable diseases, the government would increase investment in health services.
- The government would make all life saving drugs affordable to all.
- The government would be careful that all sections of population can afford and avail health services.

If one compares these promises to what the government has done over its five years of rule, one would get disappointed. The UPA government had promised to spend 3 percent of GDP on health but during the five years of UPA total spending was around 0.86 percent of GDP on an average. Table -18 shows that the Union Government's allocations for health services, in absolute terms, more than doubled from around 8191 crores in 2004-05 to Rs. 16787 croe in 2008-09. However, both as percentage of GDP as well as total government expenditure, it is in no way significant compared to the promise of the government to increase the overall expenditure upto 2-3 percent of GDP. Of course, when we assess the promise of the government in the NCMP, we refer to the earlier UPA government, but the promise of its previous reign is yet to be fulfilled. Table-19 provides head wise allocation in the Department of Health and Family welfare.

Table-18
Budgetary Allocations on Health Services in India

(in Rs Crore)

	Union Health Exp	Total State Exp. on Health and Family Welfare	Combined Health Exp	Total Union Budget Exp	Total State Budget Exp	Combined Total Exp.
2004-05	8191	17760	25951	426545	553428	979973
2005-06	9578	20305	29883	434956	561682	996638
2006-07	10913	22205	33118	497274	657280	1154554
2007-08	14828	27761	42589	610345	787489	1397834
2008-09	16787	32224	49011	778490	892783	1671273
2009-10	20305			881982		
	GDP	Union Exp. on Health as	States' Health Exp as %	Combined Health Expenditure	Combined Health Exp. as	Average Government Exp. on

		% of Total Union Exp	of Total State Exp	as % of Combined Total Expenditure	% of GDP	Health as % of GDP During UPA Rule
2004-05	3149412	1.9	3.2	2.6	0.82	0.86
2005-06	3580344	2.2	3.6	3.0	0.83	
2006-07	4145810	2.2	3.4	2.9	0.80	
2007-08	4723400	2.4	3.5	3.0	0.90	
2008-09	5321753	2.2	3.6	2.9	0.92	
2009-10	5856569	2.3				

Note: Total Union Budget Expenditure is a net of total central Assistance to State and UT Plans, Non Plan Exp in Uts without Legislature, Loans to Foreign Govt, Loans and advances to state govts, other loans, grants to states and Uts and Grants to foreign Governments

Source: Union Budget Documents

Table-19
Trends in Budgetary Allocation

Health	Total Health and Family Welfare by the Union Govt	Public Health	NRHM /Family Welfare	Medical Edu.	External Assistance for Department of Health Family Welfare	Union Allocation for Health and Family Welfare minus External Assistance	Annual growth in Col-g
a	b	c	d	e	f	g	h
2004-05	8191	1118	5325	1053	2189	6002	14.8
2005-06	9578	858	6925	1309	3297	6281	4.6
2006-07	10913	1111	8190	1341	2780	8133	29.5
2007-08	14637	1297	10935	1488	2514	12123	49.1
2008-09 RE	16787	1836	12349	2125	3238	13549	11.8
2009-10 BE	20305	1985	14367	3256	3193	17112	26.3

Table-20
Public Sector Expenditure as % of Total Health Expenditure: A Comparison across Selected Countries

UK	96	Canada	72	Ethiopia	36	Cameroon	20
Norway	82	Australia	72	Burkina Faso	31	Myanmar	16
Japan	80	Spain	70	Nigeria	28	India	16
Germany	78	USA	44	Pakistan	23	Cambodia	14
France	76	Cote d' Ivoire	38	Vietnam	20	Georgia	13

Source: Jan Swasthya Abhiyan, (2006), "Globalisation and Health: Towards the National Health Assembly-II", Booklet-I, National Coordination Committee, JSA

It is often said that the Indian health care sector is the most privatized health care system in the world. Public sector expenditure in India as proportion of total health expenditure (16 percent) is even less than countries like Ethiopia (36 percent), Burkina Faso (31 percent), Nigeria (28 percent) and Pakistan (23 percent) (See Table-20). Table-21 presents a very important aspect of health infrastructure in India. It is estimated that in 1974, around 80 percent of hospital units and 80 percent of the hospital beds were under the management of



the public sector. Till 1984-85, in terms of number the hospitals, the government sector still dominated the scene with around 56 percent hospitals under its control. However, after that, the trend reversed and by the year 1996, only around 32 percent hospitals were under the government and 68 percent were under the private sector. However, in terms of number of beds, the government sector still dominates with more than 63 percent beds¹².

Table-21
Growth of Private Hospitals without any Corresponding Growth in Hospital Beds

	HOSPITALS			HOSPITALS BEDS (In '00)		
	PUBLIC	PRIVATE	TOTAL	PUBLIC	PRIVATE	TOTAL
1974	2832 (80)	644 (20)	3476	2113.35 (80)	575.5 (20)	2688.85
1979	3735 (64)	2031 (36)	5766	3312.33 (76)	1153.72 (24)	4466.05
1984	3925 (56)	3256 (44)	7181	3629.66 (73)	1376.62 (27)	5006.28
1988	4334 (45)	5497 (55)	9831	4107.72 (69)	1751.17 (31)	5858.89
1996	4808 (32)	10289 (68)	15097	3956.64 (63)	2281.55 (37)	6238.19

Source: India: Raising the Sights - Better Health Systems for India's Poor, World Bank, 2001 as cited in Planning Commission, Report of the Steering Committee of Health, 2002

Most of the private hospitals are tiny in size and with less than 25 beds per hospital. Again, they are largely concentrated in urban and developed areas where there is a ready market for them¹³. This is something that has critical significance. The disproportionate growth of private sector in healthcare services have not only failed to provide necessary infrastructure for a comprehensive health care system both for rural and urban areas, but also, the exorbitant rate at which the private sector charges their fees from the patients, is also making the system inaccessible to the poor people in India. In Table-22, we have provided a brief comparison between the private and the public sector in health care in India. The table suggests that the cost of availing private health care in India is around 8 times higher than the cost at government health care facilities¹⁴.

Figure-6 shows an indicative share of burden a common Indian bears to finance his/her health expenses. The purpose of giving this figure here is to highlight the amount of expenses a common person bears for availing health services in a highly privatized health system like ours and the amount of government support for the purpose. On an average an Indian spends around Rs. 5.80 per day out of pocket for availing health services. As per the estimates of NSSO, the average daily per capita expenditure in rural areas was Rs. 24 in 2006-07. This clearly shows how intimidating this cost of health is for the poor masses in India. As per NFHS-3, even the poorest section of population has to depend on private health care system in India (See Table-23).

¹² Planning Commission, Report of the Steering Committee of Health, 2002

¹³ For more details, please see, Report of the National Commission on Macroeconomics and Health (2005), Planning Commission, Report of the Steering Committee of Health, 2002, Rajiv Mishra, (2003) "Pro Poor Health Reforms- Why, What and How", WHO < http://www.who.int/macrohealth/events/en/rajeev_misra.pdf > and Ismail Radwan (2005), "Policy Note: India- Private Health Services for the Poor" Health Nutrition and Population, the World Bank available at <

<http://info.worldbank.org/etools/docs/library/240322/India%20%20private%20health%20services%20for%20the%20poor.pdf> >

¹⁴ Ajay Mahal, Janmejay Singh, Vikram Lamba, Anil Gumber & V. Selvaraju, (2002) Who Benefits from Public Health Spending in India, NCAER as reported in Planning Commission (2002)

Figure-6
Per Capita Private out of Pocket expenditure on Health in India per Day¹⁵ During 2009-10

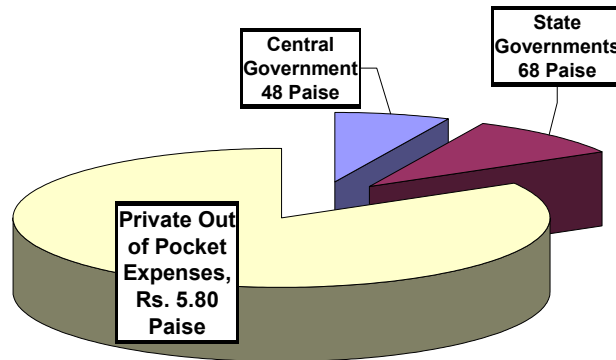
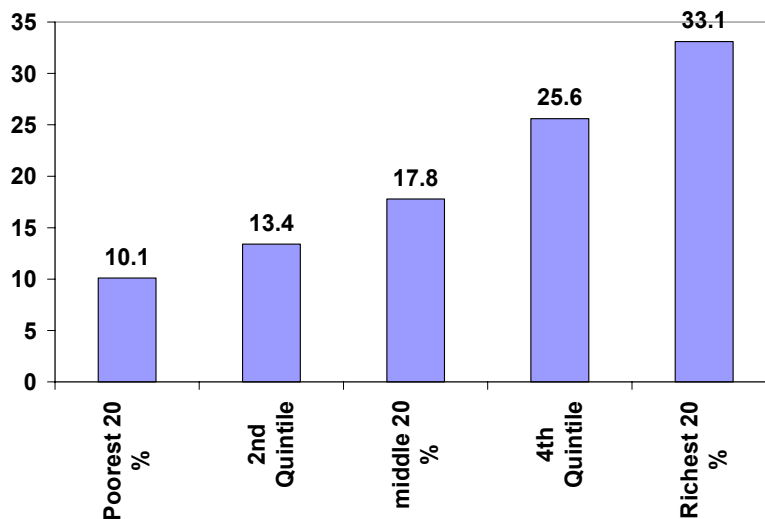


Figure-7
Share of public Subsidy for Curative Care Benefiting Different Income Groups



Source: Rajiv Mishra, (2003) “Pro Poor Health Reforms- Why, What and How”, WHO <
http://www.who.int/macrohealth/events/en/rajeev_misra.pdf >

The government sector is not only marred by lack of allocation, there also is an issue of equity involved with it. The available information suggests that the largest proportion of public subsidy does not reach the poorer sections of the population (See figure-7). Around 10.10 percent of total government subsidy goes towards the benefit of the poorest 20 percent population in India whereas, the richest 20 percent avail around 33 percent of government subsidies for the curative care¹⁶. To add to it, the increase in prices of drugs and medicines

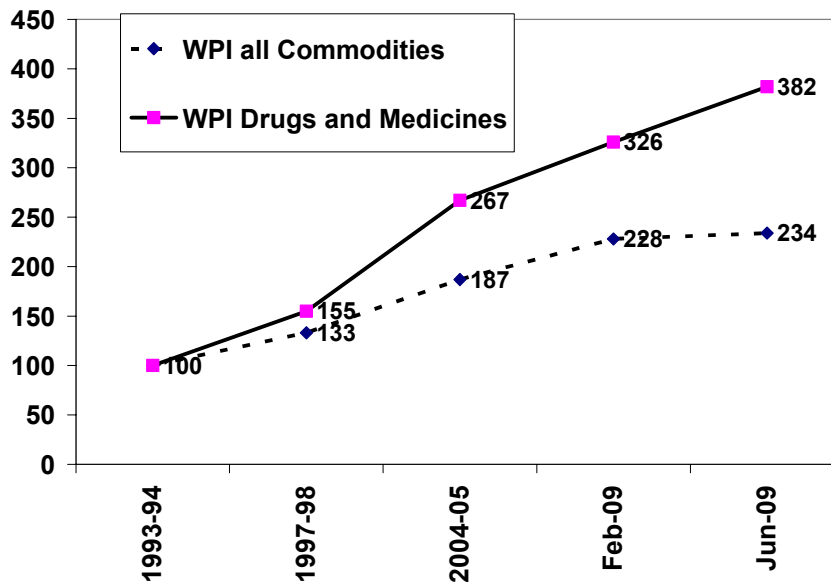
¹⁵ The information on year wise expenditure on health is extrapolated on the basis of information compiled from WHO database. Population figure for the year 2009-10 is calculated through five year moving average method on the basis of population estimates provided by the Registrar general of India.

¹⁶ Rajiv Mishra, (2003) “Pro Poor Health Reforms- Why, What and How”, WHO <
http://www.who.int/macrohealth/events/en/rajeev_misra.pdf >



has made it more difficult for the common masses to avail health care in the country (See figure-8). While there has been a rapid increase in the prices of every thing in recent years (as measured by the Whole Sale Price Index for all Commodities) from 100 in 1993-94 (base of the index) to 187 in 2004-05, the prices of drugs and medicines have grown at a disproportionately higher rate, from 100 to 267 during the same period¹⁷. The situation further worsened during UPA rule. **The gap between WPI all commodities and WPI –Drugs and Medicines widened further, indicating a proportionately higher prices for medicine prices compared to other prices during the UPA rule.** In nut shell, a squeezing government sector, growth of privatization and increasing drug prices have led to an increase in the out of pocket expenditure and an increase in the inequalities in availing health services in India.

Figure-8
Increase in the prices of drugs and Medicines in India



Unfortunately, basic services like health and education have emerged in India as major potential markets for the private sector. It is estimated that the total expenditure on health¹⁸ (both by the government and the private entities including the out of pocket expenditure) as proportion of GDP has increased from around 4 percent in 1996 to 5 percent in 2005. However, the government expenditure during this phase has declined from around 1 percent of GDP to 0.9 percent. To our understanding, due to such a decline or stagnation in the government expenditure on making health services available for the masses, the private out of pocket expenditure for using these services as proportion of GDP has increased from 2.7 percent in 1996 to 3.8 percent in 2005 and private out of pocket expenditure on health as proportion of total private final consumption expenditure has increased from 4.2 percent to 6.2 percent¹⁹ (See Table-24). During the decade of 1996-2005, while the total expenditure on health increased by 223 percent, the government expenditure

¹⁷ Reserve Bank of India

¹⁸ It should be remembered that the total expenditure on health (THE) comprises of (a) government expenditure (GGE), (b) private investment in health (PIH) and (c) private out of pocket expenditure on health for availing health services and medicines (PCH). While GGE and PIH are demand side factors determining the availability of health care facilities in India, PCH is something in the demand side determining the use of those services. It is therefore, methodologically erroneous to club both the types of expenditures in order to assess the market size as government expenditure can potentially reduce the expenditure by the private for using the services.

¹⁹ WHO Estimates for country NHA Data (1996-2005) < <http://www.who.int/nha/country/IND.xls> >



has increased by only 131 percent and private out of pocket expenditure has increased by 263 percent²⁰ (See Table-25).

Table-22
Private and Government Health Care in India: A Comparison

	Government Sector	Private Sector
Number of Hospitals as % of total	32.3	67.7
Number of Beds as % of total	63.2	36.8
Immunisation of BPL population (in %)	92.5	7.5
Ante natal Care for BPL population (in %)	74.5	25.5
Institutional Delivery of BPL population	68.5	31.5
Hospitalisation of BPL population (in %)	62	38
Outpatient care for BPL population	25	75
Average Hospital Charges per Inpatient day (in Rs)	Rs 24	Rs 201
Public Private Share in National Health Programmes (all Population)		
Malaria	45	55
TB	53	47
ARI	47	53
MTPs	22	78
Deliveries	62	38
Caesarean Sections	41	59
Eye Care/ Cataract Surgery	25	75
Hyper Tension	49	51
Accute Myocardial Infection	29	71
Major Surgery	43	57

Note: Year for different items is not presented as the table is compiled from several sources with information pertaining to different years. It provides an indicative picture of the situation.

Sources: Report of the National Commission on Macroeconomics and Health (2005), Planning Commission, Report of the Steering Committee of Health, 2002, Rajiv Mishra, (2003) "Pro Poor Health Reforms- Why, What and How", WHO < http://www.who.int/macrohealth/events/en/rajeev_misra.pdf >

Table-23
Sources of Health care in India

Source	Residence		Wealth Index					Total
	Urban	Rural	Lowest	Second	Middle	Fourth	Highest	
Public	29.6	36.8	39.4	37.1	39	33.9	22.6	34.4
NGO/Trust	0.5	0.3	0.3	0.3	0.3	0.5	0.5	0.4
Private	69.5	62.5	59.5	62.2	60.4	65.3	76.4	64.8
Other	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2

Source: People's Health Manifesto-2009, Jan Swasthya Abhiyan

It is unfortunate that services like education and health have become a business for the capitalist class under the present UPA regime. The neglect by the Union Government accompanied by apathy of the state governments has led to a deterioration of the public health system in our country.

²⁰ Ibid.

Table-24
Expenditure on Health in India Some Selected Indicators

Year	1996	2000	2005
Total expenditure on health (THE) as % of GDP	4.0	4.3	5.0
GGE as % of GDP	1.0	0.9	0.9
Pvt Health Expenditure as % of GDP	3.0	3.4	4.1
Pvt Households' Out of Pocket Expenditure as % of GDP	2.7	3.1	3.8
Pvt out of pocket as % total Pvt Final Consumption Exp	4.2	4.8	6.2

Source: Compiled from WHO

Table-25
Growth in the different Indicators of Expenditure on Health between 1996 and 2005 (Growth in %)

Items	Growth between 1996-2005	Growth between 2000 to 2005
Total expenditure on health (THE)	222.8	96.8
General government expenditure on health (GGHE)	131.3	65.5
Private expenditure on health (PvtHE)	252.6	105.1
Private households' out-of-pocket payment	263.3	108.8
Prepaid and risk- pooling plans	144.1	61.6
Non-profit institutions serving households (NGOs)	144.1	61.6
Per Capita Health Exp (Total) international \$ rate	121.6	68.3
GGHE per cap int. \$ rate	58.8	41.5
Pvt Exp per capita at int \$ rate	142.1	75.3

Source: Compiled from WHO

As per an estimate, the number of PHCs working in our country have declined from 22875 in 2002 to 22370 in 2007²¹. The number of doctors working in these PHCs have declined from 25724 to 22608 during the same period. At one hand, the Government is making announcements for National Health Missions and on the other hand the basic elements of health service delivery has deteriorated. In this situation, instead of being careful about the issue of access of the masses, the government is clamoring for Public-Private-Partnership (PPP). Of course the global demand for Indian health services have increased in the era of liberalizations. Many rich people from other countries are coming to India for heart and kidney transplantation, cancer treatment and so on. But the poorer masses of our country are dying in large numbers in very common ailments like malaria, cholera, diarrhea and snake bite. Around 52 percent child birth in our country take place in the absence of any qualified health worker. More than 70 percent children in our country are anemic and around 36 percent women have a Body Mass Index below normal. 2.2 crore population in our country are physically challenged and are living in a situation of utter neglect without any proper health care and social security. Under such a scenario, there was a lot of hope from UPA when it came to power. However, the Union government have not only done nothing about it, but also persuaded the state governments to go for surplus budgets owing to the Fiscal Responsibility and Budget Management Act (FRBMA). The result of such a run for producing surplus budgets by the state governments got reflected in massive fund cut in several social and economic sectors including the health services. As shown in table -18, the health related expenditure by the state governments have declined from around 4.5 percent to 3.6 percent of their overall expenditure between 1999-2000 and 2008-09. To sum up, the UPA period has made a lot of promises in the health sector but has shown little financial commitments to back those promises.

²¹ Rural Health Statistics of India 2007



Section-5 Marginalised Sections: Women, Dalits and Adivasis

(a) Women and Gender Budgeting

When the Finance Minister for the first time presented a gender budgeting statement in 2005-06, it was hailed by several quarters as a positive step towards gender mainstreaming of the budget contents. In 2005-06, it started with a modest effort with only 10 departments producing gender budget statements. In the subsequent years, the number of departments producing gender budget increased to 24 in the year 2006-07 and further to 31 in the year 2007-08. However, for the last two years the number of departments producing a gender budget statement has remained stagnant at 32. If we analyse the amount of money allocated in these departments towards gender budget during last three years, it creased from around 13.47 percent in 2007-08 RE to 20.48 percent in 2008-09 RE. However, ***in the present budget the government has allocated less money towards women specific purposes with only 19.47 percent of the total departmental budget (See Table-26).*** It should be remembered here that these department sclearly hold significant elements in which women specific programmes are covered. Still the proportion of allocation towards women specific programmes and heads in these departments do not cross one fifth of the total allocation in these departments. This clearly shows a betrayal of the recognition the government had once shown towards the struggles led by numerous civil society organizations for making the policy making paradigm more gender sensitive.

Table-26

Stagnation in Number of Departments Presenting Gender Budget Statement in Union Budget

	Number of Departments presenting GB statement	GB Amount as % of Total Budget Allocation
2007-08 RE	31	13.34
2008-09 RE	32	20.48
2009-10 BE	32	19.47

Figure-9

Decline in Proportion of Gender Budget in total Allocation in 2009-10

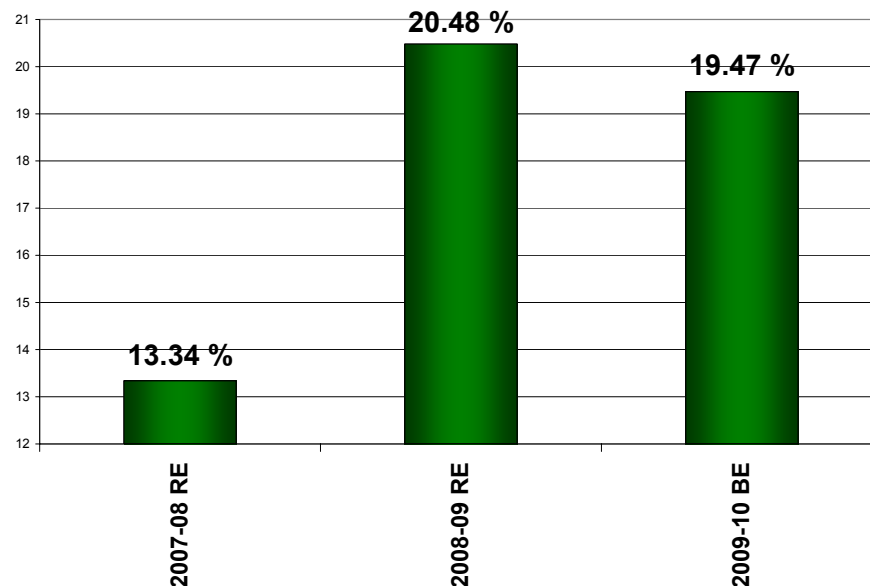




Table-27
Abysmally low Non Plan Allocation for Gender Budgeting

		2007-08 RE	2008-09 RE	2009-10 BE
GB Statement	Plan	20778	47377	53885
	Non Plan	1570	2247	2973
	Total	22348	49623	56858
Total Departmental Expenditure	Plan	100750	148631	172330
	Non Plan	66763	93617	119709
	Total	167513	242248	292058
GB as % of Total Dept exp	Plan	20.6	31.9	31.3
	Non Plan	2.4	2.4	2.5
	Total	13.3	20.5	19.5

Table-28
Top 10 Departments as per their Proportion GB in Total allocation in 2009-10 Budget

Name of the Department	GB as % of total allocation		
	Plan	Non Plan	Total
104. Ministry of Women and Child Development	60.3	52.6	60.2
46. Department of Health and Family Welfare	54.5	34.8	52.0
57. Department of School Education and Literacy	40.9	28.1	39.9
80. Department of Rural Development	36.3	0.0	36.3
94. Ministry of Tribal Affairs	29.5	0.0	29.3
88. Ministry of Social Justice and Empowerment	29.2	22.3	28.9
66. Ministry of Minority Affairs	27.2	0.0	26.9
58. Department of Higher Education	17.7	18.4	17.9
64. Ministry of Micro, Small and Medium Enterprises	20.1	0.0	17.8
56. Ministry of Housing and Urban Poverty Alleviation	17.8	0.0	17.6
Total Expenditure by top 10 Departments as per GB	52530.97	2728.92	55259.89
Total Departmental Expenditure by top 10 Departments	134885.5	11344.02	146229.52
GB as % to total Exp by top 10 Departments	38.9	24.1	37.8
Total GB by all Departments	53884.6	2972.6	56857.6
GB by top 10 Dept as % of total GB	97.5	91.8	97.2

Table-29
Top 10 Departments as per the amount of their allocation on GB in 2009-10

Name of the Department	GB allocation in Rs Crore		
	Plan	Non Plan	Total
80. Department of Rural Development	22760.3	0	22760.3
57. Department of School Education and Literacy	10962.3	645.96	11608.26
46. Department of Health and Family Welfare	10025.43	950.5	10975.93
104. Ministry of Women and Child Development	4430.95	41	4471.95
58. Department of Higher Education	1693.72	1072.5	2766.22
94. Ministry of Tribal Affairs	944.37	0	944.37
88. Ministry of Social Justice and Empowerment	728.95	18.96	747.91
1. Department of Agriculture and Cooperation	555.3		555.3
66. Ministry of Minority Affairs	473	0	473
64. Ministry of Micro, Small and Medium Enterprises	360.95	0	360.95
Total Expenditure by top 10 Departments as per GB	52935.3	2728.9	55664.2
Total Departmental Expenditure by top 10 Departments	145342.6	11944.2	157286.8
GB as % to total Exp by top 10 Departments	36.4	22.8	35.4

Total GB by all Departments	53884.6	2972.6	56857.6
GB by top 10 Dept as % of total GB	98.2	91.8	97.9

Table-30
Increase/ Decrease over Allocations for 2008-09 RE

Demand No/Departments	2007-08	2008-09	2009-10	Increase/ Decrease Over 2008- 09
1. Department of Agriculture and Cooperation	3.5297	4.3573	4.6604	Increased
2. Department of Agricultural Research and Education	0.0715	0.2959	0.3594	Increased
13. Department of Posts	0.1393	0.0482	0.0340	Decreased
14. Department of Telecommunications	0.0011	0.0020	0.0013	Decreased
15. Department of Information Technology	2.5017	0.3318	0.2363	Decreased
17. Department of Food and Public Distribution	0.0182	0.0110	0.0098	Decreased
19. Ministry of Culture	0.7527	0.8368	0.7406	Decreased
29. Ministry of Earth Sciences	NA	14.4085	13.0165	Decreased
46. Department of Health and Family Welfare	53.9146	56.0424	51.9858	Decreased
47. Department of (AYUSH)	7.1278	7.3455	6.7213	Decreased
51. Ministry of Home Affairs	0.0114	0.0086	0.0062	Decreased
53. Police	0.0074	0.0526	0.1072	Increased
56. Ministry of Housing and Urban Poverty Alleviation	20.2452	22.3079	17.5997	Decreased
57. Department of School Education and Literacy	5.4296	41.8818	39.8920	Decreased
58. Department of Higher Education	19.2731	17.2375	17.9287	Increased
64. Ministry of Micro, Small and Medium Enterprises	16.4695	16.4468	17.7506	Increased
66. Ministry of Minority Affairs	0.0000	32.3610	26.9286	Decreased
68. Ministry of Overseas Indian Affairs	1.2500	0.4444	0.1875	Decreased
69. Ministry of Panchayati Raj	1.1869	1.1461	1.0250	Decreased
80. Department of Rural Development	34.6942	34.6849	36.2963	Increased
83. Department of Science and Technology	2.6473	2.1692	1.8753	Decreased
85. Department of Biotechnology	0.5690	0.3328	0.2930	Decreased
88. Ministry of Social Justice and Empowerment	14.8642	26.1083	28.9327	Increased
91. Ministry of Steel	0.7066	NA	NA	NA
92. Ministry of Textiles	5.7864	3.6696	4.0015	Increased
94. Ministry of Tribal Affairs	19.4848	28.4876	29.3273	Increased
95. Andaman and Nicobar Islands	0.5469	1.8913	1.8405	Decreased
96. Chandigarh	9.7807	9.4322	6.9511	Decreased
97. Dadra and Nagar Haveli	0.3885	0.1418	1.1138	Increased
98. Daman and Diu	0.9812	0.1675	0.2189	Increased
99. Lakshadweep	0.1117	0.1308	0.1773	Increased
104. Ministry of Women and Child Development	2.9173	59.5053	60.2040	Increased
105. Ministry of Youth Affairs and Sports	18.3493	12.9617	8.6935	Decreased

A further *analysis of the gender budget statements for last four years reveal that the share of allocations towards gender budgeting in these departments has declined in plan head from around 32 percent in 2008-09 RE to 31.3 percent in 2009-10 BE. However, in the non plan head, the allocation is abysmally low at only 2.5 percent of the total non plan allocation of these departments (See Table-27).*

Out of total 32 departments, the top-10 departments in terms of their GB share in total departmental allocation, account for around 98 percent of the total gender budget statement. However, even these top-10 departments provide less than 40 percent of their own allocations towards gender budgeting (Table-28).

Similar is the case with top 10 departments as per their amount of allocation towards gender budgeting. While in terms of proportion of allocation towards GB, Ministry of Women and Child Development tops the list with more than 60 percent in 2009-10, in terms of total allocation, department of 2009-10. **Out of total 32 departments that have presented a gender budget statement in 2009-10, 19 have registered a decline in their proportionate allocation in total allocation.**

(b) Dalits and Adivasis

In the current year also, the betrayal of commitments towards the Scheduled Caste Sub Plan (SCSP) and Tribal Sub Plan (TSP) continued. As can be seen from Table-31, **the total allocation for SCs and STs as mentioned in Statement 21 of the Expenditure Budget Vol-1 of the Union Budget, declined from around 3.4 percent in 2007-08 RE to around 3.1 percent in 2009-10 BE. In case of non plan expenditure, it is just 0.3 percent in 2009-10.** If one cares for the provisions under Scheduled Caste and Scheduled Tribe Sub-plans, the budget should have allocated at least Rs. 58497 crores of Plan allocations under SCSP and TSP to meet the guidelines of 22.39 percent allocation for SCs and STs. However, the present budget has allocated only less than 11 percent in the year 2009-10 (See table-32). The amount denied to SCs and STs is around Rs. 32673 crore in 2009-10 BE. As can be seen in figure-9, the amount denied to SCST as proportion of the ideal amount onle under plan head is as high as 56 percent in 2009-10 BE which has increased over last couple of years.

Figure-10
Amount Denied to SC/ST as proportion of Ideal allocation

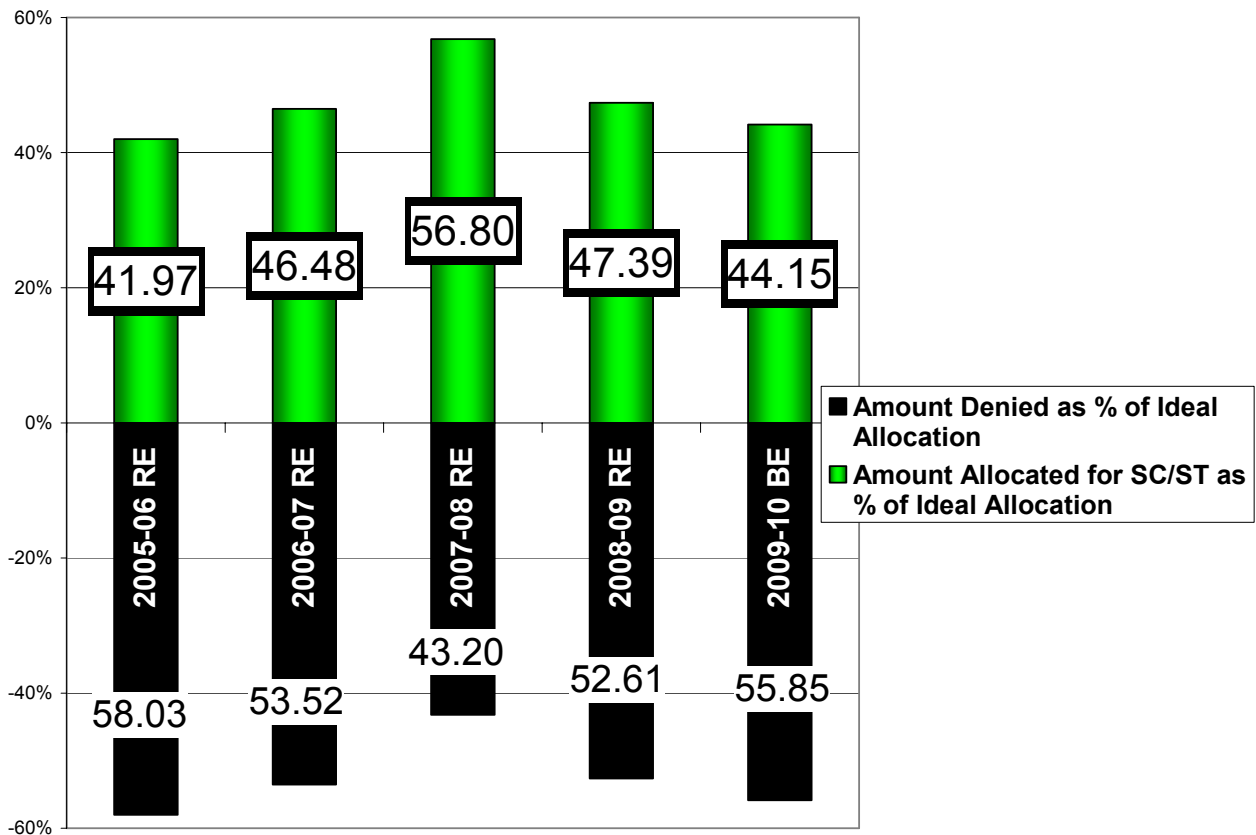




Table-31
Allocations on Programmes Targeted for welfare of SCs and STs as % of Total Budget Allocation²²

	Plan	Non Plan	Total
2005-06 RE	10.2	0.2	2.6
2006-07 RE	11.3	0.2	3.0
2007-08 RE	13.9	0.3	3.4
2008-09 RE	11.6	0.2	3.2
2009-10 BE	10.8	0.3	3.1

Table-32
Increasing trend of Amount Denied to SCST related programmes in the Union Budget

	Ideal Allocation as per Proportion of Population (24.39%) norm in SCSP and TSP	Actual Allocation	Amount Denied
2005-06 RE	25789.25	10823.93	14965.32
2006-07 RE	30327.01	14095.94	16231.07
2007-08 RE	34991.85	19875.81	15116.04
2008-09 RE	49787.06	23592.96	26194.1
2009-10 BE	58496.98	25823.51	32673.47

²² Total allocation is actual till 2007-08



Section-6: State Finances and the Overall Budget

If one looks at the issue of fiscal devolution, one gets disappointed to note that the amount allocated to states is even less than the amount government foregoes towards tax exemptions and incentives of various kinds it gives to the rich. While on the face of it, the amount transferred to states has increased over the years in nominal terms, as proportion of total tax expenditure, it has declined from around 92 percent in 2007-08 to 70 percent in 2008-09. Over last years allocation it has marginally declined from 5.5 percent of GDP to 5.4 percent of GDP in 2009-10 (See Table-33). Another noteworthy disturbing trend is that the increasing central government transfers to states that bypass the state governance system. Such expenditures occur primarily on account of central and centrally sponsored schemes. As proportion of total central transfers to states (excluding the amount of state share in taxes) the amount that bypass the state governance system account for around 36 percent in 2009-10 compared to around 17.5 percent in 2005-06.

Table-33
State Transfers in the Union Budget between 2004-05 and 2009-10

	2004-05	2005-06	2006-07	2007-2008	2008-2009 Revised Estimates	2009-2010 Budget Estimates
1. States' share of Taxes and Duties	78617	94402	120377	151837	160179	164361
Net Resources Transferred to States	100053	165165	212269	261599	293361	313751
Total Grants to States	53429	73743	89610	106015	128072	146337
Gross Tax Revenue of the Centre	304958	366151	473512	593147	627949	641079
GDP	3149407	3586743	4129174	4723400	5321753	5800000
Tax Expenditure of the Government	158661	206700	239712	285052	418095	
Net Resources Transferred to States as % of Gross Tax Revenue of the Centre	25.8	25.8	25.4	25.6	25.5	25.6
Net Resources Transferred to States as % of GDP	3.2	4.6	5.1	5.5	5.5	5.4
Net Resources Transferred to States as % of Total Tax Expenditure	63.1	79.9	88.6	91.8	70.2	
Total Grants to state Governments as % of total Tax Expenditure	33.7	35.7	37.4	37.2	30.6	
Total Expenditure of the Union government	498252	505738	583387	712671	900953	1020838

Table-34
Central Government Transfer of Resources to States bypassing the State governance system

A	Total Central Government Expenditure for States and UTs Excluding State Share in Taxes B	Of which resources By passing the State Governance System C	Col-C as % of Col-B D
2004-05 RE	220554	56604	25.66
2005-06 RE	204310	35770	17.51
2006-07 RE	203119	46961	23.12
2007-2008 RE	181279	53014	29.24
2008-2009 RE	234324	88634	37.83
2009-2010 BE	271698	97147	35.76

Note: Col-B: Total Central Government Expenditure for States and UTs does not include States' Share in taxes. It includes Total Grants & Loans to states and UTs, Direct release of Central assistance for State/UT Plans to implementing agencies (MPLADS etc.), Direct releases under Central Plan to State/District level autonomous bodies/implementing agencies and Investments made from 'National Small Savings Fund' in Special State Government Securities; Col-C: Resources Bypassing the State Governance System include Direct release of Central assistance for State/UT Plans to implementing agencies (MPLADS etc.) and Direct releases under Central Plan to State/District level autonomous bodies/implementing agencies



Section-7: Dealing with the Price Situation

The most disturbing trend during the UPA rule over last six years probably is the fluctuation in prices. Till recently, when the WPI growth became insignificant or negative, rise in prices had been the most critical issue around which the government was struggling on policy front. Despite several attempts to moderate inflation in WPI primarily through monetary interventions, the government failed to do so. Budgetary interventions for inflation control had been largely unexplored in India. Probably, the government does not believe in the fiscal measures like tax and subsidy to ensure price stability. The monetarist approach of the government has not only resulted in government failure in inflation control, it has left numerous poor and marginalized sections of population vulnerable to price rise in essential commodities. The current efforts of the government have been to make efforts to retain the faith of the business class in the low/negative growth phase of WPI, while the policy circles still undermine the fact that the common people still face high price situations in essential commodities like food. There is no doubt that WPI is only an insufficient indicator of price situation, still an analysis of various components of WPI indicate volatile price situation in many essential commodities. Table-35 provides a brief account of the WPI situation in selected articles of consumption that shows, although the WPI all commodities have been stagnant over the last six months, in terms of prices of foodgrains, vegetables, manufactured food and essential medicines, it has remained intimidating for the people. Unfortunately, budget 2009-10 does not take in account such a situation seriously.

Table-35
Movement in WPI all commodities and some select items of consumption.

Date	All Commodities	Food Grains	Potato	Manufactured food	Drug and Medicine
3/1/2009	229.2	238.8	185.7	203.4	321.5
28/02/2009	227.8	248	179.4	216.4	329
18/04/2009	232.6	252.2	254.6	229.8	382.4
16/05/2009	232.2	251.2	260.6	232.6	331.7
13/06/2009	234.2	254.2	298.4	233.2	382.4

Figure-11
Movement of Prices from January 2009 Onwards

