

RESEARCH NOTE

MAKING LION - SHARE BUDGET AND AUDITING FOR MARGINALIZED CLASSES WELFARE

A. Ranga Reddy* M. Kumar Raju**

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The paper highlights the deficiencies of the downtrodden and their upliftment through making lion-share budgeting and social auditing for marginalised classes welfare.

Since centuries, civilisations have developed in an evolutionary manner with big inequalities and social injustices. The richer classes are putting all hindrances in the path of the lower classes so that their development does not take place. The steps taken till date to fill these gaps have been inadequate and redressal of inequalities is slowly becoming an uphill task.

INTRODUCTION

Inclusive growth is defined as an equitable allocation of resources with benefits accruing to every section of society. Earlier, it was an Utopian concept. At present, it may be considered as a dream of an ideal state, which has been realized by European countries. Few live extravagant life styles and majority are in hunger and unemployed.

Eleventh Plan Objective: According to the Eleventh Plan Approach Paper, a key element of the strategy for inclusive growth must be “to provide the mass of our people access to basic facilities such as health, education, clean drinking water etc, and that governments at different levels have to ensure the provision of these services”. According to Asian Development Bank (ADB 2007) the term “*inclusive growth*”, implies ensuring that - the economic opportunities created by growth are available to all, particularly the poor to the maximum possible extent¹.

ASIAN ECONOMY

Asia's rapid economic growth over the past two decades driven by cheap land and labour, technological change and the play of globalization, has had a spectacularly improving effect on the lives of hundreds of millions. Since 1990, the number of those in extreme poverty, defined as earning less than \$ 1 a day, has been halved, to under a fifth of developing Asia's people. Poverty and the vulnerabilities associated with it remain entrenched. Further, inequalities are rising fast. Until recently, economic growth and social policy were thought of separately. Inequalities and social exclusion were viewed as a residual outcome of necessary market-led growth². The development response was to get markets right first and then deal with any remaining pockets of the poor.

As per Human Development Report 2009, the Human Development Index (HDI) for India in 2007 was 0.612 on the basis of which India is ranked 134 out of 182 countries of the world. The same index was 0.427 in 1980 to 0.556 in 2000. Improvement in HDI if India in recent years has been better than in other years. India ranks at 66 among 88 in the Global Hunger Index. The child nourishment recorded is worse than that of Sub-Saharan Africa³.

In Gender Development Index (GDI), with an index value of 0.594, India ranks 114 out of 155 countries. Central Government expenditure on social services, including rural development, has gone up consistently over the years. The share of central government expenditure on social services including rural development in total expenditure (plan and non-plan), has increased from 10.46 *per cent* in 2003-04 to 19.46 *per cent* in 2009-10 (BE). The share of health in total expenditure has also increased from 4.3 *per cent* in 2004-05 to 4.8 *per cent* in 2009-10 (BE)

INEQUALITY IN ASIA

Inequality in India in comparison to other countries as reflected in the Gini index, which is a measure of unequal distribution of income (or Consumptions) among individuals or households, is given in the Human Development Report 2009. The lower (higher) the number the more equal (unequal) is the distribution. At 36.8, Indian's Gini index was more favorable than that of comparable countries like Brazil(55), Turkey(43.2), Thailand(42.5), China(41.5), Indonesia(39.4) Vietnam(37.8) and even the USA(40.8), Singapore(42.5), Hong Kong(43.4) and Portugal(38.5) which are otherwise ranked very high in human development. Inter-State inequality in India as reflected in the Lorenz ratio (which like Gini index is used as a measure of relative inequality) has been estimated by the NSSO based on household consumer expenditure for 2004-05. For rural India the Lorenz ratio for total consumption expenditure was 0.30 while for urban India, it was 0.37 indicating, as expected, higher relative inequality in urban areas. As expected, disparity in consumption of durable goods was much higher than in the consumption of cereals⁴.

MANTRAS FOR ACHIEVING INCLUSIVE GROWTH

The Economic Survey 2006-07 has identified *mantras* for achieving high and inclusive economic growth with a view to creating more jobs and eliminating poverty at a faster pace. As a first step the government should initiate measures to channelise saving accruing on account of high growth rate coupled with demographic dividend for investment. Secondly, efficient improvements in the economy will reinforce the country's confidence in the high growth phase. The ratio of net capital stock to gross value added in the national economy which went down from 2.78 to 2.60 between 1990-2000 and 2004-05 has increased to 2.66 in 2004-05, suggesting efficient utilization of resources.

Thirdly, availability of labour at reasonable wages and efficient improvements will open new avenues in services, beyond the already well known IT and ITes that bolster confidence in new high growth phase. Government should encourage tourism, which globally contributes 10 *per cent* to the world's domestic product. Fourthly, there is need for rapid capacity addition through investments to prevent overheating of the economy as is being feared by some economists. Fifthly, the poor infrastructure that constrained growth in the past has started improving and is likely to strengthen further, giving a boost to economic growth⁵.

Space Technology and Rural Areas

The committee constituted by the Ministry of Rural Development for suggesting a methodology for estimation of BPL households in rural areas observed that the national poverty line at Rs.356 *per capita* per month in rural areas and Rs.539 *per capita* per month in urban areas at 2004-05 prices

permitted both rural and urban people to consume about 1820 K calories as against the desired norm of 2400/2100 K calories.

Hence, a large number of the rural poor got left out of the BPL status benefits as in order to consume the desired norm of 2400/2100 K calories, the cut off line for determining BPL status should have been around Rs.700 in rural areas and Rs.1000 in urban. The committee, therefore recommended that the percentage of people entitled to BPL status should be revised upwards to at least 50 *per cent* through the calories norm of 2400 would require this to be 80 *per cent*⁶. Space based application should become part of the value chain of the user community who should internalize them. The priority would be to contribute towards the national endeavours in flood and water security, weather and climate, environment and eco system, education and health care, rural communication, infrastructure development, disaster management support and related national imperatives.⁷

EMPLOYMENT IN THE ORGANISED SECTOR

Employment growth in the organized sector, public and private combined has declined during the period between 1994 and 2007. This has primarily happened due to decline of employment in the organized sector.

National Rural Employment Guarantee Scheme (NREGS): was launched in February 2006 in 200 most backward districts in the first phase and was expanded to 330 districts during 2007-08. The coverage was extended to all districts of the country in 2008-09. At present, 619 districts are covered under the NREGS, which has been renamed as Mahatma Gandhi NREGS. During the year 2008-09, more than 4.51 crore households were provided employment under the scheme. As against the budgetary outlay of Rs.39,100 crore for the year 2009-10, an amount of Rs 24,758.50 crore has been released to the States / UTs till December 2009. Out of the 182.88 crore person days created under the scheme during this period 29 *per cent* and 22 *per cent* were in favour of SC and ST population respectively and 50 *per cent* in favour of women.

Swarnajanti Gram Swarozgar Yojana (SGSY): was launched in April 1999 after restructuring of the Integrated Rural Development Programme (IRDP) and allied programmes. It is a self employment programme for the rural poor. The objective of the SGSY is to bring the assisted Swarozgaris above the poverty line by providing them income – generating assets through bank credit and government-subsidy. The scheme is being implemented on a cost-sharing basis between the centre and states of 75:25 for non-North- Eastern states and 90:10 for North-Eastern states. Up to December 2009, 36.78 lakh Self Help Groups (SHGs) have been formed and 132.81 lakh Swarozgaris have been assisted with a total investment of Rs 30,896.08 crore.

Swarna Jayanti Shahari Rozgar Yojana (SJSRY): The government has recently revamped the SJSRY with effect from April 1, 2009. The scheme provides gainful employment to the urban unemployed and underemployed poor, by encouraging the setting up of self employment ventures by the urban poor and also by providing wage employment and utilizing their labour for construction of socially and economically useful public assets. The revamped SJSRY has five components- Urban Self Employment Programme (USEP), Urban Woman Self help Programme (UWSP), Skill Training for Employment Promotion Amongst Urban Poor (STEP-UP), Urban Wage Employment Programme (UWEP), Urban Community Development Network (UCDN). Budget allocation for the SJSRY scheme for 2009-10 is Rs. 515 crore. During 2009-10, as reported by States /UTs, 28,613 urban poor have been assisted to set up individual enterprises and 85,185 urban poor have been imparted skill training⁸.

In all these leading programmes for reducing poverty and creating employment potential both in rural and urban areas, there are leakages, misuse, and abuse of funds, which were found in social auditing. Still transparency and accountability have not yet been upgraded at the grass root level administration. The political system has not imbibed the spirit of ethical and sacrificial nature. A strong political will with Gandhian spirit is needed to sustain these programmes, so that poverty and employment can be removed in a short period.

EMPLOYMENT SITUATION IN ANDHRA PRADESH

There are four major issues related to employment. First is the work participation rate and rate of growth in employment. The second is the quality of employment in terms of real wages. The third, related to the second, is diversification in terms of the structure of employment. Last, outlines of policies are needed for improving quantity and quality of employment. Labour market reforms are also an important issue for policy.

In the estimate by NSS 61st round (2004-05) of the survey population of 80 million in Andhra Pradesh, 40 million are in the workforce. The work participation rate (WPR) was high in rural areas at 54.4 *per cent* and in urban areas it was 39.2 *per cent*. The WPR in Andhra Pradesh is much higher than the all India average. Moreover, female work participation rate at 41 *per cent* in the state is the highest among the major Indian states. In Andhra Pradesh, the share of agriculture in employment is still high at 58.5 *per cent* with a rank of 8 among the major Indian states. The share of non-agricultural sector in over all (rural and urban combined) employment has increased from 32.9 *per cent* in 1993-94 to 41.5 *per cent* in 2004-05. The long term total (rural and urban combined) employment growth in Andhra Pradesh was around 1.75 *per cent* per annum from 1983 to 2004-05. It is a matter of great concern that Andhra Pradesh recorded the lowest growth in employment (0.95 *per cent*) among all the states in the country in the post reform period (1993-2005). Sectors like construction, finance, transport and communications, registered a high growth of more than 5 *per cent* per annum⁹. While Andhra Pradesh contributes 10 *per cent* of the total workforce in IT sector in India, Maharashtra contributes the highest (21 *per cent*) followed by Tamilnadu (17 *per cent*), Karnataka (14 *per cent*) and Delhi (10.8 *per cent*).

Quality of Employment: There are concerns about the number and quality of employment in Andhra Pradesh. Apart from numbers, the quality of employment is a cause of concern with problems such as low wage rate, seasonality, job insecurity, illiteracy, occupational hazards etc. Moreover, disguised unemployment may still be prevalent in Andhra Pradesh. According to the National Commission on Employment in Un-organized Sector (NCEUS, 2007), about 94 *per cent* of the workforce in the state is in the organised sector. Andhra Pradesh is one of the states with the highest incidence of employment in the unorganized/ informal economy. Employees in these sectors generally do not enjoy employment security work security against accidents and illness at the work place and social security. The problem of the working poor is the major problem in Andhra Pradesh. Within the state and across districts of Andhra Pradesh, work participation rates ranges from the lowest of 29 *per cent* in Hyderabad to the highest of 52.2 *per cent* in Vizainagaram according to the 2001 census. Still in rural Andhra Pradesh *Jajmani* system (customary patron-client relationship) is prevailing. Land reforms have been virtually dormant for many decades. The degradation of Common Property Resources (CPRs) has had a negative impact on the livelihood of many persons. Rural

industrialisation was planned but never gathered momentum and traditional industries have been neglected.

Child Labour: One pressing issue that needs immediate attention is that Andhra Pradesh has a high percentage of child labour (in the 5-14 age group). Despite several initiatives to eradicate child labour, the problem still persists, though Andhra Pradesh has succeeded in reducing the incidence of child labour from nearly 14.8 *per cent* in 1993-94 to around 6.6 *per cent* in 2004-05. In spite of concerted efforts, the incidence of child labour in Andhra Pradesh is double than that of the all India average and it is one of the highest rates in India. The work participation rate was relatively higher for rural children when compared to urban children. In absolute numbers, child workers came down from around 2.5 million 1993-94 to 1 million in 2004-05.

LEVEL OF HUMAN DEVELOPMENT INDEX IN ANDHRA PRADESH

According to UNDP methodology, literacy rate, enrolment rate, life expectancy and per capita GNP are the representative indicators of human development. There are significant inter- district disparities in the index values. The values across districts vary from 0.717 in Hyderabad to 0.397 in Mahabubnagar. A comparison of levels shows that 11 districts have lower levels of human development as compared to the index value for the state at 0.537. Out of these, five districts (Warangal, Nizamabad, Adilabad, Nalgonda and Mahabubnagar are in Telangana, three - Kadapa, Kurnool, Anantapur in Rayalaseema and three, Srikakulam, Vizianagaram and Prakasam in North and south Coastal Andhra.

Human Poverty Index (HPI) is constructed for two points in time -1991 and 2001- to trace the decline in the level of deprivation. Importantly, the rate of decline during 1991-2001 in the level of deprivation was higher in those districts where levels of deprivation were relatively higher in 1991. But Mahabubnagar was an exception and this was one backward district with the lowest rate of change during the period. However, the relative position of many districts did not change. The three most backward districts and relatively the most deprived ones were Vizianagaram, Srikakulam, and Mahabubnagar. Hyderabad, Ranga Reddy, Krishna and Guntur were districts that were the least deprived.

GENDER DEVELOPMENT INDEX AND GENDER EMPLOYMENT MEASURE

The World Economic Forum in its 2009 Report on global gender disparities ranks India 114th in a list of 134 countries¹⁰. The gender- related development Index (GDI) is the third important index to measure human development used by the UNDP. It measures achievements in the same dimension and uses the same variables as the HDI does, but takes into account the inequality in achievement between women and men. The greater the gender disparity in basic human development, the lower is the GDI of a region, when compared with its HDI.

The UNDP also introduced another indicator i.e Gender Empowerment Measure (GEM) which indicates whether women are able to participate actively in economic and political life. In 1974, Sweden became the first country to replace maternity leave with parental leave. Men who took it were nicknamed velvet dads¹¹. GEM measures gender inequality in key areas of economic and political participation, and decision making. The GEM in theory focuses on opportunities given to women in economic and political arenas and in this it differs from the GDI. The three additional

indicators are: the percentage of women representatives elected in local body elections, rate of violence against women and also sex ratio of children.

In three Rayalaseema districts' Kurnool, Kadapa, Anantapur the rate of change was the lowest and hence their relative positions were worse in 2001 when compared to 1991. The experience in GDI across districts is quite different when compared to HDI in which the most backward districts showed greater improvement.

In terms of GEM Index, the district with the best record was Krishna, followed by West and East Godavari, Chittoor and Guntur, Mahabubnagar followed by Warangal, Nalgonda, Kurnool, and Adilabad were the districts which were relatively more backward in terms of GEM. It is worth noting that Hyderabad district which had the best values in HDI, HPI, and GDI was ranked only 16th among 23 districts where women are at a greater disadvantage. The disadvantage for women in Hyderabad district is influenced by the high violence rate against women and low child sex ratio¹².

Inclusive Governance: Experience has amply demonstrated that participatory or inclusive governance is indispensable for achieving inclusive growth. This is woefully lacking at the grass root levels where the formulation of schemes is not quite in keeping with the local needs and circumstances, and administration is not accountable to the people. It is precisely to cope up with such challenges that Panchayat Raj was visualized by the late Prime Minister Shri Rajiv Gandhi. Even today, serious efforts have been made so far to devolve such powers, not to speak of any effort to build up local capabilities by training the elected functionaries. The change in attitudes has necessarily to be driven through the political process. In fact, to encourage the states to devolve functions by evolving a suitable devolution index called "PRI –Employment Index", has been devised. Inclusive growth can be achieved only through inclusive politics. Social change can come, provided good governance reaches grass roots level¹³.

Financial Inclusion: Financial inclusion is a policy priority even in the developed countries. Liberalization, privatization and globalization (LPG) brought enormous improvement in financial products and services for the few; it also proved that many services were denied to many. It happened even after 1991 economic reforms. Financial inclusion should be measured not only by the number of bank accounts held by the weaker sections, as brought out by the above committees, but also by the amounts borrowed by them, which show a more dismal picture. For example, the share of direct total accounts with a credit limit of less than Rs.25, 000 in total direct accounts with a credit limit of less than Rs.25, 000 in total direct accounts declined from 97 per cent in 1990 to 67 per cent in 2005, while their share in outstanding direct credit declined from 0.66 per cent to 123 per cent in the same period. The experience with the linkages of banks with Micro Finance Institutions and Self Help Groups (SHGs) clearly demonstrates that the poor are bankable. Even when margins are low, high volumes can make the business profitable¹⁴.

CONCLUSION

Inclusive growth is not a novel idea, which is the basic objective of India's Five year plans. In the Eleventh plan inclusive growth has been enhanced covering many downtrodden classes. Small Asian countries achieved better equality, especially bottom classes, by removing hunger, poverty and unemployment. India has to spend more budget on human resources development for improving

quality skills. Organized sector employment is reducing where as un-organized sector employment is ever increasing. Andhra Pradesh is lagging behind in many respects in inclusive growth of tribals, SCs and BCs, especially child labour, quality employment, gender empowerment, governance and finance. At least, fifty *per cent* of budgets is to be given for improvement of these downtrodden classes welfare for bring equality with social justice. Further, social auditing is to be made mandatory for every rupee spent on marginalized classes welfare.

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APPENDIX – I**A Brief profile of Andhra Pradesh**

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| 1. Andhra Pradesh Population 2001 Census | : 7.62 (Crore) |
| 2. Andhra Pradesh Rural 2001 Census | : 5.54 (Crore) |
| 3. Andhra Pradesh Urban 2001 Census | : 2.08 (Crore) |
| 4. Literacy Rate 2001 Census | : 60.47 <i>Per cent</i> |
| 5. SC Population 2001 Census | : 1.23 Crore |
| 6. ST Population 2001 Census | : 0.50 Crore |
| 7. BPL People (2004-05 Year) Andhra Pradesh | : 15.80 <i>Per cent</i> |
| 8. BPL all India (2004-05) Year | : 27.50 <i>Per cent</i> |
| 9. In Absolute BPL Number at all India | : 3017.20 Lakhs |
| 10. In Absolute BPL Rural at all India | : 2209.24 Lakhs |
| 11. In Absolute BPL Urban at all India | : 807.96 Lakhs |
| 12. March, 2008 Employment in Public Sector in Andhra Pradesh | : 13.65 Lakhs |
| 13. March, 2008 Employment in Private Sector in Andhra Pradesh | : 7.25 Lakhs |

APPENDIX -2**Poverty Alleviation and Employment Generation Programmes.**

1. National Rural Employment Gurantee -2006
2. Swarnjayanti Gram Swarozgar Yojana -1999
3. Swarnajayanti Shahari Rogar Yojana – April 1, 2009
4. Social protection Programmes- 2007
5. Bharat Nirman, 2005-06
6. Rural Sanitation Campaign
7. Skill Development Programmes
8. Unique Identification Authority of India
9. Sarva Shiksha Abhiyan
10. Rasthriya Madyamika Shiksha Abhiyan
11. National Programme of Midday Meals in Schools
12. The Katurba Gandhi Balika Vidyalaya
13. Model Schools
14. Girls Hostels in Educationally Backward Areas
15. National Rural Health Mission
16. Janani Surksha Yojania
17. Pradanamantri Swasthya Suraksha Yojana
18. National AIDS Control Programme
19. Women and Child Development
20. Welfare and Development of SCs,STs, OBCs and Other Weaker Sections