

TRANSPARENCY IN BUDGETARY PROCESS Report 2.0



Quick Review of State Budgets in India

- Public Disclosure & Accessibility of Important Budget Documents
- Participatory & Inclusive Budgetary Process
- Post Budget Fiscal Management & Transparency
- Special Efforts to make Budget Transparent & Citizen Friendly

Transparency International India (TII) is a leading non-political, independent, non-governmental anti-corruption organization of India. TII has extensive expertise and understanding of issues of corruption in India.

From villages in rural India to the corridors of power in Delhi, TII gives voice to the victims and witnesses of corruption. We work in constructive manner in the interest of the country together with Union and State governments, like minded civil society organizations, corporate, academia, media and common citizens. The main aim is to reduce corruption, bribery, create deterrence for abuse of power, promote good governance and the rule of law.

We raise awareness about corruption; advocate legal and policy reforms at national and state levels; design practical tools for institutions, individuals and companies wishing to combat corruption; and act as a leading centre of anti-corruption expertise in India.

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F O R E W O R D

An effective way to ensure that the citizen's needs are given top priority in a democracy is by managing public resources and finances transparently and with accountability. The very essence of fiscal and budget transparency is providing ordinary citizens complete information about how public resources are allocated and used by the government. Understanding the structure, functioning and complete details of finances will enable citizens to hold public functionaries more accountable. Transparency in budgetary process is essential because it will lead to an improvement in delivery of important public services such as education, health etc. at both the union and state levels. Budget transparency will enhance public confidence in the government and will act as a deterrent to financial mismanagement and corrupt practices in the country.

India's ranking in Open Budget Survey 2017 was 53 among the 115 countries. It scored 48 out of 100 for transparency, 15 out of 100 for public participation and 48 out of 100 for budget oversight. The suggestions offered included key aspects such as publishing pre-budget documents, mid-year review reports, devising mechanisms to engage the public in the formulation of budget etc.

It is ironical that despite being a 'Union of States', State budgets in India have never been given much importance. Union budget is given top priority in the country and it is subjected to robust debate and scrutiny every year it is presented in the Union parliament. On the other hand, the budgets of Indian states are passed by the state legislatures without significant public discussion in routine manner. As a result, less transparent budgets are being passed at the state level which is failing to meet the expectations of the common man.

The onus of implementing major schemes lies with the Indian State Governments. The budgetary and fiscal decisions taken by the states have the capacity to influence the lives of many people perhaps more significantly as compared to Union Budget. The total State governments spending are way larger than central government spending. Therefore it is essential that state budgets be subjected to meaningful discussions and commentary.

State Government Budgets are less Transparent & less inclusive than Union Budget. Budgets of Indian states are not easily accessible. State legislatures are under no public or media pressure to make the budgets and other documents available in the public domain, forget about wider consultations with different stakeholders. This means public participation and engagement of stakeholders is minimal when it comes to assessing the state budgets.

It is in this context, that Transparency International India (TII) is launching this report to assess whether the Indian states have been able to make their budgetary processes transparent, open and accountable. The sole purpose of the report is to encourage various Governments particularly State Governments to make their budgetary systems more open, transparent, citizen-friendly, participative and inclusive. We do not wish to criticize any state governments, but want to ensure that the governments uphold the norms of transparency, accountability and integrity in their budgetary process by providing easy accessibility of documents in public domain and making the process citizen-friendly.

- S.R. Wadhwa,

Chairman, Transparency International India (TII)
Former Chairman, Income Tax Settlement Commission.



Budget & Fiscal Transparency- Introduction

Public confidence in the elected representatives/institutions is the foundation of democracy. However, this confidence is undermined by the poor quality of services and non-fulfillment of electoral mandates by the elected representatives. One of the ways in which accountability and transparency in governance can be enhanced by providing ordinary citizens access to information about how public resources are allocated and used by the government. This is the very essence of budget and fiscal transparency.

Understanding the structure and functioning of finances will enable citizens to hold public functionaries accountable. Transparency in budgetary process is essential because it will lead to an improvement in delivery of public services such as education, health etc. at both the union and state levels. Budget transparency will enhance public confidence in the government and will act as a deterrent to financial mismanagement and corrupt practices in the country. Incorporating budget and fiscal transparency through efficient governance reforms is absolutely necessary.

Important Pillars of Budget Transparency

Accountability

Integrity

Inclusiveness

Openness

Quality

An essential feature of responsible and accountable government is effective control over public expenditure. It is important that expenditure from public funds is made prudently, no resource wastage occurs, money is not misappropriated, grants are not made hastily, the public is not put under increased financial burden and the money is spent to obtain best possible results. Budget transparency is of utmost significance so that the public are satisfied that there is guarantee of financial order and the government is working according to its obligations.

The following developments are proof of the fact that trend towards budget and fiscal transparency is being witnessed and upheld in different parts of the world:

- Modern financial management systems are being adopted;
- Emphasis is being given to governance/financial standards and norms which promote transparency, accountability and efficiency;
- Several civil society organizations and NGOs are engaging with government fiscal decision-making on a regular basis and these organizations are acting as financial watchdogs;
- Information, Communication and Technology is being adopted in the budgetary and fiscal processes to make it more transparent.
- Devolution and decentralization of powers to different levels of government is being encouraged.

Effective and easiest ways to enhance budget and fiscal transparency:

- Clearly defining the roles and responsibilities of different officials/departments involved in the budgetary process.
- Budget literacy/awareness should be enhanced among not only the legislators but also the ordinary citizens.
- Ensuring that useful, comprehensive and reliable budget information is made available to the public.
- Civil society organizations, NGOs and ordinary citizens should be given opportunities to share their perspectives on budget.
- Checks and balance system should be established to assess the budgetary process.

Advantages of budget and fiscal transparency

- Accountability of the executive will improve if citizens are empowered to access budget information.
- Corruption and financial mismanagement will be tackled efficiently if budgetary decisions are open to analysis and public scrutiny.
- Budget transparency will lead to equitable distribution of public resources.
- Citizens, Civil society organizations, NGOs and different professional groups will get a chance to contribute to budgeting processes as well as policy-making.
- Microeconomic and fiscal stability can be enhanced as the strengths and weaknesses of the budget will be identified in advance.
- Increasing transparency will ensure that investor confidence also increases which in turn will have a good impact on the economy of the country.





Scope & **Research** Methodology

As an organization which seeks to further transparency and accountability in the governance system of our country, Transparency International India (TII) believes that a more important way to achieve this is through the promotion of budget and fiscal transparency especially at the state levels.

The sole purpose of the report is to encourage various Governments particularly State Governments to make their budgetary systems more open, transparent, citizen-friendly, participative and inclusive. We do not wish to criticize any state governments, but want to ensure that the governments uphold the norms of transparency, accountability and integrity in their budgetary process by providing easy accessibility of documents in public domain and making the process citizen-friendly.

The methodology of this research has been devised after a thorough review of budget transparency researches conducted at international levels. Four broad parameters (further divided into sub-parameters) have been developed with corresponding points to rank 29 States and 2 Union Territories of India on the basis of transparency and accountability in their budgeting systems.

1. Public Disclosure & Accessibility of Important Budget Documents: 45 Points

The first parameter focuses on the availability and ease of accessibility of important and latest budget documents online/on the websites of the finance department of the states like:

- **Pre-Budget Documents (5 points):** Documents which outline areas of priority, income and expenditure for the upcoming financial year and help initiate debates on the upcoming budget.
- **Annual Financial Statement and other supporting documents (10 points)** like budget speech, budget highlights/budget at glance, demand for grants etc.

Budget availability in different languages (**5 points**), timely dissemination of budget information (**5 points**), simplified structure of budget documents (**5 points**), use of info graphics/ visualization of budget information (**5 points**) and researcher's perception (**10 points**) are other aspects which have been captured in this first parameter.

2. Participatory & Inclusive budgetary process: 20 Points

A budgetary system can become open and transparent only when it is made participatory and inclusive. Thus, the second parameter tries to evaluate whether the state governments conduct pre-budget (**5 points**) and post budget consultations (**5 points**) with different stakeholders and undertakes initiatives to encourage civil society engagement (**10 points**) in the formulation of budget.

3. Post Budget Fiscal Management & Transparency: 25 Points

The third parameter focuses on publication of quarterly/monthly progress (if any) reports/ status reports (**5 points**), publication of mid-yearly execution reports (**5 points**), compliance to fiscal management standards (**5 points**), internal mechanism (**5 points**) and external mechanism of financial control (**5 points**) etc. which ensures that budget execution takes place transparently and budgetary oversight is maintained effectively.

4. Special Efforts to make Budget more Transparent & Citizen-Friendly: 10 Points

Our fourth parameter is basically designed to assess whether state governments are making any extra efforts to encourage budget literacy among the citizens (**5 points**) or establishing any legal and institutional framework to ensure transparency in budgetary process (**5 points**).

It is important to note that the ranking has been done on the basis of budgetary information disclosed in the public domain proactively and efforts made to make budgetary process inclusive and transparent by the respective states.

- Zero points are provided to States which disclose no/scant information in the public domain and make no such efforts.
- Fifty percent of points are provided to States which disclose partial information in the public domain and have started making such efforts.
- Hundred percent of points are provided to States which disclose substantial information in the public domain and are successful in making their budgetary process more transparent vis-à-vis the other states.

Budget and Fiscal Transparency: Indicators

S. No.	Parameters	Points per parameter	Sub-Parameters	Max. Points
1.	Public Disclosure & Accessibility of Important Budget Documents	45	Publication of Pre -Budget Document like Pre -Budget Statement, Economic Survey etc.	05
			Annual Financial Statement (Enacted Budget) and other supporting documents such as budget speech, budget highlights, demand for grants etc.	10
			Budget Availability in more than One Language including Regional Language.	05
			Timely dissemination of budget information.	05
			Citizen-Friendly & Simplified Structure of budget documents.	05
			Use of Info graphs/Visualization & other tools to simplify budgetary information and/or Publication of Citizen's Budget	05
			Researcher's Points on perception of budget of one state vis-à-vis the other states	10
2.	Participatory & Inclusive budgetary process	20	Pre-Budget Consultation with different stakeholders.	05
			Government Initiatives/steps to engage civil society organizations (including citizens/professionals/sector - specific associations/NGOs/industrial associations) in state budgetary -making process and efforts to incorporate citizen inputs during the formulation of budget/special portal or website for budget	10
			Post-Budget discussions with different stakeholders and Feedback Mechanism.	05
3.	Post Budget Fiscal Management & Transparency	25	Publication of Monthly/Quarterly Progress Reports/Status Reports	05
			Publication of Mid-Yearly Execution Report	05
			Internal Mechanisms & Budgetary Control	05
			External Scrutiny & Publication of Audit Report	05
			Compliance to Fiscal Management standards	05
4.	Special Efforts to make Budget more Transparent & Citizen-Friendly	10	Budget Literacy & Awareness Campaigns taken up by the State Government.	05
			Special Legal and Institutional Framework to encourage transparency in budgetary process	05
Total Points				100

Scale:

Zero points will be provided to States which disclose no/scant information.

Fifty percent of points will be provided to States which disclose partial information.

Hundred percent of points will be provided to State which disclose substantial information

Budget & Fiscal Transparency- Instruments around the globe

Just as Morestein Marx once claimed “Finance is as universally involved in administration as oxygen in the atmosphere”, budget is considered to be the foundation of an efficient and effective administration of any country. Anti-corruption policies can be strengthened and integrity of public institutions can be enhanced only through the promotion of budget and fiscal transparency. Public accountability, trust and openness in administration are upheld due to transparency in budgetary processes.

Budget & Fiscal transparency was not an important concern in the public domain till the mid-1990s. This concern was pushed into the limelight after the East Asian Financial Crisis, which prompted several international organizations to establish standards, codes and parameters to understand budget and fiscal transparency. The International Monetary Fund (IMF), World Bank and OECD have formed diagnostic tools and comprehensive questionnaires to examine the budgetary procedures and transparency.

For instance, International Monetary Fund (IMF) introduced *Code of Good Practices on Fiscal Transparency in 1998*; *OECD published Best Practices in Budget Transparency in 2002*; and *International Public Sector Accounting Standards (IPSAS)* project was initiated in 1996 by Public Sector Committee of International Federation of Accountants.

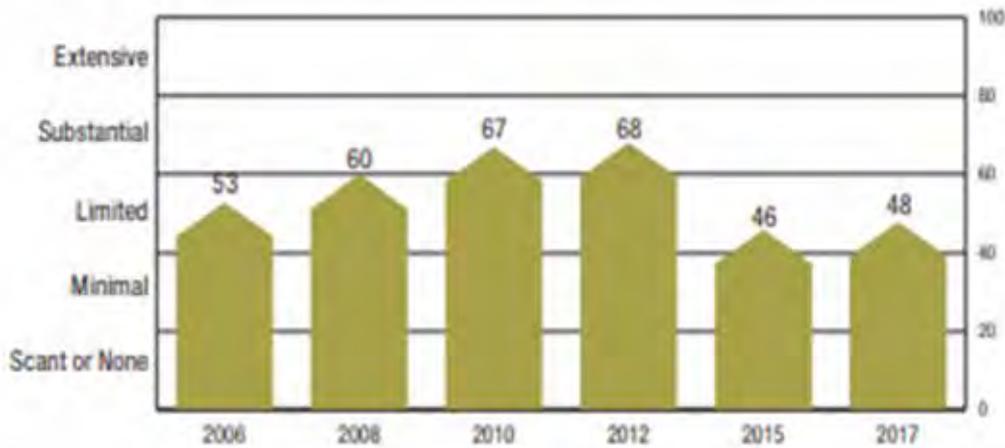
Many such efforts have been made over the years to improve budget and fiscal transparency in both developed and developing countries. The most comprehensive effort was made by *International Budget Partnership* which initiated *Open Budget Survey* since the year 2006 to promote accountable, participatory and open budgeting and fiscal practices in different countries.

India's performance in *Open Budget Survey 2017*



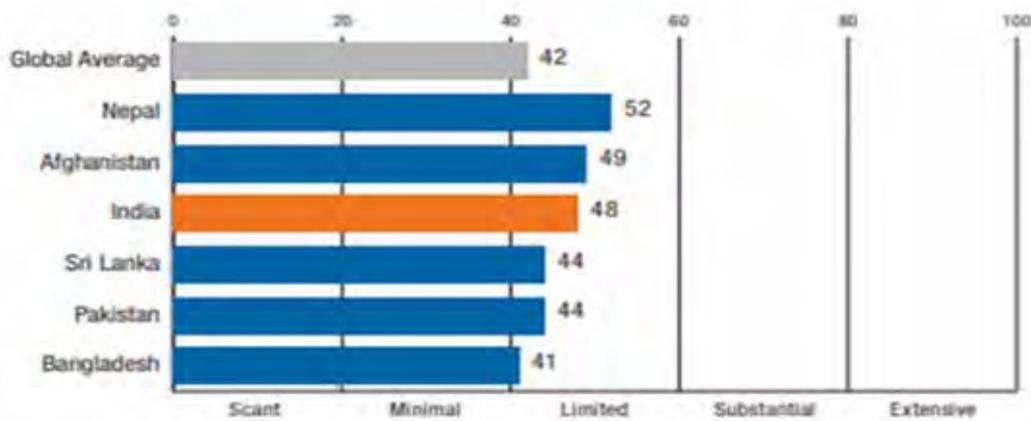
Courtesy: Open Budget Survey 2017

How has the OBI score for India changed over time?



Courtesy: Open Budget Survey 2017

How does budget transparency in India compare to others?



Courtesy: Open Budget Survey 2017

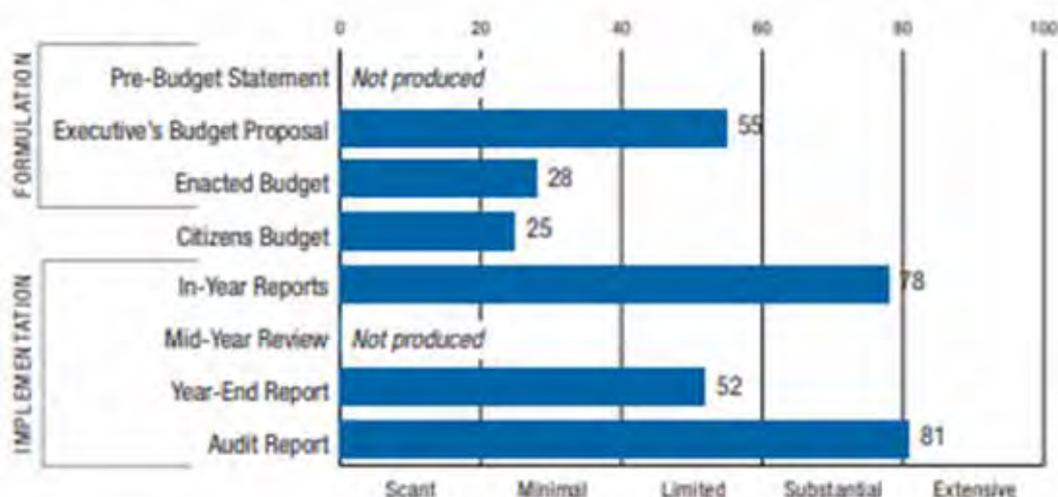
Public availability of budget documents from 2006 to 2017

Document	2006	2008	2010	2012	2015	2017
Pre-Budget Statement	●	●	●	●	●	●
Executive's Budget Proposal	●	●	●	●	●	●
Enacted Budget	●	●	●	●	●	●
Citizens Budget	●	●	●	●	●	●
In-Year Reports	●	●	●	●	●	●
Mid-Year Review	●	●	●	●	●	●
Year-End Report	●	●	●	●	●	●
Audit Report	●	●	●	●	●	●

● Available to the Public ● Not Produced
 ● Published Late, or Not Published Online, or Produced for internal Use Only

Courtesy: Open Budget Survey 2017

How comprehensive and useful is the information provided in the key budget documents that India publishes?



Courtesy: Open Budget Survey 2017

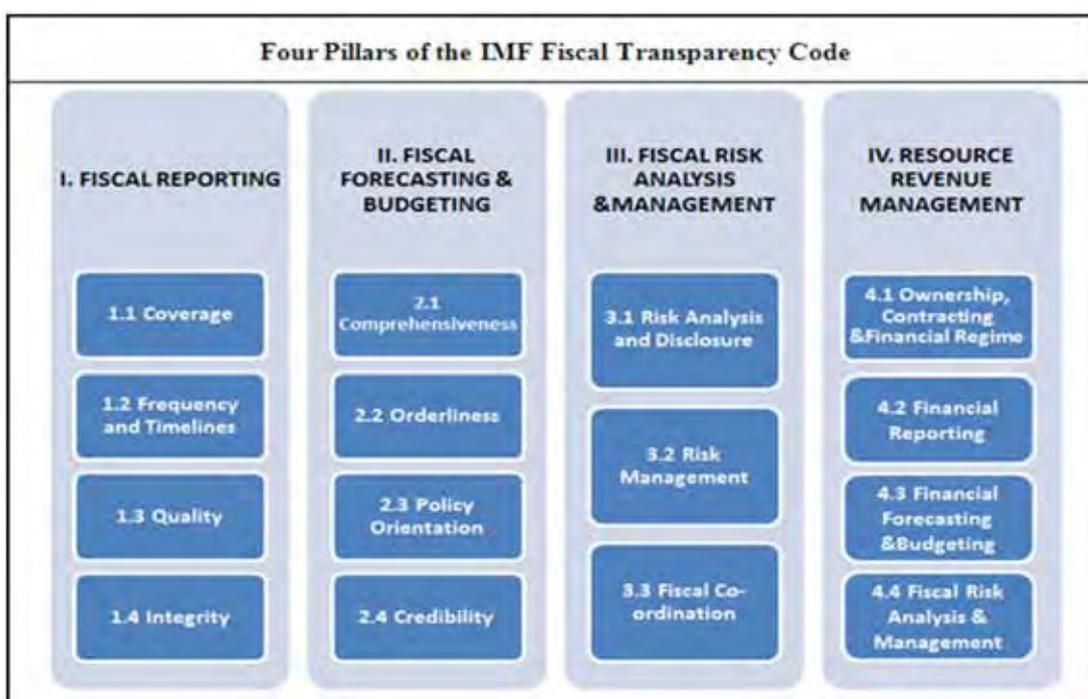
Budget and Fiscal Transparency Instruments

It was after the 2008 Financial Crisis that the overall approach to budget & fiscal transparency underwent transformation and many revisions took place in the existing standards and instruments. Here is a list of instruments related to budget and fiscal transparency which have been updated and revised

Organization	Current/Revised Instrument
OECD	Revised Principles of Budgetary Governance (2003)
IMF	<ul style="list-style-type: none"> Restructured Fiscal Transparency Code (2014) New Fiscal Transparency Evaluation
PEFA	New Public Expenditure and Financial Accountability Indicator (2016)
IPSASB	Expanded International Public Sector Accounting Standards

Important Institutions promoting budget and fiscal transparency

1. **G20:** This forum of 20 countries in the world such as EU, UK, US, Japan, India, China etc. adopted *G20 Anti-Corruption Action Plan 2017-2018*. The *G20's Anti-Corruption Working Group* works on how to support budget transparency and incorporate it within the framework of anti-corruption policies. ***G20 Anti-corruption Open Data Principles (2014)*** and ***G20 Guiding Principles on Integrity in Public Procurement (2015)*** are other important transparency instruments.
2. **GIFT: Global Initiative for Fiscal Transparency (GIFT)** developed *High Level Principles of Fiscal Transparency, Participation and Accountability* which were endorsed by the General Assembly of UN. *Principles of Public Participation in Fiscal Policy (2016)* adopted by GIFT are guiding principles for many other instruments of fiscal and budget transparency.
3. **IBP: International Budget Partnership (IBP)** conducts survey called the *Open Budget Survey* which ranks countries on three parameters- Budget transparency, participation and oversight. Numerous guides and researches are conducted by IBP like the *power of making it simple, Guide to Transparency in Government Budget Reports* etc. on regular basis.
4. **IFAC: International Federation of Accounts (IFAC)** developed *International Framework: Good Governance in the Public Sector (2014)*, *Principles for Effective Business Reporting Processes (2013)* and launched *Accountability Now Initiative*. IFAC also supports ***International Public Sector Accounting Standards Board (IPSASB)*** which creates *IPSAS* for promoting transparency, accountability and consistency in budgetary system.
5. **IMF: Fiscal Transparency Code** adopted by International Monetary Fund is the globally acknowledged standard of fiscal transparency.



Courtesy: IMF Fiscal Transparency Code

Other complementary tools developed by IMF are:

- Government Finance Statistics Manual (GFSM), 2014
- Public-Private Partnerships Fiscal Risks Assessment Model (PFRAM)
- Public Investment Management Assessment (PIMA)
- Public Expenditure and Financial Accountability (PEFA)

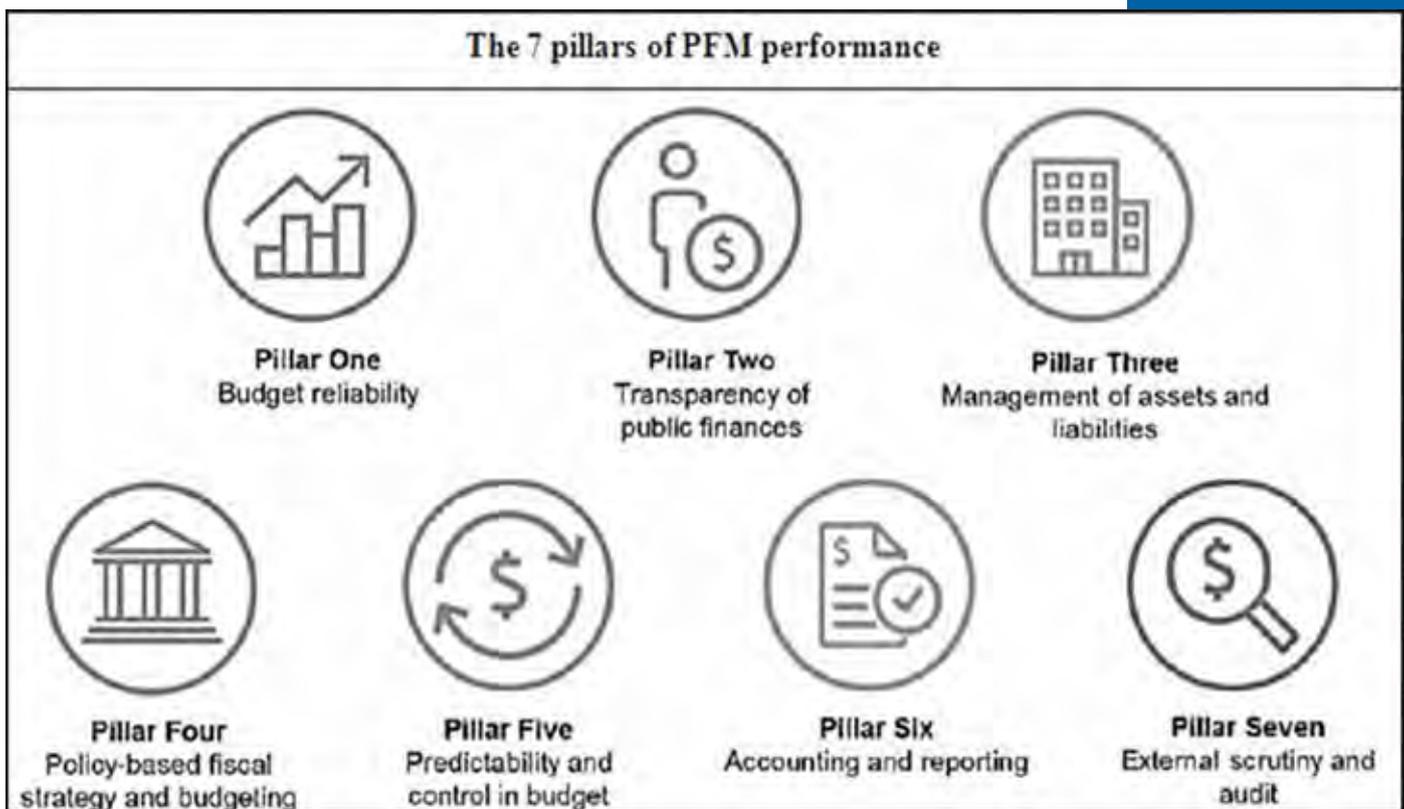
6. OECD: Organization for Economic Co-operation and Development (OECD) produces the following international standards and guidance materials:

- Best Practices for Budget Transparency (2002)
- OECD Recommendation on Budgetary Governance (2015)
- OECD Principles for Independent Fiscal Institutions (2014)
- OECD Principles for Public Governance of Public-Private Partnerships (2012)
- OECD Recommendation on Public Procurement (2015)



Courtesy: OECD

7. **PEFA:** This is one of the most acknowledged standards for assessing Public Financial Management System across seven parameters and helps bring about sustainable improvement in PFM.



Courtesy: PEFA

8. **World Bank Group:** World Bank Group promotes transparency through the following instruments:

- BOOST
- Open Contracting
- OpenGov Global Solutions Group (GSG)
- Public Expenditure Reviews (PER)
- Financial Management Information System (FMIS) - Open Budget Data survey
- GIFT Stewardship, OGP, and OGP Fiscal Openness Working Group (FOWG)

Transparency in State Budgets in India

It is ironical that despite being a 'Union of States', State budgets in India have never been given much importance. Union budget is given top priority in the country and it is subjected to robust debate and scrutiny every year it is presented in the Union parliament. On the other hand, the budgets of Indian states are passed by the state legislatures without significant public discussion in routine manner. As a result, less transparent budgets are being passed at the state level which is failing to meet the needs of the common man.

The problem with state budgets and fiscal transparency is aggravating because the media (both print and media) do not highlight the details and setbacks related to state budgets. Along with that, budget discussions in most of the state legislatures begin within 24 hours after the budget is tabled and last for around one to six days due to which serious debate on state budgets becomes impossible.

State legislatures do not have the guidance and suggestions of academicians, think tanks, research institutes and NGOs while preparing the budget like the Parliament members. This is another reason why state budgets fail to live up to the expectations of the citizens.

Ministry-specific budget demands at the union level are scrutinized by standing committees as well. Ministries and departments at the state level do not have such a mechanism of standing committees due to which detailed discussions and criticisms of state budgets do not take place.

State legislatures and media do not understand that the onus of implementing major schemes lies with the Indian states. The budgetary and fiscal decisions taken by the states have the capacity to influence the lives of many people. Plus, state government spending is way larger than central government spending. Therefore it is essential that state budgets be subjected to meaningful discussions and commentary.

Budgets of Indian states are not easily accessible. State legislatures are under no public pressure to make the budgets available in the public domain. Majority of the states are unable to print hard copies of budgets and circulate them among the different stakeholders. Online availability of state budget is also not there. This means public participation and engagement of stakeholders is minimal when it comes to assessing the state budgets.

Union Budget as Role Model for Indian State Governments

UNION BUDGET - 75 Points

1. Public Disclosure & Accessibility of Important Budget Documents: 45 Points

Sub-parameters	Allotted Max. Points	Points
Publication of Pre -Budget Document like Pre -Budget Statement, Economic Survey etc.	5	3
Annual Financial Statement (Enacted Budget) and other supporting documents such as budget speech, budget highlights, demand for grants etc.	10	9
Budget Availability in more than One Language including Regional Language.	5	4
Timely dissemination of budget information.	5	5
Citizen-Friendly & Simplified Structure of budget documents.	5	4
Use of Info graphics/Visualization & other tools to simplify budgetary information and/or Publication of Citizen's Budget	5	4
Researcher's Points on perception of budget of one state vis-à-vis the other states	10	8
Total	45	36

2. Participatory & Inclusive budgetary process: 20 Points

Sub-Parameters	Allotted Max. Points	Points
Pre-Budget Consultation with different stakeholders.	5	4
Government Initiatives/steps to engage civil society organizations (including citizens/professionals/sector -specific associations/NGOs/industrial associations) in state budgetary -making process and efforts to incorporate citizen inputs during the formulation of budget/special portal or website for budget	10	7
Post-Budget discussions with different stakeholders and Feedback Mechanism.	5	4
Total	20	15

3. Post Budget Fiscal Management & Transparency: 25 Points

Sub-Parameters	Allotted Max. Points	Points
Publication of Monthly/Quarterly Progress Reports	5	4
Publication of Mid-Yearly Execution Report	5	4
Internal Mechanisms & Budgetary Control	5	3
External Scrutiny & Publication of Audit Report	5	4
Compliance to Fiscal Management standards	5	4
Total	25	19

4. Special Efforts to make Budget more Transparent & Citizen-Friendly: 10 Points

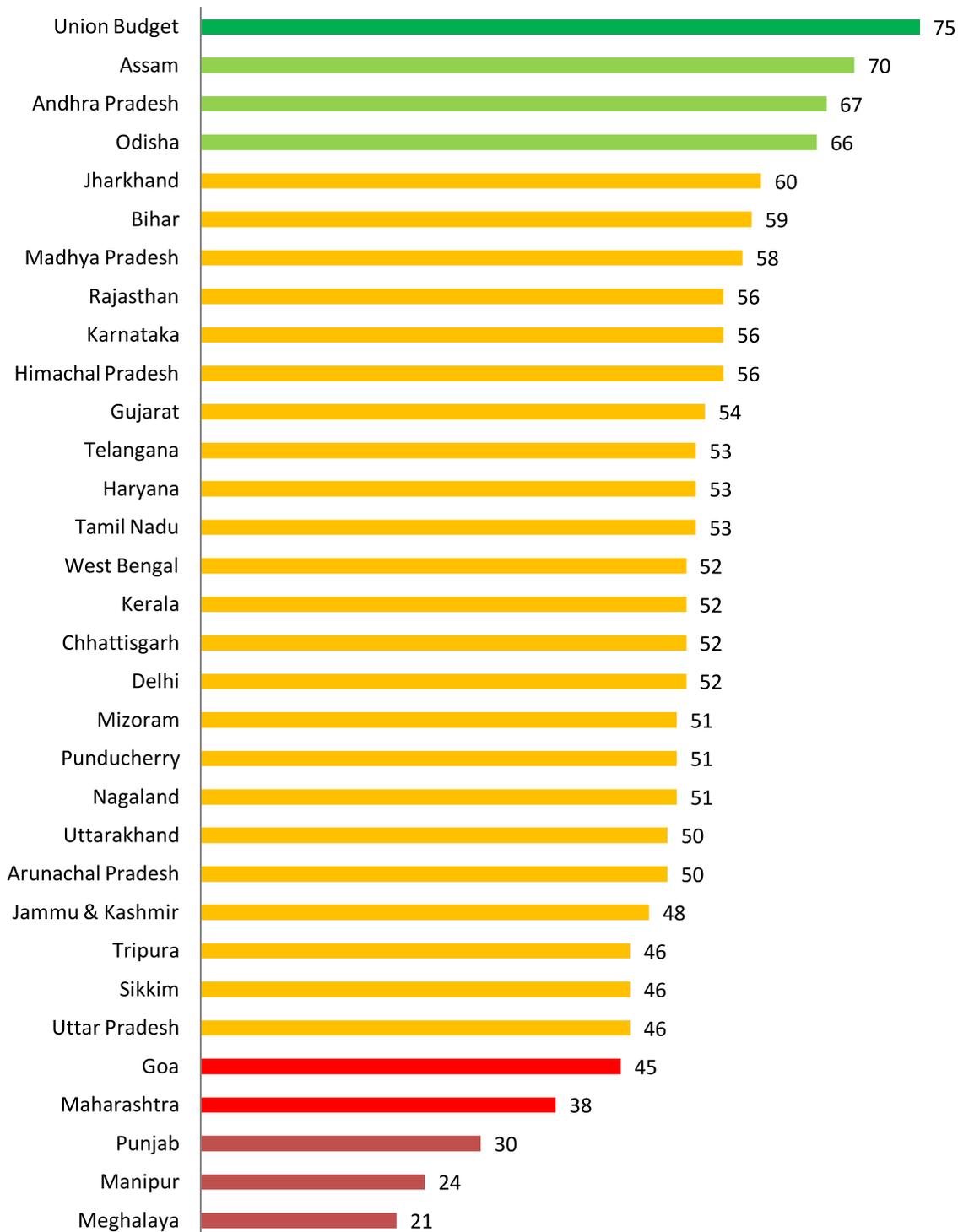
Sub-Parameters	Allotted Max. Points	Points
Budget Literacy & Awareness Campaigns taken up by the State Government.	5	2
Special Legal and Institutional Framework to encourage transparency in budgetary process	5	3
Total	10	5

Budget and Fiscal Transparency: Ranking and Score of Indian States Including Union Budget

S.No	State	Public Disclosure & Accessibility of Important Budget Documents: 45 Points										Participatory & Inclusive Budgetary Process: 20 Points					Post Budget Fiscal Management & Transparency: 25 Points					Special Efforts to make Budget more Transparent &			Total Points	State Ranking				
		Publication of pre-budget document	Annual Financial Statement (Enacted Budget) and other supporting documents such as budget speech,	Budget Availability in Regional Language	Timely dissemination of budget information (including previous years budget)	Citizen-Friendly & Simplified Structure of budget documents.	Use of graphics/Visualization & other tools to simplify budgetary	Researcher's perception of budget of one state vis-à-vis the other states	Pre-Budget Consultation with different stakeholders.	Government Initiatives/steps to engage civil society organizations (including citizens/professionals/sector-specific associations/NGOs/Industrial associations) in state budgetary-making process and efforts to incorporate	Post-Budget discussions and Feedback Mechanism.	Publication of Monthly/Quarterly Progress Reports	Publication of Mid-Yearly Executive Report	Internal Mechanisms & Control for Budget Review	External Scrutiny & Publication of Audit Report	Compliance to Fiscal Management standards	Budget Literacy & Awareness Campaigns taken up by the State Government.	Budgetary Transparency in Budgetary Process	Special Legal and Institutional Framework to encourage Transparency in Budgetary Process											
Allotted Max Points		5	10	5	5	5	5	5	10	8	4	7	10	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	100	
Union Budget		3	9	4	5	4	4	4	8	4	7	4	4	4	3	4	4	4	4	4	4	4	4	4	4	4	4	4	75	
1	Andhra Pradesh	3	9	4	4	4	5	4	9	2	7	3	4	4	4	1	1	1	1	1	1	1	1	1	1	1	1	1	67	2
2	Arunachal Pradesh	3	7	3	4	4	4	4	7	2	4	2	4	4	2	1	1	1	1	1	1	1	1	1	1	1	1	1	50	12
3	Assam	3	9	4	4	4	4	4	9	4	7	4	4	4	3	1	1	1	1	1	1	1	1	1	1	1	1	70	1	1
4	Bihar	3	8	4	4	4	3	2	7	3	6	3	2	3	1	1	1	1	1	1	1	1	1	1	1	1	1	59	5	5
5	Chhattisgarh	3	8	4	4	4	4	3	7	2	4	2	4	4	2	1	1	1	1	1	1	1	1	1	1	1	1	52	10	10
6	Goa	3	7	4	4	4	3	3	6	2	3	2	3	3	1	1	1	1	1	1	1	1	1	1	1	1	1	45	15	15
7	Gujarat	4	8	4	4	4	4	3	7	2	4	2	4	4	2	1	1	1	1	1	1	1	1	1	1	1	1	45	15	15
8	Haryana	3	8	3	3	4	4	4	6	2	5	2	4	4	2	1	1	1	1	1	1	1	1	1	1	1	1	53	9	9
9	Himachal Pradesh	3	8	3	4	4	4	4	7	5	7	5	4	4	2	1	1	1	1	1	1	1	1	1	1	1	1	56	7	7
10	Jammu & Kashmir	3	8	4	4	4	3	3	6	2	4	2	4	4	2	1	1	1	1	1	1	1	1	1	1	1	1	48	13	13
11	Jharkhand	3	8	3	4	4	4	4	8	2	6	2	4	4	2	1	1	1	1	1	1	1	1	1	1	1	1	60	4	4
12	Karnataka	3	8	3	4	4	4	5	7	2	5	2	4	4	2	1	1	1	1	1	1	1	1	1	1	1	1	56	7	7
13	Kerala	3	8	3	4	4	3	4	7	2	4	2	4	4	2	1	1	1	1	1	1	1	1	1	1	1	1	52	10	10
14	Madhya Pradesh	3	8	3	4	4	4	3	8	2	5	2	3	3	1	1	1	1	1	1	1	1	1	1	1	1	1	58	6	6
15	Maharashtra	3	5	4	3	2	1	1	5	2	3	2	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	38	16	16
16	Manipur	0	3	4	1	0	0	0	2	2	2	2	2	2	1	1	1	1	1	1	1	1	1	1	1	1	24	18	18	
17	Meghalaya	0	3	1	1	1	0	0	2	2	2	2	2	2	1	1	1	1	1	1	1	1	1	1	1	1	21	19	19	
18	Mizoram	3	8	3	4	4	4	3	7	2	4	2	4	4	2	1	1	1	1	1	1	1	1	1	1	1	1	51	11	11
19	Nagaland	3	8	3	4	4	3	4	7	2	4	2	4	4	2	1	1	1	1	1	1	1	1	1	1	1	1	51	11	11
20	Odisha	3	9	4	4	4	5	4	9	4	8	4	4	4	2	1	1	1	1	1	1	1	1	1	1	1	1	66	3	3
21	Punjab	3	4	4	1	0	0	0	4	2	2	2	2	2	1	1	1	1	1	1	1	1	1	1	1	1	1	30	17	17
22	Rajasthan	3	8	3	4	4	3	3	8	3	5	3	3	3	1	1	1	1	1	1	1	1	1	1	1	1	1	56	7	7
23	Sikkim	2	8	3	4	3	2	4	6	2	4	2	4	4	2	1	1	1	1	1	1	1	1	1	1	1	1	46	14	14
24	Tamil Nadu	3	8	3	4	3	3	3	6	2	5	2	4	4	2	1	1	1	1	1	1	1	1	1	1	1	1	53	9	9
25	Telangana	3	8	3	4	4	4	4	7	2	5	2	4	4	2	1	1	1	1	1	1	1	1	1	1	1	1	53	9	9
26	Tripura	3	7	3	4	3	3	3	7	2	4	2	4	4	2	1	1	1	1	1	1	1	1	1	1	1	1	46	14	14
27	Uttar Pradesh	3	8	3	4	3	3	3	6	2	3	2	3	3	1	1	1	1	1	1	1	1	1	1	1	1	1	46	14	14
28	Uttarakhand	3	8	3	4	3	3	3	7	2	5	2	4	4	2	1	1	1	1	1	1	1	1	1	1	1	1	50	12	12
29	West Bengal	3	7	3	4	4	4	4	7	2	4	2	4	4	2	1	1	1	1	1	1	1	1	1	1	1	1	52	10	10
Union Territories (UT)																														
1	Delhi	3	8	3	4	4	4	4	6	2	4	2	4	4	2	1	1	1	1	1	1	1	1	1	1	1	1	52	10	10
2	Puducherry	3	8	4	4	4	4	4	7	2	5	2	4	4	2	1	1	1	1	1	1	1	1	1	1	1	1	51	11	11

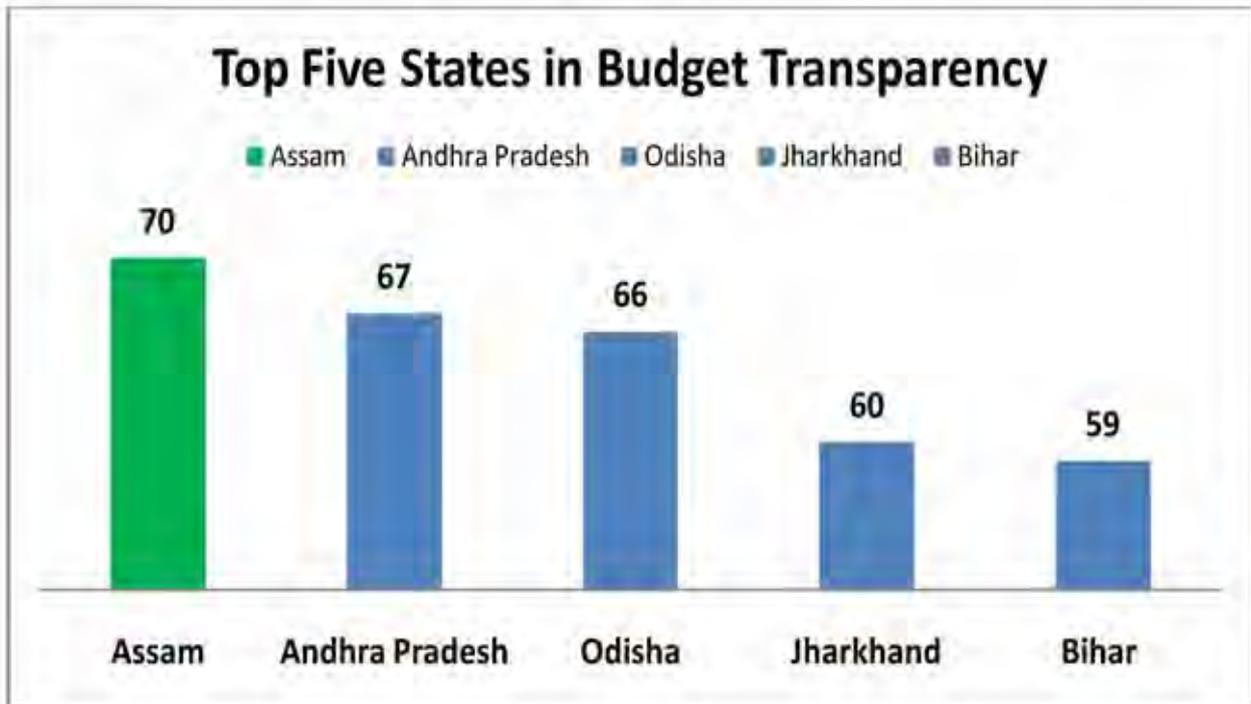
Score of Indian States in Budget Transparency

Indian States (including Union Budget) in Budget Transparency

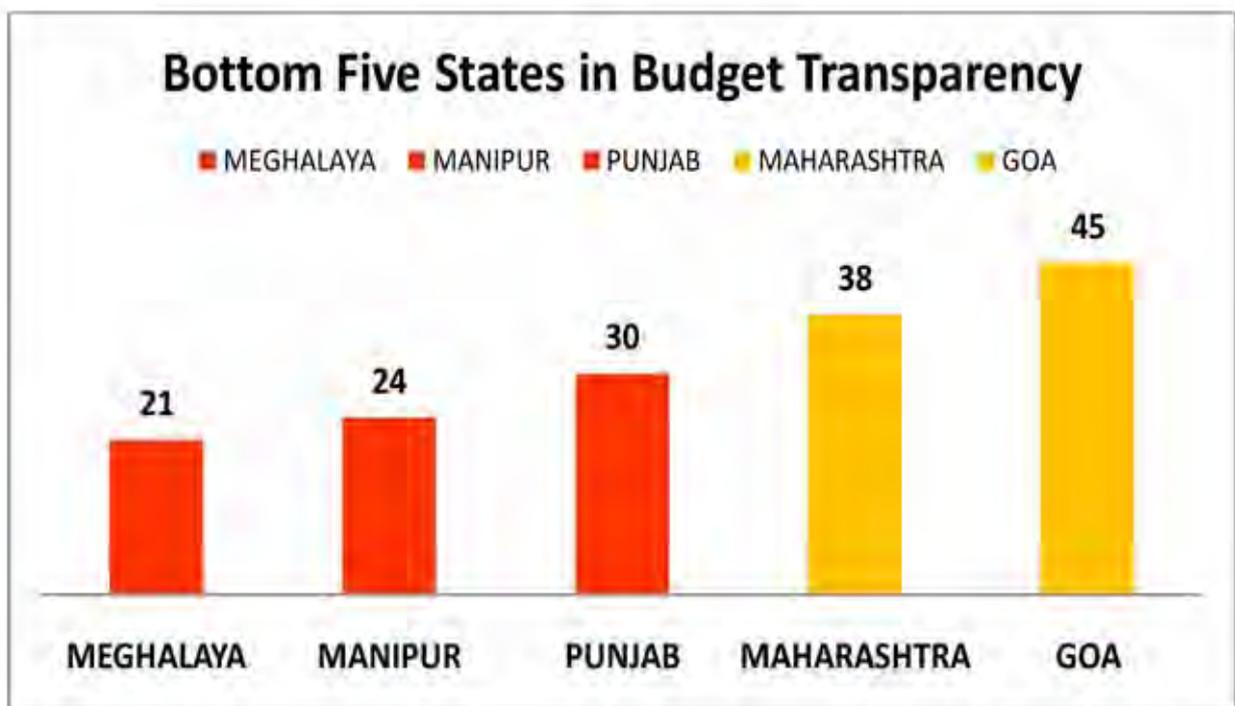


Rating Scale	
0-30	Opaque
31-45	Low level of Transparency in Budget
46-60	Medium Level of Transparency in Budget
61-75	Transparent Budget
76-100	Highly Transparent Budget

Top 5 States in Budget Transparency



Bottom 5 States in Budget Transparency



Good Practices Adopted by State Governments

There are some states of India which have made outstanding initiatives in making the budgetary process citizen-friendly, transparent, participatory and inclusive. The best practices deserve a special mention so that these serve as a guiding light for other states as well.

Citizens Budget and Budget Awareness Campaigns: Assam is the only state out of the 29 states and 2 UTs, which has published a Citizens Budget in the public domain. Along with that, the **Assam government** is the only government that has conducted budget awareness campaigns across 17 districts in the state.

Suggestions Portal/ Invites Suggestions from the Public: Himachal Pradesh, Odisha and Bihar are the 3 states which invite suggestions on budget from the general public. Odisha invited suggestions for Budget via WhatsApp, SMS, Letters and E mail. **Highest no of feedback received via WhatsApp followed by E Mail.**

Special Portal or Website for Budget: Andhra Pradesh, Arunachal Pradesh, Himachal Pradesh, Odisha, Tamil Nadu, Uttar Pradesh and Uttarakhand are the 7 states and **Puducherry** is the one UT which has a separate budget portal/website allowing ease of accessibility to budget documents and other information.

Dedicated Mobile Application for Budget: Himachal Pradesh is one state which has made budgetary information easily available for the citizens by launching a mobile phone app known as '**mbudgetHP**'.

Publication of Action Taken Report/ Timeline for Completion of Projects: Assam and Jharkhand are two states which publish '**Action Taken Report**' whereas **Delhi** included proposed time line for proposed Projects and Plan.

Integrated Financial Management System: Odisha, West Bengal and Andhra Pradesh are the 3 states which have an '**Integrated Financial Management System**' (also known as **Comprehensive Financial Management System** in Andhra Pradesh) to ensure greater transparency, efficiency and accuracy in state financial management

Recommendations



EFFECTIVE USE OF INFORMATION, COMMUNICATION & TECHNOLOGY FOR TRANSPARENT FINANCIAL MANAGEMENT



STRENGTHENING INSTITUTIONS INVOLVED IN THE BUDGETARY PROCESS



POLITICAL WILL IS SINE QUA NON OF BUDGET TRANSPARENCY



BUDGETARY OVERSIGHT SHOULD BE REGULAR & PROACTIVE



DEVISE MECHANISMS FOR CITIZEN'S ENGAGEMENT IN BUDGETARY PROCESS

Budgetary Processes/documents

S.NO	STAGE	DOCUMENTS	PRACTICE IN INDIA
1.	Pre-Budgeting	A document that sets the tone for the next year and the budget. It demonstrates government's strategy and objectives for the next budget by presenting broad estimates and allocation ceilings. Pre-Budget statement affects the estimates of the respective ministries, it becomes essential that this statement is prepared and tabled in time	In the Indian context, there is no provision of pre- budgeting. It is high time now, that India should also publish a Pre-Budget statement.
2.	Citizen's Accessibility	The annual budget is normally long and complex and accompanied by a number of detailed supporting documents. Thus, even for technical experts, understanding the budget is a difficult and time-consuming task. Therefore, it is essential that governments be proactive in helping the general public to make sense of the budget. Budgets should not only be available to the public they should also be accessible to the public.	The country's performance in terms of public participation and budget Oversight by different stakeholder is almost Nil. India's performance is worst on public participation in Budgetary process. In terms of publishing a more accessible version, no such document is published for the Common man to understand. Civil society organizations and national newspapers have been doing it.
3.	Thematic Reports	The ability to track trends in spending and revenues can provide regular information to policy makers, the press, and the public, if budget plans are going astray. Similarly, the need to develop and operate dependable systems and train staff to provide the data contained in these Reports can promote the availability and accuracy of this data not just for these Reports but for all budget reports.	Such reports are not included in the Indian budgetary system. In fact, The Annual Financial statement often ignores the financial details of less talked about issues.
4.	Reviewing half-way	The Mid-Year Review represents an opportunity to comprehensively assess a government's fiscal performance against the strategy established in the Actual Budget. The Review half-way serves a useful purpose but its importance should be viewed in context. These reviews help assess what is on or off track in terms of programs underspending or overspending relative to the Actual Budget.	Mid-Year or In-Year reports, although a norm in the Indian context, has not been complied with much accuracy.
5.	Final Reporting and Audit Report	A Year-End Report presents the government's discussion of the performance of the budget as executed relative to its original budget and any supplementary budget that may have been issued during the course of the year. It covers what was actually spent and collected relative to what was budgeted.	In India, the audit oversight is relatively more transparent, in terms of the oversight on the Budget.

Global Budget Transparency Practice & Gaps in India

S.NO	DIMENSION	BEST PRACTICE	PRACTICE IN INDIA
	Length of Discussion	Parliament and/or parliamentary committees get adequate time to analyze the budgetary proposals. In many established democracies, legislatures take 2-3 months to discuss, scrutinize and pass budgetary proposals.	Over the years the time spent discussing the Budget (general discussion as well as discussion on reports of DRSCs on Demands for Grants) has reduced from an average of 123 hours in the 1950s to 41 hours in the last decade. It could be argued that more time is being spent by Committees instead, examining the Budget. However, the purpose of Committees examining Demands for Grants was to allow for more time for deliberation within the House.
	Unity In The Parliament	Political parties in the opposition coordinate with each other to ensure that all the main concerns related to budgetary proposals are highlighted effectively and without much duplication of effort.	Opposition parties do coordinate/cooperate with each other on the matters of utmost importance, but there is a clear need for a lot of improvement on this count.
	Training of The Legislators	Political parties take initiatives to train their members to understand the budgetary proposals so that they are able to effectively participate in these proceedings. Such initiatives are important in view of the fact that budgetary proposals are often in technical language, and are hard to understand for parliamentarians without relevant background.	It seems that most political parties have yet to recognize the importance of such trainings and briefings for their members to improve their Parliamentary performance. It is interesting to see, recently some political Party started training to the MPs on the parliamentary proceedings. This will definitely help them participate more efficiently in the legislative proceedings including Budget. Role of the Bureau for Parliamentary Studies & Training is very important in this regard.
	Participative Procedure	Parliamentary committees, political parties and parliamentarians put in place mechanisms to receive suggestions from citizens and civil society groups; and incorporate them in their budgetary debates and discussions in the Parliament.	Despite ministers and MPs setting trends by their active presence on social media to interact with the citizens, there are no formal platforms or modes, through which opinions on budget can be taken into account.
	Members' initiative	Normally, All parliamentarians, who are present in the house, participate in the proceedings, irrespective of the time they get.	Participation of the parliamentarians is low on an average. Recent studies show that only 60% members participate (considering the ones who speak once even one word in whole session).
	Research and analysis	Legislative secretariats have adequate research and analysis capacity to help parliamentarians in preparing for the budget debates.	In the Indian context, although there exists infrastructure and database for research, it is not being used to its fullest potential.

Beginner's Page

Understanding the Concept of Budget

“All undertakings depend upon finance. Hence, foremost attention shall be paid to the treasury.”

Kautilya

“Budget is the life blood of the government”.

Aaron Wildavsky

A budget is a government's plan on the use public resources to meet the citizens' needs. The term 'Budget' is derived from an old English word 'Bougett' which means a sack or pouch. It was a leather bag from which the British Chancellor of Exchequer extracted his papers to present to the government's financial programme in the Parliament. 'Enactment of budget' means the passage or approval of the budget (i.e. the annual financial statement or the statement of the estimated receipts and expenditure of the Government of India in respect of each financial year) by the Parliament and ratification by the President. This legalizes the receipts and expenditure of the government. This means that the government can neither collect money nor spend money without the enactment of the budget. The term 'budget' has nowhere been used in the Constitution of India, Article 112 dealt with the 'Annual Financial Statement'.

The Budget is a statement of the estimated receipts and expenditure of the Government in a financial year, which begins on 1 April and ends on 31 March of the following year.

In addition to the estimates of receipts and expenditure, the budget contains certain other elements Overall, the budget contains the following:

1. Estimates of revenue and capital receipts;
2. Ways and means to raise the revenue;
3. Estimates of expenditure;
4. Details of the actual receipts and expenditure of the closing financial year and the reasons for any deficit or surplus in that year; and
5. Economic and financial policy of the coming year, that is, taxation proposals, prospects of revenue, spending programme and introduction of new schemes/projects.

Since 1921, the railway budget was separated from general budget on the recommendation of Acworth Committee. In August 2016, the Union Government decided to merge the railway budget with the general budget.

Budgetary Process in India

The budget goes through the following six stages in the Parliament

Presentation of budget

General discussion: It is a British legacy, few days after its presentation. It takes place in both the houses of Parliament and lasts usually for three to four days

Scrutiny by departmental committees: Since 1993 to improve parliamentary financial control over the ministries much more detailed close, in-depth and comprehensive. After the general discussion on the budget is over, the Houses are adjourned for about three to four weeks. During this gap period, the 17 departmental standing committees of the Parliament examine and discuss in detail the demands for grants of the concerned ministries and prepare reports on them to the Houses of Parliament for consideration.

Voting on demands for grants: In the light of the reports of the departmental standing committees, the Lok Sabha takes up voting of demands for grants, ministry wise. A demand becomes a grand after it has been duly voted (the Rajya Sabha has no power of voting the demands). The voting is confined to the votable part of the budget-the expenditure charged on the Consolidated Fund of India is not submitted to the vote (it can only be discussed). While the General Budget has more than 125 demands. During this stage, the members of Parliament can discuss the details of the budget. They can also move motions to reduce any demand for grant. Such motions are called as 'cut motions' which are of three kinds: Disapproval of Policy Cut Motion, Economy Cut Motion and Token Cut Motion.

Passing of Appropriation Bill: The Constitution states that “no money shall be withdrawn from the Consolidated Fund of India except under appropriation made by law.” Accordingly, an Appropriation Bill is introduced to provide for the appropriation out of the Consolidated Fund of India all money required to meet: (I) the grants voted by the Lok Sabha. (ii)The expenditure charged on the Consolidated Fund of India. The Appropriation Bill becomes the Appropriation Act after it is assented to by the President.

Passing of Finance Bill: Under Rule 219 of the Lok Sabha, the 'Finance Bill' means the Bill ordinarily introduced in each year to give effect to the financial proposals of the Government of India for the next following financial year, and includes a bill to give effect to supplementary financial proposals for any period. It is subjected to all the conditions applicable to Money Bill. Unlike the Appropriate Bill, the amendments can be moved in the case of Finance Bill. The Finance Act legalizes the income side of the budget and completes the process of the enactment of the budget.

ABOUT BUDGET 2018-19

Budget is the backbone of the financial state of the government for the year 2018-19. It sets the financial and economic direction of the government during the financial year. It also provides a clear financial framework for the government and progress in implementation of the various plans and programmes. To maintain the growth, it is necessary to fund all planned activities in various sectors. The budget also provides a clear financial direction for the government to meet the financial requirements. Thus, to ensure the better financial management of the government and its activities.

BUDGET AT A GLANCE

National Allocation

Departmental Expenditure

Overall Expenditure



mBudgetHP

Budget Himachal Pradesh
2018-19

e-Governance Service -
G2C, G2B, G2G

A visual rundown of the Assam Budget 2018-19 awareness campaign across 17 districts

ODISHA BUDGET

Assam Budget 2018-19 awareness campaign across 17 districts

Why this Web Portal

This web portal provides information about the Assam Budget in Hindi and English. It is designed to be user-friendly and easy to use. It provides the latest information about the Assam Budget 2018-19. It also provides the latest information about the Assam Budget 2018-19. It also provides the latest information about the Assam Budget 2018-19.

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