



Budgets for Justice

A Pilot Study of Justice Budgets in 11 High-GDP States

A Primer



Budgets for Justice: A Pilot Study of Justice Budgets in 11 High-GDP States : A Primer.

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The **Budgets for Justice** examines budgetary allocations and expenditures for the justice system across eleven states with the highest Gross Domestic Product (GDP) and a population exceeding one crore. Using budget documents for FY 2023-24 and 2024-25, it analyses the scale of allocations, utilisation levels, and the degree of disaggregation across the core pillars of the justice system—police, prisons, judiciary, and legal aid. Within each pillar, the study also explores key areas such as training, infrastructure, and technology. The states covered are Andhra Pradesh, Gujarat, Haryana, Karnataka, Madhya Pradesh, Maharashtra, Rajasthan, Tamil Nadu, Telangana, Uttar Pradesh, and West Bengal.

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in 11 High-GDP States

A Primer



India Justice Report

The India Justice Report (IJR) is a quantitative index that uses the government's own statistics to rank the capacity of the formal justice system operating in various states. The IJR is a collaborative effort undertaken by DAKSH, Commonwealth Human Rights Initiative, Common Cause, Centre for Social Justice, Vidhi Centre for Legal Policy and TISS-Prayas.

First published in 2019, each biennial report tracks improvements and persisting deficits in each state's structural and financial capacity to deliver justice based on quantitative measurements of budgets, human resources, infrastructure, workload, and diversity across police, judiciary, prisons, legal aid and Human Rights Commissions for all 36 states and UTs.

Team Members

Dr. Arshi Showkat (Data Analyst, IJR)

Bharat Singh (Communications Consultant, IJR)

Saumya Srivastava (Researcher, IJR)

Valay Singh (Lead, IJR)

Reviewers

Pooja Parvati (Independent Consultant)

Maja Daruwala (Chief Editor, IJR)

Design

How India Lives (www.howindialives.com)

About The Partners

- **Centre for Social Justice (IDEAL)** is an organisation fighting for the rights of the marginalised and the vulnerable, principally in the sphere of access to justice. Inspired by Freirean thought, CSJ has been active in more than eight states across India, creating human rights interventions, using law as a key strategy through an intimate engagement with grassroot realities. Central to CSJ's efforts are its institutional interventions in legal reform and research, which bridge and symbiotically combine grassroots activism, law and policymaking on a wide gamut of issues concerning the rights of women, Dalits, Adivasis, minorities and other socially vulnerable groups.
- **Common Cause** is dedicated to championing public causes, campaigning for probity in public life and the integrity of institutions. It seeks to promote democracy, good governance and public policy reforms through advocacy and democratic interventions. Common Cause is especially known for the difference it has made through a large number of Public Interest Litigations (PILs), such as the cancellation of the entire telecom spectrum; cancellation of arbitrarily allocated coal blocks; and the Apex Court's recognition of an individual's right to die with dignity. Common Cause and CSDS-Lokniti bring out the Status of Policing in India Reports (SPIRs) on police accountability and citizen-centric policing since 2018.
- **Commonwealth Human Rights Initiative (CHRI)** is an independent, non-governmental, non-profit organisation working for the practical realisation of human rights through research, strategic advocacy and capacity building within the Commonwealth. CHRI specialises in the areas of access to justice (police and prison reforms) and access to information. It also works to advance freedom of expression, media rights and the eradication of contemporary forms of slavery. CHRI is a Commonwealth Accredited Organisation and has a Special Consultative Status with the UN ECOSOC.
- **DAKSH** is a Bengaluru-based think-tank working on promoting the rule of law by working towards robust, responsive and citizen-centric public institutions.
- **TISS-Prayas** is a social work demonstration project of the Center for Criminology and Justice, Tata Institute of Social Sciences, established in 1990. Prayas's focus is on service delivery, networking, training, research and documentation, and policy change with respect to the custodial/institutional rights and rehabilitation of socio-economically vulnerable individuals and groups. Their mission is to contribute knowledge and insight to the current understanding of aspects of the criminal justice system policy and process, with specific reference to socio-economically vulnerable and excluded communities, groups and individuals who are at greater risk of being criminalised or exposed to trafficking for the purpose of sexual exploitation.
- **Vidhi Centre for Legal Policy** is an independent think-tank doing legal research to make better laws, and improve governance for the public good. It does this through high quality, peer reviewed original legal research; through engaging with the Government of India, State governments and other public institutions to both inform policy-making and to effectively convert policy into law; and through strategic litigation petitioning courts on important law and policy issues. Their abiding values are impact, excellence, and independence.

Abbreviations

Abbreviation	Full form	Abbreviation	Full form
AE	Actual Expenditure	IMF	International Monetary Fund
AG	Advocate General	IMFS	Integrated Management Financial System
BE	Budget Expenditure	MoD	Ministry of Defence
CAG	Comptroller and Auditor General of India	MoF	Ministry of Finance
CAPF	Central Armed Police Forces	MFDIS	Modernisation Fund for Defence & Internal Security
CENVAT	Central Value Added Tax	MHA	Ministry of Home Affairs
CFI	Consolidated Fund of India	MLJ	Ministry of Law and Justice
CGA	Controller General of Accounts	NCCD	National Calamity Contingent Duty
CPS	Child Protection Scheme	NIIF	National Investment and Infrastructure Fund
CSS	Centrally Sponsored Scheme	NFIES	National Forensic Infrastructure Enhancement Scheme
DEA	Department of Economic Affairs	PAC	Public Accounts Committees
DISHA	Designing Innovative Solutions for Holistic Access to Justice in India	POCSO	Protection of Children from Sexual Offences
DRSC	Departmentally Related Standing Committee	PSU	Public Sector Undertaking
FSL	Forensic Science Laboratory	RBI	Reserve Bank of India
FTSC	Fast Track Special Courts	RE	Revised Expenditure
GDP	Gross Domestic Product	SDG	Sustainable Development Goals
GSDP	Gross State Domestic Product	UPSC	Union Public Service Commission
GST	Goods and Services taxes		
ICPS	Integrated Child Protection Services		

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India Justice Report (IJR) ranks the structural capacity of states to deliver justice services. Using the government's own statistical data, it assesses budgets, human resources, infrastructure, workload and diversity across the police, judiciary, prisons and legal aid services in each state. It also examines trends—highlighting what has improved and what shortfalls remain.

Budgets, or the amount of public and taxpayer money allocated by a government to the 'justice sector', reveal the priority given to it and significantly determine its functioning. Budget documents are notoriously technical and complex. This beginner's guide, or primer, is designed to help explain what a budget typically contains, how it is created and how to read and interpret budget documents. This primer serves as a companion to IJR's detailed pilot study on how the eleven richest states fund the justice sector.¹

1. What is a Budget?

A government's budget essentially follows the same logic and fundamental principles as a personal or household budget. First, we assess how much money is coming in as regular 'income' and whether there will be occasional foreseeable in-flows, such as a maturing fixed deposit, adding to the available pool of funds. This helps evaluate the available resources for the year and sets the limits on how much can be spent or needs to be borrowed.

Recurring expenses, like rent and food, must always be accounted for along with planned expenses for, say, a

systematic investment plan. There may also be provisions for upgrades or enhancements—building an extra room to a house—or for occasional one-time expenses like repairs or the purchase of a car or an appliance. Some months demand additional expenses such as for festivals, weddings, or travel, while unforeseen exigencies like medical emergencies or other unexpected events may require a separate reserve to be set aside. Sometimes we may need to borrow—whether to meet routine expenses, fund a sudden purchase or respond to an emergency. A budget, whether made monthly, quarterly or annually, must factor all these considerations.

Governments operate in a similar fashion. Essentially, the official budget document of any government—whether at the union or state level—shows where the money is coming from, known as 'receipts.' How and where it will be spent is outlined in the 'estimated budget (BE)', which is allocated to a department at the beginning of a financial year in April. A 'revised budget (RE)', prepared around the middle of the year, assesses how much has actually been spent and makes adjustments to reflect what might reasonably be needed or spent for the remainder of the financial year. Finally, the 'actual expenditure (AE)', or the audited actual expenditure, becomes available with a two-year time lag due to the time required for auditing all the budget books. For example, typically, a budget document for FY 2024-25 will have:

BE: April (2024-25)

BE: April (2023-24)

RE: August (2023-24)

AE: March (2022-23)

Figure 1: Household Income / Expenditure Sheet

S.No.	Items	Income (in Rs.)	S.No.	Items	Expenditure (in Rs.)
I.1	Salary	1,00,000	E.1	Rent	40,000
I.2	Income earned from - rental income / maturity of bank fixed deposit / dividends from bonds	10,000	E.2	Transportation - fuel costs / bus fare / train fare / auto rickshaw costs	10,000
I.3	Sale of old motorcycle / fridge, etc.	75,000	E.3	Groceries	25,000
			E.4	Utilities - Electricity, Water, Cooking Gas, Internet, Phone	15,000
I.4	Total	1,85,000	E.5	Purchase new appliance / good e.g. phone, fridge, washing machine, TV, etc	35,000
			E.6	Medical expenses	13,000
			E.7	Total	1,38,000

¹ Budgets for Justice: This pilot study by IJR examines budgetary allocations and expenditures for the criminal justice system across the eleven richest states based on their Gross Domestic Product (GDP). It relies on state budgetary documents pertaining to the department of Home Affairs for Police and Prisons, and department of Law and Justice. This analysis is based on the budget documents for FY 2023-24 and 2024-25 for the following eleven states: Andhra Pradesh, Gujarat, Haryana, Karnataka, Madhya Pradesh, Maharashtra, Rajasthan, Tamil Nadu, Telangana, Uttar Pradesh and West Bengal.

2. Fiscal Deficit

A budget is considered **surplus** when income is more than expenditure, **balanced** when both are equal and in **deficit** when expenditure is more than the total income. Simply put, fiscal deficit indicates that the government plans to spend more than it receives from various sources. Deficit budgets are common and can persist for years. Each year, the Indian government sets a fiscal deficit target to keep it within a certain percentage of the country's GDP; currently, it stands at 5.1 per cent of the GDP².

Some schools of economic thought argue that a fiscal deficit, which signals increased government spending, say on infrastructure developments—can help stimulate the economy. It is also considered essential during challenging times as it sustains economic activities, creates jobs and provides safety nets for the most vulnerable population. But it often involves hard trade-offs^{3,4}.

Figure 2: Budget at a Glance – 2025–26 Union Budget⁵ of the Government of India

बजट का सार BUDGET AT A GLANCE 2025-2026

बजट सार में बजट की संपूर्ण बातों को इस ढंग से दर्शाया गया होता है ताकि इन्हें आसानी से समझा जा सके। इस दस्तावेज में भारत सरकार की प्राप्तियों और व्यय के साथ-साथ राजकोषीय घाटा (एफडी), राजस्व घाटा (आरडी), प्रभावी राजस्व घाटा (ईआरडी) और प्राथमिक घाटा (पीडी) दर्शाया जाता है। ग्राफ और इन्फो-ग्राफिक्स के माध्यम से प्राप्तियों के स्रोतों और उनके व्यय का चित्रात्मक ब्यौरा दिया जाता है। इसके अलावा, इस दस्तावेज में राज्यों और विधानमण्डल वाले संघ राज्य क्षेत्रों को हस्तांतरित किए गए संसाधनों, कार्यक्रमों और योजनाओं के लिए किए गए आवंटनों का सारांश और घाटे के वित्तपोषण के स्रोतों से संबंधित ब्यौरा शामिल होता है।

2. राजकोषीय घाटा (एफडी), कुल व्यय और कुल प्राप्तियों के बीच का अंतर है। (ऋण पूंजीगत प्राप्तियों को छोड़कर)/राजकोषीय घाटा (एफडी), सरकार की कुल उधारी आवश्यकता को दर्शाता है। राजस्व घाटे (आरडी) का अर्थ, राजस्व व्यय का राजस्व प्राप्तियों से अधिक होना है। प्रभावी राजस्व घाटा (ईआरडी), राजस्व घाटे और पूंजीगत आस्तियों के सृजन हेतु सहायता अनुदान के बीच का अंतर है। प्राथमिक घाटा, राजकोषीय घाटे में से ब्याज अदायगियों को घटाकर निकाला जाता है। प्रभावी पूंजीगत व्यय (एफ-कैपेक्स) का अर्थ, पूंजीगत व्यय और पूंजीगत आस्तियों के सृजन हेतु सहायता अनुदान का जोड़ है।

3. इस दस्तावेज में वर्णित प्राप्तियां और व्यय, प्राप्ति बजट (अनुबंध-3) और व्यय की रूपरेखा दस्तावेज (विवरण सं.17) में दिए गए मिलान संबंधी विवरण में यथा स्पष्ट प्राप्तियों और वसूलियों के निवल हैं।

Budget at a Glance presents broad aggregates of the Budget for easy understanding. This document shows receipts and expenditure as well as the Fiscal Deficit (FD), Revenue Deficit (RD), Effective Revenue Deficit (ERD) and the Primary Deficit (PD) of the Government of India. It gives an illustrative account of sources of receipts and expenditure through graphs and info-graphics. In addition, the document contains details of resources transferred to the States and UTs with Legislature, extracts of allocations for programme and schemes, sources of deficit financing, etc.

2. Fiscal Deficit (FD) is the difference between total expenditure and total receipts (excluding Debt Capital Receipts). FD is reflective of the total borrowing requirement of Government. Revenue Deficit refers to the excess of revenue expenditure over revenue receipts. Effective Revenue Deficit is the difference between Revenue Deficit and Grants-in-Aid for Creation of Capital Assets. Primary Deficit is measured as Fiscal Deficit less interest payments. Effective Capital Expenditure (Eff-Capex) refers to the sum of Capital Expenditure and Grants-in-Aid for Creation of Capital Assets.

3. The receipts and expenditure depicted in this document are net of receipts and recoveries as explained in the reconciliation statements provided in the Receipt Budget (Annex-3) and Expenditure

2 PIB (2024). ₹ 11,11,111 crore allocated for capital expenditure in Budget 2024-25. Available here: <https://www.pib.gov.in/PressReleasePage.aspx?PRID=2035558>

3 An overview of the various sectoral priorities of the union government is available in the Ministry-wise Summary of Budget Provisions document. Available here: www.indiabudget.gov.in

4 Annual data on total expenditure, total revenue, fiscal deficit and the country's GDP is compiled in a one-page document titled 'Budget at a Glance'. Available here: www.indiabudget.gov.in

5 For a detailed understanding on India's federal fiscal architecture, please see section 6.

3. Revenue and Expenditure: Two parts of Budget

Much like a household budgeting its income and expenses, at the start of each financial year, the government budget estimates how much money is available to spend, where it will come from and the likely expenditures: these projections are categorised as estimated revenue or income and estimated expenditure.

(i) Income side

Income, or receipts, as they are sometimes referred to, can be recurring or one-time. In the same way a salary is a regular source of income while the sale of a car or the maturity of a fixed deposit is a one-time receipt, the government also earns recurring income from taxes, dividends, profits, tolls and licensing fees, etc.⁶ It also generates non-recurring, one-time income such as from the sale proceeds of a Public Sector Undertaking (PSU) or interest accrued when a bond matures.

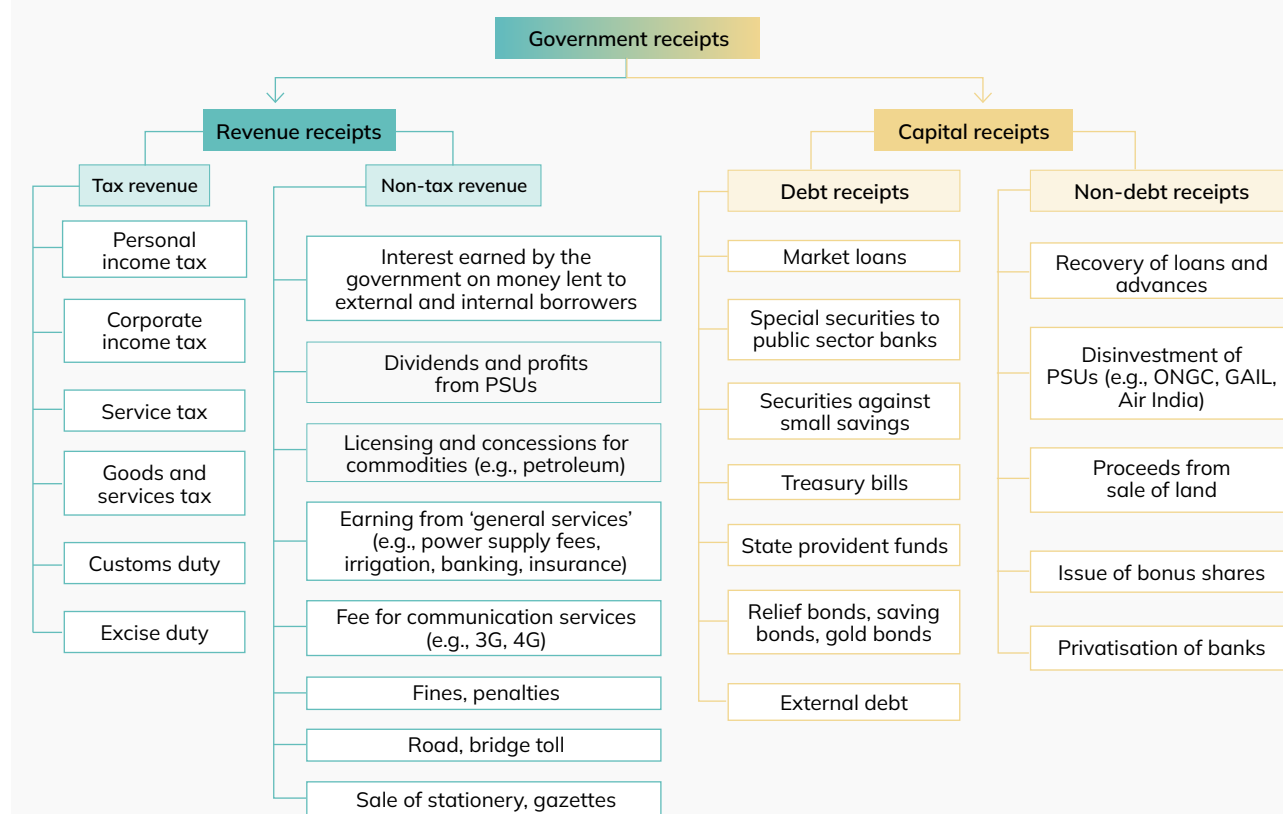
Revenue receipts are accumulated in part through tax

and non-tax sources. Tax revenue comes in through direct tax or indirect tax. While direct tax is paid directly by taxpayer to the government, the burden of the Indirect Tax can be shifted to or passed on to someone else. As of 2023–24, the share of union government's direct taxes in gross tax revenue is 54.5 per cent while that of indirect tax is 45.5 per cent. Revenue receipts do not create any liability for the government or reduce any of its assets.

Capital receipts, on the other hand, bring money into government coffers but may also create liabilities, much like a mortgage that obligates an individual to repay the borrowed amount.

Capital receipts are of two kinds: debt capital receipts and non-debt capital receipts. As the name suggests, debt capital receipts add to the government's debt burden, requiring future repayments while non-debt capital receipts do not add to the debt, such as proceeds from the disinvestment of PSUs or the recovery of loans and advances. Examples of capital receipts include loans taken from the public in the form of government bonds, borrowing from the Reserve Bank of India (RBI) and loans

Figure 3: Revenue and capital receipts in government receipts⁷



⁶ A detailed glossary of key terms is provided at the end.

⁷ Non-tax revenue comprises payments that a government receives when it provides certain services to individuals/households or entities.

Cess and Surcharge

Governments also generate revenue through **cesses** and **surcharges**.

A **cess** is a tax on tax, raised for a specific purpose. Unlike income tax, GST or excise duty, cess collections can only be used for the purpose for which they are levied and cannot be diverted. If unspent, they must be carried forward for use in the following year. As of 2024, the union government collects six types of cess⁸, with a rate of 4 per cent on most goods and services. Crucially, the union government is not required to share the cess

revenue, in full or partially, with state governments.

A **surcharge**, while similar to a cess, is a tax on tax. Surcharges may vary from year to year and are not uniformly levied. To generate additional revenue, they apply only to high-income groups (individuals, companies, firms), with rates varying based on the entity's income or its nature (i.e. individual, Hindu Undivided Family, firm or company). The union government can levy both cess and surcharge and is not required to share these with state governments. Surcharge revenue can be used as the government deems fit. Both cesses and surcharges are deposited into the Consolidated Fund of India (CFI).⁹

from foreign countries and entities like the International Monetary Fund (IMF). In the government's balance sheet, capital receipts appear under the liabilities section.

ii) Expenditure Side

To ensure that money is allocated, spent and can be tracked in detail, expenditure—like incoming funds—is classified in several ways. For instance, salary payments fall under recurring expenditure, while a one-time expense, such as building a new court complex, prison or police station would be classified as non-recurring

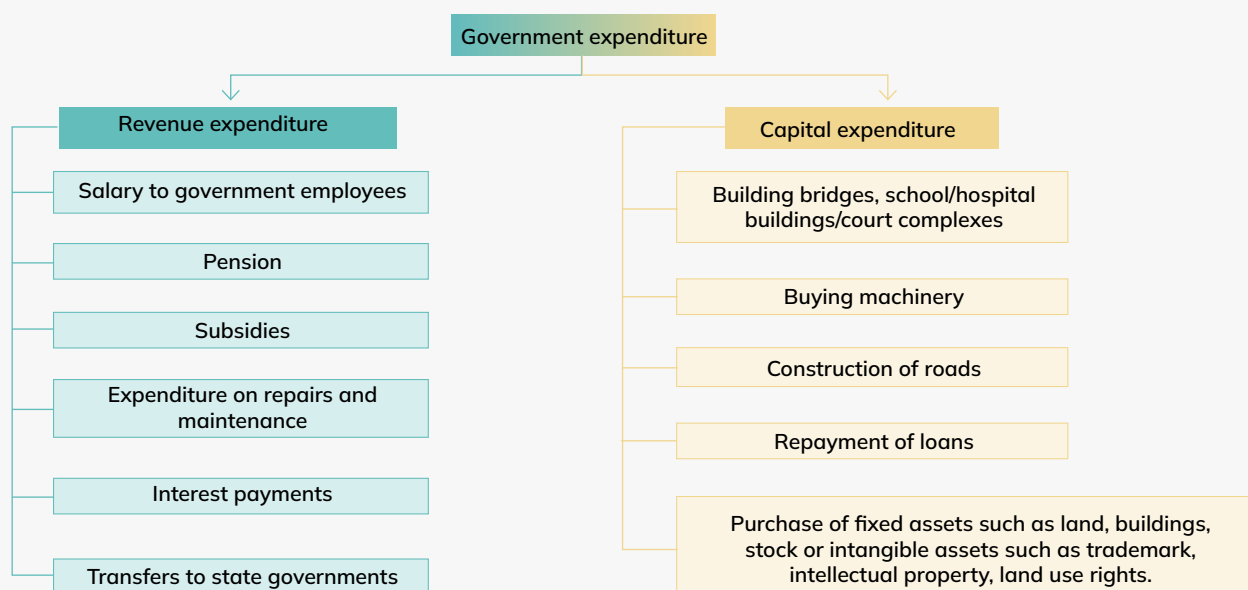
expenditure.

Expenditure is also categorised as **revenue or capital expenditure**, depending on whether the spending leads to an increase in assets or reduction in liabilities. They can also be seen as non-recurring (one-time) or recurring (regular) expenses.

4. Voted or Charged Expenditure

The annual budget presents Parliament and state assemblies with a comprehensive picture of the

Figure 4: Examples of Revenue and Capital Expenditures



⁸ At present, there are six types of cess levied by the union government: Primary Education Cess, Secondary Education Cess, Cess on Crude Petroleum Oil, Road Cess, National Calamity Contingent Duty (NCCD) on tobacco and tobacco products, Education Cess on Imported Goods. With the introduction of GST in July 2017, several cesses were subsumed into GST, including Krishi Kalyan Cess, Swachh Bharat Cess, Clean Energy Cess, Cess on Tea, Sugar and Jute etc.

⁹ Deccan Herald. 2024. Union Budget 2024 | What is a surcharge?. Available here: <https://www.deccanherald.com/business/union-budget/union-budget-2024-what-is-a-surcharge-2864746>

government's estimated revenue and expenditure for the upcoming year.

Voted Expenditure refers to the portion of government spending that requires approval from the Parliament (at the Union level) or the State Legislature (at the state level) through a vote in the budget process. The demand for grants—which outlines the needs of each ministry and scheme—has to be voted on and approved or passed by elected representatives and the government cannot incur these expenditures unless the legislature explicitly approves it each year.

Voted expenditure: examples

- Modernisation of police scheme
- Setting up Fast Track Special Courts (FTSCs) for Protection of Children from Sexual Offences (POCSO) Act implementation
- Modernisation of prisons project
- Allocations for National Legal Services Authority

Charged Expenditure may be discussed but does not require approval through voting. It is considered a 'charge' or a continuous obligation of the government and has to be paid whether the budget is passed or not. This protects the pool of money needed for various constitutional authorities. Details of charged expenditure by the union government can be found in Statement 14 of the Expenditure Profile document.

Charged expenditure: examples

- Emoluments and allowances of the President (those of the Governor are also charged but to the Consolidated Fund of the State)
- Salaries and allowances of the Chairman and the Deputy Chairman of the Rajya Sabha and the Speaker and Deputy Speaker of the Lok Sabha (in states, salaries and allowances of the Speaker and the Deputy Speaker of the Legislative Assembly and, in the case of state having a Legislative Council, also of its Chairman and the Deputy Chairman are charged but to the Consolidated Fund of the State)
- Salaries, allowances and pensions of the SC judges
- Pensions of the high court judges (salaries and allowances of HC judges are 'charged' to the Consolidated Fund of the State)
- Salary, allowances and pensions of the Comptroller and Auditor General (CAG)
- Salary, allowances and pensions of the Chairman and members of the Union Public Service Commission (UPSC)
- The debt charges for which the government is liable
- Any sum required to satisfy any judgment, decree, or award of any court, tribunal
- Any other expenditure declared by the Parliament to be so charged

5. Structure of Government Accounts in India

The Constitution requires that the government maintain three distinct accounts: the Consolidated Fund of India, the Contingency Fund and the Public Accounts of India.

All revenue receipts, loans raised and all money received by the central government in repayment of loans are credited to the **Consolidated Fund of India**¹⁰ and all government expenditures are incurred from this fund. The same applies at the state level wherein the expenditures are incurred from the Consolidated Fund of the State.

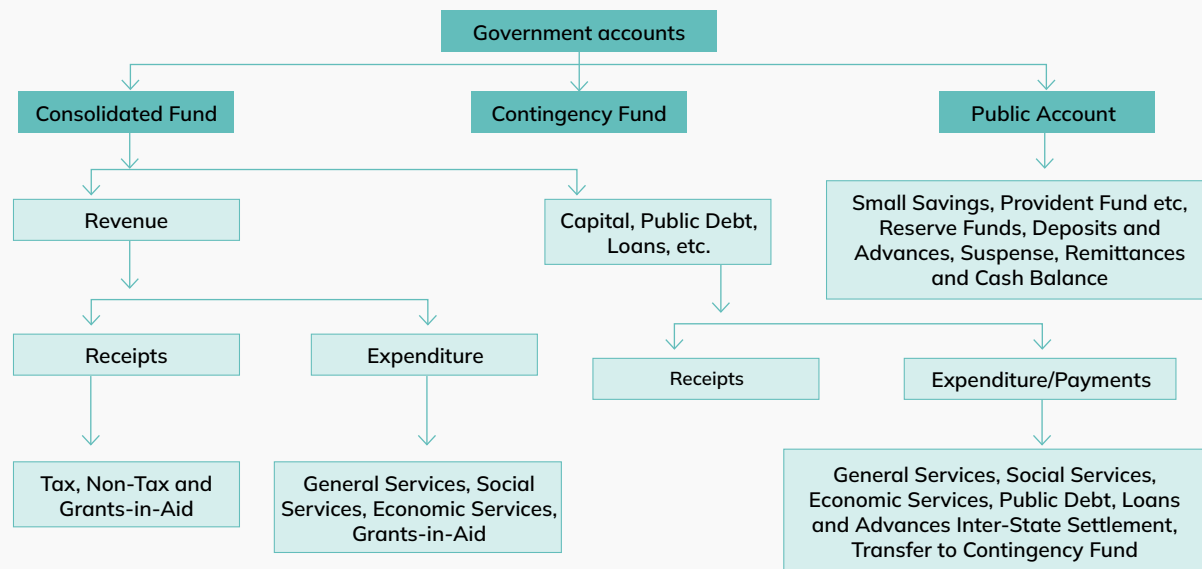
The **Contingency Fund**¹¹ enables the government to meet unforeseen expenditures that cannot wait for Parliamentary approval. Advances on this fund are made in readiness to meet exigencies and are later reported to the legislature and recouped from the Consolidated Fund.

The **Public Accounts of India**¹² is a repository of funds held in trust by the government. The government does not own this money but acts as a banker, obligated to return these funds to the persons/authorities who deposited them. Examples include the public provident fund, small savings collections, postal insurance, national small savings defense fund, bank savings accounts of various ministries/departments. Expenditures from the Public Accounts of India do not require legislative approval.

¹⁰ Article 266(1) of Constitution

¹¹ Article 267 of Constitution

¹² Article 266(1) of Constitution

Figure 5: Structure of government accounts


6. Six-Tier Code of Government Accounting

One of the most distinctive features of government accounting is the level of detail with which all financial transactions are recorded. While the CAG lays down general principles of government accounting, the Controller General of Accounts (CGA) is tasked with establishing and maintaining a technically sound Management Accounting System for the government. Housed within the Department of Expenditure in the Ministry of Finance, the CGA also prepares and submits the accounts of the union government.

State government accounts are prepared and examined under the directions of the CAG office, in accordance

with the requirements of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971, for being laid before the Legislature of the State.

All transactions—whether receipt or payment—are categorised using a six-tier functional classification, with Major Heads representing a broad function of the government at the top and an Object Head representing the activity at the bottom. The intermediate levels represent sub-functions, programmes, schemes and sub-schemes.

Since 1 April 1987, a four-digit code has been allotted to the Major Heads. The first digit indicates whether the Major Head is a receipt head, revenue expenditure head, capital expenditure head or a loan head.

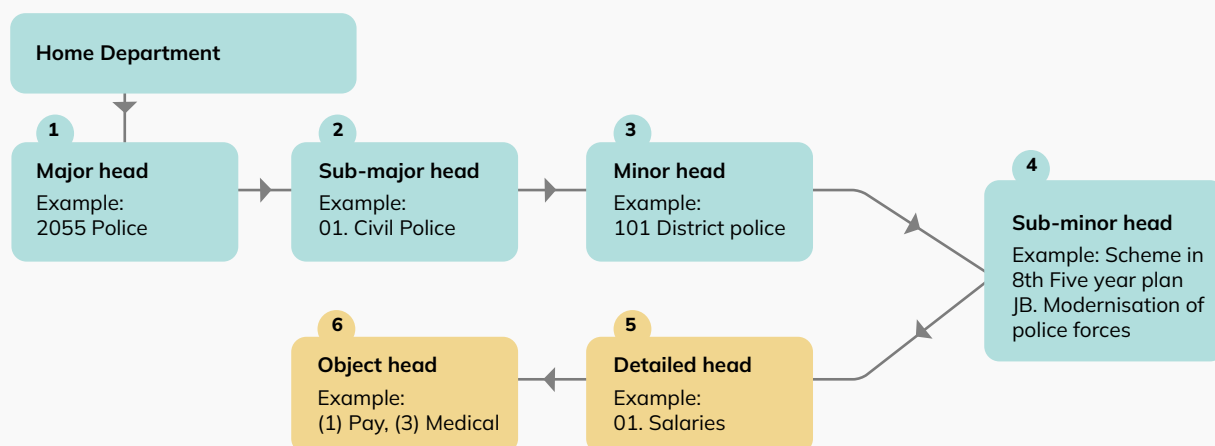
Figure 6: Six-tier classification of government accounting


Figure 7: Six-Tier classification for Modernisation of Police Scheme, Uttar Pradesh, Home Department (Police) (Rs. Lakhs)

Grant No.	Major Head	Sub-Major Head	Minor Head	Sub-Minor Head	Special Code	2021-22 (AE)	2022-23 (BE)	2022-23 (RE)	2023-24 (BE)
26	2055 - Police	0	115 - Modernisation of Police Scheme	03 - Expenditure borne by State Govt.	0	6,288.81	9,736.18	8,316.06	12,995.41

If the first digit of the major head is '0' or '1', the Head of Account will represent Revenue Receipt; '2' or '3' will represent Revenue Expenditure; '4' or '5' Capital Account; '6' or '7' Loans and Advances; and '8' or '9' Public account.

For example, under Police:

0055	Revenue Receipts
2055	Revenue Expenditure
4055	Capital Expenditure

Figure 7 depicts how the six-tier classification is applied to a specific programme pertaining to the justice system.

The first tier is a Major Head, which, as shown in the table, is 2055, making it Revenue Expenditure for the police. The second tier is Sub-major Head, which indicates whether it is a programme.

The third tier is the Minor Head. Here it is the name of the programme, i.e., the Modernisation of Police Forces scheme. The fourth tier, known as the Sub-minor Head, provides further detail on the programme/scheme, such as 'Expenditure borne by State Govt'.

The fifth tier is the Detailed Head, which, in this case, is a Special Code that elaborates on details of the expenditure. The sixth and final tier is the Object Head wherein specific items of expenditure are listed, such as travel allowance, medical allowance and salary.

For the IJR: Budgets for Justice, the analysis of budget documents is limited in its scope to the fifth tier.

7. Budget Cycle

The Union Budget of India, also referred to as the

Annual Financial Statement in Article 112 of the Indian Constitution, is the annual budget of the country. There are four stages/processes in the lifecycle of the budget (Figure 8). As India follows a federal structure with a three-tier governance system, governments at the union, state and local level each have their own budgetary processes, detailed below. All three, however, follow the same financial year, which runs from April to March.

Figure 8: Budget Cycle

Budget oversight

Audit of the budget accounts by the Court of Audit

Budget planning and formulation

The executive drafts a budget proposal

Budget approval

The legislature reviews the budget before enacting it into law

Budget execution

The executive and official agencies collect and spend money according within the limits of the budget law

(i) Budget Planning

To estimate future requirements, around August–September the central Ministry of Finance sends out the Budget Circular, requesting each ministry to submit estimates for the upcoming financial year.

These estimates are proposed allocations that each ministry finalises based on previous years' expenditure. Typically, they are 10 per cent higher than the previous year's outlays. Larger increases or decreases reflect shifts in the government's priorities.

By October–November, ministries submit their estimates to the Ministry of Finance (MoF). The Budget Division of the Department of Economic Affairs (DEA) within the Finance Ministry then consolidates the budget for presentation to the Parliament.

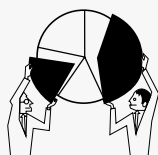
In the next two months until December, the Ministry of Finance holds discussions with various ministries as well

as pre-budget consultations with other stakeholders, such as chambers of commerce, trade unions, farmers' associations, citizens' bodies to hear their demands and petitions.

With expenditure estimates in hand, by mid-January, the Ministry of Finance meets with the Department of Revenue to propose the receipts budget. By the end of January, the tentative budget is approved by the Council of Ministers and the budget document goes for printing.

State governments follow a similar procedure before presenting their budgets to state legislatures.

Figure 9: Budget Timelines at Union Government Level



Preparation

August–September, 2020

Notification (issuance) of the Budget Circular

October–November, 2020

Each ministry shares its budget estimates with the budget division of the ministry of finance

November–December, 2020

Meetings between ministry of finance and different expenditure ministries

Pre-budget consultations by finance minister with various groups/stakeholders

Early to mid-January, 2021

ministry of finance meets with officials from the revenue department, and prepares the receipts budget

Mid-end January, 2021

The tentative budget gets approval from the council of ministers, and printing of the budget documents.



Enactment

1st February, 2021

Presentation of budget in Parliament by the Finance Minister

February - March, 2021

Introduction of Finance Bill and Appropriation Bill in Parliament by the Finance Minister

Discussion on the budget in the Parliament

March, 2021

Voting on the Finance Bill and Appropriation Bill



Implementation

April, 2021–March, 2022

The Government collects money and carries out expenditure as approved in the budget



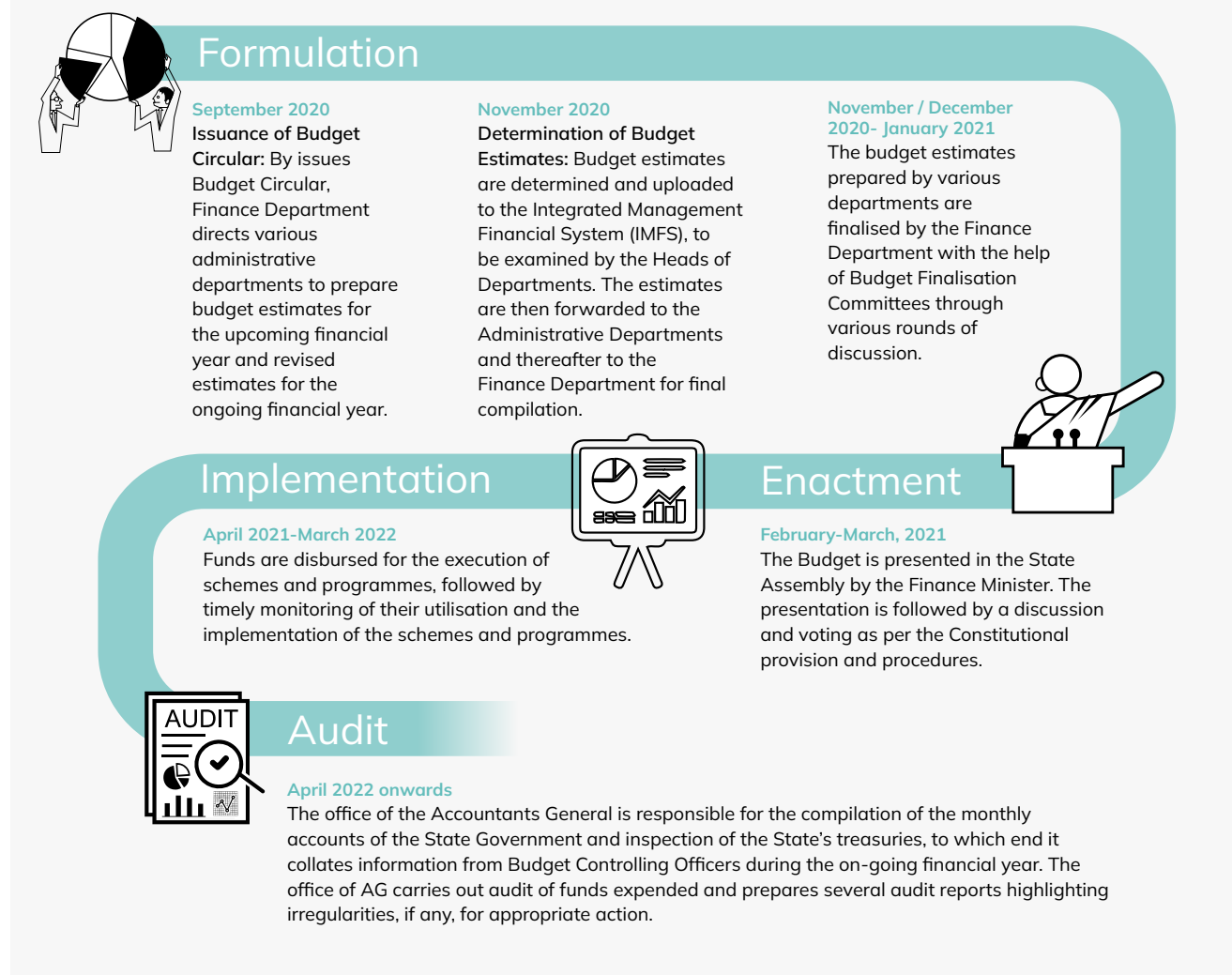
Audit

April, 2022–March, 2023

Audits of various expenditure and receipt proposals by the office of the CAG

Auditors prepare a financial and performance report

The audit reports are scrutinised by public accounts committees

Figure 10: Budget Timelines at State Government level

(ii) Budget Enactment/Approval

At the union government level, the budget is presented to the legislature, i.e. the Parliament in February during the Budget Session, ahead of the accounting year in April, and to state assemblies, seeking approval for two items—the **Finance Bill** and the **Appropriations Bill**.

The Finance Bill indicates where the money will be raised from and Appropriations Bill specifies where it will be spent. The legislature must approve the sources of revenue through taxation and other means as well as the expenditures from the Consolidated Fund of India.

During the Budget Session, various specialised committees known as **Departmentally Related Standing Committees (DRSCs)** composed of members both from the ruling and Opposition parties, assist Parliament by scrutinising budget proposals and sector-specific proposals. Subsequently, they also provide legislative oversight over programme implementation. At present, there are 24 legislative committees of Parliament at the Centre.¹³

This aside¹⁴, there is the **Estimates Committee**, which was constituted for the first time in 1950. Consisting of 30 members, it is elected every year by the Lok Sabha

¹³ Lok Sabha Secretariat. Parliamentary Committees. Available here: <https://sansad.in/ls/committee/introduction>

¹⁴ The Committee on Public Undertakings monitors credibility and efficiency of accounts maintained by PSUs. It comprises 22 members—15 elected by Lok Sabha and 7 from Rajya Sabha—who are mandated to examine, among other aspects, whether the PSUs are being managed in accordance with sound business principles and prudent commercial practices.

Committees that relate directly to the justice sector¹⁵ are:

- Committee on Home Affairs
- Committee on Personnel, Public Grievances, Law and Justice
- Committee on Social Justice & Empowerment

from amongst its members. This committee is purely advisory in nature¹⁶. The budget enactment is considered complete when the legislature votes on the Finance Bill and Appropriation Bill, usually by the end of March.

(iii) Budget Execution/Implementation

Once the budget is passed, the relevant ministries and departments begin the release of funds for implementing schemes and programmes. While the first instalment is released in April at the beginning of the financial year, subsequent releases depend on the ministries and departments fulfilling specific requirements, such as submitting **Utilisation Certificates** for money already spent. Delays in submitting these certificates, coupled with stringent conditions at each stage of disbursement, right from the nodal ministry to the district, down to the block and village, can often hold up payments until the end of the financial year, severely impacting the programme delivery and quality of implementation.

If pre-allocated approved sums are repeatedly left unspent in a financial year, the Ministry of Finance may, as occasionally happens, use its discretionary powers to reduce budgets in the coming year. Whether underutilisation is due to unrealistic estimations while planning, cumbersome internal procedures, non-compliance with scheme guidelines or specific procurement procedures or human resource shortages is revealed during the audit step: the final stage of the budget cycle.

(iv) Budget Oversight/Audit

The budget cycle is complete when the CAG at the Centre—or the Auditor General offices in the state—audit

all government accounts and present their findings and recommendations to the President and governors, who in turn table them before the Parliament and assemblies.

Three kinds of audit are conducted: financial, regularity (compliance), and performance. The financial audit reviews financial statements to establish whether acceptable accounting standards for reporting and disclosure have been complied with. The compliance audit examines whether money was spent in conformity with relevant laws, rules and regulations, and as authorised by the legislature. The performance audit assesses whether programmes and schemes have achieved their objectives efficiently, at the lowest cost, and whether their benefits have reached their intended beneficiaries. The website of the CAG (www.cag.gov.in) is the only place where all audit reports and accounts documents—both union and state level—are made available to the general public.

Examples:

Report No.15 of 2020 **Performance Audit of Manpower and Logistics Management in Delhi Police** audits how effectively and efficiently Delhi police has managed its personnel logistics and infrastructure adequacy.

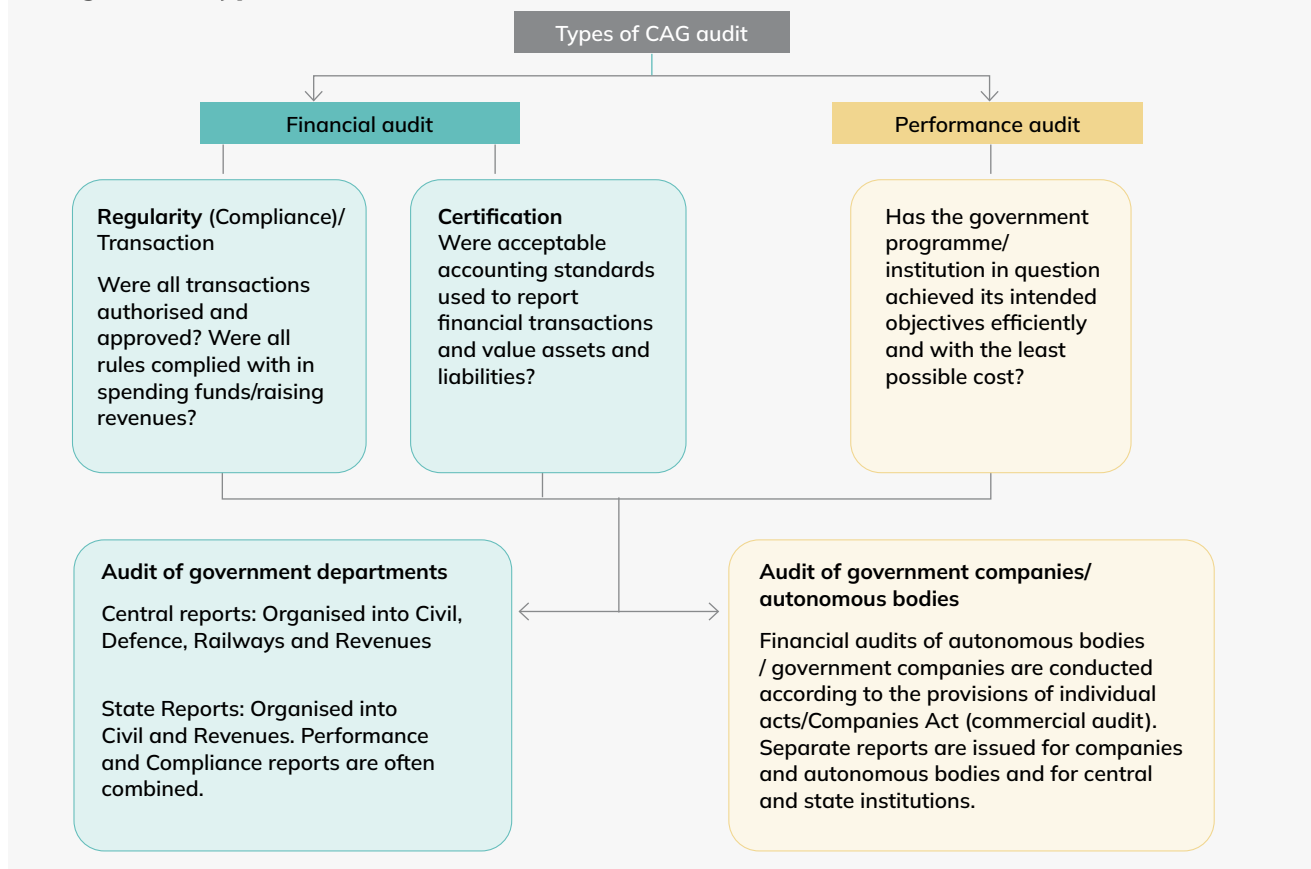
Report No.1 of 2019 General and Social Sector, Government of Maharashtra includes a year **performance audit of Administration of Prison and Correctional Centers in Maharashtra** cover fund management, safe and secure custody and detention of prisoners, facilities and privileges provided to prisoners as per rules and other activities employment, reformation and rehabilitation of prisoners.

Final audits of actual revenue and expenditure are available only after a time lag of between 18 months to two years. These are presented as part of the Union Budget Year X+2 or the state budget for Year X+2. So, for instance, the actual expenditure for 2021–22 will be presented alongside the Budget Estimates for 2023–24, in the Union Budget 2023–24.

¹⁵ Names and details of recent reports submitted by these three committees are provided in the annexure (I).

¹⁶ The Estimates Committee must:

(a) report what economies, improvements in organisation, efficiency or administrative reform, consistent with the policy underlying the estimates may be effected;
(b) suggest alternative policies in order to bring about efficiency and economy in administration;
(c) examine whether the money is well laid out within the limits of the policy implied in the estimates; and
(d) suggest the form in which the estimates shall be presented to the Parliament.

Figure 11: Types of CAG Audit¹⁷

In any given financial year, the CAG tables several audit reports in the Parliament. **Between 2014 to 2018, the CAG tabled 40 reports; between 2019 and 2023, 22 reports; and in 2023 only 18¹⁸.** Due to their volume and detail, careful consideration by the full legislature can be difficult and time-consuming. As a result, a fuller examination is entrusted to the Public Accounts Committees (PAC). The PAC may also inquire into irregularities in public finance that have been brought to the notice of the government but have not been audited yet.

An independent analysis of PAC recommendations made from 2011–12 to 2018–19 reveals that, on average 80 per cent of the recommendations made every year were accepted by the government.

However, audit reports are frequently delayed by the executive despite being submitted to the legislature at the start of a session. Independent analysts¹⁹ have noted

a concerning trend of longer and longer delays. Where reports, particularly performance reports are inordinately delayed for extended periods, debates on the causes of poor performance inevitably lose their effectiveness and the time to apply corrective actions is lost.

8. Levels of governance and budgetary flows

(i) Three level of governance

Federalism is a basic feature of the Indian Constitution. The federal mode of government combines a central authority (union level) and regional governments (states and sub-state levels), into a single political system, dividing powers amongst these three tiers.

This arrangement grants the union, each state and local governments financial powers and responsibilities over the subjects within their exclusive or concurrent

17 Avinash Celestine, Making Government Accountable: An Introduction to CAG Reports (April, 2008). Available at: https://prsindia.org/files/policy/policy_primer/CAG%20primer.pdf.

18 Jasmine Nihalani (2023). Number of CAG audits on Union govt. tabled in Parliament hits a low in 2023. The Hindu. Available here <https://www.thehindu.com/data/data-number-of-cag-audits-on-union-govt-tabled-in-parliament-hits-a-low-in-2023/article67657227.ece>

19 Himanshu Upadhyaya & Abhishek Punetha (2020). Tabling of CAG reports in Parliament is frequently being delayed, helping government evade scrutiny. Scroll.in. Available here : <https://scroll.in/article/967903/tabling-of-cag-reports-in-parliament-is-frequently-being-delayed-helping-government-evade-scrutiny>

jurisdiction²⁰ and authorises each to prepare annual budgets for how it is going to raise money, expend it and provide an account of it to the public. At the third tier or local government, the Constitution²¹ devolves finances for 29 subjects to local bodies; however, the status of actual devolution varies across states.²²

In relation to issues that relate to justice delivery, **police and prisons** fall exclusively within the state list, while **judiciary and legal aid** are under the concurrent list.

(ii) Finance Commission of India (FC)

The FC is a constitutionally mandated body, first set up in 1951²³, with a tenure of five years. Since its inception, there have been 15 Commissions. The 15th FC's report²⁴ is valid from 2021 to 2026. The 16th FC was announced on the last day of 2023.²⁵

The FC's mandate is to recommend to the President how central tax collections should be shared between the centre and states. Each state's share depends on six criteria: population, area, forest and ecology, income distance, tax and fiscal efforts, and demographic performance. Specific weightage is assigned to each of these criteria.

The 15th FC recommended that the centre share 41 per cent of its tax proceeds with the states from 2021–22 to 2025–26. (See Figure 12 for state-wise details of tax devolution).

These calculations are designed to address vertical fiscal imbalances between centre and state, which arise from a mismatch between their revenues and expenditure. For instance, states collect only 37.3 percent of combined revenue but at 62.4 percent incur the lion's share of expenditure.

The FCs allocations also address horizontal inequities that exist between states, as some are richer than others, which may not have the revenue base or institutional capacity to generate finances for necessary state expenditures.

Figure 12: Details of state-wise tax devolution

	Share of state in taxes devolved (%)		
	14th FC 2015-20	15th FC 2020-21	15th FC 2021-26
Andhra Pradesh	4.305	4.111	4.047
Arunachal Pradesh	1.370	1.760	1.757
Assam	3.311	3.131	3.128
Bihar	9.665	10.061	10.058
Chhattisgarh	3.080	3.418	3.407
Goa	0.378	0.386	0.386
Gujarat	3.084	3.398	3.478
Haryana	1.084	1.082	1.093
Himachal Pradesh	0.713	0.799	0.830
Jammu & Kashmir	1.854	-	-
Jharkhand	3.139	3.313	3.307
Karnataka	4.713	3.646	3.647
Kerala	2.500	1.943	1.925
Madhya Pradesh	7.548	7.886	7.850
Maharashtra	5.521	6.135	6.317
Manipur	0.617	0.718	0.716
Meghalaya	0.642	0.765	0.767
Mizoram	0.460	0.506	0.500
Nagaland	0.498	0.573	0.569
Odisha	4.642	4.629	4.528
Punjab	1.577	1.788	1.807
Rajasthan	5.495	5.979	6.026
Sikkim	0.367	0.388	0.388
Tamil Nadu	4.023	4.189	4.079
Telangana	2.437	2.133	2.102
Tripura	0.642	0.709	0.708
Uttar Pradesh	17.959	17.931	17.939
Uttarakhand	1.052	1.104	1.118
West Bengal	7.324	7.519	7.523
Total	100	100	100

Sources: Reports of 14th and 15th Finance Commissions; PRS

20 Article 246 of the Constitution

21 The Eleventh and Twelfth Schedule of the Constitution (added by the 73rd and 74th Amendment Acts in 1992). Available here: <https://cdnbbsr.s3waas.gov.in/s316026d60ff9b54410b3435b403afd226/uploads/2023/02/2023021533.pdf>

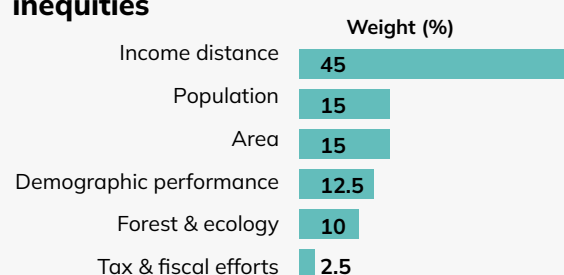
22 Strengthening of Panchayati Raj Institutions (2022). PIB. Available here: <https://pib.gov.in/PressReleaseIframePage.aspx?PRID=1814116>

23 Articles 270, 275 and 280 of Constitution

24 Finance commission (2020) Finance commission in covid times. Report 2021-2026. Available here: <https://fincomindia.nic.in/asset/doc/commission-reports/XVFC-Complete-Report-1.pdf>

25 Department of Economic Affairs, Ministry of Finance, Notification S.O. 5533(E) dated 31st December 2023. Available at: <https://static.pib.gov.in/WriteReadData/specificdocs/documents/2023/dec/doc20231231295101.pdf>

Figure 13: Finance Commission's criteria to address horizontal inequities



It is a well understood that implementation of all schemes and initiatives occurs at the state level. However, there is an asymmetry in the share of revenue collected by the union and the states compared to the level of expenditures borne by each. The revenue of states, all combined, is much lower than that of the union government, yet state spending is much higher than the union.

2023–24	Receipts (₹ crore)	Expenditure (₹ crore)	Gap between income and expenditure
Union Govt. ²⁴	4,517,137	3,513,761	1,003,376
State Govts combined ²⁵	4,309,000	5,301,000	-992,000

To address this vertical imbalance, the FC mandates a regular review and revision of fund-sharing and the sums apportioned to each state. However, over several fiscal cycles the union government has not adhered to recommended percentages nor significantly revised revenue allocations. Illustratively, in FY25 the union government budgeted 35.5 per cent (BE) of the divisible tax pool to come to states. This is lower than the 15th FC's recommended 41 per cent and continues the trend of a declining state share of divisible funds.

As FC grants are aimed at ensuring uniform quality of public services for all citizens, they are categorised as general-purpose grants.

A component-wise breakdown of the state-wise

distribution of net proceeds from taxes and duties is provided in annexure 4 of the Receipts Budget document in the Union Budget.

For the justice sector, the Finance Commission is an important institution as we find two specific areas where the FC makes recommendations:

(a) Grants for Judiciary

The 15th FC recommended **grants for judiciary to the tune of ₹10,425 crore** spread over five years, not exceeding ₹82.5 lakh per court per year. The stated purpose of these grants include: creating and maintaining Fast Track Special Courts under the POC SO Act, 2012; operationalising fast track courts for speedier resolution in cases of heinous crimes; improving disposal rates for civil cases involving marginalised people; and clearing five-year-old property cases and economic offences.

Administered by the Department of Justice in the Ministry of Law and Justice, between 2021 and 2026, the department will prioritise fast track courts and provide for 2,530 new and improved POC SO courts across the country. The proposed number per state is based on the crime rate data from the National Crime Records Bureau data for 2018.

(b) Grants for Police Modernisation

The 15th FC also recommended setting up a non-lapsable **Modernisation Fund for Defence & Internal Security (MFDIS)** with a financial outlay of **₹2,38,354 crore** over five years (annual outgo not to exceed ₹51,000 crore). This non-lapsable fund, overseen under the Public Accounts Committee, will be incrementally financed through four sources:

- transfers from the Consolidated Fund of India;
- disinvestment proceeds of defence public sector enterprises;
- proceeds from monetisation of surplus defence land; and
- receipts from defence land likely to be transferred to state governments and public projects in future.

The Ministry of Defence (MoD) will have exclusive rights over funds generated from the sources of revenue (ii), (iii) and (iv). The Ministry of Home Affairs (MHA) will

²⁴ Source for Union Govt. receipts and expenditure is Receipts Budget document 2023–24. Available here : <https://www.indiabudget.gov.in/doc/rec/ar.pdf>

²⁵ Source for data for all States combined (receipts and expenditure) is RBI report State Finances: A Study of Budgets 2023. Available here : <https://rbi.org.in/Scripts/PublicationsView.aspx?id=22248>

only have access to is the portion earmarked for it from source (i) mentioned above²⁶.

The proceeds will be utilised for:

- capital investment for modernisation of the defence services,
- capital investment for the Central Armed Police Forces (CAPF),
- modernisation of State police forces as projected by the Home Ministry and
- a small component as welfare fund for soldiers and paramilitary personnel.

However, historically, opening dedicated channels for financing of particular sectors (e.g., education and roads) have resulted in slower growth in normal budget allocations as cautioned by experts. It remains to be seen whether a non-lapsable pool will further reduce budgetary resources for this critical sector.

(iii) Centrally Sponsored Schemes (CSS)

Apart from the FC's general-purpose grants, the union government makes **specific-purpose transfers to states** under Article 282 of the Constitution.

Centrally Sponsored Schemes or CSS fall into this category. As the name suggests, CSSs are designed and partially funded by the centre and implemented by the states based on guidelines set by the centre. While the FC transfers account for 64.6 per cent of the total union transfers to states, the non-FC transfers, i.e. Centrally Sponsored Schemes (CSS) and Central Sector Schemes

Example of CSS- Mission Vatsalya

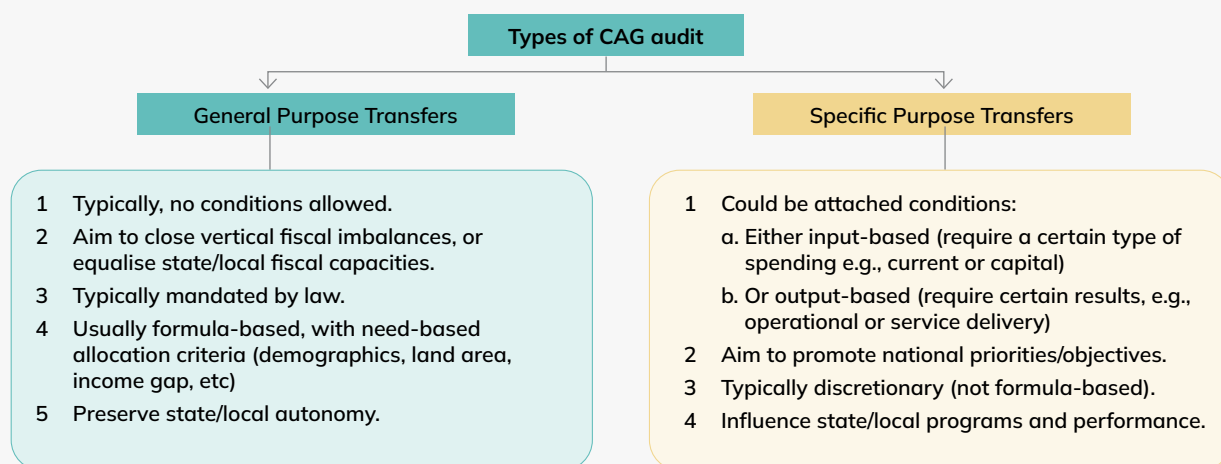
Mission Vatsalya is a Centrally Sponsored Scheme being implemented by the state with a 60:40 funding ratio between the Centre and the states. It falls under the Ministry of Women & Child Development and focuses on child protection and development, aligning with the Sustainable Development Goals (SDGs). The scheme is implemented in accordance with the Juvenile Justice (Care and Protection of Children) Act, 2015, and the Protection of Children from Sexual Offences Act, 2012.

Mission Vatsalya evolved from earlier initiatives—initially launched as the Integrated Child Protection Scheme (ICPS) in 2009–10, which was renamed as the Child Protection Services (CPS) Scheme in 2017. ICPS had itself consolidated three earlier schemes:

- Programme for Juvenile Justice for children in need of care and protection, and children in conflict with law;
- Integrated Programme for Street Children; and
- Scheme for Assistance to Homes for Children (Shishu Greh).

Since 2021–22, CPS has been subsumed under Mission Vatsalya, making it the key centrally sponsored framework for child protection in India.

Figure 14: Types of Inter-governmental transfers in India



²⁶ The fund may be operated by a suitably empowered High Powered Committee (HPC) notified by the union government. This may be headed by the Cabinet Secretary and consist of the Secretaries of Defence, Home and Expenditure and the Chief of Defence Staff.

An illustrative list of Central Sector Schemes in the justice sector, under the Ministry of Home Affairs (MHA) for police, and under Ministry of Law and Justice (MLJ) for legal matters are:

Central Sector schemes in Department of home:

1. Police Infrastructure
2. Schemes for Safety of Women
3. Indian Cyber Crime Coordination Centre
4. Modernisation Plan IV for Central Armed Police Forces
5. Inter Operable Criminal Justice System
6. Modernisation of Prisons
7. Women's Help Desk/Strengthening Anti-Human Trafficking Bureau
8. Modernisation of Forensic Capacities

Central Sector schemes in Department of Law and Justice/DLJ:

1. Designing Innovative Solutions for Holistic Access to Justice in India (DISHA)
2. e-Courts Phase II
3. e-Courts Phase III

are at 35.4 per cent (refer to table extracted from 15th Finance Commission Report). This does not include the tax devolution. Tax devolution refers to the distribution of tax revenues between the central government and the state governments.

(iv) Core schemes

These apart, there are some schemes classified as **Core Schemes**. The funding pattern is usually 60:40 with implementation by the states. The Central Government finances the larger share and states are expected to put in the remaining funds.

A ratio of 90:10 is exceptionally agreed to in special cases where states need extra attention, Illustratively, Jammu & Kashmir and North East. a 90:10 ratio of funding can be seen usually Examples include: *Pradhan Mantri Gram Sadak Yojana (PMGSY)*, *Pradhan Mantri Awas Yojana (PMAY)*, Integrated Watershed Development Programme etc.

Examples of Core schemes in justice sector are: **scheme for Infrastructure facilities for Judiciary** (including Gram Nyayalayas & e-Courts) and **Modernisation of Police Forces** (including security related expenditure).

(v) Central Sector Schemes

These include all such schemes which are entirely funded and implemented by the central agencies, as they pertain to the subjects in the Union List of the

Constitution. Examples include: Crop Insurance Scheme, National Investment and Infrastructure Fund (NIIF), Pradhan Mantri Swasthya Suraksha Yojana, Relief and Rehabilitation for migrants and repatriates.

Complete data on all schemes can be accessed from **Statements 4A and 4B in Expenditure Profile document** of Union Budget 2023–24²⁷.

9. NITI Aayog

The **National Institution for Transforming India**, or NITI Aayog, is the government's think tank, established on 1 January 2015 as the successor to the Planning Commission of India (which was set up in 1950). In terms of budget-making, the Planning Commission used to compile plan and non-plan allocations, but this distinction has been done away with since 2014. The Aayog assists various ministries and departments with policy research and technical assistance, developing new initiatives, performance evaluations and identifying gaps in existing schemes/programs.

Chaired by the Prime Minister and headed by a Vice-Chairperson appointed by government, its wide remit nests under four main heads: Policy and Programme Framework; Cooperative Federalism; Monitoring and Evaluation; and being a Knowledge and Innovation Hub.

The institution finds mention here primarily in the context of its avowed mission to ensure balanced fiscal federalism and to make specific recommendations to the union

²⁷ Union budget expenditure profile. Available here: <https://www.indiabudget.gov.in/budget2023-24/doc/eb/vol1.pdf>

government in this regard (through research studies and convening state governments to gather their inputs).

10. Role of Oversight Reports in Budget Analysis

While building a complete narrative around one initiative/scheme/programme, it is important to examine other important government reports as well, such as those from the CAG, Department Related Standing Committees, Public Accounts Committee, etc. In this illustration of MPF, the 2017 CAG Performance Audit report on Modernisation and Strengthening of Police Forces for Uttar Pradesh²⁸ proves really insightful.

Even though the report is dated, the performance audit covering the MPF scheme for a five-year period from 2011 to 2016 in UP throws up critical points for consideration.

Thus, it becomes clear that institutions like CAG are effectively able to hold the governments to account.

However, as noted in section 4 (Budget Cycle under Budget Oversight/Audit), there have been significant delays in recent years in the release, tabling and presentation of these reports to the legislature, reducing their efficacy. When the presentation of a performance audit of a flagship government scheme gets delayed considerably, it limits the public debate surrounding those programmes.

In conclusion, the exercise of deepening our understanding of budgetary processes and systems is an ongoing one, which can only be sharpened through continuous engagement and data-driven analysis. There are numerous programmes and schemes in the justice sector that warrant such scrutiny, as has been attempted with the MPF. This will help broaden our understanding of how the government operates, how money flows through different channels and whether it ultimately contributes to a more just society. We hope this document serves as a guide for those wishing to embark on a journey of uncovering the stories that numbers can reveal.

A snapshot of some key points from the report helps understand the nature of the audit findings:

- The State Police is still using obsolete weapons and outdated communication technologies, even after decades of introduction of the scheme for modernisation of police forces.
- There was irrational deployment of police vehicles in districts. While police in 43 districts had shortages of vehicles ranging from 11 to 46 per cent, rest 32 districts had either excess vehicles or the shortages were only marginal.
- Department failed to modernise and strengthen forensic science labs (FSL) as envisaged in perspective plan 2011-16. Only 44 per cent of the districts in the State could be equipped with mobile forensic vans and none of the 500 circles have been provided such facility so far. New sections were also not opened in the existing FSLs as planned.
- Eighty per cent (₹25.65 crore) of total allocation of funds made for procurement of training equipment during 2011-16 were surrendered due to delay in processing and finalisation of procurements.
- Police training institutions/schools/centres had huge shortage of indoor training instructors ranging from 36 to 68 per cent during 2011-16 and excess of outdoor training instructors (19 per cent) during 2011-14. Inadequate capacity of training establishment and shortage of indoor training instructors adversely affected training of police personnel in the State.
- Procurement of equipment in all the wings of police force is marked with delays, inefficiencies and serious time and cost overruns.
- The State still has only about 50 per cent of the police stations against the required number.

²⁸ Comptroller and Auditor General of India (2017). Performance Audit of Modernisation and Strengthening of Police Forces. Available here: https://cag.gov.in/uploads/download_audit_report/2017/Report_No.3_of_2017_Performance_Audit_of_Modernisation_of_Police_Forces_Government_of_Uttar_Pradesh.pdf

Annexures

Three out of the 24 DRSCs are relevant for the justice system. These are:

1. Committee on Home Affairs

Prison – Conditions, Infrastructure and Reforms (21 September 2023)

The Committee emphasised the importance of funding prisons. While the central government provides financial assistance, the state governments have their own budgets and responsibilities for managing prisons. As per Prison Statistics India (2021), the total budget for all prisons in India was ₹7,619 crore in 2021–22. The actual expenditure for 2021–22 was about 88 per cent (₹6,727 crore) of the allocated budget. The Committee noted that twelve state governments and two UTs did not receive any funds from their respective prison departments. Further, eight states did not receive any funds from the central government. It recommended that the Ministry of Home Affairs (MHA) allocate central funds to state government that have not received any funds in the past five years.

Summary of Report available here: https://prsindia.org/files/policy/policy_committee_reports/Standing_Committee_Report_Summary_prison_conditions.pdf

Police Training and Reforms (10 February 2022)

Summary of Report available here https://prsindia.org/files/policy/policy_committee_reports/SCR_Summary_Police_Reforms.pdf

Atrocities and Crimes against Women and Children (15 March 2021)

The Committee observed that only 39 per cent of the Nirbhaya Fund had been disbursed. It recommended establishing a committee at the central level to oversee utilisation of the fund. Further, the fund was consistently diverted towards other schemes.

Summary of Report available here <https://prsindia.org/policy/report-summaries/atrocities-and-crimes-against-women-and-children>

2. Committee on Personnel, Public Grievances, Law and Justice

Judicial Processes and their Reforms (7 August 2023)

Summary of Report available here https://prsindia.org/files/policy/policy_committee_reports/SCR_Summary_Judicial_processes_and_their_reforms.pdf

Functioning of Virtual Courts (11 September 2020)

Summary of Report available here <https://prsindia.org/policy/report-summaries/functioning-of-virtual-courts>

Action Taken Report available here https://sansad.in/getFile/rsnew/Committee_site/Committee_File/ReportFile/18/191/134_2023_12_14.pdf?source=rajyasabha

Inordinate Delay in Filling up the Vacancies in the Supreme Court and High Courts (6 December 2016)

Summary of Report available here <https://prsindia.org/policy/report-summaries/inordinate-delay-in-filling-up-the-vacancies-in-the-supreme-court-and-high-courts>

Promotion of legal education and research under the Advocates Act, 1961 (4 August 2016)

Summary of Report available here <https://prsindia.org/policy/report-summaries/promotion-of-legal-education-and-research-under-the-advocates-act-1961>

Synergy between tribal justice system and regular justice system of the country (10 March 2016)

To facilitate the codification of laws and training of staff for proposed Tribal Courts, special funds may be allocated to state judicial academies and village mobile courts.

Summary of report available here: <https://prsindia.org/policy/report-summaries/synergy-between-tribal-justice-system-and-regular-justice-system-of-the-country>

Infrastructure Development and Strengthening of Subordinate Courts (6 February 2014)

Summary to Report available here <https://prsindia.org/policy/report-summaries/infrastructure-development-and-strengthening-of-subordinate-courts>

3. Committee on Social Justice & Empowerment

Women in Detention and Access to Justice (December 22, 2017)

Summary to Report available here <https://prsindia.org/policy/report-summaries/women-in-detention-and-access-to-justice>



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Glossary

Actuals (AE)

The amounts actually spent by the government in the previous financial year, which have been audited and certified by the office of CAG of India.

Annual Financial Statement

Similar to the Budget at a Glance but organised differently to comply with the requirements set out by Article 112 of the Constitution.

Appropriation Account

Prepared by the office of the Accountant General of the State, this account reports and explains any discrepancies between the final grant and actual expenditure.

Appropriation Bill

Passed by the Legislative Assembly, it authorises the government to withdraw money from the State Consolidated Fund to meet expenditure charged on the Consolidated Fund and provide for the grants approved by the Legislative Assembly.

Budget Estimates (BE)

The projected amounts of expenditure by the government for the ongoing or upcoming financial year.

Budget Highlights

Briefly explains the key features of the Budget, indicating prominent achievements, budget proposals for allocation of funds and the summary of tax proposals.

Budget Speech

The transcript of speech delivered by the union/state finance minister while presenting the budget in Parliament/the State Assembly.

Budget at a Glance

Provides a brief overview of total funds raised by the government (through taxes or borrowings), and outlines how the funds should be spent, along with information on the budget deficit/surplus.

Capital Account

Capital Expenditure and Capital Receipts together form

the Capital Account of the budget. Any expenditure incurred for the creation of assets or reduction of liabilities is recorded as Capital Expenditure. Capital Receipts refer to transactions leading to reduction of government assets or increase in liabilities. Examples include loan recoveries and earnings from disinvestment and debt.

Capital Expenditure

Any expenditure incurred in the creation of assets or reduction of liabilities is recorded as Capital Expenditure.

Capital Receipts

Capital receipts are those receipts that lead to a reduction in the assets or an increase in the liabilities of the government. Examples include recoveries of loans, earnings from disinvestment and debt.

Corporation Tax

Corporation tax is levied on incomes of registered companies/corporations operating in the geographical territory of India (whether national or multinational/foreign). National companies are taxed based on their aggregate income, irrespective of the source and origin, whereas foreign companies are taxed only on the income that arises from their operations in India.

Deficit

The margin by which the government's expenditure exceeds its receipts over a year.

Demands for Grants/Appropriation Bill

Two documents required under the Constitution, asking Parliament to allocate the stated amount of funds to different ministries and schemes. Parliament votes to pass these two documents.

Direct Tax

A tax imposed on a person or on property that cannot be transferred.

Disinvestment

The sale or liquidation of assets by the government, usually involving Central and State Public Sector Enterprises, projects, or other fixed assets.

Expenditure Budget

Presents a detailed breakdown of the expenditure of each ministry.

Expenditure Profile

Presents a summary of total expenditure of all the ministries. Also, it presents expenditure according to different categories of interest, i.e., a summary of funds allocated to schemes for women, children, scheduled castes, scheduled tribes and religious minorities.

Finance Bill

A Bill presented to Parliament (and voted on) containing various legal amendments to bring into effect the tax changes proposed by the government.

Fiscal Deficit

Occurs when the government's total expenditure exceeds its total receipts in a financial year. To cover the gap, the government borrows money, and the additional resources raised amount to the fiscal deficit for that year.

Fiscal Policy Strategy

A statement explaining the government's efforts to follow sound fiscal policies and the reasons for any departure from the targets set for deficits, under the FRBM Act.

GST Compensation Cess

Levied in addition to regular GST on certain goods, such as tobacco and related products, coal, aerated beverages, luxury cars, etc. The revenue generated from these cesses is used to finance compensation to states in case there is a shortfall in their GST collection.

Grants-in-aid

Financial assistance provided by a higher tier of government to a lower tier, in this case by the union government to the states. They are different from loans since they do not require any repayment.

Gross Domestic Product (GDP)

The final value of the goods and services produced within the geographic boundaries of a country during a specified period of time, usually a year.

Gross State Domestic Product (GSDP)

The monetary value of all goods and services produced within the boundaries of a state during a given period.

Guillotine

Typically, the Lok Sabha decides to hold a detailed discussion on four or five Demands for Grants. The ministries identified for discussion vary every year and are decided by the Business Advisory Committee of the House. This discussion is followed by voting. Demands that have not been discussed and voted on by the last day are 'guillotined', i.e., they are voted upon together.

Income Tax

A tax imposed on the income of individuals, firms, etc., other than companies, under the Income Tax Act, 1961.

Indirect tax

A tax imposed on a transaction that can be transferred.

Integrated Financial Management System (IFMS)

A budgeting and accounting system used to manage the government's budget, expenditure, payment, etc.

Local Bodies Grant

Grants to both urban and rural local bodies as determined by Article 275(1) of the Constitution.

Macro-economic Framework

Explains the government's assessment of the growth prospects of the economy.

Medium-term Fiscal Policy

A statement setting limits on the size of the budget deficits for the next three years, as well as targets for tax and non-tax receipts.

Memorandum of the Finance Bill

Explains the various legal provisions contained in the Finance Bill, and their implications, in simple language.

Motor Vehicles Tax

A tax levied on every motor vehicle by a state under its Motor Vehicles Taxation Act. The union government has the power to increase or decrease the rate of tax periodically.

Non-tax Revenue

Sources of revenue outside the purview of wealth, income or property. States that are rich in natural resources tend to raise revenues from non-tax sources, such as mining of minerals and metals. Other key sources are Interest Receipts, Dividends and Profits from State Public Sector Enterprises, as well as returns from user charges on general, social and economic services.

Public Debt

The total liabilities of the Central Government contracted against the Consolidated Fund of India.

Receipts Budget

Presents detailed information on how the government intends to raise funds from different sources.

Revenue Account

Consists of Revenue Expenditure and Revenue Receipts. Any expenditure that does not create assets or reduce liabilities is treated as Revenue Expenditure. Examples include salaries, subsidies, interest payments, etc. Proceeds from taxes, non-tax sources of revenue and other receipts are recorded as Revenue Receipts.

Revenue Deficit

The amount by which revenue expenditure exceeds revenue receipts. Any expenditure/receipt that does not create assets or reduce liabilities is treated as a revenue expenditure/receipt.

Revenue Expenditure

Any expenditure that does not create assets or reduce liabilities, such as salaries, subsidies, interest payments, etc.

Revenue Receipts

Revenue received from tax and non-tax sources. Examples of tax revenue include income tax, corporation tax and union excise duty, while those of non-tax revenue are interest receipts, fees/user charges, and dividend or profits from government enterprises.

Revised Estimates (RE)

Revised estimates or 'revised projections', are reported in the forthcoming year's budget, based on revisions to the original budget estimates from the previous year.

Sales Tax

Tax generally charged at the point of purchase or exchange of certain taxable goods, previously levied under the authority of both Central Legislation (Central Sales Tax) and State Governments' laws (Sales Tax) before the introduction of VAT. It is charged as a percentage of the total value of the product.

Service Tax

A tax levied on services provided by an entity such as a bank or a hotel. The responsibility for payment of this tax lies with the service provider. The Goods and Service Taxes (GST) includes both Excise Duties and Service Taxes.

Stamp and Registration Duty

Duty charged on the sale or transfer of property, serving as a major source of tax revenue for most states.

State Excise Duty

Unlike Union Excise Duty or CENVAT, state excise duty is charged on alcohol and related products, narcotics, and other such goods.

Supplementary Budget

Budgets are prepared before the financial year begins, with revenue and expenditure figures projected by the government. However, actual outcomes often differ from estimates—revenues may be higher, or additional spending may be required. In such cases, the government can introduce a smaller budget during the ongoing financial year. Called 'Supplementary budget', such budgets are smaller in scale compared to full budgets and generally focus on specific areas.

Tax

A compulsory transfer from eligible taxpayers to the government, enabling it to provide public services.

Tax Revenue

Revenue generated through various taxes imposed on individuals or organisations, whether direct or indirect.

Tax-GDP ratio

Shows tax revenue as a percentage of the income of the country and allows for an inter-country comparison of the means at the disposal of a country to provide public services.

Union Excise Duty

A production tax imposed by the union government on goods manufactured in India for domestic consumption, under the Central Excise Act, 1944, and the Central Excise Tariff Act, 1985. Since 1999, it has been referred to as the Central Value Added Tax (CENVAT). Certain goods, such as alcohol and its related products, as well as narcotic substances, fall under the purview of State Excise Duty, which are collected by all states.

Voted and Charged Expenditure

Expenditure that must be authorised by a legislature/Parliament is Voted Expenditure, while any spending automatically debited from the Consolidated Fund of India is called Charged Expenditure. Examples of charged expenditure include spending on all constitutional offices, interest payments and salaries of the President, Lok Sabha speaker, etc. Parliament can discuss these matters but cannot vote on them.



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About Budgets for Justice: A Primer

The Budgets for Justice examines budgetary allocations and expenditures for the justice system across eleven states with the highest Gross Domestic Product (GDP) and a population exceeding one crore. Using budget documents for FY 2023-24 and 2024-25, it analyses the scale of allocations, utilisation levels, and the degree of disaggregation across the core pillars of the justice system—police, prisons, judiciary, and legal aid. Within each pillar, the study also explores key areas such as training, infrastructure, and technology. The states covered are Andhra Pradesh, Gujarat, Haryana, Karnataka, Madhya Pradesh, Maharashtra, Rajasthan, Tamil Nadu, Telangana, Uttar Pradesh, and West Bengal. This primer serves as a companion to IJR's detailed pilot study on how the eleven richest states fund the justice sector.

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Email ID: indiajusticereport@gmail.com

Phone No.: 9717676026

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