

# Random Thoughts

## Gender Budget in Uttarakhand

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Presently the Parliament of India and most of the State Assemblies are passing through a period which is popularly known as the Budget Session and it is natural that most of the print and electronic media is full of 'news and views' related to the financial health of the Nation and the States, respectively, as also the directions in which they are headed.

### *Nani Palkhivala and Union Budgets*

It has been said that mankind can be divided into three categories, the few who make things happen; the many who watch things happen; and the overwhelming majority who have no idea of what happens. Any discussion on Budgets instantly brings to our memory the great public cause served through the Speeches made on the Union Budget, year after year, by Nani Palkhival, who certainly belonged to the first category, for the benefit of the remaining two categories. Nani demystified these esoteric Union Budget documents by paraphrasing them ever differently as '*The Ideal Budget*' ( 1982), '*What Should the Next Budget Be ?*' ( 1975) to '*If I were the Finance Minister*' ( 1972), and so on. His annual public addresses in Bombay and other cities, since 1957 onwards, were arranged by the Forum of Free Enterprise and their highlights have been printed as Chapters 7 and 8 of his book - *We, the People* ( 1984 ). Some of his several gems of nuggets deserve reiteration.

Speaking on the Union Budget of 1982 Nani had quipped, "*Past budget speeches contained hopes and aspirations which always remained unfulfilled - just as our Plans were based upon targets*

*which always remained unattained, except the revenue raising targets. There was a drop of 2.2 per cent in the per capita gross national product (GNP) in 1980-81 as compared to 1978-79.”* “ *Beyond question* ”, Nani Palkhivala added, “ *India is a gifted nation and ranks amongst the most intelligent, skilled and enterprising on earth. And yet, as the statistics compiled by the World Bank show, while India ranks 15<sup>th</sup> in terms of GNP, it is among the 15 poorest countries in terms of per capita income*”.

Commenting on the 1975 Union Budget, seven years earlier, he had bemoaned, “ *A budget can be like a scourge – but a cut above the plague in that its visitations are with methodical and predictable regularity. Our unbroken tradition in recent years has been to specialize in budget of this category. Punitive taxation has become a religious ritual. Any opposition to it, on grounds of logic and experience, is branded in certain quarters as the handiwork of vested interests and manifestation of reactionary forces* ”.

I personally rate his speech on the Union Budget of 1967-68 as the piece de resistance when he had quipped, “ *In India we have perfected the art of introducing budgets which aim at making all shades of political opinion unhappy and ensuring that they are made unhappy to the same extent.*” And he had gone on to add, “ *You do not have to read Lord Morley’s book, On Compromise, to know that life is full of compromises. The Finance Minister has to compromise between economic wisdom and political expediency; and critics of the budget have to compromise between their notions of economic wisdom and their personal regard for the Finance Minister.*” When some one requested this writer to comment on an editorial comment on Uttarakhand’s recent budget of 2011 the best I would have possibly done was to reiterate what Nani Palkhivala had said by way of a comment, back in 1968. This view could easily be taken as a culmination of Nani’s matured views both on the Union Budgets as well as critiques thereon. These views could now safely be accepted as a truism in so far as the Indian Budgets go even today.

The nugget, which has indeed triggered this piece from this writer, came out by way of his speech on the Union Budget of 1980-81. “*Elections*”, Palkhivala had said, “*can change the governing faces ; budget can change the face of the state.*” Although the context in which Nani Palkhivala had made this observation nearly forty years ago was different yet the same deserves to be examined in today’s circumstances.

### ***Budget Documents***

Just as one sorely misses the great insights, especially into taxation matters, of the Union Budgets provided by a tax and constitution expert of the caliber of Nani Palkhivala today the loss suffered by the public at large by way of non-observance of various stages connected with the preparation, presentation, passage and allied practices is no less grave and debilitating, in so far as deepening and widening of the grass roots democracy is concerned. Preparation, presentation and passage of an annual budget towards and before the end of a financial year (financial year ends on the last day of March, every year) is easily most important responsibility of the government of the day. Commencing with the approval of the Cabinet of the Draft Finance Bill, kept a secret by not circulating it amongst the members of the Cabinet unlike all other Notes for the Cabinet, the voluminous Budget documents, are released simultaneously with the presentation of the Finance Minister in the Assembly by way of what is known as the Budget Speech.

Documents which must be prepared by each Department of the government by way of preparation of each department’s demands of grant, as the budget proposals of each department are officially called, consist of :

( a ) Annual Report of the Department, and

( b ) Performance Budget of the Department ( Karya Puri Varshik Report ) for selected departments.

Preparatory to the presentation of the Departmental Demands of Grants all the MLAs are made available copies of these official documents and as a practice the Minister in Charge of the Department always held a meeting of MLAs belonging to the party in power, in one of the Halls in the Assembly, wherein the MLAs were briefed about the main provisions of the Departmental budget, which they could use during the debates on the grants. This occasion was also used by the Minister in charge to receive suggestions of the MLAs on continuation, augmentation of the budgets, as also on improvement in the implementation of the schemes. This occasion also allowed interaction between the departmental officials and the elected peoples' representatives and thus became the only occasion for receiving inputs on implementation of schemes and an overall evaluation of departments' functioning. In terms of educating the elected representatives about the nitty-gritty of day to day administration, sharing of the finer points of policy and practices being followed by the department concerned, both of the Minister in charge, the MLA of the party in power and equally of the middle and other senior officials of the department, this preparatory process as experiential learning was a unique learning event.

The new state of Uttarakhand, even in its tenth year of existence, has not been able to revive even a modicum of this great preparatory process. While the 'early years' could be cited as a valid excuse I do not think that such an important step need to be skipped any more. Now that there are a large number of Parliamentary Secretaries in place, it is about time that many a parliamentary practices, such as these, are not only revived but made mandatory, if possible. We have many a Parliamentary stalwarts, of the UP days, whose experience and services could be availed of, in the larger interest of a stronger democracy.

The Annual Reports to be prepared by each department, mentioned in the state's Business Rules and Distribution of Work Rule, 2005 ( Karya Bantwara Niyamavali) is an official documents whose

important can not be overstated. Equally important is the other report, prescribed for some 30 odd development departments in UP days are the Work Performance Reports, providing physical achievements as against the budgetary sanctions of the previous year. This Work Performance document also contained a list of all government functionaries and tended to justify the physical achievements or shortfalls of the previous year.

This writer distinctly remembers the very first Assembly Session in 2001 when despite an unimaginable shortage of officers and other staff almost every department worked round the clock to ensure that both the Reports, the Annual Report and the Work Performance Report, were made available to all the MLAs on the day previous to the commencement of the Assembly Session. It would be quite interesting to know as to what extent the regularity of submission of these mandatory Reports have been maintained and whether there has been any qualitative improvement in the preparation of the Work Performance Report of the selected development departments ? Besides the Budget Documents which are provided by the Finance Department these supplementary reports provide to an outsider extremely important insights into the working of each department and one also gets an opportunity to cross-check facts and figures, given in these two Reports with those provided anywhere else. As these departmental reports are given in the Assembly, and these become a property of the Assembly, their veracity and factual precision becomes the first responsibility of the department concerned. Statistically speaking, these Reports thus become the most important sources on department's profile and over-all performance.

These Reports also became the basis of MLAs, especially opposition MLAs, critical assessment of department's failures and shortcomings. As these issues got discussed in the Assembly budget debates, department after department, and reported in the press and formed basis of various news and comments in the media, these thus helped educate the public about the various schemes

were implemented and scarce tax payer's money was being spent by the official machinery.

So when one learns about a department's demand for grant being voted and passed without any debate by the MLAs present in the Assembly, for whatever reasons, the enormity and significance of the public loss can easily be appreciated. What it really amounts to is clearly a denial to the tax payers of his implicit right to know about the facts and figures contained in the official documents, which in any case are not easily available, on the one hand and critical assessment of the on-going schemes by their elected representatives, on the other. When a discussion does not take place the Assembly also loses an extremely important piece of document, namely the proceedings of the debate, which would have been generated had there been a discussion. More informed the discussion, better would have been addition to the public knowledge vault. Thus loss of an 'institutional memory' also occurs which could be most debilitating for a budding democratic state like Uttarakhand.

### ***Assembly Discussions & Library***

Discussions in any house of the Parliament or State Assembly are verily the very core or soul of a democratic functioning. Preparations by the Executive government of the day through their departments, in discharge of their public services for which they have been created, is indeed the very essence of democratic governance and any reduction in their quantity and quality is something which ought not to be concern of merely the government of the day or the party in power. It is a collective responsibility of all the organs of the State and indeed it is a pity that one witnesses a great decline in the entire process of budget 'preparation, presentation and passage' of annual budgets.

While still on the subject let me say a few words on the Institutional Memory of the State Assembly. These reports and proceedings, both of the Assembly Debates as well as various

Legislative Committees, are extremely valuable possessions of the State Assembly, a veritable Knowledge Vault, which would be resorted to by our future historians, policy makers and students alike. These reports are the property of the State Assembly as they are an integral part of the State Assembly and it is the State Assembly which must insist of their being prepared, submitted and lodged in the Assembly Library. Those readers who have had an occasion to consult and visit the UP State Assembly Library, distinct from the Secretariat Library, on the first floor of the Vidhan Sabha, will realize what importance these records have. This writer has great memories attached to that treasure-house of official documents and various scholars, including reputed legislators, who used to visit and benefit from it. Uttarakhand must follow that great tradition and to do so the time is now !

Uttarakhand Vidhan Sabha has the additional advantage of the Right to Information Act, 2005 which makes it mandatory for all departments and public authorities to ensure that all official documents they produce as a part of their budgetary exercise, or even otherwise, is systematically lodged and secured there. Section 4 of the RTI Act mandates that all public authorities firstly prepare their officials very carefully and secondly, ensure that they are secured and lodged, wherever they are required, with and without their own precincts. Readers may be aware that the American Congressional Library of the USA is one of the richest source of literature on democratic system of governance and governments of the world, as such. The efforts which are made to make accessible every bit of public information to this Congressional Library are legendary and here Uttarakhand has something which it must emulate.

### ***Gender Budget***

Having made an attempt to explain the significance of the entire process of 'preparation, presentation and passage' of the state budget of Uttarakhand for the next financial year 2010-11, what

remains is a brief review of what has been included in the Budget documents as the Gender Budget.

Conscientious readers, who wish to learn more about the Annual Budget for 2010-2011, particularly about the highlights and special features, may need glancing through the following documents which are part of the Budget literature :

- ( a ) Chief Minister's Budget Speech,
- ( b ) Item-wise estimates of Revenue and Capital Receipts,
- ( c ) Schedule of New Demands of Expenditure ( SNDs), and
- ( d ) The Gender Budget.

Of the three major interventions which can safely be attributed as having substantially contributed to the financial health of Uttarakhand, as one finds it today, the first, inclusion as a *Special Category State*, came during Swami Government; the second, sanction of *Concessional Industrial Package ( CIP )* was an achievement of the Tewari Government; and the third, not significant financially but strategically, *the 50 per cent reservation for women in the three tiers of panchayati raj institutions*, belonged to the Khanduri regime. The Gender Budget, commenced in 2007-08, could be seen as the budgetary manifestation of the third major policy intervention. After the introduction of Women Reservation Bill in the Rajya Sabha and its momentous passage in the Upper House, its journey in the all important Lok Sabha is causing all hiccups which were always expected.

Be that as it may in Uttarakhand even a commencement of inclusion of Gender Budget, however weak or ineffective, is no mean beginning, towards inclusion of women in governance and Inclusive Growth. As this supplement rightly claims identification in budget of the entries identifiable with gender differentiation is a process towards commitments based on gender and the changes which are targeted. Further, the basic idea is not just a quantification of expenditure items but a beginning towards meeting the special needs of women.

In the budget of 2009-10 all told 24 departments were identified for this purpose and during the current budget this number has gone up by 2, making it 26; and as against a budgetary provision of Rs 1205 crores the amount has gone up to Rs 1417 crores, a hike of more than 17.65 per cent. The falling number of girls , being 906 girls for 1000 boys is a matter of universal concern. The entries which get included in such a Gender budget fall in two categories; first, the Schemes which are 100 per cent earmarked for women, and the second, where the schemes where a quantification with more than 30 per cent flowing to women exclusively have been identified. It is planned not to limit the Gender Budgeting to traditional and conventional departments like Health, Education, Women Empowerment etc only but to broad-base it to all departments and sectors.

Reflecting on these early days of Gender Budgeting this writer is reminded of his early years in the Ministry of Home Affairs, way back in early 1980s, when a similar quantification for the socio-economic development of the Scheduled Castes and Scheduled Tribes was commenced, and at the Planning Commission parallel Plan discussions were held to mainstream the new concept, which later on developed into now well known Special Component Plans ( SCPs ) and Tribal Sub Plans ( TSPs ). Much could be learned by the preceding experiences of SCPs and TSPs when the state is attempting to mainstream the concept of Gender Budgeting into our Budgeting mechanism.

### ***Demystifying Budgets***

Finally, as to the readers who wish to really come to grips with what gets studied on a much higher plateau as the health of State Finances there could be no better document than what is annually brought out by the Reserve Bank of India entitles as ***State Finances, A Study of Budgets of 2009-10*** ( the last available on the series). It is in this valuable publication of the Reserve Bank of India that the serious types could expect to be hand-led into the

salient aspects of State Budgets namely, *Policy Initiatives, Consolidated Fiscal Position of State Governments, State-wise Analysis of Fiscal Performance, Outstanding Liabilities, Market Borrowings and Contingent Liabilities of State Governments, Trend and Composition of Expenditure* and finally, the *Issues and Perspectives*. Truly speaking, it is only with the over-all understanding and appreciation of all that goes into the making of an Annual State Budget and its role in the overall management of Indian economy can be understood, against the background of the knock-on effect of the global financial crisis on the Indian economy included.

It is not for nothing that the citizens looked forward to a learned academic and tax expert like Nani Palkhivala to unravel, through his public Budget Speeches, the difference between what a Finance Minister actually said on the floor of the House and indeed what he actually meant ! Every State needs a Nani Palkhivala of its own and the public certainly deserves to be informed about Budgets.

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