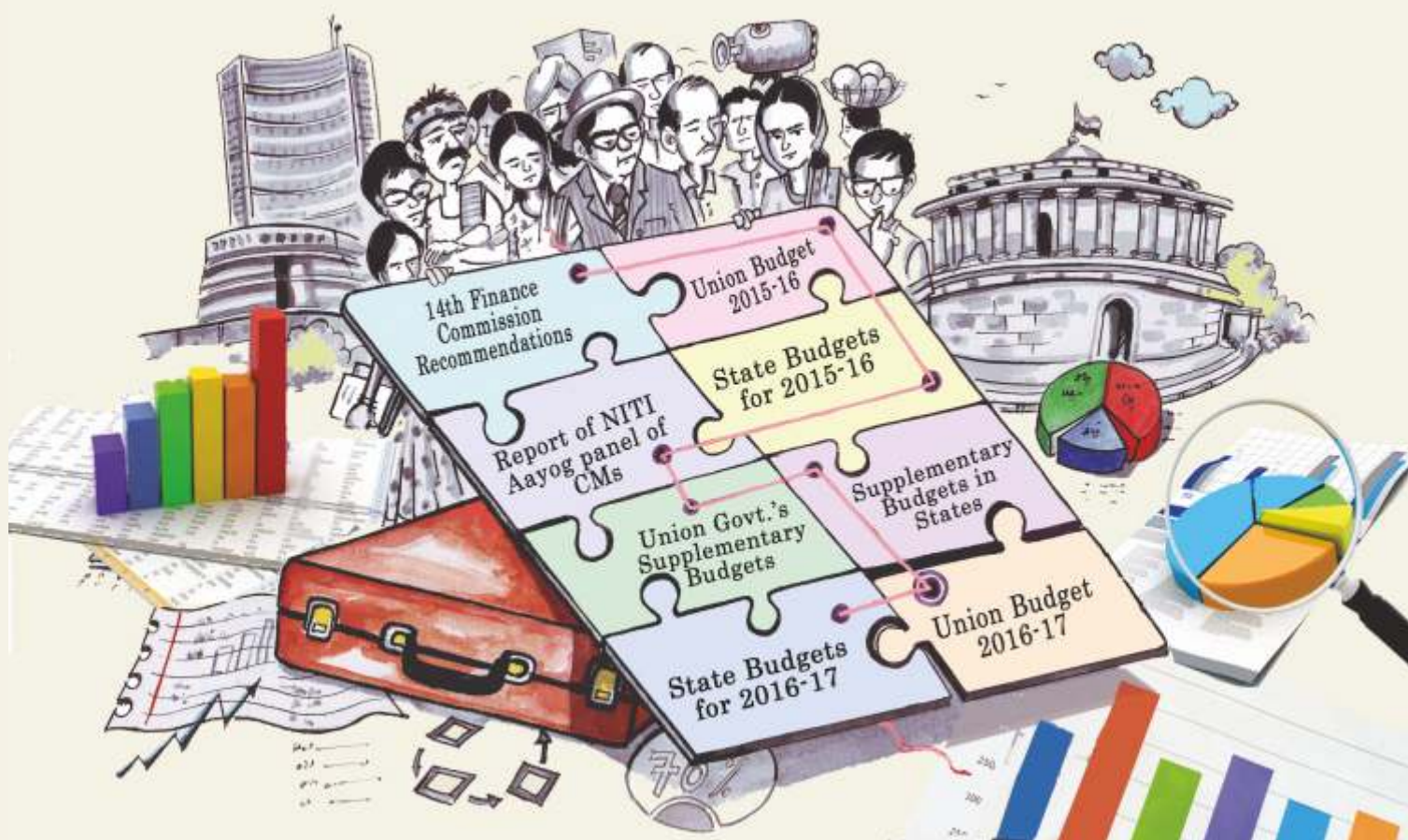


Connecting the Dots

An Analysis of Union Budget 2016-17



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Centre for Budget and Governance Accountability



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Table of Contents

Section No.	Section	Page No.
1	Overview	5
2	Sectoral Priorities	7
3	Taxation	10
4	Financial Transparency	12
5	Education	14
6	Health	16
7	Drinking Water and Sanitation	18
8	Rural Development and PRIs	20
9	Agriculture	22
10	Food Security	24
11	Nutrition	25
12	Climate Change	27
13	Women	29
14	Children	31
15	Dalits	33
16	Adivasis	35
17	Religious Minorities	37
18	Social Security	39
19	Urban Poor	41
20	Person with Disabilities	43

Budget Overview

GROWTH
INFLATION
EMPLOYMENT
FISCAL POLICY
TAXATION
TRADE

Budget 2016-17 is being seen as a crucial budget for the NDA led government that came to power a little less than two years ago. This is so because it comes in the wake of significant changes in the country's federal fiscal architecture, and more importantly because of the state of the economy at present. As the Mid-Year Review (MYR), released by the Finance Ministry in December 2015, concedes even though the Indian economy has registered creditable growth rate in 2015-16 despite global headwinds, it has been "sending mixed signals with different indicators not always pointing in the same positive direction". In short, GDP growth and performance of different sectors have been giving contradictory signals about the actual state of the economy.

Growth in the commodity-producing sectors, which can be seen as alternative indicators, does seem to point to a slightly different picture of economic performance. The rate of growth of the agricultural sector, for instance, which forms the mainstay of livelihood for majority of the population, has declined sharply from 4.2 percent in 2013-14 to -0.2 percent in 2014-15. Following two consecutive drought years in 2013-14 and 2014-15, output of a number of crops such as rice, wheat, oilseeds, cotton, pulses and groundnut has fallen in 2014-15 (as per the Fourth Advanced Estimates) compared to 2013-14. In essence then, the agrarian crisis facing the economy for some time now seems to have got further exacerbated. The combination of falling commodity prices, declining output and increasing input costs have meant that livelihoods of crores of agricultural workers and cultivators are in peril. Resultantly, the much needed source of demand emanating from the rural market has been very weak.

The performance of the key industrial sectors based on the Index of Industrial Production (IIP) shows that there has been some recovery in growth, with the three broad sectors, namely mining, manufacturing and electricity, growing at the rates of 2.3 percent, 3.1 percent and 4.5 percent respectively during April-December 2015 over April-December 2014. However, it also needs to be noted, in many industries the rate of growth in April-December 2015 has been lower than that achieved in April-December 2014, while some others, such as aluminum and steel, have actually posted negative growth rates. While these two industries are also saddled with unutilised capacity, as the Economic Survey 2015-16 notes, this is also true for the corporate sector as a whole, with capacity utilisation having declined in Q2 2015-16 compared to the level in Q2 2014-15. In addition, growth of industrial credit has slowed down substantially. Further, as noted in the MYR, "much of the credit to industry may have been to stressed sectors, raising the possibility that loans are provided to protect their balance sheets rather than to finance new activity".

Even in the case of the external sector India's merchandise exports have been declining continuously since December 2014, as a result of which merchandise exports growth has declined by 1.3 percent in 2014-15. On the whole then, there are several signs that the economy has been slowing down. As a result of these developments, contribution to aggregate demand growth has come mainly from private consumption and to some extent public investment¹, while contribution of other key components of aggregate demand growth: private investment, government expenditure, and exports, have been muted.

In short, the Budget 2016-17 is expected to address myriad challenges facing the economy. The big question before the government therefore was whether it would continue on the path of fiscal

¹ It is important to note that positive contribution from greater public investment has been offset by a combination of lower government expenditures and higher tax receipts.

consolidation or it would increase public spending to help the economy grow. Equally important is the issue of whether the budget is able to provide a direction to the economy in terms of generating domestic demand by providing boost to the rural economy and other flagging sectors of the economy. The budget does provide an impetus to investment in infrastructure particularly in road transport and highways; it also has some emphasis on agriculture and farmers' welfare.

However, the overall magnitude of the Union Budget shows a marginal decline from 13.2 percent of GDP in 2015-16 (Revised Estimates) to 13.1 percent of GDP in 2016-17 (Budget Estimates). In absolute numbers, the total size of the Union Budget is projected to increase from Rs. 17.85 lakh crore in 2015-16 (RE) to Rs. 19.78 lakh crore in 2016-17 (BE). But, out of this increased outlay of Rs. 1.93 lakh crore, almost two-third would be in areas of Non-plan spending (particularly on account of higher interest payments, pensions and defence) while only one-third of it would be in Plan spending (including the social sectors and infrastructure sectors). The reason for the inability of the government to follow an expansionary fiscal policy seems to be rooted in the constraints on the taxation side, especially when it wants to pursue the targets for reduction of the Fiscal Deficit. The gross central taxes to GDP ratio in 2016-17 (BE) is projected to be 10.8 percent, which would be at the same level as that in 2015-16 (RE).

In terms of the recent changes in the country's fiscal architecture, 2015-16 has been marked by prolonged uncertainty about the fund sharing pattern in Centrally Sponsored Schemes (CSS). The NITI Aayog Committee of Chief Ministers has finally resolved some of these debates by recommending a 60:40 fund sharing pattern between the Union Government and the States (i.e. the general category States) for most of the prominent social sector schemes like, *Sarva Shiksha Abhiyan*, Mid-Day Meal, National Health Mission, Integrated Child Development Services and *Swachh Bharat Abhiyan*, among others. The greater degree of autonomy or flexibility now available to the States (in terms of setting their expenditure priorities), combined with the reduction in the funding share of the Union Government in a host of CSS, implies that the priorities in the State Budgets would have a stronger role now in determining the overall allocation of budgetary resources in a range of development sectors in the country.

However, the Union Government needs to take cognisance of the persistence of social and regional disparities in development in the country; it could play a crucial role in addressing these disparities by investing more in areas and for the sections of population that are lagging behind. And, the social sector schemes are perhaps the only channel available for the Union Government to do so now. In view of this, the allocations in Budget 2016-17 for most of the social sector schemes, which are either slightly higher or a little less than the 2015-16 (RE) figures, fall short of expectations.

The Finance Minister has announced the government's decision to drop the distinction between Plan and Non-plan spending from 2017-18; however, there is no discussion yet on the future of important planning strategies like the Schedule Caste Sub Plan and Tribal Sub Plan. Since both of these strategies have been applicable only over the Plan budgets, there is a need for in-depth and consultative discussions with a broad range of stakeholders about this issue. Likewise, the distinction between Revenue and Capital expenditure, which the government is taking more seriously, should not lead to any neglect of social sectors like education and health since large proportions of expenditure in these sectors are in the Revenue account. It is hoped that in the subsequent budgets, the government would adopt stronger measures on the taxation side, especially with regard to direct taxes, which would enable it to step up public spending not only in infrastructure but also in the social sectors and agriculture.

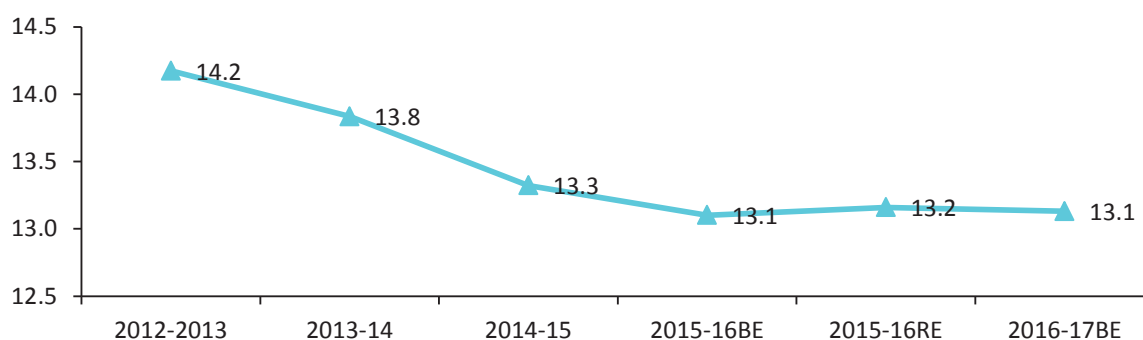
Sectoral Priorities in the Union Budget



Expenditure Details

- Total Expenditure has increased by Rs. 1,92,669 crore in 2016-17 BE from 2015-16 RE. Unlike previous years, 2015-16 RE figures are an increase from 2015-16 BE figures. However, as share of GDP (i.e. after accounting for inflation), total expenditure shows a decline over the 12th Five-Year Plan period.
- It has been announced that Plan and Non-plan distinction would be dropped from financial year 2017-18. The FM further announced to focus more on the Revenue and Capital classification of government expenditure.
- The variations in the components of the nominal increase in total expenditure is provided in Table 2.1

Figure 2.1: Total Union Government Expenditure as a proportion of GDP (%)



Source: GDP figures are from Economic Survey, 2015-16 and expenditure figures are from Expenditure Budget Vol. I, 2016-2017

Table 2.1: Major items of variations in 2015-16 RE and 2016-17 BE (in Rs. crore)

NON-PLAN	2015-16 RE	2016-17 BE	Variation (+)/(-)	
Interest payments	4,42,620	4,92,670	(+)	50,050
Pensions	95,731	1,23,368	(+)	27,637
Defence	2,24,636	2,49,099	(+)	24,463
Grants to State Governments	1,05,346	1,15,645	(+)	10,299
Police	52,680	59,796	(+)	7,116
Education	12,811	14,551	(+)	1,740
Postal	6,749	8,416	(+)	1,667
Elections	2,211	3,731	(+)	1,520
Agriculture and allied services	2,734	4,016	(+)	1,282
Subsidies	2,57,801	2,50,433	(-)	7,368
Other Non-Plan expenditure	1,04,875	1,06,325	(+)	1,450
Total Non-Plan expenditure	13,08,194	14,28,050	(+)	1,19,856
PLAN				
Central	2,61,089	3,08,110	(+)	47,021

NON-PLAN	2015-16 RE	2016-17 BE	Variation (+)/(-)	
CA for state and UT Plans	2,16,108	2,41,900	(+)	25,792
Total Plan expenditure	4,77,197	5,50,010	(+)	72,813
Total Expenditure	17,85,391	19,78,060	(+)	1,92,669

Source: Expenditure Budget Vol. I, Union Budget 2016-2017

Devolution to States

Resources transferred to states has increased from 2015-16 BE to 2016-17 BE. However, while the resources transferred to states was intended to rise, it shows a decline in 2015-16 RE from 2015-16 BE. This is concerning, as most other 2015-16 RE figures in this year's Union Budget show an increase, including total expenditure. However, a disclaimer has been provided in the receipts budget explaining that the figure for states' shares in central taxes is net after debiting Rs. 8,464 crore on account of excess payment in 2014-15.

Table 2.2: Composition of Transfer of Resources to States (in Rs. crore)

	2012-13 Actual	2013-14 Actual	2014-15 Actual	2015-16 BE	2015-16 RE	2016-17 BE
States' share of taxes and duties	2,91,547	3,18,230	3,37,808	5,23,958	5,06,193	5,70,337
Non Plan grants and loans to states	51,402	60,631	77,198	1,08,630	1,08,312	1,18,437
Central Assistance for State Plan	1,01,825	1,05,252	2,70,829	2,19,647	2,16,108	2,41,900
Total Union Resources transferred to States*	4,76,552	5,18,104	6,75,177	8,42,963	8,21,520	9,21,201
GDP at current market prices (2011-12 series)	99,51,344	112,72,764	12,48,205	135,67,192	135,67,192	15,65,010
States' share of central taxes and duties as % of GDP	2.9	2.8	2.7	3.9	3.7	3.8
Non Plan grants and loans to states as % of GDP	0.5	0.5	0.6	0.8	0.8	0.8
CA to States as % of GDP	1.0	0.9	2.2	1.6	1.6	1.6
Total Union Resources transferred to States as % of GDP	4.8	4.6	5.4	6.2	6.1	6.1

Source: Budget at a Glance, 2016-2017

Social Sector Allocations and Priorities

Departments of Agriculture, Cooperation and Farmer's Welfare, Urban Development, Rural Development and Ministries of Drinking Water and Sanitation; Housing and Urban Poverty Alleviation; Road, Transport and Highways and New and Renewable Energy are among major gainers in social sectors and related sectors. Major thrust for development based on infrastructure and housing projects in both rural and urban areas is clearly evident.

Table 2.3: Total Expenditure by Select Ministries (in Rs. Crore)

Ministries/Departments	2012-13	2013-14	2014-15	2015-16 (BE)	2015-16 (RE)	2016-17 (BE)
Ministry of Culture	1,388	1,989	2,064	2,169	2,131	2,500
Ministry/Dept. of Drinking Water and Sanitation	12,969	11,941	12,089	6,239	10,902	14,008

Ministries/Departments	2012-13	2013-14	2014-15	2015-16 (BE)	2015-16 (RE)	2016-17 (BE)
Ministry of Health and Family Welfare (excluding AYUSH)	27,169	29,492.5	31,539.2	32,068.2	33,831.6	38,206.3
Ministry of Housing and Urban Poverty Alleviation	933	1,084	2,378	5,169	1,956	5,384
Ministry of Human Resource Development	66,055	71,059	68,683	68,695	67,268	72,039
Ministry of Labour and Employment	3,645	4,233	4,138	5,357	4,831	6,243
Ministry of Minority Affairs	2,174	3,027	3,089	3,726	3,736	3,827
Ministry of Social Justice and Empowerment	4,940	5,515	5,361	6,515	5,960	6,551
Ministry of Tribal Affairs	3,073	1,691	3,291	3,837	3,774	4,513
Dept. of Urban Development	8,465	9,364	13,237	19,193	17,978	24,130
Ministry of Women and Child Development	17,036	17,999	18,319	10,084	17,075	17,352
Ministry of Youth Affairs and Sports	871	1,123	1,121	1,519	1,369	1,592
Empowerment of Persons with Disabilities	...	...	403	637	611	784
Agriculture, Cooperation and Farmers Welfare	15,854	16,952	25,916	24,901	22,951	44,469
Environment, Forest and climate change	1,753	1,890	1,207	753	743	5,892
Dept. of Rural Development	50,187	58,666	67,206	71,540	77,548	85,969
Ministry of Consumer Affairs, Food and Public Distribution (Food Subsidy)	86,677	93,317	1,18,323	1,25,474	1,40,871	1,41,392
Total expenditure in select Ministries (1 to 17)	3,03,905	3,29,985	3,77,839	3,87,719	4,13,419	4,74,847
Road Transport and Highways	20,186	25,477	33,018	45,710	47,065	57,816
Defence	2,30,642	2,54,133	2,85,005	3,10,080	2,93,580	3,40,922
Total expenditure	14,10,367	15,59,447	16,63,673	17,77,477	17,85,391	19,78,060
Total expenditure in ministries (1 to 17) as share of total expenditure	21.5	21.2	22.7	21.8	23.2	24.0
Total expenditure in ministries (1 to 19) as share of total expenditure	39.3	39.1	41.8	41.8	42.2	44.2
GDP at current market prices (2011-12 series)	99,51,344	112,72,764	124,88,205	135,67,192	135,67,192	150,65,010
Share of select ministries (1 to 17) as % of GDP	3.05	2.93	3.03	2.86	3.05	3.15

Source: Expenditure Budget Vol. I, 2016-2017

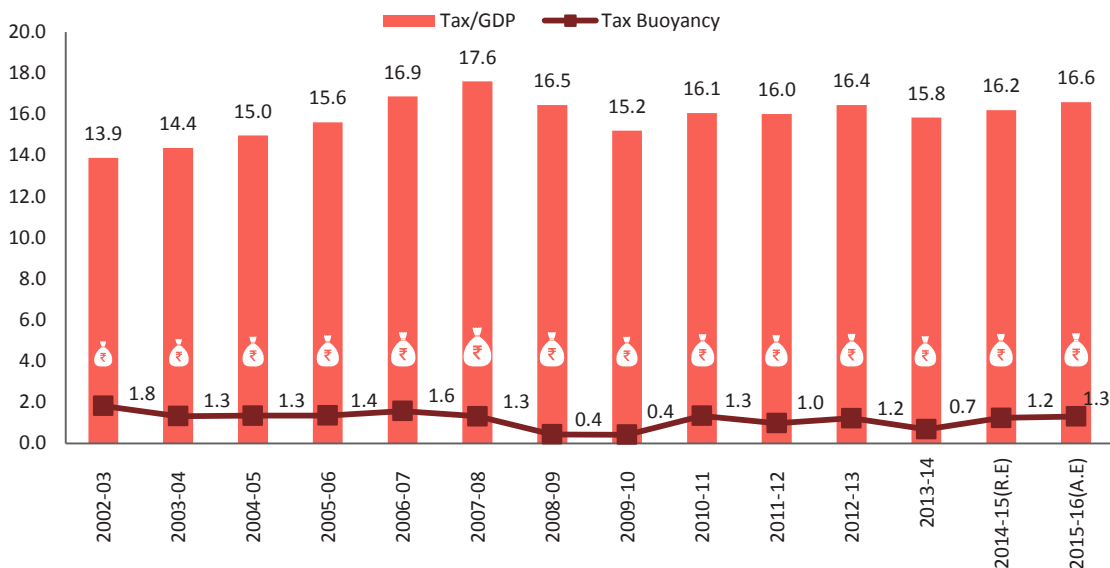


Taxation

- Gross central tax revenue to GDP ratio in 2016-17 BE is projected to be 10.8 percent, which would be at the same level as that in 2015-16 RE.
- Direct tax proposals in the Union Budget 2016-17 would lead to a revenue loss of Rs. 1,060 crore. However, the indirect tax proposals are expected to raise additional revenue of Rs. 20,670 crore. The overall impact of the tax proposals, thus, would be a net gain of Rs. 19,610 crore as compared to 2015-16 RE.
- No change has been announced in personal income tax rates.
- Efforts towards rationalisation and simplification of taxation system have been given emphasis.

The Union Government seems less ambitious about setting a higher target of revenue generation from taxes in 2016-17. The budget 2016-17 has estimated 11.7 percent growth in gross central tax revenue, which is less compared to its previous year's growth of 15.8 percent (i.e. in 2015-16 RE compared to 2014-15 actuals). The estimated growth in tax revenue would be slower than the growth of GDP. We may note here that India has the lowest tax-GDP ratio among the BRICS countries; and, there has been no significant improvement in the country's tax-GDP ratio over the last few years. The annual trend of centre and states' combined tax-GDP ratio and tax buoyancy for the last few years is presented below.

Figure 3.1. Trends of Tax-GDP Ratio and Tax Buoyancy (Centre and States Combined)



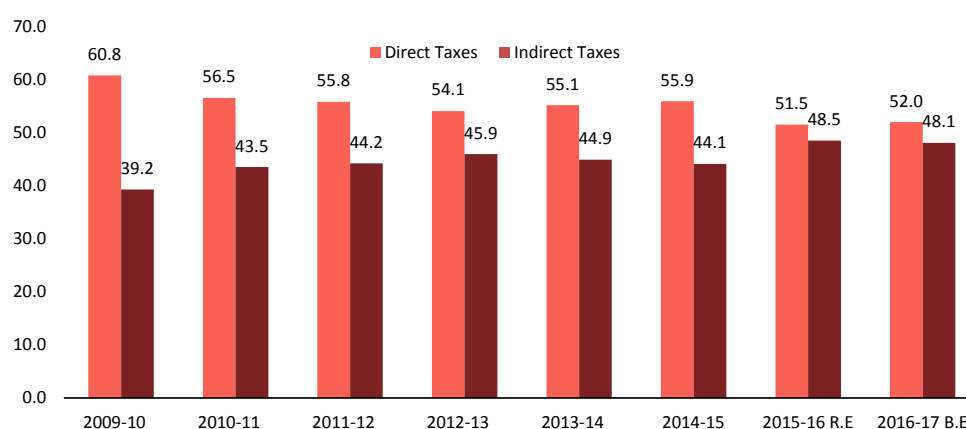
Note: Tax buoyancy is the ratio of the growth of tax revenue to the growth of GDP.

Source: Based on data from Central Statistical Organisation, Economic Survey 2016-17 and Reserve Bank of India statistics.

In 2015-16 BE, the centre and states' combined tax-GDP ratio was 16.6 percent compared to 16.2 percent in the previous year. Also, no improvement has been witnessed in tax buoyancy in the last two years. In 2015-16 BE, tax buoyancy was 1.3 which was a small improvement over its previous year's figure of 1.23.

In the total tax revenue in the country, indirect taxes account for more than 60 percent; states' own taxes are based largely indirect taxes. Most of the direct taxes fall in the central tax system. The Union Government's dependence on indirect taxes, however, seems to be increasing although indirect taxes are considered to be regressive in nature. In the 2016-17 BE, the proportion of direct taxes and indirect taxes in the gross central taxes is estimated at 52:48, as compared to the ratio of 56:44 in 2014-15. Figure 3.2 depicts the changes in the composition of the gross central taxes over the last few years.

Figure 3.2. Share of Direct and Indirect Taxes in Centre's Gross Tax Revenue



Source: Economic Survey 2016-17 and Union Budget 2016-17

The issue of revenue foregone due to exemptions in the central tax system has been widely debated in the last few years. The Economic Survey 2015-16 has raised concerns about the unproductive and inefficient nature of some of the tax exemptions provided by the government. However, the budget 2016-17 has not paid enough attention to this issue.

The government has been ambitious in projecting an overall revenue growth of 25 percent in 2016-17 over the revised estimates for 2015-16. However, past experience shows that non-tax revenue sources are less certain; in 2014-15, the actual collection of non-tax revenue was 7 percent lower compared to the budget estimate for the year.

Table 3.1 How is the Union Government financing its Budget? (Figures in Rs. Crore)

Sources of Receipts	2014-15 Actuals	2015-16 BE	2015-16 RE	2016-17 BE
Centre's Net Tax Revenue	9,03,615	9,19,842	9,47,508	10,54,101
Total Non Tax Revenue	1,97,857	2,21,733	2,58,576	3,22,921
Recoveries of Loans and Advances	13,738	10,753	18,905	10,634
Miscellaneous Capital Receipts	37,737	69,500	25,312	56,500
Debt Receipts	4,32,973	5,43,608	5,57,174	5,20,720
Draw Down of Cash Balances	-77,752	12,041	-22,084	13,195
Total Receipts	16,63,672	17,77,477	17,85,391	19,78,060

Source: Union Budget 2016-17



Financial Transparency

Major Proposals and Announcements in Union Budget 2016-17

- The Union Budget 2016-17 has proposed an Income Declaration Scheme to be provided to persons who have not paid full taxes in the past to declare their undisclosed income.
- It has also announced its compliance with the BEPS initiative of the OECD and G20, and put forward provisions for requirement of country-by-country reporting (CBCR) for companies with a consolidated revenue of more than Euro 750 million (or Rs. 5,395 crore at current rates), effective from April 1, 2017.
- The determination of residency of foreign company on the basis of Place of Effective Management (POEM) has been deferred by one year in the Union Budget 2016-17.
- The Union Government has re-affirmed its commitment to implement GAAR from April 1, 2017.

Key Findings

- Persons declaring their undisclosed income under the Income Declaration Scheme would pay tax, surcharge and penalty totalling to 45 percent of the undisclosed income declared. The surcharge payable on undisclosed income will go toward *Krishi Kalyan* cess.
- The Income Declaration Scheme is proposed to be brought into effect from June 1, 2016, and will have a four month window from June 1 to September 30, 2016 for declaring undisclosed income.
- Country-by-country reporting would provide for transfer pricing documentation and reports on income, earnings, taxes paid and certain measure of economic activity of multi-national enterprises (MNEs) on a country-by-country basis. A three-tiered structure has been mandated, consisting of:
 - i. A master file containing standardised information relevant for all MNE group members;
 - ii. A local file referring specifically to material transactions of the local taxpayer; and
 - iii. A country-by-country report containing certain information relating to the global allocation of the MNE's income and taxes paid together with certain indicators of the location of economic activity within the MNE group.

Opinion

The Income Declaration Scheme is a voluntary disclosure initiative and had resulted in declarations of Rs. 3,770 crore¹ (later revised to Rs. 4,147 crore²) between the previous compliance window declared from July 1 – September 30, 2015. In 2016 too, it is likely that the scheme will yield little in terms of declarations. Instead of focusing on bringing back black money, the focus of the government should be on curbing the generation of illicit flows or black money by first and foremost checking trade misinvoicing. This can be done by greater coordination between the trade and customs authorities of different countries.

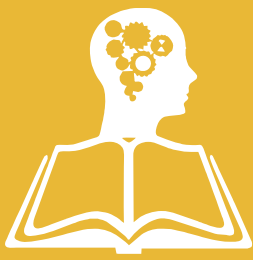
¹ GoI, MoF, DoR, CBDT Press Release. Declarations received and amount declared under compliance window under the Black Money Act. October 1, 2015.

² Indian Express. Black money compliance window: Government revises amount higher at Rs. 4147 cr. October 5, 2015.

The country-by-country reporting (CBCR) initiative, as mandated by the G20-OECD BEPS project, is a significant step towards addressing the issues of tax base erosion, profit shifting and transfer mispricing by MNEs. However, CBCR requires only companies with consolidated revenue of over Euros 750 million (or Rs. 5,395 crore) to report on a country-by-country basis, thus leaving companies below that threshold out of the net. Further, the current announcement on CBCR does not make the reports public. Country-by-country reports should be made public to strengthen efforts to monitor corrupt practices, corporate governance and responsibility, tax payments and world trade flows.

The global norm of Automatic Exchange of Tax Information should be legislated upon, as India has already signed the Multilateral Competent Authority Agreement and has committed to the first exchange of information from 2017.

Centralised public registries of Beneficial Ownership (recognising the true human owner of each company or entity) should also be established and legislated upon. This will help check anonymous companies, and in turn contribute towards addressing issues such as illicit financial flows, embezzling, arms trafficking and drug dealing that often take place through anonymously held companies.

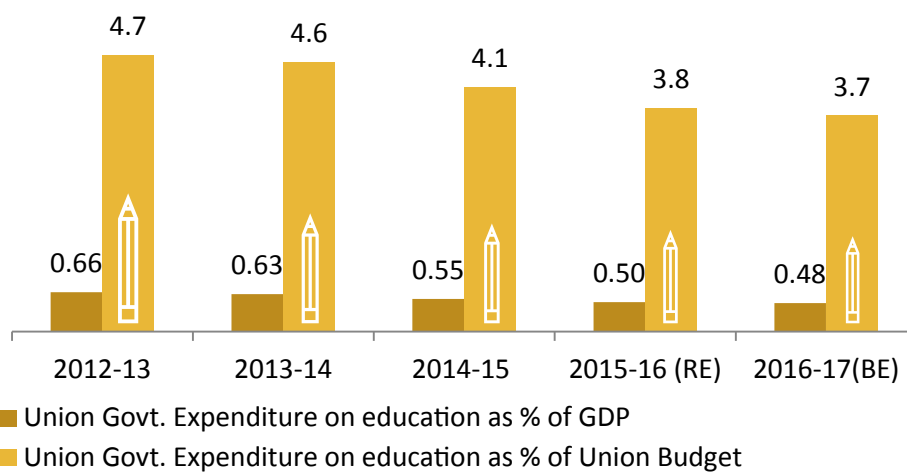


Education

Major Announcements

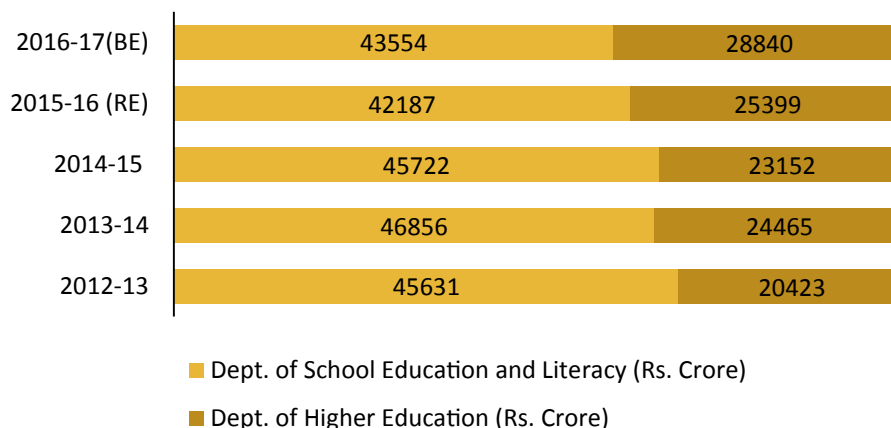
1. Sixty two new Navodaya Vidyalayas proposed to promote quality education.
2. A Higher Education Financing Agency with a capital base of Rs. 1,000 Crore will be set up to leverage funds from the market and supplement them with donations and CSR funds.
3. Entrepreneurship education and training will be provided in 2,200 colleges, 300 schools, 500 government ITIs and 50 vocational training centres through online courses.

Figure 5.1: Union Government's Budgetary Spending on Education (in Percent)



Note: Union Governments' expenditure on education covers expenditure by Ministry of Human Resource Development (MHRD) only; BE-Budget Estimate, RE-Revised Estimates, GDP figures are at current market price (2011-12 series, 2nd RE)
 Source: Compiled by CBGA from Union Budget, Expenditure Budget, Volume II, MHRD for various years, GDP figures are from Central Statistical Organisation.

Figure 5.2: Education Budget by MHRD (in Rs. Crore)



Note: Union Governments' expenditure on education covers expenditure by MHRD only; BE-Budget Estimate, RE-Revised Estimates
 Source: Compiled by CBGA from Union Budget, Expenditure Budget, Volume II, MHRD for various years.

Table 5:1: Budgetary Allocation for Select Schemes in Education (in Rs. Crore)

Schemes	2014-15	2015-16 (BE)	2015-16 (RE)	2016-17 (BE)
NEM-Sarva Shiksha Abhiyan (SSA)	24,097	22,000	22,015	22,500
NEM-Rastriya Madhyamik Shiksha Abhiyan (RMSA)	3,398	3,565	3,565	3,700
NEM-Rashtriya Uchchatar Siksha Abhiyan (RUSA)	417	1,155	1,055	1,300
NEM-Teacher Training and Saakshar Bharat	1,158	1,397	1,203	879
Scheme for providing Education to Madrasa and Minorities	119	376	336	120
Kendriya Vidyalaya Sangathan	3,243	3,278	3,278	3,795
Navodaya Vidyalaya Sangathan	2,013	2,061	2,285	2,471
Mid Day Meal (MDM)	10,523	9,236	9,236	9,700
Indian Institutes of Technology and Indian Institutes of Management	4,273	4,949	4,463	5,714

Note: NEM - National Education Mission, an umbrella scheme comprising of SSA, RMSA, RUSA, Teacher Training and Saakshar Bharat 'National Education Mission: Saakshar Bharat' - Schemes under this Umbrella are Literacy Campaigns & Operation Restoration, Support to NGOs/Institutions/SRCs for Adult Education & Skill Development, Directorate of Adult Education and National Literacy Mission Authority; 'National Education Mission- Teachers Training' - Schemes under this Umbrella are Strengthening of Teachers Training Institutions, Appointment of Language Teachers and School Assessment Programme
Source: Compiled by CBGA from various Union Govt. budget documents, various years

Has this Budget allocated adequately for Financing Right to Education (RTE)?

SSA, which is the vehicle for RTE has got Rs. 22,500 crore in 2016-17 (BE). This is a 2.2 percent increase over 2015-16(RE). Of this total amount 65 percent is financed through education cess (*Prarambik Shiksha Kosh*), 29 percent as Gross Budgetary support (GBS) and six percent through externally aided project.

As per the new funding pattern, Union Government budget for SSA constitutes 60 percent of the total SSA budget, as most of the states (except north-eastern and three Himalayan states) will allocate 40 percent matching grant for SSA. However, given that only 8 percent schools comply with all the infrastructure norms mentioned under RTE Act; 8.3 percent schools have single teacher, it seems that the overall pool of resources by Union Government is inadequate to fulfill the RTE norm in all elementary schools. Whether states are allocating beyond SSA to implement RTE needs to be watched closely.

What has this Budget done to enhance Quality Education?

The Finance Minister in his budget speech mentioned, universalisation of primary education and emphasised on "quality of education as the next big step forward" for the GOI. However, data shows around 4.3 crore children of 6-14 age group are still out of school, who constitute 18 percent of the total 6-14 age group children (Census 2011).

Basic school infrastructure, teacher training, teacher recruitment, community mobilisation are some of the basic factors to improve quality of education. Yet, the overall budget for School Education Department in 2016-17 (BE) has increased only by 3.2 percent as compared to 2015-16(RE). In spite of shortage of trained and qualified teachers at school level, the allocation for teachers' training is Rs. 510 crore in 2016-17(BE), which was Rs. 558 crore in earlier Budget estimate.

Girls Education: Any Priority in this Budget?

To promote girls education, the government had announced a number of schemes like *Beti Bachao Beti Padhao* (BBBP), *PRAGATI*, *Udaan*, Swami Vivekananda Scholarship for Single girl child in the last two years. Except for Rs. 100 crore in BBBP, no other allocation is observed for the mentioned schemes in the current budget. National Scheme for incentive to Girls for Secondary Education (SUCCESS), which had no allocation in 2014-15 BE and 2015-16 BE, has seen an allocation of Rs. 45 crore in this budget.



New Announcements in Budget 2016-17

- A new health protection scheme for poor and economically weak families against unforeseen out-of-pocket expenditure with a health cover up to Rs. One Lakh per family. For senior citizens of age 60 years and above belonging to this category, an additional top-up package up to Rs. 30,000.
- Reinvigorating the supply of generic drugs - 3,000 Stores under Prime Minister's *Jan Aushadhi* scheme will be opened during 2016-17.
- A National Dialysis Services Programme to be started. Funds will be made available through PPP mode under the National Health Mission, to provide dialysis services in all district hospitals.

There has been some increase in the total allocations under the Ministry of Health and Family Welfare. However, if we look at the allocations as percent of GDP (Figure 6.1), they have remained in the range of 0.25 percent. In order to address the development deficits in the health sector and the shortages in infrastructure and availability of healthcare personnel in the country, there is a need to increase India's public spending on health to significantly higher levels. India's total public expenditure on health (i.e. centre and states combined) is far from meeting the 12th Five Year Plan target of 2.5 percent of GDP.

Table 6.1: Health Sector - Allocations across different Ministries (Rs. in Crore)

Ministry/Department	2012-13 (Actual)	2013-14 (Actual)	2014-15 (Actual)	2015-16 (RE)	2016-17 (BE)
Department of Health & Family Welfare + Department of AIDS control	26,449	28,618.4	30,626.4	32,819	37,061.5
Department of Health Research	720	874.1	910.8	1,012.6	1,144.8
Total for the Ministry of Health & Family Welfare	27,169	29,492.5	31,537.2	33,831.6	38,206.3
Ministry of AYUSH	715	642.4	616.8	1,125	1,326.2

Note: The figures include the North East Region (NER) component

Source: Union Budget documents, various years

Under the National Health Mission (NHM), a flagship programme of the government in the health sector, the allocations increased in 2014-15 over the previous years (Table 6.2). However, the allocations in 2016-17 (BE) are lower than those in 2015-16 (RE). The figures for NHM used here do not include the figures for other schemes under the umbrella programme of NHM as designed by the NITI Aayog.

Table 6.2: Allocations across select Schemes in the Health Sector (in Rs. crore)

Schemes	2012-13 (Actual)	2013-14 (Actual)	2014-15 (Actual)	2015-16 (RE)	2016-17 (BE)
National Health Mission (NHM)*	18,046.7	18,633.8	19,751.4	19,122.01	19,037
<i>Pradhan Mantri Swasthya Suraksha Yojana</i> (PMSSY)**	989.0	1,273.2	822.0	1,621.0	2,450.0
<i>Rashtriya Swasthya Bima Yojana</i> (RSBY)***	1001.7	887.5	550.6	658.8	1,743.7
<i>Jan Aushadhi</i> Scheme#	1.7	15.2	-	16.9	35.0

Note: The figures include the North East Region (NER) component

*the figures for 2016-17 include only the NHM component of the umbrella programme "NHM including AYUSH NACO and

Medical Research” as mentioned in the NITI Aayog report. Thus, figures do not include “Human Resources in Health & Medical Education”, “National Mission on AYUSH including Mission on Medicinal Plants” and “National AIDS & STD Control Programme”

**PMSSY is the scheme for “establishment of AIIMS type super-speciality hospitals-cum-teaching institutions and upgrading of State Government hospitals”

***the figures include the allocations for RSBY under both the Ministry of Health & Family Welfare and Ministry of Labour & Employment. Since 2015-16, RSBY has been divided into two distinct components - Social Security for the unorganised workers and provision for health services. The card would be provided by Ministry of Labour and Employment and the health services would be provided by Ministry of Health & Family Welfare.

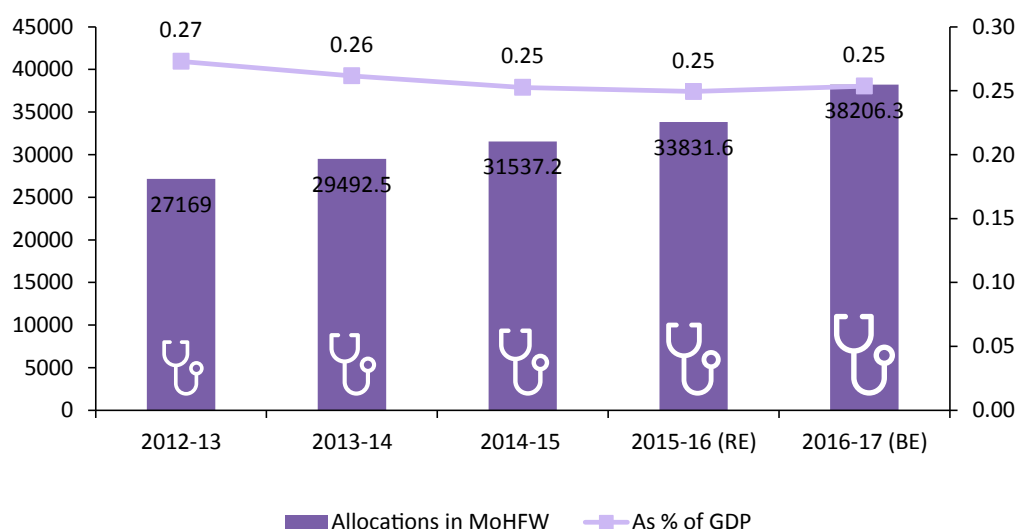
the Jan Aushadhi scheme is under the Department of Pharmaceuticals, Ministry of Chemicals & Fertilisers

Source: Union Budget documents, various years

Further, the *Jan Aushadhi* scheme, introduced in 2008, has not really taken off as there are at present only 164 *Jan Aushadhi* stores that have been opened, out of which only 87 are functional (according to the official website of *Jan Aushadhi*). The allocations for the scheme have increased only by a small margin in 2016-17 (BE) over 2015-16 (RE). The announcement of 3000 *Jan Aushadhi* stores is a welcome step but some of the main problems plaguing the scheme, viz. doctors not prescribing generic medicines to the patients and the non-availability of medicines under generic names, still need to be addressed.

The allocations under Pradhan Mantri Swasthya Suraksha Yojana have increased but the Comptroller and Auditor General of India’s (CAG) report has mentioned that in 2014-15 there were nearly 70 percent savings (or unutilised funds) under the head “Establishment of AIIMS type Super-Specialty Hospitals-cum-Teaching Institutions and upgrading of State Government Hospitals”.

Figure 6.1: Allocations in Ministry of Health & Family Welfare as percent of GDP



Note: GDP figures are current GDP at market prices; MoHFW allocations are in Rs. crore
The allocations for MoHFW in all years exclude allocations for Ministry/Department of AYUSH

Looking at the new announcements in this budget, such as the insurance scheme for the poor families and a National Dialysis Programme in Public Private Partnership (PPP) mode and the overall thrust of the Draft National Health Policy 2015, it is observed that there is an increasing dependence on private sector provisioning of healthcare. This might constrain the efforts towards reducing the Out of Pocket (OOP) expenditures on healthcare. The NSS 71st Round Report on Health notes that nearly 70 percent ailments were treated in the private sector and the average amount spent for treatment per hospitalised case in private hospitals was four times that of public hospitals. In the Indian context, this gives rise to the question – does the country need a system dependent more on public provisioning of healthcare or a system where provisioning of healthcare services is dominated by the private sector.

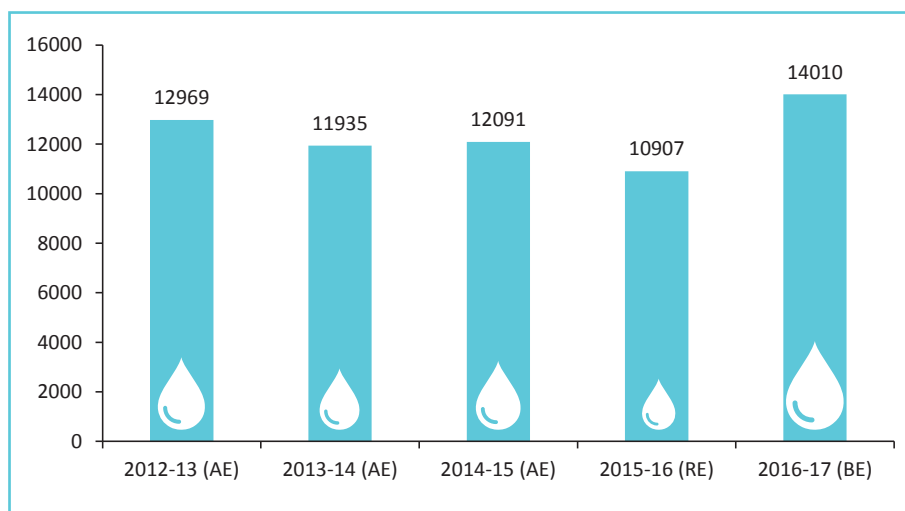


Drinking Water and Sanitation

Major Proposals:

- The total allocation for the *Swachh Bharat Abhiyan - Grameen* and Urban (G+U) is Rs. 11,300 crore with SBM (G) at Rs. 9,000 crore and SBM (U) at Rs. 2,300 crore in 2016-2017 (BE). This is a significant jump from 2015-16 (RE) wherein the overall allocation for sanitation was Rs. 7,525 crore (Table 7.2).
- For National Rural Drinking Water Programme (NRDWP), the allocation has shown a slight increase from Rs. 4,373 crore in 2015-16 (RE) to Rs. 5000 crore in 2016-17 (BE).
- In Atal Mission for Rejuvenation and Urban Transformation (AMRUT), the allocation for 2016-17 (BE) is Rs 7,296 crore which is significantly higher than 2015-16 (RE) where it was Rs. 3463.69 crore.
- The Finance Minister in his Budget Speech announced that the priority allocation from Centrally Sponsored Schemes will be made to reward villages that have become free from open defecation.
- In urban sanitation, the government has introduced ranking of urban areas in sanitation which is expected to result in constructive competition among towns and cities.
- A Swachh Bharat Cess of 0.5 percent on all taxable services has been levied from 15th November, 2015 onwards.

Figure 7.1 Budgetary Allocation for Ministry of Drinking Water and Sanitation (in Rs. Crore)



Source: Compiled by CBGA from Expenditure Budget Vol. 1 and 2, Union Budget various years, Gol

Table 7.2 Allocation for Programmes/ Schemes under Ministry of Drinking Water & Ministry of Urban Development (in Rs. Crore)

Key Programmes	2012-13 (AE)	2013-14 (AE)	2014-15 (AE)	2015-16 (BE)	2015-16 (RE)	2016-17 (BE)
National Rural Drinking Water Programme	10,490	9,691	9,190	2,503	4,373	5,000
Swachh Bharat Mission (G) / Nirmal Bharat Abhiyan	2,474	2,244	2,750	3,502	6,525	9,000
Swachh Bharat Mission (U)	0	0	0	0	1,000	2,300

Source: Compiled by CBGA from Expenditure Budget Vol. 1 and 2, Union Budget, various years, Gol

Key Observations:

- Budget 2016-17 shows the priority for sanitation, especially rural sanitation, indicating the government's will towards *Swachh Bharat*.
- The concern is whether the increased allocation in sanitation has come at the cost of decreased allocations for water supply. The NRDWP has shown a gradual decline since 2012-13 till 2016-17 (Table 7.1). The issue of water quality and sustainability persists, especially in rural areas. With many states in the country reeling under a drought crisis, the allocation for rural water could have seen higher allocations.
- In SBM (U), the unit cost of constructing a toilet is Rs.4,000 which is inadequate and thus states have supplemented the amount through their own resources. Evidences show that toilets are being constructed usually in areas which already have existing water supply connections. This leaves out a large section of the population who live in unauthorised colonies.
- Toilet construction amounts to a large part of the expenditures accounted in SBM. This should also simultaneously lead to increased usage and behavior change. Sustainability of toilets and slip-back in sanitation behaviour needs to be looked into.



Rural Development and PRIs

Major proposals and announcements in Union Budget 2016-17

- Union Budget 2016-17 has allocated Rs. 38,500 crore for MGNREGA in 2016-17.
- 300 Rurban Clusters will be developed under the Shyama Prasad Mukherjee Rurban Mission for providing infrastructure amenities and market access to farmers.
- Union Government has re-affirmed its commitment to electrify 100 percent villages by May 1, 2018. The Union Budget 2016-17 has allocated Rs. 8,500 crore for *Deendayal Upadhyaya Gram Jyoti Yojana* and Integrated Power Development Schemes.

Key Findings

- The major flagship programmes which account for bulk of the allocations in the Ministry of Rural Development (MoRD) include Indira Awaas Yojana (IAY) and National Rural Livelihood Mission (NRLM).
- The budget of MoRD has increased from Rs. 79,228.7 crore in 2015-16 (RE) to Rs. 87,765.2 crore in 2016-17, with a net increase of Rs. 8,536.5 crore.
- The budget for Department of Rural Development has increased from Rs. 77,700.35 crore in 2015-16 (RE) to Rs 86,055.80 crore in 2016-17, with an increase of Rs. 8,555 crore.
- The allocation for MNREGA has increase from Rs 34,699 crore in 2015-16 (BE) to Rs. 38,500 crore in 2016-17.

Budget Analysis and Opinion

Table 8.1: Status of Fund Allocation and Utilisation under Ministry of Rural Development (in Rs. Crore)

Year	Allocation		Expenditure	Utilisation* (in percentage figures)
	BE	RE		
2012-13	76,430	55,052	53,180.99	69.6
2013-14	80,250.5	61,863.9	61,162.2	76.2
2014-15	83,852.5	70,713.1	69,817	83.3
2015-16	73,332.6	79228.7	...	...
2016-17	87,765.2	...	...	...

Source: Compiled by CBGA from www.indiabudget.nic.in, Note on Demand, Department of Rural Development and Land Resources, Vol-II

Note: *Utilisation has been reported taking into account BE figures.

BE: Budget Estimate; RE: Revised Estimate

The data presented in Table 8.2 shows that the allocations made in the first four years as percentage of the total 12th Plan outlay have varied across different schemes. It can be seen from the table that many schemes of the MoRD was not able to make the targeted outlays approved by the 12th Plan with regard to NRLM, IAY and PMGSY. The percentage share of allocations towards these schemes have been 33.5 percent, 95.5 percent and 53 percent of the total Plan outlay respectively. Under MGNREGA, the

allocation exceeded the approved allocation in 12th Plan; the percentage share in allocations has been 103 percent of the total Plan outlay. Low utilization in NRLM is a cause of concern. One of the reasons for unspent balances is also a delay on the part of some of the state governments in recruiting the required officials for scheme implementation at different levels of governance.

Table 8.2: Union Budget Allocations (Budget Estimates) over the 12th FYP (in Rs. Crore)

Scheme	Proposed allocation in 12 th Plan	2012-13	2013-14	2014-15	2015-16 (RE)	2016-17	Allocation in as percentage of 12 th Plan outlay
MGNREGA	1,65,059	30,274.7	32,994.1	32,463.4	35,766.8	38,500.0	103
NRLM	29,006	2,195.4	1,822.1	1,255.5	1,462.6	3,000.0	33.5
IAY	59,585	7,868.8	12,983.6	11,096.2	10,004.0	15,000.0	95.5
PMGSY	1,24,013	8,387.0	13,095.0	9,959.6	15,187.7	19,000.0	53

Source: Compiled by CBGA from www.indiabudget.nic.in, Note on Demand, Department of Rural Development, Vol-II; Standing Committee on Rural Development, 2014-2015 (www.loksabha.nic.in)

The Union Government has pegged the allocation towards MGNREGA in the Union Budget 2016-17 as the highest ever (in terms of actual expenditures in the previous years). However, Rs. 40,100 crore was allocated to MGNREGA in 2010-11 and the level of fund utilisation too was very high that year. If we take that as some kind of a benchmark for the adequacy of outlays for MGNREGA, the allocation for the programme in 2016-17 should have been significantly higher taking into account inflation over the years. The rate of inflation as per Consumer Price Index - Rural Labourers (CPI-RL) has been: 9.9 percent in 2010-11, 8.3 percent in 2011-12, 10.1 percent in 2012-13, 11.6 percent in 2013-14 and 6.7 percent in 2014-15. Therefore, an outlay of Rs. 38,500 crore in 2016-17 would be much less in real terms as compared to that of Rs. 40,100 crore in 2010-11.



Agriculture

Major Proposals:

- Government's thrust would be to 'reorient its interventions in the farm and non-farm sectors to double the income of the farmers by 2022'.
- Additional allocation of Rs. 500 crore set as incentives, to be given for enhancement of pulses production under the National Food Security Mission. The number of districts to be covered has been increased to 622.
- Rs. 5,500 crore allocated to *Pradhan Mantri Fasal Bima Yojana* (PMFBY) in 2016-17 BE, an upward revision from Rs. 2,955 crore in 2015-16 RE.
- Under Animal Husbandry, Dairying and Fisheries department, four new projects have been proposed. These are '*Pashudhan Sanjivani*', an animal wellness programme and provision of Animal Health Cards -*Nakul Swasthya Patra*, Advanced breeding technology, Creation of '*E-Pashudhan Haat*', and National Genomic Centre for indigenous breeds, with an allocation of Rs. 850 crore in 2016-17 BE.
- There is a proposal of Cess (*Krishi Kalyan Cess*) at 0.5 percent on all taxable services, which would be exclusively used for financing initiatives relating to improvement of agriculture and welfare of farmers. Further, there would be another 7.5 percent surcharge of the undisclosed income to be called as *Krishi Kalyan* surcharge and will be used for agriculture and rural economy.
- A dedicated Long Term Irrigation Fund will be created in NABARD with an initial corpus of about Rs. 20,000 crore for which a total provision of Rs. 12,517 crore has been made through budgetary support.

Will these proposals address concerns of the Farming Community?

Given the stress that the rural economy is facing today, the budget proposed for the farming community seems inadequate. The Budget Speech promises 'income security' to farmers, which will be doubled in next five years. However, there is no such major announcements which would facilitate farmers income security, apart from PMFBY and a dedicated Long Term Irrigation Fund. The PMFBY is being projected as a major programme to cover crop loss to the farmers through insurance. Though the allocations to the scheme have been increased for subsidizing premiums, the allocation should have been higher than what is proposed in the current budget in order to cover more farmers.

The benefit of interest subvention only accrues to a few farmers, those, who have access to formal sources of credit. As tenant farmers and sharecroppers are excluded from bank loans, interest subvention won't help these farmers. In fact the allocation of Rs.15,000 crore in 2016-17 BE, as interest subvention, is only a marginal increase over last year's allocation of Rs.13,000 crore.

The allocation for RKVY this year increased marginally over the previous year. However, due to change in fund sharing pattern, it is expected that the states' would contribute the matching share (40 percent) towards the programme.

The present level of budget allocation for the sector might only be able to address the symptoms, not the root causes of the distress in agriculture sector.

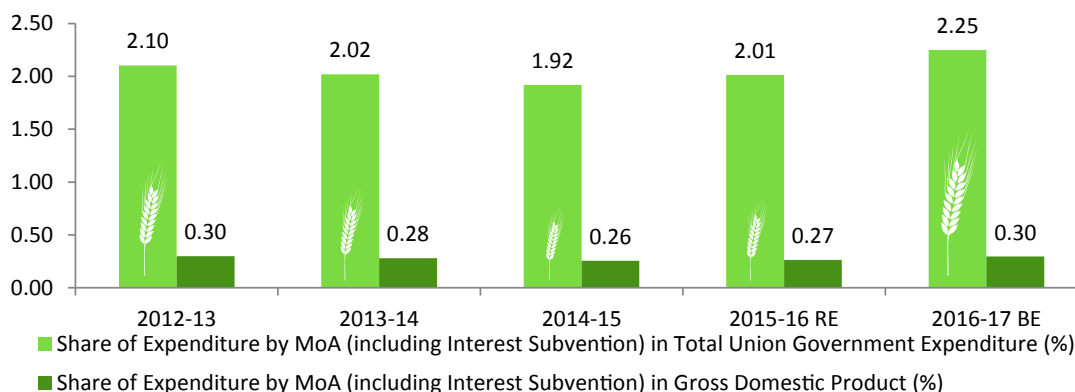
Table-9.1: Budgetary Resources for Ministry of Agriculture and Farmers' Welfare (including Interest Subvention) (in Rs.crore)

	2012-13	2013-14	2014-15	2015-16 RE	2016-17 BE
Department of Agriculture, Cooperation and Farmers Welfare *	17,953	18,923	19,255	15,809	35,984
Department of Animal Husbandry, Dairying and Fisheries	1,792	1,826	1,822	1,563	1,882
Department of Agricultural Research and Education	4,510	4,731	4,840	5,586	6,620
Total Expenditure under MoA (Rs. in Crore)	24,255	25,479	25,917	22,958	29,486
Interest Subvention for Providing Short Term Credit to Farmers **	5,400	6,000	6,000	13,000	15,000
Total Expenditure under MoA including Interest Subvention (Rs. in Crore)	29,655	31,479	31,917	35,958	44,486

Note: *This doesn't include interest subvention for providing short term credit to farmers until 2015-16 RE; ** The allocations for the interest subvention for providing short term credit to farmers were reported under the Department of Financial Services within the Ministry of Finance, however Rs. 15000 crore is now (in 2016-17 BE) reported in Department of Agriculture, Cooperation and Farmers' Welfare.

Source: Compiled by CBGA from Union Budget documents, various years

Figure-9.1: Share of Expenditure by MoA (including interest subvention) in Total Union Government Expenditure and GDP (in %)



Source: Compiled by CBGA from Union Budget documents, various years

Table- 9.2: Allocation / Spending for Major Schemes under the Ministry of Agriculture and Farmers' Welfare (Rs. in Crore)

Schemes	2014-15	2015-16 BE	2015-16 RE	2016-17 BE
<i>Pradhan Mantri Fasal Bima Yojana*</i>	2,598	2,589	2,955	5,501
<i>Rashtriya Krishi Vikas Yojana</i>	8,443	4,500	3,900	5,400
<i>Krishonnati Yojana (In which)</i>	9,823	9,056	8,884	7,580
National Food Security Mission (NFSM)	1,873	1,300	1,137	1,706
<i>Paramparagat Krishi Vikas Yojana</i>	NA	300	250	297
<i>Pradhan Mantri Krishi Sinchai Yojana</i>	NA	1,800	1,550	2,340
<i>Pradhan Mantri Krishi Sinchai Yojana **</i>	2,319	3,530	6,040	3,427

Note: * Pradhan Mantri Fasal Bima Yojana includes existing National Agriculture Insurance Scheme (NAIS), Weather-based crop insurance scheme, Modified National Agricultural Insurance Scheme (MNAIS) being implemented through Agriculture Insurance Corporation and Coconut Palm Insurance Scheme; ** These are provisioned under Department of Land Resources and Ministry of Water Resources, River Development and Ganga Rejuvenation; NA-Not Applicable.

Source: Compiled by CBGA from Union Budget documents, various years.



Food Security

The Union Budget outlay for Food Subsidy has declined by Rs. 4,584 crore in 2016-17 BE (Rs. 1.34 lakh crore) compared to 2015-16 RE (Rs. 1.39 lakh crore). There was a sizable amount of unpaid food subsidy to the Food Corporation of India (FCI) in 2014-15; FCI's claim amounted to Rs. 1.05 lakh crore, however, Rs. 91,995 crore (including Rs. 30,000 crore pertaining to earlier years) was released. Thus, the unpaid amount for 2014-15 works out to a staggering Rs. 43,021 crore, which raises concerns with regard to the mounting dues to be covered in the current year.

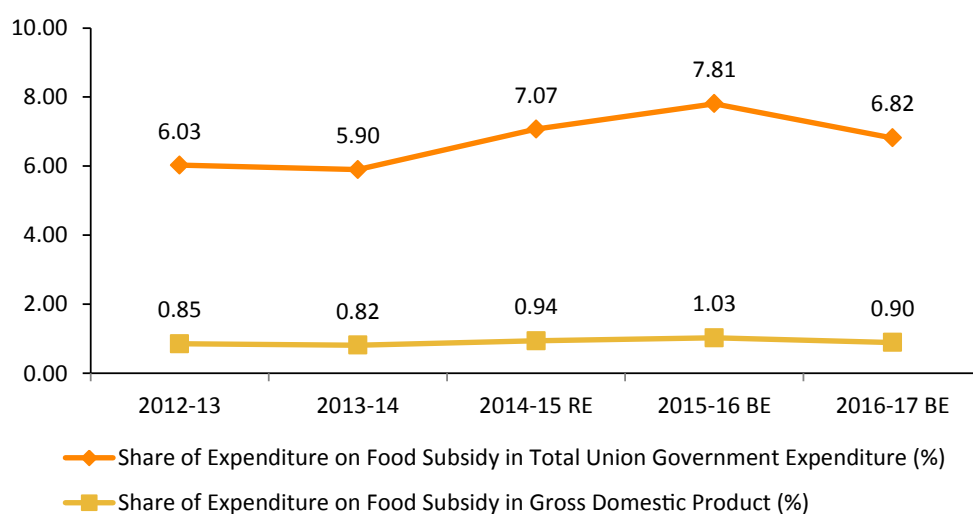
The States are likely to be encouraged to take up decentralised procurement with the announcement of an online Procurement System through the FCI in this budget. Storage capacity of 97 lakh MT has been added to the central pool stock in the current year, which could help address the issue of rotting of foodgrains.

Table 10.1: Allocation for Major Subsidies in the Union Budget (in Rs. crore)

Sl. N	Items	2012-13 Actuals	2013-14 Actuals	2014-15 Actuals	2015-16 RE	2016-17 BE
1	Food Subsidy	85,000	92,000	1,17,671	1,39,419	1,34,835
2	Fertiliser Subsidy	65,613	67,339	71,076	72,438	70,000
3	Petroleum Subsidy	96,880	8,5378	60,269	30,000	26,947
4	Interest Subsidies	7,270	8,137	7,632	13,808	15,523
5	Other Subsidies	2,316	1,778	1,610	2,136	3,128
6	Total Subsidies (1+2+3+4+5)	2,57,079	2,54,632	2,58,258	2,57,801	2,50,433

Source: Compiled by CBGA from Union Budget documents, various years

Figure 10.1: Share of Food Subsidy in Total Union Budget and GDP since 2012-13 (%)



Source: Compiled by CBGA from Union Budget documents, various years

Nutrition



The economic strides made by the country in the recent past have scarcely translated into nutritional attainments of women and children. A majority of children (almost 30 percent of children under 5 years of age as per RSOC 2013-14) fail to achieve the height of a normal well-nourished child. In his budget presentation in 2014-15, the Union Finance Minister had stated that “a national programme in Mission Mode is urgently required to halt the deteriorating malnutrition situation in India, as present interventions are not adequate. A comprehensive strategy including detailed methodology, costing, time lines and monitorable targets will be put in place within six months”. The programme was eagerly awaited and now two years later there is no emphasis on the same. In the process of rationalisation of CSS, a number of schemes have been merged with larger schemes and umbrella programmes have been formed. SABLA, IGMSY, RGNCSW, NNM and ICDS have been clubbed as ‘Umbrella ICDS.’ The budget outlays in 2016-17 for these schemes together (Rs. 15,872.9 crore) are comparable to the spending on ICDS alone in the previous year (Rs. 15,584.2 crore for ICDS and Rs. 16,425.2 crore for all these schemes together).

It has long been identified that maternal health and initial 1,000 days of a child are crucial for his/her physical and cognitive development. Economic survey recognises that “events which occur while a child is in utero (in the womb) or very young (below the age of 2) cast a long shadow over cognitive development and health status even in adulthood.” It even suggested that investing in early-life is a real opportunity for fiscal and capacity-constrained governments as the cost of investment are relatively low as compared to investing in older children and also returns in terms of cognitive development are high. Yet, the Union Budget outlays for nutrition specific interventions have not been prioritised; whether the state governments will step up the allocations for such interventions from their own budgets is something that cannot be assured.

Post-restructuring of schemes and changes in the country’s fiscal architecture, state governments now have to contribute a greater share of the funds (as compared to their matching shares earlier) in many social sector schemes. In this context, however, the Union Government needs to take cognisance of the persistence of social and regional divide of undernutrition in the country. For instance, from the recently released data of NFHS-4, it may be observed that while almost every second child below 5-years of age in Bihar is stunted, the corresponding figure for Goa is one in five children. Similarly, though Madhya Pradesh has done well to reduce the percentage of underweight children (from 60 percent in NFHS-3 to 42.8 percent in NFHS-4) in the last decade, yet more than 42 percent children in the state are underweight, compared to 14.2 percent for Sikkim and 23.8 percent for Goa and Tamil Nadu. Likewise, when we compare the extent of stunting among children under-5 years of age belonging to Scheduled Castes and Scheduled Tribes with other groups, they continue to remain the most undernourished group in the country. The Union Government could play a crucial role in addressing these regional and social disparities by investing more in areas (and for sections of population) that are lagging behind and developing a framework for those in remote and inaccessible areas.

Table 11.1: Union Budget allocations for schemes that have an impact on Nutrition (Rs. in Crore)

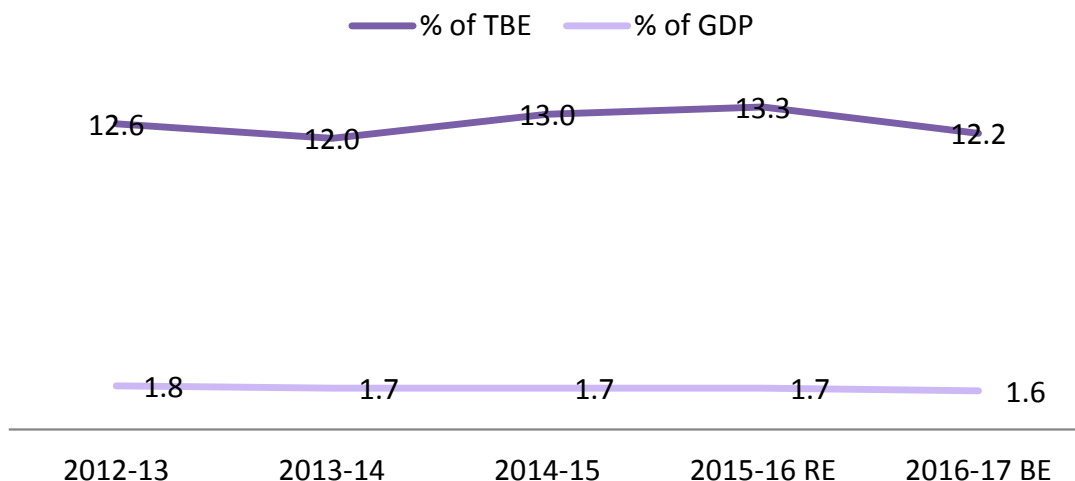
Schemes	2012-13	2013-14	2014-15	2015-16 RE	2016-17 BE
Nutrition-Specific Schemes					
Integrated Child Development Services Scheme (ICDS)	15,767.2	16,400.8	16,683.6	15,584.2	14,862.9
Mid-day Meal (MDM)	10,761.4	10,917.6	10,523.5	9,236.4	9,700
Scheme for Empowerment of Adolescent Girls (SABLA)	503.6	603.0	622.4	475.5	460.0

Schemes	2012-13	2013-14	2014-15	2015-16 RE	2016-17 BE
Indira Gandhi Matritva Sahayog Yojana (IGMSY)	82.1	231.9	343.1	233.5	400.0
National Creche Scheme for Children of Working Mothers (RGNCSCWM)	106.0	100.0	97.7	132.0	150.0
Total Nutrition-Specific Schemes	27,220.3	28,253.3	28,270.4	25,661.6	25,572.9
Nutrition-Sensitive Schemes					
National Health Mission (NHM)	18,046.7	18,633.8	19,751.5	19,122.0	19,037.0
National Rural Drinking Water Programme (NRDWP)	10,489.9	9,691.3	9,242.8	4,373.0	5,000.0
Swachh Bharat Mission (SBM) (Rural + Urban)	2,473.5	2,243.5	3,700.5	7,525.0	1,1300.0
Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA)	30,273.0	32,994.1	32,976.7	36,967.0	38,500.0
National Rural Livelihood Mission (NRLM)	2,195.4	2,022.1	1,413.2	2,672.0	3,000.0
Food Subsidy	85,000.0	92,000.0	1,17,671.2	1,39,419.0	1,34,834.6
National Food Security Mission (NFSM)	1,722.9	2,027.0	1,872.7	1,136.6	1,705.9
NMSA (National Mission for Sustainable Agriculture)	0.0	0.0	1,268.4	203.2	1,101.0
NMOOP (National Mission for Oilseeds and Oilpalm)	398.5	0.0	316.3	269.0	502.7
Total Nutrition-Sensitive Schemes	1,50,599.9	1,59,611.9	1,88,213.3	2,11,686.9	2,14,981.2
Total Nutrition	1,77,820.2	1,87,865.1	2,16,483.6	2,37,348.4	2,40,554.1

Source: Union Budget Documents, various years.

Note: From 2016-17 core ICDS, National Nutrition Mission (NNM), IGMSY, SABLA and RGNCSCWM have been clubbed together as 'Umbrella ICDS.' The allocations for NNM are included in ICDS budget.

Figure 11.1: Union Government Expenditure/Outlays for Schemes impacting Nutrition as Percentage of Total Budget Expenditure (TBE) and of GDP



Note: Schemes related to nutrition include both nutrition-specific and nutrition-sensitive schemes. See Table 1 for details.

Climate Change



Major Proposals and Announcements in Union Budget 2016-17

- The 'Clean Energy Cess' levied on coal, lignite and peat would be renamed 'Clean Environment Cess' and increase its rate from Rs. 200 per tonne to Rs. 400 per tonne.
- Budgetary Allocation of up to Rs. 3000 crore per annum for Nuclear Power as Clean Source of Energy.
- The customs and excise duty concessions on specified parts of eco-friendly electric vehicles and hybrid vehicles are being extended for unlimited time.
- Credit of input services on transport of goods in containers by rail at a reduced abatement rate of 60 percent is being allowed, with effect from April 1, 2016 with 5.6 percent as input service credit as a measure of clean environment initiative.
- A levy of an infrastructure cess of 1 percent has been announced on small petrol, LPG, CNG cars, 2.5 percent on diesel cars of certain capacity, and 4 percent on other higher engine capacity vehicles and SUVs as a measure to avoid traffic congestion and air pollution.
- Commitment to achieve 100 percent village electrification by May 1, 2018. Rs. 8,500 crore has been provided for Deendayal Upadhyaya Gram Jyoti Yojana and Integrated Power Development Schemes.
- Rs. 2,000 crore have been allocated for an LPG connection scheme to poor households as a measure to reduce the drudgery of cooking and for providing a clean and healthy environment to women

Key Findings

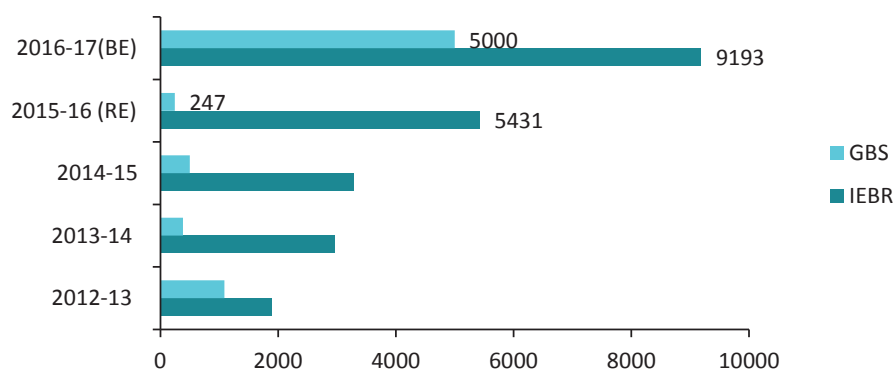
- There is quantum increase in gross budgetary support for MNRE in 2016-17 (RE) of Rs. 5000 crore in comparison to 2015-16 (RE) of Rs. 247 crore.
- Increase in allocation for the Scheme of Off Grid / Distributed and Decentralised Renewable Power with allocation of Rs. 983 crore in 2016-17 (BE) in comparison to Rs. 97 crore in 2015-16 (RE).
- There is no announcement of proposals and mechanisms to accelerate the utilisation of collected clean energy cess over the years. There has been a short transfer of Rs. 8,418 crore of coal cess to National Clean Energy Fund in 2015-16 (BE).

Budget Analysis and Opinion

12.1 Budgetary Allocations for Nodal Ministry of Clean Energy, Ministry of New and Renewable Energy (MNRE)

Considering the country's commitments on the subject of climate change at COP21 Paris and the inherent benefits of renewable energy, the focus of Union Budget 2016-17 rightly continued on this space. There is a significant increase in Gross Budgetary Support for MNRE as Rs. 5,000 crore in comparisons to Rs. 247 crore in 2015-16 (RE). (see Figure 12.1)

Figure 12.1: Budgetary Allocation for MNRE (In Rs. Crore)

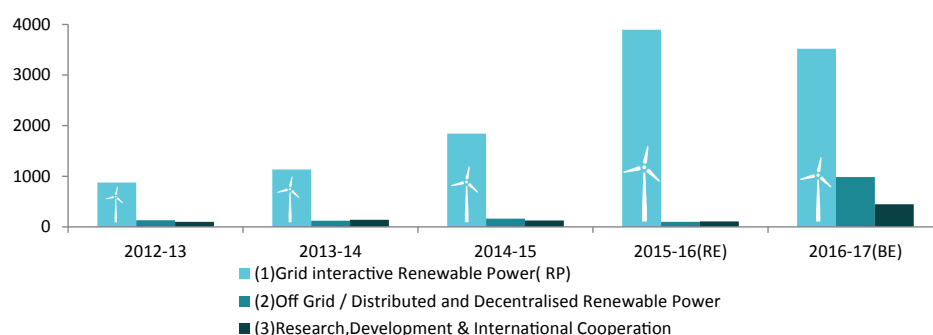


Source: Compiled by CBGA from Expenditure Budget Vol. 1 and 2, Union Budget various years, Gol
GBS = Gross Budgetary Support; IEBR= Internal & Extra Budgetary Resources

12.2 Allocation of Schemes and Programme under MNRE

The Union Budget 2016-17 announced restructuring in schemes and programmes of MNRE. The new schemes have considered capacity addition for transmission and distribution of renewable energy and promotion of off-grid and decentralised renewable power for rural and urban applications. There is increase in allocation for Scheme of Off Grid / Distributed and Decentralised Renewable Power as a measure to promote rural and urban application of renewable energy. (see Figure 12.2)

Figure 12.2 Budgetary allocation for Schemes / Programmes of MNRE (In Rs. crore)



Source: Compiled by CBGA from Expenditure Budgets (Vol-II) of various years. Note: (i) Figures include funds made available from National Clean Energy Fund; (ii) Earlier Scheme of Renewable Power and Distributed Renewable Power subsumed in Grid Interactive Renewable Power, Schemes of renewable energy for Rural Application & renewable energy for Urban and Industrial Application subsumed in Off Grid / Distributed and Decentralised Renewable Power and Scheme of R&D in renewable energy subsumed in R&D and International Cooperation.

12.3 Under-utilisation of National Clean Energy Fund

The Comptroller and Auditor General of India (CAG) in its recent performance review report of Renewable Energy pointed towards poor utilisation of National Clean Energy Fund.¹ Though increasing the coal cess to Rs. 400 per tonne is a welcome step for ramping up financial resources, there is a need for the introduction of mechanisms for proper utilisation of the existing pool of coal cess. (see Table 12.1)

Table 12.1: Under-Utilisation of National Clean Energy Fund (NCEF)

Budget Year	Tax Revenue from Clean Energy Cess*	Transfer to NCEF#
2012-13	3,053.2	1,500
2013-14	3,471.9	1,650
2014-15 BE	6,857.5	4,700
2014-15 RE	6,217.6	4,700
2015-16 BE	13,118	4,700
2015-16 RE	12,623	100
2016-17 BE	26,148	--

Source:* Receipt Budget of Various Years, Tax Revenue, Union Excise Duties, Clean Energy Cess

#Department of Economic Affairs, Ministry of Finance, Union Budget of Various Years

The Union Budget 2016-17 has provided an impetus of Rs. 5,000 crore as GBS to MNRE. There have, however, been some missed opportunities, especially in addressing some of the most fundamental problems plaguing the sector. Some concerns which can be addressed in the budget are: skill development of local youth in remote areas for operation and maintenance of installed RE technologies and budget allocation for monitoring and evaluation of the commissioned RE projects to the state nodal agencies for RE. It remains to be seen whether the restructuring of schemes and programmes meets the commitment expressed by the government towards growth of renewable energy.

¹ Report No. 34 of 2015 - Performance Audit on Renewable Energy Sector in India Union Government, Ministry of New and Renewable Energy



Key Announcements and Proposals

- The total magnitude of funds reported in the Gender Budget Statement in 2016-17 (BE) is Rs. 90,625 crore, while the allocations for the Ministry of Women and Child Development are Rs. 17,408 crore.
- Rs. 2,000 crore has been earmarked for ensuring cooking gas connections to BPL families, supported by a government subsidy. The connection will be provided in the name of women members of the households. It is expected to benefit 1.5 crore households in 2016-17.
- 'Stand Up India' Scheme with an allocation of Rs. 500 crore has been introduced to promote entrepreneurship among Scheduled Castes, Scheduled Tribes and women.

Table 13.1 Outlays for Ministry of Women and Child Development (in Rs. Crore)

S. No.		2012-13	2013-14	2014-15	2015-16	2016-17
					RE	BE
Total allocations for Ministry of Women and Child Development		17,036	18,037	18,540	17,352	17,408
Allocations to Some Key Schemes						
i	ICDS	15,768	16,401	16,684	15,587	14,863
ii	Indira Gandhi Matritva Sahyog Yojana	82	232	343	234	400
iii	SABLA	504	602	622	476	460
iv	Rajiv Gandhi National Creche Scheme for Children of Working Mothers	106	100	98	132	150
v	Umbrella ICDS (i+ii+iii+iv)	16,459	17,188	17,747	16,428	15,873
vi	Beti Bachao Beti Padhao#			35	73	100
vii	Protection and Empowerment of Women**	86	110	68	127	313
viii	One Stop Centre	0	0	0	0	75
ix	Women's Helpline	0	0	0	1	25
x	Other Schemes					400
xi	Schemes funded from Nirbhaya Fund* (viii+ix+x)	0	0	0	0	500

Note: As per the recommendations of the Report of the Sub Group of Chief Ministers on Rationalisation of Centrally Sponsored Schemes, ICDS has been restructured into an umbrella programme to include IGMSY, SABLA, Rajiv Gandhi National Crèche Scheme in 2016-17. For the sake of comparability, the allocations to the Umbrella ICDS scheme have been calculated for the previous years

Scheme was introduced in 2014-15

** Includes National Empowerment of Empowerment of Women, Swadhar Greh, Ujjwala, Working Women Hostel, Gender Budgeting, STEP, Research and Monitoring, Information and Mass Education. Allocations for the last two schemes are not available for the years preceding 2016-17

* In 2016-17, allocations to some schemes of MWCD are being met from Nirbhaya Fund.

Source: Compiled by CBGA from Union Budget Documents, various years

Allocations for Ministry of Women and Child Development

The allocations to ICDS in 2016-17, which comprises bulk of the spending by Ministry of Women and Child Development (MWCD), are lower than the allocations in the last few years. Keeping in mind that the fund sharing pattern between the Centre and States has been modified from 75:25 to 60:40,

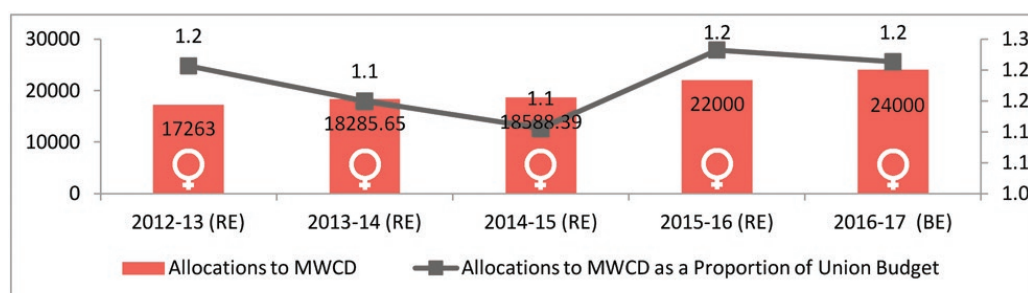
it remains to be seen whether the overall public spending on ICDS would be adequate to meet the requirements, depending on the allocations made to the scheme by states. Allocations to *Indira Gandhi Matritva Yojana* (IGMSY) indicate that the scheme will continue to be implemented in a pilot phase. The allocations to the scheme are not adequate to cover all pregnant and lactating women, as mandated by the National Food Security Act, 2013. Likewise, the allocations to SABLA also indicate that the scheme will continue to be implemented in a pilot phase.

The Scheme for Protection and Empowerment of Women, an umbrella scheme covering eight schemes has increased allocations in 2016-17 (BE) over 2015-16 (RE). However, in view of the number of schemes under it and the nature of some of these schemes, this allocation does not seem adequate to ensure quality and coverage of services under these schemes.

What does Gender Budget Statement 2016-17 reveal?

The total magnitude of the Gender Budget Statement (GBS) is Rs. 90,625 crore in 2016-17 (BE), showing an increase from Rs 79,258 crore in 2015-16 (RE). A total of 31 ministries/departments have reported in the GBS in 2016-17, as compared to 34 ministries/departments in 2015-16. The increase in the allocations in Part A of the GBS, as depicted in Figure 13.1 is primarily on account of increase in the allocations reported under *Indira Awas Yojana (IAY)*. However, reporting the total budget outlay for IAY in the GBS is questionable, since it is not a scheme benefiting women alone.

Figure 13.1 Outlays in Part A of Gender Budget Statement



Note: Part A of the GBS presents allocations to schemes meant exclusively for women. The allocations in Part B of the GBS are Rs.59233.6 crore in 2012-13 (RE), Rs. 61210.3 crore in 2013-14 (RE), Rs. 64556.7 crore in 2014-15(RE), Rs. 69860.7 Crore in 2015-16 (RE), and Rs. 73,212 crore in 2016-17 (BE). However, due to methodological flaws in the reporting by some Ministries in Part B of the GBS, the figure above only presents allocations in Part A as a proportion of the Union Budget.

Source: Compiled by CBGA from Union Budget documents, various years

The allocations in Part B of the GBS have increased marginally from Rs. 69,861 core in 2015-16 (RE) to Rs. 73,212 crore in 2016-17 (BE). There has not been any significant revision in the methodology followed for reporting in Part B of GBS (where ministries have to report those proportions of the outlays for their schemes that are benefitting women); most ministries/departments continue to follow an ex-post approach, whereby allocations in GBS are reported, once the scheme allocations have already been made.

Utilisation of *Nirbhaya* Fund

The *Nirbhaya* Fund, introduced in Union Budget 2013-14, has a total corpus of Rs. 3,000 crore. The Fund remained un-utilised in the first two years. A Scheme for Safety of Women in Public Road Transport was allocated Rs.653 crore in 2015-16 (BE) but Revised Estimates reflect that it hasn't been utilised. An amount of Rs. 150 crores is reflecting as Revised Estimates in the Budget of Ministry of Home Affairs for Schemes meant of Women's Safety. Additionally, as reflected in 2016-17 (BE), schemes of Ministry of Women and Child Development amounting Rs. 500 crore will be met from the Fund this year.

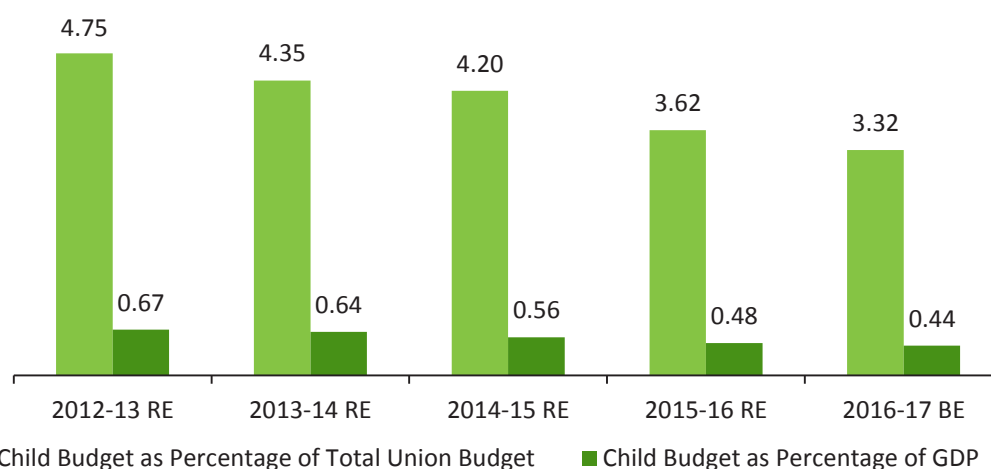
Children



Highlights

- No new announcements specific to children have been made in the Budget Speech.
- As regards the total outlay for child focused schemes (i.e. the budget for children), a small increase of Rs. 1,123 crore has been made in 2016-17 (BE) as compared to 2015-16 (RE).
- Education accounts for a high share in the budget for children, with child health and child protection schemes continuing to get low allocations.

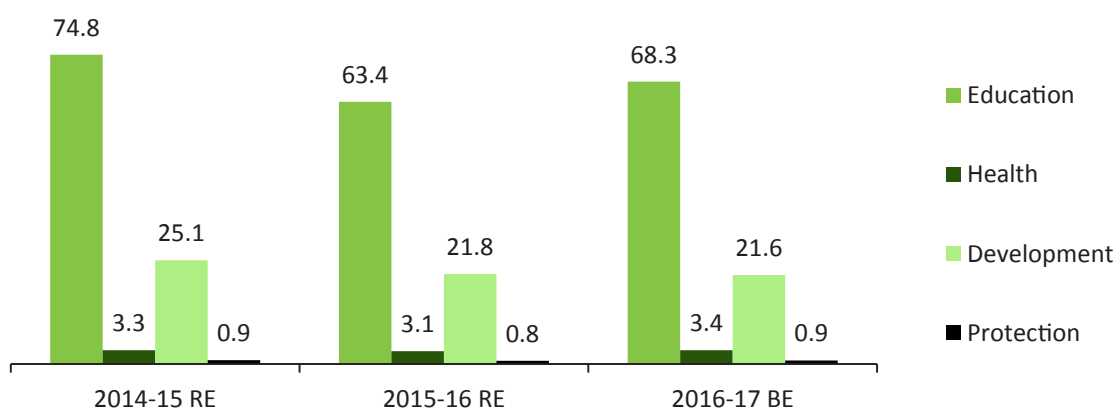
Figure 14.1: Total Budgetary Spending on Child Focused Schemes (in percent)



Note: BE-Budget Estimates, RE-Revised Estimates, GDP figures are at current market price (2011-12 series, 2nd RE)
Source: Compiled by CBGA from Union Budget documents, various years

Children constitute about 39 percent of the total population of the country, yet government spending on child focused schemes has not been given a high priority over the last several years now. In the latest Union Budget, although the total quantum of allocations for child focused schemes has increased in absolute figures, its share in the total Union Budget has registered a decline from 3.62 percent in 2016-17 (BE) to 3.32 percent 2015-16 (RE).

Figure 14.2 Sector Wise Composition of Total Child Budget (in percent)



Source: Compiled by CBGA from Union Budget document, various years

Education schemes for children have a higher share in the total budget for children this year, as has been the case since last several years. However, with regard to education, there is a need for provisioning of adequate resources for factors like teacher recruitment, teacher training, monitoring, and training and empowerment of school management committees so as to improve quality of education in government schools. Early childhood care and education, which prepares children for the formal schooling system, also deserves a lot more attention from the government.

In India, about 48 percent children under five years were stunted during 2005-06 (NFHS-3). This figure declined to 38.8 percent in 2013 (RSOC, 2013). Given that stunting is an indicator of long term deprivation, targeted interventions by the government need to be put in place to improve the nutritional outcomes among children. Union Budget 2016-17 has not provided much of an increase in the health budget for children. With increased devolution to states under the 14th Finance Commission (FFC) recommendations, it is expected that the states give priority to better health facilities for children in their respective budgets.

Table 14.1 Budgetary Allocation under Select Schemes for the Welfare of Children (in Rs. Crore)

Sector	Schemes	2012-13 RE	2013-14 RE	2014-15 RE	2015-16 RE	2016-17 BE
Education	SSA	25,555	26,608	24,330	22,015	22,500
	MDM	11,500	12,189	11,051	9,236	9,700
Development	ICDS	15,850	16,312	16,562	15,584	14,863
	National Nutrition Mission	83	200	20	65	360
Protection	NCPCR	11	13	14	11	19
	ICPS	273	270	450	402	397

Note: ICDS allocation for 2016-17 (BE) includes allocation for ICDS Core and not for ICDS- Umbrella scheme

Source: compiled by CBGA from Union Budget document, various years

In Union Budget 2016-17, schemes like *Indira Gandhi Matritava Sahyog Yojana* (IGMSY), scheme for empowerment of adolescent girls (SABLA) and Rajiv Gandhi National Crèche Scheme for Children of Working Mothers have been included under the Umbrella ICDS. Although the budget for the umbrella ICDS has increased, the budget allocation for core ICDS has fallen from Rs. 15584 crore in 2015-16 (RE) to Rs. 14863 crore in 2016-17 (BE). Addressing the challenges in ICDS like, the vacancies in Anganwadi Centres, delays in disbursement of salaries of frontline workers, and weak infrastructural facilities would require a significant enhancement in the overall pool of resources for the programme.

Beti Bachao Beti Padhao Yojana, a joint initiative of Ministry of Women and Child Development, Ministry of Health and Family Welfare and Ministry of Human Resource Development, which focuses on protection and education of the girl child, has not seen any increase in the budget allocation this year.

In recent years, increase in juvenile crime rates has been a matter of grave concern and one of the most intensely debated issues. According to National Crime Record Bureau (NCRB), both crime against children and criminal activity by juveniles are on a rise. Schemes like Integrated Child Protection Scheme (ICPS) have an important objective of providing a safe and secure environment for comprehensive development of children in need of care and protection, children in conflict with law and other vulnerable children. Schemes providing protection to children have a miniscule share in the total budget for children and the Union Budget this year has not been able to maintain the allocations for these schemes as compared to the previous year.

Dalits



Major Announcements in Budget 2016-17

Focus on Entrepreneurial development of *Dalits* through:

- ‘Stand Up India Scheme’ with an outlay of Rs. 500 crore in 2016-17 (BE); the Scheme will facilitate at least two projects per bank branch, and is expected to benefit at least 2.5 lakh entrepreneurs.
- Proposal to set up National Scheduled Caste and Scheduled Tribe Hub in the Micro Small and Medium Enterprises Ministry in partnership with industry associations.

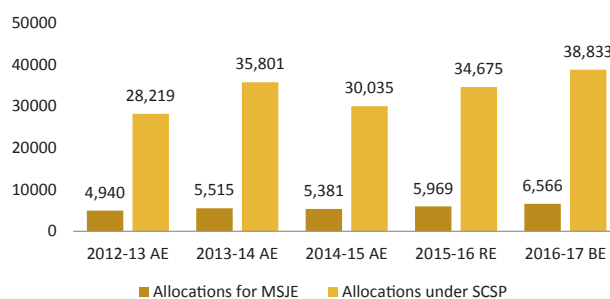
The year 2016-17 is the last year of the 12th Five Year Plan, which began with the ambitious vision of “Faster, More Inclusive and Sustainable Growth”. While inclusion was one of the pillars of both the 11th as well as the 12th Five Year Plans, the achievement of this objective still remains an elusive goal. *Dalits* continue to remain on the fringes of society, facing discrimination, unequal opportunities and restricted access to essential services.

The recent changes in the fiscal landscape of the country have had marked implications on government’s interventions for promoting development of *Dalits*. The recommendations of the 14th Finance Commission, changes in the fund sharing pattern of Centrally Sponsored Schemes (CSS), and the proposal to discontinue the distinction between the Plan and Non Plan expenditure from next year are crucial in this regard.

Budgetary Outlays for *Dalits*

The budgetary outlays for *Dalits* were fully protected in the restructuring of the last Union Budget and the schemes for their development form the “Core of the Core” group of schemes, as per the recommendations of the NITI Aayog Sub Group of Chief Ministers on Restructuring of CSS. Consequently, the budgetary outlays for the Ministry of Social Justice and Empowerment (MSJE) have been protected in the Union Budget 2016-17 (See figure 15.1). However, the ministry’s outlays have seen only a marginal increase of Rs. 40 crore over 2015-16 (BE). The ministry had asked for a higher allocation even in the last fiscal, stating that they needed additional funds under certain schemes to increase the coverage of their schemes, due to revised cost norms etc. Not only was the allocation in 2015-16 (BE) lesser than the demand made by the ministry (Standing Committee Report, Lok Sabha, 2015), the demand remains unmet even in this budget.

Figure 15.1: Budgetary Outlays for *Dalits* (in Rs. Crore)



Source: Compiled by CBGA from Union Budget

Note: The SCSP has not been computed as a proportion of the Central Plan Outlay due to lack of clarity regarding what part of the Plan budget is being given to the States as fully untied funds, over which SCSP will not be applicable. Unless there is clarity on this, it is not possible to assess what proportion of plan outlay should be taken as denominator for computing the proportion of SCSP. The allocations under SCSP include the allocations made by MSJE under various schemes for *Dalits*.

At the same time the outlays in the Scheduled Caste Sub Plan (SCSP) have also witnessed a steep decline since 2014-15 (BE) when it was around Rs. 43,000 crore. This is primarily owing to (i) overall decline on the Union Government's Plan outlays on social sector schemes, and (ii) Reduced share of the Union Government in majority of CSS which are reported in SCSP.

Fund Utilisation Remains an Issue

Underutilisation of funds is a major concern for the schemes under MSJE, which is also one of the reasons cited by the government for not increasing the allocations for the ministry (see table 15.1). The MSJE noted that the primary reason for underutilisation is the late submission of proposals by the states. This is an issue that the ministry has been pursuing with the states. However, in the process, implementation of some important schemes like elimination of manual scavenging, *Pradhan Mantri Gram Adarsh Yojana* etc. is getting adversely affected.

Table 15.1: Budgetary Outlays for Major Schemes under MSJE (In Rs. Crore)

Major schemes	2012-13 AE	2013-14 AE	2014-15 AE	2015-16 RE	2016-17 BE
Schemes for Educational Development of SCs	2,648.5	2,815.8	2,669.5	3,050.1	3,646.8
Pradhan Mantri Adarsh Gram Yojana	0	0	30	200	90
Strengthening of Machinery for Enforcement of PCR Act 1995 and PoA Act 1989	97.5	127.7	147.4	120.8	150
Self-Employment Scheme for Rehabilitation of Manual Scavengers	20	35	0	5.01	9
SCA to SCSP	872.0	790.3	700	783.3	748
Interventions for Entrepreneurial Development of SCs	0	0	662	247.8	255.2
Other programmes	14.9	27.1	19.0	50	198.6

Source: Compiled by CBGA from Union Budget

Note: Schemes have been clubbed together under broad heads as per the restructuring in Union Budget 2016-17.

The Policy Framework for Scheduled Caste Sub Plan (SCSP) 2017-18 onwards

It has been announced that from the next fiscal, the distinction between the Plan and Non Plan expenditure would be discontinued in the Union Budget. Given that SCSP is applicable only to the Plan budget, there arise questions regarding whether, and how, the SCSP would be continued from the next year. One possible solution might be to explore the option of making SCSP applicable over the entire budget of various ministries. This could be done on the lines of differential earmarking as suggested by the Narendra Jadhav Committee Report in 2011. While carrying out this exercise, the focus should be on needs-based planning and thereby reporting, instead of merely meeting a stipulated norm not based on the actual understanding of the challenges confronting *Dalits* in various sectors. While designing the revised earmarking arrangements, it is imperative to engage with a range of stakeholders like civil society, sectoral experts etc. Additionally, in the absence of a monitoring mechanism, some serious thinking needs to go into how this strategy would be implemented in the coming years.

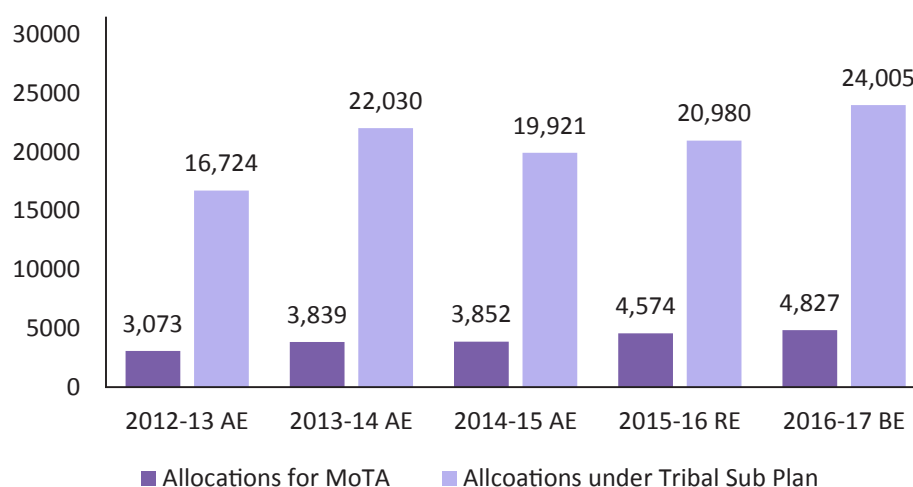
Major Announcements in Union Budget 2016-17

Focus on economic development of *Adivasis* through promotion of small and medium entrepreneurs and promotion of start-ups. The same will be attained through:

- (i) Stand Up India Scheme with an outlay of Rs. 500 crore. It is expected to benefit at least 2.5 lakh entrepreneurs;
- (ii) through creation of a hub at the Ministry of Micro Small and Medium Enterprises in partnership with industry associations.

The recent changes in the fiscal architecture have had marked implications for the interventions by the government for the development of *Adivasis*, both the interventions by the Ministry of Tribal Affairs (MoTA) as well as the interventions reported in the Tribal Sub Plan (TSP) by a number of other ministries. The schemes and programmes for *Adivasis* constitute the “Core of the Core” group of schemes as categorised by the Sub Group of Chief Ministers on Restructuring of the Centrally Sponsored Schemes (CSS). This means that all these schemes being implemented by the MoTA would be run with the existing fund sharing pattern and implementation of these schemes are not optional for the states. Taking cognizance of this, the allocations for MoTA have been protected in the Union budget 2016-17, marking a marginal increase over the 2015-16 (RE) (see Figure 16.1). This becomes even starker when compared with the Budget Estimates of 2015-16 (Rs. 4,819 crore), over which it has increased by merely Rs. 8 crore. For a ministry which continues to enjoy full support of the Union Government, and is implementing a number of Central Sector schemes, such an increase seems more notional, rather than any real intent to enhance the priority for *Adivasis*.

Figure 16.1 Budgetary Outlays for *Adivasis* (In Rs. Crore)



Source: Compiled by CBGA from Union Budget

Note: The TSP has not been computed as a proportion of the Central Plan Outlay due to lack of clarity regarding what part of the Plan budget is being given to the States as fully untied funds, over which TSP will not be applicable. Unless there is clarity on this, it is not possible to assess what proportion of plan outlay should be taken as denominator for computing the proportion of TSP. The allocations under TSP include the allocations made by MoTA under various schemes for *Adivasis*.

The Policy Framework for Tribal Sub Plan (TSP) 2017-18 onwards

The allocations being reported in the Tribal Sub Plan (TSP) have also been protected, but without any substantial increases. While there remain issues with respect to the way reporting is being carried out in the TSP (such as notional allocations, re-appropriations etc.) at the current juncture, the existence of this strategy itself is under question. It was announced in this Union Budget that from the coming year, the distinction between the Plan and Non Plan expenditure would be withdrawn. Given that the strategy of TSP is applicable only to the Plan budgets of the ministries, how the Union Government plans to continue with its implementation is not clear. In the absence of any alternative roadmap suggested for its implementation, it also raises an important concern as to whether the government even plans to continue with TSP from the next fiscal.

One alternative to this problem might be to follow an approach of differential earmarking by various ministries, based on their respective areas of concern, out of the total ministry budgets. This is similar to the approach suggested by the Narendra Jadhav Committee Report for implementation of SCSP and TSP earlier. However, the committee's deliberations on this issue were not very inclusive in involving stakeholders from outside the government or sector experts. In developing an alternative model of earmarking, a more inclusive approach, involving a wider range of stakeholders could be followed.

How did the Department's Schemes fare?

As was mentioned earlier, the Union Budget 2016-17 has protected the allocations of the schemes for tribals. Also, a number of schemes have been clubbed together as major umbrella programmes.

Table 16.1: Budgetary Outlays for Major Schemes under MoTA (In Rs. Crore)

Major schemes	2012-13 AE	2013-14 AE	2014-15 AE	2015-16 RE	2016-17 BE
SCA to TSP	852.6	1,050.0	1,040.0	1,132.3	1,250
Scheme under proviso to Article 275(1) of the Constitution	820.0	1,097.1	1,33.1	1,392.8	1,400.0
Umbrella Scheme for Development of STs: Vanbandhu Kalyan Yojana	...	112.5	100.0	143.0	504.8
Umbrella Scheme for Education of ST children	981.5	1,213.3	1,058.5	1,210.6	1,505.2

Note: The schemes have been grouped together following the restructuring in the Union Budget 2016-17; for the sake of comparability the schemes for earlier years have also been grouped accordingly.

Source: Compiled by CBGA from Union Budget

It remains to be seen how the restructuring of the schemes would affect their implementation and whether this would enhance the flexibility within the umbrella programmes. It is hoped that a clear roadmap for the implementation of TSP will be developed in the coming months, to ensure its continuity.

Major proposals and announcements in Union Budget 2016-17

- The Finance Minister's budget speech reflected the government's intentions to implement the schemes for welfare and skill development of minorities such as, Multi-Sectoral Development Programme, and, Upgrading Skills and Training in Traditional Arts/Crafts for Development (USTAD) effectively in FY 2016-17.
- 50.9 percent of the total budget of Ministry of Minority Affairs has been allocated for educational empowerment of minorities.

Key findings

- There has been no announcement for new policies and programmes for religious minorities in the Union Budget 2016-17.
- The allocation for Ministry of Minority Affairs (MoMA) has increased from Rs. 3,738 crore in 2015-16 (RE) to Rs. 3,827.25 crore in 2016-17 (BE). This is a 2 percent increase in the allocation towards the Ministry as compared to the budget of the previous year.
- The total expenditure and allocation of funds in the 12th Five Year Plan amount to Rs. 15,835.7 crore, which is 91 percent of the total proposed allocation of Rs. 17,323 crore. Analyzed over the same period, major schemes such as Multi Sectoral Development Programme (MSDP), Pre and Post Scholarships, *Maulana Azad* National Fellowship and National Minorities Development and Finance Corporation (NMDFC) have had very low fund allocation and utilization in the 12th Five Year Plan (FYP).

Budget Analysis and Opinion

Table 17.1: Status of Fund Allocation and Utilisation under Ministry of Minority Affairs (In Rs. Crore)

Year	Allocation		Expenditure	Utilisation* (in percentage figures)
	BE	RE		
2012-13	3,155	2,218	2,158	60.4
2013-14	3,531	3,131	3,026	86.0
2014-15	3,734	3,165	3,089	82.7
2015-16	3,738	3,736		
2016-17	3,827			

Source: Compiled by CBGA from www.indiabudget.nic.in, Note on Demand, Ministry of Minority Affairs, Vol-II

Note: *Utilisation has been reported taking into account BE figures.

BE: Budget Estimate; RE: Revised Estimate

Table 17.2: Scheme-wise Plan Allocation by MoMA in 12th Five Year Plan (In Rs. Crore)

Scheme	12th Plan Proposed Allocation	2012-13	2013-14	2014-15	2015-16 (RE)	2016-17 (BE)	Total Allocation and Expenditure in 12 th Plan	Total Allocation / Expenditure as Percentage of Proposed Allocation for 12th FYP
<i>Maulana Azad</i> Education Foundation	500	0	160	113	113	113	499	99.8

Scheme	12th Plan Proposed Allocation	2012-13	2013-14	2014-15	2015-16 (RE)	2016-17 (BE)	Total Allocation and Expenditure in 12 th Plan	Total Allocation / Expenditure as Percentage of Proposed Allocation for 12th FYP
Free Coaching and Allied Scheme	120	14	23.68	31.39	45	45	159.07	132.5
Merit-Cum-Means	1,580	181.18	259.9	381.38	315	335	1,472.46	93
Pre-Matric Scholarship	5,000	786.14	962.99	1,128.84	990	931	4,798.97	95.9
Post Matric Scholarship	2,850	326.43	515.67	501.32	500	550	2,393.42	83.9
<i>Maulana Azad National Fellowship</i>	430	66	50.02	12	50.31	80	258.33	60
NMDFC	600	99.64	0	30	108	140	377.64	62.9
MSDP	5,650	641.26	953.48	768.2	1,011.39	1125	4,499.33	79.6

Source: Compiled by CBGA from www.indiabudget.nic.in, Note on Demand, Ministry of Minority Affairs, Vol-II

MSDP is an area development programme under MoMA for improving the education, health, work participation and access to basic public services in Minority Concentrated Districts (MCDs). MSDP was launched in 90 MCDs under the 11th Five Year Plan, and among the 90 MCDs, 66 districts were more heavily populated by Muslims. In the 12th FYP, MSDP was extended to 710 development blocks of 196 districts and 66 towns. Taking the expanse of the blocks and districts covered by the programme under the 12th FYP, the allocation for MSDP is found to be inadequate. The Union Budget data reveals that at the end of 12th FYP, the government was able to release only 91 percent of the proposed allocations in the 12th FYP for MSDP. Physical data made available on MSDP for the same period shows that water, Indira Awaas Yojana, building of schools and health centres, and employment generating infrastructure have a poor rate of completion against the unit sanctioned under the MSDP project. It has also been found that many activities under the MSDP have not yet started.

Two new programmes, namely *Nai Manzil* and USTAD were announced in FY 2014-15 and 2015-16. The main objective of these two schemes was to make minorities a part of mainstream development. *Nai Manzil* concentrates on education and skill development of dropouts while USTAD aims to conserve traditional arts and crafts along with building capacity of traditional artisans and craftsmen belonging to minority communities. *Nai Roshni*, a leadership training programme for women and MANAS for upgrading entrepreneurial skills of minority youths were also announced. The Union Budget 2016-17 allocates Rs. 155 crore and Rs. 20 crore for *Nai Manzil* and USTAD respectively.

Social Security



The large reserve of labour, 'Demographic Dividend', has always been highlighted as a 'Bright Spot' in Indian economy. However, most of these labourers come under the unorganised sector. According to NSSO 2009-10, there were 46.5 crore employees, both in organised and unorganised sectors. Of this, 2.8 crore employment contributes to the formal economy, and 43.7 crore i.e. 93.97 percent of workers belong to the unorganised sector. The agricultural labourers constitute the highest share (i.e. 24.6 crore) of the informal economy. The rest is from construction, manufacturing, trade-transport and other units. Provisioning of social security net for better living conditions, health, and education of these workers can go a long way in facilitating sustainable growth of the economy. It is not only these workers, but elderly / senior citizens (i.e. the former labourers), approximately 8 percent of the total population, who also need social security provisions. Disabled and widowed also need support from the state. In the Union Budget 2016-17, a new Scheme "Social security card for unorganized sector workers" has been announced with an allocation of Rs. 141.5 crore.

Table 18.1: Union Budget Outlays for Social Security under Various Schemes (Rs. in Crore)

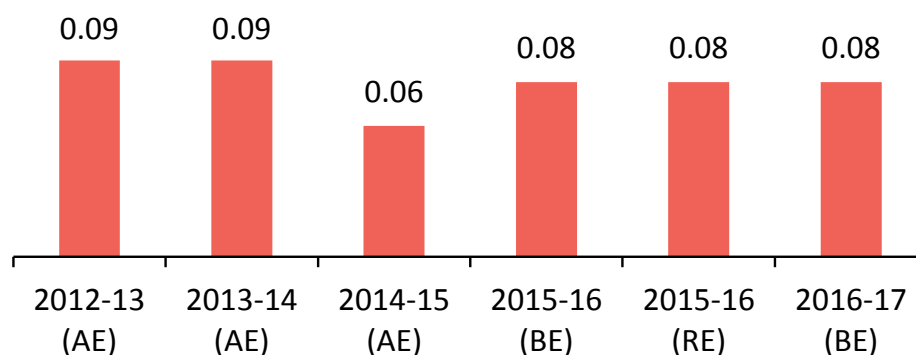
Ministry	Schemes	2012-13	2013-14	2014-15	2015-16 (BE)	2015-16 (RE)	2016-17 (BE)
Min. of Labour and Employment	Social Security Card for Unorganised sector Workers	0	0	0	0	0	141.5
	Social Security for Unorganised sector Workers (RSBY)	1,001.7	887.6	550.7	1,320.5	64.8	102.2
Min. of Health and Family Welfare	RSBY	0.0	0.0	0.0	100.0	595.0	0
	Rashtriya Swasthya Suraksha Yojana (erstwhile RSBY)	0.0	0.0	0.0	0.0	0.0	1500.0
Min. of Rural Development	National Social Assistance Programme	7,824.8	9,046.0	7,086.7	9,082.0	9,082.0	9,500.0
Min. of Finance (Dept. of Financial Services)	Swavalamban Scheme (to encourage people of Unorganised Sector to join National Pension Scheme)	104.4	152.9	195.0	581.9	308.0	209.0
	Govt. contribution to Aam Admi Bima Yojana	0.0	4.5	175.0	437.5	437.5	450.0
	Atal Pension Yojana	0.0	0.0	0.0	0.0	173.0	200.0
	Pradhan Mantri Jeevan Jyoti Bima Yojana	0.0	0.0	0.0	0.0	0.0	50.0
Grand Total		8,930.9	10,091.0	8,007.4	11,521.9	10,660.3	12,152.7

Source: Expenditure Volume II, Union Budget, for various years.

The government has pro-actively designed policies and schemes for providing social security to the workers and others in need. A number of ministries in the Union Government run schemes and allocate funds for social security. While the Ministry of Labour and Employment has schemes like Rashtriya Swasthya Bima Yojana (now merged with Rashtriya Swasthya Suraksha Yojana) and the newly launched Social Security Cards; the Department of Financial Services implements schemes like Atal Pension Yojana, Pradhan Mantri Jeevan Jyoti Bima Yojana, Pradhan Mantri Swasthya Bima Yojana,

and Aadm Aadmi Pension Yojana. The Ministry of Rural Development runs National Social Assistance Programme (NSAP), an umbrella scheme that covers the aged, widows, and disabled. For successful implementation of the schemes, coverage, allocation and utilisation of budgetary resources are crucial.

Figure 18.1: Total Union Budget Allocation for Social Security for Unorganised Workers as percent of GDP



Source: Compiled from the data in Expenditure Volume II, Union Budget, various years

Table 18.1 shows that in 2016-17 (BE), the total allocation for social security is Rs. 12152.7 crore. It is 0.6 percent of the total Union Budget outlay and 0.08 percent of GDP for the year. Against the previous year allocation of Rs. 11521.9 crore, the total allocation for social security has increased by 5.5 percent (Rs. 630.8 crore) in 2016-17 (BE). Budgetary allocation for the upliftment of unorganised sector workers, who contribute around 50 to 58 percent to the GDP, has been at a level that is inadequate as compared to the need. The schemes are mainly focused on contributory pension and health insurance. A look at the major health scheme for unorganised sector workers, i.e. RSBY, shows that its actual expenditure has gone down to Rs. 550.7 crore in 2014-15 (Actuals) from Rs. 1001.7 crore in 2012-13 (Actuals). Similarly, the combined allocation for Pradhan Mantri Jeevan Jyoti Bima Yojana and Pradhan Mantri Suraksha Bima Yojana is Rs. 50 crore. Aam Aadmi Bima Yojana, a life insurance scheme that also includes rural landless labourers as beneficiaries, and has been allocated Rs. 450 crore. Given the fact that 56 percent of total rural households (10.08 crore out of 17.9 crore households) in India do not own any land, the allocation needs to be enhanced.

Of the total social security allocation, the funds for the unorganised sector workers have been in the range of 10 to 22 percent only. NSAP has accounted for 78 to 90 percent share of the total allocation in this area. IGNOAPS is a major constituent of NSAP; under IGNOAPS, the Union Government allocates resources towards an old age pension amount of Rs. 200 to the citizens above 60 and Rs. 500 for citizens above 80 years. State Governments can and they do add to this amount from their own resources; however, only a few States have been providing substantial additional resources. Since there are 10.5 crore senior citizens with over 1 crore being above 80 (as reported in the Implementation of Budget Announcements 2015-16), the allocation under NSAP is not sufficient for universal coverage. There has also been a long standing demand by the civil society groups for the Union Government to increase its outlay for NSAP so as to increase the pension amount for the elderly.

Urban Poor

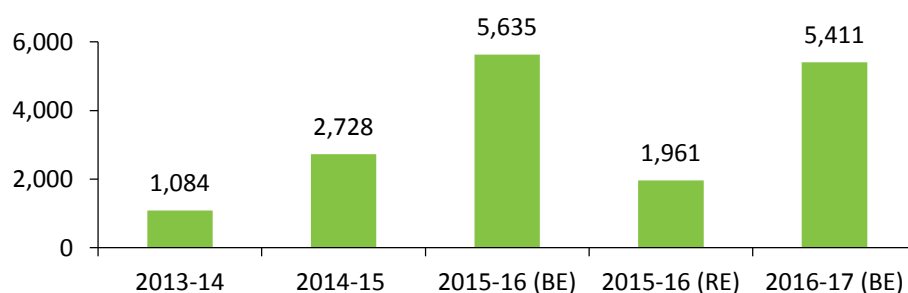


The Ministry of Housing and Urban Poverty Alleviation (MoHUPA) and the Ministry of Urban Development (MoUD) are the key Union ministries, whose programmes are meant to address the challenges and needs of the urban poor.

Ministry of Housing and Urban Poverty Alleviation (MoHUPA)

- MoHUPA was allocated Rs. 5,635 crores in 2015-16 BE. However, the revised estimates for 2015-16 came down to Rs. 1,961 crores. The major reason for this fall is the under-utilisation of funds under Sardar Patel Urban Housing Scheme, the revised expenditure for which stood at Rs. 1,296 crore in 2015-16, much lower than the original budget outlay of Rs. 4,150 crore. Also, almost the entire sum of Rs. 450 crores allocated under *Rajiv Rin Yojana* remained unutilised in 2015-16 RE.

Figure 19.1: Budget Outlay for Ministry of Housing and Urban Poverty Alleviation (in Rs. Crore)



Source: Compiled by CBGA from various Union Budget documents

- The housing needs of the urban poor will now be addressed by the *Pradhan Mantri Awas Yojana* (Urban), the flagship programme of MoHUPA. The allocation for this scheme constitutes around 94 percent of the total outlay for MoHUPA in 2016-17.
- Rajiv Awas Yojana* (RAY) and IHSDP and BSUP under Jawaharlal Nehru National Urban Renewal Mission (JNNURM) have been discontinued.
- National Urban Livelihoods Mission has been allocated Rs. 325 crores. The scheme has utilised only around 50 percent of the budget outlay in 2015-16. The actual expenditure under this scheme was Rs. 703 crores in 2014-15.

Ministry of Urban Development (MoUD)

- There has been a substantial increase in the outlay for the MoUD from Rs. 19,217 crores in 2015-16 BE to Rs. 24,523 crores in 2016-17 BE (Figure 19.2). This is due to an increase in allocation for MRTS and Metro Projects and Mission for development of 100 Smart Cities.
- Atal Mission for Rejuvenation for Urban Transformation (AMRUT) is the major scheme of the ministry focusing on urban infrastructure. UIG and UIDSSMT under JNNURM have been discontinued.

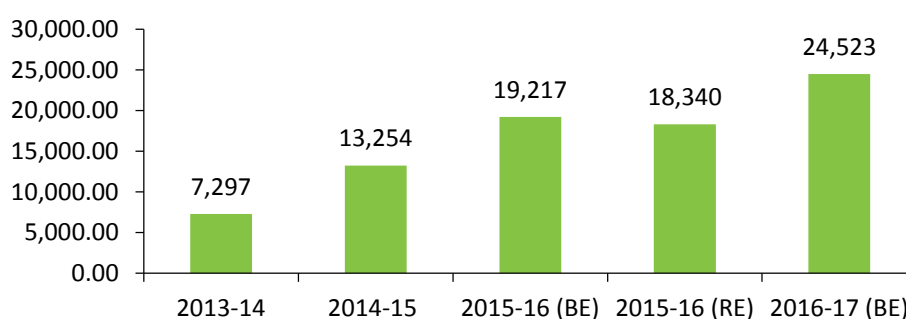
Table 19.1: Budgetary Provisions for Major Schemes under MoHUPA and MoUD (in Rs. Crore)

Major schemes	2014-15	2015-16 (BE)	2015-16 (RE)	2016-17 (BE)
MoHUPA				
<i>Pradhan Mantri Awas Yojana (Urban)</i>	1,892*	4,618**	1,415**	5,075
National Urban Livelihoods Mission (Urban)	703.1	510	261.3	325
MoUD				
Mission for development of 100 smart cities	...	2,020	820	3,205
Atal Mission for Rejuvenation for Urban Transformation (AMRUT)	...	3,919	2,643.7	4,090.5
National Heritage City Development and Augmentation Yojana (HRIDAY)	0.9	200	200	200

Note: *Allocation for RAY, IHSDP and BSUP ** Allocation for Housing for all (Urban) / Sardar Patel Urban Housing Scheme, IHSDP and BSUP

Source: Compiled by CBGA from various Union Budget Documents

Figure 19.2: Budget Outlay for Ministry of Urban Development (in Rs. Crore)



Source: Compiled by CBGA from various Union Budget documents

The Union Government has announced many new schemes since the Union Budget 2014-15 and some of the schemes have been renamed. To bring some clarity, the Union Budget document also contains a section giving concordance tables. Table 19.2 provides information on various schemes of MoHUPA and MoUD after the concordance.

Table 19.2: Older Schemes/Expenditure Heads Subsumed under New Schemes in 2016-17

Schemes/Expenditure Heads in 2016-17 BE	Discontinued/ subsumed schemes and Expenditure heads
<i>Pradhan Mantri Awaas Yojana (Urban)</i>	Sardar Patel Urban Housing Scheme, <i>Rajiv Rin Yojana</i> , Jawaharlal Nehru National Urban Renewal Mission
Mission for Development of 100 Smart Cities	New Mission for Housing for All, 500 Cities Programme and Smart Cities, New Mission for Development of 100 Smart Cities, Mission for 100 Smart Cities
Atal Mission for Rejuvenation for Urban Transformation (AMRUT)	Urban Rejuvenation Mission - 500 Habitations and Mission for Development of 100 Smart Cities and JNNURM, Urban Infrastructure and Governance and Single Common Head for Mission for Development of 100 Smart Cities and JNNURM
National Heritage City Development and Augmentation Yojana (HRIDAY)	National Heritage Cities Programme

Source: Concordance tables to the Expenditure Budget 2016-17, Volume II

Persons with Disabilities



- Exemption of service tax on general insurance services provided under 'Niramaya' Health Insurance Scheme, launched by National Trust for the Welfare of Persons with Autism, Cerebral Palsy, Mental Retardation and Multiple Disability.
- Certain assistive devices, rehabilitation aids and other goods for persons with disabilities and braille paper exempted of custom duty.

Table 20.1: Union Budget Allocation for Schemes of the Department of Disability Affairs (in Rs. Crore)

Schemes	2014-15 Actuals	2015-16(BE)	2015-16 (RE)	2016-17 (BE)
DDRS	50.08	54	47	40.50
National Institutes	133.45	118	158.18	162.74
ADIP	101.16	112.95	136.35	117
PWD Act Implementation	43.09	98.20	79.23	...
Scheme for the employment of the physically challenged	0.46	0.45	...	...
Other programmes for the welfare of the physically handicapped	15.94	44.79	53.8	...
Post Matric Scholarship for students with disabilities	...	10.80	9.00	7.20
NHFDC	36.58	31.50	31.85	27
ALIMCO	-	21.0	5.00	5.00
RCI	5.37	4.90	4.90	5.00
Rajiv Gandhi Fellowship	7.46	7.20	19.77	
Social security and welfare	36.58	145.18	54.00	
National Fellowship for Persons with Disabilities	...	...	...	17.55
Pre Matric Scholarship for students with disabilities	...	...	...	3.6
Information and Mass Education	...	...	...	70.0
In Service Training and sensitisation, employment of physically challenged, national and state mission and awareness generation and publicity	...	...	...	5.16
Handling clearance of duty free consignment under bilateral agreement	...	...	...	116.8
Schemes for implementation of PWD Act 1995	...	...	...	45
National University of Rehabilitation Science and Disability Studies	...	...	...	45
Other Programmes	...	...	...	18.19

Source: Union Budget and Economic Survey, Government of India

The outcomes of Budget 2016-17 will potentially benefit a very small percentage of the population of persons with disabilities who can afford assistive devices from the market. How does it benefit the 80% of persons with disabilities who fall under the category of non-worker and marginal workers population (source: population census on non-worker population). This is the population that looks forward to a strong social protection programme for accessing quality assistive devices. The highlight of the budget according to the finance minister is offsetting the income loss due to direct tax exemption out of indirect taxes. This has a direct impact on persons with disabilities since a majority of them are non-workers, pensioners and marginal workers.

There was a mention of service tax exemption for group insurance under the Niramaya Scheme. Though the scheme benefits 20 percent of the population of persons with disabilities this exemption has no direct benefit to the said population and only benefits service providers. There are similar provisions for insurance covers for poorer households and senior citizens, and the concern is that there is no budgeting evident towards improving all levels of public health care. The much touted about Accessible India Campaign finds no mention in the budget speech. The disability movement is once again left with the question “Will my State ever become accessible?”

Key Policy asks from the disability movement:

- Statistics & Data disaggregation of financial allocation and physical performance across all departments and ministries similar to gender budget statement. Aggregating expenditure related to persons with disabilities under minor head across all departments and Ministries.
- Public procurement of all products, works and services are accessible for persons with disabilities.
- New schemes that assures services of personal assistants and supported decision making.
- Transitional programmes such as community based inclusive development as a flagship programme. This would facilitate deinstitutionalisation of persons with disabilities and fulfil the obligation to live independently and being included in the community.
- Quality, accessible and affordable general and specific health care for all persons with disabilities as closest to the community as possible
- Ensuring social audits and bottom up planning.

(This section has been prepared by **Equals - Centre for Promotion of Social Justice**, Chennai.)

About CBGA

Centre for Budget and Governance Accountability (CBGA), an independent think tank based in New Delhi, analyses public policies and budgets in India and advocates for greater transparency, accountability and scope for participation in budgets. For further information about CBGA's work, please visit www.cbgaindia.org or write to us at: info@cbgaindia.org

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