

Public Investment in Nutrition: Challenges and Opportunities in the New Fiscal Architecture in India

A Consultation by

Centre for Budget and Governance Accountability in collaboration with Unicef India

11 March 2016

India Habitat Centre (Juniper Hall), Lodhi Road, New Delhi

Concept Note

Budgeting for Nutrition: Why it matters?

Global Nutrition Report 2015 indicates that almost 40 percent of the world's stunted (short-for-age) children under the age of 5 and nearly 50 percent of the wasted (low weight-for-height) children live in India. This is despite the fact that India is one of the world's fastest growing economies. This disconnect between economic achievement and human development raises an important concern as to whether the public policy framework in the country has created an inclusive and enabling environment, which could contribute towards substantive nourishing of human potential in India - the biggest asset of any country.

While efforts towards improving the nutritional status need to be focused on both the nutrition-specific as well as nutrition-sensitive interventions, research in this field (Lancet, 2013) suggests that focusing on nutrition-specific interventions alone can lead to a reduction in stunting by 20 percent, when these interventions are provided at 90 percent coverage. The remaining 80 percent of the reduction is possible by focusing on the nutrition-sensitive interventions, which range across a number of sectors, highlighting the need for a multi-sectoral approach towards addressing undernutrition.

This calls for adequate and effective public spending in sectors such as maternal and child health, access to safe drinking water, hygiene and sanitation, education, agriculture, poverty alleviation as well as providing social safety nets. Accordingly, there is a need for in depth analysis of public expenditure, which captures the relevant issues and developments across a range of sectors.

Recent Changes in India's Fiscal Architecture and Investment in Nutrition

The responsibility of public spending on the above mentioned sectors, which have a bearing on nutrition, is shared between the Union Government and the States. Given the significant changes, which have taken place in the domain of Centre-State sharing of resources in 2015-16 following the recommendations of the 14th Finance Commission, there are implications for public investment in these sectors.

The Union Government will now share a higher magnitude of untied funds with the States during 2015-16 to 2019-20, which is on account of an increase in the share of States in the divisible pool of central taxes from 32 percent to 42 percent every year. But, in several of the social sector programmes, the

States are now expected to provide additional budgetary resources from their untied funds reducing their dependence on budget outlays by the Union Government for those programmes to some extent. A NITI Aayog Sub-Group of Chief Ministers has also made recommendations on the further changes to be made in the central schemes across sectors, which pertain to changes in the Centre-State fund sharing patterns, merger of smaller schemes with umbrella programmes in some sectors, and discontinuation of Union Government funding in case of a few schemes. These recommendations too indicate the growing responsibility of States in provisioning of financial resources for development programmes in the years to come.

Considering the intensity of the problem of undernutrition in India, there is a need to ensure that public policies in the new fiscal architecture accord adequate priority to investment on nutrition. Moreover, given the poor nutrition indicators for disadvantaged sections of the population, like Scheduled Castes and Scheduled Tribes, the impact of this restructuring on public spending towards improving the nutritional status of these groups, merits attention.

In such a backdrop, there are a number of issues to be discussed. What should be the contribution of the States vis-à-vis that of the Union Government towards financing for nutrition and what could be the opportunities and challenges in this domain are some such questions. We also need to deepen our understanding of adequacy of financial resources for nutrition. Moreover, budget 'outlays' need to translate effectively into better 'outputs and services' on the ground, which in turn should lead to better nutritional 'outcomes'; it would be worthwhile in this regard to identify the major bottlenecks in the process of utilisation of financial resources. It would also be very useful to highlight the innovative practices for tackling undernutrition, which some of the States have adopted over the last few years.

The Consultation

In this context, CBGA and UNICEF are organising a day-long Consultation on '*Public Investment in Nutrition: Challenges and Opportunities in the New Fiscal Architecture in India*'. It would be held on March 11, 2016, at India Habitat Centre (Juniper Hall), New Delhi.

The Consultation would bring together experts from the nutrition and the budget domain to initiate a wider discussion on some of the issues indicated above. We hope to – deepen our understanding of the new developments in the policy framework in India for nutrition both at the national level and at the level of States; identify issues and challenges across a range of sectors that require greater attention in the policy framework; and discuss some of the important issues pertaining to public spending for nutrition, which would have to be addressed in the coming years.

The Consultation is a part of the efforts being carried out by CBGA in collaboration with Unicef India to deepen the policy discourse in India on nutrition, specifically from the public investment perspective.

.....