

Addressing Poverty and Exclusion through the Union Budget 2011-12

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The Finance Minister in his Budget Speech 2011-12 noted that “consumers were denied the benefit of seasonal fall in prices” although the agriculture sector output expanded by 5.4 % in 2010-11, which is higher than the official estimates of 4 %¹ – the culprit being distribution constraints in light of growing demand backed by rising middle class incomes. The worst-hit in this regard were obviously those who have historically been on the margins – the poor and the marginalised (i.e. the women, the Scheduled Castes, the Scheduled Tribes and the Minorities). The Union Budget 2011-12 has announced measures such as making credit cheaper for farmers, pre-matric scholarship for SCs and STs and increasing outlays for primitive tribal groups, however, analysts feel a lot more could have been done.

I. Why focus on poverty and inclusive development?

India ranks 67 out of 122 countries in the latest Global Hunger Index (GHI) 2010 and continues to have one of the poorest records in the world as far as mitigating hunger and securing food for its citizens. To add to this is the fact that consumption expenditure of about 77 % of the total rural population is less than Rs. 20 a day. Official estimates of the number of poor in the country, at around 37.2 % with 41.8 % in rural and 25.7 % in urban areas² afford no cause for cheer.

Let us now look at some numbers pertaining to the specific sections of population that have been at the fringe of development in the country. Taking the Tendulkar Committee estimates of population in rural areas below poverty line at 41.8 % of total population³, the absolute rural poor would be about 48.8 crore of which women would be about 23.4 crore⁴. Despite the recent professed policy priority accorded for the welfare of women, they continue to face social, economic and political discrimination in the country. Outcome indicators reveal critical concerns of survival, security, economic empowerment, and political participation.

Among the socially marginalised groups, the SCs and STs have historically been disadvantaged and suffered from the dual discrimination of economic exploitation and social exclusion. They constitute 16.23 % of India's population (as per Census 2001). The STs, with 8.2 % share of the country's population, are among the most marginalised. Even after six decades of development planning in the country, developmental deficits among SCs and STs have persisted. Most of the outcome indicators point to the fact that SCs and STs have not been included in the growth and development process witnessed in the country.

Religious minority groups constitute around 19 % of the total population (Census 2001), of which Muslims constitute 73 %. Until 2005, no concrete policy measures were taken for improving the conditions of the minorities. A high level Committee was set up by Prime Minister Manmohan Singh to assess the social, economic and educational status of Muslims in the country⁵. The Report revealed the poor socio-economic condition of Muslims as compared to other religious minority groups and a major reason for the continued exclusion of the minorities (particularly Muslims) being the gaps in government interventions. The Committee advocated for special attention to the Muslims and subsequently 90 Minority Concentration Districts (MCDs) across the country that fall behind the national average in terms of eight socio-economic and basic amenities indicators were identified. However, only 30 % of the Muslims are covered under this approach. Given these grim statistics, government interventions are vital to ensure inclusive development and poverty alleviation.

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¹ Planning Commission Chairman Montek Singh Ahluwalia had estimated that 4% agriculture growth was needed in 2010-11 to fuel current growth momentum in the country. *India needs 4 per cent agriculture growth*, The Hindu, October 4, 2010, <http://www.thehindu.com/business/Economy/article812998.ece>

² Suresh Tendulkar Committee Report on Poverty Estimation, December 2009. The N C Saxena Committee reports that the poverty estimate for rural India is 50%.

³ Total population of the country is estimated to be 1,167 crore.

⁴ Women account for 48 % of the total population in the country.

⁵ *Social, Economic and Educational Status of the Muslim Community of India: A Report*, PM's High Level Committee (headed by Justice Rajinder Sachar), Cabinet Secretariat, Govt. of India, November 2006.

II. Overall Trends in Union Budget 2011-12

Before assessing the priority in the Union Budget 2011-12 to address concerns of poverty and exclusion, an overview of the budgetary provisions is in order. The Union Government's Total Expenditure as a proportion of GDP is projected to fall from 15.4 % in 2010-11 (RE) to 14 % in 2011-12 (BE), which reflects that expenditure compression for reducing deficits is the overarching feature of this budget. On the expenditure side, not much has changed since last year with the Union Government's expenditure priorities remaining skewed against the social sectors. In fact the brunt of the conservative fiscal policy of the government is going to be borne mainly by the poor.

Table 1: Priority for Social Services in the Union Budget

Year	Expenditure from the Union Budget on Social Services* (in Rs. Crore)	Expenditure from the Union Budget on Social Services*	
		as % of Total Expenditure from the Union Budget	as % of GDP
2004-05	39123	7.9	1.2
2005-06	49535	9.8	1.3
2006-07	55246	9.5	1.3
2007-08	78818	11.1	1.6
2008-09	110542	12.5	2.0
2009-10	122345	11.9	1.9
2010-11 (RE)	162501	13.4	2.1
2011-12 (BE)	165975	13.2	1.8

Notes:

* (1) This includes the Plan Expenditure and Non-Plan Revenue Expenditure from the Union Budget on the following services: Education, Youth Affairs and Sports, Art & Culture; Health & Family Welfare: Water Supply & Sanitation; Housing & Urban Development; Information & Broadcasting; Welfare of SCs, STs and OBCs; Labour & Labour Welfare: Social Welfare & Nutrition; and Other Social Services.

(2) This does not include Non-Plan Capital Expenditure from Union Budget on Social Services, if any. Non-Plan Capital Expenditure on Social Services is sporadic and usually of a very small magnitude. Hence, this figure captures almost the entire magnitude of expenditure on Social Services from the Union Budget.

Source: Compiled from *Expenditure Budget Vol. I, Union Budget 2011-12*, Govt. of India

Total Union Budget outlay for social sectors (excluding only Non-Plan Capital Expenditure on such sectors, which is usually very small and sporadic), has gone down from 1.9 % of GDP in 2009-10 to 1.8 % of GDP in 2011-12 (BE). Moreover, with the Union Budget contributing funds worth only 2 % of GDP for social sectors (such as education, health, water and sanitation), the country's total budgetary spending (including Centre and States) on these sectors was less than 7 % of GDP in 2009-10, whereas the average figure for social sector spending by the OECD countries is as high as 14 % of GDP.

III. Poverty

To assess the priority in the Union Budget 2011-12 to address poverty, allocations for Rural Development, Agriculture and Food Security are interrogated. Within this, specific schemes and interventions relating to creation of rural employment and rural infrastructure are scrutinised.

(i) Rural Development

While the total budget for Department of Rural Development shows an increase from Rs. 66,138 crore in 2010-11 (BE) to Rs. 76,378 crore in 2010-11 (RE), the allocations are down to Rs. 74,144 crore in 2011-12 (BE). While *Mahatma Gandhi* National Rural Employment Guarantee Scheme (MGNREGS) has been provided Rs.40,000 crore in 2011-12 (BE), outlay for *Swarnjayanti Gram Swarozgar Yojana* (SGSY), now renamed as the National Rural Livelihood Mission, has come down to Rs. 2,621 crore in 2011-12 (BE) from Rs. 2,683 crore in 2010-11 (RE). Further, allocations for *Indira Awas Yojana* (IAY) have declined from Rs. 9,333.5 crore in 2010-11 (RE) to Rs. 8,996 crore in 2011-12 (BE).

The initiation of MGNREGS has been one of the most significant interventions made by the UPA government. In pursuance of last year's budget announcement to provide a real wage of Rs. 100 per day, the Finance Minister

announced the government's decision to index the wage rates notified under the MGNREGA to the Consumer Price Index for Agricultural Labour. However, the outlay for MGNREGS has been restricted to Rs. 40,000 crore in 2011-12 (BE) – a very slight increase from the budget in 2010-11 (BE) of Rs. 40,100 crore.

Some increases have also been made to the corpus fund for Rural Infrastructure Development Fund (RIDF XVII) from Rs. 16,000 crore to Rs. 18,000 crore (2011-12 BE), and the Backward Regions Grant Fund (BRGF) from Rs. 5,170.6 crore (2010-11 RE) to Rs. 5,250 crore (2011-12 BE).

Another area of concern relates to the poor pace of fund utilisation under most of the schemes (Table 2). Under MGNREGS, the government has also not been able to ensure Rs.100 as daily wage per household. After four years of implementation, the average stands at Rs. 89 per day. In terms of providing employment, the average person days has not exceeded 48 days (2008-09) per household, while only 14 % of job seekers have received the promised 100 days of employment.

Table 2: Status of Fund Utilisation under Major Rural Development Programmes

	MGNREGS		SGSY		IAY	
	Total Available Fund (in Rs Crore)	% of Fund Utilisation	Total Available Funds (in Rs Crore)	% of Fund Utilisation	Total Available Fund (in Rs Crore)	% of Fund Utilisation
2007-08	19306	82.1	2394.2	82.1	6527.2	83.7
2008-09	37397	72.8	2981.3	73.7	12308.3	57.4
2009-10*	46502	67.7	3138.9	67.5	12308.3	69.5

*Data up to February 2010.

Note: Total Available Funds includes the previous year's unspent balance plus current year's releases

Source: Ministry of Rural Development, Govt. of India. Demand for Grants, 2010-11, Lok Sabha Secretariat

(ii) Agriculture

The annual average combined (Centre and States) expenditure towards agrarian sector (which includes expenditure on food subsidy, cooperation, fertiliser subsidy, agriculture and allied activities, rural development and irrigation) declined from 15.8 % in 1990-91 to 14.8 % during 2000-01 to 2009-10. Union Government's total expenditure on the rural economy (which includes expenditure on Agriculture and Allied Activities, Rural Development, Special Area Programmes, Irrigation and Flood Control and Village and Small Industries) dropped from 3.3 % of GDP in 2008-09 (Actuals) to 2.3 % of GDP in 2011-12 (BE). Allocations for extending the "Green Revolution" to the eastern region of the country comprising six states and the eastern part of Uttar Pradesh, providing high yielding variety seeds, technology and irrigation to the farmers, and for pulses and oilseeds in 60,000 rain-fed villages have been made.

Despite an increase in agriculture output, a shrinking in the share of public investment on this sector has been witnessed (Tables 3 and 4). Low budget priorities coupled with a steady rise in agriculture input prices have, in recent times, resulted in low farm incomes; limited purchasing power of the rural masses, especially the farming community; high rate of farmer suicides; and rural unrest. It was expected that the budget would try to address the crisis in the agricultural sector but the low priority accorded to it indicates otherwise.

Table 3: Total Public Investment towards Agrarian Sector (Centre and States) since 1990-91

(in Rs. Crore at current prices)

Sl. No	Components of Agrarian Sector	1990-91	Annual Average spending (1995-96 to 1999-2000)	Annual Average spending (2000-2001 to 2009-10)
1	Food Subsidy (Total a+b)	2492.4	6915.4	28841.7
a	Centre	2450.0	6588.0	27671.1
b	States	42.4	327.4	1170.6
2	Co-operation	1091.5	1068.8	3535.6
3	Fertiliser Subsidy *	4400.0	6772.0	26960.7
4	Agriculture and Allied Services (a+b+c+d+e+f+g)	11714.3	25316.8	67296.7
a	Crop Husbandry *	1715.6	5696.2	10858.8
b	Soil and Water Conservation	427.5	964.6	1630.4

c	Animal Husbandry	747.1	1471.1	3270.5
d	Dairy Development	615.9	954.9	1223.9
e	Food Storage and Warehousing (Excluding Food and Fertiliser Subsidy)	178.5	452.3	685.1
f	Rural Development	5147.4	12278.1	40180.6
g	Others	2882.3	3499.5	9447.4
5	Irrigation (a+b)	4760.4	12087.1	28481.6
a	Major and Medium Irrigation	3278.3	9500.6	22807.9
b	Minor Irrigation	1482.0	2586.5	5673.7
6	Total Budgetary Investment on 'Agrarian Sector' (1+2+3+4+5)	24458.6	52160.1	155116.2
7	Total Budgetary Expenditure (by both Centre and States) **	155141.5	351644.8	1006676.7
8	Share of Expenditure on 'Agriculture Sector' out of total budgetary Expenditure (6/7*100) in %	15.8	15.0	14.8
<p>Note: * Since the year 2000-01, figures given under the heads Fertiliser Subsidy and Crop Husbandry are taken from Indian Public Finance Statistics 2009-10 so the figures may not necessarily tally with those given in earlier years. **Total Expenditure includes Developmental Expenditure + Non-Developmental Expenditure + Loans & Advances. Amounts for 2008-09 are the Revised Estimates (RE) and for 2009-10 Budget Estimates (BE) Source: Compiled from various issues of Indian Public Finance Statistics, Ministry of Finance, Government of India.</p>				

Table 3 presents the status of public investment (Centre and States) towards the agrarian sector in the country since 1990. The investments include those on food subsidy, cooperation, fertilisers, agriculture and allied activities (including rural development), irrigation (excluding expenditure on major irrigation) by the Central and state governments. It is seen that in 1990, total public investment towards the agrarian sector was Rs. 24,458.6 crore, which went up to Rs. 52,160 crore (average spending from 1995-96 to 1999-2000) and to Rs. 155,116 crore (average for 2000-01 to 2009-10). This indicates that during 1990-91 to 2009-10, public investment towards the sector swelled more than fivefold in absolute terms. However, a look at the share of investments out of total budgetary transactions (by the Centre and States) shows a downtrend. The annual average share of public investment towards the sector out of the total budgetary transactions in 1990-91 was 15.8 % which dipped to 15 % during from 1995-96 to 1999-2000 and further down to 14.8 % during the period 2000-01 to 2009-10. Thus, the combined budgetary investment towards the agrarian sector by the Centre and States since 1990s has been on the wane.

Table 4: Spending on Rural Economy* as proportion of Total Union Budget Expenditure and GDP

Year	Expenditure on Rural Economy		Expenditure on Agriculture and Allied Activities	
	As % of Total Union Budget Expenditure	As % of GDP at current market prices	As % of Total Union Budget Expenditure	As % of GDP at current market prices
2004-05	9.9	1.5	7.3	1.1
2005-06	11.3	1.6	7.4	1.0
2006-07	14.6	2.0	8.3	1.1
2007-08	13.1	1.9	9.6	1.4
2008-09	21.1	3.3	15.7	2.5
2009-10	15.7	2.5	11.4	1.8
2010-11 RE	17.9	2.8	11.9	1.8
2011-12 BE	16.4	2.3	10.3	1.4
<p>Note: Expenditure on Rural Economy* includes (i) Agriculture and Allied Activities, (ii) Rural Development, (iii) Special Area Programmes, (iv) Irrigation and Flood Control and (v) Village and Small Industries. Source: Compiled from data in Annual Financial Statement (AFS) and Budget at a Glance, Union Budget, various years.</p>				

Table 4 shows that the Union government's total expenditure on the *Rural Economy* (which includes expenditure on Agriculture and Allied Activities, Rural Development, Special Area Programmes, Irrigation and Flood Control, and Village and Small Industries) decreased from 3.3 % of the GDP in 2008-09 (Actuals) to 2.3 % in 2011-12 (BE). A similar picture emerges for the expenditure priority towards Agriculture and Allied Activities as a share from the GDP, which declined from 2.5 % in 2008-09 to 1.4 % in 2011-12 (BE). As a proportion of the total expenditure from the Union Budget, the expenditure on Rural Economy shows a continuous decline from 21.1 % in 2008-09 (Actuals) to 16.4 % in 2011-12 (BE). The government expenditure

on Agriculture and Allied Activities as a proportion of total expenditure from the Union Budget also shows a sharp decline from 15.7 % in 2008-09 (Actuals) to 10.3 % in 2011-12 (BE).

An allocation of Rs. 400 crore has been made in this year's budget again in continuation of last year's announcement of extending the Green Revolution to the eastern region. Likewise, an outlay of Rs 300 crore has been earmarked for organising pulses and oilseeds in 60,000 rain-fed villages. The Budget Speech of the Finance Minister also mentioned a few new programmes and schemes in the agriculture sector with allocations of Rs. 300 crore each. However, in the real sense, there are no new schemes and programmes since these are components of *Rashtriya Krishi Vikas Yojana* (RKVY). The proposed allocation for RKVY during the 11th Plan was Rs. 25,000 crore and the *Yojana* is a full-fledged State Plan Scheme entailing 100 % assistance from the Centre. With the cumulative allocation made under these components amounting to Rs. 22,432 crore, only 90 % of the outlay proposed for the Plan period has been met.

(iii) Food Security

Despite a growing recognition of the need to significantly expand the coverage of Public Distribution System (PDS) for food grains, the Union Budget outlay for Food Subsidy has been brought down from Rs. 60,600 crore in 2010-11 (RE) to Rs. 60,573 crore in 2011-12 (BE). Further, the Union Budget outlay for Petroleum Subsidy has been reduced significantly from Rs. 38,386 crore in 2010-11 (RE) to Rs. 23,640 crore in 2011-12 (BE). Given the predictions that international crude oil prices are going to rise further in the coming months, reduced subsidy in 2011-12 could result in further rise in prices of petroleum products and hence a persistence of the problem of price rise.

The Union Government has made several commitments to ensure food to all its citizens. However, the Prime Minister's Expert Committee headed by C Rangarajan ruled out the recent recommendations of the National Advisory Council (NAC) on the proposed Food Security Bill. It is worth noting here that the proposal on food security put forth by the NAC endorses near universalisation of PDS in the country. Rejection of this proposal by the expert committee and the reluctance of the government to universalise distribution of food grains rest on three primary arguments. These are a) insufficiency of food grains; b) leakages in the system; and c) lack of adequate resources to finance the subsidy bill. A closer look at the reasons negates the government's apprehension to universalise the distribution of rice and wheat under PDS in the country.

Insufficient food grains: In 2008-09, the Union Government procured 22.68 million tonnes of wheat and 33.69 million tonnes of rice which accounted for only 23 % of the total food grains production. The country is also producing food grains to the tune of 232.07 million tonnes⁶, clearly revealing that insufficiency of food grains is not a valid argument.

Poor governance: Although there are systemic weaknesses in PDS, the response to this can only be systemic. Steps need to be taken to make the system corruption-free, efficient and accountable through better infrastructure, fixing accountability of key functionaries and introduction of systemic reforms to ensure that financial and institutional constraints that mar effective implementation of PDS are addressed.

Lack of finances: Universalising availability of food grains is not an impossible task for the government. The government had foregone tax revenue (as exemptions and deductions in both direct and indirect taxes) to the tune of Rs.5,11,630 crore in 2010-11. In comparison, the amount required for universalisation of PDS is miniscule.

IV. Exclusion

To assess the priority in the Union Budget 2011-12 to address exclusion, allocations for women, SCs, STs and minorities are examined.

(i) Women

On the plus side, the budget allocation for Ministry of Women and Child Development has been increased from Rs. 11070.5 crore in 2010-11 (BE) to Rs. 12733 crore in 2011-12 (BE), an increase of 15 % at current prices. Allocations for some of the women-specific schemes have been increased in 2011-12, which include Reproductive & Child Health (RCH) Flexible Pool, Rural Family Welfare Services, Girls Hostels in Secondary and Higher Secondary Schools, *Rashtriya Mahila Kosh*, Relief and Rehabilitation of Rape Victims, and *Indira*

⁶ Second advanced estimates released by the Ministry of Agriculture, Govt. of India

Gandhi Matritva Sahayog Yojana. With the stated objective of empowering women and promoting their Self Help Groups (SHGs), the Union Government has proposed creation of a “Women’s SHGs’ Development Fund” with a corpus of Rs. 500 crore.

In the *Integrated Child Development Services (ICDS)*, the long overdue demand of increasing the remuneration of Anganwadi Workers and Anganwadi Helpers has been recognized in this Budget, with the monthly remuneration being doubled from Rs. 1500 to Rs. 3000 for Anganwadi Workers and from Rs. 750 to Rs. 1500 for Anganwadi Helpers. However, what raises a concern is that Union Budget outlay for ICDS shows a relatively inadequate increase from Rs. 9370 crore in 2010-11 (Revised Estimates) to Rs. 10330 crore in 2011-12 (Budget Estimates).

However, allocations for some important women-specific schemes such as National Scheme for Incentive to the Girl Child for Secondary Education, Hostels for Working Women, Support to Training and Employment Programme, *Swayamsidha* Phase-II, *Swadhar*, *Priyadarshini*, and *Rajiv Gandhi* Scheme for Empowerment of Adolescent Girls (*SABLA*) have been reduced in 2011-12 (BE) as compared to 2010-11 (BE).

Although there are several schemes specific to women, most of these have small magnitudes of allocations – out of the 60 women-specific schemes / interventions reported in the “Gender Budgeting Statement” this year, only 11 schemes have allocations exceeding Rs. 100 crore of which only three (Reproductive & Child Health (RCH) Flexible Pool, Rural Family Welfare Services and *Indira Awas Yojana*) have allocations exceeding Rs. 1000 crore.

The Union Budget allocations for rural water supply have increased by a small margin from Rs. 8100 crore in 2010-11 (RE) to Rs. 8415 crore in 2011-12 (BE). For rural sanitation, the budget allocations have shown only a negligible increase from Rs. 1422 crore in 2010-11 (RE) to Rs. 1485 crore in 2011-12 (BE). Despite the significance of water and sanitation related interventions for women in our country, the Department of Drinking Water and Sanitation does not yet have any intervention worth being reported in the “Gender Budgeting Statement”.

The impact of continued inadequate outlays for Food Subsidy would be significant for women given their gender-based disadvantages in the light of aggravation of food insecurity.

On the side of taxation, while the Income Tax exemption limit for the general category of individual tax payers has been raised from Rs 1,60,000 to Rs 1,80,000 in this Budget, the exemption limit for women tax payers has been retained at the earlier level of Rs. 1,90,000. The government should have improved the gender responsiveness of the tax system by increasing the exemption limit for women tax payers as well.

(ii) Scheduled Castes (SCs) and Scheduled Tribes (STs)

While there have been some improvements made to the budgetary practices followed in terms of providing information of outlays specific to the SCs and STs, concerns persist. For the first time, Union Budget 2011-12 presented two separate Statements providing information on outlays for SCs and STs. Allocation under Scheduled Caste Sub Plan (SCSP) increased gradually over the years up to 2007-08 (RE) after which it declined in the next two budgets (Table 5). It crossed the halfway mark of the SCSP norm of 16 % in 2007-08 (RE) and has fluctuated since. With just about 9 % of the Plan outlay for SCs, the recommended allocation of 16 % under SCSP has not been fulfilled in Union Budget 2011-12 as well.

Table 5: Plan Allocation Earmarked for SCs in Union Budgets

	2004-05 RE*	2005-06 RE*	2006-07 RE*	2007-08 RE*	2008-09 RE*	2009-10 RE*	2010-11 RE	2011- 12 BE
A. Plan Allocation earmarked for SCs (in Rs. crore)	3611.2	6578.6	8473.9	12367.8	14727	14623.52	23153.19	30551
B. Total Plan Allocation of Union Govt. (excluding Central Assistance to State & UT Plans) (in Rs. crore)	85061	109900	129804	152313	208252	233919	302500	340255
A as % of B	4.25	5.99	6.53	8.12	7.07	6.25	7.65	8.98

Note: * Estimates of Plan allocations for SCs from 2004-05 RE to 2009-10 RE are based on approximations of allocations for SCs based on their proportionate share in the total population as the Union Budget document did not segregate the total allocations earmarked for SCs and STs till Union Budget 2011-12. Following the proportion of SCs and STs in total population of the country (i.e.

16.2 % for SCs and 8.2 % for STs as in Census 2001), out of the total funds earmarked for SCs and STs together, we assume here that roughly two-third would be spent for SCs and one-third for STs.

Source: Compiled from Expenditure Budget Vol. I and Vol. II, Union Budget (various years) and Statement 21 in Union Budget 2011-12

Union Ministries/departments like Animal Husbandry, Dairying & Fisheries, New & Renewable Energy are now allocating funds for the welfare of SCs while Ministries/departments like Industrial Policy & Promotion, Environment & Forest, AIDS Control, Housing & Urban Poverty Alleviation, Land Resources & Drinking Water and Sanitation have begun to report outlays for the welfare of STs. As per Statement 21 and 21 A, allocations under Scheduled Caste Sub Plan (SCSP) have increased to Rs. 30,551 crore in 2011-12 (BE) from Rs. 23,795 crore in 2010-11, while under Tribal Sub Plan (TSP), the allocation has increased to Rs. 17,371 crore in 2011-12 (BE) from Rs. 5,445 crore in 2010-11. There is an increase in outlays for primitive tribal groups from Rs.185 crore in 2010-11 (BE) to Rs.244 crore in 2011-12 (BE).

While norms under the SCSP mandate all ministries/departments to allocate Plan funds in proportion to SC population, analysis of Union Budget 2011-12 reveals that out of 105 departments and ministries at the Union government level, only 24 have allocated funds under SCSP. The rest has been kept outside the preview of SCSP on the grounds of their engagement in the regulation, policy making, and involvement in scientific research and implementing the infrastructure project where benefits for SCs are not quantifiable.

Looking at allocations for the STs, the proportion of Plan outlay of the Union Government earmarked for STs has remained much below the recommended norm of Tribal Sub Plan (TSP) of allocating Plan funds for the welfare of the STs in proportion to their share in the total population, which works out to about 8 % of the Plan outlay (Table 6).

Table 6: Plan Allocation Earmarked for STs in Union Budgets

	2004-05 RE*	2005-06 RE*	2006-07 RE*	2007-08 RE*	2008-09 RE*	2009-10 RE*	2010-11 RE	2011-12 BE
A. Plan Allocation earmarked for STs (in Rs. crore)	2382	4175.5	5564.9	7447	8771	8600.63	9221.31	18436.15
B. Total Plan Allocation of Union Govt. (excluding Central Assistance to State & UT Plans) (in Rs. crore)	85061	109900	129804	152313	208252	233919	302500	340255
A as % of B	2.8	3.8	4.29	4.89	4.21	3.67	3.05	5.42

Note: *The Union Budget documents were not segregating the total allocations earmarked for SCs/STs further to show allocations separately for SCs and STs in these Ministries/ Departments till 2010-11. We assume here that following the proportion of SCs and STs in total population of the country (i.e. 16.2 % for SCs and 8.2 % for STs as in Census 2001), out of the total funds earmarked for SCs and STs together, roughly one-third would be spent for STs.

Source: Compiled from Expenditure Budget Vol. I and Vol. II, Union Budget (various years) and Statement 21A in Union Budget 2011-12

Akin to the SCSP guidelines, TSP also mandates all ministries/departments to allocate Plan funds in proportion to ST population. However, only 27 out of the 105 departments/ ministries have allocated Plan funds under TSP. Recommendations of a Task Force set up by the government⁷ cites the problem of indivisibility of funds as the primary reason for other departments and ministries failing to allocate funds under TSP. This is because these are either regulatory departments or ministries addressing only specific target groups other than STs or alternatively are engaged in basic scientific research and implementation of infrastructure projects benefit of which are difficult to quantify.

(iii) Minorities

To address the development deficits that have plagued the minorities, particularly the Muslims, Union Government has adopted a two-pronged strategy since 2006. First, it selected few flagship programmes

⁷ Task Force to Review Guidelines on Scheduled Caste Sub Plan and Tribal Sub Plan, Recommendations to Revise Guidelines for Implementation of Scheduled Caste Sub Plan and Tribal Sub Plan by Central Ministries and Departments, Planning Commission (Task Force headed by Dr Narendra Jadhav), Govt. of India, November 25, 2010

related to education, livelihood and public services under the Prime Minister's 15-Point Programme. Second, under the aegis of Ministry of Minority Affairs (MMA), some new programmes were devised, the most important of them being the Multi Sectoral Development Programme (MSDP). Union Budget 2011-12 does not give much attention to minorities except with regard to the achieving 15 % target under Priority Sector Lending and increasing allocations of Maulana Azad Education Foundation.

Replicating a similar exercise for the minorities as was done for the SCs and STs, it becomes clear that the overall priority for minorities has been scant. In 2009-10, the quantum of funds for minorities was only 6 % of total Plan funds while their proportionate share in total population was 19 % (Census 2001). In 2010-11, funds allocation for minorities had further declined to 5.3 %.

Under the 15-Point Programme, major allocations are made through the three JNNURM projects for urban development which constitute 62 % of the total allocation meant for minorities but their operationalisation is found to be non-existent at the state and district levels. Outlays for rural development programmes like *Indira Awas Yojana* (IAY) and National Demonstration Water Project (NDWP) comes to around 22 %. The programmes like Industrial Training Institutes (ITIs) and *Swarna Jayanti Shahri Rozgar Yojana* (SJSRY) have cornered very meager allocations. The share of MMA in total allocation for minorities is around 17 %, which is insignificant, keeping in mind the fact that MMA is the nodal ministry for the development of minorities (Table 7).

Table 7: Union Government Outlay for Minorities under PM's 15-Point Programme & MMA (in Rs. Crore)

S.N	Scheme	2009-10	2010-11
1	Indira Awas Yojana (IAY)	2147.31 (14.3)	1961 (12.95)
2	National Drinking Water Programme (NDWP)	1087 (7.24)	1781 (11.76)
3	Industrial Training Institutes (ITIs)	25.98 (0.17)	42 (0.28)
4	Integrated Housing Slum Development Programme (IHSDP)	1770.83 (11.79)	0
5	Urban Infrastructure Development for Small and Medium Towns (UIDSSMT)*	2533 (16.87)	0
6	Basic Services to Urban Poor*	5578 (37.15)	0
7	Urban Infrastructure and Governance		8624 (56.94)
8	Swarna Jayanti Shahari Rozgar Yojana (SJSRY)	33.47 (0.22)	37 (0.24)
9	Ministry of Ministry Affairs (MMA)	1740 (11.59)	2600 (17.17)
10	Some other schemes	100 (0.67)	100 (0.66)
11	Total	15,015.59	15,145

* Cumulative amount of approved projects under JNNURM (Figures in brackets are shares in percentages to total for the year).

Source: Ministry of Ministry Affairs, Govt. of India

The 11th Plan recommended 39 % of the budget of Ministry of Minority Affairs (MMA) to MSDP to address the development deficits of Muslims in the country. Initially, the 11th Plan apportioned Rs.2750 crore out of the total Plan outlay of Rs. 7000 crore of MMA for MSDP, which was later raised to Rs. 3780.30 crore. The proportion of expenditure of total projects approved has been only around 23.5 % at the national level after almost four years of its implementation.

Summing Up

Concerns relating to addressing poverty and exclusion remain critical for the country despite consistent policy interventions by the Union government. As noted, while the Union Budget 2011-12 has some positives in this regard, critical shortfalls persist. While budgetary provisions made in the sectors such as rural development and agriculture are welcome, an additional thrust to rural employment generation and rural infrastructure creation was hoped. Further, given the spiralling food prices and its implications for the poor and the marginalised, significant increases in the outlay for food subsidy would have been a step in the right direction. This also calls for expanding the scope of PDS to remove distribution constraints. The Finance Minister had noted that, "in the medium term perspective, our three priorities of sustaining a high growth trajectory; making development more inclusive; and improving our institutions, public delivery and governance practices, remain relevant." Thus, to ensure 'inclusive' growth, along with stepping up outlays for the marginalised sections of population, the next steps that could go a long way would be streamlining implementation, improving governance structures and removing bottlenecks in the institutional mechanisms.
