CBGA

What Do the Numbers Tell?

An Analysis of Union Budget 2017-18

Centre for Budget and Governance Accountability

CBGA

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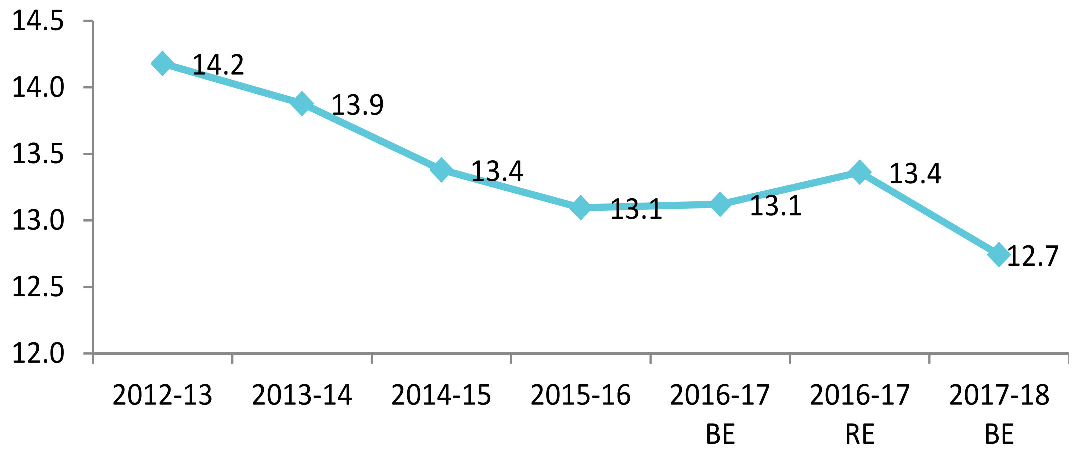
Budget Overview

Budget 2017-18 is placed at an important juncture when there has been a thrust by the government for a digitised and a consequent cashless economy with the demonetisation of high value currency notes undertaken in November last year. A number of claims have been made in the budget speech by the Finance Minister regarding longer term benefits of this move for the Indian Economy. To quote the FM, demonetisation would lead the economy towards "*reduced corruption, greater digitisation of the economy, increased flow of financial savings and greater formalisation of the economy, all of which would eventually lead to higher GDP growth and tax revenues*".

However, many have contested this view arguing that demonetisation in fact has induced an adverse effect on the economy in the medium term, especially for the groups that are in a weaker position. As pointed in several media reports, demonetisation has caused hardships for those engaged in the informal economy, led to loss of work for daily wage labourers, resulted in breakdown of cash-based supply chains for small and petty traders, small and marginal farmers.

There are also clear trends of a stagnating world economy, which was highlighted in the budget speech of the Finance Minister. The economic survey, 2016-17 also recognises stagnation in the growth rates of India's exports. Despite a slowdown globally, the annual rate of GDP growth of the country has been projected at moderate to high rates, based on the estimates of the IMF and World Bank. Under such circumstances, an annual GDP growth rate of over 7 percent would have required the government to adopt an expansionary fiscal policy. However, the Union Budget 2017-18 continues with its 'economic reforms' agenda, traversing a fiscal contractionary path evident from the declining expenditure-GDP ratio (Figure 1.1).

Figure 1.1: Total Union Government Expenditure as a Proportion of GDP (%)



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

The declining expenditure-GDP ratio has had its consequences on overall social sector allocations which were reflected in the budgets placed in the previous two years. This has been discussed in detail in the section on social sector priorities. However, the following section provides facts on transfer of resources to the states in real terms.

Devolution of Resources to States

Since FY 2015-16, the share of central taxes to be shared with states was increased from 32 percent to 42 percent following the recommendations of the 14th Finance Commission. It is important to note that Union Budget 2017-18 continues to follow the norms of increased devolution. However in real terms the increased resources do not show much change. Table 1.1 clearly show that, while the share of states in central taxes as percentage of GDP has increased marginally, other transfers and total Union transfers to states as percentage of GDP have remained almost at same levels. It thus follows that increasing the states' share in divisible pool of central taxes has so far not led to any substantial increase in the overall resources transferred to states.

Table 1.1: Composition of Transfer of Resources to States (Rs. crore)

	Items	2014-15 (A)	2015-16 (A)	2016-17 (RE)	2017-18 (BE)
1	States' share of taxes and duties	337808	506193	608000	674565
2	Finance Commission Grants*	-	84579	99115	103101
3	Scheme Related Transfers	-	195051	201363	212466
4	Other Transfers**	-	43143	44864	48447
5	Transfer to North Eastern States	-	378	31422	42499
6	Total Transfers to UTs with legislature	-	5139	5547	3996
7	FC grants and other transfers to states (2 to 6)	348027	328290	382311	410509
8	Total transfers to States and UT (includes loans) (1+7)	685835	830613	990311	1085075
9	GDP at current market prices	12433749	13675331	15075429	16847455
	States' share of central taxes and duties as % of GDP (1/9)	2.7	3.7	4.0	4.0
	Other transfers as share of GDP (7/9)	2.8	2.4	2.5	2.4
	Total Union Resources transferred to States as % of GDP (8/9)	5.5	6.1	6.6	6.4

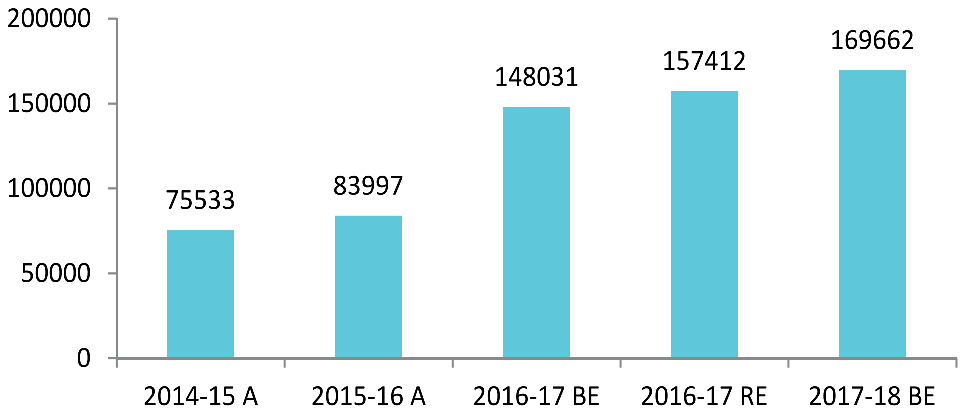
Notes: *Finance Commission grants include Grants for Urban and rural local bodies, Grants-in-aid for SDRF and Post devolution revenue deficit grant.

**Other transfers include Schemes of North East Council, Central Pool of Resources for North Eastern Region and Sikkim, Grants to Autonomous Councils and areas covered under the Sixth schedule of the Constitution, Schemes under Provision to Article (275(1) of the Constitution, Special Central Assistance to Tribal Area, Special Central Assistance to Scheduled Castes, Special Assistance, Assistance to States from NDRF, Externally Aided Projects – Grants and Loans.

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

Given the need to have increased priorities for social sectors, it was important that the size of the divisible pool be increased over the period of the 14th FC recommendations in order to devolve more to the states. However, in the last two years, it has been observed that the size of the divisible pool was getting indirectly affected because of introduction of several types of cess, such as the education cess, *Swachh Bharat cess*, and *Krishi Kalyan cess*, etc. As is known, the net proceeds from cess collection remain outside the divisible tax pool and are meant exclusively for the Union government. This does not augur well for 'cooperative federalism', especially when some states do not have adequate resources. Increasing dependency on the cess component for revenue collection is evident from figure 1.2.

Figure 1.2: Total Cess and Surcharges (Rs crore)



Note: Includes Education Cess, Swachh Bharat Cess, Krishi Kalyan Cess, Secondary and Higher Education Cess, Cess on Crude Oil, Bidi, Sugar, Automobiles, Clean Environmental Cess, Surcharge on Pan Masala and Tobacco Products, etc.
Source: Compiled by CBGA, Receipt Budget, various years.

The above trends are concerning given the current context in which the responsibility for major social sector programmes has been transferred to the states to a great extent. The following section on the situation of social sector expenditure by states reveal the regional disparities, which supports the demands for increased financial support for the states to continue with the programmes for the excluded and the marginalised.

Finally, in the context of transfer of resources to the states, it is also important to point out that due to the merging of the Plan and Non-plan expenditures in the Union Budget 2017-18, there has been a change in the budget statement providing the details of transfer of resources to the states (Budget at a glance, Statement 3, page 6, Union Budget 2017-18). The figures provided for certain components of resources transferred to states have been disaggregated by components that are not easily available for the previous years. This of course creates an issue of non-comparability of these figures for a time series analysis and in such a process, affects transparency and simplification of budgetary data in an adverse manner.

Regional Disparity in Social Sector Spending

Following the implementation of the Fourteenth Finance Commission (FFC) recommendations, the Union budget allocations for social sectors need to be seen in conjunction with the State Budgets. An analysis conducted by CBGA for ten states has examined the priorities emerging in State Budgets in the period of the 14th FC recommendations. It shows that per capita budget for 'Social Sectors, Rural Development, Agriculture & Allied Sectors' in 2016-17 (BE) varies from Rs. 6,287 in Bihar to Rs. 14,223 in Chattisgarh (table 1.2). Thus, public spending on critical sectors in some of the economically weaker States continues to lag behind some of the developed States like Maharashtra and Tamil Nadu. In order to mitigate these disparities, the Union Government is expected to step up spending on social sectors through centrally sponsored schemes.

Table 1.2: States' Per Capita Spending for 'Social Sectors, Rural Development, Agriculture & Allied Sectors' (in Rs.)

	2014-15 (A)	2015-16 (RE)	2016-17 (BE)
Bihar	4,168	6,354	6,287
Uttar Pradesh	4,471	5,788	6,436
Jharkhand	7,680	8,085	9,755
Madhya Pradesh	6,512	8,591	9,977
Rajasthan	8,145	9,186	10,263
Maharashtra	8,934	10,091	10,476

	2014-15 (A)	2015-16 (RE)	2016-17 (BE)
Assam	6,644	11,370	11,184
Tamil Nadu	9,958	11,302	12,330
Odisha	8,935	11,524	12,921
Chhattisgarh	9,436	14,057	14,223

Notes:

i. The population projections are based on the Report of the technical group on population projections constituted by the National Commission of Population, 2006;

ii. Social Sectors, Rural Development, Agriculture & Allied Sectors" include: 'Social Services' as defined in the Budget documents plus Rural Development, Food Storage and Warehousing, Panchayati Raj, Agriculture and allied sectors (Animal Husbandry, Dairy, Fisheries), Irrigation and Water Resources, Cooperation, and Food & Civil supplies.

Source: Based on data compiled by CBGA from various state budget documents.

The analysis also revealed that the above eight states with relatively weaker fiscal health projected a revenue surplus. Such trends flow from the states' obligations for fulfilling the revenue deficit norms and thus emphasise capital expenditure over revenue expenditure. The tendency of States to reduce fiscal deficit by running a surplus on the revenue account impacts social sectors like Education and Health, large proportions of which need higher expenditure on the revenue account. It was expected that the Union Budget 2017-18 would be addressing those needs through an increased allocation for social sectors.

Social Sector Priorities

The question whether budget 2017-18 addressed the social sector needs adequately or not can be seen from Table 1.3. As mentioned, the two previous Union budgets made substantial reductions in the allocations of major social sectors, which were justified by the government on the grounds of increased devolution of resources to the states, following the 14th Finance Commission recommendations. The Union Budget 2017-18, however, presents a slightly different picture, with major social sector ministries witnessing either marginal increases over 2016-17 (RE) or retaining previous year's expenditure levels (Table 1.3). This is also visible from the trends in the expenditures for the selected social sector ministries as share of GDP over the years.

Table 1.3: Total Expenditure by Select Ministries (Rs. crore)

S. No.	Ministries/Departments	2012-13	2013-14	2014-15	2015-16 (A)	2016-17 (BE)	2016-17 (RE)	2017-18 (BE)
1	Ministry of Culture	1,388	1,989	2,064	2,007	2,500	2,489	2,738
2	Ministry/Dept. of Drinking Water and Sanitation	12,969	11,941	12,091	11,081	14,010	16,512	20,011
3	Ministry of Health and Family Welfare (including AYUSH)	27,885	30,135	32,154	35,190	39,533	40,995	50,281
4	Ministry of Housing and Urban Poverty Alleviation	933	1,084	2,728	1,761	5,411	5,285	6,406
5	Ministry of Human Resource Development	66,055	71,322	68,875	67,239	72,394	73,599	79,686
6	Ministry of Labour and Employment	3,645	4,233	4,138	4,642	6,243	5,174	7,188
7	Ministry of Minority Affairs	2174	3,027	3089	3655	3,827	3,827	4,195
8	Ministry of Social Justice and Empowerment	4,940	5,515	5381	5753	6,566	6,569	6,908
9	Ministry of Tribal Affairs	3,073	3,839	3852	4480	4,827	4,827	5,329
10	Dept. of Urban Development	8,465	9,363	13254	18419	24,523	32,550	34,212
11	Ministry of Women and Child Development	17,036	18,037	18,539	17249	17,408	17,640	22,095

S. No.	Ministries/Departments	2012-13	2013-14	2014-15	2015-16 (A)	2016-17 (BE)	2016-17 (RE)	2017-18 (BE)
12	Ministry of Youth Affairs and Sports	871	1,123	1,121	1,423	1,592	1,608	1,943
13	Empowerment of Persons with Disabilities	-	-	403	555	784	784	855
14	Ministry of Agriculture, Cooperation and Farmers Welfare	29,654	31,479	31,917	22,092	44,485	48,073	51,026
15	Ministry of Environment, Forest and Climate Change	1,753	1,890	1,599	1,521	2,250	2,328	2,675
16	Ministry of Rural Development	53,181	6,1162	69,817	78,945	87,765	97,760	1,07,758
17	Ministry of Consumer Affairs, Food and Public Distribution (Includes Food Subsidy)	86,677	93,317	1,18,323	1,40,810	1,41,392	1,43,988	1,54,232
	Total expenditure in select ministries (1 to 17)	3,20,698	34,9457	3,89,346	4,16,822	4,75,509	5,04,007	5,57,540
18	Ministry of Road Transport and Highways	2,2537	28,400	33,048	46,913	57,976	52,447	64,900
19	Defence **	23,0642	2,54,133	2,85,005	2,93,920	3,40,922	3,45,106	3,59,854
	Total expenditure in select ministries (1 to 19)	5,73,877	6,31,990	7,07,400	7,57,654	8,74,407	9,01,560	9,82,294
	Total Union Government Expenditure	14,10,372	15,59,447	16,63,673	17,90,783	19,78,060	20,14,407	21,46,735
	Total expenditure in ministries (1 to 17) as share of total Union Govt. expenditure (in %)	22.7	22.4	23.4	23.3	24.0	25.0	26.0
	Total expenditure in ministries (1 to 19) as share of total Union Govt. expenditure (in %)	40.7	40.5	42.5	42.3	44.2	44.8	45.8
	GDP at current market prices (2011-12 series)	99,46,636	1,12,36,635	1,24,33,749	1,36,75,331	15075429	15075429	1,68,47,455
	Total expenditure in select ministries (1 to 17) as share of GDP (in %)	3.2	3.1	3.1	3.0	3.2	3.3	3.3
	Total expenditure in select ministries (1 to 19) as share of GDP (in %)	5.8	5.6	5.7	5.5	5.8	6.0	5.8

Note: ** Includes expenditure on defence pension and capital outlay on defence services

Source: Compiled by CBGA from Expenditure Budget Vol. II, Various Years, GoI.

The budget 2017-18 also provides figures on major variations in expenditure across important sectors. Table 1.4 attempts to capture those variations. While apparently some of the social sectors such as education and health show major increases in their allocations in 2017-18 (BE), compared to 2016-17 (RE), the sectoral allocations do not show any improvement when seen as share of GDP. These trends follow the overall declining trend in the expenditure-GDP ratio, thus implying that nominal increases in allocations do not translate into gains for the sectors in real terms.

Table 1.4: Major Items of Variations in 2016-17 RE and 2017-18 BE (Rs. crore)

S.No	Items	2016-17 (RE)	2017-18 (BE)	Variation	% increase	As share of GDP (%)	
						2016-17 (RE)	2017-18 (BE)
1	Interest Payments	483069	523078	(+)40009	8.3	3.2	3.1
2	Capital Outlay excluding defence	162570	183280	(+)20710	12.7	1.1	1.1

S.No	Items	2016-17 (RE)	2017-18 (BE)	Variation	% increase	As share of GDP (%)	
						2016-17 (RE)	2017-18 (BE)
3	Defence	248005	262390	(+)14385	5.8	1.6	1.6
4	Grants and Loans to States	293172	307553	(+)14381	4.9	1.9	1.8
5	Food subsidy	135173	145339	(+)10166	7.5	0.9	0.9
6	Education*	32229	36884	(+)4655	14.4	0.2	0.2
7	Police	62407	65576	(+)3169	5.1	0.4	0.4
8	Pensions	128166	131201	(+)3035	2.4	0.9	0.8
9	Health and Family Welfare*	14478	16836	(+)2358	16.3	0.1	0.1
10	Other Subsidies	125312	126937	(+)1625	1.3	0.8	0.8
11	Grants and Loans to UTs	5547	3996	(-)1551	-28.0	0.0	0.0
12	Other	324279	343665	(+)19386	6.0	2.2	2.0
	Total Expenditure	2014407	2146735	(+)132328	6.6	13.4	12.7
	GDP at current market price	15075429	16847455	-	-	-	-

Note: * This table is a reproduction of Statement 2B. Budgets of education and health do not represent the total budgets of Minsitry of Human Resource Development and Ministry of Health and Family Welfare.
Source: Compiled by CBGA from Budget at a glance, Union Budget documents, Various years

Allocations to Social Sector Programmes

Given that, allocation for social sectors in the Union Budget show minimal improvements, even for a host of social sector programmes, allocations have been retained at almost similar levels as last year; Sarva Shiksha Abhiyan outlays are projected to increase by a mere Rs. 1,000 crore in 2017-18 (BE), from Rs. 22,500 crore in 2016-17 (RE). The allocation for Rashtriya Madhyamik Shiksha Abhiyan too shows a marginal increase from Rs. 3,700 crore in 2016-17 (RE) to Rs. 3,830 crore in 2017-18 (BE). The allocation for Mid-Day Meal scheme has witnessed a very small increase from Rs. 9,700 crore in 2016-17 (RE) to Rs. 10,000 crore in 2017-18 (BE). There is a moderate rise in allocation for National Rural Drinking Water Programme from Rs. 6,000 crore in 2016-17 (RE) to Rs. 6,050 crore in 2017-18 (BE); the outlay for Pradhan Mantri Gram Sadak Yojana remains stagnant at Rs. 19,000 core, and the budget for MGNREGA in 2017-18 (BE), at Rs. 48,000 crore, is nearly the same as its outlay of Rs. 47,499 crore in 2016-17 (RE). The National Social Assistance Programme (which covers old age pension, widow pension and disability pension schemes) at Rs. 9,500 crore in 2017-18 (BE) too has remained at the same level as 2016-17 (RE). For Atal Mission for Rejuvenation and Urban Transformation (AMRUT), the allocation for 2017-18 (BE) at Rs. 5,000 crore is not much higher from the 2016-17 (RE) outlay of Rs. 4,883.5 crore. Such fiscal trends might affect implementation of these programmes over the current fiscal year.

However, a handful of programmes have also witnessed a visible hike in outlay in 2017-18 (BE) as compared to 2016-17 (RE). The allocation for Pradhan Mantri Awas Yojana has gone up from Rs. 20,936 crore to Rs. 29,043 crore; Pradhan Mantri Krishi Sinchai Yojana has been stepped up to Rs. 7,377 crore from Rs. 5,189 crore, Swachh Bharat Mission saw a rise to Rs. 16,248 crore from Rs. 12,800 crore, National Health Mission has been allocated Rs. 27,131 crore as against Rs. 22,598 crore in the revised estimates, Pradhan Mantri Swasthya Suraksha Yojana jumped to Rs. 3,975 crore from Rs. 1,953 crore, National Nutrition Mission got a boost from Rs. 175 crore to Rs. 1500 crore and Maternity Benefit Programme increased from Rs. 634 crore to Rs. 2,700 crore. But these nominal increases, as pointed out do not translate into gains in real terms if the inflation in the economy is taken into account. In addition, certain allocations, e.g. those proposed for the key Maternity Benefit Scheme seems to be based on an underestimation of the number of beneficiaries. Like the previous year, the budget has prioritised rural sanitation at the cost of ignoring urban sanitation.

Major Shifts in Budgetary Processes

This year's budget laid greater emphasis on improving the fundamental weaknesses in public expenditure management in India and programme implementation instead of taking an expansionary fiscal policy stance through increased expenditure. It contains three major process related reforms. The budget was presented on February 1 in departure from the convention of unveiling it on the last working day of February.; Government's logic behind the move is that this would allow Parliament to endorse it by the end of March. This would help push the spending ministries to start releasing funds to States and other authorities in the central schemes much before the onset of the monsoon, which usually stalls construction activities for some time, thereby aggravating the problem of delay in fund flow and utilisation in many sectors.

This shift alone cannot alter governance outcomes significantly, and there is a need for a host of other fundamental reforms in this sphere. An important measure would be to strengthen decentralised planning in the country. The State Finance Departments need to ensure timely flow of funds to the spending departments and local governments, especially because all central funds are now routed through them and the State Treasuries. There is also a need for enhancing transparency in fund flows and expenditures at the district level, which requires proactive disclosure of such information without much time-lag.

The other major shift introduced in the Budget is merger of the Plan and Non-Plan classification of expenditure. There were issues related to accounting of expenditure classified as Plan and Non Plan, and this classification had led to a misleading notion that Plan expenditure was developmental and Non Plan was non-developmental. This notion resulted in a tendency to give greater attention to Plan expenditures, with a neglect of operational expenditures such as maintenance, etc. which were classified as Non-Plan. A consequence of this neglect was acute shortage of regular cadre staff across sectors in most states. However, as pointed out earlier the merger has caused certain issues of comparability of budgetary figures over a longer period of time.

The doing away of plan and non-plan expenditure categories has made way for a bifurcation on revenue and capital heads in this Budget. As revenue capital distinction is based on accounting definition, an excessive focus on 'capital' and 'revenue' classification and their definition has its own risks. As mentioned earlier, the tendency to promote capital expenditure and check revenue expenditure can be problematic for social sectors. In Bhutan, the spending on training of human resources is treated as Capital expenditure as they believe that any investments on developing human resources help improve their efficiency, the benefit of which continues to accrue beyond one financial year. Such a classification is better than the classification followed in India where any expenditure that leads to an increase in the assets or a decrease in liability position is recorded as Capital expenditure, and the rest as Revenue expenditure.

Lastly, the Budget Speech announced a consolidated Outcome Budget covering all Ministries and Departments which is a welcome step however details of the document are still awaited.

Consistency with Previous Budget

It is natural to search for consistency in the approach and focal points of the budget at least for some years. However, there remains much to be desired at the consistency front. The Budget 2017-18 has been presented under ten themes around which policy measures are outlined. These themes (viz. farmers, rural population, youth, poor & underprivileged, Infrastructure, Financial sector, Digital Economy, Public Service, Prudent Fiscal Management, Tax Administration) represent some sections of population as well as a few sectors. The previous budget (2016-17) was built upon 9 distinct pillars (viz. Agriculture & Farmer's Welfare, Rural sector, Social sector, Education, Skills and Job Creation, Infrastructure and Investment, Financial sector reforms). Such a set of themes makes a comparison between two budgets difficult, as they cannot be read together, underlining the need for consistency in priorities over a period of two/three years at the least.

Taxation

Highlights

- Personal Income Tax rate for individual assesses with annual taxable income between Rs. 2.5 lakh to Rs. 5 lakh reduced from 10 % to 5 %.
- A surcharge of 10 % levied on individuals whose annual taxable income is between Rs. 50 lakh and Rs. 1 crore; the existing surcharge of 15 % on tax payable on people whose annual earning is more than Rs. 1 crore would continue.
- Income Tax rate has been reduced from 30 % to 25 % for Micro, Small and Medium Enterprises (MSMEs) with annual turnover of up to Rs. 50 crore.
- Time period for Long Term Capital Gains tax for property reduced to two years from earlier three years; the base year for indexation is proposed to be shifted from 1.4.1981 to 1.4.2001 for all classes of assets including immovable property.
- A simple one-page form to be filed as Income Tax Return for the category of individuals having taxable income up to Rs. 5 lakh other than business income.
- Basic customs duty on LNG reduced from 5 % to 2.5 %.

Introduction

Following the demonetisation drive of the government and the ensuing hardships faced by a wide section of the population, many had expected that the Union Budget 2017-18 will bring forth major changes in tax rates, threshold limit of taxation, tax exemptions, etc. Indeed the Budget does contain some changes on the tax front, mainly in the arena of direct taxes. One such move relates to the tax relief provided in the form of reduction in personal income tax rate for those in the lowest tax slab. At the other end of personal income tax rate, a welcome move has been the levying of a surcharge of 10 percent on those whose annual taxable income is between Rs. 50 lakh and Rs. 1 crore. Further, tax rate has been reduced by five percentage points for MSMEs with annual turnover up to Rs. 50 crore. However, it needs to be noted that since this is applicable for only those MSMEs which register profits, a large percentage of such companies may not benefit much from this move as several do not earn enough to even cover their costs.

Revenue Projections and Tax - GDP Ratio

The reduction in some of the tax rates notwithstanding, there has been a significant increase in revenue projections of the government, with tax revenues (i.e. gross central taxes) increasing by more than Rs. 2,00,000 crore in 2017-18 (BE) when compared to 2016-17 (RE). Further, a large part of the projected growth in tax revenues is on account of direct taxes, with personal income tax accounting for the bulk of the growth in direct taxes (Table 2.1).

Table 2.1: Growth in Tax Receipts in 2017-18 (BE) over 2016-17 (RE) (%)

Tax Components	Growth
Gross Tax Revenue	12.2
Corporation Tax	9.1
Taxes on Income	24.9
Customs	12.9
Union Excise Duties	5.0
Service Tax	11.1
Taxes on Union Territories	9.4

Source: Union Budget 2017-18.

As a result, as Table 2.2 shows, not only is the Gross Central Tax to GDP ratio estimated to cross the 11 percent mark, the projected direct tax to GDP ratio (within central taxes) is also one of the highest in many years. However, the picture of progressivity in taxes can be misleading when we consider only Central Government tax receipts. In this context, it should be noted that when the overall tax collections of both the Centre and the States are taken into account, nearly two-third of total tax collected is accounted for by indirect taxes, implying that the tax structure in the country continues to be regressive.

Table 2.2: Gross Central Tax - GDP Ratio (%)

Year	Gross Tax-GDP Ratio	Direct Tax-GDP Ratio	Indirect Tax-GDP Ratio
2012-13 (A)	10.4	5.6	4.8
2013-14 (A)	10.1	5.7	4.4
2014-15 (A)	10.0	5.6	4.4
2015-16 (A)	10.6	5.4	5.2
2016-17 (BE)	10.8	5.6	5.2
2016-17 (RE)	11.3	5.6	5.7
2017-18 (BE)	11.3	5.8	5.5

Notes:
i. Direct taxes such as estate duty, gift tax have not been taken into account as they form negligible proportion of direct taxes;
ii. Taxes on Union Territories also have been taken into account in the calculation.
Source: Compiled by CBGA from Union Budget documents, various years.

How ambitious are the Projected Revenue Figures?

There are several reasons to question the huge increases in the revenue projections for 2017-18. For one, as past experience shows, there is usually a shortfall in actual tax collections compared to the budget estimates or even the revised estimates. This was true for the year 2015-16 too, in the case of direct taxes. Therefore, even the projections for 2017-18 (BE), especially in the case of direct taxes, might be on the higher side. Second, the likelihood of the projected numbers being on the higher side is further compounded by the fact that this is the first year that the revenue data provided by the government is based only on the first nine months of the year. Third, a part of the quantum jump in the rate of growth of direct tax collections at around 35 percent can perhaps be explained by the use of demonetised notes to pay advance taxes. If this is indeed so, then it cannot be taken as a basis for projecting tax collections for the entire year.

The projections for indirect tax collections, however, are less ambitious particularly in the case of union excise duty, as collections expected from this source are much lower than GDP growth rate. This may be on account of the fact that while in the previous year a large part of excise duty collections were due to windfall provided by higher global oil prices, the slowing down of the economy in the post-demonetisation period is likely to dampen tax collections from this source.

While the discussion above refers to projected tax revenue, even the projections for miscellaneous capital receipts, comprising disinvestment receipts, strategic disinvestment and others (listing of insurance companies), could be on the higher side given that only a small part of the strategic disinvestment projected in 2016-17 (BE) actually fructified in 2016-17 (RE) (Table 2.3). Further, given the problem of slowing investment demand facing the economy (large unutilised capacity across a number of sectors being a reflection of this problem), the actual disinvestment receipts might be very different from the figures projected in 2017-18 (BE).

Table 2.3: Union Government's Miscellaneous Capital Receipts (Rs. Crore)

	2015-16 (A)	2016-17 (BE)	2016-17 (RE)	2017-18 (BE)
Disinvestment Receipts	42131.69	36,000	40,000	46,500
Strategic Disinvestment	...	20,500	5,500	15,000

	2015-16 (A)	2016-17 (BE)	2016-17 (RE)	2017-18 (BE)
Others (Listing of Insurance Companies)	...	...	...	11,000
Total	42131.69	56500	45500	72500

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

Tax Administration

It may well be argued that a part of the increase in revenue projected in 2016-17 (RE) and 2017-18 (BE) can be explained by the improved tax compliance following demonetisation; however, it also needs to be kept in mind that human resource for tax administration plays an important role in improving tax compliance. However, the shortage of human resources[1] in the Income Tax Department, with the overall vacancy being as high as 30 percent of the sanctioned strength[2], may further derail tax collections. In short, the voluminous growth expected in overall receipts and direct tax collections seems like a tall claim.

Revenue Foregone Due to Exemptions in the Central Tax System

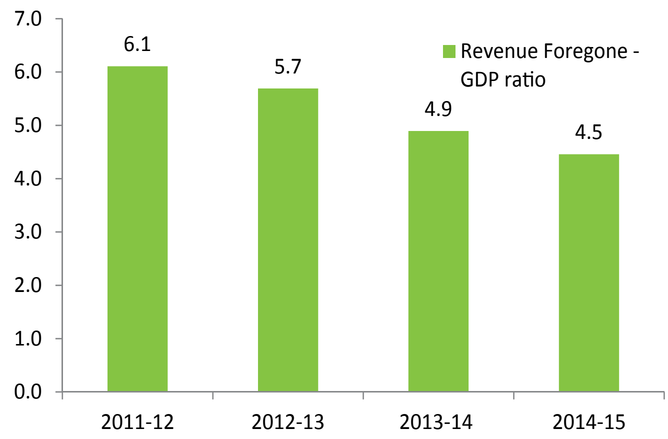
Table 2.3: Some Important Declarations in Union Budget 2017-18

Tax incentives	*Revenue Foregone (Rs. Crore)*
Tax rates for MSMEs with turnover up to Rs. 50 crore reduced	7,200
Personal income tax rate cut for those falling in the tax slab between 2.5 lakh to 5 lakh	15,500
Total net revenue foregone because of exemptions in direct taxes	20,000*

Note: *The government expects to raise Rs. 2,700 crore from the 10% surcharge to be levied on annual taxable income between Rs.50 lakh to Rs. 1crore and the already existing 15% surcharge on income above Rs 1 crore.
Source: Budget Speech, Union Budget 2017-18.

The total revenue foregone, due to the exemptions / concessions/ deductions in the central government tax system, is projected to be Rs. 3.18 lakh crore in the year 2016-17, which is 2.1 percent of the country's GDP. The trend in (estimated) revenue foregone as a percent of GDP is given in the figures below.

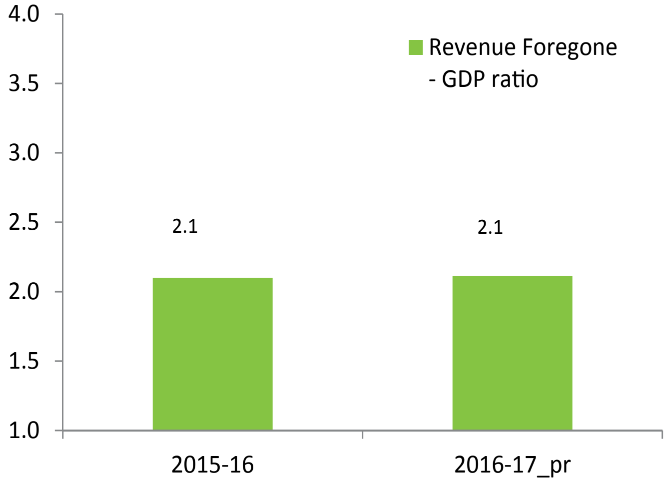
Figure 2.4: (Estimated) Revenue Foregone in the Central Tax System as % of GDP (2011-12 to 2014-15)



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

[1] This is true for officials at various levels such as additional tax commissioner, deputy tax commissioner and income tax officials.
[2] Cited in Sruthisagar, Yamunan, 2017, 'Demonetisation adds to Income Tax Department's Workload, even as it struggles with a Staff Crunch', January 3, 2017, available at: https://scroll.in/article/821881/demonetisation-adds-to-income-tax-departments-workload-even-as-it-struggles-with-a-staff-crunch

Figure 2.2: (Estimated) Revenue Foregone in the Central Tax System as % of GDP (2015-16 to 2016-17)



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

As is clear from Figure 1 and Figure 2, there has been a sharp drop in the revenue foregone to GDP ratio from 4.5 percent in 2014-15 to 2.1 percent in 2015-16. This decline is primarily owing to lower estimates of revenue foregone on account of excise duty and customs. Between 2014-15 and 2015-16, the estimated amount of tax foregone on account of excise duty fell from Rs. 2 lakh crore to Rs. 70,000 crore, and, in the case of customs, tax foregone fell from Rs. 2.4 lakh crore to Rs. 80,000 crore.

However, as mentioned in the Union Budget 2017-18, this decline is mainly due to a change in the methodology for estimating revenue foregone in excise and customs. Therefore, the revenue foregone estimates for the years up to 2014-15 are not strictly comparable with the estimates for the subsequent years.

As mentioned earlier, the total revenue foregone projected for 2016-17 amounts to 2.1 percent of GDP. When compared to the projected fiscal deficit of 3.2 percent of GDP in 2017-18 (BE), the revenue foregone amount does seem like a largesse that may not always be justified. The purpose of providing tax incentives can sometimes be self-defeating, as all tax incentives do not necessarily lead to development. If some of the tax incentives provided (particularly to the corporate sector) could be rationalised, it may have significant impact on the total revenue earnings of the government and create additional fiscal space permitting enhanced public expenditure.

Financial Transparency and International Taxation

Highlights

- The Union Budget has limited cash donations made to political parties to Rs. 2,000. Donations larger than Rs. 2,000 are to be made by cheque, digital modes, or through electoral bonds.
- Cash transactions have been limited to Rs. 3 lakh. Transactions above this limit should be made through cheque and digital forms of payment.
- The Income Tax Department has been taking several measures such as amendment of Double Tax Avoidance Agreements and implementation of General Anti-Avoidance Rules, that have not found mention in the Union Budget 2017-18.
- New laws have been announced to confiscate property of economic offenders and to address illicit deposit schemes

Political Party Financing

The Union Budget, for the first time, acknowledged the importance of transparency in funding of political parties in a democracy. With regard to this, the Union Budget proposed the adoption of Election Commission's recommendation, capping the maximum amount of cash donation that a political party can receive from one person at Rs. 2,000. This is a decrease from the previous limit of Rs. 20,000. Political parties shall continue to receive donations larger than Rs. 2,000 by cheque or digital modes from their donors.

The Union Budget has also proposed an amendment to the Reserve Bank of India Act to enable the issuance of 'electoral bonds' that may be purchased by donors from authorised banks against cheques and digital payments. These electoral bonds shall be redeemable only in the designated account of a registered political party.

This is a welcome move toward transparency in political funding in India. However, a few concerns must be addressed to further enhance transparency in the funding of political parties, thereby curbing the generation of black money:

- In line with the Union Budget's announcements, political parties must be required to submit details of all donations above Rs. 2,000 received to the Election Commission.
- Full details of donors should be made available in the public domain. This is done in countries such as Bhutan, Brazil, Bulgaria, France, Germany, Italy and Nepal.
- This initiative must pave the way toward state funding of elections, which will contribute significantly toward fair elections and the strengthening of democracy.

Limits on Cash Transactions

The Union Budget has proposed to adopt the recommendation of the Special Investigation Team (SIT) on Black Money. The SIT suggests a limit of Rs. 3 lakh on all cash transactions. An individual may not receive an amount of over Rs. 3 lakh in cash from a person in one day, with respect to a single transaction, or transactions relating to one event or occasion from one person.

However, effective implementation of this proposal is crucial. Tracing cash transactions above the prescribed limit of Rs. 3 lakh could be difficult, and it remains to be seen whether larger cash transactions can be monitored.

Demonetisation

In November 2016, high denomination currency notes of Rs. 500 and Rs. 1,000 were declared illegal tenders, with the stated aim of eliminating black money, tackling counterfeit currency and curbing terror financing. There is little data or indicators available in the public domain regarding its impact on black money. The Union Budget 2017-18 was expected to provide data regarding the impact that demonetisation had on the stated objectives of the announcement. The Union Government should make available the data on total currency that has not been deposited in banks or exchanged, number and value of declarations made under the Income Declaration Scheme announced after demonetisation, the impact on the tax base of the country and on black money.

In this context, the Income Tax Department has launched Operation Clean Money on January 31, 2017. The Department has identified Permanent Account Numbers against which cash deposits were found to be disproportionate with previously declared income. The Central Board of Direct Taxes expects such citizens to provide an explanation online. This may encourage the widening of the tax net and avoid underreporting of taxable income.

Tax Avoidance

Tax avoidance by multi-national corporations (MNCs) has been a grave issue faced by India and other developing countries. The Income Tax Department has taken a number of steps through 2016 to address domestic and international tax avoidance. However, these measures did not find mention in the Union Budget 2017-18, including:

- Amendment of Double Tax Avoidance Agreements (DTAAs) and Bilateral Investment Treaties (BITs): DTAAs and BITs have been misused to avoid taxes, round tripping of black money and reinvestment in India using tax havens, and treaty shopping. To address these gaps in the existing DTAAs and BITs, several agreements have been amended, for instance, with Mauritius, Cyprus, Singapore, etc. Negotiations are underway for amending more agreements.
- Implementation of General Anti Avoidance Rules (GAAR): GAAR did not find mention in the Union Budget 2017-18. However, GAAR will come into effect from April 1, 2017. GAAR may be invoked in any financial transaction which is deemed to have been carried out primarily to avoid tax. GAAR will extend to transactions carried out in jurisdictions considered tax havens, if the transaction is predominantly to avoid tax. Due to its wide scope, it is expected to plug the gaps where the existing regulations are not able to deal with particular instances of tax avoidance.
- Income Disclosure Schemes: Several windows were provided under Income Disclosure Schemes to citizens, allowing them to voluntarily disclose their previously undeclared income and pay tax along with stipulated penalty. These windows were offered to encourage tax compliance, simultaneously collecting taxes due on previously undisclosed income.

Financial Regulations

The past few years have witnessed a number of revelations of financial crimes, exposing the underbelly of financial secrecy, including the Panama Papers, fraud deposit schemes, chit fund scams, wilful defaulters, etc. The Union Budget 2017-18 has announced a new law for confiscation of property of economic offenders, and a new law to deal with illicit deposit schemes. These two announcements are welcome. However, even with the required legislation in place, there is scope for improved efficiency on part of law enforcement agencies and the judiciary.

International Taxation

With increasing globalisation and integration of India's economy with the rest of the world, international taxation is becoming increasingly important. Loopholes in domestic and international tax laws are often exploited by MNCs to avoid paying their fair share of taxes in the jurisdictions where they operate. Strengthening the government's commitment towards the Base Erosion and Profit Shifting (BEPS) project led by G20 and the Organisation of Economic Co-Operation and Development (OECD), there were two announcements in the Union Budget on these issues:

- Alignment of the Indian transfer pricing provisions in line with OECD transfer pricing guidelines and international best practices
- Capping the interest payment to a related entity at 30% of earnings before interest, taxes, depreciation and amortization

In addition, there are a few global policy measures regarding international taxation that have been considered or adopted in India but did not find mention in the Union Budget 2017-18, including:

Issues Relating to International Taxation	Global Standard	Status of Implementation in India	Key Policy Asks
Automatic Exchange of Tax and Financial Information between Jurisdictions: Criminals and tax evaders take advantage of a porous financial system, and illicit money can transcend borders with the click of a button. Efforts on part of government authorities however, continues to be constrained by national borders. Existence of tax havens and an army of tax lawyers and bankers facilitate financial secrecy and enable people to move their assets offshore.	The OECD and the G20 have devised the standard for exchanging tax information automatically, under the Common Reporting Standard. This measure is termed Automatic Exchange of Information, allowing exchange of financial information like names, addresses, tax identification numbers and account balance at regular intervals with the account holder's country's government.	India joined the standard of Automatic Exchange of Information in June 2015. One of the early adopters of the standard, India will start exchanging information with other countries, and receive information regarding Indian citizens' assets abroad starting September 2017, on an automatic and periodic basis. This is an improvement over the previous standard, where the Indian tax authorities had to request information on a case-by-case basis.	1) All jurisdictions, including India, should collect and publish aggregate statistics of foreign assets they hold, regardless of whether the account holders' home country has joined the standard for Automatic Exchange of Information. Such data would not breach confidentiality. Rather, it would enable a better understanding of the size and composition of offshore financial centres and how it is changing over time. 2) The information received should be shared between different enforcement agencies within India, to fight corruption and money laundering.
Registry of Beneficial Owners (True Human Owners) of Companies: In most countries across the world, company registration laws do not require ownership information. This results in a spider web of anonymously held companies, enabling embezzlers, arms traffickers and drug dealers to be business owners, without being identified as the ones ultimately controlling or profiting from such companies. Anonymous companies, perfect for hiding ill-gotten money, more often have few employees and do not conduct any real business.	In 2016, the United Kingdom became the first country to create a fully public registry of beneficial owners of companies incorporated there, in open data format. This registry identifies the true human owners of all companies registered in the U.K. Afghanistan, Austria, Denmark, France, Kenya, Netherlands, Nigeria and Ukraine have signalled their support for public registers of beneficial owners. The European Union has also ruled on creation of national-level beneficial ownership registries throughout the Union.	India has introduced a provision for creating a registry of beneficial owners of companies registered in India, in the Companies (Amendment) Bill, 2016. The provision requires all companies to file a return of their 'significant beneficial owners' who own 25 percent of shares, with the Registrar of Companies. This bill was then referred to the Parliamentary Standing Committee on Finance, which has in its report retained the provision on creating the registry of beneficial owners. The Bill is yet to be passed in Parliament.	1) The Indian registry of beneficial owners should be available in the public domain, for citizens to have information regarding the persons who ultimate control and profit from companies. 2) There is a need to lower the current threshold of 25 percent ownership of shares in a company to be recognised as a beneficial owner. An individual wishing to remain anonymous would only need to appoint three individuals to represent themselves as beneficial owners. The presence of a 25 percent threshold is vulnerable to abuse and should be lowered to 10 percent.

Issues Relating to International Taxation	Global Standard	Status of Implementation in India	Key Policy Asks
Country-by-Country Reporting of Multi-National Corporations' Operation and Tax Data: There is a lack of clear and transparent information about the operation of MNCs. Currently, MNCs are able to exploit loopholes in domestic and international tax laws to shift their profits from one country to another, often through tax havens, with the goal of avoiding paying their taxes in jurisdictions where they create value. MNCs report on their profits, revenue, taxes paid and number of employees in an aggregate manner, which does not clarify a corporation's operations in a specific country.	The G20-OECD BEPS project requires MNCs with an annual consolidated revenue of over 750 million Euros (about Rs. 5,300 crore) to report information regarding revenue accrued, profits, taxes paid, number of employees, assets, etc. in a disaggregated, country-by-country basis. This greatly enables governments across the world to ensure that MNCs operating in their jurisdictions pay their fair share of taxes, spot irregular information and activity that needs further investigation.	India announced the adoption of Country-by-Country Reporting requirements for MNCs in the Union Budget 2016-17. The new documentation regime applied from April 1, 2016 with the first filing due by November 30, 2017. There were also penalties attached with non-disclosure or inaccurate information.	1) The threshold of Rs. 5,300 crore required to report MNCs' operation details is extremely high, resulting in only 45-47 companies in India being required to report their data on a country-by-country basis. There is therefore a need to lower the reporting threshold to include more MNCs in the net. 2) Country-by-country reports should be available in the public domain, providing information to a wide range of stakeholders, helping strengthen efforts to monitor corrupt practices, corporate governance and responsibility. Transparency in the operation of MNCs would facilitate an equitable financial system.

However, the BEPS project does not adequately address developing countries' differentiated concerns regarding the various ways in which they lose revenue. Particularly, the transfer pricing guidelines suggested by BEPS through its Country-by-Country Reporting guidelines are complicated and expensive for developing countries to implement. The standards that the BEPS project seeks to implement in countries across the world have been shaped by 35 rich and powerful OECD member countries. This also raises the question of the design of international institutions that form the norms of international taxation, as this runs the risk of benefiting rich countries and leaving developing countries out of the process.

Education

Highlights

- The budget of Ministry of Human Resource Development remains stagnant at 3.7 percent of the total Union budget in the financial year 2017-18
- There is no major announcement for school education. The National Education Mission (NEM) has received an additional allocation of Rs. 1,226 crore from 2016-17(BE), primarily on account of an increase in the SSA budget by Rs. 1,000 crore
- Allocation for National Means cum Merit scholarship scheme has increased from Rs. 35 crore in 2016-17 (BE) to Rs. 282 crore in 2017-18 (BE)
- The Budget for the National Scheme for Incentive to Girl Child for Secondary Education has increased from Rs. 45 crore in 2016-17(BE) to Rs. 320 crore in 2017-18(BE)
- . The budget for 'Pre Matric Scholarship for SC' has declined from Rs. 550 crore in 2016-17 (BE) to Rs. 50 crore in 2017-18 (BE)
- The allocation for RUSA remains unchanged at Rs. 1,300 crore
- The allocation for *Pradhan Mantri Kaushal Vikash Yojana*, a major scheme for skill development hav witnessed a 60 percent increase between 2016-17(BE) and 2017-18(BE).

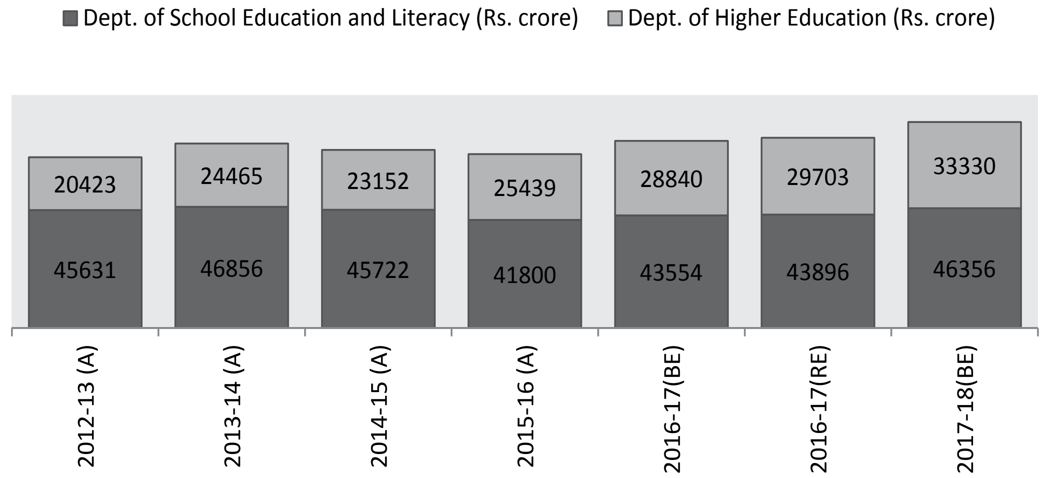
In the last year's budget 'Education, Skill Development and Job Creation' was hailed as one of the distinct 'pillars' that will transform India. This year, education, skill development and job creation have been presented merely as the proposal for 'Youth'. The budget does not make any major announcements for the education sector as a whole. Surprisingly, the Budget speech overlooked any discussion on the financing of 'Right to Education' and elementary education despite widely shared concerns on low learning levels and scope for much needed improvement.

In 2017-18 (BE), MHRD has been allocated with Rs. 79,686 crore, 58 percent of which is allocated for Dept. of School Education and Literacy and 42 percent for Dept. of Higher Education. The distribution of MHRD budget shows clear signs of re-prioritisation towards higher education over time (Figure 4.1).

Though, the budgetary provision for the sector has shown a 10 percent increase in 2017-18 (BE), the budgetary allocation as compared to GDP has decreased from 0.48 percent in 2016-17 (BE) to 0.47 percent in 2017-18 (BE). The share of education in total Union Budget remains stagnant at 3.7 percent as was in 2016-17 Budget Estimates.

Many of the promises made in the 2016-17 (BE) for the education sector do not get substantial resource support in this budget. The promises for setting up of 62 'Navodaya Vidyalaya' in uncovered districts has been supported only by an additional allocation of Rs. 229 crore (Table 4.1).

Figure 4.1: Composition of MHRD Budget by Departments (Rs. crore)



Notes: BE-Budget Estimates, RE-Revised Estimates, A- Actuals
Source: Compiled by CBGA from Union Budget, Expenditure Budget, Volume II, for various years.

Table 4.1: Budgetary Allocation for Select Schemes in Education (Rs. crore)

Schemes	2013-14 (A)	2014-15 (A)	2015-16 (A)	2016-17 (BE)	2016-17 (RE)	2017-18 (BE)
NEM-SSA	24802	24097	21661	22500	22500	23500
NEM-RMSA	2679	3398	3563	3700	3700	3830
NEM-Teacher Training and *Saakshar Bharat*	1090	1158	916	830	751	926
Kendriya Vidyalaya Sangathan	2827	3243	3278	3795	3987	4300
Navodaya Vidyalaya Sanghatan	1746	2013	2285	2471	2615	2700
Mid Day Meal (MDM)	10918	10523	9145	9700	9700	10000

Notes: NEM-National Education Mission; BE-Budget Estimates, RE-Revised Estimates, A- Actuals
Source: Compiled by CBGA from Union Budget, Expenditure Budget, Volume II, for various years

Right to Education (RTE): A Distant Dream?

Sarva Shiksha Abhiyan (SSA), received Rs. 23,500 crore in 2017-18 (BE). As compared to last year's allocation, there has been an increase of Rs. 1,000 crore. However, this increase is insufficient to address the gaps in resource requirement in financing RTE. For the last six years, the allocation of Union Government for SSA acutely falls short of the Central Share approved by MHRD based on the annual work plan and budgets prepared by the districts and submitted to the Ministry by the States (Table 4.2). This clearly indicates that the Ministry of Finance has not been able to fulfil the commitments made by the MHRD.

Table 4.2: Approved outlay for SSA vis-à-vis allocation

	MHRD approval for SSA (Central Share) (Rs. crore)	Budgetary allocation (BE) for SSA by Ministry of Finance (Rs. crore)	Allocation as % of approved outlay
2012-13	45419	25555	56.3
2013-14	31016	27258	87.9
2014-15	36391	28258	77.7

	MHRD approval for SSA (Central Share) (Rs. crore)	Budgetary allocation (BE) for SSA by Ministry of Finance (Rs. crore)	Allocation as % of approved outlay
2015-16	40200	22000	54.7
2016-17	46702	22500	48.2
2017-18	55000	23500	42.7

Notes: PAB-Project Approval Board; Rs. 55,000 crore has been proposed for SSA in 2017-18(BE)
Source: Compiled by CBGA from Parliamentary Standing Committee Report (no. 283) and Union Budget, Expenditure Budget, Volume II, for various years.

A Promise of 'Quality Education' Without Financial Support?

The ASER 2016 report1 pointed out that after the implementation of the RTE Act, the learning outcomes of children going to government schools had actually deteriorated, though marginal improvement over last year was observed in the latest survey. Towards, the improvement of quality, the budget proposes an introduction of a system for measuring annual learning outcomes in schools.

The only announcement made regarding secondary education is about an 'Innovation Fund' to encourage local innovation for ensuring universal access, gender parity and quality improvement with a focus on ICT enabled learning transformation. It seems GoI has been moving its focus from inputs towards outcomes. However, still, the government has not been able to fulfil the pre-requisites for quality education like school infrastructure, adequate professionally qualified teachers, and curricular reforms etc., to name a few.

The government has allocated Rs. 480 crore for strengthening teacher training institutions, same as in 2016-17 (BE). The allocation for language teachers has increased from Rs. 25 crore in 2016-17 (BE) to Rs. 125 crore in 2017-18(BE). At the same time, the School Assessment Programme has witnessed a sharp budget cut from Rs. 5 crore to Rs. 0.67 crore. The budget for Rashtriya Madhyamik Shiksha Abhiyan (RMSA) has increased from Rs. 3,700 crore to Rs. 3,830 crore i.e. only, a meager increase of 3.5 percent.

Whether Education Budget is Inclusive?

MHRD has increased its allocation for development of education schemes in North Easter Region from 4.9 percent in 2016-17 (BE) to 7.9 percent in 2017-18 (BE). As recommended by Parliamentary Standing committee of Human Resource Development, Union Government has increased its allocation for National Means cum Merit scholarship scheme from Rs.35 crore in 2016-17 (BE) to Rs. 282 crore in 2017-18 (BE). The budget for National scheme for Incentive to Girl child for Secondary Education has witnessed a seven fold increase from previous year's budget estimates. Though the budget for 'Beti Bachao Beti Padhao' has increased from Rs. 100 crore to Rs. 200 crore in 2017-18 (BE), only Rs. 43 crore increased according to the 2016-17 (RE), indicating under-performance of the scheme.

Budget for 'Education Schemes for Madrasas and Minorities' under MHRD has remained unchanged at Rs. 120 crore. There is a substantial decrease in the budget of Department of Social Justice and Empowerment for school education. The budget for 'Pre Matric Scholarship for SC' has been reduced from Rs. 550 crore in 2016-17 (BE) to Rs. 50 crore in 2017-18 (BE).

Parliamentary Standing Committee has pointed out the scarcity of Girls' Hostels as one of the major reasons for high drop out rates. The Committee had pointed out that under RMSA, out of 2,225 girls' hostels, only 802 have been made functional. This problem is even more severe for children in Educationally Backward Blocks (EBBs). The budget has approved only Rs. 15 crore for Girls' hostels for SC children.

[1] Annual Status of Education Report (Rural), (2016)

Shifting Focus from School Education to Higher Education and Skill Education?

In 2017-18 (BE), Rs. 33,330 crore has been allocated for the Department of Higher Education, which is 15.6 percent higher than 2016-17 (BE). This increase in allocation is on the account of higher budgetary provision for technical education over general education. The cabinet has approved the IIM Bill, 2017 and IIMS are declared as institution of national importance. Prime minister has also given its approval for introduction of The Indian Institutes of Information Technology (Amendment) Bill, 2017 in Parliament. This has been reflected in the sharp increase in allocation for supporting and setting up of new IITs and IIMs in 2017-18 (BE) (Table 4.3).

Table 4. 3: Budgetary Allocation for Select Components of Higher Education (Rs. crore)

Components	2015-16 (A)	2016-17(BE)	2016-17 (RE)	2017-18 (BE)
University Grants Commission (UGC)	4186	4492	4492	4692
Grants to Central Universities	5600	6356	6356	6486
Students financial aid	2177	2221	2135	2380
Indian Institute of Technologies (IITs) and Indian Institute of Managements (IIMs)	4829	5714	6246	8886
NEM- RUSA	926	1300	1300	1300

Notes: BE-Budget Estimates, RE-Revised Estimates, A- Actuals
Source: Compiled by CBGA from Union Budget, Expenditure Budget, Volume II, for various years

However, The *Rashtriya Uchchatar Siksha Abhiyan* (RUSA), which was designed to provide strategic funding to state higher educational institutions and also was brought under the ambit of NEM in the last financial year, received no attention in this budget. The scheme has received an allocation of Rs. 1,300 crore, as was in the previous year. The allocation for 'Improvement in salary scale of university and college teachers' has also witnessed a cut from Rs. 1,237 crore in 2016-17 (BE) to Rs. 700 crore in 2017-18 (BE).

The budget speech primarily emphasised on skill development and new job creation. The budget has also proposed for an extension of the *Pradhan Mantri Kaushal Kendras* in more than 600 districts across the country. The allocation for *Pradhan Mantri Kaushal Vikash Yojana*, has increased from Rs. 1,804 crore to Rs. 3,026 crore, with a 60 percent increase between 2016-17 (BE) and 2017-18 (BE).

Health

Highlights

- Action plan to eliminate Kala-Azar and Filariasis by 2017, Leprosy by 2018, Measles by 2020, and tuberculosis by 2025
- Action plan has been announced to reduce Infant Mortality Rate from 39 in 2014 to 28 by 2019 and Maternal Mortality Rate from 167 in 2011-13 to 100 by 2018-2020
- 1.5 lakh Health Sub Centres will be transformed into Health and Wellness Centres
- Two new All India Institute of Medical Sciences will be set up in Jharkhand and Gujarat
- Increase in allocation for "Human Resources for Health and Medical Education", specifically for upgrading District Hospitals

The fourth budget of the present government is a first in many ways. The health sector too witnesses a few changes. In a departure from the previous years, the overall allocation for the health sector in 2017-18 budget (including Ministry of Health and Family Welfare and Ministry of AYUSH) has increased by 27 percent over 2016-17 BE. It is expected that this upward trend in the health budget continues in the coming years.

Table 5.1: Health Sector - Allocations across different Departments/Ministries (Rs. crore)

Ministry/Department	2012-13 (A)	2013-14 (A)	2014-15 (A)	2015-16 (A)	2016-17 (BE)	2016-17 (RE)	2017-18 (BE)
Department of Health & Family Welfare (including Department of AIDS control)	26449.0 (82%)	28618.4 (82%)	30626.4 (83%)	33121.4 (107%)	37061.5	38343.3	47352.5
Department of Health Research	720.0	874.1	910.8	992.8	1144.8	1344.8	1500.0
Total Ministry of Health & Family Welfare	27169.0	29492.5	31537.2	34114.2	38206.3	39688.1	48852.5
Ministry of AYUSH	715.0	642.4	616.8	1075.3	1326.2	1307.4	1428.6

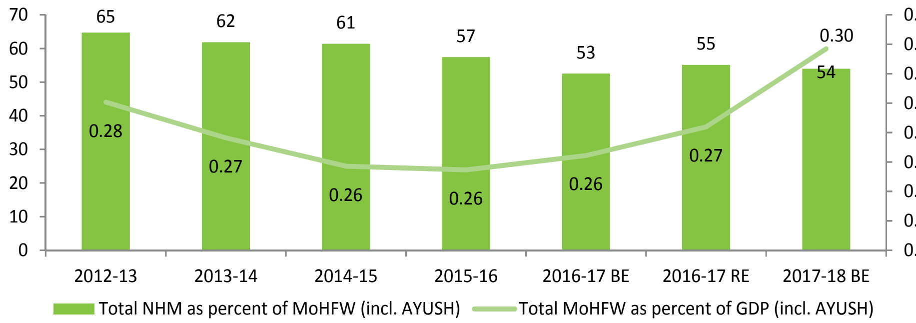
Source: Compiled by CBGA from Union Budget documents, various years.
Note: @ the figures in parentheses indicate the actual expenditures as percent of the budgeted (BE) figures

In terms of utilisation under the Department of Health and Family Welfare (including Department of AIDS Control), which can be assessed by taking the actual expenditures as percent of budgetary allocations (BE), the trend shows that it was more than 100 percent last year. This had, in the previous few years, hovered around 82 percent.

The Union Government allocations for health sector as a proportion of GDP also see a marginal increase to 0.30 percent in 2017-18 (BE) from 0.26 percent in 2016-17 (BE). However, this falls short of meeting the long standing demand (articulated in the Draft National Health Policy, 2015 as well as in the 12th FYP) of increasing the total allocation for health sector to at least 2.5 percent of GDP (Centre and States combined). Further, the NRHM framework document had recommended that the contribution of the Centre should be 50 percent; but the current allocation falls short of this target.

Within the health sector, the flagship programme National Health Mission (NHM) accounts for more than 50 percent of the total health budget. This proportion of NHM in the total budget for MoHFW (including the budget for Ministry of AYUSH) has, however, declined from 65 percent in 2012-13 (A) to 54 percent in 2017-18 (BE).

Fig. 5.1 Allocations for MoHFW as % of GDP and Allocations for NHM as % of MoHFW Budget



Notes: GDP figures are current GDP at market prices; MoHFW allocations are in Rs. Crore
Source: Compiled by CBGA from Union Budget documents, various years.

Table 5.2: Allocations across select Schemes in the Health Sector (Rs. crore)

Schemes	2012-13 (A)	2013-14 (A)	2014-15 (A)	2015-16 (A)	2016-17 (BE)	2016-17 (RE)	2017-18 (BE)
National Health Mission (NHM)*	18046.7	18633.8	19751.4	20213.2	20762	22597.9	27131.2
Pradhan Mantri Swasthya Suraksha Yojana (PMSSY)	989.0	1273.2	822.0	1577.85	2450.0	1953.2	3975.0
Rashtriya Swasthya Bima Yojana (RSBY)***	1001.7	887.5	550.6	-	-	-	-
National Health Protection Scheme*** (erstwhile RSSY)				NA	1500.0@	724.0	1000.0
Jan Aushadhi Scheme#	1.7	15.2	NA	16.9	35.0	49.7	74.6

Note: The figures include the North East Region (NER) component
*the figures from 2015-16 onwards include all components under the NHM umbrella programme "NHM including AYUSH NACO and Medical Research" as mentioned in the NITI Aayog report. Thus, figures include "Human Resources in Health & Medical Education", "National Mission on AYUSH including Mission on Medicinal Plants" and "National AIDS & STD Control Programme"
***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 RSBY was renamed RSSY in 2016-17 and NHPS in 2017-18.
@The allocation, mentioned under RSSY for 2016-17 (BE) in the last budget documents was Rs. 1641.5 crore. This year's document gives the figure for NHPS (erstwhile RSSY) as Rs. 1500 crore for 2016-17 (BE)
the Jan Aushadhi scheme is under the Department of Pharmaceuticals, Ministry of Chemicals & Fertilisers
Source: Compiled by CBGA from Union Budget documents, various years.

The allocation for PMSSY, which is a central scheme for establishment of AIIMS like institutions, also got more than doubled from 2016-17 (RE) to 2017-18 (BE). There has also been an announcement regarding setting up of two AIIMS in Gujarat and Jharkhand. The National Health Protection Scheme (NHPS), announced in the last budget, was supposed to provide health cover up to Rs.1 lakh per family for poor and economically weak families. However, it is not clear whether the erstwhile RSSY (RSBY) has merely been renamed as NHPS, without any change in the entitlement under the scheme. The 2017-18 budget does not give any evidence of this increase.

There has also been no concrete announcement for ensuring the availability of free generic medicines. This is a critical area of concern as the NSSO data tells that nearly 70 percent of the out-of-pocket (OOP) burden is due to expenditure on medicines. Making free medicines available in all public health facilities will substantially impact the credibility of the public health system and strengthen utilisation.

In the Union Budget 2017-18, there is a proposal for amending the Drugs and Cosmetic Rules, highlighting the intent of the government to ensure availability of drugs at reasonable prices and promoting use of generic medicines. However, this alone may not substantially impact reduction of OOP expenditures. The Jan Aushadhi Scheme was introduced in 2008 for ensuring enhanced availability of medicines at affordable prices to all, especially the poorer sections. The allocation for this scheme remains low, though it has been more than doubled in this budget from 2016-17 BE. Jan Aushadhi Scheme has now been renamed as "Pradhan Mantri Bhartiya Janaushadhi Pariyojana" (PMBJP). So far, 683 PMBJKs have been opened in the country whereas the commitment in 2016-17 budget was to open 3000 Jan Aushadhi stores across the country.

The two sub-missions under the NHM are National Rural Health Mission (NRHM) and National Urban Health Mission (NUHM). While NRHM allocation does see an increase of around Rs. 3000 crore in this budget over 2016-17 (BE), allocation for NUHM has decreased from Rs. 950 crore in 2016-17 BE to Rs. 752 crore in 2017-18 BE. NUHM envisages meeting health care needs of the urban population with a focus on urban poor, by making available primary health care services and reducing their OOP expenses. As urbanisation increases with migration of labour from rural areas to cities, the health needs of the urban population, especially the poor, require attention. The reduction in allocations for NUHM raises concern as, on one hand, the government is pushing for the development of smart cities but, on the other, it does not seem to be preparing for the challenges posed by increase in population of urban poor.

One of the most important components under NHM is the Reproductive and Child Health (RCH). This is a critical area of intervention for the maternal and child health. Given the commitment towards Sustainable Development Goals (SDGs), the government does target reducing the MMR from 167 in 2011-13 to 100 by 2018-2020. However, the allocations for the RCH Flexi pool (including Routine Immunisation, Pulse Polio Immunisation, NIDDCP, etc.) witness a decline from Rs. 7,775 crore in 2016 (BE) to Rs. 5,966 crore in 2017-18 (BE).

Table 5.3: Allocations under the RCH Flexi Pool (Rs. crore)

	2015-16 (A)	2016-17 (BE)	2016-17 (RE)	2017-18 (BE)
RCH Flexi Pool (incl. RI, PPI, NIDDCP, etc.)	6489.8	7774.9	7884.9	5966.6

Source: Compiled by CBGA from Union Budget 2017-18.

Given that large number of maternal deaths and high rates of infant mortality are still prevalent, there needs to be a sharper focus on components under RCH Flexi pool. There is a crucial need for the state to step up investment for reproductive and child health. The decline under RCH Flexi pool, thus, needs to be analysed in a disaggregated manner to assess under which components the cuts have been made.

Some of the sub-components under NHM which have received substantially higher allocations than previous year include "Health System Strengthening under NRHM" and "Human Resources for Health and Medical Education". For health system strengthening, the allocation have increased from Rs. 5,226 crore in 2016-17 (BE) to Rs. 8,383 crore in 2017-18 (BE). The bulk of the increase under "Human Resources for Health and Medical Education" is for upgrading District Hospitals, allocation for which increases from Rs. 445 crore in 2016-17 (BE) to Rs. 3,300 crore in 2017-18 (BE). The Parliamentary Standing Committee on Health and Family Welfare also brought to the fore the issue of shortages in human resources in the health sector which have affected the delivery of services adversely. This seems to have been followed up by the government with earnest. The increase under these heads would help improve the quality of healthcare delivery.

Thus, the increase in the overall allocations for the health budget and emphasis on dealing with the shortages pertaining to human resources and infrastructure are steps in the right direction. These need to be augmented and strengthened. The less than adequate focus on availability of generic medicines and reproductive and child healthcare is a cause of concern. There need to be more concerted efforts in order to ensure public provisioning of universal healthcare in India.

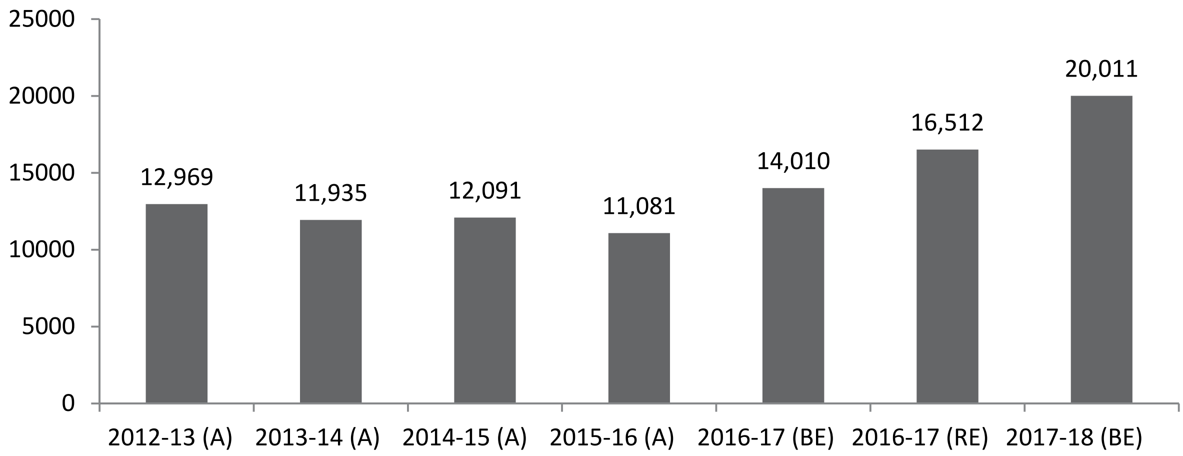
(We acknowledge the valuable inputs provided by Mr. Ravi Duggal on this section and various other sections in the publication).

Drinking Water and Sanitation

Highlights

- The total allocation for the Swachh Bharat Mission - Rural and Urban (SBM R+U) is Rs. 16,248 crore with SBM (R) at Rs.13,948 crore and SBM (U) at Rs. 2,300 crore in 2017-2018 (BE). This is significantly higher than the previous year's allocation of Rs.12,800 crore in 2016-17 (RE)
- For National Rural Drinking Water Programme (NRDWP), the allocation remained almost the same from Rs.6,000 crore in 2016-17 (RE) to Rs. 6,050 crore in 2017-18 (BE)
- Open Defecation Free (ODF) villages are being prioritised for piped water supply under the SBA
- As part of a sub mission of the NRDWP, it is proposed to provide safe drinking water to over 28,000 arsenic and fluoride affected habitations in the next four years

Fig 6.1: Budgetary Allocations for Ministry of Drinking Water and Sanitation (Rs. Crore)



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

Table 6.1: Allocation for Schemes under Ministry of Drinking Water and Sanitation and Ministry of Urban Development (Rs. crore)

Schemes	2012-13 (A)	2013-14 (A)	2014-15 (A)	2015-16 (A)	2016-17 (BE)	2016-17 (RE)	2017-18 (BE)
National Rural Drinking Water Programme	10,490	9,691	9,242.3	4,369.6	5,000	6,000	6,050
Swachh Bharat Mission (R) / *Nirmal Bharat Abhiyan*	2,474	2,244	2,841	6,703.4	9,000	10,500	13,948.27
Swachh Bharat Mission (U)	-	-	859.5	765.8	2,300	2,300	2,300

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

Key Budgetary Observations and Developments in Drinking Water and Sanitation

- Budget 2017-18, for the drinking water and sanitation sector in rural India has seen a significant increase of almost 43 percentage points from 2016-17 (BE) as can be seen Fig 6.1. The figure shows an upward trend from 2012-13 to 2017-18 with a decline only in 2015-16 (A). However, on further scrutiny, it is clear that except for an increase in allocations for rural sanitation, allocations for rural drinking water have remained almost the same at Rs. 6,050 crore 2017-18 (BE) for NRDWP (Table 6.1). The budget allocations for SBM

(Urban) have remained stagnant at Rs. 2,300 crore 2017-18 (BE). In Atal Mission for Rejuvenation and Urban Transformation (AMRUT), the allocations in 2017-18 (BE) is Rs. 5,000 crore which is marginally higher than the 2016-17 (RE) i.e. Rs.4, 883.5 crore.

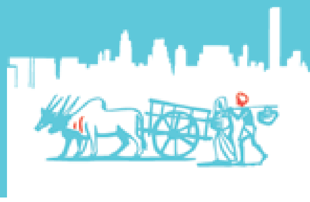
- Despite growth rates being projected at 7.2 percent and the country being the sixth largest producer in the world, India's sanitation statistics have lagged behind[1]. This has led to an increased focus on sanitation politically and since October 2014 there has been a scaling up of activities related to sanitation. This is evident not only in the increased budget but also activities related to sanitation. As per the MDWS, the sanitation coverage has gone up from 42 percent in October 2014 to 60 percent in 2017. Three states – Kerala, Himachal Pradesh and Sikkim have already been declared ODF, with 85 ODF districts and 1,52,535 ODF villages[2]. These achievements have contributed to making sanitation a political priority. The Ministry has also come up with ODF Sustainability Guidelines with a view to address the issue of sustainability.
- To address the problem of arsenic and fluoride contamination of water and stressing on the need to provide sustainable water supply services in rural areas, the Secretary of the Ministry announced in May 2016 that a National Sub-Mission to address Fluoride and Arsenic-affected habitations with additional Central funding has been considered and the guidelines for its implementation have been developed in consultation with NITI Aayog and the States. On the other hand, as of November 2016, at least 17 states have not submitted proposals under NRDWP for release of second installment of funds which would lead to further delay in project completion[3].
- With regard to the formulation of policies and public spending priorities for water and sanitation, the state governments, Urban Local Bodies and Panchayat Raj Institutions are playing a key role since the recommendations of the Fourteenth Finance Commission (FFC). The FFC grants to the tune of Rs. 2,00,292 crore are being devolved to Gram Panchayats (GPs) to support and strengthen the delivery of basic services which includes 'water supply, sanitation, septic management, sewage and solid waste management, storm water drainage, maintenance of community assets, etc.'[4] The Ministry of Panchayati Raj has also written to the states with regard to utilising the FFC funds, more specifically, this calls for the preparation of Gram Panchayat Development Plans (GPDPs) for utilising the funds at the GP level. These developments would strengthen decentralisation in the water and sanitation sector if implemented in a timely manner.

Challenges and Issues in Water and Sanitation:

- The planning and budgeting process in the states for water and sanitation needs to be examined further in view of the fact that there is a problem of unspent balances lying with the states. How do incentives/ subsidies from the SBM reach the targeted beneficiaries and what are the roadblocks? To what extent has decentralised planning taken place? These are some questions which need to be looked at for examining expenditure priorities for drinking water and sanitation at the level of State and district governments. Further, there is a crucial need for monitoring and evaluation of water and sanitation schemes for which the Ministry has started the Swachh Sarvekshan in addition to shortlisting National Level Monitors. This would ensure that sanitation goes beyond just construction of toilets.
- With the launch of SBM in 2014, government funding has increased substantially in sanitation. In addition to public financing, other private entities have also contributed for WASH. Despite the pledge for corporate support through CSR funding via the Swachh Bharat Kosh, the contributions have not had the desired impact. Since November 2015, the government has also levied a Swachh Bharat Cess of 0.5 percent. Collections through the cess have certainly created a corpus for sanitation which needs to be looked into.
- Inadequate water and sanitation facilities impact women and girls more than men and boys. Field level evidence shows that girl children drop out of school with the onset of puberty due to lack of toilets in school premises. Women have been exposed to sexual harassment and violence due to absence of safe sanitation facilities. Given that water and sanitation is not a part of the Gender Budget Statement, there is a lack of gender disaggregated data making it difficult to track spending on women and girls. The Economic Survey 2016-17 stresses on the need for women's privacy and dignity through creation of toilets.

[1] Census 2011, GoI
[2] www.sbm.gov.in. Website accessed on 1st February 2017
[3] DO.No. W-11011/21/2015-Water-I, 9th November, 2016, MDWS, GOI. Accessed from www.mdws.gov.in
[4] D.O.No: W-11042/70/2015-Water-II, 18th October, 2016, MDWS, GoI. Accessed from www.mdws.gov.in

Rural Development



Highlights
• Mission Antyodaya to bring one crore households out of poverty and to make 50,000 gram panchayats poverty free by year 2019
• A composite index for poverty-free gram panchayats would be developed to monitor the progress from the baseline
• Budget provision has been increased to Rs. 48,000 crore in 2017-18 (BE) from Rs. 47,499 crore under MGNREGA in 2016-17 (RE)
• Allocation for Pradhan Mantri Awaas Yojana – Gramin increased from Rs. 16,000 crore in 2016-17 (RE) to Rs. 23,000 crore in 2017-18 (BE)

As per Census 2011, nearly 83 crore people live in rural areas in India, constituting about 69 percent of the total population of the country. The Ministry of Rural Development (MoRD) has been running a number of programmes/schemes in addition to those by the Rural Development Department in different states. The major flagship programmes which account for bulk of the allocations in the Ministry include MGNREGA, Ajeevika/NRLM, Pradhan Mantri Awas Yojana /Indira Awas Yojana (PMAY / IAY) and Pradhan Mantri Gram Sadak Yojana (PMGSY).

For Department of Rural Development (DoRD), allocation has been increasing over the years. The share of DoRD in the total budget is about five percent in 2017-18 (BE). The emphasis on rural development, as announced in the Union Budget 2017-18, gets reflected in its higher allocations as well as the increased share in the total budget.

Table 7.1: Status of Fund Allocation under the Department of Rural Development (Rs. crore)

	2012-13 (A)	2013-14 (A)	2014-15 (A)	2015-16 (A)	2016-17 (BE)	2016-17 (RE)	2017-18 (BE)
Allocations for DoRD	50,187	58,666	67,311	77,369	86,055	96,060	1,05,448
Allocations for DoRD as percent of Total Budget Expenditure	3.6	3.8	4.0	4.3	4.4	4.8	4.9

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

Some of the major schemes of the MoRD such as NRLM and PMGSY did not meet the targeted outlays approved in the Twelfth Five Year Plan. However, schemes like MGNREGA and PMAY have surpassed the targeted outlays.

Table 7.2: Actual Expenditure vis-a vis Proposed Outlay in 12th Five Year Plan

Scheme	Proposed outlay for the 12th Plan (Rs. crore)	Expenditure (Rs. crore)					Expenditure as % of outlay	2017-18 (BE)
		2012-13 (A)	2013-14 (A)	2014-15 (A)	2015-16 (A)	2016-17 (RE)		
MGNREGA	1,65,059	30273	32993	32969	37341	47499	109.7	48,000
NRLM	29006	2195	2022	1413	2514	3000	*38*	4500

Scheme	Proposed outlay for the 12th Plan (Rs. crore)	Expenditure (Rs. crore)					Expenditure as % of outlay	2017-18 (BE)
		2012-13 (A)	2013-14 (A)	2014-15 (A)	2015-16 (A)	2016-17 (RE)		
Pradhan Mantri Awaas Yojana /IAY	59585	7869	12981	11105	10116.20	16000	*97*	23000
PMGSY	1,24,013	3057	3978	5868	18290	19000	*40.5*	19,000

Source: Compiled by CBGA from 12th Five Year Plan and Union Budget documents, various years.

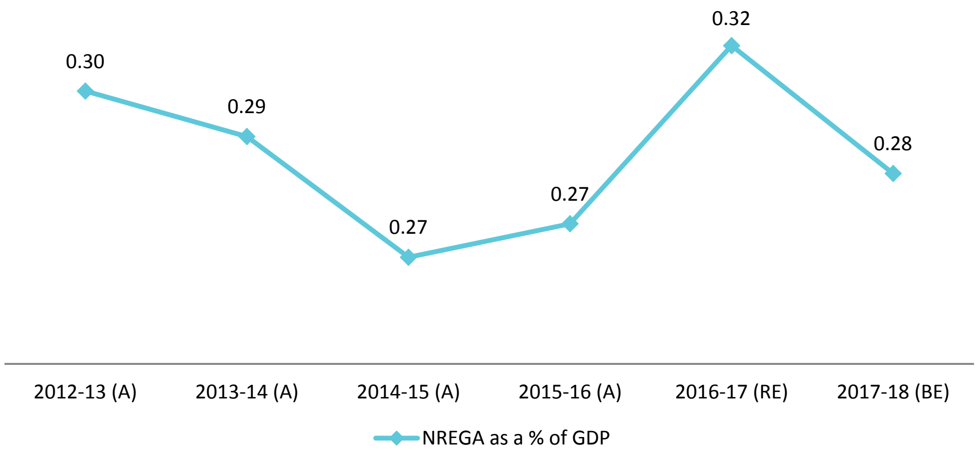
Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA):
MGNREGA, which was conceived as a demand driven employment generation programme in 2005-06, got impetus over the years. The majority of the beneficiaries under MGNREGA have been the poor households and marginalised sections of the society, such as women, SCs and STs. The scheme witnessed an increase in participation of women and disabled persons over the period from 2012-13 to 2016-17 (Table 7.3). Though, there is a 25 percent increase in allocation under MGNREGA between 2016-17 (BE) and 2017-18 (BE), the increase is a mere one percent, as two supplementary allocations during the course of the year made the total budget in 2016-17 (RE), Rs. 47,500 crore. Figure 7.1 shows that the budgetary allocation for MGNREGA as compared to GDP, has declined from 0.30 percent in 2012-13 (A) to 0.28 percent in 2017-18(BE).

Table 7.3: Work Participation under MNREGA

	2012-13	2013-14	2014-15	2015-16	2016-17#
Total Households Worked (in crore)	4.99	4.79	4.14	4.8094	0.13
Total Individuals Worked (in crore)	7.97	7.39	6.22	7.21	0.183
% of Men Worked	52.93	52.03	49.77	49.71	43.23
% of Women Worked	47.07	47.97	50.23	50.29	56.77
% of SC Worked	22.79	22.93	22.26	22.32	20.94
% of ST Worked	17.92	17.88	18.39	18.21	15.61
% of Disabled Persons Worked	0.57	0.66	0.67	0.63	1.07
Average days of employment provided per Household	46	46	40	48	28

Source: Compiled by CBGA from MGNREGA portal
Note: # Upto August

Figure 7.1 Expenditure in MGNREGA as percent of GDP



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

Pradhan Mantri Awaas Yojana (Gramin)

Indira Awas Yojana has been renamed as Pradhan Mantri Awaas Yojana (Gramin) with a revised funding share to 60:40 between Union Government and the states for general category states. For north eastern states and Himalayan states, the fund sharing ratio is 90:10. Earlier it was 75:25 between Union Government and the states.

Departmentally related Standing Committee Report on DDG 2016-17 of DoRD has highlighted a huge gap between physical targets set and actual performance of the scheme (Table 7.6).

Table 7.6: Physical Performance under PMAY /IAY

Financial Year	Target	Achievement	% of Achievement
2012-2013	3,009,700	21,85,773	73
2013-2014	24,80,715	15,92,367	64
2014-2015	25,18,978	16,52,737	66
2015-2016	20,79,146	18,03,000	87
2016-17(up to 28 January 2017)	33,00,000	21,57,000	65

Source: Compiled by CBGA from Demand for Grants (2016-17) of Rural Development Department, Parliamentary Related Standing Committee on Rural Development

The Union Budget 2017-18 was presented as a budget oriented towards development of the rural economy and elimination of poverty in at least 50,000 gram panchayats by year 2019. In line with such announcements, the budget allocations for the department have also increased from 2016-17 to 2017-18. The same trend is visible in allocations for major schemes being implemented by the department. However, the sector continues to suffer from critical deficits and with an ambitious target of poverty elimination (in select Gram Sabhas) cannot be met without more substantive changes.

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Agriculture

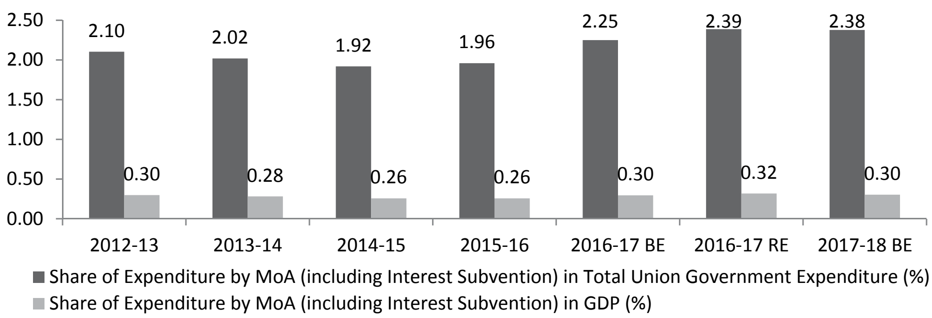
Highlights

- The allocation for *Pradhan Mantri Fasal Bima Yojana* (PMFBY) in 2017-18 (BE) is Rs. 9,000 crore, an upward revision from Rs. 5,500 crore in 2016-17 (BE). The entire allocation for this purpose would be met from the *Krishi Kalyan Cess*
- The Long Term Irrigation Fund, which was created with NABARD to boost irrigation facilities, received an additional Rs. 20,000 crore in 2017-18 (BE) over the initial corpus of Rs. 20,000 crore announced in the Union Budget 2016-17
- The interest subvention for providing short term credit to farmers did not show any increase in the latest budget compared to previous year's budget; although the agricultural credit limit has been set at Rs. 10 lakh crore for the coming year
- There is a decline in the allocation for *Rashtriya Krishi Vikas Yojana* (Rs. 4,750 crore) in the latest budget, compared to previous year's allocation of Rs. 5,400 crore
- The total amount met from *Krishi Kalyan* Cess, both for *Fasal Bima Yojana* and *Pradhan Mantri Krishi Sinchai Yojana* (PMKSY), has increased from Rs. 5,000 crore in 2016-17 (BE) to Rs. 10,800 crore in 2017-18 (BE).

How Well are the Concerns of the Farming Community Addressed in Union Budget 2017-18?

The Budget Speech of the Finance Minister gave top priority to 'farmers', but the allocations for the sector imply it is business as usual. The budget allocated for the farming community seems inadequate in the aftermath of demonetisation and its adverse impact on the rural economy. The total allocation for the Union Ministry of Agriculture and Farmers' Welfare has been increased to Rs. 51,026 crore in 2017-18 (BE), which is only Rs. 3,053 crore higher than the 2016-17 (RE) outlay. The Ministry's total allocation, both as percentage share of the total Union Budget and as a proportion of the GDP, shows a decline in the current budget compared to 2016-17 (RE). The promise of doubling the income of farmers has not been accompanied by the introduction of any comprehensive scheme in the budget.

Figure 8.1: Share of Expenditure by MoA (With and without interest subvention) in Total Union Government Expenditure (%)



Note: As per Table 8.1.
Source: Compiled by CBGA from Union Budget documents, various years.

There have been a couple of announcements, including the increase of agricultural credit target to Rs. 10 lakh crore, for which the Primary Agriculture Credit Societies will have to ensure seamless flow of credit to small and marginal farmers, with a special attention to be given to underserved areas. The

Pradhan Mantri Fasal Bima Yojana, launched in 2016-17, would now cover 40 percent of the cropped area in the next fiscal, which is an increase from 30 percent from the current fiscal 2016-17.

But the additional tax revenue generated through *Krishi Kalyan Cess* (KKC), which the tax payer contributes towards with the hope that there would be a comprehensive programme to make farming a viable occupation again, has not been utilized very effectively. The government has substituted the entire premium for the *Fasal Bima* scheme with the revenue accrued through KKC. There has been a sharp decline in its allocation to Rs. 9,000 crore in 2017-18 (BE) from Rs. 13,240 crore in 2016-17 (RE). The sum insured under this scheme has increased from Rs. 69,000 crore in Kharif 2015 to Rs. 1,41,625 crore in Kharif 2016; the entire premium for the scheme, for the year 2017-18, will be covered from *Krishi Kalyan Cess* (KKC).

Table 8.1: Budgetary Resources for Ministry of Agriculture and Farmers' Welfare (including Interest Subvention) (Rs. Crore)

Ministry of Agriculture and Farmers' Welfare (MoA)	2012-13 (A)	2013-14 (A)	2014-15 (A)	2015-16 (A)	2016-17 (BE)	2016-17 (RE)	2017-18 (BE)
Department of Agriculture, Cooperation and Farmers Welfare*	*23353*	24923	25255	28296	35984	39841	41855
Department of Animal Husbandry, Dairying and Fisheries	1792	1826	1822	1410	1882	1994	2371
Department of Agricultural Research and Education	4510	4731	4840	5386	6620	6238	6800
Total Expenditure under MoA with Interest Subvention (Rs. in Crore)	**29655**	**31479**	**31917**	**35092**	**44485**	**48073**	**51026**
Interest Subvention for Providing Short Term Credit to Farmers**	*5400*	6000	6000	13000	15000	13619	15000
Share of Expenditure by MoA (including Interest Subvention) in Total Union Government Expenditure (%)	2.10	2.02	1.92	1.96	2.25	2.39	2.38
Share of Expenditure by MoA (including Interest Subvention) in GDP (%)	0.30	0.28	0.26	0.26	0.30	0.32	0.30

Notes: * This include interest subvention for providing short term credit to farmers.
** The allocation for the interest subvention for providing short term credit to farmers were reported under the Department of Financial Services within the Ministry of Finance until 2015-16 and subsequently with the Department of Agriculture, Cooperation and Farmers Welfare.
Source: Compiled by CBGA from Union Budget documents, various years.

The Long Term Irrigation Fund (LTIF) which was set up with NABARD received an additional corpus fund of Rs. 40,000 crore in Union Budget 2017-18, compared to Rs. 20,000 crore in Union Budget 2016-17. However, as on 31 December, 2016, only Rs. 500 crore has been provided to NABARD as equity for leveraging funds from LTIF. Further, there has been an announcement of a dedicated Micro Irrigation Fund in NABARD with an initial corpus of Rs. 5,000 crore. There has also been an announcement - regarding a dairy processing and infrastructure development fund in NABARD with a corpus of Rs. 8,000 crore over 3 years, with an initial funding of Rs. 2,000 crore in Union Budget 2017-18. These corpus funds are expected to generate asset-base for the sector and help achieve increased productivity.

The mechanism of interest subvention only benefits a few farmers, who have access to formal sources of credit. As tenant farmers and sharecroppers are excluded from bank loans, interest subvention will not help them. In fact, the allocation for this purpose pegged at Rs.15,000 crore in 2017-18 (BE), is the same as that in 2016-17 (BE). A portion of this allocation (Rs. 1,800 crore) would be met from the collections of KKC. The allocation for RKVY in the current budget has declined marginally to Rs. 4,750 crore, over the previous year's allocation of Rs. 5,400 crore. However, due to the change in fund sharing pattern, it is expected that States' would contribute the matching share (of 40 percent) towards the programme and the total allocation for this scheme would be close to Rs. 9,000 crore.

Total allocation for PMKSY in the current budget saw a decline to Rs. 7,377 crore from actual spending reported in 2015-16, i.e. Rs. 7,781 crore. There is no such increased allocation noticed for National Food Security Mission (NFSM), National Mission on Oilseeds and Oil Palm (NMMOOP) or *Paramparagat Krishi Vikas Yojana* in the current budget. The National Horticulture Mission received an increased allocation of Rs. 2,320 crore compared to actual expenditure of about Rs. 1,700 crore in 2015-16. A slight increase has been noticed in the allocation for Green Revolution scheme; however, this would hardly be able to relieve the stress of the farming community. Further, there is no special provisioning for the small, marginal and tenant farmers in the current budget, which was actually the need of the hour.

Table 8.2: Allocation / Spending for Major Schemes under the Ministry of Agriculture and Farmers' Welfare (Rs. crore)

Scheme	2013-14 (A)	2014-15 (A)	2015-16 (A)	2016-17 (BE)	2016-17 (RE)	2017-18 (BE)
Pradhan Mantri Fasal Bima Yojana (PMFBY) *	2551	2598	2983	5500	13240	9000
Total Allocations for Pradhan Mantri Krishi Sinchai Yojana (PMKSY) **	6905	5580	7781	5767	5182	7377
Rashtriya Krishi Vikas Yojana (RKVY)	7053	8443	3940	5400	3550	4750
National Food Security Mission (NFSM)	2027	1873	1162	1700	1280	1720
Paramparagat Krishi Vikas Yojana (PKVY)		0	219	297	120	350
National Mission on Oil Seed and Oil Palm (NMOOP)	556	316	306	500	376	403
National Mission on Horticulture (NMH)	1809	1625	1696	1620	1660	2320
White Revolution	1449	1415	937	1138	1312	1634
Blue Revolution	348	388	200	247	392	401

Notes: * 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 Agriculture, Cooperation and Farmers Welfare, Department of Land Resources and Ministry of Water Resources, River Development and Ganga Rejuvenation and Ministry of Finance.

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

A closer look at the relevant numbers for various programmes and schemes that are meant for the development and welfare of the farming community indicates that the government is falling short of meeting its commitment towards farmers.

Nutrition and Food Security

Highlights

- In absolute terms allocations for nutrition related schemes in the Union Budget increased from Rs. 2,00,071 crore in 2012-13 (A) to Rs. 2,98,316 crore in 2017-18 (BE).
- Share of allocation / expenditure for nutrition related schemes in the total Union Budget declined from 14.2 percent to 13.9 percent in 2017-18 (BE).
- The share of allocation / expenditure for nutrition related schemes in the GDP declined from 2 percent in 2012-13 to 1.8 percent in 2017-18 (BE).
- The highest increase in allocation for MBP seen in the current budget compared to Union Budget allocations for earlier years.

Undernutrition has a lifelong impact on cognitive development, health, and future earnings. Investments in nutrition programmes will not only build human capital but would significantly contribute in economic growth as well. However, almost 38.7 percent children under-5 years of age in India are stunted and 73 percent women in reproductive age are anaemic (Rapid Survey on Children, 2013-14). These are not the numbers that a country like India, which is "seen as an engine of global growth", would be willing to reckon with. The Finance Minister, while presenting the budget for 2017-18 mentioned that transformation in the quality of life of people and mobilising various sections of society, to realise their true potential would be the top priority of the government. However, no such commitment may be seen, if one looks at the numbers presented in the budget document for the nutrition sector.

Data presented in Table 9.1 lists the outlays and the expenditure for 20 Centrally Sponsored Schemes (CSSs) of the Union Government that directly or indirectly impact nutrition outcomes. These are spread across various sectors, viz. women and child development, household food security, health, drinking water and sanitation, food and social security and safety nets, agriculture and poverty alleviation. A few observations regarding these schemes are presented below:

Nutrition and Maternity Entitlement Programmes

Erstwhile 'core ICDS' is a major programme for providing supplementary nutrition to children below 6 years of age. It also provides other important services pertaining to health and education. The scheme had experienced cuts in the last two budgets, however in 2017-18 (BE) there has been an increase of 13 percent as compared to the 2016-17 (RE). However, the allocation for the scheme remains under-funded as the cost norms have not been revised in the recent period as per the current market prices. Allocations for SABLA, which is the only scheme to address the health and nutrition needs of girl child, remain unchanged and the scheme continues to be in pilot mode.

National Food Security Act, 2013 entitled pregnant women and lactating mothers a minimum maternity benefit of Rs. 6,000 per child birth. The scheme was earlier implemented through IGMSY, which has now been renamed as Maternity Benefit Programme (MBP) and has been expanded to cover all districts in the country. However, the allocated amount for MBP, although much higher than the previous year, is only a small portion of the amount required for universalising the scheme.

Access to Health

Finance Minister (FM) mentioned an action plan to eliminate number of chronic diseases in the next few years and also an action plan to reduce IMR and MMR by 2019 and 2020 respectively, from their current levels. However, we do not see translation of this plan into action as fund allocation for NHM has not seen the requisite growth. The allocation for NHM, which is the core scheme for health related interventions, although has increased by 9.5 percent this year, it constitutes only 1 percent of the total Union Budget and 0.1 percent of the GDP. This is abysmally low when compared to 5.99 percent of GDP as the average public spending on health in the world (Economic Survey, 2016). The need for huge investment in health infrastructure is evident from the large shortfall in health centres and skilled human resources (doctors, nurses, ANMs) in rural areas and increasing reliance on private doctors in both rural and urban areas.

Drinking Water and Sanitation facilities

There is now increasing evidence that WASH interventions have positive effect on nutrition outcomes. SBM has been one of the key programmes of this government and there has been a substantial increase in the budgets for the programme in the last three years. Although sanitation coverage has increased in the last few years, there remains a huge gap in the use and maintenance of the toilets. Provisioning for safe drinking water continues to be a neglected sector. The funds for NRDWP have increased only marginally this year to Rs. 6,050 crore and remain much below the previous level of Rs. 10,490 crore in FY 2012-13.

Agriculture and poverty alleviation programmes

MGNREGA is the largest scheme among agriculture and poverty alleviation programmes. Allocations for MGNREGA in 2017-18 (BE) are Rs. 48,000 crore, indicating an increase only Rs. 500 crore from 2016-17 (RE). The allocations for poverty alleviation schemes related to nutrition have seen only a modest increase of 3.3 percent in 2017-18 (BE) as compared to 2016-17 (RE). Agriculture too has not received the desired push, even though the allocations for agriculture have increased by 31 percent in 2017-18 (BE) compared to earlier year.

Overall there has been an increase of 9.2 percent in schemes related to nutrition, largely due to increased allocation for agriculture, SBM, and MBP. Rest all the schemes related to nutrition have seen only a nominal increase. Expenditure on nutrition constitutes about 13.9 percent of total Union Budget allocation and only about 1.8 percent of GDP (Figure 9.1). It seems that expenditure on nutrition has stagnated to around this level in the last few years. If we exclude the food subsidy budget (which constitutes about half the nutrition budget) then the nutrition budget would be less than 1 percent of GDP. The comprehensive vision required to address undernutrition is still lacking in the policy domain. The government may do well to recall that we cannot reap the demographic dividend unless we invest in health, education and nourishment of our people.

Table 9.1: Union Budget Expenditure and Allocations for Schemes Related to Nutrition (In Rs. Crore)

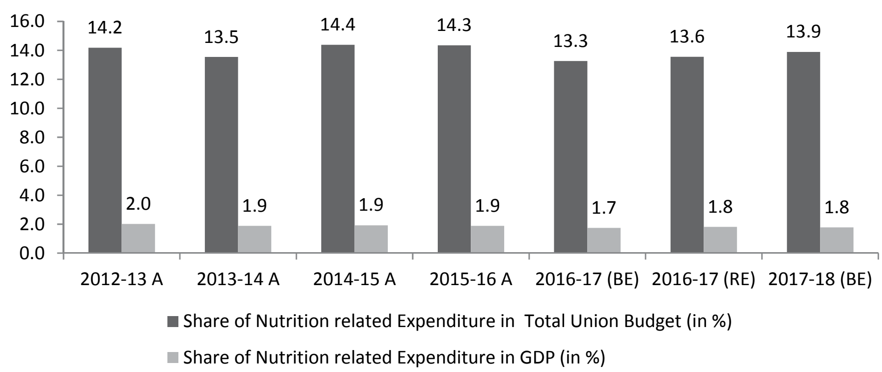
Schemes	2012-13 A	2013-14 A	2014-15 A	2015-16 A	2016-17 (BE)	2016-17 (RE)	2017-18 (BE)	% change between 2017-18 BE and 2016-17 RE
Core ICDS / Anganwadi Services[i, ii]	15767	16401	16684	15489	14850	14736	16745	13.6
National Creche Scheme	106	100	98	133	150	150	200	33.3
IGMSY/MBP[i]	82	232	343	233	400	634	2700	325.9
SABLA	504	603	622	475	460	460	460	0.0
Food Subsidy	85000	92000	117671	139419	134835	135173	145339	7.5
NRHM + NUHM[iii]	18047	18634	19752	18972	19037	20037	21941	9.5
MDM	10761	10918	10524	9145	9700	9700	10000	3.1
RMSA	3172	2679	3398	3563	3700	3700	3830	3.5

Schemes	2012-13 A	2013-14 A	2014-15 A	2015-16 A	2016-17 (BE)	2016-17 (RE)	2017-18 (BE)	% change between 2017-18 BE and 2016-17 RE
NRDWP	10490	9691	9243	4370	5000	6000	6050	0.8
SBM (Rural + Urban)	2474	2244	3701	7469	11300	12800	16248	26.9
MGNREGA	30273	32994	32977	37341	38500	47499	48000	1.1
NLM (NRLM + NULM)	2195	2022	2116	2783	3325	3334	4849	45.4
NSAP	7825	9406	7084	8616	9500	9500	9500	0.0
NFSM	1723	2027	1873	1162	1700	1280	1720	34.4
NMSA [iv]	0	0	1268	686	1063	880	1226	39.3
NMOOP [v]	399	556	316	306	503	376	403	7.2
RKVY	8400	7053	8443	3940	5400	3550	4750	33.8
White Revolution	1435	1449	1000	937	1138	1312	1634	24.6
Blue Revolution	330	348	388	200	247	392	401	2.1
National Horticulture Mission	1089	1809	1955	1697	1620	1660	2320	39.8
Total Nutrition	200071	211164	239454	256936	262427	273173	298316	9.2

Notes:
1. Name changed from FY 2017-18 onwards;
2. Includes allocations for National Nutrition Mission (NNM);
3. NHM from FY 2017-18 includes NRHM, NUHM, tertiary care programme, and Human resources for health and medical education. To ensure comparability across years we have considered only NRHM and NUHM for analysis;
4. The schemes considered for allocations from FY 2015-16 onwards are as follows: Damodar Valley Corporation, National Project on Organic Farming, Organic Value Chain Development for NE Region, National Project on Soil Health and Fertility; Rainfed Area Development and Climate Change, Paramparagat Krishi Vikas Yojana, and National Project on Agro Forestry;
5. For the FY 2012-13 and 2013-14, allocations under scheme 'Integrated oilseed, oilpalm, pulses and maize development' is included;
6. For the FY 2012-13 and 2013-14, allocations under the following heads are included: Animal Husbandry and Dairy Vikas Abhiyan.

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

Figure 9.1: Share of Expenditure / Outlays for Schemes Related to Nutrition in Total Union Budget and GDP (in %)



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

Renewable Energy

Highlights

- Full electrification of 18,452 villages identified in 2015 will be achieved by 1 March 2018 under Deendayal Upadhayaya Gram Jyoti Yojana with allocation of Rs. 4,814 crore
- Budget 2017-18 has announced setting up of 20 GW of solar power capacity and feeding 7000 railway stations with solar power
- Budget has proposed to reduce Customs and Excise duties on a number of infrastructural support related to the Renewable Energy sector, such as machinery required for fuel based power generating systems that operate on biogas or bio-methane, byproduct hydrogen along with LED lights or fixtures etc

Developing and harnessing renewable energy potential is critical towards meeting the enormous unmet demand for access to electricity and energy in the country. Despite significant additions to capacity generation over the past 60 years, demand for power has always exceeded the generation capacity augmentation. The conventional sources of energy are largely unsustainable, both in terms of economic sustainability as well as environmental sustainability. As opposed to these, renewable energy is economical, sustainable, and favorable to economic growth in the long-run. The focus of the government towards renewable sources of energy has increased in the recent years, with several initiatives being launched in this domain.

10.1 Allocations for Union Ministry of New and Renewable Energy (MNRE)

Considering the country's commitments on climate change at COP21 Paris and the inherent benefits of renewable energy, the allocation for the nodal ministry is not adequate. The allocation for MNRE, which had increased to an all-time high in 2016-17 (RE) with an allocation of Rs. 12,301 crore, has declined in 2017-18 (BE) to Rs. 8,244 crore. This marks a decline of around 33 percent. The budgets for MNRE comprise Internal and Extra Budgetary Resources (IEBR) as well as Gross Budgetary Support (GBS). In 2017-18 (BE), both these components have seen a decline from 2016-17 (BE). What is also striking here is the significant decline in the Gross Budgetary Support for MNRE over the years from Rs. 1,089 crore in 2012-13 to merely Rs. 50 crore in 2017-18 (BE).

Table 10.1: Allocations for MNRE (in Rs. Crore)

Year	IEBR	GBS
2012-13 (A)	1894	1089
2013-14 (A)	2966	383
2014-15 (A)	3291	502
2015-16 (A)	6113	92
2016-17(BE)	9193	100
2016-17(RE)	12301	100
2017-18(BE)	8244	50

Notes: GBS = Gross Budgetary Support; IEBR= Internal & Extra Budgetary Resources
Source: Compiled by CBGA from Union Budget documents, various years.

10.2 Allocation for Schemes and Programmes under MNRE

Within the overall allocations for MNRE, allocations for various programmes present a mixed picture. While there is a visible step towards eco-friendly renewable energy production through an increase of 30 percent in allocations for Grid Interactive Renewable Power, allocations for Research, Development and International Cooperation have declined from the level in 2016-17 (RE) to that in 2017-18 (BE).

At the same time, there has been a 14 percent increase in allocations for Off Grid / Distributed and Decentralised Renewable Power in 2017-18 (BE) compared to the allocations in 2016-17 (RE).

Table 10.2: Allocations for Programmes / Schemes under MNRE (in Rs. Crore)

Key Programmes/ Schemes	2012-13 (A)	2013-14 (A)	2014-15 (A)	2015-16 (A)	2016-17 (BE)	2016-17 (RE)	2017-18 (BE)
(1) Grid interactive Renewable Power	874	1133	1845	2468	3519	3091	4034
(2) Off Grid / Distributed and Decentralised Renewable Power	132	119	160	97	983	808	918
(3) Research, Development & International Cooperation	100	137	127	106	445	273	144

Notes: Figures include funds made available from National Clean Energy Fund
Source: Compiled by CBGA from Union Budget documents, various years.

The persistent decline in the Gross Budgetary Support for MNRE, coupled with decreases in the IEBR component, indicate a higher dependence on the private sector and non-governmental agencies for meeting the huge demands of the sector. The thrust to renewable energy sector is not accompanied by enhancing the outlays for the sector or by promoting public investment; rather these seem to be a combination of certain incentives extended to other players for investing in renewable energy sector in India.

Women

Highlights

- The allocations to Ministry of Women and Child Development have increased from Rs.17,408 crore in 2016-17 (BE) to Rs. 22,095 crore in 2017-18 (BE)
- Total magnitude of the Gender Budget Statement is Rs. 1, 13,327 crore in 2017-18 (BE) as compared to Rs.90, 770 crore in 2016-17 (BE).
- An allocation of Rs. 2, 700 crore in 2017-18 (BE) to Maternity Benefit Programme (formerly known as Indira Gandhi Matritva Sahayog Yojana).
- Mahila Shakti Kendras with an allocation of Rs. 500 crore to be set up at village level in 14 lakh ICDS Anganwadi Centres. This will provide one stop convergent support services for empowering rural women with opportunities for skill development, employment, digital literacy, health and nutrition.
- An action plan to reduce Infant Mortality Rate from 39 in 2014 to 28 by 2019 and Maternal Mortality Rate from 167 in 2011-13 to 100 by 2018-2020 has been announced, though details are still awaited.
- Under Pradhan Mantri Mudra Yojana, it is proposed to double the lending target of 2015-16 and set it at Rs. 2.44 lakh crore. Priority will be given to women, besides Dalits, Adivasis, backward classes and minorities

The persistence of gender inequality reflected in socio- economic indicators and the increasing incidence of violence against women in the country underscores the need for substantive measures to be implemented by the government. Women experience distinct disadvantages and budgets are an important policy instrument to address these. The following sections analyses the gender responsiveness of Union Budget 2017-18; this is undertaken through an analysis of the allocations of major schemes of the Ministry of Women and Child Development (MWCD) and the Gender Budget Statement (GBS).

Budgetary Outlays for Ministry of Women and Child Development

MWCD is the nodal ministry to formulate and implement plans, policies and programmes for the empowerment of women. Table 11.1 presents the budgetary outlays for some of MWCD's key programmes for women.

Table 11.1: Outlays for Ministry of Women and Child Development (Rs. crore)

	2012-13 A	2013-14 A	2014-15 A	2015-16 A	2016-17 BE	2016-17 RE	2017-18 BE
Total allocations to Ministry of Women and Child Development	17,036	18,037	18,540	17,249	17,408	17,640.4	22,094. 7
Allocations to Ministry of Women and Child Development as a proportion of Union Budget	1.20	1.16	1.11	0.96	0.88	0.88	1.03
Allocations to some key schemes of MWCD							
Core ICDS/*Anganwadi* Services	15,767.5	16,400.8	16,683.6	15,489.3	14,862.9	14735.6	16745.2
Maternity Benefit Programme (*Indira Gandhi Matritva Sahyog Yojana*)	82.1	231.9	343.1	233.3	400.0	634.0	2700.0
Rajiv Gandhi Scheme for Empowerment of Adolescent Girls-*SABLA*	503.6	602.4	622.4	475.2	460.0	460.0	460.0

	2012-13 A	2013-14 A	2014-15 A	2015-16 A	2016-17 BE	2016-17 RE	2017-18 BE
Rajiv Gandhi National Crèche Scheme for Children of Working Mothers	106.0	100.0	97.7	133.0	150.0	150.0	200.0
Beti Bachao Beti Padhao #	…	…	34.9	59.4	100.0	43.0	200.0
One Stop Centre	0	0	0	10.4	75.0	75.0	90.0
Women's Helpline	0	0	0	15.1	25.0	25.0	10.0
Other Schemes**					400.0	585.0	400.0
Swadhar Greh	52.2	53.8	29.0	48.1	100.0	90.0	100.0

Notes: # Scheme was introduced in 2014-15.
**Met from Nirbhaya Fund.
Source: Compiled by CBGA from Union Budget Documents, various years

The budgetary outlays to MWCD have increased from Rs. 17,408 in 2016-17 (BE) to Rs. 22,095 crore in 2017-18 (BE). However, the bulk of MWCD's allocations are for the ICDS programme, which itself requires higher allocations as observed by the Department related Parliamentary Standing Committee on Human Resource Development, 2016 (Report No.278) which stated "… Ministry should put in efforts to make sure that the shortage of funds does not become a hindrance in implementing the scheme and also in enhancing the outreach of the scheme so as to include maximum number of beneficiaries".

There has been a notable increase in the allocations to the Maternity Benefit Programme (formerly known as Indira Gandhi Matritva Sahayog Yojana) from Rs. 400 crore in 2016-17 (BE) to Rs. 2,700 crore in 2017-18 (BE). This allocation is close to GOI's estimate of a requirement of Rs. 7,348 crore for the scheme for the period 2017-18 to 2019-20 to be borne by the Union Government.1

However, as per the estimates of Standing Committee on Food ,Consumer Affairs and Public Distribution (2012-13), the total scheme expenditure towards maternity benefits to 2.25 crore pregnant and lactating women works out to be Rs. 14,512 crore per annum (to be borne by Centre and states). Going by this estimate, this allocation seems to fall short of the required funds to universalise the scheme.

Other schemes, such as those for addressing the needs of women in distress such as Swadhar Greh, and One Stop Centres have witnessed marginal increases, which are inadequate to ensure both adequate coverage and quality of services. As of July 2016, 17 One Stop Centres were operational in the country through the funds provided by MWCD. It was also proposed to expand the scheme to 150 additional distticts during 2016-17. However, this does not seem to have taken place, taking into account the Revised Estimates of 2016-17 for the scheme. (Rajya Sabha Unstarred Question no. 1327 answered on 28 July 2016). Given the criticality of the issue, it is imperative that the Union Government continues to supplement the efforts of states in this domain.

The Rajiv Gandhi Scheme for Empowerment of Adolescent Girls-SABLA, launched in 2010 continues to be implemented in pilot phase.

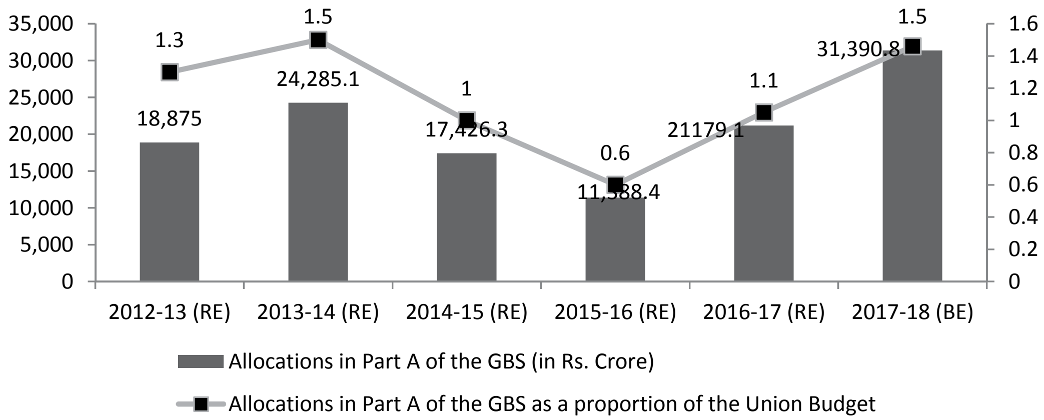
What does the Gender Budget Statement 2017-18 reflect?
The GBS, first presented in Union Budget 2005-06, aims to capture budgetary resources earmarked for women and girls by Union ministries and departments. The Statement is presented in two parts: Part A enlists schemes and programmes meant entirely for the benefit of women and girls; while Part B reports schemes in which at least 30 percent of the funds benefit women and girls.

[1] Government of India (2017), Pan-India expansion of Maternity Benefit Programme (MBP) to benefit pregnant and lactating mothers across the country dated 3 January 2017, New Delhi: Press Information Bureau. Available at:http://pib.nic.in/newsite/PrintRelease.aspx?relid=156094

The overall magnitude of the GBS in 2017-18 (BE) is Rs. 1,13,327 crore, an increase from Rs. 90,770 crore in 2016-17 (BE). A total of 26 ministries and departments and 5 Union Territories have reported their interventions in the GBS this year. The Department of Telecommunications, Department of Economic Affairs, Ministry of Overseas Indian Affairs, and Ministry of Panchayati Raj have not reported their programmes in the GBS this year, while the Ministry of Petroleum and Natural Gas has initiated reporting in the GBS.

The total allocations in Part A of the GBS are Rs. 31,390.8 crore in 2017-18 (BE), which as a proportion of the Union Budget, shows an increase from the previous years, as reflected in figure 11.1.

Figure 11.1 Outlays in Part A of the GBS



Notes: Part A of the GBS presents allocations to schemes exclusively for women. The allocations in Part B of the GBS are Rs.59,233.6 crore.in 2012-13 (RE), Rs.61,210.3 crore in 2013-14 (RE), Rs.64,556.7 crore in 2014-15(RE), Rs69,860.7 Crore in 2015-16 (RE) Rs.75,152.7 crore in 2016-17 (RE) and 81,935.9 crore in 2017-18 (BE). However, due to methodological flaws in the reporting by some Ministries in Part B of the GBS, the graph 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 increase in allocations in Part A of the GBS this year is primarily on account of increased allocations reported by MWCD, Department of Rural Development (for Rural Pradhan Mantri Awas Yojana) and Ministry of Petroleum and Natural Gas (for LPG connections to poor households). It may, however, be noted that Pradhan Mantri Awas Yojana is not a scheme meant only for women, hence its inclusion in Part A of the GBS is questionable. The scheme for LPG connections to poor households, is a welcome intervention as it serves to reduce women's drudgery and addresses health concerns associated with the use of chulhas; however, its reporting as a scheme benefiting women exclusively also inadvertently endorses the gender stereotype that domestic duties like cooking are primarily the responsibility of women.

Allocations in Part B of the GBS have increased from Rs. 73,2012 crore in 2016-17 (BE) to Rs. 81,395 crore in 2017-18 (BE). However, there do not seem to be any significant improvements in the reporting by ministries/departments in Part B of the GBS. Most departments/ministries continue to report a flat 30 percent or 50 percent of the total allocations in the GBS retrospectively, rather than identifying the gender based disadvantages in their respective sectors of concern and the budgetary resources earmarked to address these specific challenges. Some changes in reporting of select schemes under certain ministries such as Ministry of Health and Family Welfare, Ministry of Tribal Affairs and Department of Agriculture, Cooperation and Farmer's Welfare have been observed. However, the rationale underlying these changes is not clear as the GBS does not provide any justification/rationale for reporting of schemes by departments/ministries in the statement.

Analysis of GBS also highlights that important ministries continue to be outside the ambit of Gender Responsive Budgeting (GRB). For instance, the lack of safe sanitation facilities is recognised to be closely linked to the incidence of violence against women. However, the Ministry of Drinking Water and Sanitation is yet to adopt GRB. Likewise, other important ministries such as Ministry of Urban Development, Ministry of Law and Justice and Ministry of Tourism have not yet adopted GRB.

Operationalisation of Nirbhaya Fund

The Nirbhaya Fund, introduced in Union Budget 2013-14 is a key Union Government intervention that aims to enhance the safety and security of women in the country. The total magnitude of the corpus is Rs. 3,000 crore. As of January 2017, sixteen proposals amounting to Rs. 2,187 crore have been appraised and recommended by the Empowered Committee of Officers, an inter-ministerial committee that appraises and recommends various proposals/projects proposed by different Ministries/Departments/States under the Fund.2

From the information provided in the Union Budget documents, it could be interpreted that the amounts utilised under the Nirbhaya Fund are as follows:

Table 11.2 Allocation and Utilisation of Nirbhaya Fund (Rs. Crore)

Department/ Ministry	2016-17 (BE)	2016-17 (RE)	2017-18 (BE)
Home Affairs (National Emergency Response System and Cyber Crime Prevention against Women and Children)	150	250	313.3
Railways		200	-
Women and Child Development	400	585	400

Source: Compiled by CBGA from Union Budget documents.

However, there is a need for greater clarity on Nirbhaya Fund. The government must make information on the allocations and utilisation of interventions under the Fund available in the public domain. Also, important proposals3, such as the Central Victim Compensation Fund, proposed under the Nirbhaya Fund, do not seem to have been introduced in Union Budget 2017-18.

The hurdles in the operationalisation of Nirbhaya Fund have affected its effective utilisation. The low utilisation of the Fund indicates the lack of priority towards the issue of women's safety and security.Tthe implementation of this Fund presented an opportunity to institute a comprehensive set of measures by appropriate departments and ministries. Given government's stated commitment towards enhancing women's safety in the country, it is imperative to undertake steps to ensure optimal utilisation of the Fund.

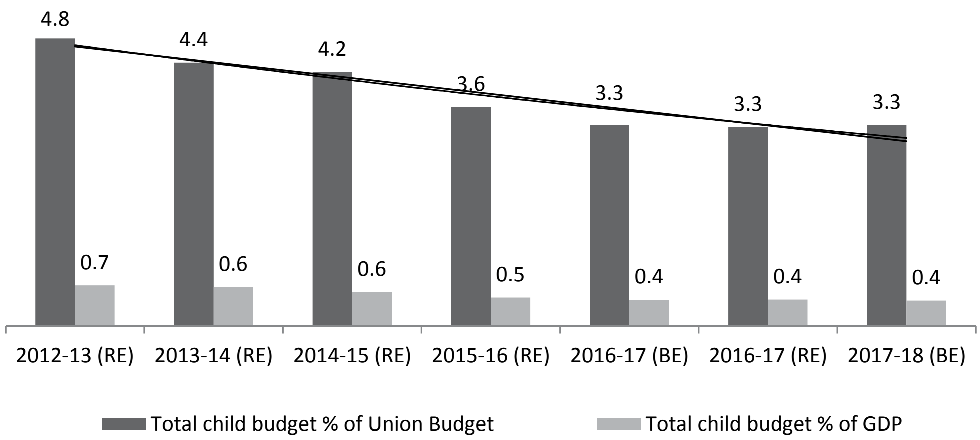
[2] Government of India (2017), Clarification regarding Utilisation of Nirbhaya Fund dated 27 January 2017, New Delhi: Press Information Bureau. Available at: http://pib.nic.in/newsite/PrintRelease.aspx?relid=157727

[3] Rajya Sabha Unstarred Question No 2931 To Be Answered On 11.08.2016

Highlights
• No new announcements specific to children have been made in the Budget Speech.
• The total budget for children has increased by Rs 5,547 crore in 2017-18 (BE) from 2016-17 (BE).
• The share of child specific interventions in the total Union Budget has remained stagnant at 3.3% during the last 3 years. It has registered a declining trend from 2012-13 (RE).
• Education accounts for a high share in the budget for children, with child health and child protection schemes continuing to get low allocations.

Similar to previous Union Budgets, the allocations for child related interventions remain stagnant at about three percent of the total Union Budget (Figure 12.1). No major announcements were made in this Union Budget for children, who constitute 39 percent of India's population. About 16 Central Ministries allocate resources for children through various interventions; of these, the major share comes from the Ministry of Human Resource Development (MHRD) and Ministry of Women and Child Development.

Figure 12.1: Total Budgetary Spending on Child Focused Interventions (Percent)



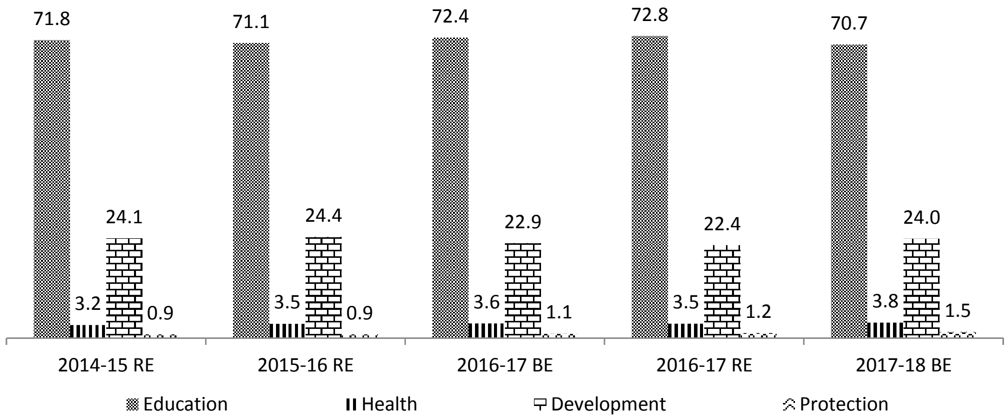
Source: Compiled by CBGA from Child Budget Statement for various years.

India's working age population is projected to grow significantly over the next three decades providing an edge to the Indian economy over the other comparable economies (Economic Survey 2016-17). Children of today are the work force of tomorrow. For the benefit of this young population it is important to invest in their education, health and a safe environment for growth. While there are schemes and programmes focusing on these issues, their delivery is adversely affected due to inadequate fund allocations and shortage of staff. In school education, India has achieved significant progress towards increasing school participation; but the quality of education remains a grave concern. Our schools lack trained and professionally qualified teachers. Standing Committee Report of MHRD, 2015, cites shortage of teachers as one of the reasons for the poor quality of education in India.

Education gets the highest share of total allocations in the child budget followed by development (largely comprising of allocations for Integrated Child Development Services (ICDS) and other nutrition related schemes), health and protection. In his budget speech, Finance Minister associated poor health with poverty and announced an action plan to reduce Infant Mortality Rate (IMR) from 39 in 2014 to

28 by 2019 (IMR as per SRS Bulletin 2016 is 37). However, this target has not translated into increased budget allocation for the health related schemes focussing on children (Figure 12.2)

Figure 12.2: Sector Wise Composition of Total Child Budget (in Percent)



Source: Compiled by CBGA from Child Budget Statement for various years.

Undernutrition among children is a serious problem in India; almost 40 percent of the world's stunted children and nearly 50 percent of the wasted children under the age of 5 years live in India (Global Nutrition Report 2015). The budget allocations for ICDS, which is a combination of six services including interventions related to nutrition, health and pre-school education (among others), have remained inadequate; and bottlenecks such as untrained and inadequately paid anganwadi workers severely affect the delivery of the services under the programme. While the allocations for ICDS have increased by 13 percent; from Rs 14810 crore in 2016-17 (BE) to Rs 16745 crore in 2017-18(BE), more allocations need to be made both at the Union and the state level, considering the severity of malnutrition in India. Also, decreasing the work load of the overburdened anganwadi workers and improving their capacity to support the various services under the programme calls for an enhanced budget allocation.

Major schemes related to education show increased allocations in 2017-18 (BE) as compared to 2016-17 (BE); Sarva Shiksha Abhiyan (SSA) saw an increase of Rs. 1000 crore, while Mid-Day Meal and Rashtriya Madhyamik Shiksha Abhiyan (RMSA) see a modest increase in their respective budgets. (Table 12.1)

Table 12.1: Budgetary Allocation under Select Schemes for the Welfare of Children (Rs. crore)

		2012-13 (RE)	2013-14 (RE)	2014-15 (RE)	2015-16 (RE)	2016-17 (BE)	2016-17 (RE)	2017-18 (BE)
Education	SSA	23,645	26,608	24,330	22,015	22,500	22,500	23,500
	MDM	11,500	12,189	11,051	9,236	9,700	9,700	10,000
	RMSA	3,172	3,123	3,480	3,565	3,700	3,700	3,830
Development	ICDS	15,941	16,632	16,667	15,584	14,810	14,551	16,745
Protection	NCPCR	11	13	14	11	19	19	19
	ICPS	273	270	450	402	397	597	648

Notes: i) Figures for ICDS includes ICDS core; National Nutrition Mission and World Bank assisted ICDS
Source: Compiled by CBGA from Child Budget Statement for various years.

Also, protection related schemes continue to receive least share among schemes for children. Though there is an increase of about Rs. 370 crore in schemes related to protection of children, given the increase of crimes against children (5.3 percent in 2015 over 2014 (National Crimes Record Bureau, 2015)) and the range of vulnerabilities faced by children (including, child marriage, child trafficking, child labour, children affected by civil unrest, child sexual abuse etc.), allocations need to increase further.

There are 470 million children in India and India banks on its young population to support its growing economy. It is thus, important that interventions related to children are adequately funded. Each Union Budget with inadequate allocations for these schemes is a missed opportunity and a bigger challenge to address in subsequent years. The National Plan of Action for Children, 2016 provides a comprehensive framework focussing on all the key areas concerning children. The action plan also recommends that at least 5 percent of the Union Budget must be spent on schemes related to children. It now requires adequate budget allocation for effective implementation. This too, however, seems to have been delayed, hopefully, only by a year.

Dalits

Highlights

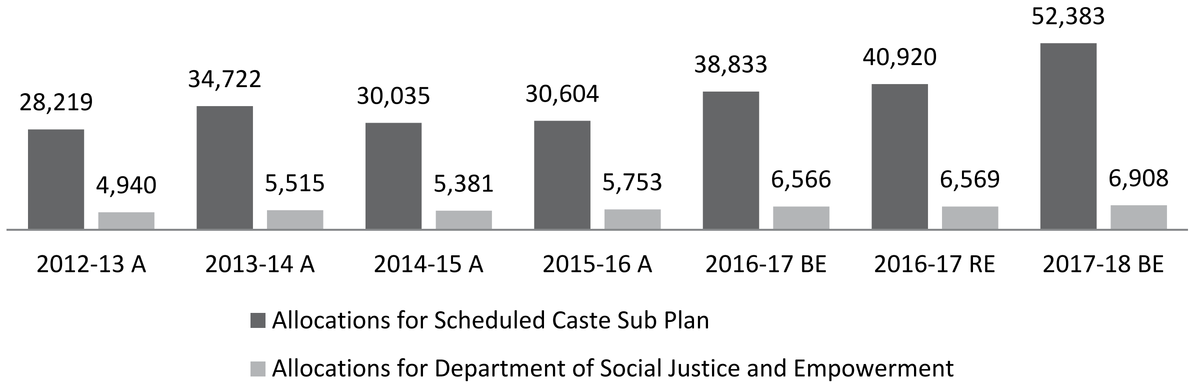
- Allocations under Statement 10 A, i.e. allocations for Welfare of Scheduled Castes have increased from Rs. 38,833 crore in 2016-17 (BE) to Rs. 52,393 crore in 2017-18 (BE)
- With the merger of Plan and Non-Plan heads of expenditure, there is lack of clarity regarding parameters for assessing allocations reported under Statement 10 A
- Outcome based monitoring of Scheduled Caste Sub Plan would be carried out by the NITI Aayog
- Allocations to the Department of Social Justice and Empowerment has increased from Rs. 6,566 crore in 2016-17 (BE) to Rs. 6,908 crore in 2017-18 (BE)
- The lending target of *Pradhan Mantri Mudra Yojana*, which gives priority to Dalits among other socially disadvantaged groups, has been doubled to Rs. 2.44 lakh crore in 2017-18 (BE). This was Rs. 1.22 lakh crore in 2016-17 (BE)

While the overall objectives of the last two Five Year Plans (11th and 12th) focused on "inclusive growth", at end of the 12th Five Year Plan, Dalits continue to face critical development deficits. They face persistent discrimination, social exclusion, limited access to basic services and unequal opportunities. While the Five Year Plans have resulted in, at best, a limited improvement in the status of Dalits, there are now additional concerns regarding the approach adopted to address their concerns.

Scheduled Caste Sub Plan (SCSP) was introduced in 1979 to address the multiple development deficits confronting Dalits. It stipulates earmarking plan outlays for Dalits in proportion to their share in the total population of the country (which is 16.6 percent as per Census 2011). While the implementation of the SCSP has been constrained due to number of concerns, it is nevertheless, an important strategy to ensure direct policy driven interventions for Dalits across sectors. However, the merger of Plan and Non-Plan heads of expenditure in Union Budget 2017-18 raises questions regarding how the strategy would be implemented now. At the same time, schemes for Dalits [under Department of Social Justice and Empowerment (DSJE)] were identified as those schemes whose allocations would be 'protected' by the Union Government in restructuring of the Centrally Sponsored Schemes (CSS). Given the backdrop, it is imperative to track the allocations for Dalits, both under SCSP as well as for DSJE from the Union Budgets.

The reporting in SCSP in Union Budget 2017-18 marks a departure from the earlier statement as: (i) the structure of the sub-plan has been replaced by a statement giving "Allocations for Welfare of Scheduled Castes", (ii) allocations for SCSP are now earmarked from the total schemes' allocations, segregated as Revenue and Capital expenditure, and (iii) the statement now appears as Statement 10 A, instead of Statement 21 till last year. The allocations earmarked under SCSP have increased by almost 36 percent from 2016-17 (BE) to 2017-18 (BE) (Figure 13.1).

Figure 13.1: Budgetary Outlays for Dalits (Rs. crore)



Source: Compiled by CBGA from Union Budget, various years

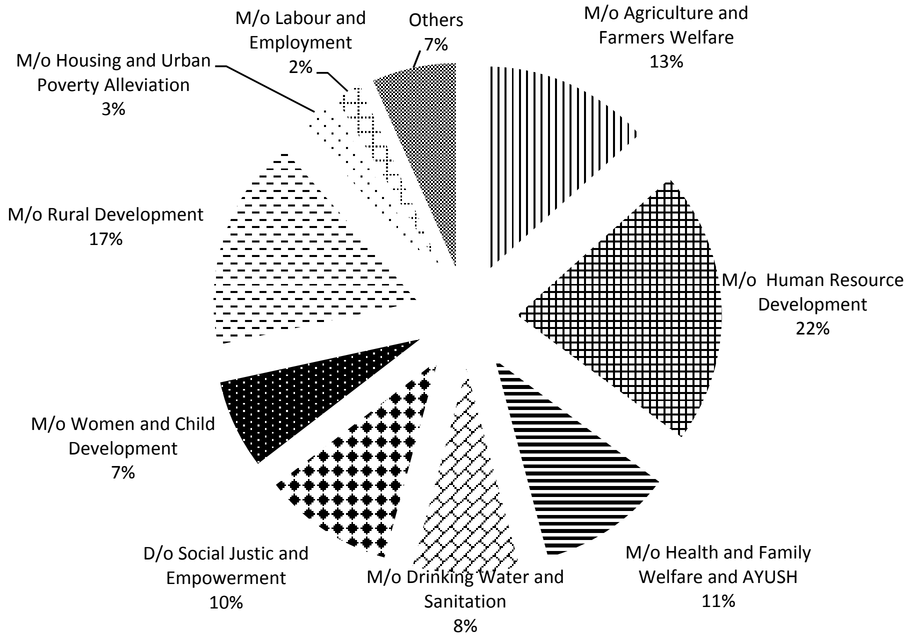
In this context, it is important to note that:
First, while Statement 10 A remains important from the perspective of ensuring budgetary outlays for Dalits across sectors, in absence of any reference to SCSP, there is no clarity on parameters for assessing the allocations reported by different ministries / departments in this statement. The main difference between the SCSP until the last budget and the Statement 10 A presented in this budget, lies in the fact that while SCSP provided a norms-based framework to assess allocations reported by various ministries, Statement 10 A does not do so. While the Budget Circular 2017-18 did indicate (i) using Narendra Jadhav Task Force recommendations for earmarking by ministries, and (ii) ensuring the allocations under schemes in SCSP this year are at least maintained at the levels earmarked in 2015-16 (BE) and 2016-17 (BE), how the reporting has actually happened remains unclear. Hence, it is thus important that new norms should be developed for reporting in SCSP by various ministries.

Secondly, the increase in allocations in Statement 10 A is not due to introduction of new schemes for Dalits in this budget. It is rather due to, (i) inclusion of certain schemes which were not reporting in SCSP earlier (e.g. *Rashtriya Krishi Vikas Yojana*, *Pradhan Mantri Kaushal Vikas Yojana* etc.) and (ii) inclusion of those schemes which were earlier reported under Non-Plan head and were hence not eligible for reporting under the SCSP, which included only Plan expenditure (e.g. Employees Pension Scheme, 1995, Interest Subsidy for Short term credit to farmers etc.), and (iii) inclusion of certain ministries, such as Ministry of Development of North Eastern Region, which were earlier not reporting under SCSP.

Thirdly, analysis of sectoral composition of allocations under Statement 10 A reveals that just five ministries – Rural Development, Human Resource Development, Health and Family Welfare, Agriculture and Farmers Welfare and Social Justice and Empowerment - comprise over 73 percent of the total allocations (Figure 13.2). Of this, the nodal department for development of Dalits, DSJE comprises only 10 percent of the total allocation under Statement 10 A.

Fourthly, there has been an announcement that NITI Aayog (which had stated last year that it is not within its mandate to monitor SCSP) would undertake an outcome based monitoring of SCSP. In this regard, the role of the NITI Aayog as well as the DSJE needs to be spelt out more clearly, not just in ensuring outcome based monitoring but also in developing a revised framework of earmarking under SCSP.

Figure 13.2 Ministry wise Allocations under Statement 10A in 2017-18 (BE)



Source: Compiled by CBGA from Union Budget 2017-18

The allocations for DSJE have increased from 2016-17 (BE) to 2017-18 (BE); however, a comparison with previous years reveals that the increase has been marginal over the years (Figure 13.1). The Departmentally Related Standing Committee Report for Demand for Grants 2016-17 of DSJE highlights that in the last few years the budget allocations for the department have consistently remained below the amounts proposed by the Department to the Ministry of Finance. Further analysis also shows that the levels of fund utilisation for the department have been good; utilisation levels were around 96 percent in 2015-16[1]. Given that the department has been able to utilise the allocated funds well, the unmet demand for higher funds by DSJE, is a concern.

While the general trend of fund utilisation for department has been good, for certain schemes, such as Pre-Matric scholarship, Pradhan Mantri Adarsh Gram Yojana, Self-Employment Scheme for Rehabilitation of Manual Scavengers etc. fund utilisation has been a major issue (Table 13.1). For instance, the Departmentally Related Standing Committee Report on Demand for Grants 2016-17 for DSJE highlights that the implementation of Pre-Matric scholarship has been weak, with poor utilisation of funds due to low demand from the states for release of fund under this scheme. This is probably the reason why the Budget Estimates for the scheme have been reduced to Rs. 50 crore in 2017-18 (BE) from Rs. 550 crore in 2016-17 (BE). Similarly, the same report highlights how in 2015-16, allocations for Venture Capital Funds for SCs were reduced from Rs. 102 crore in 2015-16 (BE) to Rs. 0.01 crore at the RE stage due to non-receipt of Utilisation Certificates from IFCI Ltd.

Allocations for Self-Employment Scheme for Rehabilitation of Manual Scavengers remain low at less than Rs. 10 crore in 2017-18 (BE), which is a concern given the importance of this scheme in view of the enactment of the “Prohibition of Employment as Manual Scavengers and their Rehabilitation Bill Act, 2013”. In this context the standing committee report also observes that while Census 2011 reports 26 lakh sanitary latrines in the country, with 7.94 lakh being serviced by humans, it is surprising that there has not been any increase noted in number of manual scavengers in last one year. Thus, DSJE should prioritise identification of manual scavengers, without which the implementation of this would remain meaningless.

[1] Departmentally related Standing Committee Report on Demand for Grants of Department of Social Justice and Empowerment 2016-17, Government of India

Table 13.1: Budgetary Outlays for Major Schemes under DSJE (Rs. crore)

Major schemes	2012-13 A	2013-14 A	2014-15 A	2015-16 A	2016-17 BE	2016-17 RE	2017-18 BE
Schemes for Educational Development of SCs*	2,649	2,816	2,670	3,046	3,647	3,615	3,863
Pradhan Mantri Adarsh Gram Yojana	0	0	30	196	90	50	40
Strengthening of Machinery for Enforcement of Protection of Civil Rights Act 1995 and Prevention of Atrocities Act 1989	97	128	147	119	150	228	300
Self-Employment Scheme for Rehabilitation of Manual Scavengers	20	35	0	0	10	1	5
Special Central Assistance to SCSP	872	790	700	800	800	800	800
Interventions for Entrepreneurial Development of SCs**	0	0	662	170	255	249	243
Other programmes***	41	57	117	163	187	188	196

Notes: The schemes have been clubbed together under broad heads as per the restructuring in the Union Budget 2016-17.

*Schemes for Educational Development of SCs include the various scholarship schemes for SCs and for children of those engaged in unclean occupations as well as hostels for SC girls and boys.

**Interventions for Entrepreneurial Development of SCs include: State Scheduled Castes Development Corporations, National Scheduled Castes Finance and Development Corporation, National Safai Karmacharis Finance and Development Corporation, Venture Capital and Credit Guarantee Fund for Scheduled Castes, Investment in Public Sector Enterprises.

***Other programmes include: Baba Saheb Dr. B.R. Ambedkar Foundation, Dr. B.R. Ambedkar International Centre, Dr. Ambedkar National Memorial, Assistance to Voluntary Organisations for SCs, National Commission for Scheduled Castes, National Commission for Safai Karmacharis,

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

The Union Budget 2017-18 does not present an encouraging picture for Dalits. While on one hand the allocations in Statement 10 A have increased from previous years, a departure from the approach of a sub-plan to a statement for welfare of Scheduled Castes indicates diluting the intent of this statement. At the same time, absence of a new framework to guide the reporting in Statement 10 A highlights lack of transparency in reporting by various ministries towards SCSP. At the same time, allocations for DSJE have been 'protected' from previous levels, without any significant increases. There is thus, a need to prioritise allocations for Dalits, across sectors through a revised SCSP, as well increase the allocations for the nodal department for Dalits, i.e. DSJE.

Adivasis

PESA
Minor Forest Produce
Equity
Ministry of Tribal Affairs
Forest Rights Act
Tribal Sub Plan

Highlights

- Given the merger of Plan and Non-Plan heads of expenditure, the framework for assessing allocations under Tribal Sub-Plan remains unclear
- Outcome-based monitoring of the Tribal Sub-Plan to be undertaken by NITI Aayog
- Increase in allocations for Ministry of Tribal Affairs from Rs. 4,827 crore in 2016-17 (BE) to Rs. 5,329 crore in 2017-18 (BE)
- The lending target of Pradhan Mantri Mudra Yojana, which gives priority to Tribals, among other socially disadvantaged groups, has been doubled to Rs. 2.44 lakh crore in 2017-18 (BE). This was Rs. 1.22 lakh crore in 2016-17 (BE)

Adivasis remain among the most deprived sections of our society, facing significant development deficits owing to their economic and educational backwardness, low resource base, historical injustice, geographical isolation, and increasingly reduced access to natural resources. A host of measures have been instituted by the government for their overall development, of which, Tribal Sub-Plan (TSP) is an important one. The strategy of TSP stipulates earmarking Plan allocations across sectors for Adivasis, in proportion to their share in the total populations in the country (which was 8.6 percent as per Census 2011). Given that this strategy is based on Plan allocations only, the merger of Plan and Non-Plan heads of expenditure in Union Budget 2017-18 poses a question regarding how the allocations would be made with effect from this budget.

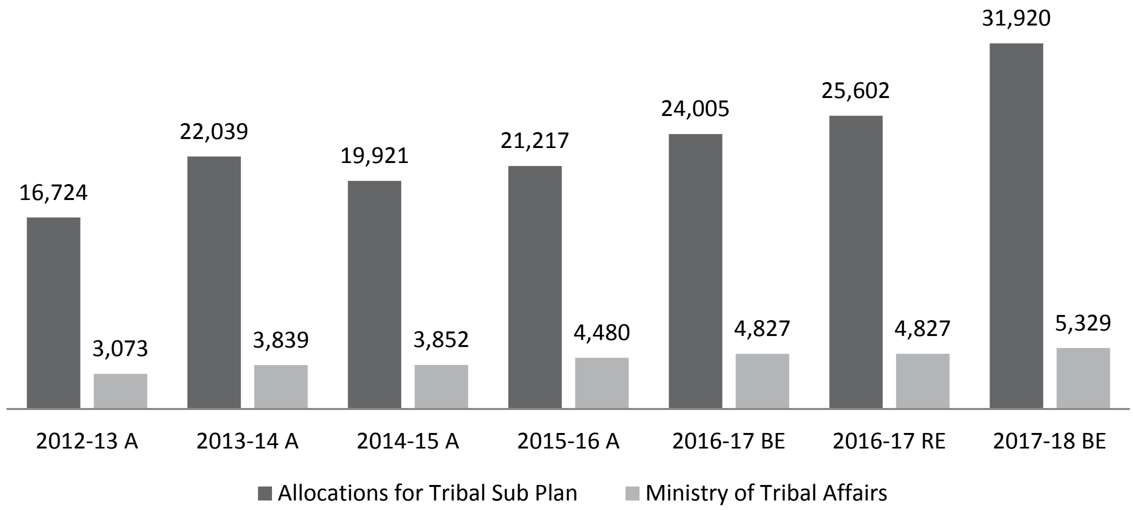
While the discussion regarding the merger of Plan and Non-Plan heads had started from the last Union Budget, a revised framework for earmarking funds under TSP has not been developed yet. The Guidance Note on Merger of Plan and Non Plan Classification and Budget Circular 2017-18 indicated that for Union Budget 2017-18 schemes' allocations under TSP should be maintained at least at average of the allocations in 2015-16 (BE) and 2016-17 (BE). The Budget Circular also referred to the Narendra Jadhav Task Force report as a guiding note for earmarking by various ministries.

In Union Budget 2017-18, TSP which was earlier Statement 21 A 'Tribal Sub Plan', has been re-named as Statement 10 B, 'Allocation for Welfare of Scheduled Tribes' and the allocations are divided as Revenue and Capital expenditure. However, in absence of any reference to TSP, parameters for assessing allocations reported under Statement 10 B remain unclear. It is also not clear as to what criteria have been followed by various ministries while reporting budget allocations in this statement. Thus, what is inherently missing in Statement 10 B is a framework for earmarking funds, which was provided in the earlier TSP statement. Nevertheless, this statement remains important as an instrument for ensuring dedicated funds for Scheduled Tribes across sectors. What is required is greater clarity on how the reporting should now be undertaken for a meaningful TSP, which requires developing new norms for the same. Also, while NITI Aayog has now been given the role of undertaking outcome-based monitoring under Statement 10 B, its role in revising the norms for TSP and that of MoTA, needs to be spelt out more clearly.

Figure 14.1 shows that the allocations for TSP have increased from 2016-17 (BE) to 2017-18 (BE) by almost 33 percent. This increase is largely driven by (i) inclusion of schemes like Rashtriya Krishsi Vikas Yojana, Pradhan Mantri Kaushal Vikas Yojana etc. under Statement 10 B, which were not reported under TSP earlier; (ii) inclusion of certain new ministries such as Ministry of Development of North

Eastern Region, which were not reporting under TSP till last year; and (iii) inclusion of schemes which were largely Non-Plan and hence excluded from the ambit of TSP such as Interest Subsidy for Short Term Credit to Farmers etc.

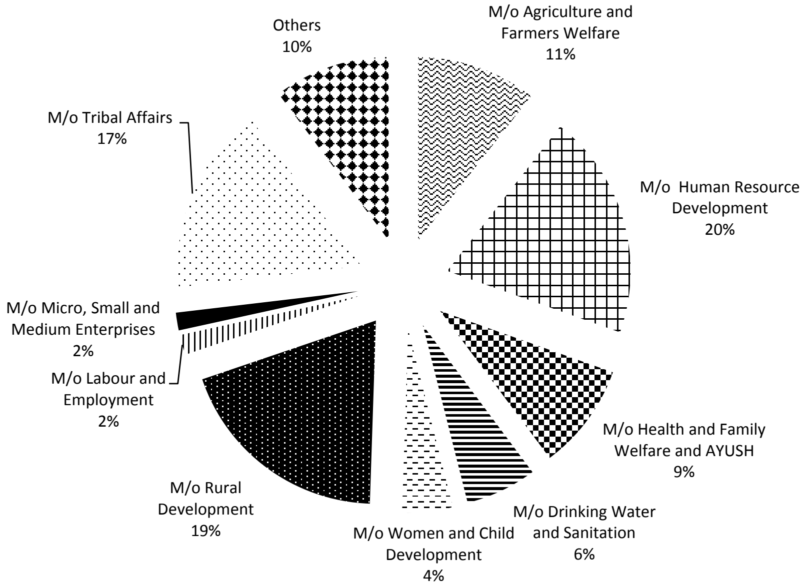
Figure 14.1 Budgetary Outlays for Adivasis (Rs. Crore)



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

Figure 14.2 shows that just four ministries / departments – Human Resource Development, Agriculture and Farmers Welfare, Rural Development and MoTA - comprise over 67 percent of the total allocation under Statement 10 B in 2017-18. Of this, allocations for MoTA accounts for around 17 percent of the share in 2017-18.

Figure 14.2 Ministry wise Allocations under Statement 10 B in 2017-18 (BE)



Source: Compiled by CBGA from Union Budget 2017-18

The allocations for the MoTA have increased from Rs. 4,827 crore in 2016-17 (BE) to Rs. 5,329 crore in 2017-18 (BE) (almost 10 percent) (Figure 14.1). Over the years (from 2012-13), the budgets for MoTA have not seen any significant increase. The same is also visible in the allocations for various schemes implemented by the MoTA over the years.

The Departmentally Related Standing Committee Report on Demand for Grants 2016-17 for MoTA notes that for several schemes (such as Development of Particularly Vulnerable Tribal Groups, Minimum Support Price for Minor Forest Produce (MSP) for MFP, National Fellowship and Scholarship for Higher Education of ST Children etc.) there are issues pertaining to utilisation of funds allocated. This is largely due to "non- receipt of complete proposals, non-submission of Utilization Certificates in time and non-receipt Physical Progress Report." The standing committee has also raised concerns regarding insufficient funds and mounting dues to state governments for Post Matric Scholarship scheme for ST students which has an allocation of Rs. 1,347 crore in 2017-18 (BE).

Table 14.1 Budgetary Outlays for Major Schemes under Ministry of Tribal Affairs (Rs. Crore)

Major schemes	2012-13 A	2013-14 A	2014-15 A	2015-16 A	2016-17 BE	2016-17 RE	2017-18 BE
National Commission for Scheduled Tribes				6.3	8.5	9.0	10.0
SCA to TSP	853	1,050	1,040	1,132	1,250	1,200	1,350
Scheme under provision to Article 275(1) of the Constitution	820	1,097	1,133	1,392	1,400	1,260	1,500
Umbrella Scheme for Development of STs: *Vanbandhu Kalyan Yojana*	0	112	100	629	505	472	505
Umbrella Scheme for Education of ST children*	981	1,213	1,059	1,221	1,505	1,740	1,756

Note: *Umbrella Scheme for Education of ST children includes National fellowship and Scholarship for higher education of ST students and scholarship to the ST students for studies abroad,
Source: Compiled by CBGA from Union Budget, various years,

As is the case for Scheduled Caste Plan, there is lack of clarity regarding earmarking funds for TSP as well. Also, while budgets under Statement 10 B have increased, this is not indicative of any significant changes in the approach towards TSP by various ministries. The allocations for MoTA too, have remained almost stagnant, with only marginal increases over the years. Thus, a revised roadmap for earmarking allocations under TSP needs to be developed at the earliest. The focus should not be only on 'protecting' the existing allocations, but to rather ensure more focused and enhanced resources for the all-round development of STs.

Religious Minorities

The Indian Constitution talks about the idea of equality among its citizens and prohibits discrimination on the grounds of religion. It also committed for preservation, protection and assurance of the rights of minorities (Article 14, 15, 29 & 30). Five religious communities, viz. Muslims, Christian, Sikhs, Buddhists Jains and Zoroastrians were declared as minority communities under section 2 (c) of the National Commission for Minorities Act, 1992. Despite several Constitutional provisions for equal opportunities and rights to all, the minorities, particularly Muslims remained the most deprived of India's groups and communities. The Muslim community makes the largest share, more than 70 percent, of the total minority population.

The Sachar Committee Report, 2006 found the Muslim community lagging behind other religious groups on several development indicators due to identity issues, exclusion, flaws in public policies and poor implementation of government development interventions. In order to address the specific problems of backwardness among Muslims, the Sachar Report advocates special attention to developmental issues within the Muslim community in areas of education, economic development and access to basic amenities. Other general policy initiatives such as setting up a National Data Bank, an Equal Opportunity Commission (EOC) and constructing a Diversity Index were pushed to promote inclusion of excluded Muslims in public institutions. No headway was however made regarding actual implementation so far.

After completion of 10 years of Sachar Report, it is pertinent to assess the gaps in public policies (inadequate budgets, inappropriate policy design, and poor implementation) that come in the way of the poor receiving the desired level of development benefits. The policy gaps and other social, communal and discriminatory factors may be mutually exclusive in preventing Muslims to access to the desired level of development benefits by Muslims.

One of the major concerns in terms of gaps in policy strategies has been regarding the general approach of targeting public expenditure and other affirmative action programmes towards Muslim community. Earlier, public expenditure provided 'incidental' (without community specific targeting) benefits from anti-poverty programs to the vulnerable sections such as Dalit, Adivasis and, of late, religious minorities and not any 'direct policy-driven' benefits for Muslims.

A commitment was made by the government to address the problems of inequality, deprivation and exclusion of religious minorities in the 11th plan through the approach of 'faster and inclusive growth'. To address the overall development deficit of minorities, particularly Muslims, Government has adopted a four-pronged strategy since 2006-07 which includes educational empowerment, economic empowerment, access to public services, strengthening of minority institutions and area development.

The Union government has been targeting few flagship programmes / schemes related to education, livelihood and access to public services, credit and skill development for minorities under PM New 15 point programme since 2006. Under the aegis of the Ministry of Minority Affairs (MoMA), new development schemes and programmes related to scholarship, community leadership and area development were devised, the most important one being Multi Sectoral Development Programme (MSDP) as area development programme. Most of these government interventions are minority targeted rather than Muslim focused.

The MoMA is currently running the schemes related to education empowerment, skill and livelihood, special programmes for minorities and area development programme like MSDP. The proposed allocation for MoMA in 12th Plan was around 17000 crore, out of that around 15771 has been earmarked by the MOMA. The budget allocation for MoMA has been increased to Rs 4195 crore in 2017-18 from Rs.3827 crore in 2016-17, indicating an increase of 9 Percent. The budget of MoMA constitutes 0.20 percent of total Union Budget whereas population of minorities accounts for more than 19 percent of the total population. With regard to utilization of funds of MoMA from 201-13 to 2015-2016, it ranges from 68.9 percent to 97.8 percent and has shown improvement over the years.

Table 15.1: Fund Allocation and Utilisation for the Ministry of Minority Affairs

Year	BE	RE	Actual	% of Utilisation over BE
2012-2013	3,155	2,218	2,174	68.9
2013-2014	3,531	3,131	3,026	86
2014-2015	3,734	3,165	3,089	83
2015-2016	3,738	3,736	3654.8	97.8
2016-17	3827	3827		
2017-18	4,195			

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

A scheme wise assessment shows that only MSDP shows an increase, which is Rs. 141 crore as compared to the RE of previous year. The other major schemes related to education empowerment did not register any significant increase in allocation. MSDP is an area development initiative for provision of better infrastructure towards improving education, health, work participation and access to basic public services in Minority Concentrated Districts (MCDs). It was launched in 90 MCDs under the 11th FYP; only 66 out of 90 districts showed heavy concentration of Muslims. In the 12th Five Year Plan (FYP), MSDP was extended to 710 development blocks of 196 districts and 66 towns. Considering the expanse of blocks and districts covered by the programme under the 12th FYP, allocation for MSDP is quite inadequate.

Table 15.2: Scheme-wise Allocation for Ministry of Minority Affairs (Rs.crore)

Schemes	Allocation Proposed in 12th FYP	2012-13 (A)	2013-14 (A)	2014-15 (A)	2015-16 (A)	2016-17 (RE)	Allocation in 12th FYP (%)	2017-18 (BE)
Maulan Azad Foundation	500	0	160	113	113	114	100	113
Merit Cum Means	1580	181	259.9	381.3	315	395	97	392.93
Free Coaching	120	14	23.6	31.3	44.84	40	128	48
Pre Matric	5000	786	962.9	1128.8	1015.73	931	96	950
Post Matric	2850	326.4	515.6	501.3	552.83	550	86	550
Maulana Azad Fellowship	430	66	50	0.12	55.52	120	68	100
NMDFC	600	85	0	30	120	140	63	170
MSDP	5650	641.2	953.4	768.2	1120.73	1059	80	1200

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

Two new programmes, Nai Manzil and USTTAD (Upgrading Skills and Training in Traditional Arts/ Crafts for Development) were announced in 2014-15 and 2015-16 respectively, with the objective of making minorities a part of mainstream development. Nai Manzil focuses on education and skill development of school-dropouts while USTTAD 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 youth was also announced. Union Budget 2016-17 has allocated Rs. 175 crore for Nai Manzil and Rs. 22 crore for USTAD.

Physical Progress Report under MSDP

Though more than 80 percent of the allocations proposed under the 12th FYP for MSDP were earmarked, but physical data shows that components like Indira Awaas Yojana, building of schools and health centres, and employment generating infrastructure have a poor rate of completion. Many activities proposed under the MSDP have not even started. Table 3 shows that important activities like School building (1 percent), Additional class rooms (22 percent) , hostels (12 percent) , Free Bicycle for Girl (0 percent), health (6.7 percent), ITI Buildings (7.3) have low physical achievements whereas AWC (33 percent) and housing (35.8) has higher physical achievement. From the assessment of MSDP in Uttar Pradesh and Bihar, it is found that a major reason behind low rate of completion in MSDP is notably delays in conducting baseline survey of Blocks and Towns, detailed project report, delay/ lack of recruitment Block Level Facilitator, poor planning and lack of coordination and convergence with respective line departments.

Table 15.3: Physical Progress Report under MSDP in 12th Plan (as on 30.06.16)

	School building	Additional class rooms	Hotels	Free Bicycle for Girl	AWC	Health Centre	ITI Buildings	Housing
Unit Sanctioned	995	12106	605	13960	8357	1738	96	44054
Unit Completed	10	2664	77	0	2767	117	7	15782
Work in Progress	126	2147	98	664	2230	242	38	9240
% of Completion	1.0	22.0	12.7	0.0	33.1	6.7	7.3	35.8

Source: Ministry of Minority Affairs

From the assessment of budgetary allocation for minorities under MSDP and 15 Point Programme , it is found that large amount of total earmarked fund goes to education empowerment of minorities. The table 15.4 shows the drop-out rates among all Minority communities at different levels of education vis-à-vis other communities. It clearly reflects that the numbers of dropouts among Muslims are the highest among all groups. The departmentally related Standing Committee on Social Justice raised the concern on high dropouts despite having scholarship programmes, MSDP and 15 Point Programme are in operation for 8-10 years. NSSO has compiled information on never enrolled persons according to major religious groups (National Sample Survey Organisation's Report No. 575 of January-June 2014: Education in India). The Committee tried to find the real reasons behind the high dropouts among Muslims and requested MoMA to conduct a comprehensive study in this regard.

Table 15.4: Number per 1,000 of never-enrolled persons (age 5-29 years) for different religion

Religion	Rural	Urban	Rural + Urban
Hinduism	104	47	89
Islam	154	100	134
Christianity	49	20	39
Sikhism	53	34	48
Other Religions(Jainism, Buddhism, Zoroastrianism	71	21	51
All (including not reported)	109	56	94

Source: Ministry Of Minority Affairs, Thirty Second Report, Standing Committee on Social Justice and Empowerment (2016 - 2017)

Social Security

Highlights

- Allocation for National Social Assistance Program (NSAP) has remained unchanged at Rs. 9,500 crore in 2017-18 (BE)
- Allocation for *Rashtriya Swasthya Suraksha Yojana* (RSSY), renamed as National Health Protection Scheme, has declined from Rs. 1,500 crore in 2016-17 (BE) to Rs. 1,000 crore in 2017-18 (BE)
- Allocation for *Aam Aadmi Bima Yojana* declined from Rs. 450 crore in 2016-17 (BE) to Rs. 350 crore in 2017-18 (BE)
- Allocation for *Atal Pension Yojana* has declined from Rs. 200 crore in 2016-17 (BE) to Rs. 155 crore in 2017-18 (BE)
- Overall budget for Social Security sector has declined in absolute amount in 2017-18 (BE), over 2016-17 (BE)

There are around 43.7 crore informal workers in the country, as per the 68th round of National Sample Survey Organisation (NSSO) in 2011-12, who contribute around 52 percent of the GDP of the nation. However, this large section of the population are still not provided with adequate basic entitlements like pension, affordable health services, maternity benefits, insurance coverage etc. vis-à-vis the entitlements that are available to workers in the organised sector. Various interventions for providing social security to informal workers have been listed in table 16.1 below.

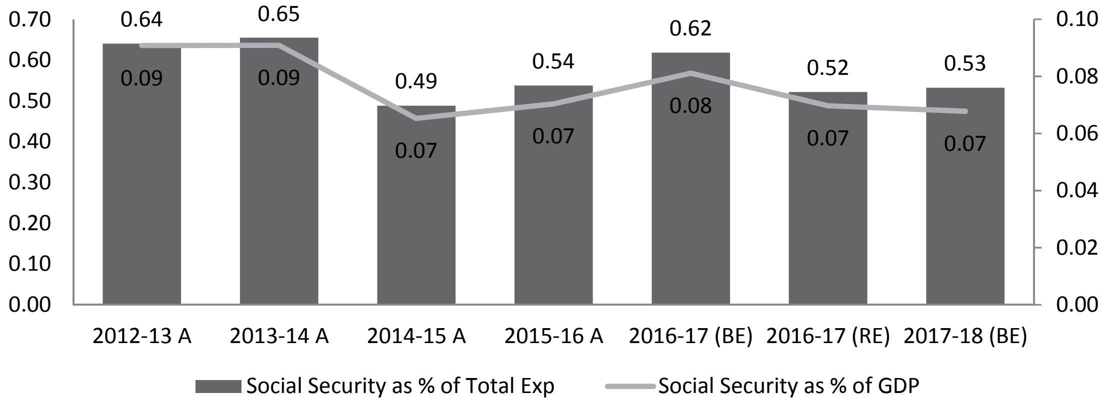
Table 16.1: Union Budget Outlays for Social Security under Various Schemes (Rs. crore)

Ministry	Schemes	2012-13 (A)	2013-14 (A)	2014-15 (A)	2015-16 (A)	2016-17 (BE)	2016-17 (RE)	2017-18 (BE)
Labour and Employment	Creation of National Platform of Unorganized Workers and allotment of an *Aadhaar* seeded identification numbers	0.0	0.0	0.0	45.3	144.5	0.5	100.0
	Social Security for unorganised Workers (RSBY)*	1001.7	887.6	550.7	0.0	0.0	0.0	0.0
Health and Family Welfare	National Health Protection Scheme/ RSSY*	0.0	0.0	0.0	0.0	1500.0	723.8	1000.0
Rural Development	National Social Assistance Programme	7824.8	9046.0	7086.7	8616.4	9500.0	9500.0	9500.0

Ministry	Schemes	2012-13 (A)	2013-14 (A)	2014-15 (A)	2015-16 (A)	2016-17 (BE)	2016-17 (RE)	2017-18 (BE)
Finance (Dept. of Financial Services)	*Swavalamban* Scheme	104.4	152.9	195.0	250.6	209.0	0.0	50.0
	Govt. contribution to *Aam Admi Bima Yojana*	0.0	4.5	175.0	437.5	450.0	100.0	350.0
	Atal Pension *Yojana*	0.0	0.0	0.0	173.0	200.0	40.0	155.0
	Interest Subsidy to LIC for Pension Plan for Senior Citizens	99.5	115.8	111.2	101.8	171.9	136.6	250.0
	Pradhan Mantri Jeevan Jyoti Bima Yojana and *Pradhan Mantri Suraksha Bima Yojana* (Publicity and Awareness)	0.0	0.0	0.0	0.0	50.0	5.0	20.0
Grand Total		9030.4	10206.8	8118.6	9624.7	12225.4	10505.9	11425.0

Note: **Rashtriya Swasthya Bima Yojana* (RSBY), which was under the Ministry of Labour and Employment was shifted to Ministry of Health and Family Welfare and renamed as Rashtriya Swasthya Suraksha Yojana (RSSY) and has been again renamed as National Health Protection Scheme in the current budget;
Source: Compiled by CBGA from Union Budget documents, various years.

Figure 16.1: Total Union Budget Allocation for Social Security for Unorganised Workers as percentage of GDP and Total Expenditure (in percent)



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

Issuing of simple portable identity cards for the workers in the informal sector has been a major demand for which Rs. 144.5 crores was allocated in 2015-16, but almost the entire amount has remained unspent as this initiative has not taken off. In the Union Budget 2017-18, Rs. 100 crore has been allocated but this is not sufficient given the fact that there are around 45 crore workers in the informal sector and if we assume the cost at Rs. 20 per card, the required amount would be around Rs. 900 crore.

The NSAP, implemented by the Ministry of Rural Development, is the only major programme with substantial allocation. However, the emphasis of this programme is mainly on old age and widow pension as shown in table 16.2. Though states also contribute towards old age pension, an earlier study by CBGA in 2013 found that the amount provisioned for the old age pension in different states varies from Rs. 200 to Rs. 2,000. Hence, there is a need for the Union Government to scale up the allocation to widen and strengthen the coverage and bring down the inter-state disparity.

Table 16.2: Allocation for Different Components of National Social Assistance Programme (Rs. crore)

National Social Assistance Programme	2015-16 (A)	2016-17 (BE)	2016-17 (RE)	2017-18 (BE)
Indira Gandhi National Old Age Pension Scheme (IGNOAPS)	5562.7	6130.9	6130.9	6126.9
National Family Benefit Scheme (NFBS)	639.4	787.2	787.2	774.1
Indira Gandhi National Widow Pension Scheme(IGNWPS)	2068.9	2221.7	2221.7	2221.7
Indira Gandhi National Disability Pension Scheme(IGNDPS)	288.0	279.3	279.3	274.3
Annapurna Scheme	56.3	75.8	75.8	75.8
National Social Assistance Program (Adm. Expenditure)	1.1	5.2	5.2	27.3
Total-National Social Assistance Programme	8616.4	9500.0	9500.0	9500.0

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

It has been demanded to enhance the amount of old age pension and pegging it with the inflation so that the amount gets revised automatically to cover the rising cost of living. There are approximately 10.5 crore senior citizens in the country and if a pension is fixed at half the existing daily minimum wage rate (Rs. 170), the total expenditure would come to around Rs. 3.2 lakh crore per annum, which can be shared between the Centre and the States, for universal coverage. Table 3 shows various expenditure scenarios for different level of coverage.

Table 16.3: Different Expenditure Scenarios for Widening and Strengthening Pension Coverage

Coverage	100%	90%	80%	75%
Population > 60 years of age (crore)	10.5	9.45	8.4	7.9
Pension per month @ of Rs. 85 per day (50 % of the national minimum wages; Rs.)	2550	2550	2550	2550
Per Annum Expenditure (Rs.)	30600	30600	30600	30600
Total Annual Expenditure on pension (Rs. Lakh crore)	3.2	2.9	2.6	2.4
Annual Expenditure on pension as % of Total Expenditure for 2017-18 (BE)	15.0	13.5	12.0	11.3
Annual Expenditure on Pension as % of GDP	1.91	1.72	1.53	1.43

Source: Computed by CBGA

Given the requirement as estimated in table 16.3 and the wider informal nature of the economy, there is a need to substantially hike the allocation for social security cover. On the contrary, the Union Budget 2017-18 has kept the allocation for NSAP same, which in real terms is a cut if we factor in the inflation rate. Similarly a cut in National Health Protection, Atal Pension Yojana, Aam Admi Bima Yojana and Swavalamban scheme shows that the already smaller amounts that were allocated earlier are being further shrunk which clearly shows that social protection is losing focus in the current policy making regime. This argument is further corroborated by the fact that overall allocation for the social security has declined in absolute terms in 2017-18 (BE) when compared to 2016-17 (BE).

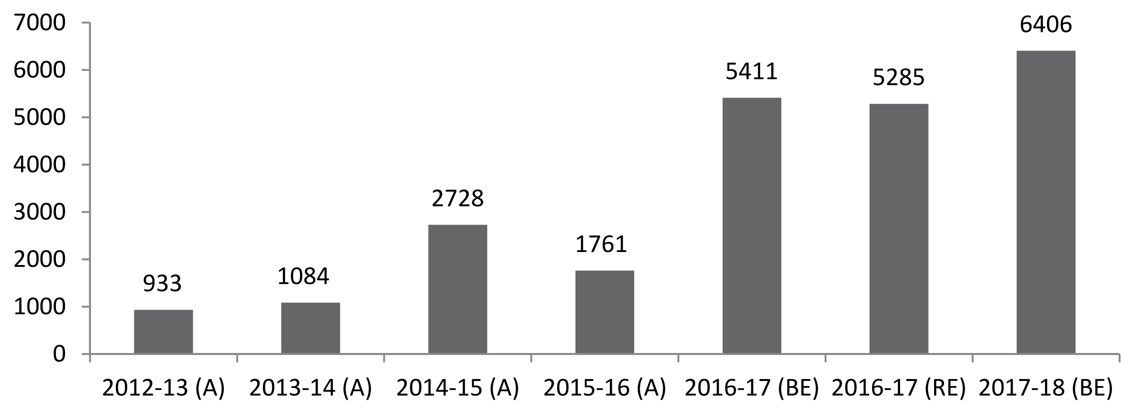
Urban Poor

Highlights

- Credit Linked Subsidy Scheme (CLSS)-II for Middle Income Group (MIG) in Pradhan Mantri Awas Yojna (PMAY)-Urban introduced with allocation of Rs 1,000 crore.
- Total allocation for PMAY increased from 5,075 in 2016-17 (BE) to Rs. 6,043 crore in 2017-18 (BE)
- The expenditure by Ministry of Housing and Urban Poverty Alleviation in 2015-16 was only Rs. 1,761 crore against the budget allocation of Rs. 5,635 crore.
- Total allocation for MRTS and Metro projects is Rs. 18,000 crore out of the total budget of Rs. 34,212 crore of Ministry of Urban Development.

Poverty estimates by Expert Group (Rangrajan, 2014) show that in 2011-12 there were 103 million people in urban areas living under the poverty line. As per Census 2011, 13.7 million households or 17.4 percent of the urban households in India live in slums. By 2030, 575 million people i.e. double the current urban population, will live in urban areas. Projections show that Mumbai and Delhi will be amongst the five largest cities in the world. It will be a challenge even to provide basic amenities like safe drinking water, sanitation and adequate housing.

Figure 17.1: Total Expenditure/ Budget Outlay for Ministry of Housing and Urban Poverty Alleviation (Rs. crore)



Note: From 2014-15 JNNURM (BSUP and IHSDP) was transferred to MoHUPA which was earlier with Ministry of Finance.
Source: Compiled by CBGA from Union Budget, various years

The expenditure by MoHUPA in 2015-16 was only Rs. 1,761 crore against the budget allocation of Rs. 5,635 crore (Figure 17.1). The allocation for 2017-18 has been raised by Rs. 1,000 crore over the previous year due to addition of a new component in PMAY; Credit Linked Subsidy Scheme (CLSS)-II for Middle Income Group. The allocation for other interventions has remained stagnant (Table 17.1).

Table 17.1: Different Components of *Pradhan Mantri Awas Yojna*, Urban (PMAY)

PMAY-Urban	2015-16 (A)	2016-17 (BE)	2016-17 (RE)	2017-18 (BE)
Credit Linked Subsidy Scheme (CLSS)-I for Economically Weaker Section(EWS)/ Lower Income Group (LIG)	200	475	475	400
Credit Linked Subsidy Scheme (CLSS)-II for Middle Income Group (MIG)	...	...	...	1000
Credit Risk Guarantee Fund Trust (CRGFT)	...	15	15	15
Institutional Dev. For Inclusive Urban Governance, Building Material and Technology Promotion Council (BMTPC) and National Building Organisation (NBO)	17.6	10.1	13.1	11.8
Other Items of Central Component	45.9	69.9	45.6	55
Scheme for drinking water supply for slums affected with Japanese Encephalitis and Acute Encephalities Syndrome (JE/AEs)	...	5	...	10
Other Items of States/UTs Component	1224	4500	4387	4551
Total PMAY- Urban	1487	5075	4936	6043

Source: Compiled by CBGA from Union Budget, 2017-18

As can be seen in the above table, the main emphasis of MoHUPA has been on provision of housing for the urban poor, Pradhan Mantri Awas Yojna (PMAY)-Urban being the flagship scheme for this intervention. However, the progress in this scheme, which was talked about a lot after demonitisation, has not been significant (see Box 17.1). The expenditure on housing as well as livelihood for urban poor has declined over the years as shown in table 17.2

Box 17.1: Progress under Pradhan Mantri Awas Yojna, Urban (PMAY)

Pradhan Mantri Awas Yojna, Urban (PMAY) was launched on 25th June, 2015 with the target of providing housing for all by 2022. All the States and UTs except for Delhi and Lakshdweep, are covered in this scheme. As per the latest progress report, 3,833 cities were included and 2,691 projects in 1,748 cities were under consideration with a total estimated cost of Rs. 72,031 crore. The share of central assistance approved is Rs. 19,633 crore out of which only Rs. 4,464 crore has been released so far.

The physical progress shows that out of the total target of 13, 28,295 houses, only 9,435 have been completed so far and 2, 13,187 were still under progress. The small number of houses completed was restricted to six states only (Andhra Pradesh, Chhattisgarh, Gujarat, Karnataka, Tamil Nadu and West Bengal) out of which 3,439 were in Gujarat alone.

Source: Pradhan Mantri Awas Yojana (Urban) - Housing for All State wise Progress, Monitoring report dated 3rd Jan 2017, MoHUPA

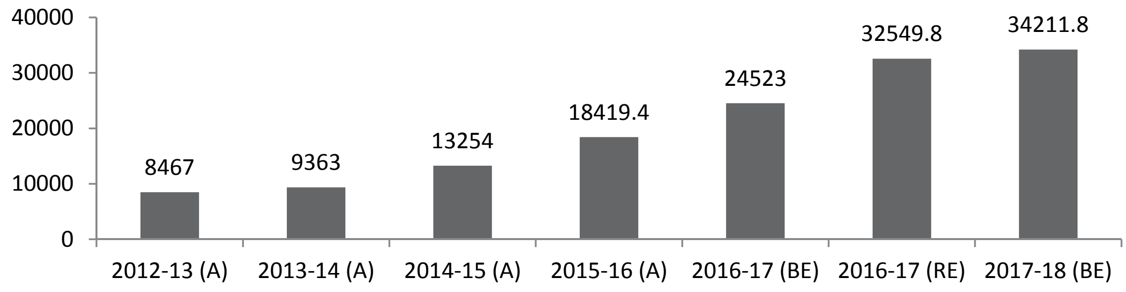
Table 17.2: Expenditure/Budgetary Provisions for Major Schemes under Ministry of Housing and Urban Poverty Alleviation (Rs. crore)

	2012-13 (A)	2013-14 (A)	2014-15 (A)	2015-16 (A)	2016-17 (BE)	2016-17 (RE)	2017-18 (BE)
PMAY (Urban)*	1937	2256	1959	1487	5075	4936	6043
NULM	794	725	703	269	325	334	349

Note: *Expenditure for 2012-13 and 2013-14 is for BSUP & IHSDP under JNNURM and RAY; Source: Compiled by CBGA from Union Budget, various years

Besides housing, the other component in urban development is infrastructure which comes under the MoUD. There is a continuous growth in the expenditure/allocation for urban development over the 12th Five Year Plan period (Figure 17.2). The recent increase can be attributed to the metro rail projects which account for more than 50 percent of the total budget of the Ministry.

Figure 17.2: Total Expenditure/Budget Outlay for the Ministry of Urban Development (Rs. crore)



Source: Compiled by CBGA from Union Budget, various years

The initial push for Smart Cities Mission seems to have taken a back seat as there is no visible physical or financial progress in this scheme. The allocation for this mission has been slightly increased from Rs. 3,216 crore in 2016-17 (BE) to Rs. 4,000 crore in 2017-18 (BE). However, this is a decline if compared with the revised estimates of 2016-17. Atal Mission for Rejuvenation for Urban Transformation (AMRUT) has also seen only marginal increase in allocation. The allocation for National Heritage City Development and Augmentation Yojana (HRIDAY) has declined from Rs. 200 crore in 2016-17 (BE) to Rs. 150 crore in 2017- 18. It is noteworthy that the actual expenditure under the scheme in the earlier years has been very low (Table 17.3).

Table 17.3: Expenditure/Budgetary Provisions for Major Schemes under Ministry of Urban Development (Rs. crore)

	2012-13 (A)	2013-14 (A)	2014-15 (A)	2015-16 (A)	2016-17 (BE)	2016-17 (RE)	2017-18 (BE)
Mission for development of 100 smart cities	3420*	5303*	1026	1484	3216	4676	4000
Atal Mission for Rejuvenation for Urban Transformation (AMRUT)	..	..	1069	2702	4080	4884	5000
National Heritage City Development and Augmentation Yojana (HRIDAY)	..	..	0.9	27.2	200	200	150

Note:*Expenditure for 2012-13 and 2013-14 is for sub-missions UIG and UIDSSMT under JNNURM which were related to infrastructure development in urban areas; Source: Compiled by CBGA from Union Budget, various years.

There is a clear push for developing infrastructure in the urban areas. However, the pace for providing basic amenities to urban poor has not kept up. The allocation for National Urban Health Mission has reduced from Rs. 950 crore in 2016-17 (BE) to Rs. 752 crore in 2017-18 (BE). Similarly, the allocation for Swachh Bharat Mission (Urban) has remained unchanged at Rs. 2,300 crore in 2017-18. Emphasis on infrastructure at the cost of basic amenities will increase inequalities between the rich and the poor and will make cities less inclusive and unsustainable over time.

Persons with Disabilities

Highlights

- The Annexure II to the budget speech provides data on allocation to Scheduled Caste, Scheduled Tribe, Women, Children and North East Region but has left out the data on allocations to persons with disabilities
- There is neither a specific reference to persons with disabilities under the social groups nor a commitment across sectors to address the issues of discrimination experienced by persons with disabilities.
- Only commitment is to ensure lifts and escalators in 500 railway stations for persons with disability

The Demand for Grants, 2017-18 for the Department for the Empowerment of Persons with Disabilities show a marginal increase of Rs.71.4 crore; the budget has increased from Rs. 784 in 2016-17 (BE) to Rs. 855 crore in 2017-18(BE). The budget for central sector schemes under the department has increased from Rs. 306 crore to Rs.352 crore, whereas the budget for autonomous bodies has witnessed a marginal increase from Rs. 231 crore to Rs. 239 crore over the same period. Among the autonomous institutions, the largest allocation is of Rs.190 crore for support of national institutes.

National Institute of Universal Design, a key institute for ensuring accessible environment, got an allocation of Rs. 37 lakh in 2017-18 (BE). The budgetary allocation for Indian Sign Language Institute has increased by Rs. 1.5 crore over the previous financial year.

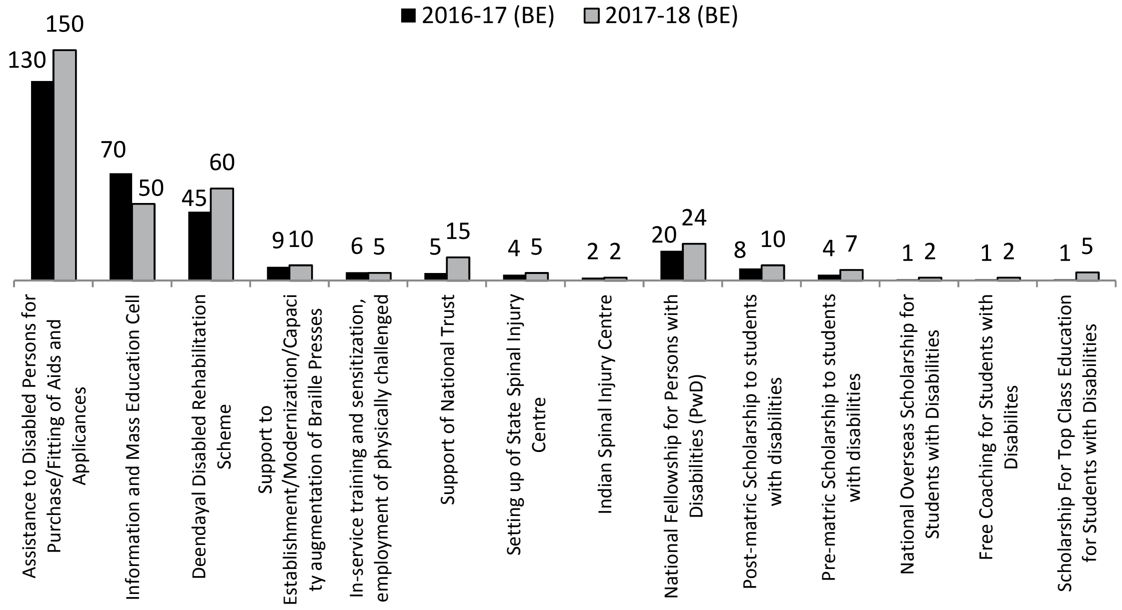
There is a declining trend in allocation to programme “Assistance to disabled persons for purchase, fitting of Assistive devices” when comparing 2017-18 (BE) with 2016-17 (RE); there is a decrease of Rs. 20 crore. The allocation or Artificial Limbs Manufacturing Corporation of India (ALIMCO) has been Rs. 5 crore for the last three financial years. The assistive devices ensure personal mobility and are first step towards non-discrimination and equal enjoyment of freedom of movement, and hence allocations for the same are critical.

Table 18.1: Details of Allocation by the Department for the Empowerment of Persons with Disabilities (Rs. crore)

Particulars	2015-16 (A)	2016-17 (RE)	2017-18 (BE)
National Programme for the Welfare of persons with disabilities	320.02	326.2	351.7
Autonomous bodies	164.9	211.50	238.7
Public Sector Undertakings	39.6	35	37.7
Schemes for the Implementation of persons with disabilities Act	16.1	193.0	207.0
Secretariat	14.9	17.8	19.7
Total	554.9	783.5	855.0

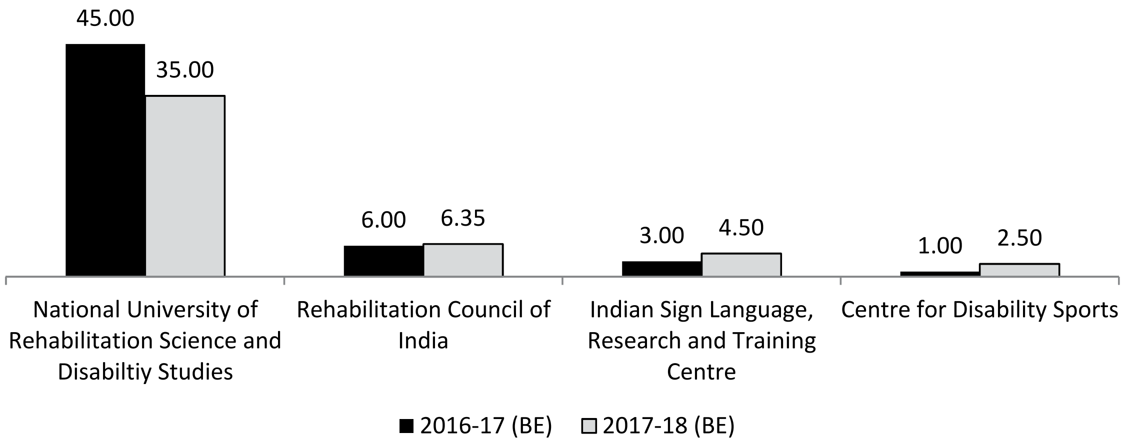
Source: Compiled by CBGA from Union Budget 2017-18.

Figure 18.1: National Programme for the Welfare of Persons with Disabilities (Rs. crore)



Source: Compiled by CBGA from Union Budget 2017-18.

Figure 18.2: Allocation for Autonomous Bodies under Department of Empowerment of Persons with Disabilities (Rs. crore)



Source: Compiled by CBGA from Union Budget 2017-18.

Interventions of Ministry of Human Resource Development for Person with Disabilities:

Department of School Education and Literacy includes persons with disabilities under the inclusive education component of Sarva Shiksha Abhiyan (SSA) and 'Inclusive Education for the Disabled at the Secondary Stage' (IEDSS) under Rashtriya Madhyamik Shiksha Abhiyan. Disaggregated data on the allocation to these programmes are not available in public domain. However, the study report on "How inclusive is our education towards persons with disability?" prepared by Equals, Centre for Promotion of Social Justice reveals the following:

Table 18.2: Allocation for Inclusive Education under SSA

Year	Allocation to Inclusive Education (Rs. crore)	Allocation to SSA (Rs. crore)	Increment (percentage)
2013-14	450.9	24801.9	
2014-15	505.9	24039.1	55.09
2015-16	547.2	21891	41.23

Source: Compiled by CBGA from SSA portal and Union Budget 2017-18.

Department of Higher Education implements the central sector programme 'National Initiative on Inclusion of Persons with Disabilities in Higher Education'. The allocation for this programme remains constant at Rs. 2 crore for years 2016-17 and 2017-18. The other programmes such as the HEPSEN and TRYPSEN implemented by UGC are not disaggregated for further analysis.

Interventions of Ministry of Health and Family Welfare for Person with Disabilities:

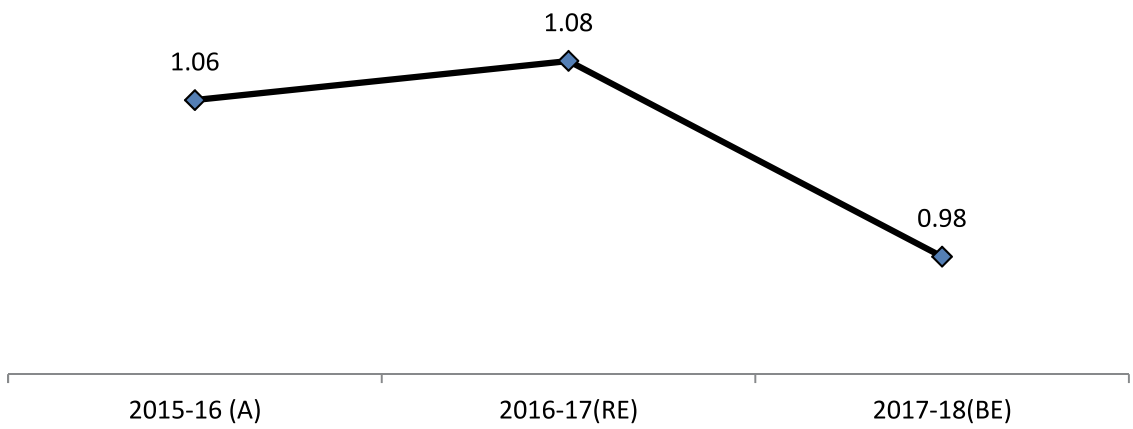
Table 18.3: Allocation towards Persons with Disabilities by the Department of Health & Family Welfare (Rs. crore)

Particulars	2015-16 (A)	2016-17 (RE)	2017-18(BE)
NIMHANS	284.0	302.2	350.9
LGB regional Institute of Mental Health, Tezpur	32.1	80.0	80.0
National Mental Health Programme	35.4	35.0	35.0
Total	351.6	417.3	466.0

Note: NIMHANS- National Institute of Mental Health and Neurosciences
Source: Compiled by CBGA from Union Budget 2017-18.

Table 18.3 shows an increasing trend in allocation for NIMHANS but remains stagnant for the National Mental Health Programme, which has a community programme component. This component can potentially restrict increasing long-term residential care set-up for persons with psychosocial disability, where the extent of human rights violations has proven to be high. Though there is an overall increasing trend for these programmes, a comparison with the total allocation to the allocation for the Department shows a decreasing trend. The following figure explains the same.

Figure 18.3: Allocation for PWDs In Comparison to the Overall Allocation of the Department



Source: Compiled by CBGA from Union Budget 2017-18.

Interventions of Ministry of Youth Affairs and Sports for Person with Disabilities:

Table 18.4: Allocation by the Ministry of Youth Affairs & Sports for Promotion of Sports among Disabled (Rs. crore)

Particulars	2015-16 (A)	2016-2017 (RE)	2017-2018 (BE)
Promotion of sports among disabled	2.06	4.00	0.01

Source: Compiled by CBGA from Union Budget 2017-18.

The table above is self-explanatory and trend in allocation does not match the expectations of the disability movement.

Conclusion

Article 31 of Committee on the Rights of Persons with Disabilities (CRPD) and Goal 17 of the SDG mandates disaggregation of all data based on disability, which India has committed to implement. The overall analysis across sectors reveals that as more and more schemes get subsumed under larger flagship programmes, disaggregation of data gets limited. This creates a gap in effective monitoring, accountability and appropriate planning. Therefore, there is a need to disaggregate financial data on persons with disabilities across sectors under a minor head. It is also important to come out with persons with disabilities budget statement, similar to the gender budget statement.

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

Notes

Notes

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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