



The Participation and Civic Engagement Team works to promote poverty reduction and sustainable development by empowering the poor to set their own priorities, control resources and influence the government, market and civil society institutions; and influencing governmental and private institutions to be responsive, inclusive, and accountable.

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Case Study 3 - Gujarat, India: Participatory Approaches in Budgeting and Public Expenditure Management

India: Pro-Poor Budget Analysis in Gujarat¹

Background

The state of Gujarat hosts almost a tenth of India's 80 million tribal people. Despite official rhetoric of significant investment in tribal development projects, results on the ground were questionable. This prompted DISHA (Development Initiatives for Social and Human Action) to get into the business of budget analysis in 1992 to ascertain what actually was happening to funds allotted in the name of the tribals under the Tribal Area Sub-plan. DISHA thus began by first taking up the issue of the state's 7.3 million forest laborers, not recognized as a formal professional group, but have since broadened the scope of their work to cover most aspects of budget analysis of general topics.

¹ Draws on Bhatt, M. R. "Budget Analysis and Policy Priority: DISHA's Experience", Foundation for Public Interest, Ahmedabad, October 1995; "Budget Analysis and Advocacy Work of DISHA", Foundation for Public Interest, October 1997; and Bhatt, M. R., "Alternative Budget Analysis: DISHA's Experience", Foundation for Public Interest, May 2000.

Described as an attempt at "democratizing the budget process"², DISHA obtains budget documents, reviews and dis-aggregates departmental allocations for different beneficiaries, researches the discrepancy between proposed and actual spending, and prepares briefs on synthesized findings for informed public debates. DISHA is one of the five largest membership-based NGOs in India with most of its 80,000 members drawn from tribal and forest workers. Although linked with its general analytical work on budgets, DISHA runs a separate lobbying and advocacy movement in favor of its huge tribal constituency.

Process

Long considered irrelevant for the public, access to and acquisition of the annual budget documents itself is a real barrier to timely analytical work. Because of bureaucratic traditions and citizen indifference, this sort of

² An observation attributed to a former Member of the Planning Commission of India.

This note was prepared by Swarnim Wagle and Parmesh Shah of the Participation and Civic Engagement Group in The World Bank as a case study input on "Participatory Approaches in Budgeting and Public Expenditure Management" for the Action Learning Program on "Participatory approaches at the Macro level". Further details and documents related to this Action Learning Program are available at www.worldbank.org/participation

demand had seldom been made before, which meant that documents in the early years – 1993 to 1995 - had to be borrowed from MLAs (Member of Legislative Assembly) who happened to be friends. These are now made available by the government after a lag. To overcome the overt technical categorization of budget items, DISHA followed the Auditor General's standard guidelines on budget coding which made it a lot easier to compute alternative figures, and dispute and contest official statistics. This basic knowledge of accounting systems gave DISHA significant confidence to go onto the next phase of doing the actual analysis of the contents. After obtaining the documents on the day the budget is presented to the Bidhan Sabha (assembly), researchers at DISHA rearrange figures and data into different headings and enter them into a computer. The quest is to patiently analyze the data on incomes and expenditures, and interpret what the proposed allocations, if spent, mean for the poor. Three questions are looked at, i) does the budget mention specific pro-poor policies, ii) are these matched by adequate funding commitments, and iii) do they relate to the socio-economic reality of the Gujarati poor – the tribals, dalits, women and agricultural laborers. The day after the budget speech, the analyst team at DISHA briefs the press of its answers to these questions; and when discussions commence in the assembly, it starts to feed MLAs with information briefs on the sectors on a daily basis.

These 4-5 pager briefs contain budget information and analysis in an accessible form. More 'confrontational' than 'academic' in nature, these briefs are designed to create demand for explanations from the ruling government. The first set was produced in June 1994 and distributed to all MLAs, cabinet members, key civil servants, the press and leading individuals and civic groups interested in public finance - approximately 2000 in total. Each brief dealt either with a department or a subject, such as education, home affairs (police), energy, finance, or the Narmada project details. In 1994, a total of 90 pages on 12 different briefs were produced, in addition to the ad-hoc circulars related to tribal development. Typically, the briefs would cover, i) general information about the department and the amount it received for spending, ii) the

percentage increase or decrease in budget allocation to an item or sub-item, as well as excess amounts, if any, committed in actual expenditures over revised estimates of previous years, iii) examples of fiscal indiscipline and mathematical errors, iv) new items or expenditure proposals introduced for the first time. The exercise was repeated in 1995 in a more efficient manner. Discussing its own evolution, DISHA has described the period from 1993-95 as its years of "awakening" and the period from 1995-1997 as that spent on "consolidation, demystifying and knowledge-sharing" of budget information. Since 1996, to coincide with the assembly discussions on the budget in February and March, DISHA has been preparing around 30 briefs on such departments as forest, women, social welfare, etc. The information on the budgets have also been disseminated in local languages through newspapers and one-page fact sheets to non-urban masses, namely tribal villages and schools. As part of its on-the-ground monitoring of budget implementation, DISHA writes to village authorities in tribal areas about the state of various construction works pledged in the past and publicizes them to expedite progress. Budget data have also been used to write reports advocating policy change in areas such as forestry. By analyzing public expenditures along the lines of what was promised and what was delivered especially to the dis-advantaged groups, DISHA is creating a strong system of information exchange that is assisting the communities to articulate demands and create pressure to establish accountability within the public expenditure system.

Results

These analytical briefs have substantially enhanced the quality of debate on the budget both inside the assembly and outside, serving as an effective channel for feedback to the government. The briefs have mainly been put to use to call for follow-up action, draw attention of the government to particular issues, and in speeches and op-eds. The press has obviously optimized the use of information mentioning DISHA's work in the context of such issues as government decision to grant land titles to tribal people, the

Forest Bill, problems of unorganized labor, and resettlement policies. Major op-eds have appeared on a diverse range of topics from development in tribal areas to the status of leaf-picking women. Drawing on the contents of the briefs, the media has also reported heavily on excessive administrative overheads in development projects, unfair resource allocation to poor areas, and the numeric discrepancies in the budgets. These computational and other errors (around 600 in the first year) have in particular been picked up by MLAs in the state assembly with some fury and excitement, much to the embarrassment of government officials. As a consequence perhaps, the budgets now have fewer arithmetic and accounting mistakes. Following a gradual familiarization with the terminology, definitions and data classification in the budget manuals, DISHA compared spending levels in tribal areas with those in non-tribal areas, revealing some disconcerting findings, later documented in its sequel on “injustice in tribal areas”. But it is in the decision making quarters that DISHA’s work has been received most encouragingly. Politicians have written in individually to thank³ DISHA for its innovative work citing how the briefs have been crucial for informed debates in the House. Over 50% of the recipients of these briefs were found to have used the contents the following day, about 25% the next month and the rest over a year.

DISHA’s work has contributed to demystifying the process and content of budget preparation, traditionally held to be an elite prerogative of few technocrats. The large numbers, complex codification and accounting systems, and a long list of headings, usually wrapped around technical discourses on simple revenue and expenditure plans, were outright inaccessible to common people. This illusion of abstractness surrounding the budget was unpacked by DISHA into a few pages of key highlights, allowing people to contest facts and policies. This has also destructed the culture of secrecy surrounding the budgeting process, and honored people’s right to know the state of their public resources. This has,

as M.D. Mistry, founder of the organization, says, influenced the redistribution of power among state agencies, market forces and civil society, disturbing the state’s monopoly in collecting and allocating public resource.

The analyses have improved budgetary planning by closing the gap between budgeting and sectoral planning allowing better allocation and release of funds to priority sectors. As the substance of the budget becomes increasingly comprehensible to more people, the increased interest and open debates have facilitated a better flow of information among the ministries and beyond (e.g., finance more aware of the departmental ministries’ requirements, while the latter more aware of the resource constraints the former has to work with). This successful experiment in Gujarat has over the years been replicated in 12 other states of India, which came together in February 2000 to form a single umbrella organization called People’s BIAS (Budget Information and Analysis Service) to analyze the national budget of India. DISHA has been a central influence and an important driving force behind the coalition.

Allied Issues

Because budgets are presented by the party in power, any analysis – critical or not – can not only serve as an ammunition for the opposition, but they may also attempt to co-opt such work, as nearly happened with DISHA. This was a real threat that DISHA diffused by adopting a policy of non-restrictive access to its output. This has turned out to be a wise decision, for this has created “credibility, wider support and sustained interest” in its work across party lines. But because budget analysis can easily enter the political domain, without a fine balancing act, there is a risk that even the most objective work can be dismissed under the charge of partisanship. The technical work of analysis thus certainly needs to be handled with political finesse.

While many see the growth of civil society as a healthy complement to the limited reach and adequacy of institutions in representative democracies, there are concerns over the

³ Over 230 letters of gratitude were received following the first dispatch of the briefs in 1994, primarily from MLAs, NGOs and academic institutes.

increasing influence of professional pressure groups and specialized lobbying forces that influence government policies and defend vested interests through the back door, often mocking the larger electoral process. While DISHA may have a sizable constituency among tribal and forest workers – the poorer sections of the Gujarati populace, this is a caveat to watch out for as the ‘model’ gets replicated elsewhere.

Annex: DISHA’s Work in Steps

Demystifying the Budget

Be versed in the ‘technical aspects’ of decoding the structure of budgetary information by understanding budget terminology, methods of topic categorization, standardized accounting classification, by for instance, knowing that if education is sector 1, primary education would be sub-sector 01, training under primary education would be 101, which would further divided by state into diverse expenditure components from salaries to child allowance.

Obtain budget documents the day it is being delivered to the parliament – this may not be as easy as it sounds, and might require sustained lobbying to ensure access to these reports.

Once the voluminous documents are available, rearrange figures and data into different headings; enter them into a computer under simpler, understandable headings, possibly using a simple software package.

Analyze the data on incomes and expenditures and find out what share of resource qualifies to be called pro-poor.

Brief the media about the ‘poverty face’ of the budget as soon as the budget is delivered for immediate coverage in the press.

Budget Briefing and Dissemination

Once the Assembly begins elaborate discussions on aspects of the budget, prepare daily briefs, four-five pages long, on the departments (e.g., home ministry) or subjects (Narmada project) highlighting a few key points: i) amount allocated for the department, ii) percentage increase or decrease in allocation compared to previous years, iii) examples of fiscal indiscipline and arithmetic inconsistency, iv) new items proposed, or old projects discontinued, etc.

Deliver these briefs through overnight courier to all Members of Assembly before deliberations begin in the House the following day. Also share the briefs with the media, members of local intelligentsia.

Disseminate budget information in local languages through news papers and one pager fact sheets in rural areas mainly through schools; use budget data to write articles on policy issues like land rights and forestry and on other issues affecting the poor.

General Advocacy and Monitoring

Cater specifically to one’s central constituency – the tribals – by preparing ad hoc circulars and information notes.

Write to village authorities in tribal areas about the state of construction works promised in past budgets to corroborate official claims and exact response from authorities on disparities between what was promised and what was delivered; use the press regularly, as a lobbying ally, to sustain the pressure and momentum.

