

DEPARTMENT OF WOMEN & CHILD DEVELOPMENT
Government of Orissa



Low cost eco-friendly construction of AWC

MEDIUM TERM EXPENDITURE FRAMEWORK
(2011-12 to 2013-14)

The Medium Term Expenditure Framework (MTEF) for Department of Women and Child Development (DWCD) for fiscal years 2011-12, 2012-13, and 2013-14 is presented here. This is the first MTEF produced for the Department.

Abbreviations & Acronyms

AWC	Anganwadi Centre
AWH	Anganwadi Helper
AWW	Anganwadi Worker
BE	Budget Estimates
CAGR	Compounded Annual Growth Rate
CDPO	Child Development Project Officer
CP	Central Plan
CSP	Centrally Sponsored Plan
DFID	Department For International Development
DHFW	Department of Health and Family Welfare
DSME	Department of School and Mass Education
DSWO	District Social Welfare Officer
DWCD	Department of Women and Child Development
FA	Financial Assistance
FCI	Food Corporation of India
FRBM	Fiscal Responsibility and Budget Management
GoI	Government of India
GoO	Government of Orissa
GSDP	Gross State Domestic Product
ICDS	Integrated Child Development Scheme
IGMSY	Indira Gandhi Matritva Sahyog Yojana
IMR	Infant Mortality Rate
KBK	Kalahandi, Balangir and Koraput Districts of Orissa
LSEO	Lady Social Educational Organizer
MDM	Mid-Day-Meal
MMR	Maternal Mortality Rate
MTEF	Medium Term Expenditure Framework
MVSN	Mahila Vikas Samabaya Nigam
NFHS	National Family Health Survey
NP	Non Plan
OHSP	Orissa Health Sector Plan
PSE	Pre-School Education
PW&LM	Pregnant Women and Lactating Mother
RE	Revised Estimates
SAM	Severely Acute Malnutrition
SEO	Social Educational Organizer
SHG	Self Help Group
SNP	Supplementary Nutrition Programme
SP	State Plan
TFR	Total Fertility Rate
THR	Take Home Ration
TMST	Technical and Management Support Team
TSE	Total State Expenditure
	<i>Lakh</i> 100,000
	<i>Crore</i> 10,000,000

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EXECUTIVE SUMMARY

Introduction

Government of Orissa has been pursuing Orissa Health Sector Plan for improving health and nutrition status of the people in the state through Department of Health and Family Welfare (DHFV) and Department of Women and Child Development (DWCD). Department for International Development (DFID) has committed to provide grants up to £100 million as Poverty Reduction Budget Support for supporting OHSP over the period from 2007-08 to 2014-15. The grant consists of £88 million of Financial Aid (FA) and £12 million of Technical Cooperation (TC) funds. Out of £88 million FA, £53 is being earmarked for the DHFW and £35 million for the DWCD. To provide technical assistance to DHFW and DWCD, Technical and Management Support Team (TMST) has been engaged by DFID¹.

As an integral part of OHSP, it is mandated to prepare Medium Term Expenditure Framework (MTEF) for DHFW and DWCD. The MTEF for DHFW has been prepared and updated annually. For DWCD, MTEF is being prepared for the first time and presented in this report. The present MTEF covers the three year period from 2011-12 to 2013-14.

Review of Public Expenditure

Like in other states, DWCD implements several social security and welfare schemes for aged, children, and women in Orissa.

Integrated Child Development Scheme (ICDS): This scheme caters to children under the age of six years and pregnant and lactating women and provides a package of six services viz. (i) supplementary feeding, (ii) non-formal pre-school education, (iii) nutrition and health education, (iv) immunization, (v) health check-up, and (vi) referral services. At present, DWCD provides ICDS services in Orissa through a network of 338 projects (200 in rural areas, 24 in urban areas, and 118 in tribal areas) and 68,402 operational Anganwadi Centres (AWC) (43,342 in rural areas, 2,026 in urban areas, and 23,034 in tribal areas) as against 71,134 sanctioned AWCs (60,918 AWCs and 10,216 mini-AWCs).

Only 28% of the AWCs are located in own building, 21% AWCs in school building, 17% AWCs in rented buildings and the remaining 34% AWCs are functioning from private and other premises. This suggests that the department needs to construct a large number of AWCs.

Apart from inadequate infrastructure, DWCD is also faced with shortage of human resources, which is adversely affecting the work related to implementation, co-ordination, monitoring and supervision of ICDS and other schemes in the districts. Currently, posts of 47 Child Development Project Officers (CDPO) (33 in rural areas, 7 in urban areas, and 7 in tribal areas), 858 Supervisors (640 in rural areas, 20 in urban areas, and 198 in tribal areas) 6,684 Anganwadi Workers (AWW), and 3,672 Anganwadi Helpers (AWH) are lying vacant. It is understood that DWCD is in the process of filling up the vacant posts.

As on July 2011, 4.7 million beneficiaries are availing supplementary food from AWCs as compared to coverage of 5.0 million beneficiaries as of May 2010. The decline in number of beneficiaries by 5.8% over a period of less than a year has been mainly on account of reduction in child beneficiaries. It may be further noted that the current level of child beneficiaries (3.9 million) availing supplementary nutrition covers 78% of the 5.0 million child

¹TMST is a consortium of three organizations: (i) Options Consultancy Services, UK; (ii) Infrastructure Professionals Enterprise Pvt. Ltd. (IPE), India; and (iii) CARE, India.

population of the state in the 0-6 year age group (Census 2011). In case of Pregnant Women and Lactating Mothers (PW&LM), the number of beneficiaries almost remained the same at 8 million.

At present, DWCD makes budget for supplementary food provision for 35,566 severely malnourished children. However, a rough estimate shows that around 1.6 lacs of children below 3 year of age are suffering from Severely Acute Malnutrition (SAM). This means that SAM children are not adequately identified and covered under SNP.

Health and Nutrition Status: Orissa lags far behind the country in terms of Infant Mortality Rate (IMR) and Maternal Mortality Ratio (MMR). Though there has been a rapid decline over the years, the state's IMR of 62 per 1,000 live births (Annual Health Survey, 2010-11) far above the country's average IMR of 50 per 1000 live births (SRS, 2009). According to Annual Health Survey 2010-11, IMR has further declined to 62 per 1,000 live births.

The state's MMR at 258 per 100,000 live births in 2007-09 has improved as compared to 303 per 100,000 live births in 2004-06; but it is still way above the national average of 212 per 100,000 live births.

The state continues to have highest proportion of under-five child malnutrition in the country. According to the 3rd Round (2005-06) of National Family Health Survey (NFHS-3) data, 40% under 5 year children were under-weight in Orissa, and 44% were stunted and 24% were wasted. Prevalence of underweight children under 5 year was higher in rural areas than in urban areas as well as higher among schedule tribes (54%). Even during the first six months of life, when babies are breastfed, 26% of children were found to be stunted, 28% were wasted and 36% were underweighted.

Anaemia is another major health and nutrition problem in Orissa, especially for women and children. As revealed by the NFHS-3 data, among children between the ages of 6 and 59 months, almost two thirds (65%) were anaemic. This includes 29% who were mildly anaemic, 35% who were moderately anaemic, and 2% who suffered from severe anaemia. The girls (67%) were slightly more likely to have anaemia than boys (64%).

More than half of women (61%) have anaemia, including 45% with mild anaemia, 15% with moderate anaemia, and 2% with severe anaemia. About 69% of women who were pregnant and 65% of women who were breast-feeding were anaemic. However, the likelihood of anaemia was less among the more educated women and among female belonging to families in the higher wealth quintiles.

Growth in expenditure: There has been phenomenal increase in social security and nutrition expenditure in the recent period. Beginning with an expenditure of Rs. 1,103 crores in 2007-08, the budget spends by DWCD increased to Rs. 2,364 crores in 2010-11 representing a CAGR of 29%. The spectacular increase in budget spends in 2010-11 as compared to previous year was mainly on account of increase in food expenditure (34%), pension amount (32%), and increase in salary (104%) due to implementation of the Sixth Pay Commission's recommendations. The budget estimates for the current fiscal year (2011-12) stands at Rs. 2,517 crores, which shows an increase by 6.5% over the previous year. DWCD budget outlay now accounts for 5.6% of the total state expenditure and little over 1% of GSDP.

Expenditure by source of funding: Analysis of expenditure by sources of funds reveals that the state's own resources, both under Non-Plan and State Plan, decreased from 56% in 2007-08 to 47% in 2009-10 and then again increased to 54% in 2010-11 and expected to reach 57% by the end of current fiscal year, 2011-12. The contribution from Government of India (GoI) moved in tandem with deployment of state resources. In absolute terms, the state's own resource for the current year (2011-12) is budgeted at Rs. 1,434 crores, comprising of Rs. 262 crores under Non-Plan (10.4%) and Rs. 1,171 crores under State Plan (46.5%). GoI funding amounts to Rs. 1,083 crores

Food expenditure: Over the years, food expenditure has increased significantly, from Rs. 475 crores in 2007-08 to Rs. 1,024 crores in 2010-11 with a compound annual growth rate (CAGR) of 29% per year. For the current fiscal year 2011-12, food budget is set at Rs. 1,156 crores, consisting of Supplementary Nutrition Programme (SNP) allocations of Rs. 480 crores, mid-day-meal budget of Rs. 638 crores and Rs. 38 crores for emergency feeding in KBK districts. The food budget accounts for 46% of the total budget outlay of 2011-12.

Though budget provision of Rs. 638 crores is being made for mid-day meal for the current year (2011-12), the entire amount is being transferred to the Department of School and Mass Education (DSME). There will be no provision for mid-day-meal in the departmental budget from the next year. It may be further noted that the SNP budget provisions of Rs. 480 crores is much less than the required budget outlay estimated to be Rs. 551 crores. It is understood that the Finance Department prunes down supplementary food budget due to under spending of funds by the department.

Non-food expenditure: Expenditure on salary and consolidated pay doubled from Rs. 96 crores in 2009-10 to Rs. 195 crores during 2010-11 due to increase in pay based on the Sixth Pay Commission's recommendation and arrears thereof. The budget provision for the current fiscal year is Rs. 140 crores, which is less than the previous year's amount since arrears payment have been already been made. Salary and consolidated pay now accounts for 6% of the total budget.

The current year's budget includes honorarium payment to AWW/AWH to the tune of Rs. 245 crores, which accounts for around 10% of the total budget amount. Gol has doubled the honorarium to AWW/AWH with effect from 1st April 2011. The department therefore needs to make additional budget provision, estimated to be Rs. 187 crores, to pay for incremental honorarium during 2011-12.

The expenditure on various pension schemes for old, handicapped, widow and destitute has increased from Rs. 393 crores in 2007-08 to Rs. 663 crores in 2010-11 registering a CAGR of 19%. The current year's provision is marginally reduced to Rs. 636 crores accounting for 25% of the total departmental budget.

During the period under consideration, budget spending for civil works remained nil. This is despite the fact that the department is required to construct a sizeable number of AWCs and CDPO office buildings. The Thirteenth Finance Commission has recommended Gol allocation of Rs. 400 crores for construction of AWCs, out of which Rs. 100 crores is budgeted for the current fiscal year (2011-12). For construction of CDPO office building, the state has allocated Rs. 14 crores for the current year.

Budget absorption capacity: Overall budget absorption capacity of the DWCD is found to be over 90%. SNP budget utilisation has improved significantly, from 82% in 2007-08 to 94% in 2009-10. In this context, it may be noted that only 92% of AWCs are providing SNP for more than 21 days in a month. Needless to say that DWCD must take corrective measures for improving utilisation of SNP budget provision and ensure that all the AWCs supply supplementary food for required number of days.

Procurement: In pursuance of the orders of Supreme Court, decentralized procurement system has been implemented with effect from 1st April, 2011. Under decentralised system, rice and wheat are presently supplied by Gol to the state government through Food Corporation of India (FCI). At the district level, a procurement committee headed by the District Collector selects private transporter, based on competitive bidding, to lift rice/wheat from FCI depots and supply them to the doorstep of AWCs for preparation of cooked meal, or to Self Help Groups (SHG) for preparation of Take Home Ration (THR), or to schools for cooking mid-day meal.

The foodstuff like dal, edible oil, soya chunks, eggs, and condiments for morning snack and hot cooked meal are procured by AWW. A joint bank account is opened by AWW and the Ward Member and an initial advance amount of Rs. 10,000 per AWC, or Rs. 5,000 per mini-

AWC, is credited to the said bank account by the concerned CDPO. AWW and Ward Member withdraw money from the bank deposit for procurement of rations as per requirements. Actual expenditures are reimbursed after submission of Statement of Expenses (SOE) in a prescribed format to the CDPO. In fact, the Supervisor collects SOEs from the AWCs/mini-AWCs under her sector every month and submits the same to the concerned CDPO. The reimbursement amount is e-transferred to the respective bank accounts of AWCs/Mini AWCs by the CDPO by 7th of the following month.

THR is prepared and supplied by women SHGs or federation of SHGs across the state. SHGs prepare food packets as per given specifications and supply them fortnightly to the doorsteps of AWCs. SHGs are paid at Gol rates after deducting cost of rice or wheat. The quantity of take home ration to be processed is intimated by CDPO to the SHGs from time to time. Payments are made through e-transfer to the bank account of the SHGs against fortnightly bill submitted and verified by supervisor.

For effective implementation of decentralised procurement, the department has developed and issued guidelines regarding feeding norms, procurement procedure, financial procedure, and monitoring and supervision at district, sub-division, Panchayat and village level involving different committees, such as, Janch Committee and Mother's Committee at the village level, School Management Committee (SMC) at school level.

Financial viability of SHGs supplying THR: There has been a general understanding that the rates paid to the SHGs for supplying THR are not remunerative and SHGs are not financially viable. To assess the situation, TMST carried out a rapid survey of 10 SHGs in four districts (Rayagada, Jharsuguda, Bhadrak, and Boudh) during 22-26 August 2011. The survey has revealed that at going rates of billing most of the SHGs are not financially viable and losses are more if rice is used instead of wheat. With wheat supply, average loss works out to be 32 paise per beneficiary per day; for rice the loss is estimated to be 37 paise per beneficiary per day.

TMST has recommended the following measures for making SHGs financially viable:

- Provide a grinding machine to the SHG who does not have one. This will require one-time capital investment of Rs. 3.4 crores. With own grinding machines, SHGs will save on grinding costs estimated to be 21 paise per beneficiary per day. Apart from cost savings, SHGs will be able to generate additional income from grinding business at local level. This would be an added incentive for SHGs to continue with the business of supplying take home ration.
- Provide 'cost-equalization subsidy' to SHGs at a rate of 15 paise per beneficiary per day. Budgetary outlay for providing this subsidy will be around Rs. 13 crores per year.

The department is planning to implement the above recommendations with DFID funding support.

Accounting and auditing: At present, accounts are maintained manually at the block and district levels and CDPO offices are functioning without an accountant. It is understood that the huge amount is pending for bank reconciliation at CDPO/DSWO offices.

The AWCs receive supply of rice in bags of specified quantity through private transporters. However, AWCs do not have any weighing machine to measure quantity of rice supplied in bags by these transporters. Neither have they had any calibrated cups or mugs to measure correctly the quantity of rice consumed daily for feeding the beneficiaries. Thus, all records of receipt and issue of rice at AWC level run the risk of manipulation and leakage.

There is a separate internal audit cell within the department with eight auditors from the Orissa Service of Auditors (Department of Finance, GoO) and headed by an Audit Superintendent. The current staff strength is inadequate and internal audit is done on an ad-hoc basis without any prescribed annual work plan. Audit coverage target is low and achievement is still lower. It may be further mentioned that the internal audit cell does not

have a computer; audit reports consisting of more than 100 pages are written in hand. Another disquieting fact is that internal audit cell does not undertake audit of Social Educational Organisers (SEO) who administer mid-day-meal scheme and pension scheme at the block level.

Regarding external audit by Accountant General (A&E) Orissa, the department needs to expedite the process of responding to audit findings and recommendations. As on 31-07-2011, the number of outstanding audit paras was 1,928.

In view of the above, there is an urgent need to strengthen accounting and internal audit systems. TMST has recommended a number of measures which can be implemented with DFID grants. These are as follows:

- Develop integrated, computerized, double entry accounting system through installation of customized Tally (ERP 9) at all CDPO/DSWO offices with main server located at the state office.
- Appoint accountant at each CDPO office, who will be entrusted with the following tasks: book keeping; bank reconciliation; handholding support to AWW/supervisor/SHG for proper book keeping and accounting; preparation and submission of periodic financial reports; etc.
- Develop necessary accounting, control, and monitoring manuals/guidelines.
- Hire AG empaneled CA firms for onetime settlement of outstanding bank reconciliations.
- Once the computerization of accounting system and appointments of accountants are completed and the system runs for about an year, engage one retired govt. auditor for conducting internal audit in each district; existing internal audit cell will monitor field work of district level auditor, compile district audit reports, recommend remedial actions to the audit committee/Secretary on a quarterly basis, and prepare Action Taken Report.
- Provide each AWC a weighing machine.

Medium Term Expenditure Framework

Estimation of Resource Envelop: The resource envelop of DWCD includes: (a) the state's own resources under Non-Plan and State Plan, (b) GoI contributions for supplementary food and administrative expenditure, and (c) DFID's grants for supporting nutrition strategy and operation plan. The projections of resource availability over the medium term (2011-12 to 2013-14) are based on a set of assumptions as discussed in the following paragraphs.

Funding by central government: It is assumed that the central government funding under Central Plan and Centrally Sponsored Plan, including the new schemes (e.g. IGMSY), will continue. GoI allocations are assumed to grow wherever foreseen. Since the supplementary food rates have been increased recently, GoI is not likely to enhance the rates further in the near future. The supplementary food norms and rates are therefore assumed to remain at the current level during the projection period.

GoO budget allocations: Non-Plan and State Plan allocations are assumed to grow wherever foreseen. For instance, it is assumed that the state government will make necessary budget allocations for Mamata scheme.

Mid-day-meal: This scheme is being transferred to the DSME. Though the budget for MDM for 2011-12 has been allocated to the demand for grants of DWCD, the money has been transferred to the DSME. From 2012-13 onwards, there will be no budget allocation to DWCD for MDM.

DFID grants: Allocations of DFID grants over the projection period (2011-12 to 2013-14) are estimated taking into account undisbursed amount of the current year (2011-12) and the previous year (2010-11). It is assumed that the undisbursed amount will be released by the Finance Department through Supplementary Budget of 2011-12.

For the current fiscal year (2011-12), resource availability is estimated to be Rs. 3,228 crores as against the existing budget allocation of Rs. 2,517 crores. The enhanced amount represents, among others, additional funds required for payments of incremental honorarium to AWW/AWH with effect from 1st April 2011, extra provision for pension for destitute due to increase in number of beneficiaries, required budget provision for introduction of Mamata scheme, and the undisbursed amount of DFID grants.

The budget provision for the next fiscal year 2012-13 is set at Rs. 2,704 crores, which is lower than the current year's estimated provision by 16%. The main contributing factor for the envisaged dip in budget provision is the transfer of mid-day-meal scheme (involving an outlay of Rs. 638 crores) from DWCD to the DSME with effect from the fiscal year 2012-13. The budget dip in 2012-13 is expected to be partly offset by the state's budget provision for the new scheme Mamata, estimated to be little over Rs. 200 crores. For the third year (2013-14) of projection, the budget is estimated to increase by less than one per cent over the previous year.

It may be further noted from the medium term projection (2011-12 to 2013-14) that the state's own contribution to resource envelop would be 62%, followed by the central contribution of 36%.

DFID's grant in the total resource envelop is expected to be about 2% only. Though the grant amount is less, it is not tied to any particular scheme. The department needs to use the grants as flexi, catalytic funds for bringing about necessary reforms to improve nutrition status of the children and women in the state.

Projections of the Medium Term Expenditure: The medium term (2011-12 to 2013-14) expenditures are estimated based on a set of assumptions as discussed in the following paragraphs.

SNP budget provision under ICDS: For the purpose of projections, it is assumed that SNP budget utilisation will be 94% (which was the budget absorption rate in 2009-10) during the current fiscal year and it will increase slowly to 97% in 2013-14. Accordingly, supplementary food budget is estimated to go up from Rs. 518 crores in 2011-12 to Rs. 529 crores by the end of 2013-14. It is expected that the department will put up a claim for additional SNP budget of Rs. 37.55 crores for the current year (2011-12) under the supplementary budget.

Manpower costs under ICDS: It is assumed that vacant posts of 6,684 AWWs and 3,672 AWHs will be filled up during the current fiscal year. It is also assumed that supplementary budget provisions will be made to give effect to doubling of honorarium rates for AWW/AWH with effect from 1st April 2011. The honorarium rates are kept constant from 2012-13 onwards since the central government is not likely to revise the rates again in the medium term.

The salaries to CDPOs and Supervisors are enhanced from the next year (2012-13) assuming that the department will fill up the vacant posts of 47 CDPOs and 858 Supervisors. Year-to-year salaries are raised by 10%.

On the whole, manpower costs under ICDS are expected to increase from Rs. 576 crores in the current year to Rs. 635 crores during 2013-14.

Construction of AWCs and CDPO office buildings: The Thirteenth Finance Commission has recommended Gol allocation of Rs. 400 crores for construction of AWCs, out of which Rs. 100 crores has been budgeted for the current fiscal year (2011-12). This will enable to construct 2,000 AWCs at a cost of Rs. 5 lacs per unit. It is assumed that the department will make the same budget provisions in each of the next two years of the projection period.

There is a plan to construct 140 CDPO office buildings at a unit cost of Rs. 10 lacs during 2011-12. The department needs to construct another 40 nos. of office buildings. It is assumed that the department will undertake this construction in 2012-13.

Estimated budget for launching Mamata scheme: This scheme covers PW&LM of 19 years of age or above and for the first two live births. At present there are 812,783 beneficiaries (average number over the period from April 2010 to March 2011) availing SNP through AWCs. Not all of them will be eligible to get cash support under the scheme. However, since it may not be feasible to identify eligible beneficiaries given the existing system, the budget estimates is based on 812,783 beneficiaries. Along with the incentive payments to AWW/AWH, it is estimated that the state would require allocating around Rs. 200 crores annually for Mamata scheme. For the current fiscal year (2011-12), budget provision is created for half-year.

Annex I presents MTEF summary in terms of multi-year resource envelop and budget estimates. Further details are provided in Annexes II to V.

As mentioned earlier, existing budget allocations of Rs. 2,517 crores for the current fiscal year (2011-12) is revised upwards to Rs. 3,228 crores to incorporate budget provisions for, among others, incremental honorarium to AWW/AWH, additional pension for destitute, and for launching Mamata scheme. Due to transfer of mid-day-meal scheme from DWCD to the DSME, budget spends will decline to Rs. 2,704 crores in 2012-13 and thereafter expenditure is slated to rise marginally to Rs. 2,727 crores by the end of 2013-14. During the three-year period under consideration, average expenditure-to-GSDP ratio is estimated to 1.2%.

It may be noted that about 96% of the projected expenditure of DWCD will be on revenue account. Total capital expenditure during the projection period is estimated to be Rs. 336 crores (4%) which include construction of 6,000 AWCs and 180 CDPO office buildings. Needless to say that planned construction of AWC falls far short of the required level; currently only 28% of the AWCs in the state are located in own buildings.

Break-up of budget estimates by object heads indicates some structural shift in budget spending during the projection period. The share of food expenditure will be reduced from 37% as of 2011-12 to around 21% by the end of 2013-14.

Due to reduction in food budget, relative shares of other major components in the DWCD budget will increase. For instance, shares of pension outlay under different schemes will increase from 28% in the current year to 33% in 2013-14. Similarly, honorarium payments to AWWs/AWHs are expected to increase from 14% in 2011-12 to 17% in 2013-14.

Resource Gap: As is evident from the MTEF projections presented hitherto, the budget outlay for different heads of expenditure are assumed to grow in tandem with the projected resource envelop thereby leaving no resource gap. However, resource availability and budget spends will depend on the realisation of various underlying assumptions.

Concluding Remarks: While the department is not likely to face problems of budget allocations as projected under MTEF, fuller utilisation of funds may be a challenging task. Some areas that require close monitoring and control for effective utilisation of funds are the following:

- Filling up of vacant posts
- Construction of 6,000 AWCs over the projection period
- Implementation of conditional maternity benefit schemes

The number of children below 3 year of age suffering from SAM is estimated to be around 1.6 lacs. Currently, DWCD makes budget supplementary food provision for 35,566 severely malnourished children. The department therefore needs to develop targeted interventions to rehabilitate SAM children of the state. For effective implementation of any such targeted interventions, it is imperative that the department develops an appropriate system of tracking

the beneficiaries using smart cards. The smart cards can also be used for tracking beneficiaries under Mamta scheme.

To ensure sustained supply of THR, subsidies must be provided for making SHGs financially viable. DFID grants may be used for this purpose. Once the DFID funding support is over, the required budget provision may be made out of the state's own resources.

TMST has recommended several measures for strengthening financial management systems (*viz.* developing integrated, computerized, double entry accounting system; appoint accountant at each CDPO office; develop necessary accounting, control, and monitoring manuals/guidelines; hire AG empaneled CA firms for onetime settlement of outstanding bank reconciliations; engage retired government auditors for conducting internal audit in each district; etc.). All these measures need to be implemented immediately for mitigating fiduciary risks.

Implementation of ICDS is severely constrained by lack of infrastructure. At present, only 28% of the AWCs are located in own building. It is imperative that the department adopts construction of low cost, eco-friendly AWCs. DFID grants may be used for developing model AWCs, which can be up-scaled at the state level

1. INTRODUCTION

1.1 Background

1. Government of Orissa (GoO) has been pursuing Orissa Health Sector Plan (OHSP, 2007-12) for improving health and nutrition status of the people in the state through Department of Health and Family Welfare (DHFV) and Department of Women and Child Development (DWCD). In line with the OHSP, GoO has also developed a State Plan of Action for Children (SPAC, 2009-12) following the National Nutrition Policy to address the problem of malnutrition in a holistic manner and accelerate the pace of reduction of various forms of malnutrition, especially among women and children.

2. With the funding support from Department for International Development (DFID), United Kingdom, OHSP aims at enhancing use of quality health and nutrition care, and sanitation services by the poor. Its main strategies include: providing increased resources to poorer districts; capacity building for more responsive service delivery; improving management systems including monitoring of outcomes; addressing barriers to demand and access for SC/ST and other groups; decentralised planning; and inter-departmental convergence to address health determinants and more efficient use of resources. Besides, OHSP includes multi-pronged strategies for addressing equity and gender issues².

3. DFID has committed to provide grants up to £100 million as Poverty Reduction Budget Support for supporting OHSP over the period from 2007-08 to 2014-15. The grant consists of £88 million of Financial Aid (FA) and £12 million of Technical Cooperation (TC) funds³. Out of £88 million FA, £53 is being earmarked for the DHFW and £35 million for the DWCD. To provide technical assistance to DHFW and DWCD, Technical and Management Support Team (TMST) has been engaged by DFID⁴.

4. As an integral part of OHSP, it is mandated to prepare Medium Term Expenditure Framework (MTEF) for DHFW and DWCD. The MTEF for DHFW has been prepared and updated annually. For DWCD, medium term expenditure framework is being prepared for the first time and presented in this report. The main focus of the present MTEF is on developing resource envelop and expenditure framework for nutrition programme of DWCD.

1.2 Medium Term Expenditure Framework

5. Medium-term expenditure framework is a rolling multi-year (usually three to five year) public expenditure planning exercise. It sets out the medium-term expenditure priorities, taking into account both the ongoing and new programmes/activities. It also defines the budget constraints, commonly referred to as resource envelop, against which the sector plans are developed. Preparation of MTEF requires both top down and bottom up approach

² For further details, see OHSP Project Memorandum (2007) and Addendum to OHSP (Jan 2011).

³ The break-up of DFID grants are as follows:

GBP million	2007-08 to 2010-11	2011-12 to 2014-15	Total
Financial Assistance for DHFW	32.5	20.5	53.0
Financial Assistance for DWCD	10.0	25.0	35.0
Total Financial Assistance	42.5	45.5	88.0
Technical Cooperation Assistance	2.5	9.5	12.0
Total Grants	45.0	55.0	100.0

⁴ TMST is a consortium of three organizations: (i) Options Consultancy Services, UK; (ii) Infrastructure Professionals Enterprise Pvt. Ltd. (IPE), India; and (iii) CARE, India.

6. The guiding principles for developing MTEF may be summarised as follows:
- *MTEF must be realistic.* This means MTEF must be consistent with
 - (i) sector policies, strategies, and various initiatives;
 - (ii) resource envelopes; and
 - (iii) funds absorption capacity of the department.
 - *MTEF should be comprehensive.* The budget estimates must be prepared in sufficient details and presented, among others, in traditional budget format so as to enable key officials and programme managers use resource allocations for micro level planning at district level.
 - *MTEF must facilitate fixing responsibilities and accountability in terms of output/ outcome indicators.* This means MTEF needs be integrated with the existing institutional structure and process so as to fix ownership at various levels. It must also be transparent and accessible to all the stakeholders in the state. Besides, MTEF must form the basis for linking budget spending to the output/ outcome indicators of the sector reform program.
 - *MTEF should provide resource guidelines for developing 'annual plan'.* In other words, *annual plan must evolve from MTEF.*
 - *MTEF is a rolling plan. It must be updated on an annual basis.*
7. Logically, department level MTEF needs to be laid down within the overall fiscal plan of the state. Following the enactment of Fiscal Responsibility and Budget Management (FRBM) Act 2005, GoO has adopted a multi-year perspective for fiscal planning. Since 2006-07 the state has been preparing projections of overall government receipts, expenditure and budget deficits for three years on a rolling basis. However, this exercise is focused at the macro level with the objective of meeting the overall fiscal improvement targets linked to debt relief and other incentives from Gol. The state's rolling three-year fiscal plan does not involve projections at the departmental level. Thus, for linking departmental MTEF with the three-year rolling fiscal plan of the state, GoO needs to make forward commitment of state resources to the department based on agreed MTEF.

1.3 Methodology

8. As mentioned earlier, the state government prepares three year rolling fiscal plan. Keeping this in view, it is being proposed that DWCD follow a rolling three-year budgeting process. The present MTEF covers the three year period from 2011-12 to 2013-14.
9. The following specific steps have been undertaken to develop MTEF:
- Recent trends (2007-08 to 2011-12) in DWCD expenditure are analysed for the purpose of making projections.
 - The first year's projections represent approved budget estimates of DWCD for 2011-12 suitably adjusted for omitted or overcommitted expenditure. The projections for the next two years (2012-13 & 2013-14) are made in consultation with the department. The main focus of the projections, as mentioned earlier, has been the nutrition related activities and expenditures of the department. The projections of other activities of DWCD represent 'business as usual scenario'.
 - The resources envelop is projected taking into account: (a) state non-plan and plan allocations; (b) Gol contributions; and (c) DFID support.
 - MTEF is presented at the aggregate level as well as in the usual budget format ("major heads", "sub-major heads", "detailed heads", "scheme codes", etc.). The reason for

presenting MTEF in the budget format is the fact that the officers of the government departments are more familiar with the budget format.

1.4 Structure of the Report

10. This report is organised into the following chapters:

- The next chapter reviews recent trends in expenditure of DWCD with reference to nutrition schemes and expenditures.
- The third chapter contains the MTEF projections with concluding remarks.
- Annexes I to V provide detailed estimates and projections.

2. REVIEW OF PUBLIC EXPENDITURE

2.1 Department of Women and Child Development

2.1.1 Organization

11. Like in other states, the social security and welfare services for aged, children, and women in Orissa are provided through the Department of Women and Child Development (DWCD). The department functions through six Sections, namely: (i) Integrated Child Development Services (ICDS), (ii) Supplementary Nutrition Programme (SNP), (iii) Women Welfare, (iv) Disabled Welfare, (v) Child Welfare, and (vi) Social Defence.

12. The department has an elaborate field formation with the District Social Welfare Officer (DSWO) to assist the Collector in each district and a Sub-divisional Social Welfare Officer (SSWO) in every sub-division. Besides, there are Social Educational Organizers (SEOs) and Lady Social Educational Organizers (LSEOs) at the block level who assist the block administration in implementing the social welfare programmes. Child Development Project Officer (CDPO) is responsible for implementation of Integrated Child Development Scheme (ICDS) in every block⁵. Each ICDS project is divided into 5-6 sectors and implementation of the scheme in each sector is managed by a Supervisor, who oversees the work of about 20-25 Anganwadi Centres (AWC) functioning at the village level. AWC is run by an Anganwadi Worker (AWW) assisted by an Anganwadi Helper (AWH).

13. DWCD has under its aegis four statutory bodies, viz. State Commission for Women, Orissa State Council for Child Welfare, State Social Welfare Board, and Mahila Vikas Samabaya Nigam.

2.1.2 Implementation of various schemes

14. DWCD has been implementing several schemes, such as:

- Social welfare schemes (e.g. rehabilitation of cured leprosy patients, maintenance and rehabilitation of physically and mentally challenged and socially disadvantaged persons, home for the aged, etc.)
- Child welfare schemes (e.g. maintenance of orphan and destitute children, reduction of child malnutrition and child mortality in KBK districts. etc.), women welfare (e.g. construction of working women's hostel, training programme of MVSAN, Mission Shakti, protection of women from domestic violence, etc.)
- National Social Assistance Programme (e.g. national old age pension, national family benefit scheme, Madhu Babu pension for destitute, etc.)
- Integrated Child Development Scheme (Supplementary Nutrition Programme and other services)
- Mid-day-Meal programme (transferred to the Department of School and Mass Education from the current fiscal year, 2011-12)
- Emergency feeding programme for KBK region
- Rajiv Gandhi Scheme for Empowerment of Adolescent Girls - SABALA⁶

⁵ Details about ICDS are discussed later in this chapter.

⁶ This scheme has been introduced merging two earlier schemes, namely Nutrition for Adolescent Girls and Kishori Shakti Yojana. The scheme will be implemented through AWCs and it is fully funded by central assistance for all items of expenditure except nutrition for which cost will be shared between GoI and the state on a fifty-

- Indira Gandhi Matritva Sehyog Yojana (IGMSY) – Conditional Maternity Benefit (CMB) Scheme⁷
- Mamata scheme⁸

2.1.3 Integrated Child Development Scheme

15. ICDS caters to children under the age of six years and pregnant and lactating women and provides a package of six services viz. (i) supplementary feeding, (ii) non-formal pre-school education, (iii) nutrition and health education, (iv) immunization, (v) health check-up, and (vi) referral services. At present, DWCD provides ICDS services in Orissa through a network of 338 projects (200 projects in rural areas, 24 projects in urban areas, and 118 projects in tribal areas) and 68,402 operational AWCs (43,342 AWCs in rural areas, 2,026 AWCs in urban areas, and 23,034 AWCs in tribal areas) as against 71,134 sanctioned AWCs (60,918 AWCs and 10,216 mini-AWCs)⁹.

16. As per available statistics, 28% of the AWCs are located in own building, 21% AWCs in school building, 17% AWCs in rented buildings and the remaining 34% AWCs are functioning from private and other premises¹⁰. This suggests that the department needs to construct a large number of AWCs.

fifty basis. Drop-out school girls in the age group 11-14 years and all girls in the age group of 15 to 18 years are the beneficiaries under the scheme. In Orissa, implementation of the scheme has started in nine districts (Bargarh, Bhadrak, Cuttack, Gajapati, Kalahandi, Keonjhar, Mayurbhanj, Puri and Sundargarh).

⁷ It is new scheme for pregnant women and lactating mother, which Gol intends to implement on pilot basis in 52 selected districts across the country including two (Bargarh and Sundargarh) in Orissa. The objectives of the scheme are to improve the health and nutrition status of pregnant women and lactating mother by (i) promoting appropriate practice, care and service utilization during pregnancy, safe delivery, and lactation; (ii) encouraging women to follow optimal practices including early and exclusive breast feeding for six month; and (iii) enabling better environment by providing cash incentives.

⁸ In line with IGMSY, the state has launched its own conditional cash transfer scheme called Mamata from 19 October 2011. The scheme will be operational in all the 318 rural/tribal ICDS projects. The objectives of the scheme are :

- provide partial wage compensation, rest, and nutrition to the pregnant women and nursing mothers for a maximum of two live births.
- increase utilisation of anti-natal and postnatal care.
- improve child care practices like breastfeeding etc.

The scheme will cover pregnant women and lactating mothers (PW&LM) of 19 years or above age and for the first 2 live births, except wives of all govt. or PSU employees. The beneficiary under the scheme is entitled to a total incentive of Rs. 5000 to be paid in four instalments through e-transfer to the beneficiary's bank account subject to fulfilment of specific conditions.

⁹ Nos. of ICDS projects and AWCs as on July 2011:

Nos.	Rural	Urban	Tribal	Total
ICDS Projects	200 (59)	20 (6)	118 (35)	338 (100)
Sanctioned AWC	44,948 (63)	2,028 (3)	24,158 (34)	71,134 (100)
Operational	43,342 (63)	2,026 (3)	23,034 (34)	68,402 (100)

Source: Monthly Progress Reports (MPR), DWCD. The figures within parentheses represent % share in row-wise total.

¹⁰ The percentage figures are derived from the data available in respect of 59,904 AWCs (as on March 31, 2011):

Location of AWC	Nos.	%
Own building	16,649	28%
School building	12,446	21%
Rented building	10,297	17%
Pvt. premises	2,915	5%

17. Apart from inadequate infrastructure, DWCD is also faced with shortage of human resources, which is adversely affecting the work related to implementation, co-ordination, monitoring and supervision of ICDS and other schemes in the districts. Currently, posts of 47 CDPOs (33 in rural areas, 7 in urban areas, and 7 in tribal areas), 858 Supervisors (640 in rural areas, 20 in urban areas, and 198 in tribal areas) 6,684 AWWs, and 3,672 AWHs are lying vacant¹¹. It is understood that DWCD is in the process of filling up the vacant posts.

18. As on July 2011, 4.7 million beneficiaries are availing supplementary food from AWCs as compared to coverage of 5.0 million beneficiaries as of May 2010¹². The decline in number of beneficiaries by 5.8% over a period of less than a year has been mainly on account of reduction in child beneficiaries. Between May 2010 and July 2011, child beneficiaries in the age group of 6 months to 3 year declined by 4.4%, from 2.1 million to 2.0 million, while that in the age group of 3 year to 6 year reduced by 9.2%, from 2.1 million to

Premises provided by community	7,198	12%
Others	10,399	17%
Total	59,904	100%
Source: DWCD		

¹¹ Manpower as on July 2011:

Post	Type	Sanctioned	In position	Vacant	% Vacant
CDPO	Rural	200	167	33	17
	Urban	20	13	7	35
	Tribal	118	111	7	6
	Total	338	291	47	14
Supervisor	Rural	1,810	1,170	640	35
	Urban	72	52	20	28
	Tribal	924	726	198	21
	Total	2,806	1,948	858	31
AWW	Rural	44,949	40,697	4,252	9
	Urban	2,064	1,734	330	16
	Tribal	24,121	22,019	2,102	9
	Total	71,134	64,450	6,684	9
AWH	Rural	40,543	37,282	3,261	8
	Urban	1,894	1,622	272	14
	Tribal	18,481	18,342	139	1
	Total	60,918	57,246	3,672	6
Source: MPR, DWCD					

¹² Reduction in number of SNP beneficiaries:

Nos.	May-10	% share	Jul-11	% share	% Change b/w May-10 & Jul-11
Children	4,218,655	84	3,930,104	83	-6.8
6 month-3 year	2,078,911	41	1,987,681	42	-4.4
3 year-6 year	2,139,744	43	1,942,423	41	-9.2
PW&LM	802,953	16	798,472	17	-0.6
Total	5,021,608	100	4,728,576	100	-5.8
Source: DWCD					

1.9 million. It may be further noted that the current level of child beneficiaries (3.9 million) availing supplementary nutrition covers 78% of the 5.0 million child population of the state in the 0-6 year age group (Census 2011). In case of pregnant women and lactating mothers (PW&LM), the number of beneficiaries almost remained the same at 8 million.

19. At present, DWCD makes budget for supplementary food provision for 35,566 severely malnourished children¹³. However, a rough estimate shows that around 1.6 lacs of children below 3 year of age are suffering from Severely Acute Malnutrition (SAM)¹⁴. This means that SAM children are not adequately identified and covered under SNP.

2.2 Health and Nutrition Status

20. Orissa lags far behind the country in terms of Infant Mortality Rate (IMR) and Maternal Mortality Ratio (MMR). Though there has been a rapid decline over the years, the state's IMR of 62 per 1,000 live births (Annual Health Survey, 2010-11) far above the country's average IMR of 50 per 1000 live births (SRS, 2009). According to Annual Health Survey 2010-11, IMR has further declined to 62 per 1,000 live births.

21. The state's MMR at 258 per 100,000 live births in 2007-09 has improved as compared to 303 per 100,000 live births in 2004-06; but it is still way above the national average of 212 per 100,000 live births¹⁵.

22. The state continues to have highest proportion of under-five child malnutrition in the country. According to the 3rd Round (2005-06) of National Family Health Survey (NFHS-3) data, 40% under 5 year children were under-weight in Orissa, and 44% were stunted and 24% were wasted. Prevalence of underweight children under 5 year was higher in rural areas than in urban areas as well as higher among schedule tribes (54%). Even during the first six months of life, when babies are breastfed, 26% of children were found to be stunted, 28% were wasted and 36% were underweighted.

23. Anaemia is another major health and nutrition problem in Orissa, especially for women and children¹⁶. As revealed by the NFHS-3 data, among children between the ages of 6 and 59 months, almost two thirds (65%) were anaemic. This includes 29% who were mildly anaemic, 35% who were moderately anaemic, and 2% who suffered from severe anaemia. The girls (67%) were slightly more likely to have anaemia than boys (64%).

24. More than half of women (61%) have anaemia, including 45% with mild anaemia, 15% with moderate anaemia, and 2% with severe anaemia. About 69% of women who were pregnant and 65% of women who were breast-feeding were anaemic. However, the likelihood of anaemia was less among the more educated women and among female belonging to families in the higher wealth quintiles.

2.3 Recent Trends in DWCD Expenditure

25. This section presents analysis of recent trends in expenditure of DWCD based on budget data contained in Demand for Grants No. 36. The trend analysis covers actual

¹³ Source: DWCD

¹⁴ World Health Organization recommends use of a cut-off for weight-for-height of below minus three standard deviations to identify SAM infants and children. According to NFHS-3 data, 6.4% children below 3 years have weight-for-height less than minus three standard deviations. Applying this rate to child population of 0-3 year age group which is assumed to be 2.5 million (half-of-the present 5 million 0-6 year child population as per Census 2011), the number of SAM children is estimated to be 1.6 lacs (=2.5 million x 6.4%).

¹⁵ Special Bulletin on Maternal Mortality in India 2007-09, Office of Register General of India, June 2001.

¹⁶ Anaemia can result in maternal mortality, weakness, diminished physical and mental capacity, increased morbidity from infectious diseases, perinatal mortality, premature delivery, low birth weight, and (in children) impaired cognitive performance, motor development, and scholastic achievement.

expenditure from 2007-08 to 2009-10, revised estimates of 2010-11, and budget estimates of the current fiscal year, 2011-12.

2.3.1 Growth in expenditure

26. There has been phenomenal increase in social security and nutrition expenditure in the recent period. Beginning with an expenditure of Rs. 1,103 crores in 2007-08, the budget spends by DWCD increased to Rs. 2,364 crores in 2010-11 representing a CAGR of 29% (Table 2.1). The spectacular increase in budget spends in 2010-11 as compared to previous year was mainly on account of increase in food expenditure (34%), pension amount (32%), and increase in salary (104%) due to implementation of the Sixth Pay Commission's recommendations¹⁷. The budget estimates for the current fiscal year (2011-12) stands at Rs. 2,517 crores, which shows an increase by 6.5% over the previous year. DWCD budget outlay now accounts for 5.6% of the total state expenditure and little over 1% of GSDP.

Table 2.1: Trends in overall departmental expenditure

Rs. crores	2007-08	2008-09	2009-10	2010-11 (RE)	2011-12 (BE)
General education	287 (26)	463 (31)	415 (25)	505 (21)	638 (25)
Social security	592 (54)	811 (54)	911 (54)	1,332 (56)	1,347 (54)
Public works ^a	7 (1)	6 (0.4)	7 (0.4)	2 (0.1)	2 (0.1)
Nutrition	216 (20)	219 (15)	350 (21)	522 (22)	526 (21)
Secretariat economic services	2 (0.1)	2 (0.1)	3 (0.2)	3 (0.1)	3 (0.1)
Total	1,103 (100)	1,502 (100)	1,686 (100)	2,364 (100)	2,517 (100)
Total exp. to TSE (%)	4.83	5.58	5.52	6.00	5.61
Total exp. to GSDP (%)	0.87	1.05	1.04	1.27	1.17
Memo items					
Total state exp.(Rs. crores)	22,844	26,923	30,541	39,389	44,879
GSDP (Rs. crores)	127,234	142,728	162,327	186,356	214,309
Source: Budget Documents, Various Years. Note: (i) ^a - Public works expenditure includes mainly repairs and maintenance but excludes civil works. (ii) The figures within parentheses denote percentage (%) share in total. (iii) RE - Revised Estimate, BE - Budget Estimate, TSE - Total State Expenditure, and GSDP - Gross State Domestic Product.					

2.3.2 Expenditure by source of funding

27. Analysis of expenditure by sources of funds reveals that the state's own resources, both under Non-Plan and State Plan, decreased from 56% in 2007-08 to 47% in 2009-10 and then again increased to 54% in 2010-11 and expected to reach 57% by the end of current fiscal year, 2011-12 (Table 2.2). The contribution from Government of India (GoI)

¹⁷ The old and new Supplementary Nutrition Programme (SNP) rates are as follows:

(Rs. per beneficiary)	Old rates	New rates (effective from 2010-11)
6 months - 3 year children		
Malnourished (Grade I & II)	2.00	4.00
Severely malnourished (Grade III & IV)	2.70	6.00
3 - 6 year children	2.00	4.00
Pregnant women/nursing mother	2.30	5.00
Source: DWCD.		

moved in tandem with deployment of state resources. In absolute terms, the state's own resource for the current year (2011-12) is budgeted at Rs. 1,434 crores, comprising of Rs. 262 crores under Non-Plan (10.4%) and Rs. 1,171 crores under State Plan (46.5%). Gol funding amounts to Rs. 1,083 crores.

Table 2.2: Expenditure by source of funding

Rs. crores	State's own resource			Gol funding			Grand Total
	NP	SP	Sub-Total	CP	CSP	Sub-total	
2007-08	243	370	613	137	353	490	1,103
2008-09	272	495	767	199	536	735	1,502
2009-10	295	506	800	0	886	886	1,686
2010-11 (RE)	263	1,008	1,271	0	1,093	1,093	2,364
2011-12 (BE)	262	1,171	1,434	24	1,059	1,083	2,517
% Share							
2007-08	22.0	33.5	55.6	12.4	32.0	44.4	100.0
2008-09	18.1	33.0	51.1	13.2	35.7	48.9	100.0
2009-10	17.5	30.0	47.4	0.0	52.6	52.6	100.0
2010-11 (RE)	11.1	42.6	53.8	0.0	46.2	46.2	100.0
2011-12 (BE)	10.4	46.5	57.0	1.0	42.1	43.0	100.0
Source: Budget Documents, Various Years. Note: RE - Revised Estimate, BE - Budget Estimate, NP - Non-Plan, SP - State Plan, CP - Central Plan, and CSP - Centrally Sponsored Plan.							

2.3.3 Food and non-food expenditure

28. **Food expenditure:** Over the years, food expenditure has increased significantly, from Rs. 475 crores in 2007-08 to Rs. 1,024 crores in 2010-11 at a CAGR of 29% per year (*Table 2.3*). For the current fiscal year 2011-12, food budget is set at Rs. 1,156 crores, consisting of SNP allocations of Rs. 480 crores, mid-day-meal budget of Rs. 638 crores and Rs. 38 crores for emergency feeding in KBK districts. The food budget accounts for 46% of the total budget outlay of 2011-12.

29. Two points are noteworthy at this stage. First, though budget provision of Rs. 638 crores is being made for mid-day meal for the current year (2011-12), the entire amount is being transferred to the Department of School and Mass Education. There will be no provision for mid-day-meal in the departmental budget from the next year.

30. Second, SNP budget provisions of Rs. 480 crores is much less than the required budget outlay estimated to be Rs. 551 crores¹⁸. It is understood that the Finance Department prunes down supplementary food budget due to under spending of funds by the department.

31. **Salaries and honorarium to AWW/AWH:** Expenditure on salary and consolidated pay doubled from Rs. 96 crores in 2009-10 to Rs. 195 crores during 2010-11 due to increase in pay based on the Sixth Pay Commission's recommendation and arrears thereof (*Table 2.3*). The budget provision for the current fiscal year is Rs. 140 crores, which is less than the previous year's amount since arrears payment have been already been made. Salary and consolidated pay now accounts for 6% of the total budget.

32. The current year's budget includes honorarium payment to AWW/AWH to the tune of Rs. 245 crores, which accounts for around 10% of the total budget amount. Gol has doubled the honorarium to AWW/AWH with effect from 1st April 2011. The department therefore

¹⁸ Further details are provided in the next chapter.

needs to make additional budget provision, estimated to be Rs. 187 crores, to pay for incremental honorarium during 2011-12¹⁹.

Table 2.3: Food and non-food components

<i>Rs. Crores</i>	2007-08	2008-09	2009-10	2010-11 (RE)	2011-12 (BE)
Food expenditure	475	678	761	1,024	1,156
SNP	188	198	324	485	480
MDM	287	463	415	505	638
Emergency feeding programme	0	17	21	34	38
Pension expenditure	393	447	503	663	636
Civil works expenses	0	0	0	0	119
Salaries and consolidated pay	50	68	96	195	140
Honorarium to AWW/AWH	76	147	171	270	245
Others	108	163	156	212	220
Total	1,103	1,502	1,686	2,364	2,517
% share					
Food expenditure	43	45	45	43	46
SNP	17	13	19	21	19
MDM	26	31	25	21	25
Emergency feeding programme	0	1	1	1	2
Pension expenditure	36	30	30	28	25
Civil works expenses	0	0	0	0	5
Salaries and consolidated pay	5	5	6	8	6
Honorarium to AWW/AWH	7	10	10	11	10
Others	10	11	9	9	9
Total	100	100	100	100	100
Source: Budget Documents, Various Years. Note: AWW – Angnawadi Worker, AWH – Anganwadi Helper, RE - Revised Estimate, BE - Budget Estimate,					

33. **Pension expenditure:** The expenditure on various pension schemes for old, handicapped, widow and destitute has increased from Rs. 393 crores in 2007-08 to Rs. 663 crores in 2010-11 registering a CAGR of 19% (*Table 2.3*). The current year's provision is marginally reduced to Rs. 636 crores accounting for 25% of the total departmental budget.

34. **Civil works:** During the period under consideration, budget spending for civil works remained nil. This is despite the fact that the department is required to construct a sizeable number of AWCs and CDPO office buildings. The Thirteenth Finance Commission has recommended Gol allocation of Rs. 400 crores for construction of AWCs, out of which Rs. 100 crores is budgeted for the current fiscal year (2011-12). For construction of CDPO office building, the state has allocated Rs. 14 crores for the current year.

2.4 Budget absorption capacity

35. Overall budget absorption capacity of the DWCD is found to be over 90% (*Table 2.4*). SNP budget utilisation has improved significantly, from 82% in 2007-08 to 94% in 2009-10.

¹⁹ There will be further increase in honorarium amount if the department fills up the vacant position of AWW/AWH by the end of the current fiscal year. This is discussed in the next chapter.

In this context, it may be noted that only 92% of AWCs are providing SNP for more than 21 days in a month²⁰. Needless to say that DWCD must take corrective measures for improving utilisation of SNP budget provision and ensure that all the AWCs supply supplementary food for required number of days.

Table 2.4: Utilization of budget allocations

Rs. crores	Total budget			SNP budget		
	RE	Actuals	Actuals as % of RE	RE	Actuals	Actuals as % of RE
2007-08	1,204	1,103	92	229	188	82
2008-09	1,632	1,502	92	237	198	83
2009-10	1,872	1,686	90	345	324	94
<i>Average</i>			<i>91</i>			<i>88</i>
Source: Budget Documents, Various Years. Note: SNP – Supplementary Nutrition Programme, RE - Revised Estimate,						

2.5 Financial Management

2.5.1 Procurement

36. Anganwadi centres provide two types of supplementary food viz. (a) morning snack and hot cooked meal to 3 to 6 year children who visit AWCs and (b) Take Home Ration (THR) for children in the age group of 6 months to 3 year, malnourished children, and PWLMs.

37. In pursuance of the orders of Supreme Court, the state has decided to decentralize procurement under ICDS and all other feeding programmes operated by DWCD²¹. The new decentralized procurement system has been implemented with effect from 1st April, 2011. Under decentralised system, rice and wheat are presently supplied by Gol to the state government through Food Corporation of India (FCI). At the district level, a procurement committee headed by the District Collector selects private transporter, based on competitive bidding, to lift rice/wheat from FCI depots and supply it to the doorsteps of AWCs for preparation of cooked meal, or to Self Help Groups (SHG) for preparation of THR, or to schools for cooking mid-day meal.

38. The foodstuff like dal, edible oil, soya chunks, eggs, and condiments for morning snack and hot cooked meal are procured by AWW. A joint bank account is opened by AWW and the Ward Member and an initial advance amount of Rs. 10,000 per AWC, or Rs. 5,000 per mini-AWC, is credited to the said bank account by the concerned CDPO. AWW and Ward Member withdraw money from the bank deposit for procurement of rations as per requirements. Actual expenditures are reimbursed after submission of Statement of Expenses (SOE) in a prescribed format to the CDPO. In fact, the Supervisor collects SOEs from the AWCs/mini-AWCs under her sector every month and submits the same to the concerned CDPO. The reimbursement amount is e-transferred to the respective bank accounts of AWCs/Mini AWCs by the CDPO by 7th of the following month.

39. Take home ration is prepared and supplied by women SHGs or federation of SHGs across the state. SHGs prepare food packets as per given specifications and supply them fortnightly to the doorsteps of AWCs. SHGs are paid at Gol rates after deducting cost of rice or wheat. The quantity of take home ration to be processed is intimated by CDPO to the SHGs from time to time. Payments are made through e-transfer to the bank account of the SHGs against fortnightly bill submitted and verified by supervisor.

²⁰ The percentage figure is calculated based on ICDS Monthly Progress Report (MPR), July 2011.

²¹ Supreme Court Order No: WPC 196/2001

40. For effective implementation of decentralised procurement, the department has developed and issued guidelines regarding feeding norms, procurement procedure, financial procedure, and monitoring and supervision at district, sub-division, Panchayat and village level involving different committees, such as, Janch Committee and Mother's Committee at the village level, School Management Committee (SMC) at school level.

2.5.2 Financial viability of SHGs supplying take home ration

41. There has been a general understanding that the rates paid to the SHGs for supplying take home ration are not remunerative and SHGs are not financially viable. To assess the situation, TMST carried out a rapid survey of 10 SHGs in four districts (Rayagada, Jharsuguda, Bhadrak, and Boudh) during 22-26 August 2011. The survey has revealed that at going rates of billing most of the SHGs are not financially viable and losses are more if rice is used instead of wheat. With wheat supply, average loss works out to be 32 paise per beneficiary per day; for rice the loss is estimated to be 37 paise per beneficiary per day

42. TMST has recommended the following measures for making SHGs financially viable:

- Provide a grinding machine to the SHG who does not have one. This will require one-time capital investment of Rs. 3.4 crores. With own grinding machines, SHGs will save on grinding costs estimated to be 21 paise per beneficiary per day. Apart from cost savings, SHGs will be able to generate additional income from grinding business at local level. This would be an added incentive for SHGs to continue with the business of supplying THR.
- Provide 'cost-equalization subsidy' to SHGs at a rate of 15 paise per beneficiary per day. Budgetary outlay for providing this subsidy will be around Rs. 13 crores per year.

43. The department is planning to implement the above recommendations with DFID funding support.

2.5.3 Accounting and auditing

44. At present, accounts are maintained manually at the block and district levels and CDPO offices are functioning without an accountant. It is understood that the huge amount is pending for bank reconciliation at CDPO/DSWO offices.

45. The AWCs receive supply of rice in bags of specified quantity through private transporters. However, AWCs do not have any weighing machine to measure quantity of rice supplied in bags by these transporters. Neither have they had any calibrated cups or mugs to measure correctly the quantity of rice consumed daily for feeding the beneficiaries. Thus, all records of receipt and issue of rice at AWC level run the risk of manipulation and leakage.

46. There is a separate internal audit cell within the department with eight auditors from the Orissa Service of Auditors (Department of Finance, GoO) and headed by an Audit Superintendent. The current staff strength is inadequate and internal audit is done on an ad-hoc basis without any prescribed annual work plan. Audit coverage target is low and achievement is still lower. It may be further mentioned that the internal audit cell does not have a computer; audit reports consisting of more than 100 pages are written in hand. Another disquieting fact is that internal audit cell does not undertake audit of Social Educational Organisers (SEOs) who administer mid-day-meal scheme and pension scheme at the block level.

47. Regarding external audit by Accountant General (A&E) Orissa, the department needs to expedite the process of responding to audit findings and recommendations. As on 31-07-2011, the number of outstanding audit paras was 1,928.

48. In view of the above, there is an urgent need to strengthen accounting and internal audit systems. TMST has recommended a number of measures which can be implemented with DFID grants. These are as follows:

- Develop integrated, computerized, double entry accounting system through installation of customized Tally (ERP 9) at all CDPO/DSWO offices with main server located at the state office.
- Appoint accountant at each CDPO office, who will be entrusted with the following tasks: book keeping; bank reconciliation; handholding support to AWW/Supervisor/SHG for proper book keeping and accounting; preparation and submission of periodic financial reports; etc.
- Develop necessary accounting, control, and monitoring manuals/guidelines.
- Hire AG empaneled CA firms for onetime settlement of outstanding bank reconciliations.
- Once the computerization of accounting system and appointments of accountants are completed and the system runs for about an year, engage one retired govt. auditor for conducting internal audit in each district; existing internal audit cell will monitor field work of district level auditor, compile district audit reports, recommend remedial actions to the audit committee/Secretary on a quarterly basis, and prepare Action Taken Report.
- Provide each AWC a weighing machine.

3. MEDIUM TERM EXPENDITURE FRAMEWORK

3.1 Estimation of Resource Envelop

3.1.1 Key assumptions

49. The resource envelop of DWCD includes: (a) the state's own resources under Non-Plan and State Plan, (b) Gol contributions for supplementary food and administrative expenditure, and (c) DFID's grants for supporting nutrition strategy and operation plan. The projections of resource availability over the medium term (2011-12 to 2013-14) are based on a set of assumptions as discussed in the following paragraphs.

50. **Funding by central government:** It is assumed that the central government funding under Central Plan and Centrally Sponsored Plan, including the new schemes (e.g. IGMSY), will continue. Gol allocations are assumed to grow wherever foreseen. Since the supplementary food rates have been increased recently, Gol is not likely to enhance the rates further in the near future. The supplementary food norms and rates are therefore assumed to remain at the current level during the projection period.

51. **GoO budget allocations:** Non-Plan and State Plan allocations are assumed to grow wherever foreseen. For instance, it is assumed that the state government will make necessary budget allocations for Mamata scheme.

52. **Mid-day-meal:** This scheme is being transferred to the Department of School and Mass Education. Though the budget for MDM for 2011-12 has been allocated to the demand for grants of DWCD, the money has been transferred to the Department of School and Mass Education. From 2012-13 onwards, there will be no budget allocation to DWCD for MDM.

53. **DFID grants:** Allocations of DFID grants over the projection period (2011-12 to 2013-14) are estimated taking into account undisbursed amount of the current year (2011-12) and the previous year (2010-11)²². It is assumed that the undisbursed amount will be released by the Finance Department through Supplementary Budget of 2011-12.

²² Out of DFID funds of £42.5 million, a sum of £10 million was earmarked for DWCD (£4 million for the financial year 2009-10 and £6 million for 2010-11). Since DWCD's share for 2009-10 was allocated in the health budget, DHFW transferred £4 million (Rs. 30 crores) to DWCD (MVSN) in 2009-10 (amount was actually received by MVSN in April 2010). **The balance amount of £6 million equivalent to Rs. 42 crores (being the DFID allocation for 2010-11) has not yet been allocated and disbursed to DWCD by the Finance Department.** For the current fiscal year (2011-12), allocation of DFID funds to DWCD is £8 million, estimated to be Rs 58 crores (assuming an exchange rate 72 INR/GBP), out of which Finance Department has allocated Rs. 20 crores. So the balance amount Rs. 38 crores may be claimed under Supplementary Budget. Thus, taking into account undisbursed amount of Rs. 42 crores for the last year 2010-11 as well as the unallocated amount of Rs. 38 crores for the current fiscal year (2011-12), **DWCD can request for a budget allocation of Rs. 80 crores under Supplementary Budget of 2011-12.**

Taking into account undisbursed amounts as explained above, DFID allocations are estimated to be as given under:

Year	GBP million	Rs. crores
2011-12	8 + 6 (undisbursed amount of 2009-10)	100
2012-13	7	50
2013-14	5	36
2014-15	5	36
*Exchange rate: 72 INR/GBP		

3.1.2 Resource estimates

54. For the current fiscal year (2011-12), resource availability is estimated to be Rs. 3,228 crores as against the existing budget allocation of Rs. 2,517 crores (*Table 3.1*). The enhanced amount represents, among others, additional funds required for payments of incremental honorarium to AWW/AWH with effect from 1st April 2011, extra provision for pension for destitute due to increase in number of beneficiaries, required budget provision for introduction of Mamata scheme, and the undisbursed amount of DFID grants²³.

Table 3.1: Medium term resource envelop

SL No	(Rs. Crores)	2011-12	2012-13	2013-14	Total (3 years)	Share (%)
1	State's own resources	1,805	1,752	1,771	5,328	62
1.1	Non-Plan	262	265	267	795	9
1.2	State Plan	1,543	1,487	1,503	4,533	52
2	Govt. of India	1,323	902	921	3,146	36
3	DFID grants	100	50	36	186	2
Resource envelop (1+2+3)		3,228	2,704	2,727	8,660	100

55. The budget provision for the next fiscal year 2012-13 is set at Rs. 2,704 crores, which is lower than the current year's estimated provision by 16% (*Table 3.1*). The main contributing factor for the envisaged dip in budget provision is the transfer of mid-day-meal scheme (involving an outlay of Rs. 638 crores) from DWCD to the Department of School and Mass Education with effect from the fiscal year 2012-13. The budget dip in 2012-13 is expected to be partly offset by the state's budget provision for the new scheme Mamata, estimated to be little over Rs. 200 crores. For the third year (2013-14) of projection, the budget is estimated to increase by less than one per cent over the previous year.

56. It may be further noted from the medium term projection (2011-12 to 2013-14) that the state's own contribution to resource envelop would be 62%, followed by the central contribution of 36% (*Table 3.1*).

57. DFID's grant in the total resource envelop is expected to be about two per cent only. Though the grant amount is less, it is not tied to any particular scheme. The department needs to use the grants as flexi, catalytic funds for bringing about necessary reforms to improve nutrition status of the children and women in the state.

²³ Reconciliation of budget outlay as shown in Demand for Grants No. 36 and resource estimate is shown below:

Budget outlay for 2011-12 as given in Demand for Grants No. 36	2,517
Amounts expected to be provided under RE	
Conditional Maternity Benefit - Mamata	102
Honorarium of AWW/AWH	221
SNP revised as per beneficiary	38
Pension for destitute	259
DFID assistance	80
Personal accident insurance policy	10
Indira Gandhi national disable pension	2
State commission for women	0
Estimated resource envelop for 2011-12	3,228

3.2 Projections of the Medium Term Expenditure

3.2.1 Key assumptions

58. The medium term (2011-12 to 2013-14) expenditures are estimated based on a set of assumptions as discussed in the following paragraphs (*Table 3.2*).

Table 3.2: Assumptions for projection of expenditure

Line items (Object Code)	2011-12	2012-13	2013-14
A. Assumptions for all the schemes other than ICDS			
Salary (01003)	As per budget estimate	10% increase	10% increase
Office Expenses (08001)	As per budget estimate	5% increase	5% increase
Others (18023)	As per BE	Previous year's budget	Previous year's budget
Other charges (20002)	Mid-day-meal: as per budget estimate	Scheme transferred	Scheme transferred
	Integrated Child Protection Scheme: as per budget estimates	25% increase	Previous year's budget
Grants (41048)	Construction of Working women hostel : as per budget estimates	Rs. 6 crores is expected to be received under CSP	Rs. 6 crores is expected to be received under CSP
Grants-in-aid (41078)	As per budget estimate	5% increase under scheme for physically handicapped & mentally retarded children"	Rs. 14.53 crores provided for giving bicycle to school going SC/ST girls
Seed money for SHGs (41231)	As per budget estimate	30% increase	Previous year's budget
Staff Support for Mission Shakti (78356)	As per budget estimate	Budget provision is reduced to Rs. 1.5 crores due to availability of last year's unspent amount	Same budget amount as provided in 2011-12
National old age pension for destitute (0959)	Extra budget provision of Rs. 259 crores due to revision of nos. of beneficiaries	Previous year's budget	Previous year's budget
Personal accident insurance policy (1045)	Under provision will met through suppl. budget	Previous year's budget	Previous year's budget
Indira Gandhi national disable pension (2432)	Revised due to revision in nos. of beneficiaries	Previous year's budget	Previous year's budget
State commission for women (2393)	Revised due to revision in nos. of beneficiaries	Previous year's budget	Previous year's budget
B. Assumptions for ICDS			
Salary (01003)	As per budget estimate	Increase in salary due to filling up of vacant posts of CDPO and Supervisor ; 10% increase for salaries over last year	10% increase
Office Expenses (08001)	As per budget estimate	5% increase	5% increase
Others (18023)	Budget provision revised to give effect to increase in honorarium to AWW/AWH and filling up of vacant posts.	Previous year's budget	Previous year's budget
Other charges (20002)	SNP budget is revised as per the requirement (Finance Department generally prunes down due to under spending of budget	Amount Increased assuming marginal improvement in budget absorption	Amount Increased assuming marginal improvement in budget absorption
Construction of building (37094)	As per BE (which includes budget provision for construction of 140 nos. of CDPO buildings)	Provision for construction of balance 40 nos. of CDPO building	No more construction of CDPO building
13th FC Award for construction of AWC (41048)	As per budget estimate	Previous year's budget	Previous year's budget

Line items (Object Code)	2011-12	2012-13	2013-14
Mamata scheme (78410)	Budget requirement for half-year is estimated to be Rs. 102 crores (dept. will seek allocations through supplementary budget)	Budget for the whole year is estimated to be Rs. 203 crores	Previous year's budget

59. **SNP budget provision under ICDS:** As mentioned in the previous chapter, the current year's (2011-12) budget allocations of Rs. 480 crores for SNP is much less than the required budget outlay, estimated to be Rs. 551 crores (*Table 3.3*). It is understood that the Finance Department usually prunes down the food budget due to under spending of funds by the department.

Table 3.3: SNP budget estimates

Rs. crores	2011-12	2012-13	2013-14
SNP budget estimate (gross)	551	551	551
Budget utilization (assumed)	94%	95%	96%
Adjusted SNP budget	518	523	529
Provision made in Demand Grant No. 36	480.00		
Additional budget required	37.55		
Note: See Annex III for further details.			

60. For the purpose of projections, it is assumed that SNP budget utilisation will be 94% (which was the budget absorption rate in 2009-10) during the current fiscal year and it will increase slowly to 96% in 2013-14 (*Table 3.3*). Accordingly, supplementary food budget is estimated to go up from Rs. 518 crores in 2011-12 to Rs. 529 crores by the end of 2013-14. It is expected that the department will put up a claim for additional SNP budget of Rs. 37.55 crores for the current year (2011-12) under the supplementary budget.

61. **Manpower costs under ICDS:** For the purpose of projection of manpower costs under ICDS, it is assumed that vacant posts of 6,684 AWWs and 3,672 AWHs will be filled up during the current fiscal year. It is also assumed that supplementary budget provisions will be made to give effect to doubling of honorarium rates for AWW/AWH with effect from 1st April 2011. The honorarium rates are kept constant from 2012-13 onwards since the central government is not likely to revise the rates again in the medium term.

62. The salaries to CDPOs and Supervisors are enhanced from the next year (2012-13) assuming that the department will fill up the vacant posts of 47 CDPOs and 858 Supervisors. Year-to-year salaries are raised by 10%.

63. On the whole, manpower costs under ICDS are expected to increase from Rs. 576 crores in the current year to Rs. 635 crores during 2013-14 (*Table 3.4*)

Table 3.4: Budget provision for manpower costs under ICDS

Rs. crores	2011-12	2012-13	2013-14
Revised honorarium to existing AWWs/AWHs	431	431	431
Incremental honorarium due to filling up of vacant posts	35	35	35
Total	466	466	466
Salaries to existing CDPOs/Supervisors	110	121	133
Incremental salaries due to filling up of vacant posts		33	36
Total	110	154	169
Grand total	576	620	635
Note: See Annex IV for further details.			

64. **Construction of AWCs and CDPO office buildings:** The Thirteenth Finance Commission has recommended GoI allocation of Rs. 400 crores for construction of AWCs, out of which Rs. 100 crores has been budgeted for the current fiscal year (2011-12). This will enable to construct 2,000 AWCs at a cost of Rs. 5 lacs per unit²⁴. It is assumed that the department will make the same budget provisions in each of the next two years of the projection period (*Table 3.5*).

Table 3.5: Budget estimates for construction of AWCs and CDPO office buildings

<i>Rs, crores</i>	2011-12	2012-13	2013-14
Construction of AWCs (2000 units each year @ Rs. 5 lacs per unit)	100	100	100
Construction of CDPO buildings (140 units in 2011-12 and 40 units in 2012-13 @ Rs. 10 lacs per unit)	14	4	
Total	114	104	100

65. There is a plan to construct 140 CDPO office buildings at a unit cost of Rs. 10 lacs during 2011-12 (*Table 3.5*). The department needs to construct another 40 nos. of office buildings. It is assumed that the department will undertake this construction in 2012-13.

66. **Estimated budget for launching Mamata scheme:** This scheme covers pregnant women and lactating mothers of 19 years of age or above and for the first two live births. At present there are 812,783 beneficiaries (average number over the period from April 2010 to March 2011) availing SNP through AWCs. Not all of them will be eligible to get cash support under the scheme. However, since it may not be feasible to identify eligible beneficiaries given the existing system, the budget estimates is based on 812,783 beneficiaries. Along with the incentive payments to AWW/AWH, it is estimated that the state would require allocating around Rs. 200 crores annually for Mamata scheme (*Table 3.6*). For the current fiscal year (2011-12), budget provision is created for half-year.

Table 3.6: Estimated budget for MAMTA scheme

<i>Rs, crores</i>	2011-12 (half-year)	2012-13	2013-14
Payments to 812,783 beneficiaries	90	179	179
Incentives to AWW/AWH	12	24	24
Total	102	203	203
Note: See Annex V for further details.			

3.2.2 MTEF Projections (2011-12 to 2013-14)

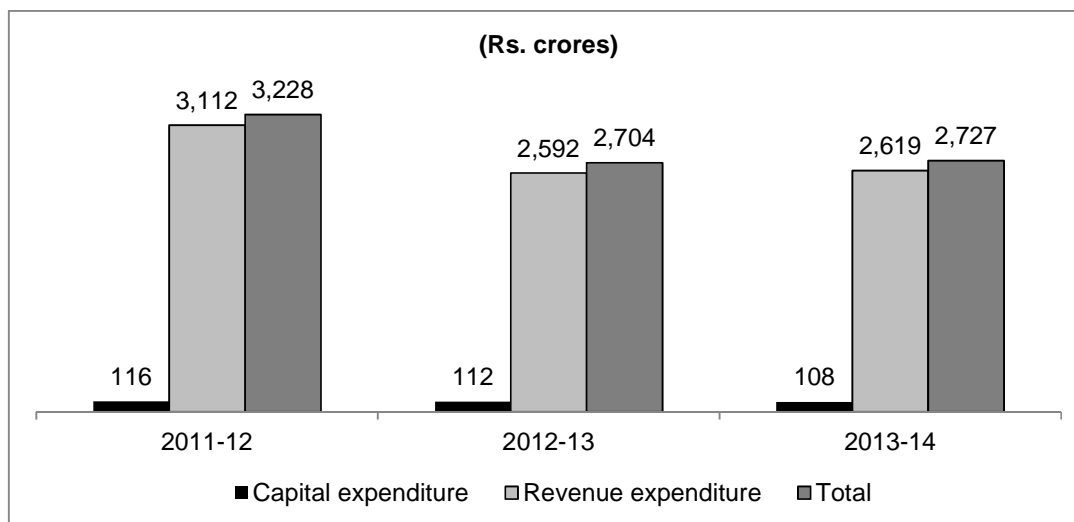
67. Annex I presents MTEF summary in terms of multi-year resource envelop and budget estimates. Further details are provided in Annexes II to V.

68. As mentioned earlier, existing budget allocations of Rs. 2,517 crores for the current fiscal year (2011-12) is revised upwards to Rs. 3,228 crores to incorporate budget provisions for, among others, incremental honorarium to AWW/AWH, additional pension for destitute, and for launching Mamata scheme (*Table 3.1*). Due to transfer of mid-day-meal scheme from DWCD to the Department of School and Mass Education, budget spends will decline to Rs. 2,704 crores in 2012-13 and thereafter expenditure is slated to rise marginally to Rs.

²⁴ The unit cost is very less and it is imperative that DWCD reviews the unit cost of construction of AWC.

2,727 crores by the end of 2013-14. During the three-year period under consideration, average expenditure-to-GSDP ratio is estimated to 1.2%.

Figure 3.1: Medium term revenue and capital expenditure



69. It may be noted that about 96% of the projected expenditure of DWCD will be on revenue account. Total capital expenditure during the projection period is estimated to be Rs. 336 crores (4%) which include construction of 6,000 AWCs and 180 CDPO office buildings. Needless to say that planned construction of AWC falls far short of the required level; currently only 28% of the AWCs in the state are located in own buildings.

70. Break-up of budget estimates by object heads indicates some structural shift in budget spending during the projection period. The share of food expenditure will be reduced from 37% as of 2011-12 to around 21% by the end of 2013-14 (Table 3.7).

Table 3.7: Object-head-wise break up of budget estimates under MTEF

Rs. crores	2011-12		2012-13		2013-14	
	Amount	Share (%)	Amount	Share (%)	Amount	Share (%)
Food expenditure						
SNP	518	16.0	523	19.3	529	19.4
MDM	638	19.8	0	0.0	0	0.0
Emergency feeding programme	38	1.2	38	1.4	38	1.4
Sub-total	1,194	37.0	561	20.7	567	20.8
Non-food expenditure						
Pension	897	27.8	897	33.2	897	32.9
Conditional Maternity Benefit	126	3.9	227	8.4	227	8.3
Salaries	132	4.1	178	6.6	195	7.2
Honorarium to AWW/AWH	466	14.4	466	17.2	466	17.1
Civil works	119	3.7	109	4.0	105	3.8
DFID grants	100	3.1	50	1.8	35	1.3
Others	195	6.0	217	8.0	236	8.6
Sub-total	2,035	63.0	2,143	79.3	2,161	79.2
Grand total	3,228	100.0	2,704	100.0	2,727	100.0

71. Due to reduction in food budget, relative shares of other major components in the DWCD budget will increase. For instance, shares of pension outlay under different schemes will increase from 28% in the current year to 33% in 2013-14. Similarly, honorarium payments to AWWs/AWHs are expected to increase from 14% in 2011-12 to 17% in 2013-14.

3.3 Resource Gap

72. As is evident from the MTEF projections presented hitherto, the budget outlay for different heads of expenditure are assumed to grow in tandem with the projected resource envelope thereby leaving no resource gap. However, resource availability and budget spends will depend on the realisation of various underlying assumptions.

3.4 Concluding Remarks

73. While the department is not likely to face problems of budget allocations as projected under MTEF, fuller utilisation of funds may be a challenging task. Some areas that require close monitoring and control for effective utilisation of funds are the following:

- Filling up of vacant posts
- Construction of 6,000 AWCs over the projection period
- Implementation of conditional maternity benefit schemes

74. The number of children below 3 year of age suffering from Severely Acute Malnutrition (SAM) is estimated to be around 1.6 lacs. Currently, DWCD makes budget supplementary food provision for 35,566 severely malnourished children. The department therefore needs to develop targeted interventions to rehabilitate SAM children of the state. For effective implementation of any such targeted interventions, it is imperative that the department develops an appropriate system of tracking the beneficiaries using smart cards. The smart cards can also be used for tracking beneficiaries under Mamta scheme.

75. To ensure sustained supply of take-home-ration, subsidies must be provided for making SHGs financially viable. DFID grants may be used for this purpose. Once the DFID funding support is over, the required budget provision may be made out of the state's own resources.

76. TMST has recommended several measures for strengthening financial management systems (*viz.* developing integrated, computerized, double entry accounting system; appoint accountant at each CDPO office; develop necessary accounting, control, and monitoring manuals/guidelines; hire AG empaneled CA firms for onetime settlement of outstanding bank reconciliations; engage retired government auditors for conducting internal audit in each district; etc.). All these measures need to be implemented immediately for mitigating fiduciary risks.

77. Implementation of ICDS is severely constrained by lack of infrastructure. At present, only 28% of the AWCs are located in own building. It is imperative that the department adopts construction of low cost, eco-friendly AWCs. DFID grants may be used for developing model AWCs, which can be up-scaled at the state level.

Medium-Term Expenditure Framework (2011-12 to 2013-14)

Annex I	MTEF Summary
Annex II	Object-wise MTEF
Annex III	SNP Budget under ICDS
Annex IV	Manpower Costs under ICDS
Annex IV	Budget Estimates for Mamata Scheme

ANNEX I: MTEF SUMMARY

Sl. No.	<i>Rs. crores</i>	2011-12	2012-13	2013-14	Total (3 years)	Share (%)
1	Budget estimates	3,228	2,704	2,727	8,660	100.0
1.1	General education (mid-day-meal)	638	0	0	638	7.4
1.2	Social security	2,022	2,130	2,147	6,298	72.7
1.3	Public works	2	2	2	7	0.1
1.4	Nutrition (SNP)	563	569	575	1,708	19.7
1.4.1	SNP	518	523	529	1,569	18.1
1.4.2	Emergency feeding programme	38	38	38	114	1.3
1.4.3	Others	8	8	9	25	0.3
1.5	Secretariat	3	3	3	9	0.1
2	Resource Envelope	3,228	2,704	2,727	8,660	100.0
2.1	State's own resources	1,805	1,752	1,771	5,328	62
2.1.1	Non-Plan	262	265	267	795	9
2.1.2	State Plan	1,543	1,487	1,503	4,533	52
2.2	Gol	1,323	902	921	3,146	36
2.3	DFID grants	100	50	36	186	2
3	Resource surplus (+)/gap (-)	0	0	0	0	
Memo items						
Budget estimates as % of GSDP		1.5	1.1	1.0	1.2	
GSDP		214,309	244,146	278,137		

Sl. No.	<i>Rs. crores</i>	2011-12	2012-13	2013-14	Total (3 years)	Share (%)
1	Revenue budget	3,112	2,592	2,619	8,324	96
2	Capital budget	116	112	108	336	4

ANNEX II: OBJECT- WISE MTEF

<i>Rs. crores</i>	2011-12		2012-13		2013-14	
	Amount	Share (%)	Amount	Share (%)	Amount	Share (%)
Salary	131.63	4.08	177.65	6.57	195.42	7.17
Consolidated pay post	8.71	0.27	8.71	0.32	8.71	0.32
Travel expenses	3.72	0.12	3.72	0.14	3.73	0.14
LTC	1.39	0.04	1.39	0.05	1.39	0.05
Office expenses	8.27	0.26	8.43	0.31	8.86	0.32
Rent, rate, and taxes	10.87	0.34	10.87	0.40	10.87	0.40
Consulting charges	0.00	0.00	0.00	0.00	0.00	0.00
Clothing, bedding & Liveries	0.00	0.00	0.00	0.00	0.00	0.00
Others	466.10	14.44	466.10	17.23	466.10	17.09
Mid-day-meal	638.00	19.76	0.00	0.00	0.00	0.00
Supplementary nutrition programme	517.55	16.03	523.06	19.34	528.57	19.38
Rajiv Gandhi Scheme for Empowerment of Adolescent Girls	4.80	0.15	4.80	0.18	4.80	0.18
Integrated Child Protection Schemes	24.89	0.77	31.11	1.15	31.11	1.14
Other charges	24.13	0.75	24.40	0.90	24.40	0.89
Diet	0.01	0.00	0.01	0.00	0.01	0.00
Medicines	3.48	0.11	3.48	0.13	3.48	0.13
Spares and services	0.00	0.00	0.00	0.00	0.00	0.00
Construction of building	18.97	0.59	9.00	0.33	5.00	0.18
Pension	896.92	27.78	896.92	33.16	896.92	32.89
Scholarship & stipend	1.42	0.04	1.42	0.05	1.42	0.05
Stipend	0.55	0.02	0.55	0.02	0.55	0.02
Training Support for Mahila Vikas & Shishu Desks	0.10	0.00	0.20	0.01	0.20	0.01
Grants to State Commission for Women	1.33	0.04	1.50	0.06	1.50	0.05
Grants to Mahila Vikas Samabaya Nigam	0.56	0.02	1.01	0.04	1.51	0.06
Grants to State Social Welfare Boards	0.51	0.02	0.51	0.02	0.51	0.02
Grants to voluntary organizations	2.76	0.09	2.76	0.10	2.76	0.10
Grants	108.79	3.37	114.79	4.24	114.42	4.20
Grants-in-aid	10.97	0.34	11.46	0.42	25.99	0.95
Grants to State Council for Child Welfare	0.06	0.00	0.06	0.00	0.06	0.00
Grants to Panchayat Samities	2.30	0.07	2.30	0.09	2.30	0.08
Seed Money for SHGs	38.75	1.20	50.00	1.85	50.00	1.83
Grants for Emergency Feeding Programme	38.00	1.18	38.00	1.41	38.00	1.39

<i>Rs. crores</i>	2011-12		2012-13		2013-14	
	Amount	Share (%)	Amount	Share (%)	Amount	Share (%)
Subsidy to Mahila Vikas Samabaya Nigam (510)	0.67	0.02	0.75	0.03	0.75	0.03
Deduct - state share of expenditure charged to State Plan	-458.10	-14.19	-302.58	-11.19	-305.33	-11.20
National Family Benefit Scheme	30.00	0.93	30.00	1.11	30.00	1.10
Computer consumables	0.01	0.00	0.01	0.00	0.01	0.00
State share of expenditure under CSP	457.60	14.18	302.08	11.17	304.83	11.18
Protection of Women from Domestic Violence	0.25	0.01	0.25	0.01	0.25	0.01
Functioning of Gender Cell	0.40	0.01	0.40	0.01	0.40	0.01
Staff support for Mission Shakti	5.00	0.15	1.50	0.06	5.00	0.18
Anti-human trafficking measures	1.05	0.03	1.06	0.04	1.06	0.04
DFID assisted Nutrition Operation Plan	100.00	3.10	50.00	1.85	35.00	1.28
Conditional maternity benefit	125.81	3.90	226.81	8.39	226.81	8.32
Total	3228.23	100.00	2704.50	100.00	2727.36	100.00

ANNEX III: SNP BUDGET UNDER ICDS

<i>Rs. crores</i>	2011-12	2012-13	2013-14	2014-15
SNP budget estimate (gross) ¹	550.59	550.59	550.59	550.59
Budget utilization (assumed)	94%	95%	96%	97%
Adjusted SNP budget	517.55	523.06	528.56	534.07
Provision made in Demand Grant No. 36	480.00			
Additional budget required	37.55			

¹ If food is provided to all the beneficiaries as per norms, the required budget provision will be as given under:

No. of Districts	Types of beneficiary	Nos.	Rs. per beneficiary per day	Feeding days	Rs. lacs
27	Normal child	3,518,241	4	300	42,219
	Severely malnourished children	27,301	6	300	491
	Pregnant women & lactating mothers	722,679	5	300	10,840
Sub-total		4,268,221			53,550
3 WFP districts	Normal child	377,909	1.09	300	1,236
	Severely malnourished children	6,653	1.58	300	32
	Pregnant women & lactating mothers	75,793	1.06	300	241
Sub-total		460,355			1,508
Grand total					55,059

ANNEX IV: MANPOWER COSTS UNDER ICDS

Estimated budget for payment of honorarium to AWW/AWH

<i>Rs. crores</i>	2011-12	2012-13	2013-14	Remarks
Honorarium before revision of rates				
State Plan	57.89			
Centrally Sponsored Plan	186.76			
After revision				
State Plan	57.89	57.89	57.89	It is assumed that the state will not enhance its own contribution
Centrally Sponsored Plan	373.52	373.52	373.52	The honorarium rates doubled with effect from 1 st April 2011
Total	431.41	431.41	431.41	
Incremental honorarium for filling up vacant positions (CSP)	34.68	34.68	34.68	It is assumed that vacant positions of 6,684 AWWs and 3,672 AWHs will be filled up in 2011-12
Total	466.09	466.09	466.09	

Estimated budget for payment of salaries to CDPO and Supervisor

<i>Rs. crores</i>	2011-12	2012-13	2013-14	Remarks
Non Plan	0.22	0.24	0.26	Salaries are assumed to increase by 10% per year
Centrally Sponsored Plan	109.75	120.73	132.80	
Total	109.97	120.97	133.06	
Centrally Sponsored Plan		32.86	36.15	
Total	109.97	153.83	169.21	

ANNEX V: BUDGET ESTIMATES FOR MAMATA SCHEME

Payment schedules to a cohort of 24 beneficiaries spread over two years

	Year 1												Year 2												
	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12	
B1	1500											1500			1000			1000						2000	
B2		1500											1500			1000			1000					3500	
B3			1500											1500			1000			1000				3500	
B4				1500											1500			1000			1000			3500	
B5					1500											1500			1000			1000		3500	
B6						1500						1500				1500			1000			1000		3500	
B7							1500						1500				1500			1000			1000	3500	
B8								1500						1500				1500			1000			4000	
B9									1500						1500				1500			1000		4000	
B10										1500						1500				1500			1000	4000	
B11											1500									1500				3000	
B12												1500									1500			3000	
													1500										1500	3000	
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In a year, some beneficiaries whose pregnancy begins from the 8th month of the year onwards will not get any payment in that year, whereas some payments will be due to some beneficiaries who became pregnant in the previous year. Taking into account the second year's cash flow mapping of 24 beneficiaries, average cash flow per beneficiary per year works out to be Rs. 2,208.

Average payment per beneficiary per year

Amount	No. of beneficiaries	% share	(1) x (2)
(1)	(2)	(3)	(4)
Rs. 0	5	21	0
Rs. 1,000	0	0	0
Rs. 1,500	6	25	375
Rs. 2,000	1	4	83
Rs. 2,500	0	0	0
Rs. 3,000	3	13	375
Rs. 3,500	6	25	875
Rs. 4,000	3	13	500
Rs. 4,500	0	0	0
Rs. 5,000	0	0	0
Total	24	100	2208

ANNEX V (Contd.)

No. of eligible beneficiaries

Average PW&LM (April 2010 to March 2011)*		812,783
% of women having 1st child	34.7 (NFHS-3)	
% of women having 2nd child	28.6 (NFHS-3)	
Eligible beneficiaries	63.3	514,492
Average payment (Rs.)		2,208
Annual budget (Rs. crores)		114
*Source: Monthly Progress Reports		
	Apr, 2010	798,366
	May, 2010	802,953
	June, 2010	809,859
	July, 2010	813,433
	Aug, 2010	817,280
	Sept, 2010	820,112
	Oct, 2010	821,168
	Nov, 2010	827,230
	Dec, 2010	823,441
	Jan, 2011	780,592
	Feb, 2011	823,056
	Mar, 2011	815,906
	Average	812,783

Given the fact that it would be difficult to identify eligible beneficiaries, budget outlay under Mamata scheme is estimated based on the total nos. of pregnant women and lactating mothers.

Estimated budget for Mamata scheme

<i>Rs, crores</i>	2011-12 (half-year)	2012-13	2013-14
Payments to 812,783 beneficiaries	90	179	179
Incentives to AWW/AWH @ Rs. 300 per beneficiaries	12	24	24
Total	102	203	203