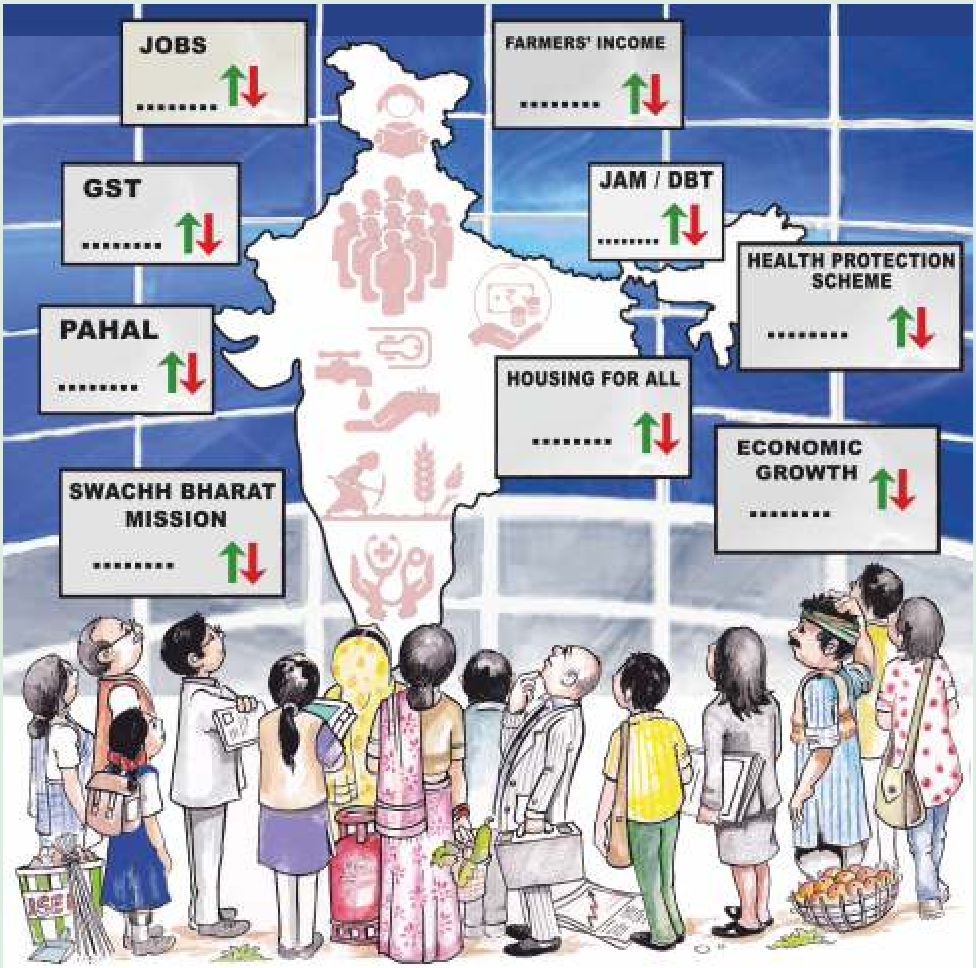
Numbers That Count

An Assessment of the Union Budgets of NDA II



CBGA

February 2019

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Centre for Budget and Governance Accountability

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CONTEXT

Introduction

The Interim Union Budget 2019-20, the last budget presented by the incumbent government, comes at a time when the economy is beset with myriad problems. Among the various challenges facing the economy, perhaps the most critical are those related to the acute agrarian distress, burgeoning unemployment and slowing down of the economy. While it is true that many of these problems began prior to 2014 (i.e. even before this government came to power), several of these problems seem to have got aggravated over the last few years.

Over the last five years, the government made a number of promises ranging from providing 2 crore jobs per year to doubling farm income. However, as numerous analysts have noted, many of the promises made not just remain unfulfilled, in several areas the situation seems to have deteriorated further.

While a number of initiatives have been taken to address some of the challenges (such as increased Minimum Support Price (MSP) for farmers, even though not to the extent promised), these have not necessarily been backed by adequate allocation. A striking feature of this government has been that it has stuck to its path of fiscal consolidation rather diligently. This is evident in the declining expenditure to GDP ratio, which fell from 14.4 per cent in Budget Estimate (BE) 2014-15 to 12.77 per cent in 2019-20 (BE). The declining expenditure-GDP ratio has had its consequences on overall social sector allocations, reflected in the budgets of the previous few years.

Cooperative Federalism

Seen in terms of cooperative federalism, during the tenure of this government, the share of the divisible pool of central taxes shared with states has increased from 32 per cent to 42 per cent, with the implementation of the Fourteenth Finance Commission (FFC) recommendations from Financial Year (FY) 2015-16. However, the increased devolution of taxes has not been accompanied by any substantial increase in the overall resources transferred to states[1], as there has been a reduction in the funding share of the Union Government in a host of Centrally Sponsored Schemes (CSS). At the same time, there is no denying that with the implementation of the FFC recommendations, States now have greater degree of autonomy in terms of setting their expenditure priorities.

The introduction of the Goods and Services Tax (GST) in FY 2017-18, however has shrunk the space for cooperative federalism as the power to decide tax rates for various goods have now been centralised in the GST Council and no longer remains with a State.

Impact of Some Big Bang Reforms

A number of big bang reforms and/or policies, such as demonetisation and GST have been introduced by the government in the last two to three years. However, these moves have turned out to be highly contentious in terms of their impact on employment, in particular and the economy in general. Both these measures are believed to have led to large scale disruption of petty producers and traders in the informal sector, Micro, Small and Medium Enterprises (MSMEs) and farmers. Latest available reports on the unemployment situation in the country also seem to indicate that these policies have played a significant role in exacerbating the problem of "jobless growth" that has been a characteristic feature of the neoliberal growth process in India. According to a privately conducted survey, the number of unemployed has been steadily increasing in the country. In 2018 as many as 1.1 crore jobs were lost,

[1] When seen as share of GDP

with rural areas having being worst hit. The report also shows that disadvantaged and vulnerable sections such as women, uneducated, wage labourers, agricultural labourers and small traders, were the worst hit by job losses in 2018.[2]

In addition, government revenue too has got adversely affected, especially since the introduction of GST. Even with the wider tax base, GST collections have been underwhelming. While direct tax collections have fared better, the increase in direct tax revenue post GST does not appear to be staggering enough to counter the loss in indirect tax revenue. As a result, the Centre's total gross tax collection has declined in 2018-19 (RE) compared to 2018-19 (BE).

Interim Budget 2019-20

Given that this is an interim budget, there was a lot of speculation around whether any major announcements would be made in this budget. However, a number of significant measures have been proposed, perhaps indicating that the government has taken cognisance of some of the problems afflicting the economy. Some of the major announcements made include providing assured income support to small and marginal farmers, a pension scheme for the unorganised sector workers with monthly income up to Rs. 15,000, etc. How far these measures can help in addressing the problems facing the economy, needs to be seen.

It is in this context that the report, 'Numbers That Count: An Assessment of the Union Budgets of NDA II', presents a comprehensive analysis of the budgetary provisions for important social sectors and the vulnerable sections of the population in the last five years. It also presents an overview of the fiscal indicators and analyses some of the issues related to taxation, international financial transparency, implications of GST and budgetary provisions to tackle employment challenges in the economy.

[2] Business Today (2019), "India lost 11 million jobs in 2018, rural areas worst hit: CMIE", January 4, available at https://www.businesstoday.in/current/economy-politics/india-lost-11-million-jobs-in-2018-rural-areas-worst-hit-cmie/story/306804.html

KEY FISCAL INDICATORS

Table 1.1: Total Union Budget Expenditure as a Proportion of Gross DomesticProduct (GDP)

Year	Adjusted* Total Expenditure from the Union Budget (Rs. crore)	GDP at Current Market Prices (Rs. crore)	Total Union Budget Expenditure as a Proportion of GDP (in per cent)
2014-15 (BE)	1794892	12467959	14.40
2014-15 (A)	1663673	12467959	13.34
2015-16 (BE)	1777477	13764037	12.91
2015-16 (A)	1790783	13764037	13.01
2016-17 (BE)	1978060	15253714	12.97
2016-17 (A)	1975194	15253714	12.95
2017-18 (BE)	2146735	16773145	12.80
2017-18 (A) *	2085829	16773145	12.44
2018-19 (BE)*	2352213	18722302	12.56
2018-19 (RE)*	2405500	18840731	12.77
2019-20 (BE) *	2683000	21007439	12.77

Note: * The figures for total Union Budget Expenditure for FY 2017-18 onwards do not include "Funds collected from GST compensation Cess, which are transferred to a non-lapsable fund in the Public Account".
Source: Compiled by CBGA from Union Budget Documents various years

Size of the Economy and the Union Budget

As compared to the Gross Domestic Product (GDP) of the country, the size of the Union Budget shows a gradual decline over the last few years from 13.34 per cent in 2014-15 to 12.77 per cent in 2019-20 (BE). However, this is partly due to the recommendations of the 14th Finance Commission, which led to a higher proportion of the divisible pool of Central taxes being devolved to States starting from 2015-16.

The magnitude of the Union Budget registers a visible increase in absolute terms from Rs. 24.05 lakh crore in 2017-18 (RE) to Rs. 26.83 lakh crore in 2019-20 (BE); but as a proportion of GDP it is stagnant at 12.77 per cent.

Table 1.2: Macro Indicators for the Union Budget (in Rs. crore)

Items	2015-16 (A)	2016-17 (A)	2017-18 (A)	2018-19 (BE)	2018-19 (RE)	2019-20 (BE)
1. Revenue Receipts (of which)	1195025	1374203	1372621	1635738	1639682	1876493
a. Tax Revenue (Net to Centre)	943765	1101372	1242488	1480649	1484406	1705046
b. Non Tax Revenue	251260	272831	192745	245089	245276	272647
2. Capital Receipts (of which)	595758	600991	706742	716475	727553	806507
a. Borrowings and Other Liabilities	532791	535618	591064	624276	634398	703999
3. Total Receipts (including Borrowing) [1+2]	1790783	1975194	2079363	2352213	2367235	2683000

Items	2015-16 (A)	2016-17 (A)	2017-18 (A)	2018-19 (BE)	2018-19 (RE)	2019-20 (BE)
4. Total Union Budget Expenditure*	1790783	1975194	2085829*	2352213*	405500*	683000*
5. Fiscal Deficit	532791	535618	591064	624276	634398	703999
6. Fiscal Deficits as per cent of GDP	3.89	3.53	3.52	3.33	3.37	3.35

Note: * The figures for total Union Budget Expenditure and Receipts, for 2017-18 RE and 2018-19 BE, do not include "Funds collected from GST Compensation Cess, which are transferred to a non-lapsable fund in the Public Account".
Source: Compiled by CBGA from Union Budget 2018-19 documents.

Fiscal Consolidation

Fiscal Deficit of the Union Government, as per centage of GDP, has declined over the last few years, from 3.89 per cent of GDP in 2015-16 (A) to 3.35 per cent in 2019-20 (BE). The target of elimination of Revenue Deficit has not materialised, and as proportion of GDP, it has remained in the range 2 per cent to 2.5 per cent for the last five years. There is nothing wrong in not meeting the target as revenue expenditure needed for development programmes should be incurred even if revenue receipts fall short of the expectations. The problem lies in the asymmetry in the relaxation on this count between the Centre and the States. Fiscal Responsibility Legislations enacted by the States under the guidance of Centre and the preconditions for exceeding the borrowing limit imposed through successive Finance Commissions have forced the States to meet the target of elimination of Revenue Deficit at all costs. Irony is, some of the poorer States like Bihar, Odisha, Jharkhand etc. have been consistently showing revenue surpluses despite their acute need for stepping up revenue expenditure. States bear proportionately heavier burden of expenditure on social sectors, large part of which are regarded as revenue expenditure in the classification of accounts. Restricting the States from incurring revenue deficit in the face revenue shortfall is unjustified; and the Centre as well as the 15th Finance Commission need to correct this asymmetry by relaxing the revenue deficit targets for States along the lines of what has been adopted for the Centre.

With stagnation in the quantum of resource mobilisation as a proportion of GDP, the success of fiscal consolidation is, it seems, at the cost of much needed social sector expenditure.

Equity Aspects of the Tax System

As the economy grows, Direct Taxes (mainly Taxes on Corporate Profits, and Taxes on Personal Income) should generally contribute more to the financing needs of the Government since the taxable capacity of the population increases with growth. In India, over the last 4-5 years, the share of indirect taxes in total tax mobilised at the Central level has shown an increasing trend. The share of Indirect Taxes (custom duty and GST) has increased from 44 per cent in 2014-15 (A) to 47 per cent in 2018-19 (BE). For 2019-20 (BE), it projected to be 46 per cent. This trend has been observed despite rise in the share of Personal Income Tax, which registered an increase from 21 per cent to 24 per cent over the same period.

The factor that is responsible for the declining share of Direct Taxes in total tax revenue at the Central level is the collections from the Corporation Tax. The share of Corporation Tax in Centre's tax collections has declined consistently over the last 5 years; it was 34 per cent in 2014-15 (A) and has reduced to 28 per cent in 2018-19 (BE). It is projected to reach 30 per cent in the Interim Budget 2019-20.

Transfer of Resources to States

We observe a discernible increase in the resources transferred to States in the 14th Finance Commission period (2015-16 to 2019-20). Total Transfer of Resources to States and UTs as per cent of GDP has increased from 6.10 per cent in 2015-16 (A) to 7.15 per cent in 2019-20 (BE). Similarly, if we look at the transfers as share of pre-devolution tax resources mobilized by the Centre, transfers to States have increased from 48.89 per cent in 2015-16 to 53.18 per cent in 2019-20 (BE).

Table 1.3: Transfer of Resources to States (in Rs. crore)

	2015-16 (A)	2016-17 (A)	2017-18 (BE)	2017-18 (RE)	2017-18 (A)	2018-19 (BE)	2018-19 (RE)	2019-20 (BE)
1. States' Share in Central Taxes	*506193*	*608000*	*674565*	*673005*	*673005*	*788093*	*761454*	*844606*
2. Finance Commission Grants (of which)	*84579*	*95550*	*103101*	*101490*	*92245*	*109373*	*106129*	*131902*
a. Grants for Rural Local Governments	*19993*	*31370*	*39041*	*39041*	*34448*	*45069*	*42815*	*60687*
b. Grants for Urban Local Governments	*6924*	*14498*	*17247*	*17247*	*12594*	*19870*	*18879*	*26665*
c. Grants for SDRF	*8756*	*8375*	*10993*	*9383*	*9383*	*9852*	*9852*	*10344*
d. Post Devolution Revenue Deficit Grant	*48905*	*41307*	*35820*	*35819*	*35819*	*34582*	*34582*	*34206*
3. Central Schemes Related Transfers	*195051*	*228957*	*212466*	*296724*	*263949*	*310987*	*315084*	*329572*
4. Other Transfers	*43143*	*48054*	*48447*	*39386*	*37236*	*54482*	*55558*	*54649*
5. Transfers to UTs with Legislature	*5139*	*5113*	*3996*	*5272*	*3832*	*6500*	*8310*	*9813*
6. Total Transfer of Resources to States and UTs (1+2+3+4+5)	*834483*	*985674*	*1085075*	*1115877*	*1162506*	*1269435*	*1352570*	*1502348*
7. Gross Revenue Receipts (Pre-Devolution of Taxes to States) at the Union Level	*1706908*	*1988653*	*2200337*	*2059431*	*2111753*	*2516331*	*2493451*	*2824778*
8. Total Transfer of Resources to States and UTs as per cent of Gross Revenue Receipts (Pre-Devolution of Taxes to States) at the Union Level (Figures in per cent)	*48.89*	*49.56*	*49.31*	*54.18*	*55.05*	*50.45*	*54.24*	*53.18*
9. Total Transfer of Resources to States and UTs asper cent of GDP (Figures in per cent)	*6.1*	*6.49*	*6.46*	*6.65*	*6.93*	*6.78*	*7.18*	*7.15*

Source: Compiled and estimated by CBGA, from Transfer of Resources to States and Union Territories with Legislature; Budget at a Glance; Union Budget 2019-20

Expenditure on Social Sectors (Comprising 15 Ministries of the Union Government)

- While the size of the Union Budget as a proportion of GDP has decreased marginally, the share of the expenditure on select 15 Ministries responsible for Social sector expenditure in the total Union Budget has increased from 23 per cent in 2014-15 (A) to 27.9 per cent in 2019-20 (BE).

- The budget for the Ministry of Agriculture and farmers' Welfare has increased from Rs. 57600 crore in 2018-19 (BE) to Rs. 140764 crore in 2019-20 (BE), implying a staggering growth of 144 per cent.

- Ministry of Road Transport and Highways continues to be accorded high priority in the Union Budget as the expenditure / budget for the ministry was increased from Rs. 33048 crore in 2014-15 to Rs. 71000 crore in 2018-19 (BE). The Interim Budget has allocated Rs. 83016 crore for the Ministry, an increase of 17 per cent over the previous year.

- Ministry of Women and Child Development, Ministry of Health and Family Welfare (including *AYUSH*), Ministry of Housing and Urban Affairs and Ministry of Environment, Forest and Climate Change have registered a growth of more 15 per cent in allocation over the allocation in the previous budget. The budget for Ministry of Labour and Employment has increased by 35 per cent in 2019-20 from the allocation of Rs. 7700 crore and it reached Rs. 10434 crore in 2019-20.

Table 1.4: Budgets of Select Union Government Ministries (in Rs. crore)

Sl. No.	Ministries / Departments	2014-15 (BE)	2014-15 (A)	2015-16 (BE)	2015-16 (A)	2016-17 (BE)	2016-17 (A)	2017-18 (BE)	2017-18 (A)	2018-19 (BE)	2018-19 (RE)	2019-20 (BE)
1	Ministry of Culture	2511	2064	2169	2007	2500	2297	2738	2520	2843	2800	3042
2	Ministry of Drinking Water and Sanitation	15267	12091	6244	11081	14010	16476	20011	**23939**	**22357**	**19993**	**18216**
3	Ministry of Health and Family Welfare (including AYUSH)	39238	32154	33282	35190	39533	40241	50281	54645	56226	57738	65038
4	Ministry of Human Resource Development	82771	68875	69075	67239	72394	72016	79686	80215	85010	83626	93848
5	Ministry of Labour and Employment	5608	4138	5361	4642	6243	4743	7188	6516	7700	9750	10434
6	Ministry of Minority Affairs	3734	3089	3738	3655	3827	2832	4195	4057	**4700**	**4700**	**4700**
7	Ministry of Social Justice and Empowerment	6846	5784	7162	6308	7350	7289	7763	7669	8820	**11033**	**8945**
8	Ministry of Tribal Affairs	4498	3852	4819	4480	4827	4817	5329	5317	6000	**6000**	**6527**
9	Ministry of Housing and Urban Affairs	26018	15982	24851	20180	29934	36946	40618	40061	41765	42965	48032
10	Ministry of Women and Child Development	21194	18539	10382	17249	17408	16874	22095	20396	24700	24759	29165

Sl. No.	Ministries / Departments	2014-15 (BE)	2014-15 (A)	2015-16 (BE)	2015-16 (A)	2016-17 (BE)	2016-17 (A)	2017-18 (BE)	2017-18 (A)	2018-19 (BE)	2018-19 (RE)	2019-20 (BE)
11	Ministry of Youth Affairs and Sports	1769	1121	1541	1423	1592	1574	1943	1689	2196	**2003**	**2217**
12	Ministry of Agriculture and Farmers Welfare	31063	25917	24910	22092	44485	44500	51026	46362	57600	79026	140764
13	Ministry of Environment, Forest and Climate Change	2256	1599	1682	1521	2250	2278	2675	2627	2675	2675	3176
14	Ministry of Rural Development	83852	69817	73333	78945	87765	96728	107758	110333	**114915**	**114400**	**119874**
15	Ministry of Consumer Affairs, Food and Public Distribution (Includes Food Subsidy)	115953	118323	125474	140810	141392	122399	154232	109578	175944	179655	194513
16	**Total Expenditure for the Select Ministries (1 to 15)**	**442578**	**383345**	**394023**	**416822**	**475509**	**472010**	**557538**	**515923**	**613451**	**641123**	**748491**
17	Ministry of Road Transport and Highways	34345	33048	45752	46913	57976	52232	64900	61015	71000	78626	83016
18	Defence Expenditure	285203	285005	310080	293920	340922	351550	359854	379704	404365	405194	431011
19	Total Union Budget Expenditure	1794892	1663673	1777477	1790783	1978060	1975194	2146735	2085829	2352213	2405500	2683000
20	Total Expenditure for the Select Ministries (1 to 15) as per cent of total Union Budget Expenditure (Figures in per cent)	24.7	23.0	22.2	23.3	24.0	23.9	26.0	24.7	26.1	26.7	27.9

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

AGRICULTURE

Highlights

- Growth in Agriculture and Allied Sector noticed a decline during last four years.
- Inadequate budgetary priority for irrigation sector.
- Annual average rise in Minimum Support Price (MSP) since 2014-15 is less than 10 per cent.
- An income guarantee of Rs.6000 per annum is assured to farmers with <2 hectares of land, seems inadequate to overcome crisis.
- Landless and women farmers are outside of the benefits of income guarantee scheme.

Growth

Growth in agriculture and allied sector was the first priority in the Bharatiya Janata Party (BJP) manifesto before it came to power. Annual average growth rate for agriculture sector is reported to be 2.5 per cent during 2014-15 to 2017-18 compared to 3.7 per cent during 2004-05 to 2013-14. Low growth is likely to have an impact on employment and rural poverty given that 42 per cent of the county's labour force is in agriculture. About 87 per cent of agriculture farmers are small and marginal with less than two hectares of land and cannot afford a decent living standard.

The decline in growth of the sector, among others, is due to low budget prioritisation by the Union Government over the years. There is no visible increase in public investment in agriculture and allied sector as promised in the government manifesto. The agriculture sector faced two drought years i.e. 2014-15 and 2015-16. In these two years average growth was just 0.1 per cent per annum. Even in these drought years, public investment was reported to be on the lower side. Estimates from Union Budgets for last few years show that ratio of allocation for this sector to Gross Domestic Product (GDP) remained in the range of 0.3 to 0.4 per cent during 2014-15 and 2018-19 (Figure 1). Inadequate public investment discouraged private investment in this sector. During 2014-15 and 2016-17, investment by private sector to GDP ratio came down from 2.2 per cent to 1.8 per cent of GDP, which led to an overall decline in investment from 2.6 per cent to 2.1 per cent. This decline in overall investment adds to rural crisis and agrarian distress in the country.

Irrigation

Irrigation is an area of consistent negligence of the government, with over 50 per cent of agriculture land is rain fed. Allocation under *Pradhan Mantri Krishi Sinchayee Yojana* (PMKSY) has not consistently picked up since its implementation in 2014-15. More importantly, in the year 2016-17 total allocation under this scheme reduced when the country was yet to recover from drought like conditions. In the year 2017-18, the actual expenditure under this scheme was even below the proposed budget.

The interim budget 2019 did not give much importance to irrigation. There is a meager Rs. 100 crore increase in the 2019-20 (BE) over 2018-19 (BE) under PMKSY. No specific attention has been paid to develop rain fed areas, as benefits from PMKSY are concentrated only in few pockets. It is to be noted that in 2018-19, there were only 1,79,260 beneficiaries of this scheme spreading across 12 states. There is also a poor track record of performances of various schemes like Accelerated Irrigation Benefits Programs (AIBP), *Har Khet Ko Pani*, Per Drop More Crop and Watershed Development fall under the umbrella of PMKSY. Accelerated Irrigation Benifits Programme (AIBP), the scheme for major and medium irrigation has not able to harness the full potential of the country. According to the Comptroller and Auditor General (C&AG) Report 2018, over the last 9 years the scheme has been facing deficiencies like delays in completion of projects, financial mis-management etc.

Raising farmers' income

The crisis in agriculture sector pushed the government to shift its attention towards improving farmers' income. In the *NITI Aayog's* three years action agenda, the government promised to double the farmers' income by 2022 from the base year income of 2015-16. It should be kept in mind that income for the base year 2015-16 is supposedly low, as it was a drought year, and a jump from a low base year income is comparatively easy. Even while having a low income base, which was set to double over a period of five years, farming community is struggling to cover the cost of cultivation and get any profit from the cultivation.

Some short-term strategies were followed by the government to raise farmers' income. One of them is to increase the MSP. In 2018-19, the government raised MSP in most of the *Kharif* crops by 23 per cent and *Rabi* crops by 13 per cent in order to provide a remunerative price to farmers for its produce. However, this rise was less than 5 per cent in the drought years. The annual average rise in MSP for most of the crops during 2014-15 and 2018-19 was within the range of 5 to 10 per cent. Raising MSP, at least to 1.5 times of the comprehensive cost of cultivation, was one of the recommendations of the National Commission for Farmers (MS Swaminathan committee) in order to address the farm distress.

The second strategy is providing a minimum income support to farmers to improve their financial condition. In the interim budget 2019, the government announced an annual income support of Rs. 6000 to every farmer with less than 2 hectare of land under an income guarantee scheme known as *"*Prime Minister *Kisaan Samman Nidhi* (PMKSN)*"*. This income support of Rs. 6000 will be provided in three installments, annually. According to government estimate, 12 crore farmers fall in this category and the annual estimated cost would be around Rs. 75,000 crore. The government proposed to implement this scheme retrospectively from December, 2018, for which Rs. 20,000 crore is proposed for the year 2018-19 in order to disburse the first installment of Rs. 2,000. This Rs. 20,000 crore only caters to 10 crore farmers and the rest would be out of the ambit of the income support scheme announced for the current financial year.

The income guarantee scheme "PMKSN" announced by the Union Government is a replica of income guarantee models introduced in the states, Odisha, Telengana and Madhya Pradesh. The amount provisioned is too low to generate any impact on the financial health of small holdings. Second, cash contribution of Rs. 6,000, with three equal installments, is inadequate as it comes only Rs. 500 per month. Third, there are many farmers in the country who do not have own land on their name and are not going to benefit from the income guarantee scheme.

Table 2.1: Comparison between income guarantee schemes of various states

Income Guarantee Schemes	States	Beneficiaries	Annual Benefits (Rs.)	Allocation in 2018-19 (Rs. crore)	Allocation 2019-20	Who are excluded
RYTHU BANDHU	Telengana	Only farm households having land	4000/ acre of land	12,000		landless farmers
KALIA	Odisha	Every household	5,000 for land owned agriculture households	10,000	10,000	no exclusion
			2,500 for landless farm households			
			2,000 for all families			
BHABANTAR	Madhya Pradesh	Only farmers	Difference between MSP and Selling Price			farmers with no access to mandis and land less families

KISHAN SAMMAN	Union Government	Farmers < 2 hectare land	6000	20000	75000	Farmers with no land Gender dimension has been grossly neglected

Source: Compiled by CBGA

The third strategy is safeguarding the financial health of farmers through the means of crop insurance. The Prime Minister *Fasal Bima Yojana* (PMFBY), was introduced in April, 2016 as a modified and scaled up version of erstwhile insurance schemes. The scheme excludes a section of the farming community and has also not yet spread in all states. According to latest information available from Department of Agriculture, 17 per cent of total Gross Cropped Area (GCA) is insured during *Kharif* 2017 and 9.2 per cent of the same is insured during *Rabi* 2016. Only 10.3 per cent of farmers are the beneficiaries during *Kharif* 2017 and 2.8 per cent of farmers are the beneficiaries during *Rabi* 2016. The scheme is also criticised for its favouring policy towards the large farmers. In 2019-20 (BE), though the allocation for PMFBY has witnessed an increase of Rs. 1000 crore compared to 2018-19 (BE), it seems inadequate, given the extent of coverage that it had in the past.

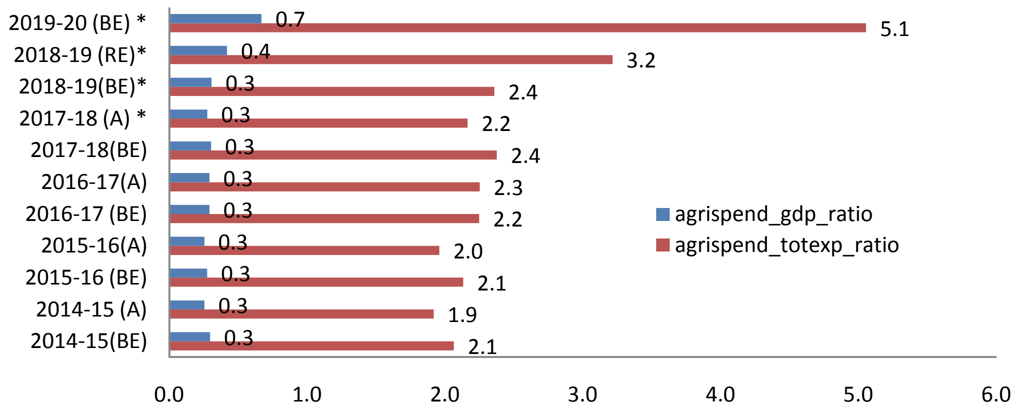
There is no focus seen in terms of budgetary allocation and spending towards allied sector during last five years. In fact, National Mission on Horticulture noticed a reduced allocation of Rs. 336 crore in 2019-20 (BE) compared to its previous year. Similarly, funds provisioned under Blue Revolution, meant for fishery sector, noticed a decline in current budget. The animal husbandry sector, another important area in the allied sector, has been accorded highest priority in the budget speech of finance minister, without any substantive increased allocation. For the development of animal husbandry, Mission is an initiative taken by the government in 2014 for which funds allocated for the purpose reduced from Rs. 750.5 crore in 2018-19 (RE) to Rs. 302 crores in 2019-20 (BE). This has also reflected in declined allocation under white revolution from Rs. 2220 crore in 2018-19 (BE) to Rs. 2140 crore in 2019-20 (BE).

Despite India achieving sustained growth in food grain production, farmers, who feed the nation, are reeling under an existential crisis; self-questioning and blaming their destiny for choosing the profession of cultivation. It is worth noting the findings of the Situation Assessment of Farmers, 2005 that 27 per cent of farmers did not like farming and given a choice 40 per cent farmers were willing to take up other career options. The situation has worsened over the years and a recent study report (State of Indian Farmers: A Report, 2018) noted that 76 per cent youth, who are engaged in farming would prefer to do some other work rather than farming. While coming to power the incumbent government assured adequate jobs for the youth. In such a dwindling situation, an option for the youth to go for any other profession than agriculture seems bleak.

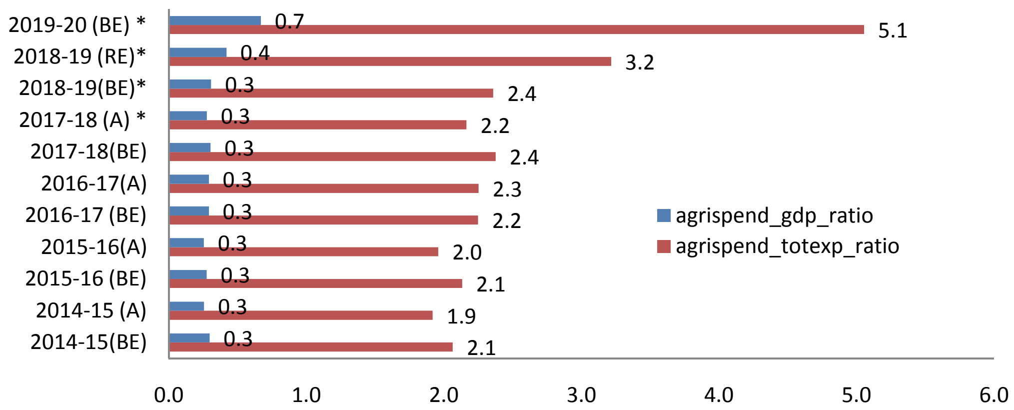
Missed Opportunities

Lower rate of growth in public expenditure shows that agriculture remained a last priority for the Union Government. The two drought years could have been effectively managed if the government focused on strengthening irrigation network systems in the country. No attention is provided to create infrastructure for agriculture sector. Regional diversities are hardly looked at while preparing an agriculture policy at the union level. Creating a better platform for sustaining growth in agriculture remains neglected. Government resorts to short run measures either in the form of loan waiver or minimum income guarantees to appease farmers. The appeasement policy is hardly sustainable. Therefore, every year the country witnesses farmers' suicides. The government in its manifesto promised to expedite land reforms by maintaining land records in all states. However, land reforms have remained an unfinished agenda.

Figure 2.1. Public Spending on Agriculture as Per cent of Total Expenditure and as a Per cent of GDP



Graph 2.2 Public Spending on Agriculture as Percent of Total Expenditure and as a Percent of GDP



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

Table 2.2- Union Budget Allocations and Expenditure for Agriculture since 2014-15 (In Rs. crore)

Departments	2014-15 (A)	2015-16 (BE)	2015-16 (A)	2016-17 (BE)	2016-17 (A)	2017-18 (BE)	2017-18 (A)	2018-19 (BE)	2018-19 (RE)	2019-20 (BE)
Department of Agriculture, Cooperation and Farmers Welfare (Excluding Interest subvention and Income support scheme)	19,255.0	17,004.4	15,296.0	20,983.7	23,514.9	26,855.0	24,351.0	31,700.0	32,813.0	36,585.2
Department of Animal Husbandry, Dairying and Fisheries	1,822.0	1,585.4	1,410.0	1,881.5	1,858.0	2,371.0	2,022.1	3,100.0	3,273.0	3,100.0
Department of Agricultural Research and Education	4,840.0	6,320.0	5,386.0	6,620.0	5,729.0	6,800.0	6,942.9	7,800.0	7,952.7	8,078.8
Interest Subvention for providing Short Term Credit to Farmers	6,000.0	13,000.0	13,000.0	15,000.0	13,397.1	15,000.0	13,045.7	15,000.0	14,987.0	18,000.0
Income Support Scheme									20,000.0	75,000.0

Departments	2014-15 (A)	2015-16 (BE)	2015-16 (A)	2016-17 (BE)	2016-17 (A)	2017-18 (BE)	2017-18 (A)	2018-19 (BE)	2018-19 (RE)	2019-20 (BE)
Total Expenditure under MoA (Including Interest Subvention and Income Support Scheme)	31,917.0	37,909.8	35,092.0	44,485.2	44,499.0	51,026.0	46,361.7	57,600.0	79,025.7	140,764.0
Share of Total Expenditure under MoA in Total Union Budget (%)	1.9	2.1	2.0	2.2	2.3	2.4	2.2	2.4	3.3	5.2
Major Schemes										
***Pradhan Mantri Fasal Bima Yojana** (PMFBY)**	2,598.0	2,589.0	2,983.0	5,500.0	11,052.0	9,000.0	9,419.2	13,000.0	12,975.7	14,000.0
***Pradhan Mantri Krishi Sinchai Yojana* (Under MoA)**	0.0	1,800.0	1,556.0	2,340.0	1,991.0	3,400.0	2,819.3	4,000.0	2,954.7	3,500.0
***Pradhan Mantri Krishi Sinchai Yojana* (Under Deptt. of Land Resources)**	2,319.0	1,530.0	1,527.0	1,550.0	1,510.7	2,150.5	1,773.9	2,511.0	1,996.1	2,227.2
Accelerated Irrigation Benefit & Flood Management Programme""	3,261.0	1,000.0	2,999.0	1,000.0	1,000.6	1.0	0.1	1.0	1.0	1.0
***Pradhan Mantri Krishi Sinchai Yojana* (Ministry of Water Resources, River Development and Ganga Rejuvenation)**	3,261.0	2,000.0	4,698.0	1,877.1	1,632.0	1,827.0	2,122.5	3,178.0	3,455.7	3,949.9
Total Allocations for *Pradhan Mantri Krishi Sinchai Yojana*, including AIBP (PMKSY)**	8,841.0	6,330.0	10,780.0	6,767.1	6,134.3	7,378.5	6,715.8	9,690.0	8,407.5	9,678.2
Green Revolution-Out of which	9,823.0	9,056.0	9,776.5	12,559.9	10,105.1	13,741.0	11,056.7	13,908.9	11,802.3	12,612.0
***Rashtriya Krishi Vikas Yojana* (RKVY)**	8,443.2	4,500.0	3,940.0	5,400.0	3,892.0	4,750.0	3,559.7	3,600.0	3,600.0	3,800.0
National Food Security Mission (NFSM)	1,872.7	1,300.0	1,162.3	1,700.0	1,286.0	1,720.0	1,377.1	1,690.7	1,510.0	2,000.0
***Paramparagat Krishi Vikas Yojana* (PKVY)**	0.0	300.0	219.0	297.0	153.0	350.0	203.5	360.0	300.0	325.0
National Mission on Horticulture (NMH)	1,625.0	1,500.0	1,696.5	1,620.0	1,493.1	2,320.0	2,027.0	2,536.0	2,100.0	2,200.0
Interest Subvention for Providing Short Term Credit to Farmers	6,000.0	13,000.0	13,000.0	15,000.0	13,397.1	15,000.0	13,045.7	15,000.0	14,987.0	18,000.0
White Revolution	415.8	481.5	937.0	1,138.0	1,309.0	1,634.0	1,573.8	2,220.0	2,430.9	2,140.0
Blue Revolution	388.0	451.1	200.0	246.8	388.0	401.0	321.5	643.0	501.0	560.0
Income Support Scheme									20,000.0	75,000.0

Source: Compiled by CBGA from Union Budget documents (Various Years)

RURAL DEVELOPMENT

Highlights

- Rural development sector received a higher allocation of funds in nominal terms in 2019-20 (BE) over 2018-19 (RE) but the allocations have declined as a proportion of the total Union Budget from 4.6 per cent in 2018-19 (RE) to 4.4 per cent in 2019-20 (BE).
- Although gross allocation for a flagship scheme like the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) has increased over the five years of the NDA-II government, the funds are still inadequate compared to the demand.
- Close to one-fifth of the budgetary allocations for MGNREGS every year is spent on clearing pending payments which leads to delays in payment of wages.
- Budgetary allocations to *Pradhan Mantri Awas Yojana - Grameen* (PMAY-G) have declined by 4 per cent in 2019-20 (BE) from 2018-19 (RE), and is likely to be inadequate to meet the target of building ten million houses by March 2019
- Although allocations for National Rural Livelihoods Mission (NRLM) have increased over the years, there is potential for more fund absorption considering the role of skill development in an economy where unemployment and underemployment has hit a record high.

The manifesto of the Bharatiya Janata Party (BJP) promised to rejuvenate rural India by implementing a comprehensive and integrated strategy for the personal, economic and social well-being of rural population. This strategy encompassed the idea of 'rurban,' that is, to facilitate urban-level village infrastructure and amenities while keeping the core idea of the village intact. With large-scale agrarian distress being reported from all across the country, particularly in the Hindi heartland states, and real incomes of farmers declining, the policy interventions in agriculture, rural development and poverty alleviation need to be converged. Village-level infrastructure in terms of roads, potable water, education, health, supply chains, electricity and broadband should receive a stimulus. Other areas that deserve equal attention are linkages to markets and credit infrastructure as well as the creation of adequate jobs.

The flagship schemes of the Ministry of Rural Development (MoRD) such as Mahatma Gandhi National Employment Guarantee Scheme (MGNREGS), *Deendayal Antyodaya Yojana* / National Rural Livelihood Mission (NRLM), *Pradhan Mantri Awas Yojana* (PMAY) and *Pradhan Mantri Gram Sadak Yojana* (PMGSY) receive a major share of the resources spent by the Ministry. These schemes contribute significantly towards poverty alleviation by diversifying incomes and by acting as a support during periods of agrarian distress.

Table 3.1: Budget Allocations for Major Schemes under Department of Rural Development (Rs. crore)

Select schemes of Department of Rural Development	2014-15 (BE)	2014-15 (A)	2015-16 (BE)	2015-16 (A)	2016-17 (BE)	2016-17 (A)	2017-18 (BE)	2017-18 (A)	2018-19 (RE)	2019-20 (BE)
MGNREGS	34000	32969	34699	37341	38500	48215	48000	55166	61084	60000
NRLM	4000	1413	2383	2514	3000	3158	4500	4926	6294	9524
PMAY-G	16000	11105	10025	10116	15000	16071	23000	22572	19900	19000
PMGSY	14391	5868	3719	18290	19000	17923	19000	16862	15500	19000

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

The allocation for Rural Development has increased from Rs. 1,12,404 crore in 2018-19 (RE) to Rs. 1,17,647 crore in 2019-20 (BE). However, the share of allocations for the sector to the total Union Budget has decreased from 4.7 per cent to 4.4 per cent.

Table 3.2: Budget Allocations for Department of Rural Development (DoRD) in the Union Budget (2014-2020)

Year	Budget for DoRD (in Rs. crore)	Total Union Budget Expenditure (in Rs. crore)	Share of Department's Allocation as in Union Budget (in per cent)
2014-15 (A)	67311	1663673	4.05
2015-16 (A)	77369	1790783	4.32
2016-17 (A)	95069	1975194	4.81
2017-18 (A)	108560	2085829	5.20
2018-19 (BE)	112404	2352213	4.78
2018-19 (RE)	112404	2405500	4.67
2019-20 (BE)	117647	2683000	4.38

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

Insights from State Budgets for Rural Development

- Funds allocated for schemes like MGNREGS and PMAY-G are inadequate in proportion to the demand from the districts and most districts are running a negative balance in their accounts owing to pending liabilities
- Inadequate information regarding convergence of MGNREGS with other schemes leads to delays in fund flow and resultantly quality of fund utilisation suffers
- Shortage of staff and improper geotagging process delays fund utilisation in PMAY-G

Mahatma Gandhi National Rural Employment Guarantee Scheme

Although the National Democratic Alliance (NDA)-II government has called the MGNREGS a "living monument of UPA's failure" the importance of MGNREGS cannot be stressed enough for its positive impact in reducing distress migration and for diversifying and supporting rural livelihoods.

Although the gross allocations for MGNREGS have increased from Rs. 32,969 crore in 2014-15 (A) to Rs. 61,084 crore in 2018-19 (RE), the allocations have actually declined when adjusted for inflation. On paper there is a 25 per cent increase in allocation under MGNREGS between 2016-17 (BE) and 2017-18 (BE), but the allocations for 2017-18 (BE) have decreased when we account for two supplementary allocations in FY 2016-17 that took the total spending in 2016-17 (A) to Rs. 48,215 crore. Likewise, the Parliament passed a supplementary budget of Rs. 6,048 crore on January 15, 2019 further enhancing allocations up to Rs. 61,084 crore for 2018-19 (BE). Considered to be the highest allocation ever, the net allocation is far lower than Rs. 55,000 crore allocated in 2017-18 (RE), when adjusted for inflation[1].

Utilisation of funds available under the programme (including for pending liabilities) has been high. Over 100 per cent of total funds available were spent in 2015-16 (A) and 2016-17 (A). Till December 31, 2018, 98 per cent of the total funds available as per 2018-19 (BE) had already been spent. This shows that although allocation in nominal terms may not have decreased, but it is way short of the required figure. An increase in allocations have the potential to substantially address distress migration since even the allocations to MGNREGS (that is, from 2005-12) have been instrumental in reducing poverty by up to 32 per cent and have prevented 14 million people from falling into poverty (MGNREGS *Sameeksha* Reports I and II).

[1] Cited in *People's Action for Employment Guarantee*, 2019, 'MGNREGA 3rd January Meeting Draft Note' January 3, p1.

Another positive of the scheme is that poor households and marginalised sections of society, such as women, scheduled castes (SCs) and scheduled tribes (STs) have been the primary beneficiaries. The scheme witnessed an increase in participation of women and disabled persons over the period from 2012-13 to 2016-17.

Furthermore, contrary to claims that MGNREGS works do not create any long-term assets, a wide range of beneficiaries suggest that 'works' do become 'assets' in the long term which in turn benefit them through the increase in wages and increased sources of livelihood. Studies from Jharkhand suggest that creation of wells increased "cropping intensity and crop productivity and led to a decrease in cultivation costs for individual beneficiaries"[2].

Challenges of MGNREGS

Some major concerns in the MGNREGS are budgetary constraints and inadequate funds that result in the rationing of demand. On average, over a period of five years, 89 per cent of households who demanded work received it. This reflects approximately 0.5 crore to 0.6 crore households were not provided work. For instance, in FY 2014-15, while the demand was relatively low at 4.6 crore households, 4.1 crore households or 89 per cent were provided work. Similarly, in FY 2017-18, while 5.7 crore households had demanded work, employment was provided to 5.1 crore households. In FY 2018-19, till January 17, 2018, of the 5.2 crore households who had demanded employment, 4.5 crore households had been provided with work.

Furthermore, the allocations for MGNREGS have actually fallen from 0.40 per cent of the Gross Domestic Product (GDP) in 2010-11 to 0.26 per cent of GDP in 2017-18. Over the years, the amount of pending liabilities and the amount of negative balance in states' MGNREGS accounts have been increasing. These liabilities have accumulated as a result of delays in payments for both wages and material costs. In FY 2014-15, total outstanding liabilities were Rs. 724 crore. Of this, Rs. 354 crore or 49 per cent was in the form of payments due for wages, and the remaining for materials. Pending liabilities decreased marginally in FY 2015-16 to Rs. 549 crore with outstanding liability on unskilled wage declining to Rs. 235 crore. It is also unclear how the government will allocate funds for the increase of 50 days of work in drought affected areas, considering that allocations in the already existing areas of the scheme remained inadequate.

Another area of concern is the deliberate withholding and falsification of information by the government to mould problems into suitable narratives to hide its failures. Reports suggest that the government is "suppressing information at the source, to deliberately manipulating and obfuscating data to perpetrate falsehoods."[3] Field functionaries often do not enter the information of work demanded by labourers because of fund crunch and neither do they update information pertaining to Unemployment Allowance (UA) in the Management Information System (MIS), leading to inadequate demand being projected under MGNREGS. Connected to this problem, there are discrepancies under the heads "per centage of rural households provided employment" and "Average person-days/households" and differences between the data in the MGNREGS MIS and the information on employment figures in NSS Rounds[4].

Other challenges include poor capacity building of functionaries, poor quality of assets and their use, improper planning and fund constraints, lack of outcome based monitoring, poor social audit, lack of Information and Communication Technologies (ICT) infrastructure and poor public participation. The Ministry of Rural Development states that one of the major challenges regarding delays in wage payment is the untimely release of funds from the Central Government to States (Annual Report, 2015-16, MoRD).

[2] Cited in Aggarwal, Ankita, Ashish Gupta and Ankit Kumar, 2014, 'Evaluation of NREGA wells in Jharkhand' Hyderabad: NIRD

[3] Narayanan, Rajendran, 2019, 'Fabrication and falsification' The Hindu, January 21, available at https://www.thehindu.com/opinion/op-ed/fabrication-and-falsification/article26044272.ece

[4] Ibid.

Pradhan Mantri Awas Yojana - Grameen

The PMAY-G is the flagship housing scheme of the NDA-II government, which replaced the earlier *Indira Awas Yojana* of the United Progressive Alliance government, and promised housing for all by 2022. In order to meet this goal, 10 million houses are required to be constructed by March 2019-51 lakh houses were to be completed by March 2018 and another 51 lakh houses by March 2019. According to the estimation of the *NITI Aayog's* Three-Year Action Agenda 2017-18 to 2019-20, this is a fairly ambitious objective and will stretch the capacity of the states considerably. Furthermore, according to the Outcome Budget 2018-19, the scheme also envisages the training of 80,000 masons in 2018-19. However the target of 10 million houses by March 2019 is likely to fall short as the completion of houses as on February 1, 2019 is 6.8 million, that is about 68 per cent of the target has been completed.

The budgetary allocations for PMAY-G have fallen by 11 per cent from Rs. 22,572 crore in 2017-18 (A) to Rs. 19,900 crore in 2018-19 (RE) and decreased by 4 per cent from Rs. 19,900 crore in 2018-19 (RE) to Rs. 19,000 crore in 2019-20 (BE). Government of India (GoI) allocations have also remained lower than the approved GoI share even though PMAY-G guidelines stipulate that unit cost of assistance is supposed to be shared in a 60:40 ratio between centre and states in plain areas (and 90:10 for Himalayan and North East states). Between Financial Years (FY) 2016-17 and 2018-19 (till December 2018) cumulative GoI allocations stood at Rs. 60,000 crore, 23 per cent less than GoI's approved share. Expenditure as a proportion of funds available has increased significantly. In FY 2017-18, 80 per cent of funds available had been spent. In FY 2018-19, 79 per cent of the available funds had already been spent by the third quarter. This shows that allocations need to be increased.

Table 3.3: A Summary of Houses Completed as on 31.7.2018 (in lakh)

Financial Year	Household Completed under IAY	Household completed under PMAY-G	Total Rural Household completed
2014-15	11.93	NA	11.93
2015-16	18.23	NA	18.23
2016-17	32.12	0.02	32.14
2017-18	6.36	38.18	44.54
2018-19	1.06	5.34	6.40
Grand Total	69.7	43.54	113.24

Source: PIB-GoI report on the Ministry of Rural Development, 2018

An area of concern in PMAY-G has been the mismatch between targets and achievements. A Report of the Standing Committee on Rural Development[5], tabled in August 2016, examined the scheme and noted that between 2012 and 2016, the number of houses constructed fell short of the target by 440 lakh units. The per centage of achievement as per the target was 64 per cent in 2013-14 and 65 per cent in 2014-15. Also, the data collection mechanism under the scheme should be strengthened to correctly evaluate the differences between targeted and constructed houses. It stated that this would also help in accurately estimating the actual rural housing shortage in the country.

Deendayal Antyodaya Yojana – National Rural Livelihoods Mission (NRLM)

The DAY-NRLM is a scheme to alleviate poverty by facilitating poor households' access to gainful self-employment and skilled wage employment opportunities. This will result in "appreciable improvement in their livelihoods" by skill development, market linkages and financial inclusion of the marginalised in rural areas. This scheme has a focus on the marginalised sections as 50 per cent of the total households under NRLM that will be mobilised will belong to the SC, ST and the Minority groups, and 70 lakh households to be mobilised into Self Help Groups under NRLM.

[5] *Ministry of Rural Development*, 2016, 'Standing Committee on Rural Development (2015-2016) Pradhan Mantri Awas Yojana', available at http://164.100.47.193/lsscommittee/Ruralper cent20Development/16_Rural_Development_26.pdf

The allocation for the DAY-NRLM has increased by 28 per cent from Rs. 4,926 crore in 2017-18 (A) to Rs. 6,294 crore in 2018-19 (RE) and has been further increased by 51 per cent from Rs. 6,294 crore in 2018-19 (RE) to Rs. 9,524 crore in 2019-20 (BE).

Although there has been a steady increase in budgetary support for the NRLM, given the situation of job crisis facing the economy, a Common Review Mission for the Ministry of Rural Development recommended that the NRLM required more budgetary support to increase the linkages between Producers Groups and Producers Companies, particularly in the fields of sustainable agriculture and non-timber forest products. Besides this, higher allocation to scale up programmes as well as creation of cluster- as well as block-level federations (CLFs and BLFs) is emphasised in this scheme[6]. Emphasising CLFs and BLFs will increase the deepening of institutional platforms for the livelihoods of the poor.

Pradhan Mantri Gram Sadak Yojana **(PMGSY)**

PMGSY is a central scheme that aims to build all-weather roads to connect 1.6 lakh eligible unconnected habitations. The allocations for the scheme decreased by 8.1 per cent from Rs. 16,862 crore in 2017-18 (A) to Rs. 15,500 crore in 2018-19 (RE) but subsequently increased by 23 per cent from Rs. 15,500 crore in 2018-19 (RE) to Rs. 19,000 crore in 2019-20 (BE).

However, a Report of the Comptroller and Auditor General (C&AG) found three major problems with the implementation of the PMGSY. First, the C&AG report found that Rs. 25 crore worth of funds for construction were diverted towards maintenance and administrative expenses. Second, in 10 of the 12 states covered under the review, state-level standing committee meetings were not held regularly for monitoring and evaluation. Social audit of the programmes were also not done, which are a necessary component as per the PMGSY's guidelines. Third, the Online Management, Monitoring and Accounting System (OMMAS) of PMGSY was found to be inaccurate and unreliable because data was not uploaded properly on the MIS.

[6] Department of Rural Development, Ministry of Rural Development, 2016, 'Report of First Common Review Mission: Thematic Report', pp 59– 71.

EMPLOYMENT CHALLENGES AND UNORGANISED SECTOR WORKERS

Highlights

- The promise of generating 20 million jobs per year has not been kept.
- Unemployment rate increased from around two per cent in 2011-12 to 6.1 in 2017-2018 (National Sample Survey Organisation (NSSO)).
- NSSO Employment unemployment survey has been discontinued. No other official data on employment has been published since 2015-16.
- 8.8 million jobs for women got wiped out after demonetisation (Vyas, 2019).
- Implementation of GST led to closure of small–scale enterprises. This led to increase in unemployment.
- Rs. 500 crore has been allotted for a pension scheme, Pradhan Mantri Shram Yogi Maandhan, meant for unorganised sector workers

The Indian economy has been experiencing "jobless growth" for quite some time now as it has failed to generate employment opportunities for a large section of its labour force. A day before the Finance Minister presented the Interim Union Budget 2019-20, a report released in the print media showed that unemployment rate had reached a high of 6.1 per cent in 2017-18, as per Periodic Labour Force Survey (PLFS)[1]. This release gave rise to a number of controversies as it was claimed that the government has withheld the data from being published despite getting approval from the National Statistical Commission (NSC). While the government has been reluctant to share this data in the public domain, given that tall promises were made to generate employment in the economy, it is worthwhile to analyse how the government has fared in this aspect in the last five years.

However, taking stock of the unemployment situation is a challenge as recent data with respect to employment in the country is not available. While previously, the National Sample Survey Organisation (NSSO) used to collect large scale data on employment, such data is no longer available for period beyond 2011-12. Another survey on employment used to be carried out by the Labour Bureau, Ministry of Labour and Employment. However, even this has been discontinued after 2015-16. According to a privately conducted survey, the number of unemployed has been steadily increasing in the country. In 2018 as many as 1.1 crore jobs were lost, with rural areas having being worst hit.[2]

Promises Made by the Government in 2014

The NDA II government promised to create twenty million jobs per year before coming to power. It promised to generate more employment opportunities by focusing on Agriculture and Allied Activities, labour-intensive manufacturing industries like Footwear, Leather and Accessories Development, Micro, Small and Medium Enterprises (MSMEs), and Infrastructure and Housing Industry and tourism in their election manifesto.

However, even the data available for the period up to 2015-16, shows that the unemployment situation

[1] Jha, S. (2019), "Unemployment rate at four-decade high of 6.1% in 2017-18: NSSO survey", *Business Standard*, January 31, available at: https://www.business-standard.com/article/economy-policy/unemployment-rate-at-five-decade-high-of-6-1-in-2017-18-nsso-survey-119013100053_1.html

[2] Business Today (2019), "India lost 11 million jobs in 2018, rural areas worst hit: CMIE", January 4, available at: https://www.businesstoday.in/current/economy-politics/india-lost-11-million-jobs-in-2018-rural-areas-worst-hit-cmie/story/306804.html

is rather dire. Unemployment among female workers has been increasing continuously. Female worker population ratio (WPR) was estimated to be 21.7 per cent in 2015-16 (it was 296 per 1000 in 2013-14)[3], while the same estimate for male was around 72.1 per cent.[4]

Studies also show that the problem of unemployment has fallen disproportionately in different areas (rural and urban) and on different social groups. As per the study by Centre for Monitoring Indian Economy (CMIE), rural India accounted for 84 per cent of the total jobs lost (Vyas, 2019).[5] The impact of shrinking job opportunities is borne primarily by those in the age group 15-25 years. Besides, unemployment rates among Scheduled Castes (19 per cent), Scheduled Tribes (15 per cent) and Other Backward Castes (16 per cent) were higher than other social groups (11 per cent) (Basole, et.al. 2018).[6]

Focus on Self-employment

The strategy adopted by the incumbent government has been to promote self-employment for generating employment as it claimed to 'convert job seekers into job creators'. In the Interim Union Budget 2019-20, a new scheme was announced to provide loans 'upto Rs. 1 crore in 59 minutes' for micro, small and medium enterprises. However, data shows that allocations made for such schemes initiated earlier, such as *Mudra Yojana* (a scheme meant to provide credit to non-farm small/micro enterprises), Start-up India and Stand-up India, have come down to around Rs. 515 crore in 2019-20 Budget Estimate from Rs. 1500 crore in 2016-17 Actual. Although, the finance minister, when presenting the Interim Union Budget 2019-20 made special mention of the *Pradhan Mantri Kaushal Vikas Yojana* (PMKVY) claiming that it has been instrumental in terms of providing training to over one crore youth to help them earn livelihood, allocation under the scheme has declined from Rs. 3,273 crore in 2018-19 (BE) to 2931.75 crore in 2019-20 (BE).

Another strategy of the NDA II government was to generate employment by focusing on labour intensive manufacturing industry like leather, footwear and accessories development. However, expenditure on these industries had declined from Rs. 501.5 crore in 2014-15 (BE) to 468 crore in 2019-20 (BE). In addition, certain policies such as a ban put on cattle sale for slaughter in some states led to a reduction in leather export from '5.94 billion dollar in 2013-14 to 1.42 billion dollar in 2017-18'[7]. This also led to closure of a number of abattoirs, resulting in unemployment among Muslim and *Dalit* workers employed in the industry.

In addition to these, policies such as demonetisation and the Goods and Services Tax (GST) too have played a role in increasing unemployment in the country. A survey of 34,000 samples of traders, manufacturers, export sectors and service sector was carried out by All India Manufacturers' Organisation (AIMO) across states reported job loss of 43, 32, 35, and 24 per cent in trader, micro, small and medium scale enterprises respectively. Profit, in MSMEs, had also declined after demonetisation and the introduction of GST. [8]

Rural Wage Employment

Allocation for generating rural wage employment increased from Rs. 37,858 crore in 2014-15 (BE) to Rs. 69,024 crore in 2019-20 (BE). *Deendayal Antyodaya Yojana*- National Rural Livelihood Mission

[3] GOI (2014), Employment-Unemployment Survey, Labour Bureau, Ministry of Labour and Employment, Available at: http://www.mospi.gov.in/sites/default/files/reports_and_publication/statistical_publication/social_statistics/Chapter_4.pdf
[4] GOI (2016), Employment-Unemployment Survey, Labour Bureau, Ministry of Labour and Employment, Available at: file:///E:/AUB/Annual%20Report%20_%20Ministry%20of%20Labour%20&%20Employment.html
[5] Vyas, M. (2018), "11 Million Jobs Lost in 2011", CMIE, Mumbai, available at: https://cmie.com/kommon/bin/sr.php?kall=warticle&dt=2019-01-08%2009:28:37&msec=666&ver=pf
[6] Basole A., *et al* (2018), "State of working India 2018", Centre for Sustainable Employment, Azim Premji University, available at: http://www.indiaenvironmentportal.org.in/files/file/State_of_Working_India_2018.pdf
[7] Jain, N. (2018), "India's Leather Exports Decline, As Cow-Related Violence Increases", August 31, IndiaSpend, available at: https://www.indiaspend.com/indias-leather-exports-decline-as-cow-related-violence-increases-99395/
[8] Janardhanan, A. (2018), "Dips in jobs, profits for MSMES; note ban, GST to blame: Survey", *The Indian Express*, December 17, available at: https://indianexpress.com/article/india/dip-in-jobs-profits-for-msmes-noteban-gst-to-blame-survey-5496559/

was announced to promote skill development and livelihood opportunities, under which *Aajeevika Grameen* Express *Yojana* was announced in 2017 budget to encourage women's participation in public transportation services. However, nothing has been allotted under the scheme. The government claimed to broaden the purview of Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) support to double farmers' income. Initially the scheme was implemented with the objective to generate employment and reduce poverty. However, after a certain point it was felt that the scheme will have very limited impact on employment generation if the scope of the programme is not enhanced to creating productive assets. A strategic shift of the programme to create productive assets was visible in last five years. However, expenditure on MGNREGS had declined from Rs. 61,084 crore in 2018-19 (RE) to around Rs. 60,000 crore in 2019-20 (BE). The inadequate allocations made for MGNREGS has reduced its role in generating adequate employment. Inadequacies of funds allocated and untimely wage payment under MGNREGS, among other things, have plagued the programme for some time now. The pending wages amounted to Rs. 11,000 crore in 2016-17.[9] It was reported that "In the last four years alone, more than Rs. 1,300 crore of the MGNREGS wage payments have been rejected due to technical errors such as incorrect account numbers or faulty Aadhaar mapping."[10] In rural areas, schemes such as *Pradhan Mantri Awas Yojana* (PMAY), National Rural Drinking Water Programme (NRDWP), *Swachh Bharat* Mission (SBM), and *Pradhan Mantri Gram Sadak Yojana* have potential to contribute to employment generation in convergence with MGNREGS. However, delay in release of funds under MGNREGS made the convergence model ineffective in terms of generating employment.

Formalisation of economy:

Formalisation of economy has led to an increase in the number of EPFO members by almost 2 crore. Under the New Pension Scheme (NPS), the Government's contribution has been increased to 14 per cent, keeping employees contribution at 10 per cent. Bonus given to workers was increased from Rs. 3000 per month to Rs. 7000 per month. Payment of gratuity has been increased from Rs. 10 lakh to Rs. 20 lakh.[11] Increase in number of formal sector employees does not necessarily mean creation of new jobs in the formal sector. Initiatives to incentivise formal employment have led to converting informal job into formal one.

Social Security for Informal Sector Workers

While the promise of providing a large number of jobs has not been kept by the government, in the Interim Union Budget 2019-20 a new scheme - *Pradhan Mantri Shram-Yogi Maandha* – meant to provide pension - for unorganised sector workers, was announced. Under this scheme, workers earning up to Rs. 15,000 per month is entitled to monthly pension of Rs. 3,000 after retirement. An allocation of Rs. 523 crore has been made for the programme. Workers can join the scheme by contributing Rs. 100 per month (if joining at the age of 29 years) or Rs. 55 per month if joining at the age of 18 years. However, given that the monthly pension will be available after at least 20 years from now, the amount of Rs. 3000 per month does seem extremely inadequate for providing any meaningful social security.

Another social security scheme for unorganized sector workers was *Ayushman Bharat*. The scheme provides health care insurance of up to Rs. 5 lakh per family per year. An allocation of Rs. 6000 (BE) was made under *Ayushman Bharat* which means Rs. 600 to be allotted per family for current financial year.

[9] Civil Society Initiative, (2018), "Labour and Employment: an Assessment at the Current Juncture", Citizens' Report on four years of the NDA Government 2014-2018, pp. 80-83. Wada Na Todo Abhiyan, New Delhi.
[10] Narayanan, R. and Nandy, D. (2019), "The Solution is Universal", The Hindu, February 11, available at: https://www.thehindu.com/opinion/op-ed/the-solution-is-universal/article26231342.ece/amp/?__twitter_impression=true
[11]

Bonded Labour

- The budget allocation for National Child Labour Project (NCLP) including grants in aid to voluntary agencies and reimbursement of assistance to bonded labour has been reduced to Rs.100 crore in 2019-20 from Rs.120 crore in 2018-19.
- Under Centre Sector Scheme for Bonded Labour, financial assistance for rehabilitation of Rs. 20,000/- per beneficiary has been increased to Rs. one lakh per adult male beneficiary, two lakh for children, orphans, forced child labour and three lakh for woman or children rescued from ostensible sexual exploitation. However, the clause related to conviction of offenders linked with payment of full cash assistance to released bonded labour is a major constraint in the process of rehabilitation and this clause has not been done away with from the scheme guideline.

To conclude, the latest budget did not bring anything extraordinary on the table as far as generation of employment is concerned. Allotment and expenditure on employment generating programmes as share of GDP have hovered around 0.4 per cent during past five years. No substantive initiative has been taken to generate decent work.

Table 4.1: Budget Allocations to Select Ministries Important for Creating/promoting Employment Generation (in Rs. crore)

	2014-15 (BE)	2014-15 (A)	2015-16 (BE)	2015-16 (A)	2016-17 (BE)	2016-17 (A)	2017-18 (BE)	2017-18 (A)	2018-19 (BE)	2018-19 (RE)	2019-20 (BE)
Ministry of Agriculture	37062.94	31917	37909.78	35092.04	44499	44499	51026	59407.46	57600	94012.74	158763.97
of which											
Providing short term credit to farmers	6000	6000	13000	13000	15000	13397.13	15000	13045.72	15000	14987	18000
Ministry of MSME	3702.28	2766.6	3007.42	2828.74	3464.77	3262.41	6481.96	6202.12	6552.61	6552.61	7011.29
of which,											
PM's employment generation programme (credit-based)				1428.86	4086	1935.2	4086.49	4112.68	2555.64	3154.45	3313.44
Entrepreneurship and skill development			1370	199.54	229.35	180.91	200.01	151.97	340.01	228.47	447.07
Ministry of skill development			1543.46	1007.47	1804.28	1553.09	3016.14	2198.02	3400	2820.06	2989.21
of which,											
PM's *Kaushal Vikas Yojana*			1500	999.15	1770.83	1521.94	2924.26	2149.95	3273.34	2765.34	2931.75
Ministry of labour and employment	5608.33	4138	5361.37	4642	6242.6	4743	7188	6515.55	7700	9749.58	10434.09
of which											
Jobs and skill development (including PM's *Rozgaar Protsahan Yojana*)					1000	197.72	1000	485.02	1652.09	4000	4500
Ministry of Rural Development	83852.46	69817	71642	78945	87765.16	96728	107758	110333.49	114915	114400.02	119874.43
of which,											
MGNREGS	34000	32976.7	38500	37341	38500	48215	48000	55166.04	55000	61084.09	60000
NRLM	3858.6	1413	3000	2514	3000	3158	4500	4327.2	5750	5783.5	9024
Ministry of Housing and Urban Affairs	26018.08	15982	24851.34	20180	29934	36946	40618	40061.02	41765	42965.13	48032.17
of which,											
NULM	1003	703.12	510	268.79	325	328.68	349	598.65	310	510	500
MINISTRY OF COMMERCE AND INDUSTRY	7799.02	7327.97	7707.7	7369.96	7389.35	6481.3	8074.7	9589.01	11391.93	12335.53	11893.83
of which,											
Department of Commerce	5854	5461.27	5091.51	4955.43	4362.8	4490.5	4465.83	5540.07	5251.7	6195.3	6219.32
of which,											
Leather and Leather Product Sector #	201.5	181	100		20						

	2014-15 (BE)	2014-15 (A)	2015-16 (BE)	2015-16 (A)	2016-17 (BE)	2016-17 (A)	2017-18 (BE)	2017-18 (A)	2018-19 (BE)	2018-19 (RE)	2019-20 (BE)
Footwear, Leather and Accessories				109.99	20	25	0.01	15.01	0.01	10	10
Department of Industrial Policy and Promotion	1945.02	1866.7	2616.19	2414.53	3026.55	1990.8	3608.87	4048.94	6140.23	6140.23	5674.51
of which,											
Indian Leather Development Programme (ILDP)	300	270	150	235	300	400	500	166.21	500	240	458
Department of Financial Services	21636.1	17494.57	24866.8	42103.96	31975.52	30646.86	17450	16648.31	6577.06	5715.02	4690.19
of which											
Pradhan Mantri Mudra Yojana (PMMY)(through NCGTC)		0	0	500	1500	1500	520	510	510	510	510
Total of select employment creating/ promoting programmes	**45363.1**	**41543.82**	**58130**	**56486.34**	**65731.18**	**70834.58**	**77079.76**	**80713.44**	**84891.08**	**93262.85**	**99684.26**
Adjusted Total Expenditure from the Union budget (Rs.Crore)	1794892	1663673	1777477	1790783	1978060	1975194	2146735	2085829	2352213	2405500	2683000
GDP at current market prices (Rs.crore)	12467959	12467959	13764037	13764037	15253714	15253714	16773145	16773145	18722302	18840731	21007439
Total Union Budget Expenditure as a Proportion of GDP (in %)	14.4	13.34	12.91	13.01	12.97	12.95	12.8	12.44	12.56	12.77	12.77
Total select employment creating/promoting programmes (1-12) expenditure as a Proportion of GDP (in %)	0.364	0.333	0.422	0.410	0.431	0.464	0.460	0.481	0.453	0.495	0.475

Note: * The Ministry of Housing and Poverty Alleviation was removed and a new Ministry of Housing and Urban Affairs was established in 2016-17. However these were not mere replacements and hence the budgetary allocation for the ministry for 2015-16 and thereafter are not comparable.
No budget was allocated on Leather and Leather Product Sector since 2016-17. No justification provided by the government.

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

Table 4.2: Social Security Programme for Unorganized Sector Workers (in Rs. crore)

Ministry	Scheme	2014-15 (BE)	2014-15 (A)	2015-16 (BE)	2015-16 (A)	2016-17 (BE)	2016-17 (A)	2017-18 (BE)	2017-18 (A)	2018-19 (BE)	2018-19 (RE)	2019-20 (BE)
Labour and Employment	Creation of National Platform of Unorganized Workers and allotment of Aadhaar seeded identification number				45.3	144.5	0.05	100	0.35	50	1	1
	Bima Yojana for Unorganised Workers								50	50	0.1	523.5
	RSBY*	1434.3	550.7	1320.50					na	na	na	na
Health and Family Welfare	National Health Protection Scheme/ RSBY*			100		1500	465.6	1000	455.98	2000	300	156
	Ayushman Bharat - Health and Wellness Centres (NIF)#										999.96	1349.97
	Ayushman Bharat - Health and Wellness Centres (GBS)^										0.04	0.04

Ministry	Scheme	2014-15 (BE)	2014-15 (A)	2015-16 (BE)	2015-16 (A)	2016-17 (BE)	2016-17 (A)	2017-18 (BE)	2017-18 (A)	2018-19 (BE)	2018-19 (RE)	2019-20 (BE)
Rural Development	National Social Assistance Programme (NSAP)	10635	7086.7	9082	8616.4	9500	8854.07	9500	8694.22	9975	8900.39	9200
Finance (Dept. of Financial Services)	*Swavalamban* Scheme	195	195	581.9	250.6	209	-	50	53.43	0	0	0
	Govt. contribution to *Aam Admi Bima Yojana***	150	175	437.5	437.5	450	100	350	0	0	0	0
	Atal Pension Yojana	111.49	111.2	101.8	101.8	171.9	125.1	250	167.72	155	155	205
	Interest Subsidy to LIC for Pension Plan for Senior Citizens					50	4.99	20	245.24	20	20	10
	Pradhan Mantri Jeevan Jyoti Bima Yojana and *Pradhan Mantri Suraksha Bima Yojana* (Publicity and Awareness)	12525.79	8118.6	11623.7	9451.6	12025.4	9549.81	11270	20	20	20	10
	Total	**25051.58**	**16237.2**	**23247.4**	**18903.2**	**24050.8**	**19099.62**	**22540**	**9686.94**	**12270**	**10396.49**	**11455.51**

*Notes: i) *Rashtriya Swasthya Bima Yojana* (RSBY), originally under the Ministry of Labour and Employment, was shifted to Ministry of Health and Family Welfare and renamed as *Rashtriya Swasthya Suraksha Yojana* (RSSY) in 2016-17. Thus, there is no allocation for RSSY in the 2016-17 (BE) and 2017-18 (BE). National Health Protection Scheme, with similar mandate, was announced in 2016-17. However in Union Budget, 2018-19, RSBY has been reintroduced into the Health and Family Welfare Department. Hence, over the years, the allocations for health protection for unorganised workers have been recorded under different scheme names.

ii) ** The *Aam Admi Bima Yojana* was under the Department of Financial Services till 2017-18 after which it has been shifted to the Department of Labour and Employment under the name of *Bima Yojana* for Unorganised Workers. The name had been changed to *Pradhan Mantri Shram Yogi Manthan* in 2019-20.

iii) # NIF implies National Investment Fund.

iv) ^ GBS implies Gross Budgetary Support.

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

Table 4.3: Allocations for Various Components of National Social Assistance Programme

Schemes	2014-15 (BE)	2014-15 (A)	2015-16 (BE)	2015-16 (A)	2016-17 (BE)	2016-17 (A)	2017-18 (BE)	2017-18 (A)	2018-19 (BE)	2018-19 (RE)	2019-20 (BE)
Indira Gandhi National Old Age Pension Scheme (IGNOAPS)	6007.632	4253.3083	5863.6904	5562.7	6130.85	5925.5	6126.8	6110.43	6564.58	5972.22	6259.08
National Family Benefit Scheme	861.9637	557.9168	664.6715	639.4	787.15	622.6	774.07	530.4	772.23	675.15	672.69
Indira Gandhi National Widow Pension Scheme (IGNWPS)	3189.564	1877.2983	2150.6631	2068.9	2221.7	2036.7	2221.7	1816.97	2255.96	1967.34	1938.79
Indira Gandhi National Disability Pension Scheme (IGNDPS)	492.6559	345.1396	334.1783	288	279.33	239.06	274.3	221.36	277.15	259.23	247.37
Annapurna Scheme	75.9811	50.143	65.6167	56.3	75.79	8.9	75.8	...	77.82	12.19	62.85
National Social Assistance Programme (Administrative Expenditure)	7.2033	2.894	3.18	1.1	5.18	20.7	27.3	15.06	27.26	14.26	19.22

Schemes	2014-15 (BE)	2014-15 (A)	2015-16 (BE)	2015-16 (A)	2016-17 (BE)	2016-17 (A)	2017-18 (BE)	2017-18 (A)	2018-19 (BE)	2018-19 (RE)	2019-20 (BE)
Total - National Social Assistance Programme	**10635**	**7086.7**	**9082**	**8616.4**	**9500**	**8853.46**	**9499.97**	**8694.22**	**9975**	**8900.39**	**9200**

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

EDUCATION

Highlights

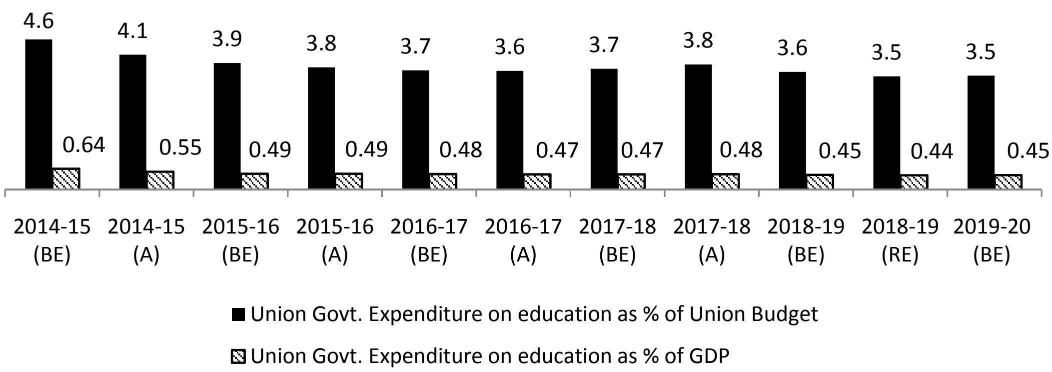
- The focus of education policy has shifted from inputs to outcome. However, NDA government has continuously ignored the supply side bottlenecks like shortage of professionally qualified teachers, lack of basic infrastructure in schools
- The share of education spending in total Union budget has decreased from 4.6 per cent in 2014-15(BE) to 3.5 per cent in 2019-20 (BE).
- The government has failed to bring out a National Policy on Education it promised to
- Skewed allocation for higher education, importance to technical education over higher education, graded autonomy to colleges and universities have increased privatisation
- Higher education and skill education failed to capitalise on India's much touted 'demographic dividend.'

In the last five years the education system in India has gone through significant structural changes. Some of these are still unfolding, it cannot be predictedwhatshape they will ultimately take.However, the changes are widespread – ranging from proposal for bringing out new education policy, launch of *Samagra Shiksha Abhiyan*, district level national achievement survey at school education level to graded autonomy to colleges and universities, promoting institute of excellence or 10 per cent quota for upper caste at higher education level.

BJP manifesto envisioned education as the 'most powerful tool for the advancement of the nation and the most potent weapon to fight poverty'. The manifesto promised torevitalise and reorganiseeducation to make future generations proud of their culture, heritage and history…'. After coming to power, the NDA government committed to provide '*Sabkoshiksha ,achhishiksha*' (Education for all, quality education) with a vision for 'transforming India'. Last two years' budget speeches also highlighted education, skill development and job creation as pillars for youth. However, in the last five years, the trajectory of policy and budget for the sector does not reflect such commitments. In fact, there is no announcement for the education sector in Budget Speech 2019-20, which is also the last budget of NDA government.

Financing for Education

Figure 5.1: Union Government's Budgetary Spending on Education (per cent)



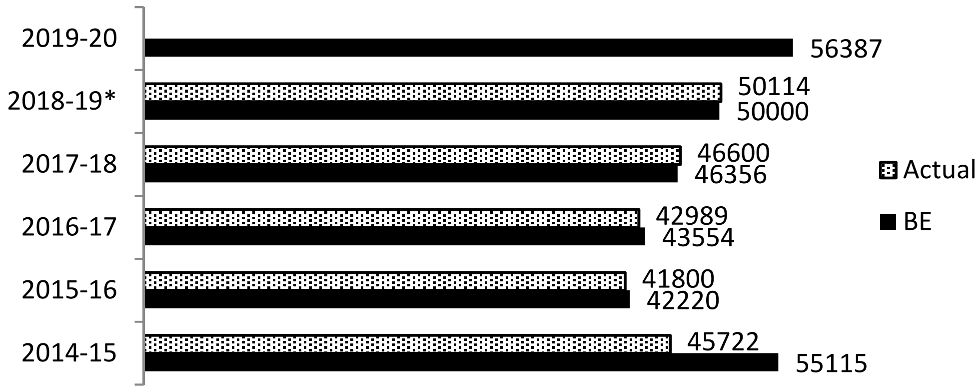
Note: GDP figures at current market price (2011-12 series)
Source: Compiled by CBGA from Union Budget Documents, various years

As part of the concurrent list in the Constitution of India, education is a joint responsibility of Centre and States. However, during the last few years, the Union government has gradually shifted its responsibility to states. The process hastened after the recommendation of the 14th Finance commission. With increased devolution of central taxes from 32 percent to 42 percent, states have received more untied resources. On account of this increased funds to states, the share of Union government spending on education in total budget has consistently decreased inthe 14th FC period (2015-16 to 2019-20) (Figure 5.1). However, states have responded positively to this change by increasing their share for education. An analysis of state budget for the first three years of 14th FC (2015-16 (A) to 2017-18(BE)) shows a three-percentage point increase in states' share of expenditure for education.

State of School Education: Promises vs. Reality

School education for the past few years is experiencing deterioration in learning levels of students. The focus of education policies in the last five years have shifted from input based to outcome oriented. *NITI Aayog's* Three Years Action Agenda envisioned 'Right to Education' as 'Right to Learning'.However, in the process of improving learning outcomes, NDA governmenthas continuously ignored the supply side bottlenecks. In the last five years, the budget for Department of School Education & Literacy has increased only by two per cent in nominal terms (Figure 5.2). This has impacted all critical indicators of education like teachers, infrastructure, nutritional support, monetary and non-monetary incentives, all of which are necessary for providing quality education.

Figure 5.2: Allocation and Expenditure by Department of School Education and Literacy (Rs. crore)



Note: The actual figure for 2018-19 is Revised Estimates
Source: Compiled by CBGA from Union Budget document, various years

Among them the most crucial remains shortage of professionally qualified teachers. There is a shortage of more than five lakh teachers at elementary level. Of the existing 66.41 lakh teachers, 11 lakh are still untrained. The government recently amended the Right to Education (RTE) Act by extending the deadline to acquire the prescribed minimum qualification of teachers from 2015 till 2019. Unfortunately, in terms of budgetary commitments, teacher training never got due importance. Union government expenditure on strengthening teacher training institutions never crossed the budget of Rs. 500 crore (Table 5.1). So far, the issue of untrained teachers has mostly been addressed through in-service teachers' training component under *Sarva Shiksha Abhiyan* (SSA) and *Rashtriya Madhyamik Shiksha Abhiyan* (RMSA) which only provide a running cost of Rs. 100 and Rs. 300 respectively per teacher per day. To fasten the process, instead of institution building, government recently started its online learning portal *Swayam* for providing courses to teachers for a period of 18 months. The newly launched *Samagra Shiksha Abhiyan* (SMSA), which also aims to provide support for both pre-service and in-service teacher training, has got only around two per cent of the total allocation of SMSA for teacher education in 2018-19.

SSA which was designed as vehicle for Right to Education Act, has failed to live up to its role. For the last five years, the allocation of Union government for SSA acutely fell short of the central share approved by Ministry of Human Resource Development (MHRD) to states. Moreover, the Union government's allocation for the scheme depends to a large extent on its collection of education cess. In the last year budget, SMSAwas launched to provide a holistic education starting from pre- nursery to class XII. However, without expanding the ambit of RTE Act for pre-primary and secondary level education, the government has diluted the RTE Act. The allocation for SMSA is Rs. 36322 crore in 2019-20 (BE), an increase of 10 per cent from 2018-19 (BE). However, given the accumulated deficit of resources over the years, the scheme needs much higher allocation.

NDA government's decision to scrap 'no-detention' policy, which stipulated that no child can be detained in elementary school, has weakened the entire RTE act.When Prime minister remarked on *'pariksha pe charcha'*that the education system "has delinked education from life and linked it to examinations", it questions the very thought of the government on compulsory free education.

Table 5.1: Budgetary Allocation for Select Schemes for School Education (Rs. crore)

Schemes	2014-15 (A)	2015-16 (A)	2016-17 (A)	2017-18(A)	2018-19 (RE)	2019-20 (BE)
National Education Mission^	29070	27066	27616	28209	30834	36472
SSA	24097	21661	21685	23484	26129	..
RMSA	3398	3563	3698	4033	4164	
SamagraShikshaAbhiyan	..	..	..	..	..	36322
Mid- Day Meal	10523	9145	9475	9092	9949	11000
Teachers Training and Adult Education	1158	916	817	691	541	..
Strengthening of Teachers Training Institutions	*500*	*489*	495	478	480	..
KendriyaVidyalayaSangathan (KVS)	3243	3278	3987	4997	5007	4862
NavodayaVidyalayaSamiti (NVS)	2013	2285	2620	3185	3213	3068
National Scheme for Incentive to Girl Child for Secondary Education	..	154	45	292	256	100
Umbrella Programme for Development of Minorities	119	296	109	108	120	120

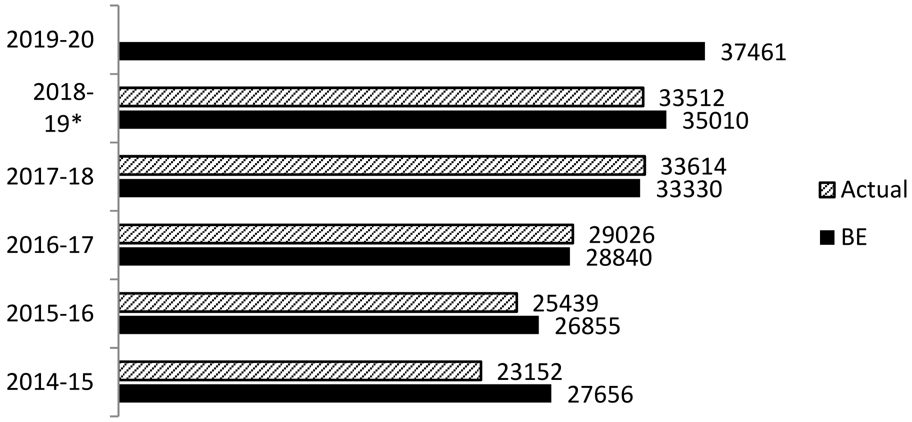
Note: ^ National Education Mission under Dept. of School Education &Literacy
Source: Compiled by CBGA from Union Budget document, various Years

In the last five years many promises were made through the budgets, some have been fulfilled, others did not get any substantial resource support. For example,to identify the learning gaps, government succeeded to conduct a district level national achievement survey covering 2.2 million students from 1,10,000 schools across 701 districts in all 36 States/UTs. At the same time, in 2016, the government proposed to set up 62 new *Jawahar Navodaya Vidyalaya* (JNV). Recently, there was another announcement for increase of 5000 seats in JNV for the academic Year 2019-20. However, the allocation for 2019-20 shows a decrease even over the actual expenditure in 2017-18. The promises made for an inclusive education system not translated into reality because of consistent under-funding and budget cut in schemes designed to promote school education among girl children or minority children (Table 5.1)

State of Higher Education: A delink from employability

There has been an upsurge in the demand for higher education, which is reflected in the increase in enrolment and infrastructure facilities for higher education in the country. At present, India has more than 903 Universities, 39050 Colleges and 10011 Stand Alone Institutionsacross the country. The expansion of enrolment is also observed in the increased GER, from 21 per cent in 2011–12 to 25.8per cent in 2017-18.However, higher education has never got due priority. Though budget 2019-20 has witnessed some increase in allocation for higher education (Figure 5.3), but in comparison to total Union Budget, it has remained stagnant at 1.4 per cent for the last five years.

Figure 5.3: Allocation and Expenditure by Department of Higher Education (Rs. crore)



Note: The actual figure for 2018-19 is Revised Estimates
Source: Compiled by CBGA from Union Budget document, various Years

The NDA government has always promoted technical education over general education. As a result, in the last five years, seven IITs, seven IIMs, fourteen IIITs, have been set up or are in the process of being set up. Between 2014-15 and 2019-20, the allocations to the IITs have increased by around 60 per cent (Table 5.2). The cabinet approved the IIM bill in 2017. To improve quality of institutes of higher education, last year government came up with a plan for graded autonomy of colleges and universities based on the performance of these institutes.Six public and six private universities including IIT, IISC has been chosen as 'institute of eminence' andthus received a 210 per cent increase in resource allocation in 2019-20 (BE).

Table 5.2: Budgetary Allocation for Select Schemes/Institutes for Higher Education (Rs. crore)

Schemes/Institutes	2014-15 (A)	2015-16 (A)	2016-17 (A)	2017-18 (A)	2018-19 (RE)	2019-20 (BE)
NEM-RUSA	417	926	1416	1246	1500	2100
World class institutions					129	400
Indian Institute of Technologies (IITs)	3936	4365	5380	8337	5714	6223
Indian Institute of Managements (IIMs)	321	464	722	821	372	415
University Grant Commission (UGC)	8906	4186	4472	4685	4687	4601
Scholarship for college and university	193	217	240	267	40	16
Students financial aid	1737	2177	2090	2218	2155	2306
Pradhan Mantri Kaushal Vikash Yojana(PMKVY)	-	-	1553	2150	2765	2932

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

However, the state universities and colleges which cater the larger share of student, have received lesser share of higher education budget. The budget for RUSA in 2019-20 (BE) has increase only by Rs. 600 crores from the previous year's revised estimates.

Quota for general categories in higher education

Last month Union cabinet approved the bill to provide 10 per cent reservation in jobs and educational institutions to economically backward section from the general category. Along with the existing quota for the SC, ST and OBC, this quota will be applicable to all higher education institutions - private and government - from the next academic session. It is estimated to increase approximately 25 per cent seats in higher educational institutions and universities across the country.

This increase in seats calls for adequate infrastructure and teachers. As per All India Survey for Higher Education (AISHE) statistics, there are 12.84 lakh teachers in various higher education institutions. However, the number is not adequate keeping in mind the possible growth in the number of students in the coming days. It has come as a challenge before all public universities. There is more than 30 per cent vacancy across all central universities. The shortage of qualified faculties is more prominent in the newly opened universities; around 48 per cent of the posts are vacant across all these universities and this figure is as high as 84 per cent in the central university of Odisha.However, the budgetary allocation by Dept. of Higher Education does not reflect any resource commitment to implement this policy. Instead of gross budgetary support, in the vote on account document, the government has proposed to invest an additional Rs. 4576 crore in Higher Education Financing Agency (HEFA) (an agency which provides loan for infrastructure) to 'meet the expenditure towards implementation of 10 per cent EWS reservation in higher education institutions'. Implementation of this reservation policy would be more complicated for the private institutions in terms of financing. Whether there will be a hike in fees for the student? Is government going to reimburse the additional expenses incurred by these universities? These questions are still not clear.

Missed opportunity for education sector

After coming to power, the NDA government promised to bring out a national Policy on Education "*to meet the changing dynamics of the population's requirement with regards to quality education, innovation and research, aiming to make India a knowledge superpower by equipping its students with the necessary skills and knowledge and to eliminate the shortage of manpower in science, technology, academics and industry"*[1](MHRD, 2015).For the framework, MHRD held a number of consultations at various levelscovering 13 themes for School Education and 20 themes for higher education, with a view to consolidate theresponses at the Central level for framing draft recommendations. However, in itsfive- year span,the government failed to bring out Education policy document in the public domain.

Both school education and higher education is suffering from deteriorating quality, which has resulted in increasing unemployment among the educated. The government is also struggling to provide basic skills to millions of potential job-seekers. Moreover, with increased automation, quality of skills imparted in the existing facilities is also becoming a serious concern. Significant and persistently high unemployment portends a failure to capitalise on India's much touted 'demographic dividend.'

While improving the quality of education is the need of the hour, it cannot be achieved without addressing existing supply side bottlenecks like inadequacy of infrastructure and shortage of human resources including professionally trained teachers. An enabling environment in school and colleges, teachers equipped with capacities and learning materials, efficient review and monitoring mechanisms along with equitable and stimulating curricular processes are key for ensuring quality education. These inputs and processes require a substantial kitty of financial resources, which isa prerequisite to address the gaps in quality education.

[1] About New Education Policy consultation, MHRD, 2015Link: http://mhrd.gov.in/nep-new

HEALTH

Highlights

- A strong policy shift is visible towards insurance based healthcare model at the cost of weakening public health system.
- With the National Health Policy (2017), which talked about "strategic purchasing of services" from private sector, a clear path has been laid for increasing the role of private sector in provisioning of health. Incidentally the assertion of health as a fundamental right which was present in the Draft Health Policy (2015) was removed from the final policy document.
- Over the 14th Finance Commission period, only a few states are prioritising health sector in terms of budget allocations; others are prioritising sectors such as urban development and agriculture, among others.
- Budgetary resources are stagnating with persisting shortfalls in infrastructure and human resources.

Just a day before the Union Budget 2019-20 was presented, two doctors at one of the District Hospitals in Uttarakhand had to resign in order to register their protest over lack of basic equipment and other facilities at the public health facility. A few months back, a pregnant woman had to travel 45 kilometres in Andhra Pradesh to reach a health facility to deliver her baby. Such instances come to fore every other day which highlights the dilapidated condition of the public health system in India.

Policy Shift: Insurance based healthcare model at the cost of Public Health System

Despite an evident need for investing in building and strengthening public health system, the trajectory of health policy in India is unapologetically shifting towards an insurance-based model of healthcare, which essentially strengthens the private healthcare industry.

This comes out clearly in the Interim Budget 2019-20. The total health budget of Ministry of Health and Family Welfare (MoHFW, excluding Ministry of *AYUSH*) in 2019-20 has increased by around Rs. 7200 crores from 2018-19 (BE) and nearly 55 per centof this increase is owing to the allocations for the health insurance scheme *Ayushman Bharat - Pradhan Mantri Jan Aarogya Yojana* (AB-PMJAY). Reportedly, the implementation agency of AB-PMJAY, the National Health Agency (NHA), had demanded Rs. 7,400 crore to meet the expenditure for 2019-20 but has been allocated only Rs. 6400 crore. It has been made clear by the government that it would give land and other facilities to incentivise private investment in tier two and tier - three cities. As of now, five states, namely, Delhi, Chhattisgarh, Odisha, Telangana and West Bengal have opted out of the AB-PMJAY which is being operated as a Centrally Sponsored Scheme with Centre: State funding ratio of 60:40. Even for those states which are part of the AB-PMJAYthere are reportedly issues of central funds not being disbursed timely, giving rise to apprehensions regarding last-mile delivery of services to patients which was a major problem area in the *Rashtriya Swasthya Bima Yoajana*.

The brunt of this shift in the policy trajectory is borne by the National Health Mission (NHM) which aims at strengthening the public health system in the country, both in the rural areas through National Rural Health Mission (NRHM) and in urban areas through National Urban Health Mission (NUHM). The share of NHM in the total health budget has consistently declined since 2014-15 (Actuals) from 61 per cent to 49 per cent in 2019-20 (BE). Within NHM, the NRHM allocations in 2019-20 register a marginal decline of 1.5 per cent over the 2017-18 actual expenditure.

Table 6.1: Trends in Some Key Components of NHM (in Rs. crore)

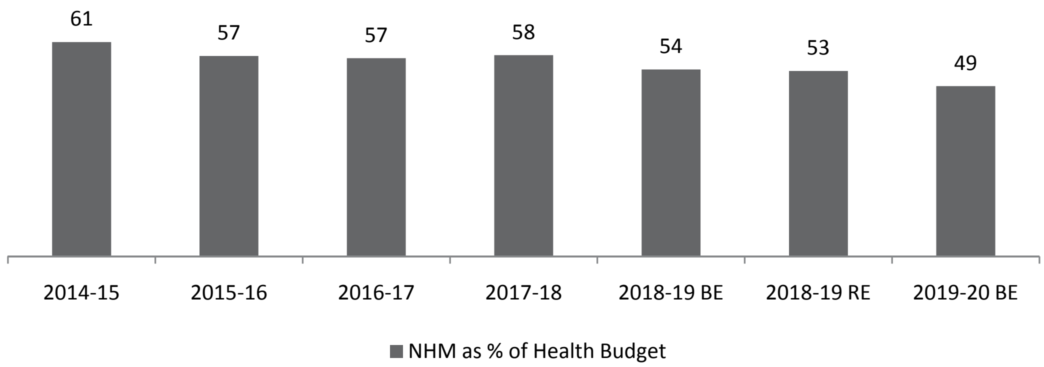
	2017-18	2018-19 BE	2018-19 RE	2019-20 BE
NRHM	26178	24280	25243	25789
NUHM	664	875	875	950
Establishing New Medical Colleges (upgrading District Hospitals)	3300	2888	3168	2000

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

Further, there is also an increasing role being accorded to the private sector in managing the primary healthcare. In a number of states, the operation of health facilities is being pushed into the Public Private Partnership (PPP) mode which is being opposed by people in many states such as Chhattisgarh and Punjab. In effect, what these developments indicate is a plot towards undermining public health system and promoting a privatised healthcare model. The allocations for the other component of *Ayushman Bharat* – the Health and Wellness Centres have received increased allocation from Rs. 1,200 crore in 2018-19 (BE) to Rs. 1,600 crore in 2019-20 (BE).

In a recent interview a member *NITI Aayog* claimed that the government is investing heavily to strengthen district hospitals and create infrastructure in tertiary care by setting up new AIIMS in every state. However, a look at the budget shows that under the budget head "Establishing New Medical Colleges (upgrading District Hospitals)" there is a decline of 31 per cent over 2018-19 (BE).

Figure 6.1: Share of NHM in Health Budget (per cent)



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

Although the NDA government has been claiming that they have prioritised maternal health, the trends in some of the key interventions for reproductive and maternal health have not been encouraging. In particular, the allocations for Reproductive and Child Health (RCH) component under NHM have declined after registering an increase in between. Along with this the allocation for *Pradhan Mantri Matru Vandana Yojana* (PMMVY), the erstwhile Maternity Benefit Scheme, has largely remained the same as in 2018-19 (BE).

Table 6.2: Interventions towards Reproductive and Child Health (in Rs. crore)

	2015-16	2016-17	2017-18	2018-19 BE	2018-19 RE	2019-20 BE
RCH Flexible Pool including Routine Immunization Programme, Pulse Polio Immunization Programme, National Iodine Deficiency Disorders Control Progrmme etc.	6490	7151	11002	7411	7745	6759
Pradhan Mantri Matru Vandana Yojana (PMMVY)		76	2048	2400	1200	2500

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

Are States Prioritising Health: Impact of 14th Finance Commission Recommendations?

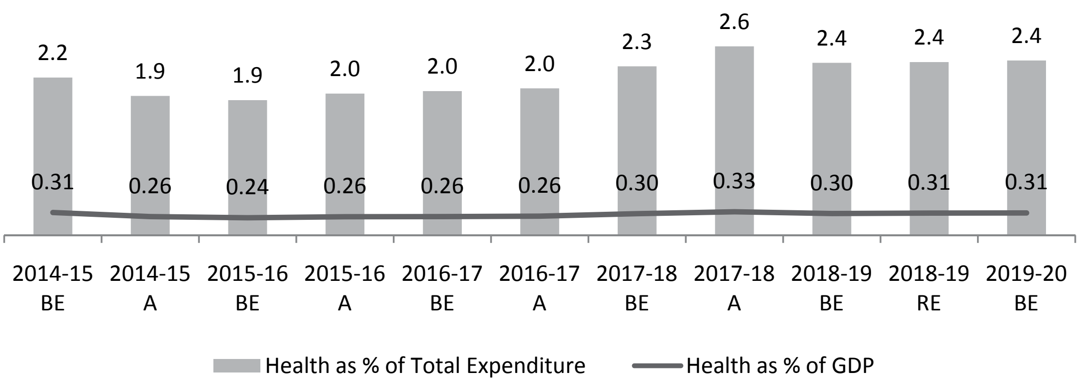
After the acceptance of the recommendations of the 14th FC regarding the increased share of resources to States from the central pool of divisible taxes, it was conjectured that States would be stepping up their spending in various sectors as they would have a larger pool of resources and more flexibility to decide their priorities. An analysis of budgetary spending priorities over the 14th FC period in 25 states shows that, out of the 25 States, around 13 states, such as Assam, Bihar, Mizoram and Himachal Pradesh, have prioritised spending in health sector. The analysis makes the assumption that if the extent of increase in the budget for the health sector is significantly higher than the extent of increase in the overall budget of the State during these two periods, there is an increase in priority for the health sector.

A closer look at the health budget for Assam shows that the increase in health budget is owing to more investment in Urban Health Services and Medical Education and Training. Similarly, in Bihar, during the 14th FC period, there is more allocation towards Urban Health Services. In Himachal Pradesh a major increase has been owing to the increased allocation under National *AYUSH* Mission. On the other hand, the states in which the priority towards health sector has declined during the 14th FC period include Karnataka, Punjab and Uttarakhand. There is relatively less investment towards strengthening the health infrastructure in these states.

Health Sector: No escape from Investing in Strengthening Public Health System

Looking at the trends in Union Government's budgetary allocation/expenditure for the health sector, it has remained stagnant at about 0.3 per cent of GDP since 2014-15. To achieve the targeted health expenditure by Government (both Centre and States) of 2.5 per cent of GDP by 2025, of which 40 per cent should come from the Centre, requires one per cent from the Union budget. However, the Union Government allocations have stagnated at 0.3 per cent of GDP.

Figure 6.2: Share of Health Budget in GDP and Total Government Expenditure (per cent)



Notes: *The figures for total Union Budget expenditure, for 2017-18 Actual, 2018-19 BE, RE and 2019-20 BE, do not include "Funds collected from GST Compensation Cess, which are transferred to a non-lapsable fund in the Public Account".
Source: Compiled by CBGA from Union Budget documents, various years

Such stagnation in terms of budgetary resources is being witnessed at a time when overall public health system is in shambles. In terms of fund utilisation, the Ministry of Health and Family Welfare surrendered Rs. 1,049 crore in the year 2017-18. One of the reasons cited for this was due to non-filling up of vacant posts. Looking at some of the categories of human resources and infrastructure across some states, the shortfalls are glaring. In addition, there is increasing contractualisation of health workforce with very less remuneration.

Table 6.3: Infrastructure and Human Resource Shortfalls (per cent) (as on March 31, 2018)

States	Shortage of Total specialists at CHCs [Surgeons, Obstetricians Gynaecologists, Physicians, Paediatricians]	per cent SCs Without Regular Water Supply	per cent SCs Without Electric Supply	per cent SCs Without All-Weather Motorable Approach Road
Assam	77	12	57	9
Bihar	86	49	64	NA
Chhattisgarh	92	27	15	11
Jharkhand	87	53	67	25
Madhya Pradesh	80	27	36	6
Odisha	83	30	49	3
Rajasthan	76	34	32	10
Uttar Pradesh	94	0	36	35
West Bengal	91	7	22	10
All India	82	17	25	10

Source: Rural Health Statistics (2018)

In such a scenario, it is imperative that the successive government ensures that the overall public health system is strengthened in India. Instead of pushing people towards insurance-based healthcare model, public provisioning of universal healthcare must be ensured.

DRINKING WATER AND SANITATION

Highlights

- Laudable efforts have been made by the government to eliminate open defecation through the launch of *Swachh Bharat Abhiyan* (SBA). However, the focus has been on construction rather than behavior change and usages of toilets.
- The increase in rural sanitation allocation has come at the expense of reducing allocations for rural drinking water programme.
- To tackle the issue of arsenic and fluoride contamination, the National Water Quality Sub Mission (NWQSM) on Arsenic and Fluoride was launched in 2017 to provide safe drinking water to about 28,000 affected habitations in the country by March 2021 with an outlay of Rs. 25,000 crore. However, detailed information about functioning of the mission is not available in the public domain.
- In terms of budgetary allocations, the total allocation for the *Swachh Bharat* Mission Rural and Urban (SBM R+U) is Rs. 12,750 crore with SBM(R) at Rs. 10,000 crore and SBM (U) at Rs. 2,750 crore in 2019-20 BE. This is lower than the previous years' allocation of Rs. 17,843 crores for 2018-19(BE). Allocations for MDWS was expected to have been more, even though the government seems to have achieved its target of open defecation free (ODF), since it now moves to focus on ODF+, which goes beyond toilet construction and for sustainable WASH services.
- For National Rural Drinking Water Programme (NRDWP) the allocation has been increased slightly from Rs. 7,000 crores in 2018-19 (BE) to Rs. 8,201 crores in 2019-20 (BE).
- According to the SBM(R) guidelines, Construction of 'insanitary latrines' as defined in The Prohibition of Employment as Manual Scavenger and Rehabilitation Act, 2013 is not permitted in the rural areas. Scheme guidelines provide for conversion of insanitary latrines to sanitary latrines. However, as per a national survey conducted in 2018, 14,678 manual scavengers had been identified up to 23.7.2018 (Source: http://pib.nic.in/newsite/PrintRelease.aspx?relid=181235) implying that manual scavenging still existed, which stood against SBM's commitment and the government's promises made in their manifesto. Further, no fund has been released towards the Self Employment for Rehabilitation of Manual Scavengers' (SRMS) scheme in the current government's tenure since 2014-15 including the issue of unspent funds. (Source: https://thewire.in/government/modi-govt-manual-scavengers-rehabilitation)

I. Promises made by the government:

"Our government has initiated the world's largest behavioural change movement with the Swachh Bharat Mission. India has achieved 98 per cent rural sanitation coverage and as many as 5.45 lakh villages have been declared open-defecation free."

"We are moving towards realising a 'New India' by 2022, when we celebrate 75 years of India's independence: an India which is clean and healthy, where everybody would have a house with universal access to toilets, water and electricity…" (Finance Minister's Budget Speech, Union Budget 2019-20)

The government has made laudable efforts in the area of drinking water and sanitation, notably through the launch of SBM in 2014. This has significantly improved sanitation coverage status and garnered greater political will towards the entire water and sanitation sector. Since it is the last year of the current government, it would be valuable to assess how it had performed in the area of drinking water and sanitation. One of the biggest elections promises of the current government was to provide safe and adequate drinking water and access to improved sanitation for all. Consequently, the *Swachh Bharat Abhiyan* (SBA) was launched as a national mission in October 2014 to realise the dream of a 'Clean India' by 2019. This subsumed another flagship scheme of the government,the National Rural Drinking Water Programme (NRDWP) which focused on ensuring availability of safe and adequate drinking water in all rural areas.

With regard to drinking water and sanitation, the NDA II government's manifesto acknowledged the lack of pipelines to carry water into the households, eventually recognising potable water as a major thrust area for rural development. In order to ensure drinking water security to all, promises had been made to encourage setting up of drinking water supply grid in water scarce areas, promote decentralised, demand-driven, community-managed water resource management, water supply, environmental sanitation and facilitate piped water to all households. They had also claimed to provide high priority to water security in the country and to eliminate manual scavenging. However, allocations for rural drinking water in this election budget have only increased marginally. (Table 7.4)

In the area of urban sanitation, the manifesto reads, 'Cleanliness and sanitation will be given priority - efficient waste and water management systems will be set up. Model towns will be identified for rolling out integrated waste management infrastructure.' The launch of SBM (Urban) was surely a step in the right direction that the government took to prioritise urban sanitation.

II. **Progress and achievements in drinking water and sanitation:**

According to Report on *Swachhta* Status in India released by 75th round of NSSO survey, during the period between two surveys on *Swachhta* of NSS 72nd round and 75th round, the per centage of households in rural India having sanitary toilets increased from 45 per cent to 64 per cent (Table 7.1). In urban India, the per centage of households having sanitary toilets increased from 89 per cent to 94 per cent. Per centage of rural households in India having water for use in the toilet increased from 43 per cent to 62 per cent. In urban India, the per centage of households having water for use in the toilet increased from 88 per cent to 93 per cent during this period. During the period between May - June 2015 and July - December 2017, per centage of persons in the rural areas not using any type of toilet decreased by about 19 per centage points at the all India level (from 52 per cent to 33 per cent), whereas the per centage of persons in the urban areas not using any type of toilet decreased by about 4 per centage points at the all India level (from 8 per cent to 4 per cent).

Table 7.1: *Swachhta* Status in India as in December 2017 (in per cent)

Swachhta Status	Rural	Urban
Sanitary toilet	64	94
Water for use in toilet	62	93
Percentage of persons not using any toilet facility	33	4

Source: 75th round of NSSO: *Swachhta* Status in India

The NSSO survey in 2015-16 highlighted that six out of every ten toilets built under the SBA had no water supply. Subsequently, the Standing Committee strongly recommended the Ministry to prioritise the provision of water availability along with the construction of toilets under SBM. The government's unprecedented drive towards achieving the physical targets of toilet construction neglected the aspects of behavioural change in people (one of the major reasons for the scheme's limited success so far), addressing concerns of manual scavengers and access to drinking water, particularly by the marginalised communities. Tables 7.2 and 7.3 below shows the physical progress achieved under SBM rural and urban.

Table 7.2: Sanitation coverage under SBM(R) as on 30.01.2019

Household toilets built since October 2014	92001034
ODF villages	548452
ODF villages in *Namami Ganga*	4465
ODF districts	600
ODS states/UTs	27

Source: https://swachhbharatmission.gov.in/sbmcms/index.htm

Table 7. 3: Sanitation coverage under SBM (U)

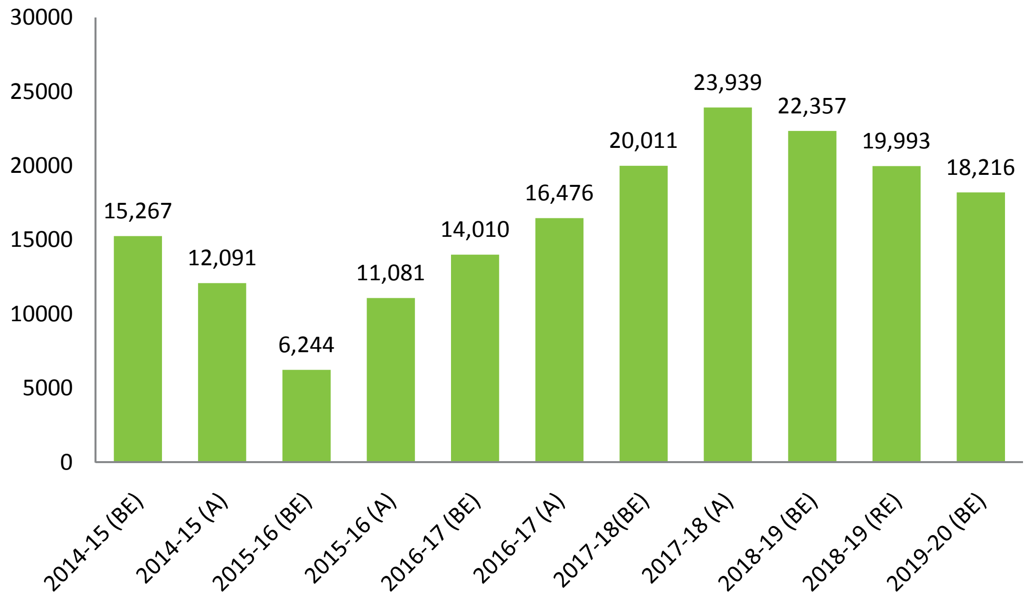
Individual toilets	4914478
Community toilets	493241
ODF no. of cities	2767
Household toilet constructed	5364746
Wards with 100 per cent door to door collection	71797

Source: mouha.gov.in

III. Key Budgetary Observationsand Developments in Drinking Water and Sanitation

The Ministry of Drinking Water and Sanitation has been consistently increasing its allocation since 2015-16 wherein it reached its highest peak in the FY 2017-18 (Figure 7.1). This clearly shows the priority given towards water and sanitation, however, a look at Table 7.4 would show that the major increase has been for SBM (R). This is evident in the earlier section which brought out the progress in rural sanitation showing a swift completion of targets. Table 7.4 shows a decline in the SBM (R) allocations and a rise in the NRDWP's allocations from the previous year of 2018-19.

Figure 7.1: Budgetary Allocations for Ministry of Drinking Water and Sanitation (in Rs. crore)



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

Table 7.4: Allocationsfor Schemes under Ministry of Drinking Water and Sanitation and Ministry of Housing and Urban Affairs (in Rs. crore)

Programmes	2014-15 Actuals	2015-16 Actuals	2016-17 Actuals	2017-18 Actuals	2018-19 (RE)	2019-20 (BE)
National Rural Drinking Water Programme	9,242	4,370	5,980	7,038	5,500	8,201
Swachh Bharat Mission (R)	2,841	6,703	10,484	16,948	14,478	10,000
Swachh Bharat Mission (U)	859.5	766	2,135	2,539	2,500	2,750

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

According to the Medium-Term Expenditure Framework (MTEF) report of 2018, the projections made for this year's BE for Ministry of Drinking Water and Sanitation was reported to be Rs.18,216 crore, which is close to the actual allocations made in the budget. MTEF predictions for NRDWP and SBM is also close to accurate, with the projections stating an increase to Rs.8,365 crore for the former and a decrease in allocation for latter to Rs.7,325 crore. This trade-off between water and sanitation in terms of budgetary allocation has been a consistent theme since 2014. A reduction in either programmes will not augur well with the country's goal of 'achieving universal access to toilet and water' as reiterated in the Budget Speech 2019-20.

For SBM (R), the extent of fund utilisation is reported to be high in select districts of Odisha, Maharashtra and Jharkhand, this ranges between 87-100 per cent utilisation of the fund. There have been concerns pertaining to adequacy and timely availability of funds under this programme. The available funds under this programme has been spent mostly in the first two quarters, with the last two quarters spending ranging between 1-2 per cent of the total fund available. As for NDRWP, the extent of fund utilisation was high in the fourth quarter, ranging between 76-78 per cent utilisation of the fund in the financial year.

IV. Missed Opportunities: What the Government could have done better

- Piped Water Supply (PWS)was an important promise made in this government's manifesto. The number of new household connections provided between 2018-19 was 4,29,649. Only 18.5 per cent of total households have PWS as on 29.01.2019. It is clear from the fact that the allocation for SBM has been made at the cost of the allocation under NRDWP over the years. The government could have simultaneouslyfocused on water supply programme as well.

- The ASER report of 2018 claims that in most schools, toilet facilities have improved over time. Availability of toilets and their usability in schools has increased significantly from 47.2 per cent in 2010 to 74.2 per cent in 2018. However, the increase in construction of separate toilets for girls has been slow with 66.4 per cent schools in 2018 from 32.9 per cent in 2010.With respect to drinking water facilities in 2018, 74.8 per cent schools had this facilitywhich isnot a significant increase in coverage since 2017, where drinking water facility was available in almost 72.7 per cent of the schools.

- Regarding rural drinking water, the apex level National Drinking Water and Sanitation Council was set up to co-ordinate and ensure convergence but it remained largely dormant. Agencies vital for planning and execution of the Programme such as State Water and Sanitation Mission, State Technical Agency, Source Finding Committee and Block Resource Centres were either not set up or were not performing their assigned functions. These constraints both in terms of planning and delivery ultimately affected achievement of NRDWP goals and targets (C&AG progress report, 2018).[1]

- In NRDWP, there was an overall decline in availability of funds, during the period 2013-14 to 2016-17. However, even the reduced allocations of funds remained unutilised. According to the C&AG report of 2018,[2] there were delays of over 15 months in release of Central share to nodal or implementing agencies. There was also diversion of funds towards inadmissible items of expenditure and blocking of funds amounting to Rs. 662.61 crore with State Water and Sanitation Missions and work executing agencies.

- This year's budget saw a decrease in allocation for SBM(G). This could be due to the government getting close to matching its target of achieving ODF status, hence justifying the reduction in allocation. Nevertheless, with the focus now shifting to consolidate ODF achievements and make it sustainable through the introduction of ODF Plus, this reduction could lead to a possible delay in achieving sanitation sustainability. Since the start of the mission, most of Government of India's releases have been for toilet construction, other aspects like Information-Education and

[1] https://cag.gov.in/sites/default/files/audit_report_files/Report_No_15_of_2018-Performance_Audit_on_National_Rural_Drinking_Water_Programme_in_Ministry_of_Drinking_Water_and_Sanitation.pdf
[2] https://cag.gov.in/sites/default/files/audit_report_files/Report_No_15_of_2018-Performance_Audit_on_National_Rural_Drinking_Water_Programme_in_Ministry_of_Drinking_Water_and_Sanitation.pdf

Communication (IEC) and capacity building have received lower allocations than mandated in the guidelines. The Comptroller and Auditor General (C&AG) report of 2015[3]stated that the ministry had failed to utilise funds for IEC and monitoring and evaluation (M&E) and allocations under both heads have remain minuscule even for this year. Hence the problem of underfunding and under utilisation in these components led to results in desired outcomes.

- Despite the launch of NWQSM in 2017, the problem of water quality persists and there has not been much information on the implementation status of NWQSM.

- During the last two years, the government allocated more than Rs. 16,400 crore as *Swachh Bharat* cess, meant to fund sanitation schemes, but CAG has pointed out nearly a quarter of the collection has stayed outside the dedicated fund. While collections through the 0.5 per cent cess on all services was meant to be transferred to a non-lapsable *Rashtriya Swachhata Kosh* (RSK), over Rs. 4000 crore remained outside the RSK framework. A transparent mechanism or process needs to be institutionalised to ensure that the cess funds have been utilised efficiently.

- While recommending policy guidelines convergence of MDWS with MHRD, WCD and Water Resources needs to be further strengthened since water and sanitation is closely linked with health and education outcomes.

- While the government has highlighted the gender dimensions of WASH programmes, programmes for water and sanitation have not yet adopted Gender Responsive Budgeting. The lack of gender disaggregated data also makes it difficult to track spending clearly benefitting women and girls. There should be efforts to enhance the gender responsiveness of these programmes and report these in the Gender Budget Statement.

[3] https://cag.gov.in/sites/default/files/audit_report_files/Union_Performance_Nirmal_Bharat_Abhiyan_Report_28_2015.pdf

NUTRITION AND FOOD SECURITY

Highlights

- Public spending on nutrition continued to be below 2 per cent of GDP and declined during the NDA regime.
- Government launched the *Poshan Abiyan* (National Nutrition Mission) in 2017. The mission has not been able to ensure convergence across schemes/sectors.
- For Integrated Child Development Services (ICDS), cost norms for supplementary nutrition were revised and inflation indexed in 2017, and an increase in honorarium for *Anganwadi* workers and helpers was announced. However budgetary allocations for ICDS were not commensurate with the revisions.
- The budget provisions for many nutrition-sensitive schemes (such as National Rural Drinking Water Programme (NRDWP), Mid Day Meal (MDM), etc.) remained low.

"A national programme in Mission Mode is urgently required to halt the deteriorating malnutrition situation in India, as present interventions are not adequate. A comprehensive strategy including detailed methodology, costing, time lines and monitorable targets will be put in place within six months." (Finance Minister's Budget Speech-2014-15, p-11).

Nutrition is one of the most pressing problems in India today. Almost 53 million children in India are stunted (low height-for-age) and more than half the women in reproductive age group are anaemic. At the time of presenting annual budget for the financial year 2014-15, the Finance Minister had acknowledged the urgency required for addressing the problem of undernutrition and had suggested a need for a comprehensive strategy to halt the deteriorating malnutrition situation. While this gave hope to many stakeholders, over the course of five years the nutrition situation in India remained largely unchanged.

1. Promises and Policy Pronouncements

1.1 Promises made by the BJP

The Election Manifesto of BJP - *Ek Bharat Shreshtha Bharat: Sabka Saath Sabka Vikas* did not mention a comprehensive strategy on nutrition, however it made the following commitments: a) for uplifting the poorest of poor, it considered malnutrition as a national priority, to be addressed in a Mission mode; b) As part of its 'widening the platform' to enable every citizen to realise his or her full potential, it committed to 'universal food security' and regarded it as integral to national security. c) In its commitment towards children, the manifesto committed to address issues related to children, including malnutrition and undernutrition.

1.2 Key Policies on nutrition during the NDA Tenure

- *POSHAN Abhiyan* (National Nutrition Mission) was launched in December 2017 with the aim of reducing undernutrition and anaemia among children, women and adolescent girls at an accelerated pace. Commencing from 2017-18, the three year budget for the Mission was Rs. 9,046.17 crore. It aspired for convergence across programmes/sectors.

- The Government revised the cost norms for supplementary nutrition with annual indexation under the *Anganwadi* Services. The unit cost for provision of supplementary nutrition (Rs./day/ beneficiary) were revised as follows: for Children (6-72 months) from Rs. 6 to Rs. 8; Pregnant women and lactating mothers from Rs. 7 to Rs. 9.50; and for Severely Malnourished (6 months-6 years) from Rs. 9 to Rs. 12.

- *Rashtriya Poshan Maah* (National Nutrition Month) was celebrated in the month of September, 2018.

- Maternity Benefit Programme (MBP), which was later renamed as *Pradhan Mantri Matru Vandana Yojana* (PMMVY), was expanded to cover all the districts in the country. However, the scheme was diluted in its new form. First, the scheme was restricted to only the first child of the woman. Second, beneficiary was required to fulfil certain pre-conditions for availing the benefits. These provisions went against the National Food Security Act (NFSA), 2013, where no such restriction had been suggested. Third, the incentive for the beneficiary was reduced from Rs. 6,000 to Rs. 5,000. Lastly, the scheme was merged with another scheme for institutional delivery, *Janani Suraksha Yojana* (JSY).

- National Nutrition Strategy (NNS) was announced by *NITI Aayog* in 2017.

- National Technical Board on Nutrition (NTBN) was constituted in December 2017 to make technical recommendations on policy relevant issues on nutrition.

- Prime Minister announced increase in remuneration for *ASHA* and *Anganwadi* workers in September 2018. He said that the remuneration for those receiving Rs. 3,000 would increase to Rs. 4,500, and for those receiving Rs. 2,200, would be Rs. 3,500. The honorarium for *Anganwadi* helpers was increased from Rs. 1,500 to Rs. 2,250.

2. Public Spending on nutrition during 2014-15 to 2019-20

2.1 *Public Spending on nutrition by the Union Government*

Public spending on nutrition between the period 2014-15 (AE) and 2019-20 (BE) increased in absolute terms from Rs. 2.39 lakh crore to Rs. 3.64 lakh crore, however it continued to be below 2 per cent of GDP. During the same period, there was a decline in spending on nutrition as per centage of total budget expenditure (from 14.4 to 13.6 per cent) and also as per centage of GDP (from 1.9 to 1.7 per cent). Overall fund utilisation fluctuated during the period. The fund utilisations for the four consecutive years starting 2014-15 were as follows: 92.9, 112.8, 94.3 and 88.5 per cent.

2.2 *Public Spending on Major Schemes in nutrition Sector in the Country*

Nutrition interventions are spread across sectors, such as food security, health, education, water and sanitation, poverty alleviation, social safety and agriculture. A number of departments, implement schemes that affect nutrition directly or indirectly. The budgets for these schemes over the NDA government period present a mixed bag, where some schemes were promoted at large scale while others suffered a setback.

- Ministry of Women and Child Development is crucial for delivering nutrition-specific schemes (related to provision of nutrition supplements and diet) for children under-6 years and for pregnant and lactating women. The budgets for Integrated Child Development Scheme (ICDS) observed only nominal increase during the period. This is, despite the policy announcements regarding revision of cost norms for providing supplementary food and increase in honorarium of *Anganwadi* workers and helpers. The only scheme which observed an increase in allocation was PMMVY; however the dilution of the provisions of the scheme implied that the reach of the scheme remained limited. Fund utilisation for the scheme was low in the last few years.

- Mid-Day Meal programme observed a decline in allocations until 2018-19 RE compared to the expenditure reported in 2014-15 (AE). However, there is a slight increase noticed in present budget and is pegged at Rs. 11,000 crore.

- Two schemes of the Ministry of Drinking Water and Sanitation experienced contrary trends during the period. While the budget allocations for *Swachh Bharat* Mission (SBM) increased more than threefold, budgets for National Rural Drinking Water Programme (NRDWP) experienced a by 25 per cent decline.

- There was a 15 per cent decline in budget allocations for nutrition related schemes of Agriculture Department between 2014-15 (AE) and 2019-20 (BE).

- The budgetary allocation towards food subsidy noticed an increased trend from Rs. 1,17,671 core in 2014-15 (BE) to Rs. 1,84,220 crore in 2019-20 (BE). The extent of increase during the period was around 60 per cent during the period. The proposed allocation in the current financial year seems to be on track to ensure food security, as mandated under the NFSA. However, the concerns related to adequate provisioning and errors of exclusion along with numerous implementation challenges remained unaddressed.

3. NDA's Commitment towards Nutrition: An overview

The response of the NDA government towards nutrition was lukewarm. While attempts were made to gain visibility through nutrition related activities such as declaration of National Nutrition Mission and celebration of *Poshan Maah*, the budgetary needs were overlooked. It may be mentioned here that the outreach of nutrition related services have been constrained due to gaps in service delivery (such as irregular provisioning of supplementary food, ill-equipped health and *anganwadi* centres, etc.), which are often linked to poor resource provision. These issues continued to remain in limbo. Overall it might be said that while the policy pronouncements by the government were high, the budgetary commitments towards them remained low.

Table 8.1: Budget Allocations for Nutrition related Schemes and Programmes (in Rs. crore)

S. No.	Schemes	2014-15 A	2015-16 A	2016-17 A	2017-18 A	2018-19 RE	2019-20 BE	per cent change between 2018-19 BE and 2019-20 BE	per cent change between 2014-15 BE and 2019-20 BE
Nutrition-specific									
1	Core ICDS/ *Anganwadi* services, [ii]	16,684	15,489	14,632	16,048	20,951	23,234	20.2	24.3
2	National Crèche Scheme	98	133	125	49	30	50	-61.1	-55.6
3	IGMSY/MBP/ PMMVY*	343	233	75	2,048	1,200	2,500	4.2	525.0
4	SABLA	622	475	482	451	250	300	-40.0	-57.1
5	NRHM + NUHM	19,751	18,972	20,317	26,842	26,118	26,739	6.3	22.0
Nutrition-sensitive									
6	Food subsidy	117,671	139,419	110,173	100,282	171,298	184,220	8.8	60.2
7	Mid-day Meal (MDM)	10,523	9,145	9,475	9,092	9,949	11,000	4.8	-16.8
8	RMSA[iii]	3,398	3,563	3,698	4,033	4,164	4,670	10.8	-6.6
9	NRDWP	9,243	4,370	5,980	7,038	5,500	8,201	17.2	-25.4
10	SBM (Rural + Urban)	3,700	7,469	12,619	19,427	16,978	12,750	-28.5	199.3
11	MGNREGA	32,977	37,341	48,215	55,166	61,084	60,000	9.1	76.5
12	NLM (NRLM + NULM)	2,116	2,783	3,486	4,926	6,294	9,524	57.2	90.4
13	NSAP	7,084	8,616	8,854	8,694	8,900	9,200	-7.8	-13.4
14	NFSM	1,873	1,162	1,286	1,377	1,510	2,000	18.3	-1.5
15	NMSA	1,268	686	670	717	1,050	1,112	-10.1	-26.4

S. No.	Schemes	2014-15 A	2015-16 A	2016-17 A	2017-18 A	2018-19 RE	2019-20 BE	per cent change between 2018-19 BE and 2019-20 BE	per cent change between 2014-15 BE and 2019-20 BE
16	NMOOP	316	306	328	264	352		-100.0	-100.0
17	RKVY[iv]	8,443	3,940	3,892	3,560	3,600	3,800	5.6	-61.8
18	White Revolution	1,299	937	1,309	1,574	2,431	2,140	-3.6	39.0
19	Blue Revolution	388	200	388	321	501	560	-12.9	21.4
20	National Horticulture Mission	1,955	1,696	1,493	2,027	2,100	2,200	-13.2	-1.5
Total Nutrition		**239,753**	**256,936**	**247,497**	**263,936**	**344,261**	**364,200**	7.2	41.1
Nutrition Exp. as per cent of Total Budget Exp.[v]		**14.4**	**14.3**	**12.5**	**12.7**	**14.3**	**13.6**		
Nutrition Exp. as per cent of GDP		**1.9**	**1.9**	**1.6**	**1.6**	**1.8**	**1.7**		

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

Notes:

i) Name changed from FY 2017-18 onwards;
ii) includes National Nutrition Mission;
iii) includes Strengthening of Teachers Training Institutions from 2019-20 budget onwards;
iv) includes all under the departments of Agriculture and Animal husbandry;
v) The figures for Total Budget Expenditure for FY 2017-18 onwards do not include "Funds collected from GST compensation Cess, which are transferred to a non-lapsable fund in the Public Account".

GENDER

Major highlights

- In a major step towards enhancing budget transparency, the Gender Budget Statement for the first time has reported the actual expenditure for 2017-18.
- After a steep increase in 2015-16, key schemes for women, under the Ministry of Women and Child Development, have subsequently witnessed a decline.
- The 50 per cent hike in the honorarium still falls short of addressing the long-standing minimum wage demand for Rs. 18,000 per month by *Anganwadi* workers.
- Both allocation and fund utilisation of schemes for transgender persons have continued to be abysmally low over the years.

Historically, the discourse on gender is constrained in binaries and is not understood as a spectrum. The binary framework dictates hegemonic narratives that defines socially acceptable gender norms and roles and dehumanises and discriminates against those who do not conform to them. This also guides how the State has respondedto gender, restricting itself to the binaries of male and female. Even the Gender Budget Statement which assesses the gender responsiveness of government programmes and schemes, neglects non-binary genders. Since, the policy framework is in itself restrictive, this section too limits its analysis tobudgetary priorities forwomen.

BJP Manifesto: Key Promises

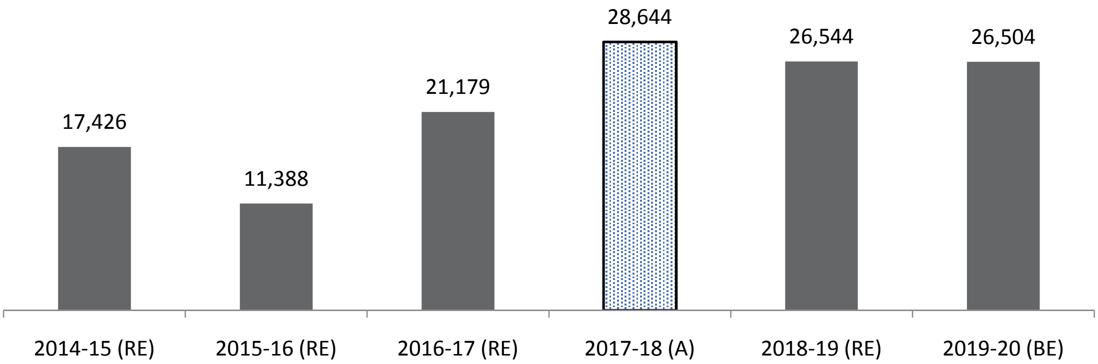
- 33 per cent reservation in parliamentary and state assemblies through a constitutional amendment
- National campaign for saving the girl child and educating her – *Beti Bachao Beti Padhao*
- Review the working conditions and enhance the remuneration of *Anganwadi* workers
- Utilise the unused fund for relief and rehabilitation of rape victims
- To create an Acid Attack victim's welfare fund to take care of the medical costs related to treatment and cosmetic reconstructive surgeries of such victims
- Special programs aimed at girls below poverty line, tribals and poor women

Gender Budget Statement: Reflections

The Gender Budget Statement (GBS) 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 Part B reports schemes in which a minimum of 30 per cent, but not entire funds benefit women and girls. The GBS is a significant document as it is the only source of verifiable, quantitative information on government's efforts in ensuring budgetary commitments towards women. The total magnitude of the Gender Budget in 2019-20 (BE) is Rs. 1,31,700, an increase of Rs. 7333 crore from Rs. 1,24,367 crore allocation in 2018-19 (BE).

Allocations in Part A of the GBS have seen a fluctuating trend since year 2014-15. The allocations first declined in 2015-16 (RE) from 2014-15 (RE), before increasing in subsequent years. This initial decline was largely on account of the restructuring of the Centrally Sponsored Schemes (CSS), whereby the share of the Union Government in funding of the CSS declined for most schemes. The allocations for Part A declined marginally from Rs. 26,544 crore in 2018-19 (RE) to Rs. 26,504 crore in 2019-20 (BE). This decline is more critical when seen against the Actuals of 2017-18. The allocations under Part B of the GBS have increased during the same period. However, over the years, there are no significant improvements in the reportingby ministries/departments in Part B of the GBS. Most departments/ ministries continue to report a 30 per cent - 50 per cent of the total allocations of schemes in the GBS, rather than identifying the gender-based disadvantages in their respective sectors and the budgetary resources earmarked to address these specific challenges. Analysis of the GBS highlights that few ministries which are important from a gender perspective are still outside the purview of GBS. For instance, although safe sanitation facilities have a direct bearing on women's health, nutrition and safety, the Ministry of Drinking Water and Sanitation is yet to adopt Gender Responsive Budgeting.

Figure 10.1: Outlay for Part A of GBS (In Rs. Crore)



Source: Compiled by CBGA from Union Budget documents, over the years

In the existing institutional set-up, women specific schemes have remained limited in both scale and scope and their needs have not been accorded due priority and resources. Separate administrative units for women and children are required to cater to their respective needs. Most policies for women in India are located primarily in the realms of violence against women, and sexual and reproductive health.

Gender based violence

The Government continues to reiterate that the protection and empowerment of women is a policy priority but the allocations for key schemes to address violence against women have been disparate from 2014-15. From the past year, there has been a decline in the budgetary outlays for schemes addressing violence against women in 2019-20 (BE), One Stop Centre being the only scheme reflecting an increase. Allocations under the scheme *Swadhar Greh* which is primarily meant to act as a support and rehabilitation system for women in distress, registered a 47 per cent decline from 2018-19 (BE). Similarly, allocation for *Ujjawala*, a scheme for prevention of trafficking and rescue has been halved in this year's budget and similarly the Women Helpline has witnessed a 38 per cent decline.

The Manifesto commitmentsfor theoperationalisation of the Scheme for Restorative Justice to Rape Victims and introduction of an Acid Attack Victim's Welfare Fund remain unmet. Also, assistance to States for Implementation of Protection of Women from Domestic Violence (PWDVA) Act, 2005 by MWCD has been discontinued. Given the magnitude of the problem, the Union Government must supplement the efforts of the States in this domain. Against the backdrop of rising violence against women, the budgetary priorities move away from the promise of gender equality.

There has been an overall increase of 18 per cent in the MWCD budget. However, a scrutiny of the allocations exclusively meant for women as reflected in PART A of the GBS reveals that there has been a 5 per cent decline in allocations for women from Rs. 4,271 crore in 2018-19 (BE) to Rs. 4,078 crore in 2019-20 (BE). Therefore, this is indicative that the budgetary focus has largely been on the welfare of children.In fact, as per the reply to a Lok Sabha question (31st December, 2018) by MWCD, when assessing the fund utilisation for the Government's flagship scheme *Beti Bachao Beti Padhao* from 2014-15, more than half of the resources were directed towards media promotions.

The interventions under the *Nirbhaya* Fund have been undertaken by the MWCD (One Stop Centres, Women's Helpline, and other schemes), Ministry of Home Affairs (Police), Ministry of Railways (Safety of women at Railway Stations), among others. However, the *Nirbhaya* Fund has suffered from low utilisation over the years. The lack of a road map on how the funds should be spent is detrimental to the objective. Optimal utilisation of the Fund, as well as continued support by the Union Government to States is important to ensure a comprehensive framework to prevent and address the incidence of violence against women.

Table 9.1: Operationalisation of theNirbhaya Fund

Funds for Transfer to *Nirbhaya* Fund					
	2015-16 (A)	2016-17 (A)	2017-18 (A)	2018-19 (BE)	2019-20 (BE)
Ministry of Women and Child Development		500	500	500	500
Ministry of Home Affairs (Police)		208	50	50	50
Expenditure from *Nirbhaya* Fund					
	2015-16 (A)	2016-17 (A)	2017-18 (A)	2018-19 (BE)	2019-20 (BE)
Ministry of Women and Child Development		692	614	859	701
Ministry of Road Transport and Highway				174	174
Ministry of Home Affairs (Police)	3.23	440	195	132	933
Ministry of Electronics and Information Technology		2.44	1.02		

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

Further, when we analyse the situation of the trans-community, violence is largely invisible when it is a transgender person in question. Since the discourse on Gender based violence has been primarily women-centric, transgender persons are disproportionately discriminated and ostracised. Government policies and programmes meant to achieve gender equality or address violence cater to the 'monolithic' woman, overlooking other genders.

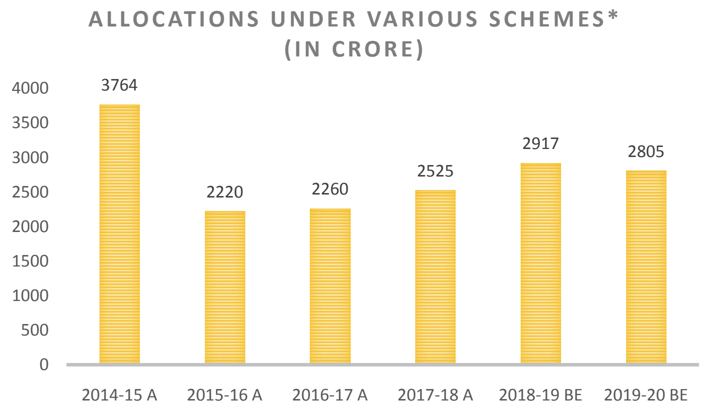
Women and work

The policy framework narrowly perceives work using an economic lens. Both conceptually and structurally, when it comes to assessing women's work in India the labour market suffers from contradictory trends - the invisible and open unemployment of women (Ghosh, 2016); only to find feminisation of the informal sector. Despite the low female labour force participation witnessed since mid-2000s, allocations in schemes for empowerment of women have not only been inadequate but inconsistent during the NDA regime. The Scheme for National Mission for Empowerment of Women has witnessed a reduction from Rs. 267 crore in 2018-19 (BE) to Rs. 150 crore in 2019-20 (BE) and similarly in the Support to Training and Employment Programme (STEP), the allocations have declined from Rs. 5 crore in 2018-19 (BE) to Rs. 3 crore in 2019-20 (BE), which amounts to a 40 per cent decline.

Box 9.1: Situating Women Farmers in Budgets

According to earlier reports by the National Sample Survey Office, the agrarian sector employs 80 per cent women but they are yet to be recognised as farmers. *Mahila Kisan Sashaktikaran Pariyojana* (MKSP), the only sub-programme aimed at women farmers is a component of the *DeendayalAntyodayaYojana* - National Rural Livelihood Mission (DAY-NRLM). However, the total budgetary allocation for MKSP in the year 2018-19 (BE) was a mere Rs. 1000 crore. As MKSP is a sub-programme the allocations for 2019-20 (BE) are yet to be published. While the allocations for NRLM have increased over the years, increase in allocations for MKSP has yet to be realised effectively. In fact, the trends since 2014 show that not only does the policy framework suffer low levels of allocation and spending but also show how misplaced the government's priorities continue to be in the agrarian sector with respect to women farmers.

As per the reply given by the Ministry of Agriculture and Farmers Welfare in Lok Sabha (2nd August 2016), allocations for women farmers are made at 30 per cent on various schemes* like Sub- Mission on Agriculture Mechanisation, National Food Security Mission, *Rashtriya Krishi Vikas Yojana*, National Mission on Oilseeds and Oil Palm, Sub-Mission on Seed and Planting Material and Mission for Integrated Development of Horticulture (National Mission on Horticulture). The trend from 2014 shows that the fund utilisation for these schemes has systematically declined with marginal increases in allocations in FY 2018-19 and 2019-20.



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

The income guarantee scheme of Rs. 6000 per annum under the *Pradhan Mantri Kisan Samman Nidhi Yojana* for farmers owning less than 2 hectares of land announced in the Interim Budget is outside of the gender framework, as women do not own land.In the absence of women centric schemes, there is little the Government has been able to achieve to minimise gaps in land and asset ownership, access credit, recognition to entitlements among others.

At present, there are no schemes under the Ministry of Labour and Employment (MoLE) that cater especially to women workers. Even the Labour Welfare Scheme meant for sectors where the majority of workers are women like the *Beedi* industry are not designed to be responsive towards women specific needs. Further, the redesigning of the cost-sharing structure of the National Creche Scheme in 2017 affected the number of operational creches, wherethe allocation attributed in the Interim Budget of 2019-20 also dropped. Moreover, the provision made for *Pradhan Mantri Matru Vandana Yojana* (PMMVY) of Rs. 2,500 crore in 2019-20 (BE) is lesser than what is required even on the basis of Government of India estimates of 51.7 lakh beneficiaries. *Anganwadi* workers and helpers and ASHAs are the frontline workers for critical schemes like National Health Mission, ICDS and PMMVY. Without additional human resources for the effective implementation of these schemes, these workers would continue to remain overburdened and underpaid. Reduced state support to women on maternal health, employment, household and caregiving needs and wage disparity is a crucial factor that affects their participation in the workforce.

On 5th March, 2018, a policy for domestic workers was announced with an aim to especially protect women workers from abuse, harassment and violence along with ensuring minimum wages and access to social security. The policy is yet to be formulated as a scheme or programme.

Table 9.2 Outlays for Key Schemes of Ministry of Women and Child Development (in Rs. crore)

	2014-15 A	2015-16 A	2016-17 A	2017-18 A	2018-19 BE	2018-19 RE	2019-20 BE
Allocations to Ministry of Women and Child Development (MWCD)	18,540	17,249	16,874	20,396	24,700	24,759	29,165
MWCD Allocations as a proportion of Union Budget	1.11	0.96	0.85	0.97	1.05	1.03	1.09
Allocations to Key Schemes under MWCD							
Core ICDS^/*Anganwadi* Services	16,684	15,489	14,632	16,048	19,335	20907	23,234
Pradhan Mantri Matru Vandana Yojana (Maternity Benefit Programme)	343	233	75	2,048	2,400	1,200	2,500
Rajiv Gandhi Scheme for Empowerment of Adolescent Girls-SABLA	622	475	482		500		
National Crèche Scheme	98	133	125	49	128	30	50
Mahila Shakti Kendra (National Mission for Empowerment of Women)#	9	21	31	58	267	115	150
Support to Training and Employment Programme for Women (STEP)	7.40	11.74	8.86	3	5	5	3
Beti Bachao Beti Padhao	35	59	29	170	280	280	280
Ujjwala (Comprehensive Scheme for Combating Trafficking)	13	20	20	25	50	20	30
One Stop Centre**	0	10	40	30	105	303	274
Women Helpline**	0	15	1	8	29	29	18
Other Schemes**			192	115	359	161	201
Swadhar Greh	29	48	84	57	95	50	50

Notes: i) Also includes allocations from National Nutrition Mission.
ii)The figures for total Union Budget expenditure for 2017-18 (A), 2018-19 (RE) and 2019-20 (BE), do not include funds collected from GST Compensation Cess, which are transferred to a non-lapsable fund in the Public Account.
iii) # GoI has approved a new scheme, *Mahila Shakti Kendra* (subsuming erstwhile National Mission for Empowerment of Women Scheme) for implementation during 2017-18 up to 2019-20 to empower rural women through community participation.
iv) **Met from *Nirbhaya* Fund.
Source: Compiled by CBGA from Union Budget Documents, various years

Missed Opportunities

- In the light of BJP's promise to pass the Women's Reservation Bill which proposed a 33 per cent reservation for women in Parliament and State Assemblies, the absence of interventions to address this gap reflects the lack of political commitment.

- To make the Gender Budget Statement effective, the format should require ministries/departments to report the specific measures taken to engender their schemes and the budgetary allocations for these measures. The GBS should capture both quantitative as well as qualitative information regarding the interventions by the various ministries. A GBS would be really useful if it could provide information about the gender responsive components for schemes reported in Part B of the GBS and the allocations for these components.

- Schemes meant for the transgender community must also reflect in the GBS, and not only under Ministry of Social Justice and Empowerment. Programmes being implemented by the Union Government for the community remain restrictive in its approach; overlooking a whole gamut of issues faced by the community. The nodal ministry currently has a limited mandate and the scheme for the trans-community is grossly underfunded, with utilisation levels being abysmally low. It is critical to provide convergent support services for empowering the trans-community with opportunities and equal access to education, skill development andemployment, among others.

CHILDREN

Highlights

- Poor safety and security measures in shelter homes as per Survey on childcare institutions.
- Amendment to Child Labour Act allows employment of children under 14 in 'family businesses' after school hours, a regressive step that raises concerns about child development and protection.
- Expenditure on children in 2019-20 (BE) at 3.4 per cent of Union Budget is same as previous financial years.
- For the first time, Statement 12 reported actual expenditure on schemes for children (for the year 2017-18).
- Considering the enormous challenges that are to be addressed by Integrated Child Protection Scheme (ICPS), raise is not sufficient.
- SSA and RMSA subsumed under *Samagra Shiksha Abhiyan*

Introduction

At 40 per cent of the country's population, India has the largest child population in the world. Journey in a child's life cycle involves the critical components of child survival, child development and child protection. Children are vulnerable to hazards pertaining to different aspects of life, starting from child survival, mortality during first few weeks, vaccination against diseases, health & nutrition, education and protection. Some key issues that children are subjected to include adverse sex ratio at birth, high child mortality rates, rapidly declining child sex ratio. The NFHS-4 (2015-16) pointed to stunting in about 38 per cent of the children below 5 years, and anemia deficiency in about 58 per cent. Quality of education and high drop-out rates at secondary and higher secondary levels are the other big challenges affecting children.

Status of children in childcare institutions:

Recent pan-India survey on 'Status of Children in Childcare Institutions' by the Centre highlighted the poor safety and security measures in shelter homes for children.In the absence of regular inspection of these homes, and norms for safety of children living there getting violated, there were incidents of sexual exploitation of minor girls from Muzaffarpur in Bihar and Deoria in Uttar Pradesh. Allocations towards the Integrated Child Protection Scheme (ICPS) have been extremely inadequate, resulting in neglect of supervision required for working of such institutes. Similarly, child deaths in the State hospital in Gorakhpur occurred due to shortage of oxygen supply resulting from non-payment of dues to the supplying firm. The government's response of attributing the tragedy to Japanese encephalitis with no mention of budgetary support in this regard is a telltale sign of its priorities.

Child Labour:

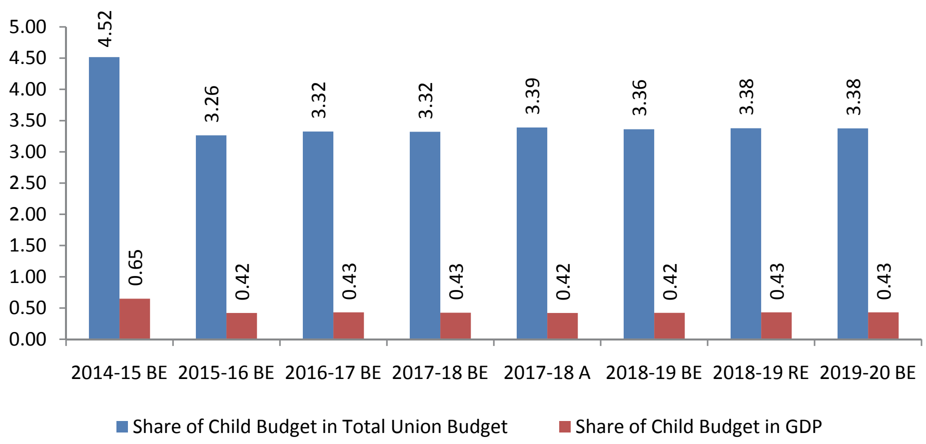
India is home to more than 10 million child labourers. The 2016 amendment to the Child Labor (Prohibition and Regulation) Act which prohibits children under 14 from working, is in line with International Labour Organization (ILO's) convention on child labour providing a minimum age of employment. But by making an exception for 'family businesses', it legalised engagement of children in economic activities (in family enterprises category) after school hours. This was a regressive step as it allowed children to engage in economic activities at a time when they must be involved in basic education, which is their fundamental right. This also raises serious concerns about child development and protection. Perhaps the government needs to reprioritize its focus on children's issues, and up its spending on child welfare programmes for improvement in development indicators of children.

The National Plan of Action for Children (2005) and the National Policy for Children (2013) are the policy guiding documents for schemes and programmes catering to children. Despite this existing policy framework, it is a paradox that policy measures on children do not align well with the framework. To ensure this, multi sectoral interventions taking inclusive approach for overall development and protection of children are called for. And these need to be backed by adequate public investments.

Analysis of the Child Budget Statement (Statement 12)

The election manifesto of BJP promised work on ensuring survival, protection, development, and participation of children. These ideas are reflected in the National Plan of Action for Children (NPAC), 2016, which provides a roadmap for development of children. The NPAC recommends that at least 5 per cent of the Union Budget should be spent on children. Share of expenditure on children in 2019-20 (BE) as a proportion of the Union Budget is 3.4 per cent, similar to the previous financial years (Figure 10.1). With regards to children's schemes, the problem of scarcity of funds co- exists with the issue of poor utilisation of resources for children's schemes.

Figure 10.1: Total Budgetary Spending on Child Focused Interventions(in per cent)



Source: Compiled by CBGA from Child Budget Statement, various years

It is encouraging to see that for the first time, Statement 12 has reported actuals (for 2017-18) on schemes for children. The information on actual expenditure helps understand the variance with initial allocations, thus pointing to the problem of poor fund utilisation., which is a major hinderance in meeting the intended goals of child focused schemes. This is a major step towards enhancing transparency and accountability of the government towards theirpublic spending commitments for children.

Sectoral Analysis of Child Budget

Budgetary allocations for children in 2019-20(BE) saw an increase of about 12.7 per cent as compared to 2018-19 (BE). Although there has been a consistent increase in allocations reported under the Union Government's Child Budget Statement, but its growth rate over the years is not impressive. (Table 10.1)

Table 10.1: Year-wise Expenditure reported under Child Budget Statement (in Rs. crore)

Year	2015-16 BE	2016-17 BE	2017-18 BE	2017-18 A	2018-19 BE	2018-19 RE	2019-20 BE
Expenditure reported under Child Budget Statement	58,017	65,758	71,305	70,706	79,090	81,236	90,594

Source: Compiled by CBGA from Child Budget Statement, various years

The Department of School Education and Literacy (58 per cent) and Ministry of Women and Child Development (30.5 per cent) are the two key Ministries responsible for child development, they together constitute the highest share in the total Child Budget 2019-20 BE. The Statement can be made more comprehensive by building child perspective in many more schemes, implemented by departments and ministries other than the above two.

Schemes reported under Child Budget Statement: Multiple Impediments, Minimal Budget Push

Children, like other marginalised groups are not a homogenous community and, and are subjected to a distinct set of problems that need to be focused. Over time, the vulnerabilities faced by children have increased manifold. Of the total increase in the Child Budget in 2019-20 (BE), the major ones are in *Anganwadi* Services - under National Nutrition Mission, followed by *Sarva Shiksha Abhiyan* (The Head remains despite SSA merging with *Samagra Shiksha Abhiyan*) and Mid Day Meal programme (Table10.2). Allocations for most schemes, except the *Angaanwadi* Services and Integrated Child Protection Scheme, noticed a marginal increase over 2018-19 (BE). Although allocation under the ICPS has seen a substantial raise, but considering the enormous challenges that are to be addressed by the scheme, it is far shorter.

Table 10.2 Scheme wise Budgetary Allocation (in Rs. crore)

<table>
<tr><th>Schemes</th><th>2014-15 (A)</th><th>2015-16 (A)</th><th>2016-17 (A)</th><th>2017-18 (A)</th><th>2018-19 (BE)</th><th>2018-19 (RE)</th><th>2019-20 (BE)</th></tr>
<tr><td>Sarva Shiksha Abhiyan</td><td>24,097</td><td>21,661</td><td>21,685</td><td>23,484</td><td>26,129</td><td>26,129</td><td rowspan="2">36,322</td></tr>
<tr><td>Rastriya Madhyamik Shiksha Abhiyan</td><td>3,398</td><td>3,563</td><td>3,698</td><td>4,033</td><td>4,213</td><td>4,164</td></tr>
<tr><td>Mid-Day Meal</td><td>10,523</td><td>9,145</td><td>9,475</td><td>9,092</td><td>10,500</td><td>9,949</td><td>11,000</td></tr>
<tr><td>Core ICDS/ Anganwadi services I,II</td><td>16,684</td><td>15,489</td><td>14,632</td><td>16,048</td><td>19,335</td><td>20,951</td><td>23,234</td></tr>
<tr><td>Integrated Child Protection Scheme(Child Protection Services and Scheme for welfare of working children in need of care and protection)</td><td>446</td><td>504</td><td>579</td><td>638</td><td>725</td><td>925</td><td>1500</td></tr>
<tr><td>National Creche Scheme</td><td>98</td><td>133</td><td>125</td><td></td><td>128</td><td>30</td><td>50</td></tr>
</table>

Source: Compiled by CBGA from Union Budget, various years

In its new form, SSA, RMSA and teachers' education programme have been subsumed under the larger programme, *Samagra Shiksha Abhiyan*, an overarching programme for school education extending from pre- school to Class 12.However, the reporting of budget has not changed. Teacher training is imperative for better learning outcomes for children, but large proportions of untrained teachers at the elementary and secondary level along with depleted teacher training institutes at district level (DIETs) points to the dire need of increasing allocations substantially. In such a situation, earmarking only Rs. 36,322 crore for programmes under *Samagra Shiksha Abhiyan* makes it too meager an allocation.

With improved enrollment and retention at the primary level, the demand for secondary education has increased. Secondary education has critical linkages with important development indicators, accordingly it would have been encouraging to see an increase in the outlays for schemes for secondary education. However, the allocations for the schemes-National Scheme for Incentive to Girl Child for Secondary Education and Pre-matric scholarships for the minorities-critical for the education for marginalized groups such as girl children and minorities have seen a decline in 2019-20 (BE) from 2018-19 (BE) (Table 10.3). However, the allocation for post - matric scholarship for SCs has increased to Rs. 355 crore in 2019-20 BE from Rs. 125 crore in 2018-19 BE.

Table 10.3 Allocations for Schemes Specific to Children from the Marginalised Groups (in Rs. crore)

Schemes	2015-16 (A)	2016-17 (A)	2017-18 (A)	2018-19 (BE)	2018-19 (RE)	2019-20 (BE)
National Scheme for Incentive to Girl Child for Secondary Education	154	44.65	292.3	255.9	255.9	100
National Child Labour Project	94	107	102	120	94	100
Pre-Matric scholarship for SC Students	525	507	63	125	109	355
Upgradation of Merit of SC Students	3	1	1	0	0	0
Umbrella Scheme for Education of ST children*	1,221	1,740	1,873	2,038	2,055	2,056
Beti Bachao Beti Padhao	59	29	169	280	280	280
Scheme for welfare of working children in need of care and protection	7	2	-	0	0	-

Source: Compiled by CBGA from Union Budget, various years

Missed Opportunities

The step towards inclusion of Actuals in Statement 12 deserves an applaud, however, a number of things need the government's attention e.g. comprehensive reporting of schemes which are partially benefitting children and specifying methodology of arriving at those numbers of allocation.

The statement could have been strengthened by incorporating children's perspective through the entire cycle of planning and budgeting, monitoring and evaluation, starting from identifying children specific challenges, to preparing the scheme design, to programme budgeting, implementing, and reviewing, and not be limited to collation and analysis of child focused allocations. The framework is helpful for taking steps to address child specific concerns by initiating/ implementing suitable schemes backed by adequate resources.

Despite making efforts, the government was not able to bring out the New National Policy on Education while in tenure. Lack of investment towards implementing the National Plan of Action for Children constrained the agenda setting for bringing childrens' issues to the fore. Together these two form the substance of the missed opportunities during the era of NDA II.

PERSONS WITH DISABILITIES

Highlights

"This is not an interim Budget, but a vehicle for the nations' development. Development became a *Jan Andolan* (people's movement) under the present Government"- Budget Speech.

The Nation's vehicle has left without even referring to persons with disabilities in the interim. Neither under Infrastructural development, nor under rural and urban development, skill development or employment, persons with disabilities find a mention. The Government has missed the opportunity to reframe the existing policies and programmes across sectors to effectively include persons with disabilities to give effect to the objectives of Rights of Persons with Disabilities Act 2016.

Promises and Policies

The BJP manifesto relies on a welfare approach towards persons with disability in building a caring society and a responsive government instead of a rights-based approach towards building an inclusive society and a responsive government. The highlights of the BJP manifesto include passage of the Rights of Persons with Disabilities' Act, universal ID card for accessing benefits, accessible public buildings, transport and facilities and maximum economic independence. It has also committed for higher tax reliefs for family members taking care of the disabled.

The *NITI Aayog's* three-year action agenda has recognised the need for institutional reforms, cross sectoral recognition of the issues concerning persons with disabilities apart from the need for reframing the existing schemes and the corresponding budget allocation. The priorities include estimates of persons with disabilities, improving accessibility through the flagship programme access India Campaign, strengthening education, enhancing employability, establishing institutions such as regional Rehabilitation Council of India (RCI), centres for disability sports, Indian sign language Institute and 20 spinal cord injury centres. The agenda also commits for enhanced supply of assistive devices and issue of universal ID cards. The action agenda re-emphasised the constitutional mandate of the states to secure right to education, work and public assistance within the economic capacity and level of development[1].

Performance Evaluation in Comparison to the Commitment

Table 11.1: Allocation by Union Government Specific to Persons with Disabilities (Rs. crore)

Year	Specific fund allocated to persons with disability as available in the demand for grants	Allocation for the persons with disabilities in the total Union budget (per cent)
2014-15 (BE)	2062.9	0.11
2015-16 (BE)	1956.2	0.11
2016-17 (BE)	1998.9	0.10
2017-18 (BE)	2140.0	0.09
2018-19 (BE)	2793.9	0.11
2019-20 (BE)	1942.2	0.07

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

Note: 1. For the purpose of the table above Budget Estimates is used

2. Financial allocations as much as the availability of disaggregated data has been considered.

3. Includes allocations by DEPwD, IED Component of SSA (included till 2017-18 and IED till high school in 2018-19), Allocations to Institutes of Mental Health and NMHP of MHFW, IGNDP of Rural Development

[1] http://niti.gov.in/writereaddata/files/coop/IndiaActionPlan.pdf

For all the commitments vide the election manifesto, *NITI Aayog's* three-year action agenda, the allocation towards persons with disabilities that could be disaggregated has not increased adequately and follows a decreasing trend from the financial year 2017-18.

On the commitment towards cross sectoral recognition of issues concerning persons with disabilities:

Only eight ministries has mention of persons with disabilities as part of their policies and programmes. However, data disaggregation is available only for three out of the eight ministries which includes Ministries of Human Resource Development (MHRD), Ministries of Health and Family Welfare (MHFW) and Ministries of Rural Development (MoRD).

Ministry of Social Justice and Empowerment (MSJE)- Department for the empowerment of persons with disabilities under MSJE, is the nodal department for persons with disabilities.

Table 11.2: Allocation by the Department for the Empowerment of Persons with Disabilities (MSJE) (Rs. crore)

Year	BE	RE	Actuals
2014-15	632.9	441.1	403.3
2015-16	636.8	610.9	554.9
2016-17	783.6	783.5	772.6
2017-18	855	955	922.5
2018-19	1070	1070	NA
2019-20	1144.9	NA	NA

*Source:*Compiled by CBGA from Union Budget document, various years
Note: It is to be noted that between 2014-15 and 2018-19, Rs.354.54 crore remain unspent. However, the gap between allocation and utilisation is reducing.

MHRD – *Sarva Shiksha Abhiyan* (SSA) has a specific component to include persons with disabilities (discussed later in this section), similarly *Rashtriya Madhyamik Shiksha Abhiyan* (RMSA) has a component for Inclusive Education for Disabled in the Secondary Stage (IEDSS). The other programmes of the Ministry have no specific mention of persons with disabilities and the design of the scheme is not aligned to be responsive for persons with disabilities. There is a lack of disaggregated data under the UGC schemes to include persons with disabilities such as Higher Education for Persons with Special Needs (HEPSEN).

Table11.3: Allocation by the Department of Health and Family Welfare towards Persons with Disabilities (Rs. crore)

Year	BE	RE	Actuals
2014-15	431.4	446.7	383.5
2015-16	438	446	351.6
2016-17	293	417.1	413
2017-18	465.9	479.4	470.8
2018-19	492.6	467.7	NA
2019-20	550	NA	NA

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

Table11.4: Allocation towards Indira Gandhi Disability Pension by the Ministry of Rural Development (Rs. crore)

Year	BE	RE	Actuals
2014-15	492.7	342.8	345.1
2015-16	334.2	334.1	288

Year	BE	RE	Actuals
2016-17	279.3	279.3	239.1
2017-18	274.3	249	231.4
2018-19	277.1	259.2	NA
2019-20	247.4	NA	NA

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

Implementation of Rights of Persons with Disabilities Act 2016

It is appreciated that the government has enacted the Rights of Persons with Disabilities Act 2016 and the Mental Health Care Act 2017 with the objective to implement the convention on the rights of persons with disabilities in India. However, no financial commitment has been made towards implementing the Act across the States and many state governments are yet to pass rules to give effect to this Act. The fund allocated for the Scheme for the Implementation of persons with disabilities Act (SIPDA) has been primarily used for implementing the accessible India campaign, skill development programme and the scheme for raising awareness[2]. The Strategy for New India @75 document has mentioned a 5 per cent allocation of resources across social sectors to be earmarked for persons with disabilities[3]. However, there has been no guideline or circular to this effect so far.

Commitment to ensure accessibility

Accessible India Campaign is a nation-wide flagship campaign designed by the Ministry of Social Justice and Empowerment for achieving universal accessibility[4]. So far funds have been released to retrofit only 56 per cent of the total buildings for which access audit has been completed and reported and only 25 per cent of the government websites selected are made accessible. The main cause of concern with this campaign is that it is urban centric. Lack of universal design and accessibility has been a cause of discrimination and restriction experienced by all persons with disability irrespective of their place of residence. Given that the majority of persons with disabilities live in rural areas, this campaign is clearly inadequate.

The trend in allocation for SIBDA that covers Accessible India Campaign, Skill development and awareness raising some of the key commitments reveal the following. It is to be noted that the accessible India Campaign was launched in the year 2015-16.

Table 11.5: Trend in allocation for SIBDA (Rs. crore)

Year	BE	RE	Actuals
2014-15	71	55.3	43.1
2015-16	118.0	79.2	16.1
2016-17	193	193	186.3
2017-18	207	257	272.3
2018-19	300	258	NA
2019-20	330	NA	NA

Source: Compiled by CBGA from Union Budget document, various years
Note: 1. It could be observed that the scheme is underspent in all the years specified except in 2017-18. 2019-20 finds only a marginal increase compared to the extent of commitment made under the programme.

Strengthening Education

On the commitment towards strengthening education among persons with disabilities, the

[2] https://www.indiabudget.gov.in/OutcomeBudgetE2018_2019.pdf
[3] http://niti.gov.in/writereaddata/files/Strategy_for_New_India.pdf
[4] http://disabilityaffairs.gov.in/content/accessible_india.php

government has identified national fellowship programme to be one of the key programmes apart from the programmes SSA- Inclusive Education, IEDSS under RMSA of the Ministry of Human Resource Development.

Table11.6: Allocation for the scholarship programmes by the Department for the Empowerment of Persons with disabilities (Rs. crore)

Year	BE	RE	Actuals
2014-15	26	10.8	7.5
2015-16	18	28.8	23.8
2016-17	31.2	42.	40.2
2017-18	50.4	67.5	56.
2018-19	75.7	125.4	NA
2019-20	125	NA	NA

Source: Compiled by CBGA from Union Budget document, various years
Note: Under utilisation is a major issue that is observed. The C&AG report identifies lack of proposal as an issue for underutilisation for the year 2016-17 and the years prior to this.

Table 11.7: Trend in allocation to Inclusive Education Component of SSA – Ministry of Human Resource Development

Year	Allocation to Inclusive Education (Rs. crore)	Increment in allocation to IED from the previous Year (Rs. crore)
2013-14	450.9	
2014-15	506	55.1
2015-16	547.2	41.2
2016-17	572.8	25.6
2017-18	544.8	27.9
2018-19	953.8	(include allocation till secondary level)

Source: http://seshagun.nic.in/pab1718.html & https://www.indiabudget.gov.in/ub2018-19/eb/sbe57.pdf

Status of establishments of Institutions

Table 11.8: Allocation to Rehabilitation Council of India under DEPwD (Rs. crore)

Year	BE	RE	Actuals
2014-15	6.2	4.3	5.4
2015-16	4.9	4.9	5.5
2016-17	6	6.23	6.23
2017-18	6.4	6.4	5.7
2018-19	7.2	5.2	NA
2019-20	5.00	NA	NA

Source: Compiled by CBGA from Union Budget document, various years
Note: There has been only marginal increase to the allocation to RCI, which is a regulatory body for professionals working with persons with disability, during 2014-15 to 2018-19 now starts declining. This is also responsible for curriculum development for training of professionals. The commitmentvide the three year action agenda of establishing regional centres will require additional allocation, which has not been provided for.

Indian Sign Language Institute, the XI plan commitment, is yet to find adequate allocation to meet the demands of the need for sign language interpreters and the development of Indian sign language. It could be observed from the table below that there is decreasing trend increment to this component. Institute for Universal Design one of key aspect towards ensuring accessibility finds a marginal allocation of Rs. 50 lakhs and the disability sports development get a similar allocation.

Table 11.9: Allocation to Indian Sign Language Institute (Rs. crore)

Year	BE	RE	Actuals
2015-16	NA	NA	0.3
2016-17	3.0	3.0	3.0
2017-18	4.5	5.5	4.5
2018-19	5.0	5.0	NA
2019-20	5.0	NA	NA

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

Performance of the State

Given that the issues of persons with disability is recognised as a State subject, the analysis done on the budget document of the states and union territory specifically allocations through the nodal department revealed huge diversity in prioritising the issues of persons with disabilities. The per capita allocation towards the specific expenditure for persons with disabilities range between Rs. 5/ year/ person in Gujarat to nearly Rs.15000/ year / person in Pondicherry. Nearly 19 States allocate less than Rs.1000/ per person/ per year. It is also observed that the Union Government's failure to supplement the States adequately to address the issues experienced by persons with disabilities recognising the huge diversity among states. The Union Governments contribution to specific expenditure towards persons with disabilities is only approximately 14 per cent in 2015-16, 17 per cent in 2016-17 and 16 per cent in 2017-18.

Conclusion and reflection

Overall, it could be concluded that though there are commitments to implement the laws of the land, without adequate allocation and effective implementation much remains at an aspirational level. The Government has missed the opportunity to reframe the existing policies and programmes across sectors to effectively include persons with disabilities to give effect to the objectives of Rights of Persons with Disabilities Act 2016 (RPDA).

Both the three-year action agenda and the Strategy for New India document talks elaborately on the need for data and statistics, no effort has been made to disaggregate administrative and financial data that allows for effective monitoring and accountability. The NSSO draft survey[5]circulated in 2018 document has been designed without substantive consultation with the disability movement and has been criticised widely for its complex nature. Given that the next census is approaching, there is no movement towards adopting internationally comparable tool for collecting data on persons with disabilities example Washington Group Questions on Disability Data.

Though tax relief to families and individuals with disabilities almost equals allocation to the department for the empowerment of persons with disabilities, there is a need to respond to the question who benefits out of this? This is critical when nearly 79.9 per cent of the families living with less than Rs.150/ day without adjusting to the additional cost of disability[6].

Table 11.10: Tax relief under Section 80 (U) & 80 (DD) (Rs. crore)

Particulars	Nature of tax relief	2015-16	2016-17	2017-18
Income Tax Exemption	Union Government 80(U)	312.7	269.4	352.7
	80(DD)	413.8	406.4	532.1

Source: https://www.indiabudget.gov.in/ub2018-19/rec/annex7.pdf

[5] http://mospi.nic.in/schedule-instructions
[6] http://secc.gov.in/categorywiseIncomeSlabReport?reportType=Disableper cent20Memberper cent20Category# - accessed on 02.01.2019

Government has failed to implement the International Labour Organisation's recommendation 202 that looks at effective social protection measures after taking into account the additional cost of disability.

Despite the RPDA 2016 having a dedicated section on social audit and impact evaluation, the government has failed to establish it for programmes and schemes related to persons with disabilities.

Community Based Rehabilitation in mission mode is recognised as key programme by the strategy document to support the majority of persons with disabilities living in rural areas. There is no recognition accorded to this commitment.

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

SCHEDULED CASTES

Highlights

- There has been an increase in the allocations reported under Statement 10A - Schemes for Welfare of Scheduled Caste (SCs) - but this should be seen in the context of dilution of the strategy of Scheduled Caste Sub-Plan post the merger of plan and non-plan heads of budget.
- Despite the increase in the budget allocations reported in Statement 10A, the total allocations remain at nine per cent and fail to meet the stipulated norm of 16.6 per cent.
- While the schemes for SCs being categorised as "Core of the Core" in the restructuring of the CSS, the allocations for most of the schemes have remained almost stagnant over the years, with implementation of certain important schemes like Post Matric Scholarship, Scheme for rehabilitation of Manual Scavengers, among others, suffering due to inadequate funding.

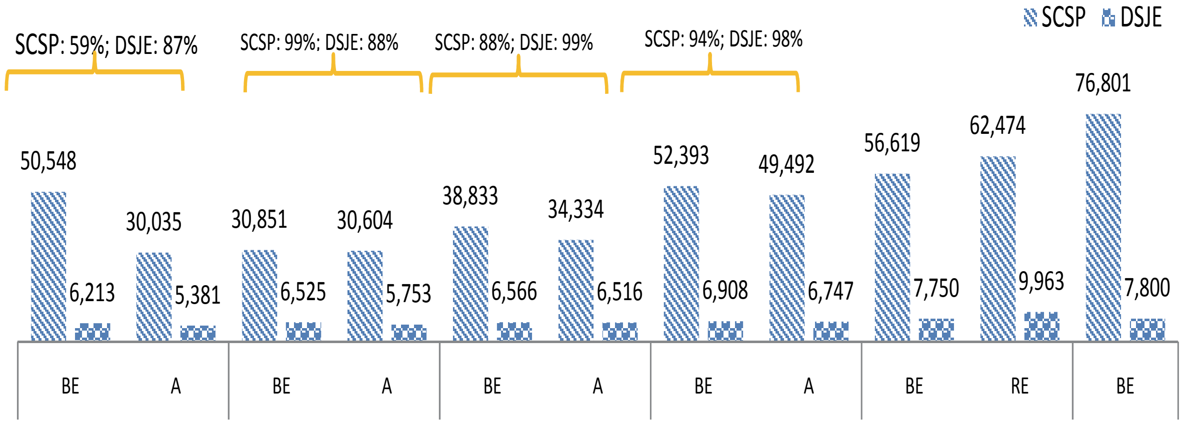
The ruling party came to power with a stated commitment in its Election Manifesto to bridging the gap between Scheduled Castes (SCs) and the rest of the population, following the principles of social and economic justice, along with political empowerment. Yet, the five years of the government's rule have hardly seen any improvements in the overall well-being or status of the SCs. If anything, the last few years have been marked by increasing incidents of violence against the SCs, especially cases of mob lynching, several cases of reported deaths of people engaged in manual scavenging and no visible improvements in the overall socio-economic well-being of SCs. The SC households comprise the lowest to wealth quintiles, have restricted access to higher education and hence, employment opportunities and one of the worst nutritional and health indicators among all social groups. Compounding the issue further, is the persistent discrimination and ostracisation faced by the community placing them at the fringes of the editing.

In fact, some of the budgetary changes introduced in the last few years have led to dilution of the key budgetary strategies for the holistic development of SCs, with the overall budgets for the nodal department of SCs – Department of Social Justice and Empowerment (DSJE) – and for most schemes benefitting SCs not increasing as per need.

Budgets for Scheduled Castes

Over the last few years, the allocations for Scheduled Caste Sub-Plan (SCSP) have seen some fluctuations (Figure 12.1). There was a significant decline in the total allocations reported under the SCSP in 2015-16 (BE) from 2014-15 (BE) and the allocations declined by almost Rs. 20,000 crore in absolute terms. This was largely attributed to the changed fund-sharing pattern of most Centrally Sponsored Schemes (CSS) where the contribution of the Union Government had reduced. The subsequent years have seen an increase in the overall allocations for SCSP, with the greatest increase in 2019-20 (BE) [Rs. 76,801 crore) from 2018-19 (BE) [Rs. 56,619 crore]. This increase is largely on account of increase in departmental budgets for Agriculture, Cooperation and Farmers' Welfare, Health and Family Welfare, School Education and Literacy, Women and Child Developments, among others, translating into higher allocations being earmarked for SCs. However, most of these increased outlays may not benefit the SCs since the general sector schemes are often designed keeping in mind the specific challenges confronting SCs. For example, income security scheme under Ministry of Agriculture and Farmers' Welfare will leave out most SC farmers as most of them do not own land.

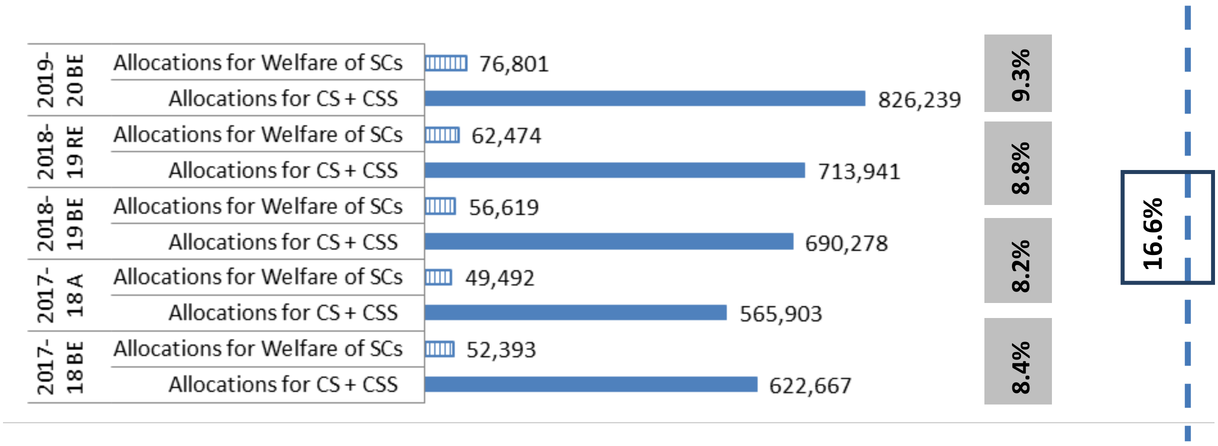
Figure 12.1: Allocations for Welfare of Schduled Castes (in Rs. crore)



Source: Compiled by CBGA from Union Budget documents, various years
Note: Figures in per cent shows utilisation levels

Further, even these increased allocations are much below the stipulated norms for earmarking funds for welfare of SCs. After the merger of plan and non-plan heads of expenditure, the Union Government directed the ministries to report funds under SCSP from total scheme outlays in proportion to SCs' share in total population. This approach itself is far from perfect, as it does not incentivise the ministries to identify specific challenges confronting SCs in their respective sectors and introduce additional measures for addressing the same. Rather, the approach is to earmark funds from existing schemes, which may not be designed to cater to specific needs of the SCs. At times the appropriateness of the schemes being reported in also a concern; for example, inclusion of interventions such as Geological Survey of India or Indian Bureau of Mines in SCSP to address specific needs of SCs is questionable. In absence of a denominator for computing the SCSP proportions, the same have been computed from the total of Central Sector and CSS funds, in place of Plan funds for the period from 2017-18 onwards. Even with this narrow approach, allocations are far from meeting the stipulated norms of earmarking as per SCs' population share, falling far short of the required amounts (See figure 12.2).

Figure 12.2: Allocations for Welfare of Scheduled Castes (in Rs. crore and per cent)



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

Budgets for Department of Social justice and Empowerment (DSJE)

The DSJE's total budget only increased from Rs. 6,213 crore in 2014-15 (BE) to Rs. 7,800 crore in 2019-20 (BE), which is only a 25 per cent increase over a five year period (Figure 12.1). During the same period the total budget of the Union Government increased by almost 50 per cent. The marginal increases in the department's overall budgets is reflected in the almost stagnant allocations for the key schemes of the DSJE over the last five years, some of which have been consistently underfunded.

Table 12.1 Budgetary Outlays for Major Schemes under DSJE (Rs. crore)

Major schemes	2014-15		2015-16		2016-17		2017-18		2018-19		2019-20
	BE	A	BE	A	BE	A	BE	A	BE	RE	BE
Schemes for Educational Development of SCs*	2442	2670	2550	3046	3647	3585	3863	3818	3670	6425	3715
Of which:											
Post-Matric Scholarship	1500	1960	1599	...	...	2799	3348	3414	3000	6000	2927
Pre-Matric Scholarship for SC Students	834	514	843	...	...	507	50	63	125	109	355
Pradhan Mantri Adarsh Gram Yojana	100	30	200	196	90	63	40	39	70	140	180
Strengthening of Machinery for Enforcement of Protection of Civil Rights Act 1995 and Prevention of Atrocities Act 1989	90	147	91	119	150	223	300	356	404	404	490
Self-Employment Scheme for Rehabilitation of Manual Scavengers	439	0	461	0	10	0	5	5	20	70	30
Special Central Assistance to Scheduled Caste Sub plan	1038	700	1091	800	800	798	800	731	1000	900	1300
Interventions for Entrepreneurial Development of SCs**	...	...	...	...	259	248	238	203	327	197	225
Other programmes of the Department of Social Justice and Empowerment***	...	...	...	...	199	203	194	193	99	68	99

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

Notes: *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 Enterpreneurial 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, State Scheduled Castes Development Corporations 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, Other schemes for welfare of SCs

- The Post Matric Scholarship scheme, an important scheme for promotion of higher education among SC youth has been consistently underfunded, constraining its implementation and outreach

(CAG Audit 2018). While the department had asked for a higher budget (Rs. 11,028 crore) for FY 2018-19, it got a much lesser amount, leading to arrears to the tune of Rs. 8,000 crore under the scheme. Though the Ministry of Finance had assured in 2018-19 that the pending arrears will be cleared, proportionate allocations were not made. Moreover, the budget allocations for the scheme have reduced in 2019-20 (BE) as compared to 2018-19, despite the high demand for the scheme and existing pending dues. This, in turn will adversely affect the outreach and implementation of the scheme, restricting its outreach and delays in scholarship disbursement. This leaves several thousands of SC students, most of whom come from economically weak backgrounds with sole dependence on scholarship money for subsistence, in untenably precarious situations, causing several to drop out of the education system.

- Self-Employment Scheme for Rehabilitation of Manual Scavengers (SRMS) is another critical scheme whose implementation remains poor despite the enactment of the "Prohibition of Employment as Manual Scavengers and their Rehabilitation Act, 2013". Under SRMS, the Union Government had allocated Rs. 439 crore and Rs. 461 crore in 2014-15 (BE) and 2015-16 (BE) respectively. However, the total allocated fund remained unutilised in both the years. Subsequently there was a steep decline in the allocation for the scheme in subsequent years. Reports from ground reveal that the implementation of the scheme remains poor with issues in identification of manual scavengers, poor awareness among beneficiaries and cumbersome processes to avail the scheme benefits.

- Most of the schemes implemented by the DSJE have seen a marginal increase in their allocations in the current budget. However, budgets for schemes promoting economic empowerment of SCs, which was a stated focus area of the government, have seen a decline in 2019-20 (BE) from 2018-19 (BE).

Summing Up:

The Union Budget 2019-20 has been unremarkable for the SCs. The visible increase in budgets for SCs as reported in the Statement 10A is largely a result of increases in the departments' budgets translating into incidental increase in funds reported in SCSP. Moreover, this too falls short of the stipulated norm of 16.6 per cent. There are also concerns regarding the appropriateness of schemes being reported in the SCSP. The approach towards the nodal department for SCs - DSJE - remains business as usual, with important schemes remaining underfunded despite the department raising demand for greater allocations since last few years. Unless, the government significantly steps up provisioning for SCs across sectors, SCs would continue to remain among the most deprived sections of our society.

SCHEDULED TRIBES

Highlights

- There has been a significant increase in the allocation on Schemes for the Welfare of Scheduled Tribes (STs) (Statement 10B) in 2019-20 (BE) over the 2018-19 (BE). However, this increase is a result of the increase in the budgets for different departments, translating into increased incidental benefits for STs, and not a result of introduction of any new schemes or programmes for STs.
- Despite increase in the allocations under Statement 10B, these allocations remain below the stipulated population norm of 8.6 per cent for Tribal Sub-Plan (TSP).
- The budgets for Ministry of Tribal Affairs (MoTA) have seen an increase in the last five years, but the increase has been marginal, despite relatively high levels of fund utilisation by the ministry.

STs, one of the most deprived sections of our society, have failed to adequately benefit from the development strategies of the State over the years. The STs face a multitude of development deficits owing to their exclusion from the mainstream growth trajectory, geographical isolation leading to poor access to public service delivery, persistent discrimination and rising incidents of violence, and a host of socio-cultural-political factors which lead to poor development indicators across all spheres of well-being. The issue is compounded by the failure of the State to effectively implement legislations pertaining to STs, such as the Forest Rights Act and Panchayats (Exclusion to Scheduled Areas) or PESA. These acts are vital for initiating tribal-led development, but are yet to be implemented in letter and spirit. The present government in its election manifesto had committed to “make a comprehensive, all-encompassing long-term strategy to empower tribals and ensure their welfare” while preserving their unique identities. The government’s performance cannot be fully assessed unless the effects of its policies and fiscal measures on one of the most marginalised sections of population, STs, is analysed.

The last few years have seen important changes which have had an impact on the budgets for STs. These include:

- <u>Abolition of Planning Commissio</u>n, which was the nodal body for monitoring the implementation of the TSP - a fiscal strategy for ensuring overall development of STs. In the present set-up, monitoring of TSP is the nodal responsibility of the Ministry of Tribal Affairs.

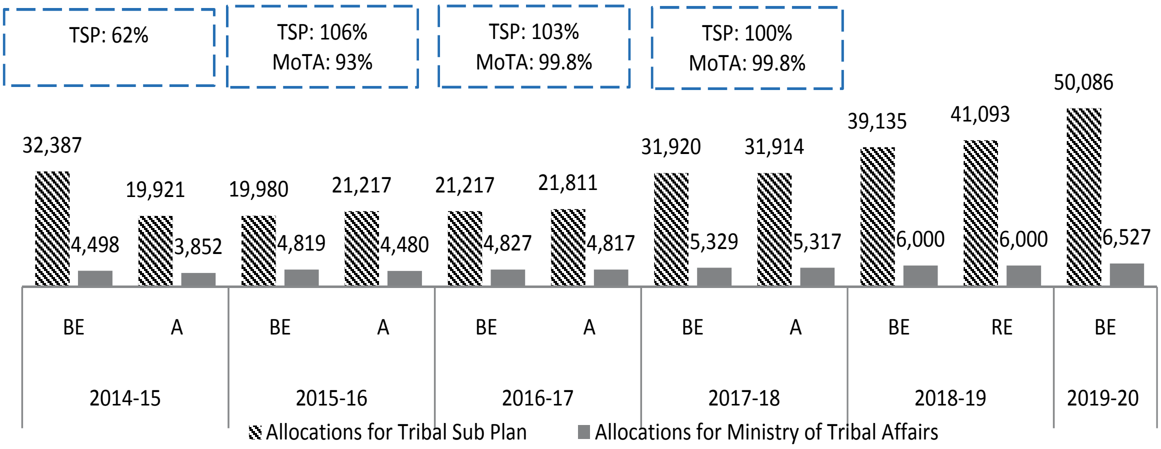
- <u>Merger of Plan and Non-Plan heads of budget in 2017-18</u>: The TSP stipulated earmarking of budgets for the overall development of STs in proportion to their share in the total population (8.6 per cent as per Census 2011) from the plan budget of the government. However, post this merger, the base from which the earmarking was to be done was lost and a revised formula for earmarking funds under the TSP was not formulated. Instead, the Union Government directed the ministries to earmark funds under the TSP from their respective total scheme budgets.

Budgets for Scheduled Tribes

Analysis shows that in absolute terms both the budgets for TSP and nodal ministry of STs - the MoTA have increased in the last five years. However, allocations for the TSP were initially halved in 2015-16 (BE) to Rs. 19,980 crore from 2014-15 (BE) levels of Rs. 32,387 crore. These were subsequently restored in the 2017-18 (BE) and have experienced a substantial increase in allocations for 2019-20 (BE). This increase is on account of increase in the budgets for sectors like health, education, agriculture etc. where the overall budgets have increased. However, the overall increases are not on account of new schemes being introduced for STs. The increases reflected in the Statement 10B is owing to the increased budgets for general sector schemes, whose benefits may or may not reach the STs.

Also, the fund utilisation under both the TSP and the MoTA has been consistently high (Figure 13.1)

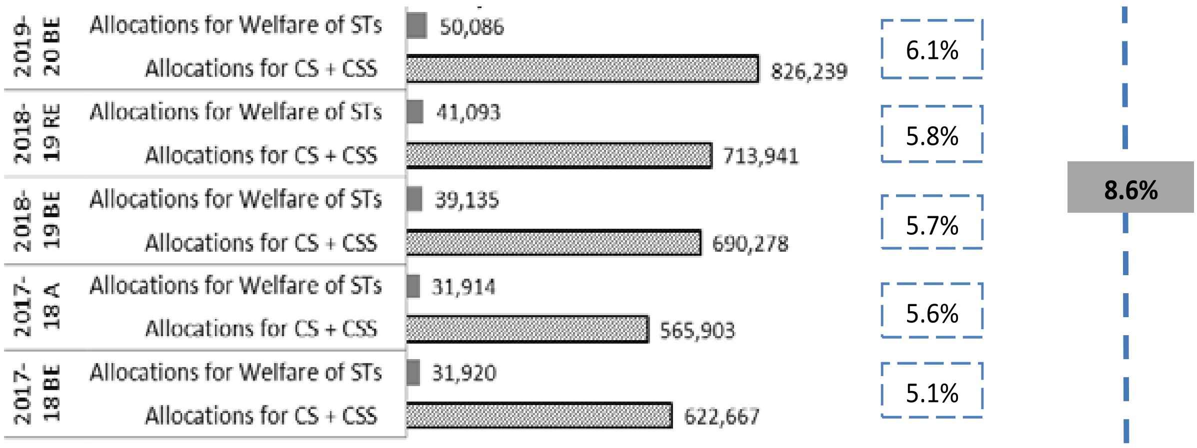
Figure 13.1 : Allocations for Scheduled Tribes (in Rs. crore) | Fund utilisation (in per cent)



Source: Compiled by CBGA from Union Budget documents, various years
Note: Figures in per cent show proportion of fund utilisation

In the absence of a denominator, the TSP proportion has been computed from the total of Central Sector and CSS funds, in place of Plan funds (for the period from 2017-18 onwards). It may be observed that the allocations for TSP remain below the prescribed minimum of 8.6 per cent, which is the population norm for TSP.

Figure 13.1 : Allocations for Welfare Scheduled Tribes (in Rs. crore and per cent)



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

Scrutiny of the budgets for MoTA shows that the allocations have increased consistently in the last five years, although the increase has been marginal (Figure 13.1). In 2018-19, the MoTA had proposed an outlay of Rs. 6659.27 crore, of which it received Rs. 6,000 crore. The ministry noted that "due to this reduced allocation the State's share shall reduce and offset the rationalization of demands made by the State Governments and converge the resources available with the State Tribal Sub-Scheme Funds". In the budget 2019-20 (BE), the allocation has been increased to Rs. 6,527 crore.

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

Major schemes	2014-15		2015-16		2016-17		2017-18		2018-19		2019-20
	BE	A	BE	A	BE	A	BE	A	BE	RE	BE
Special Central Assistance to Tribal Sub Plan	1200	1040	1250	1132	1250	1195	1350	1350	1350	1350	1350
Scheme under proviso to Article 275(1) of the Constitution	1317	1133	1367	1392	1400	1266	1500	1511	1800	1820	2295
Umbrella Scheme for Development of STs: *Vanbandhu Kalyan Yojana*	100	100	200	629	505	469	505	373	420	375	407
Umbrella Scheme for Education of ST children* *Which includes, among others:*	1058	1059	1155	1221	1505	1740	1756	1873	2038	2055	2056
Pre-Matric Scholarship	*Break-up of the budget not available*					0	265	294	350	310	340
Post-Matric Scholarship						0	1347	1464	1586	1643	1614
Ashram School						0	10	7	0	0	0
Boys and Girls Hostel						0	3	7	0	0	0

Notes: *Umbrella Scheme for Education of ST children includes Pre-Matric Scholarship, Post-Matric Scholarship, Ashram School, Boys and Girls Hostel, 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 documents, various years

Allocations for *Van Bandhu Kalyan Yojana* and Umbrella scheme for ST children have increased during the five year period. This is a welcome development and in line with the stated commitment of the government to ensure overall development of STs, particularly their education.

One scheme which does not seem to have done well is the National Overseas Scholarship Scheme, which has not achieved desired results during the 12th Five Year Plan and the number of students going abroad have not been more than 20 in the last five years. The Departmentally Related Standing Committee on the Detailed Demand for Grants of the MoTA for 2018-19 noted that the Ministry have levied very stringent norms in the process of selection of candidates under the scheme and these norms need to be relaxed to if more tribal students are to be promoted and given benefits of the scheme.

Summing Up

STs continue to comprise one of the most vulnerable sections of our society, with different studies and surveys (such as NFHS-4) showing that the pace of development for STs has not been satisfactory. The issue is made more challenging given the recent developments which have led to the dilution of an important budgetary strategy – the TSP – which was started to address multiple development deficits confronting the STs through targeted and policy-driven interventions. Moreover, the interventions by the MoTA continue to remain limited in scope and outreach. The situation is more complex given the weak implementation of the protective legislations like the PESA and FRA among others. Unless the government takes up the issue of the development of STs seriously, and takes immediate measures to address the multitude of issues confronting STs, the situation will not change.

MINORITIES

Highlights

- From the analysis, it clearly reflects that promises made in the BJP manifesto could not be translated into policy action with regard to providing adequate education, sufficient represntative in public employment and better access to credit to minorities during last five years.
- Total expenditure reported for minorities by Union Ministries and Departments through 15 Point Programme (PP) and Multi-Sectoral Development Programme (MSDP) has shown a declining trend in the total expenditure since 2014-15. It may be noted that less than 0.5 per cent of the total Union Budget for 2017-18 has been reported for the development of minorities.
- The budget allocation by Ministry of Minority Affairs (MoMA) has seen a nominal increase over the last five years. It remains unchanged in this budget. However, the fund utilization of MoMA has been poor in 2014-15 and 2016-17.
- Major programmes like the MSDP and PM's New 15 PP for Welfare of Minorities have not been implemented properly during last five years.

Backdrop

In 2014, BJP in its manifesto mentioned that "it is unfortunate that even after several decades of independence, a large section of the minority population, and especially Muslim community continues to be stymied in poverty. Modern India must be a nation of equal opportunity. BJP is committed to ensure that all communities are equal partners in India's progress, as we believe India cannot progress if any segment of Indians is left behind". However, the Minister of Finance has not even mentioned a word on the development of minorities in his last budget. A key *NITI Aayog* report (2017) says that "Muslims constitute the largest religious minority and lag behind others in terms of economic, health and education parameters. The participation of Muslims in salaried jobs is also low. Muslim workers are largely concentrated in the informal sector which is characterised by low wages, poor working conditions and little or no social security" (The Three Year Action Agenda: *NITI Aayog*, 2017).

The Strategy Document, 2018 aimed at to bridge the gap between minority communities and the rest of the population with respect to various socio-economic and human development indicators through affirmative action. The document says that the improvements have been made on several fronts, however, the religious minorities lag behind on certain indicators pertaining to educational attainment, gender equality and workforce participation. The highest proportion of out of school children in the country belong to Muslim communities (4.43 per cent), followed by Hindus (2.73 per cent), Christians (1.52 per cent) and others (1.26 per cent).The proportion of households in urban India with casual labour and self-employment as the dominant income source was the highest among Muslims at 15 per cent and 50 per cent respectively. The Workforce Participation Rate among Muslims, Sikhs and Jains was lower than the national average according to Census 2011 (The Seven Year Strategy Document: *NITI Aayog*, 2018). For Muslims, the share of informal and formal employment is 96.18 and 3.82 per cent respectively, whereas formal employment at national level is 8 per cent.

Assessment of BJP Manifesto in terms of Policy Action

The assessment shows that promises made in the BJP manifesto could not be translated in to policy action with regard to education, employment and access to credit during the last five years (see box 14.1). Firstly, Government could not make scholarship Schemes for minorities demand driven. The scholarships were provided to an average of 30 lakh students in Pre-Matric, five lakh in Post-Matric and 60000 in Merit-cum-Means annually against number of applications received about 1.07 crore, 14.85 lakh and 1,75,000 respectively. Nearly, 85 lakh students belonging to minority communities every year are left out of these Schemes. Departmental Standing Committee said that the budgetary allocation for Pre-Matric Scholarship is not adequate. Hence, to make the scholarship demand driven, the financial requirement for the 80 per cent of Muslim students up to elementary level should be Rs. 2493 crore instead of current allocation of Rs. 950 crore, excluding the higher income group of Muslim children up to elementary level (roughly 20 per cent). The MoMA has not been able to utilize the allocated amount properly in the previous year. The concerns were also raised about inadequacy of the amount of Pre-Matric, Post-Matric and Merit-cum-means scholarships given to the students (Departmentally Standing Committee on Social Justice- Demand for Grants, Ministry of Minority Affairs 2018-19).

Box 14.1: Election Manifesto Promises of BJP vs. Policy Action during last five years

S.No.	Election Manifesto Promises of BJP	Policy Action during last Five years
1	Ensure that the young, and the girl child in particular get education and jobs without discrimination.	No policy action on providing education and jobs
2	Strengthen and modernize minority educational systems and institutions; dovetailing them with modern requirements. National *Madrasa* modernization programme would be initiated.	Budget Allocation for Scheme for providing Education to *Madrasas*/ Minorities reduced to Rs. 120 crore in 2019-20 from Rs. 375 crore in 2014-15
3	Empower with vibrancy in Livelihood and Entrepreneurial opportunities	New Schemes were introduced by the government called *Garib Nawaz Kaushal Vikas Yojana* and Upgrading Skills and Training in Traditional Arts/ Crafts for Development (USTTAD)
4	Augment their traditional artisanship and entrepreneurial skill, which are a backbone of our cottage and small-scale industry - strengthening these sectors through better market linkages, branding and access to credit.	
5	Empower *Waqf* Boards in consultation with religious leaders; taking steps to remove encroachments from and unauthorized occupation of *Waqf* properties.	No new policy initiative was taken. Old scheme on *Waqaf* renamed as *Quami Waqf* Board *Taraqqiati* Scheme and *Sahari Waqf Sampati Vikas Yojna*
6	Curate their rich heritage and culture - maintenance and restoration of heritage sites; digitization of archives; preservation and promotion of Urdu	New Scheme called *Hamari Dharohar* in 2014-15 with poor utilization of fund initiated
7	Ensure a peaceful and secure environment, where there is no place for either the perpetrators or exploiters of fear	The Communal Violence (Prevention, Control and Rehabilitation of Victims) Bill, 2005 is still waiting to be passed by the Parliament. Many communal incidents have happened during last five years.

Source: Ek Bharat - Shreshtha Bharat, SabkaSaath, SabkaVikas, Election Manifesto 2014 of Bharatiya Janata Party

Secondly, The data on status of recruitment of minorities (in Central Government, public sector undertakings, banks, etc.) collated by MoMA shows that per centage of minorities recruited in the total recruitment reported to be 6.24, 6.91, 7.89, 8.56 and 7.5 per cent from 2011-12 to 2015-16 against the provision of 15 per cent share for minorities by Prime Minister of New 15 Point Programme-15 PP. Government has not reported the data related recruitment of minorities in the public jobs after 2015-16. Also, religious wise disaggregated data on jobs is not reported in public domain which would have been helpful to assess the status of representation of Muslims in the public employment. It clearly reflects that minorities, particularly Muslims have not been given fair share in the recruitment process. Further, implementation of key policy initiatives after the *Sachar* Committee Report (2005), like setting up a National Data Bank, Equal Opportunity Commission (EOC) and constructing Diversity Index remained unimplemented. The reports of working groups on setting up of an EOC and Diversity Index have been submitted to the government before 2014. It aimed at to promote inclusion of excluded communities including Muslims in public institutions.

Thirdly, the data collated by MoMA clearly shows that Muslims constitute 72 per cent among the total minority population, but only account for 60 per cent of the total credit flow meant for minorities in 2017-18. Whereas, several field based studies have found that the access to credit by Muslims even negligible due to many reasons in rural areas. Finally, Multi-Sectoral Development Programme (MSDP) designed in 2008 for education, health and employment infrastructure has been renamed to *Pradhan Mantri Jan VikasKaryakram* (PMJVK) in 2018 with some modifications. Around 80 per cent of total resources are meant for the projects are related to education, skill and health. Further, 33-40 per cent of total resources was earmarked for Women oriented projects. PMJVK has increased coverage of minority concentrated areas with 308 districts/870 Blocks from 196 districts/710 Blocks covered under MSDP in 12th Plan. The total Budget allocation for *Pradhan Mantri Jan Vikas Karyakram* (Previously MSDP) has been increased to Rs. 1431.3 from Rs. 1320 crore in the revised budget of 2018-19. However, the budgetary allocation should have been increased more in this budget considering with the high increase in the coverage of area of PMJVK. Also, PMJVK will be implemented during only the remaining period of 14th Finance Commission up to 2019-20 as per the approval of the Cabinet Committee.

Assessment of the last five years of implementation of MSDP shows that there has been very low achievement in physical outcomes across components. The components like Degree College, School Building, lab equipment, teaching aid, free cycle and income generating infrastructure have poor completion rate against the unit sanctioned. It also shows that the water supply, housing and income generating infrastructure have poor completion rate against the unit sanctioned under the MSDP project and many activities under the MSDP have not yet started (Departmentally Standing Committee on Social Justice- Demand for Grants, Ministry of Minority Affairs 2018-19).

Assessing the Budgetary Allocation and Fund Utilisation for Minorities

Several Union Ministries and Departments supposed to allocate fund for development of minorities under 15 PP (100 per cent allocation), 15 PP (15 per cent allocation) and *Mantri Jan Vikas Karyakram*-PMJVK (Previously MSDP). As per our calculation, the expenditure reported for minorities by Union Ministries and Departments through 15 PP and PMJVK has shown a declining trend in the total expenditure since 2013-14. It may be noted that less than 0.5 per cent of the total Union Budget 2017-18 has been reported for the development of minorities. However, religious minorities constitute 21 per cent of total population as per census 2011. Although, the allocation for the Ministry of Minority Affairs (MoMA) has remained unchanged in this budget, however, the fund utilization of MoMA has increased to 96.7 in 2017-18 from 74 per cent in 2016-17.

Table 14.1: Fund Allocation and Utilisation for the Ministry of Minority Affairs (Rs. crore)

Year	BE	RE	Actual	per cent of Utilisation over BE
2014-2015	3,734	3,165	3,089	83
2015-2016	3,738	3,736	3654.8	97.8
2016-17	3,827	3,827	2832.4	74
2017-18	4,195	4,195	4057	96.7
2018-19	4700	4700		
2019-20	4700			

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

The MoMA being a nodal ministry is currently running many schemes related to education, empowerment, skill development and livelihood, special programmes for minorities and area development programmes like MSDP/PMJVK. The budgetary allocation has seen a nominal increase in MSDP/PMJVK and scholarship programmes like Merit Cum Means Scholarships, Pre Matric Scholarships, Post Matric Scholarships and Free Coaching over the years. However, the utilisation of funds has been the major concern in many of these schemes in the year of 2014-15 and 2016-17. Major schemes like Pre Matric Scholarships, *Maulana Azad* Education Foundation and National Minorities Development & Finance Corporation (NMDFC) have shown the decline in the budgetary allocation in 2019-20.

Table 14.2: Budget Allocation for Major Scheme under Ministry of Minority Affairs (Rs. crore)

Schemes	2014-15 (BE)	2014-15 (AE)	2015-16 (BE)	2015-16 (AE)	2016-17 (BE)	2016-17 (AE)	2017-18 (BE)	2017-18 (AE)	2018-19 (RE)	2019-20 (BE)
Maulana Azad Foundation	113	113	113	113	113	114	113	113	123.7	70
Merit Cum Means Scholarships	302	381.3	315	315	335	220	393.54	388.7	402	506
Free Coaching	22.50	31.3	45	44.8	45	40	48	45.5	74	125
Pre Matric Scholarships	990	1128.8	990	1015.7	931	369.25	950	1026	1269	1100
Post Matric Scholarships	538.50	501.3	550	552.8	550	287	550	479.7	500	530
Maulana Azad Fellowship	45	0.12	44.85	55.5	80	120	100	124.8	153	155
Grants and Equity to SCAs/ NMDFC	108	30	-	120	142	140	170	170	167	62
MSDP/PMJVK	1242	768.2	1242	1120.7	1125	1082	1200	1197.6	1320	1431.3

Source: Compiled by CBGA from Union Budget documents, various years. *Note: NMDFC: National Minorities Development and Finance Corporation;*

CLEAN ENERGY

Major Highlights

- The Finance Minister's Budget Speech highlighted that installed solar generation capacity in India has grown over ten times in the last five years. However, the actual share of renewables in total power generation stands at 7.8 per cent in 2018.
- There is a mismatch between this year's goal and the funds allocated for the scheme of Green Energy Corridor (GEC), which is primarily meant for creation of evacuation infrastructure.
- There is a need to take measures for improving the poor financial health of the state power utilities in order to generate finances for abiding with renewable energy purchase obligation and leverage investment in the sector.

Promises and Achievements

In terms of India's efforts towards increasing energy security of the country and mitigation strategies for combating climate change, promotion of clean energy has always been a focus area.

The NDA II government promiseda thrust to renewable sources of energy as an important component of India's energy mix in its election manifesto.The NDA IIgovernment increased the target of installing renewable energy capacity to 175 Gigawatt (GW)by the year 2022. Four years after the revision of the target, India's renewable energy capacity (as of December 2018) stands close to 75 GW (Table 15.1). However, despite this quantum leap in cumulative achievement of capacity addition over the past years, the nodal ministry for the sector, Ministry of New and Renewable Energy (MNRE)is consistently lagging behind in achieving its yearly target for the last two years, which can lead to failure in the achievement of overall targets set for the sector. Also, the share of actual generation from renewable sources of energy out of the total capacity addition (capacity utilisation factor) continues to be minimal at 7.8 per cent in 2018.

Table 15.1 Physical Achievements in Grid Interactive Renewable Energy in FY 2015-16 and 2018-19

Grid Interactive Renewable Energy (Capacities in GW)	Cumulative Achievement FY 2015-16	Cumulative Achievement FY 2018-19	Yearly Target FY 2018-19	Yearly Achievement FY 2018-19 (till December 2018)
Wind Power	23.7	35.1	4	0.99
Solar Power	4	25.2	11	3.6
Small Hydro Power	4.1	4.5	0.25	0.03
Biomass	4.4	9.9	0.35	0.43
Waste to Power	0.12	0.13	0	0
Total	**36.5**	**74.8**	**15.6**	**5**

Source: Physical Progress Achievements Data by MNRE

Policy Implementation in the Sector

Failure in the achievement of stipulated targets for the sector points out towards shortcomings in the government policies and implementation. The Three Year Action Agenda by *NITI Aayog* which calls for policy changes and programme for action between 2017-18 and 2019-20 recommended an increase in the country's share of clean energyup to 40 per cent by 2030 with specific targets to be achieved by 2019-20 (Table 15.2). The review of compliance with the *NITI Aayog's* recommendations reveals that most of the targets have not been achieved.

Table 15.2 Compliance Status of Three Year Action Agenda by *NITI Aayog* for Renewable Energy

Three Year Action Agenda Specific Targets for Clean Energy	Compliance Status
The renewable energy capacity of 100 GW should be achieved by 2019-20 .	Grid connected capacity addition reached 75 GW by 2018. Addition of another 25GW by 2019 seems a distant target.
The off-grid target of 40 GW of solar energy by 2022 with a target of achieving 20 GW capacity by 2019-20.	Off-grid capacity achieved by 2018 is 1.1 GW, whichmakes the target seems unattainable.
Two phases of Green Corridor project should be executed so as to evacuate the renewable generation available in 2019-20. A target was set for installation of over 8500 ckt-kms (Circuit kilometres*)* of transmission.	As on December 31, 2017, work related to installation of transmission towers stands at 1100 ckt-kms. The targeted installation of over 8500 ckt-kms seems unattainable in the coming days.

Source: CBGA compilation

The allocations under the Union Budget 2019-20 are not adequate to serve the recommendations of *NITI Aayog*. The budget allocated is Rs. 12,354 crore to MNRE with an increase of 14 per cent from 2018-19 (RE). The budget for MNRE comprises of Internal and Extra Budgetary Resources (IEBR) as well as Gross Budgetary Support (GBS). It is also striking that there is no allocation under GBS for MNRE in the budget 2019-20 (BE). Since 2011, a bulk of the budgetary allocations for MNRE came from National Clean Energy Fund (NCEF). It would be an acid test for MNRE to serve its mandate, in the absence of NCEF as it has been subsumed under GST compensation to states since 2017-18.

Table 15.3: Budgetary Allocations for MNRE (in Rs. crore)

Year	IEBR	GBS	NCEF
2014-15(BE)	3,000	295	1,578
2014-15(A)	3,291	95	1,977
2015-16(BE)	3,373	95	2,500
2015-16 (A)	6,113	92	3,990
2016-17(BE)	9,193	100	4,947
2016-17(A)	8,641	100	3,836
2017-18(BE)	8,244	50	5,342
2017-18(A)	10,491	50	3,688
2018-19(BE)	10,317	-	-
2018-19(RE)	10,835	-	-
2019-20 (BE)	12,354	-	-

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

Within the overall proposed outlay for MNRE, allocations for various programmes present a mixed picture. There is a visible step towards eco-friendly renewable energy production through an increase of 8 per cent and 40 per cent in allocations for Grid Interactive Renewable Power and Scheme for Research and Development respectively in the Union Budget 2019-20 from 2018-19 (RE). While off-grid / distributed and decentralized renewable power can help the government to tackle the issues of non-availability of grids and improving energy access, its allocation has further declined by 26 per cent in 2019-20 (BE). There also seems to be a mismatch between this year's goal and the funds allocated for the scheme of Green Energy Corridor (GEC). More specifically, it is to be noted that the target for transmission line installations in 2019-20 under GEC scheme is eight times more than the achieved target; however the budget has only being increased by 40 per cent. Underfunding of the scheme is likely to result in financial losses for renewable plants because of curtailments due to non-availability of grid (Table 15.4).

Table 15.4: Allocations for Programmes / Schemes under MNRE (in Rs. crore)

Key Programmes / Schemes	2014-15 (A)	2015-16 (A)	2016-17 (A)	2017-18 (A)	2018-19 (BE)	2018-19 (RE)	2019-20 (BE)
Grid Interactive Renewable Power	1,845	2,468	2,824.2	2,555.5	3,763	3,963.1	4,272.1
Off Grid / Distributed and Decentralized Renewable Power	160	97.1	689	990.1	1,037	940	688
Research, Development & International Cooperation	127	106	227	72.9	94.02	43	60
Green Energy Corridor	-	-	-	500	600	500	700

Source: Compiled by CBGA from Union Budget documents.

Opportunities Missed and Gaps in the Union Budget 2019-20

The budget allocations over the last five years have not done complete justice to providing the necessary public investment in the clean energy sector. The focus should not only be on maintaining the existing allocations but also to ensure that there are additional funds for improving the readiness of the government to meet the stipulated targets.

Going ahead, the following recommendations will have to be prioritised for clean energy promotion:

- The existing national plans for grid integration must be upgraded to appropriately reflect the country's long term renewable target of 597 GW by 2040 as per the National Energy Policy draft, 2017.

- Off-grid renewable energy has received little policy support in India. Hence there is a urgent need to plan for increasing the share of off-grid renewable energy generation with adequate funding and financing instruments.

- The growth in solar capacity has been overwhelmingly built on 90 per cent share of imported Photovoltaic modules which clearly a policy failure in respect of promoting local manufacturing. There is a need to introduce policy measures for increasing local manufacturing of renewable energy technology.

- Punitive measures need to be taken for strengthening the poor financial health of the state power utilities in order to generate finance for abiding with renewable energy purchase obligation and leverage investment in the sector.

TAX AND FINANCIAL TRANSPARENCY

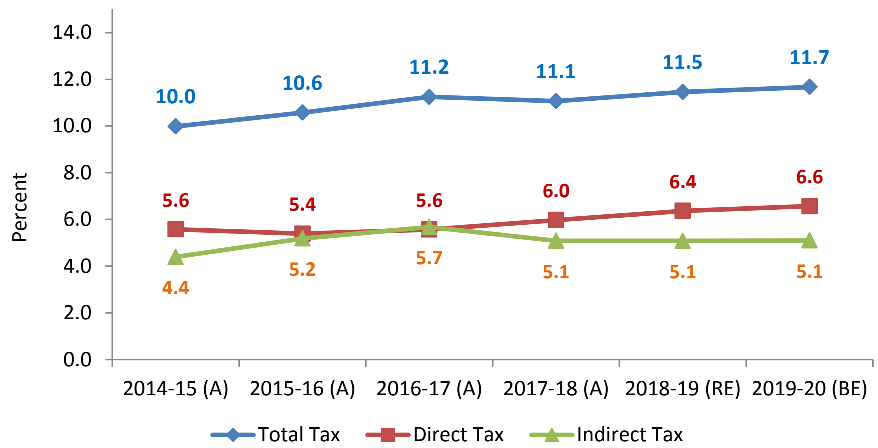
Highlights

- The changes in rates and slabs of various direct and indirect taxes present a complicated overview of the NDA II government's approach to India's tax system. While the corporate tax rate has reduced, and the personal income tax threshold is higher, the surcharge has been increased on richer taxpayers.
- Despite a small increase over the last five years, India's current tax-GDP ratio is starkly low, when compared to other large developing countries, putting the country at risk of not being able to meet its commitments under the Sustainable Development Goals.
- Indirect taxes form 67 per cent of India's total tax collection (Union and states combined), thus making the country's tax system extremely regressive.
- Use and increase of cess and surcharges needs to be treated with caution as the collected revenue does not form part of the divisible pool of resources and may impact the federal structure of the country.
- The back-series data for comparing revenue foregone before the government changed the methodology must be made available for comparability.
- The NDA II government would do well to bring about reform to curb the generation of illicit money, rather than focusing on asset recovery.
- The government should push for regional cooperation among countries in Asia and the Pacific on tax matters.

Tax Revenue and Tax Policy: 2014-19

The NDA II government has emphasised expanding the tax base and tax collection, and there have been some perceptible developments on this front. The central tax-GDP ratio (excluding the GST cess) is expected to reach 11.7 (BE) in 2019-20 from 10.0 (A) in 2014-15.

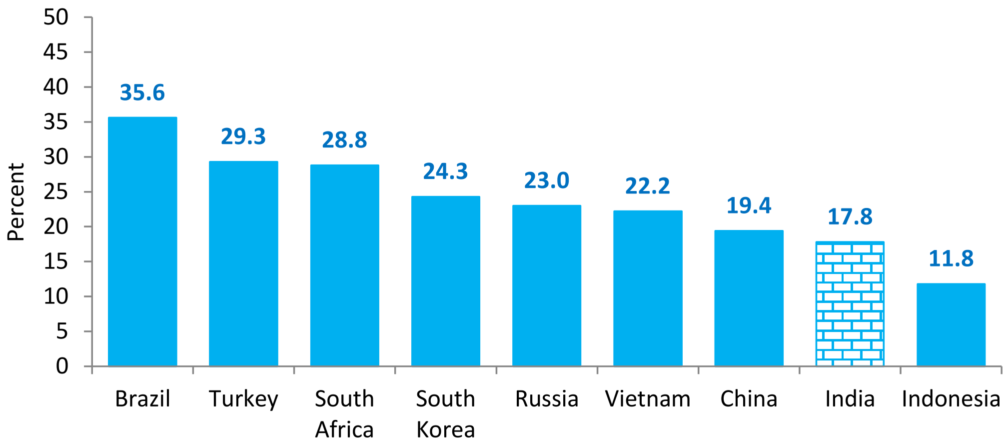
Figure 16.1: Central Tax-GDP Ratio



Source: Compiled by CBGA from budget documents various years
Note: The tax collection number excludes the GST cess compensation

While the trend in the last few years has been encouraging, India continues to have a starkly low tax-GDP ratio for a large developing country. The overall tax revenue (Union and states combined) is still low not only compared to developed countries, but even in comparison to other developing countries and members of BRICS countries[1] as is evident from Figure 16.2.

Figure 16.2: Tax-GDP Ratio – An International Comparison



Note: Data is not for same year for all countries. However, given that the tax-GDP ratio doesn't differ widely for consecutive years, the data still provides comparability.
Source: India: *Indian Public Finance Statistics, 2016-17*; Indonesia: OECD (2017): *Revenue Statistics in Asian Countries*; rest of the countries: *Economic Survey 2015-16*.

India, as a developing country, needs to sustainably increase its domestic revenue collection to be able to realise human rights for all, invest in public provisioning and social security, as well as finance development to be able to realise the Sustainable Development Goals (SDGs). At the current tax revenue levels, India faces risks of not being able to deliver on its commitments under the SDGs.

Furthermore, two-thirds of India's total taxes (Union and states combined) come from indirect taxes. Since indirect taxes are levied on consumption, and the poor spend a relatively larger proportion of their income on consumption than the rich, the dominance of indirect taxes means that the poor end up paying more tax as proportion to their income than rich. Indian governments have traditionally relied on regressive indirect taxes than progressive direct taxes. This strong reliance on indirect taxes was visible in 2016, when the NDA II government did not reduce the price of petroleum products for domestic markets despite a steep fall in global crude oil; instead the Union Government significantly increased the excise duty on the petroleum products. Due to this, the revenue collection from excise duty jumped from Rs. 1.9 lakh crore to Rs. 3.8 lakh crore within the span of two years.

This continued dependence on indirect taxes defeats one of the basic features of a fair tax system – progressivity. This also highlights the need for collecting more revenue from direct taxes, and since almost all direct taxes fall under the control of Union Government,[2] it is imperative that the Union Government augments its effort to raise more revenue from direct taxes to move towards a progressive and fair tax system.

Corporate Income Tax

In the Union Budget 2015-16, the NDA II government announced that the corporate income tax (CIT) rate will be brought down from 30 per cent to 25 per cent over four years. Subsequently, the CIT rate was first lowered for companies with income up to Rs. 50 crore, after which Union Budget 2018-19 followed suit for companies with income up to Rs. 250 crore, thus encompassing close to 99 per cent of all companies in India.

[1] BRICS countries include Brazil, Russia, India, China and South Africa.
[2] In 2016-17, direct taxes collected by states were merely 2.5 per cent of total (Union and states combined) direct taxes.

This reduction in CIT rates finds basis in a worldwide phenomenon known as 'race to the bottom', whereby countries are reducing corporate tax rates hoping to attract investment and capital flows. This phenomenon has occurred even though research has shown repeatedly that the main determining factors for attracting foreign investment are market size, skilled human resources and efficient infrastructure, whereas taxation plays only a limited role in determining investment destinations.[3] Surveys of investors have also revealed that the most important factors determining the investment are market size, economic and political stability, and GDP growth.[4] However, this race to the bottom has not only continued but has gathered momentum. The lowering of tax rates, in turn, reduces the capacity of government to invest in its citizenry and infrastructure, which are bigger determinants of foreign investment.

Personal Income Tax

The NDA II government has made a number of changes in the policies related to personal income tax (PIT). First, it increased the minimum tax slab from Rs. 2 lakh to Rs. 2.5 lakh in the Union Budget 2014-15. Subsequently, in the Union Budget 2017-18, the tax rate on the lowest slab (Rs. 2.5 lakh - 5 lakh) was reduced from 10 per cent to 5 per cent. The Union Budget 2019-20 announced full tax rebate for income upto Rs. 5 lakh, effectively meaning those with income upto Rs. 5 lakh will be exempt from personal income tax.

The Union Budget 2019-20 also altered the cess and surcharge levied on PIT. In FY 2014-15, taxpayers with incomes above Rs. 1 crore had to pay a 10 per cent surcharge on their tax payable, which was increased to 15 per cent in FY 2016-17. For those with an income between Rs. 50 lakh and Rs. 1 crore, a 10 per cent surcharge was introduced from FY 2017-18. The NDA II government increased the education cess from 3 per cent to 4 per cent in 2018-19 and reclassified it as an education and health cess.

In the last 5 years, personal income tax collection has seen a steady increase from Rs. 2,65,733 crores in 2014-15 (A) to Rs. 6,20,000 crores in 2019-20 (BE), which represents a cumulative growth rate of around 18 per cent annually. It should however be noted that around Rs. 30,000 crores in 2016-17 and 2017-18 combined would have resulted from the income disclosure schemes, and the contribution from cess and surcharge, which was around Rs. 9000 crore in 2014-15 (A) has jumped to Rs. 67,000 crore in 2019-20 (BE).

This trend could however, see some decline in the next few financial years, as the Union Budget 2019-20 announced full income tax rebate for income upto Rs. 5 lakh. According to income tax data for FY 2016-17, of the 4.66 crore tax payers who filed personal income tax returns, only 1.6 crore (or 35 per cent) tax payers have an income above Rs. 5 lakh. Thus, raising the rebate threshold for personal income tax would effectively exclude 65 per cent of the personal income taxpayers from the tax net.

The NDA II government has taken a step in the right direction by increasing the rate of existing surcharge on the income of the wealthy and the super-rich, but has backtracked on its progressivity by excluding almost 65 per cent personal income taxpayers by increasing the tax threshold.

Direct Tax Code and Tax Administration Reforms

In November 2017, the NDA II government announced that the direct tax code of the country needed review to keep abreast of requirements of the modern economy. Subsequently, a task force was constituted and is expected to submit its report on recommendations for the direct tax code by February 2019 focusing on simplifying and streamlining tax laws and decreasing litigation.

According to the Economic Survey 2017-18, the total amount of money currently wound up in tax litigations is more than Rs. 7,40,000 crore. The success rate of tax department in tax litigation is quite

[3] OECD (2008), Tax Incentives for Investment: A Global Perspective Experiences in MENA and non-MENA Countries. OECD Publishing
[4] World Bank (2010): World Investment and Political Risk. Multilateral Investment Guarantee Agency, World Bank Group

low at merely 20-30 percent.[5] Thus the goal of making the tax code simpler, less onerous on taxpayers and less litigation-prone, is a welcome step.

The Union Budget 2019-20 announced that the NDA II government is working towards processing income tax returns and issuing refunds within 24 hours. This step, if successful will not only help tax payers with timely refund, but also reduce the amount of interest the tax department has to pay on the refunds.

<u>Re-introduction of Long-Term Capital Gains Tax</u>

Long term capital gains tax (LTCG) on listed equity shares was abolished in FY 2003-04 with the aim of incentivising capital markets. This decision was criticised on various grounds such as loss of revenue, providing an incentive to shift from physical investments to financial investments and had significant implications for the increasing inequality in the country. According to the income tax return data, in FY 2016-17, close to 99 per cent of all long term capital gains accrued to merely 2 lakh firms or individuals. In the last 14 years, Indian capital markets have grown rapidly as evident by the trends in Bombay Stock Exchange and National Stock Exchange. The Union Budget 2018-19 acknowledged this, took the position that returns from capital markets are attractive even without this exemption and reintroduced LTCG on listed shares at the rate of 10% for income exceeding Rs. 1 lakh.

<u>Goods and Services Tax</u>

In 2017-18, the Goods and Services Tax (GST) was implemented, which fundamentally altered the nature of indirect taxes in India. Prior to GST, the Union Government could levy service tax, customs duty and excise duty, while states had control over taxes such as Value Added Tax (VAT). With the introduction of GST, the Union and State Governments can no longer unilaterally decide on levy of indirect taxes, but are together part of the GST Council which regulates the GST. The introduction of GST is a landmark event in Indian tax system as well as for the constitutional framework of federalism. GST is discussed in greater detail in Section 17.

<u>Changes in Customs Duty</u>

Since the economic liberalisation in 1991, there has been a steady reduction of customs duties to facilitate free cross-border movement of goods. However, the Union Budget 2018-19 reversed this trend and announced an increase in customs duty for a number of goods, including parts of automobile, mobile phones and accessories, electronic screens, other electronic items, cars, motorcycles, footwear, etc.

The NDA II government brought about these changes with the aim of incentivising domestic production under 'Make in India' programme, as well reducing import bills. This is a step in the right direction as electronics goods form the country's second largest import only behind petroleum, and the continuing growth of such imports could pose a balance of payment crisis. As such, the increase in custom duty for such goods can address high imports as well as help with employment generation.

<u>Changes in Surcharges and Cess</u>

The Union Budget 2015-16 abolished the wealth tax, and as a compensatory measure, increased the 10 per cent surcharge on incomes above Rs. 1 crore to 12 per cent, which was increased further to 15 per cent in FY 2016-17. The Union Budget 2017-18 introduced a new surcharge at the rate of 10 per cent on personal income between Rs. 50 lakh and Rs. 1 crore. The Union Budget 2018-19 altered the surcharge on domestic companies – income above Rs. 1 crore now attracts a surcharge of 7 per cent, increased from the previous 5 per cent; while for companies with income above Rs. 10 crore, the surcharge was increased from 10 per cent to 12 per cent. In 2018-19, the government also introduced a new cess called 'Road and Infrastructure Cess' on petroleum products.

[5] Ministry of Finance (2018): Ease of Doing Business' Next Frontier: Timely Justice, in The Economic Survey 2017-18. Government of India

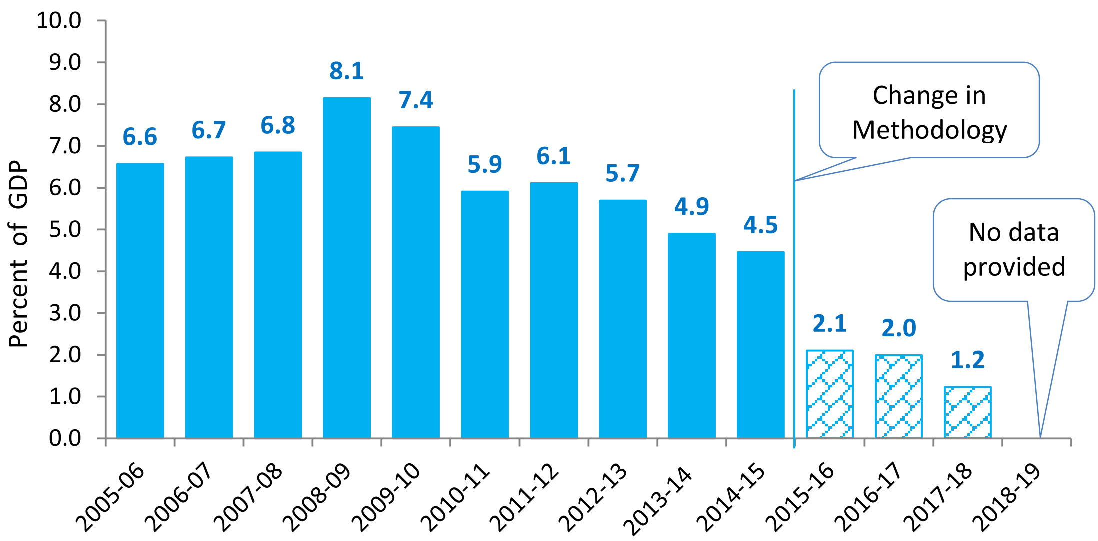
The NDA II government has been trying to raise larger amounts of revenue from cess and surcharges. The trend is visible – in 2014-15, cess and surcharges contributed about Rs. 75,000 crore (about 6 per cent) out of total central tax collection of Rs. 12,44,885 crore. In 2019-20, cess and surcharges are expected to generate Rs. 3,25,737 crore (about 13.3 per cent) out of tax collection of Rs. 24,50,931 crore.[6]

This trend is worrisome for two reasons – first, while the tax collection forms the divisible pool of resources which is shared with the state governments, revenue raised by cess and surcharges are used only by the Union Government. Thus, the increasing magnitude of cess and surcharge collection may have negative implication for the federal structure of the country. Second, cess and surcharge add an extra layer of complexity for the tax payers as well as for the tax administration, and goes against the NDA II government's stated goal of moving towards a simplex tax regime.

Revenue Foregone

The Government of India first started publishing data on revenue foregone from FY 2005-06. The next four years saw an increasing trend in revenue foregone, peaking at 8.1 per cent of GDP in 2008-09, when the government provided additional tax exemptions and incentives in response to the global financial crisis. Since then, revenue foregone as per cent of GDP has been declining. In 2015-16, the government changed the methodology to calculate the revenue foregone, which resulted in a sharp decline from 4.5 per cent to 2.1 per cent. The further reduction in 2017-18 was on account of introduction of GST, which subsumed excise duty. Due to unavailability of data, the same was not included in the revenue foregone calculation. The Union Budget 2019-20 has not provided any data on revenue foregone – which may be on account of this being an interim budget. The data for revenue foregone for FY 2018-19 may be available with the upcoming full budget.

Figure 16.3: Revenue Foregone from Central Taxes



Source: Compiled by CBGA team from budget documents

While moderating corporate tax rates in the Union Budget 2015-16, the NDA II government also announced that it would rationalise tax exemptions. Since then, there have been some announcements related to withdrawing or termination of certain tax incentives, such as those in relation to Special Economic Zones, reduction in R&D deduction, and some incentives given to units in select states[7]

[6] GST compensation cess is not included in the calculation of cess and surcharges, as well as in the tax collection. As unlike other cess and surcharges, GST cess is meant especially for sharing with states.

[7] Along with Northeast states, incentives were given to units starting in Himachal Pradesh and Uttarakhand.

are also coming to an end. However, in absence of back-series data based on the new methodology to calculate revenue foregone, it is not possible to estimate whether the decrease in the revenue foregone is on account of new methodology or due to rationalisation of tax exemptions.

Financial Transparency: 2014-19

<u>Demonetisation</u>

The NDA II government's decision to demonetise 86.4 per cent of India's currency overnight in November 2016 with the claimed objectives of fighting grey money, corruption and terror funding was hasty and ill-founded. The decision caused great hardship to the poor, marginalized, women and the elderly, increased unemployment and brought the informal economy to a standstill.[8] Moreover, the government's proclaimed aims were not met as 99.3 per cent of demonetized currency notes were deposited back into banks, according to the Reserve Bank of India (RBI).[9] Further, the RBI spent approximately Rs. 13,000 crore of public money over the next two years to remonetise the economy.[10] This policy decision underpins the misplaced notion that illicit wealth is held in cash – whereas it is held through a myriad web of shell companies, invested in real estate and bullion, or in tax havens.

<u>The Black Money Act, 2015</u>

The Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act of 2015 allowed resident taxpayers to declare overseas assets acquired from previously undisclosed taxable income or gains and receive protection from prosecution. Taxpayers making a declaration under the scheme would be required to pay tax at the rate of 30 per cent, along with a 30 per cent penalty. The NDA II government, in its election campaign, had promised to 'bring back' undisclosed Indian assets worth Rs. 16,75,000 crores held in tax havens abroad.[11]

The act, aimed at recovering undisclosed assets, recovered about Rs. 4,100 crore[12] but ignores three important factors. First, undisclosed income and wealth held in tax havens abroad are held in the form of flows rather than a stock, which implies that this illicit money is constantly moving from jurisdiction to jurisdiction. Second, lax corporate ownership transparency norms allow for anonymous companies to be registered in certain jurisdictions. In some cases, anonymous companies own several other anonymous companies, resembling a spider web of companies that cannot be traced back to their true human owner (or beneficial owner). This makes it close to impossible to trace the owners of companies engaging in transactions on behalf of their beneficial owners. Third, there exists an efficient industry of tax lawyers, accountants and service providers who swear on maintaining a tight lid of secrecy around their clients' interests.

The endeavour to address and curb illicit money therefore, has to be globally coordinated so that some jurisdictions are not able to promote such nefarious activities.

<u>Voluntary Income Disclosure</u>

Similar to The Black Money Act, The Income Declaration Scheme (IDS) was introduced in June 2016 by the NDA II government. Its goal was to give individuals an opportunity to declare their previously undisclosed income. The declared window under this one-time compliance window attracted a 30 per cent income tax, and a 50 per cent penalty of that amount, amounting to a total of 45 per cent. Rs. 65,250 crore of undisclosed assets were declared under IDS, yielding Rs. 29,362 crore in taxes.[13]

The IDS of 2016 is not the first attempt of its kind in the country. The Voluntary Disclosure of Income

[8] The Wire (November 12, 2016). *Decision to Demonetise Currency Shows They Don't Understand Capitalism: Prabhat Patnaik*
[9] The Hindu (August 29, 2018). *99.3% of demonetised currency returned: RBI*
[10] India Today (August 30, 2018). *Demonetisation: What India gained, and lost*
[11] Scroll (October 3, 2016). *Indians have declared Rs 65,000 crore in black money. But that's just 4% of the BJP's estimate.*
[12] Business Today (November 8, 2018). *Two years of demonetisation: What did the fight against black money achieve?*
[13] The Economic Times (2019). *Black money haul: Rs 65,250 crore disclosed through Income Declaration Scheme*

Scheme had been rolled out from July to December 1997.

Fugitive Economic Offenders Act

The NDA II government passed the Fugitive Economic Offenders Act in 2018, to address cases of high-value economic offenders fleeing the country to avoid prosecution. It observed that a new legal framework was required as the current civil and criminal laws do not contain specific provisions to deal with such offenders. The Act defines a fugitive economic offender as a person against whom an arrest warrant has been issued for committing economic offences including counterfeiting government stamps or currency, dishonouring cheques, *benami* transactions, transactions defrauding creditors, tax evasion, and money-laundering, and the value of the offence is at least Rs. 100 crore.

Benami Transactions (Prohibition) Act

The *Benami* Transactions (Prohibition) Act of 1988 was amended in 2011 and then again by the NDA II government in 2016. The Act is aimed at addressing the use of illicit money to purchase real estate in the country by prohibiting *benami* (or anonymous) ownership where the real beneficiary is not the one in whose name a certain property has been purchased. Therefore, the person who is the registered owner is only a mask for the real beneficiary of the property. The Income Tax Department has attached and confiscated *benami* properties worth more than Rs. 6,900 crore as of January 2019.[14]

The government has set up 24 *Benami* Prohibition Units for taking action under the Act. Further, the Income Tax Department launched the New *Benami* Transactions Informants Reward Scheme in 2018, aimed at encouraging people to provide information about *benami* transactions and properties as well as income earned on such properties by such hidden investors and beneficial owners.

A more sustainable solution in this regard is to establish a centralised registry of real estate owners with the Union Government, similar to the centralised registry of companies under the Ministry of Corporate Affairs.

All India Income Tax Statistics

A consistent constraint facing the study of tax issues has been a lack of credible data. From 2016, the Income Tax Department started publishing summary data regarding income taxpayers from FY 2011-12, providing a much needed data source in this domain. Currently, the data provides information regarding categories of income taxpayers, sources of income and tax payable. The data is grouped based on the level of income or tax payable.

The publication of such data has helped improve transparency. However, the current format of data reduces its usability – income and tax payable are provided in separate tables, and there are no linkages between them. If statistics are provided in a linked table such that there is information on tax payable for each income group, it will improve the usability of data, and will help in finding the relation between income and tax paid by Indian tax payers.

Amendment of Double Tax Avoidance Agreements

Countries sign Double Tax Avoidance Agreements (DTAAs) with other jurisdictions to divide taxing rights on cross-country capital flows. Of all the DTAAs that India has signed, those with Mauritius, Singapore and Cyprus had long been misused for tax abuse. The opportunity for tax abuse arose because of provisions related to capital gains tax – taxing rights were assigned to the country of residence, though in these three countries there was no capital gains tax, leading to complete non-taxation of capital gains. Mauritius, Singapore and Cyprus have thus been used to route capital flows to India by investors worldwide.

[14] NDTV (January 29, 2019). *Confiscated Benami Assets Worth Rs. 6,900 Crore: Income Tax Department*

The NDA II government amended these DTAAs with these three jurisdictions in 2016, resulting in India gaining the right to tax capital gains arising out of capital inflows from these countries. These amendments have closed a major route of tax abuse used by capital flows to India.

Introduction of General Anti-Avoidance Rules

Tax avoidance strategies are used to exploit gaps and mismatches in national tax laws. Tax avoidance as a practice uses a legal arrangement to contradict the intent or spirit of the law, benefits from gaps in tax legislation within or between countries, including exploiting double tax avoidance agreements between countries in order to obtain a tax reduction. In this context, the NDA II government announced the introduction of General Anti-Avoidance Rules (GAAR) in the Union Budget 2015-16, effective FY 2017-18, to address transactions that are carried out for the sole purpose of tax avoidance without any substantial economic meaning. GAAR is expected to curb the wide prevalence of tax abuse by multi-national corporations (MNCs). However, the success of GAAR is yet to be seen and would depend on the effective implementation of the rules by the Income Tax Department.

Automatic Exchange of Tax Information

The wealth held overseas by Indian citizens has garnered significant attention. However, the government has limited scope to act as information regarding wealth held abroad by its citizens is unavailable. An effective way to deal with this lack of information is through exchange of information agreements, where countries exchange tax and financial information of foreign residents with their respective home countries.

Initiated by the Organisation for Economic Co-operation and Development (OECD) and backed by the G20 countries, there is a global initiative for countries to exchange information. Under this initiative, India will exchange information automatically with more than 90 countries, at periodic intervals. With some countries, the information sharing has started while with other jurisdictions, it will start in the next two years. It is expected that the Indian government will have concrete information about the wealth held abroad by Indians, and will be able to address illicit wealth in a more comprehensive manner.

There are, however, concerns regarding the design of exchange of information agreements, as they only include financial information, thus excluding real estate, bullion, yachts, paintings, etc. which are popular modalities of parking illicit wealth. The minimum threshold limit of $2,50,000 for a financial account to be reported by a country's tax authority can be abused to exempt accounts below this threshold from reporting. It is necessary that loopholes in agreements are closed, and all financial and non-financial information is included in the information exchange between countries.

Beneficial Ownership of Companies

In June 2018, the Ministry of Corporate Affairs issued the Companies (Significant Beneficial Owners) Rules, 2018 as an amendment to the Companies Act, 2013, mandating certain reporting requirements from companies in India. Under new regulations, all Indian companies must maintain an official record of persons holding beneficial shares in their respective entities. Further, they must file a return with the Registrar of Companies furnishing details about their significant beneficial owners (SBOs). The Registrar of Companies will maintain a centralised register of significant beneficial owners of companies.

A Significant Beneficial Owners (SBO) is any person who is not a registered shareholder of a company but either individually or jointly owns not less than 10 per cent of the share capital of the company, or directly or indirectly exercises significant influence or control over the company.

This marks a crucial step forward in institutionalising corporate ownership transparency, and the threshold of 10 per cent is especially welcome, as countries across the world are adopting higher thresholds of 25 per cent which makes beneficial ownership rules vulnerable to abuse. However, the register maintained by the Registrar of Companies must be available in the public domain, in open data format for civil society and the media to highlight anomalies in the reporting of SBOs.

Base Erosion and Profit Shifting

OECD and the G20 worked on the Base Erosion and Profit Shifting (BEPS) project, and released their recommendations on fifteen BEPS Action Plans in 2015. BEPS refers to tax planning strategies that exploit gaps and mismatches in tax rules to make profit 'disappear' for tax purposes or to shift profits to locations where there is little or no real activity but taxes are low, resulting in little or no overall corporate tax being paid.

India has been actively implementing the BEPS recommendations, most notably through implementing GAAR, amending permanent establishment rules, introducing significant economic presence guidelines, introducing an equalisation levy of 6 per cent aimed towards taxing digital transactions and implementing requirements for country-by-country reporting documentation.

Missed opportunities

Wealth tax

The wealth tax, imposed on the richer section of society to bring about parity among taxpayers and address inequality, was abolished in India in the Union Budget 2015-16, effective from April 1, 2016 on grounds that the cost incurred for recovering taxes was not justified against the collection of revenue from the wealth tax. In place of the wealth tax, the government increased the surcharge on wealthier taxpayers from 10 per cent to 12 per cent on incomes above Rs. 1 crore, bringing the peak tax rate for the super-rich to approximately 35 per cent.

However, inequality in India has only worsened between 1980 and 2014, as the top 0.1 per cent of the country's population witness their wealth grow 550 times the rate of the bottom 50 per cent of the population.[15] Further, the top 1 per cent of the Indian population now owns 51.53 per cent of national wealth.[16] The ever-widening economic inequality facing the world however, can be addressed through redistribution and a just, fair, progressive tax system which taxes the rich more. Given that two-thirds of India's tax revenue is collected from indirect taxes on consumption, the NDA II government should consider re-instating the wealth tax.

Inheritance tax

A primary reason behind the concentration of vast amounts of wealth in the hands of a few is that inherited wealth and invested capital grows faster than income. 40 per cent of India's billionaires did not earn or create their fortunes, but inherited it. All of India's billionaires are associated with 'rent-thick' corporate activities like mining, oil, gas, real estate, etc., with substantial potential for rent extraction, rent sharing, crony capitalism and corruption.[17]

Inheritance tax or an estate duty levied when wealth and assets are being passed on from one generation to the next is therefore a progressive way of addressing such wealth concentration in the hands of a tiny minority, tackling inequality and increasing tax revenue. The NDA II government should consider re-introducing the inheritance tax in the country, which was abolished in 1985.

Championing pan-Asia regional tax cooperation

Asia is the only developing region that does not have a pan-continental regional forum for tax

[15] Chancel, L. and Piketty, T. (2017). Indian income inequality, 1922-2015: From British Raj to Billionaire Raj?. *World Inequality Database*.
[16] Oxfam India (2019). *Billionaire fortunes in India grew by Rs 2200 crore a day last year as poorest remained in debt – new Oxfam report*. [online] Available at:https://www.oxfamindia.org/oxfam-davos-inequality-report-launch-public-good-private-wealth [Accessed 1 Feb. 2019].
[17] Gandhi, A. and Walton, M. (2012). Where Do India's Billionaires Get Their Wealth?. *Economic and Political Weekly*, 47(40).

cooperation, unlike the African Tax Administration Forum (ATAF) in Africa and the Inter-American Center of Tax Administrations (CIAT) in Latin America. India does provide capacity building support to increase capacity in the revenue departments of SAARC countries, but tax cooperation is not on SAARC's agenda. In view of the need to coordinate financing for development across the region to meet the Sustainable Development Goals, the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP) had introduced a proposal to establish the Asia-Pacific Tax Forum for Sustainable Development under the auspices of UNESCAP in 2016. The proposal was blocked, and would need introduction by a member country. India could champion the cause of developing Asian countries and their taxing rights, and introduce a proposal to establish a pan-Asian tax cooperation forum.

GST

Highlights

- GST revenue is an important source of tax raised by the Union Government, which explains its significance in a budget
- A survey shows that GST has had adverse impact on MSMEs and people depended on the sector for their livelihood
- The budget figures point to the fact that revenue collected under GST has not been very promising.
- The less than satisfactory performance of GST revenue can have significant implications for government spending
- Tax evasion measures adopted in GST have not been very successful in increasing compliance
- Many of the measures proposed as late as in January 2019 could have been adopted earlier to reduce the burden on the poorer sections of the population

Introduction

It is now 19 months since the Goods and Services Tax (GST) was launched in July 2017. One of the important promises that the present government had made was to bring about a simpler tax system. Under normal circumstances, it could have been argued that GST has traversed a fairly long time to have overcome the initial teething troubles that is expected to beset a new tax system being put in place. However, unlike what was claimed, GST, in particular the way it was designed, turned out to be extremely complex and put enormous burden on micro and small enterprises, including those in the informal sector. Since then GST has undergone multiple changes. An idea about the number of changes brought in can be gauged from the fact that GST Council has met 32 times and taken more than 900 decisions for charging laws, rules and rates in GST since it was implemented in July 2017.

In fact, the need to make the new tax system less onerous, in particular for the Micro, Small and Medium Enterprises (MSME) sector, cannot be overemphasised. As some economists have noted[1], there are a number of ways in which GST has adversely affected small producers in the informal sector. First, due to a lowering of the threshold limit, a large number of small producers (which were not required to pay taxes to the full extent in the earlier regime) have come under the tax net. Second, GST entails a disproportionately high compliance burden for small enterprises arising out of the necessity to file returns frequently. In addition to these, the design of GST, which requires depositing taxes in full before any claims for refunds can be made, blocks working capital, something that smaller enterprises can ill afford. All these factors have meant that taxation on the informal sector has increased under the GST regime as compared to the earlier indirect tax system[2]. The extent of adverse impact on this sector can be gauged from the fact that a survey conducted by All India Manufacturers Organisation (AIMO) in October 2018, shows that traders and MSMEs have suffered major job loss and decline in operational profits owing mainly to (demonetisation and) GST.[3] The survey shows that the trader segment suffered as much as 43 per cent job loss since 2016-17. Within the MSMEs, the micro-segments were worst

[1] Sudipto Banerjee and Sonia Prasad (2017), "Small Businesses in GST regime", Economic and Political Weekly, Vol. LII, No. 38, September 23, pp. 18-22

[2] Prabhat Patnaik (2017), "GST Regime Targets 'Informal Sector' to Centralise Political Authority and Capital", TheCitizen, October 9, available at http://www.thecitizen.in/index.php/en/NewsDetail/index/4/11943/GST-Regime-Targets-Informal-Sector-to-Centralize-Political-Authority-And-Capital)

[3] Arun Janardhanan, (2018), "Dips in jobs, profits for MSMES; note ban, GST to blame: Survey", The Indian Express, December 17, available at. https://indianexpress.com/article/india/dip-in-jobs-profits-for-msmes-noteban-gst-to-blame-survey-5496559/

affected with job losses amounting to 32 per cent followed by small enterprisesreportingjob loss of around 35 per cent and medium-scale industries witnessing 24 per cent job losses.[4]

It is therefore not surprising that the GST Council has had to take measures on a number of fronts to address some of the problems faced by various stakeholders. Over the course of the last year, the GST Council has, among other measures:

- Revised tax rates for different categories of goods and services several times;
- Rationalised tax rates to reduce classification disputes among certain category of goods;
- Deferred implementation of some of the features of GST, such as the onerous Reverse Charge Mechanism (RCM) under which large entities were required to deposit taxes on behalf of unregistered enterprises, for purchases made from them, until the end of March 2018.
- Proposed a number of changes with regard to GST returns filing;
- Proposed to raise the threshold level for small enterprises.

Given that the proposal to change the threshold level for small enterprises was announced as recently as in January 2019, it is obvious that GST is still evolving. These factors notwithstanding, since the Interim Union Budget 2019-20 provides, for the first time, audited data of the revenue collected under GST, it makes clearer the performance so far of the newly implemented indirect tax system and calls for an analysis.

Significance of GST in Centre's Revenue Collection

As is known, since its implementation in 2017, proposals related to GST do not form part of the proposals announced in the Union Budget or for that matter, state budgets. This is because it is the GST Council, comprising the Union and State finance ministers, which is the main body to decide the rates and rules regarding GST. Hence a budget, whether it is of the Union budget or that of a state, has the power to decide only about taxes that lie outside the purview of GST. This fact notwithstanding GST remains crucial for the Union Budget as the revenue collected under it has significant implications for the Centre's total tax revenue collection, and hence the fiscal situation of the government.

The significance of the revenue collected under GST can be gauged from the fact that total revenue accruing to the Centre under GST in 2018-19 (BE), accounted for as much as 30 per cent of the projected total gross tax revenue. While its share in gross tax revenue in 2018-19 (RE) and 2019-20 (BE) has come down, it still remains a significant proportion of both total taxes collected and GDP (Table 17.1).

Table 17.1: Importance of GST in Gross Total Union Taxes and National Income (in per cent)

Indicators	2017-18 (RE)*	2017-18 (A) *	2018-19 (BE)*	2018-19 (RE)*	2019-20 (BE) *
Tot. GST accruing to the Centre as share of GDP	2.3	2.3	3.5	2.9	3.1
Tot. GST accruing to the Centres as share of GTR	20.3	20.5	30.0	25.7	26.9

Notes: 1) GTR stands for Gross Tax Revenue.
2) * = GST Compensation Cess has not been included in total GST accruing to the centre as a part of it is to be shared with the states.
Source: Compiled by CBGA from Union Budget documents, various years

Given the significance of GST revenue in total gross taxes of the Union government, a shortfall in GST revenue collection can have adverse implications for government spending, including for social sectors, unless the gap in revenue arising from this is countered by an increase in revenue from some other sources.

[4] ibid

Projected Revenue vs. Revenue Collection under GST So Far

In the Union Budget 2018-19 (BE), revenue accruing on account of Central GST (CGST) was projected to be of Rs. 6,03,900 crore and Rs. 6,53,900 crore when settlement from the integrated GST (IGST) is included[5]. As the table below makes clear revenue collection has been far from satisfactory, with the shortfall being as high as Rs. 1,00,000 crore in 2018-19 (RE) compared to 2018-19 (BE). In fact, many analysts had pointed out that the revenue collection under GST projected in 2018-19 (BE) was extremely ambitious. The figures for 2018-19 (RE) make clear that they were indeed so. This seems to have been recognised by the government as well, as indicated by the fact that the figures for 2019-20 (BE) are marginally above that of 2018-19 (BE).

Table 17.2: Revenue Collection under GST Accruing to the Centre (in Rs. crore)

Indicators	2017-18(RE)*	2017-18 (A) *	2018-19(BE)*	2018-19 (RE)*	2019-20 (BE) *
Tot. GST accruing to the Centre (CGST + IGST)	3,83,300	3,79,950	6,53,900	5,53,900	6,60,000
CGST	2,21,400	2,03,262	6,03,900	5,03,900	6,10,000

Note: * = GST Compensation Cess has not been included in total GST accruing to the centre as a part of it is to be shared with the states.
Source: Compiled by CBGA from Union Budget documents, various years

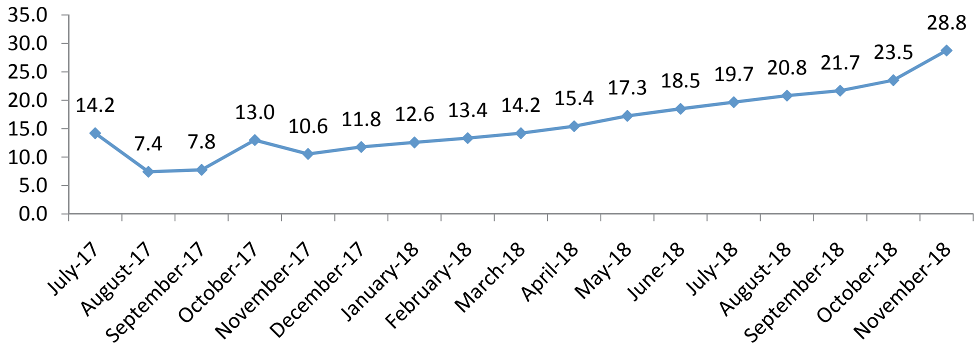
However, this is only part of the story. A comparison of the 2019-20 (BE) figures with 2018-19 (RE) figures shows that total GST revenue accruing to the Centre is expected to rise by more than 19 per cent in 2019-20. Given the track record of revenue collection under GST so far, it will not be a mistake to say that the revenue projections made even in the Union Budget 2019-20 are rather ambitious.

Declining Compliance

There are several factors that underlie the significant shortfall in GST collection witnessed even in the Financial Year (FY) 2018-19. No doubt, a certain amount of shortfall was to be expected given that GST rates have been reduced for a number of items at different points of time. However, that alone does not account for the large shortfall in collection.

What does seem to be the other plausible explanation is that of the almost-steady decline in compliance among entities registered under GST. As the figure below shows the proportion of entities who did not file returns (and hence did not deposit the required taxes) as share of total number of entities registered for GST, has increased steadily over the period beginning from July 2017 to the November 2018, the month for which latest data is available.

Figure 17.1: **Proportion of Regular Taxpayers who did not File Returns (in per cent)**



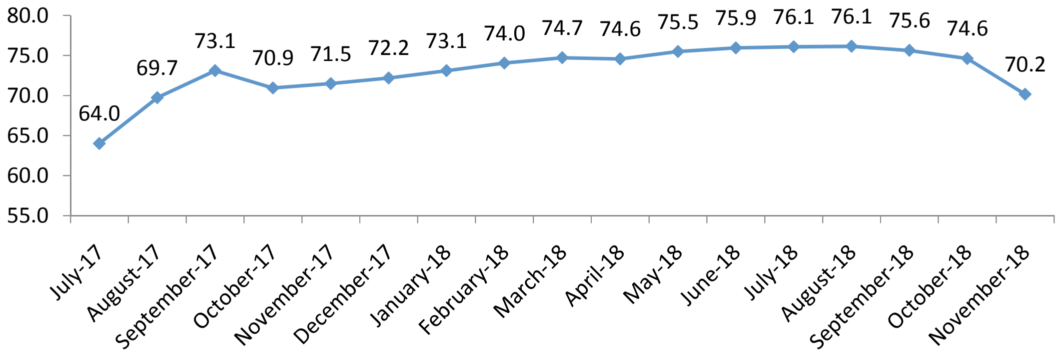
Source: Un-starred question number 4063, Lok Sabha, January 4, 2019

What is even more striking is that this has happened despite a significant increase in the number of entities that have registered under GST. In fact, a closer look at the numbers shows that after an

[5] That is the revenue accruing to the Centre from the Integrated GST after sharing it on 50:50 basis with the states.

increase for several months in FY 2018-19, the number of entities filing returns have declined since September 2018. So much so, the figure for November 2018 stands at a level lower than what it was a year earlier, in October 2017 (Figure 17.2).

Figure 17.2: Actual Number of Regular Tax Payer Filing Returns (in lakhs)



Source: Calculated using un-starred question number 4063, Lok Sabha, January 4, 2019

The fall in compliance could have arisen due to a number of reasons; tax evasion being one important factor. This then also reflects that the e-way bill[6], introduced in June 2018 all over the country, and which was being seen as a key anti-tax evasion measure, has not yet been successful.

Missed Opportunities

Given that GST has had significant adverse impact on MSMEs and the livelihood of the vast mass of people depended on these enterprises, the government could have tried to reduce the burden on the sector by raising the threshold level, reducing the number of returns to be filed by such entities. While it is true that the Union Government alone cannot bring in such changes as GST Council needs to vet changes in rules and regulations in GST. However, it is also true that the Union Government has considerable influence in the GST Council and could have at least placed these measures for approval by other members. Most of these measures that have been proposed and which can help reduce the burden on MSMES, are still to come into place. This is indeed a missed opportunity because had such measures been brought in earlier, they might have helped mitigate the loss of livelihood suffered by the poorer section of the population since the implementation of GST.

[6] E-way bill is an electronic permit required under GST for transporting (in motorised vehicles) goods above a certain value between states and within a state. For details see, Unpacking GST, A Primer, CBGA, 2018

ACCOUNTABILITY INSTITUTIONS AND PROCESSES

Highlights

- While the Government claims to be keen on ushering a new era of transparency and accountability, a detailed analysis of its manifestation in budgetary terms indicates that adequate resources are not being deployed to give life to institutions, mechanisms and platforms that can enable this objective.
- Independent institutions that are tasked with upholding tenets of transparency and accountability such as the Information Commission and the *Lokpal* are inadequately staffed and resourced.
- Lack of transparency in political funding is a serious cause of worry.

I. **Context:**

The Finance Minister stated in the Budget Speech of 2019 that the Government has "ushered in a new era of transparency". While the Finance Minister enlisted four policy interventions to illustrate the point, the statement concealed more than it revealed.

1. If an attempt is made to assess how the Union Budget of 2019 equips some key national institutions that are mandated to uphold transparency and accountability across democratic governance, the following is learnt:

Table 18.1 Budgetary allocation of key accountability institutions (in Rs. crore)

Name of institution	2014-15 BE	2014-15 A	2015-16 BE	2015-16 A	2016-17 BE	2016-17 A	2017-18 RE	2018-19 BE
Central Election Commission (CEC)	69	69.2	80	85.2	121.52	145.9	189.8	268
Central Information Commission	-	-	-	33.6	43.88	66.3	55	35.2
Central Vigilance Commission	20.35	20.8	27.68	24.2	27.68	27.7	31	32.6
Comptroller and Auditor General of India	3322.08	3215.4	3662.39	3195.1	3664.73	3780	4111	4305
Lokpal	-	-	-	-	8.58	-	-	4.3
National Commission for Minorities	7.3	6.7	7.56	6.55	7.67	7.19	8.41	8.62
National Commission for Women	18.45	26.64	23.15	23.58	25.6	22.81	25.6	24
National Commission for Protection of Child Rights	-	-	-	9.09	19	14.96	19	18
National Commission for Scheduled Castes	-	-	-	14.73	16.58	15.06	18.2	22
National Commission for Scheduled Tribes	-	-	-	6.31	8.54	9.07	10.04	15.06

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

As seen in the table 18.1 above, there has been a marginal increase in the budgetary outlays for most of these institutions, over the last few years. The only two institutions that have been subject to substantial fund allocations are the Central Information Commission and the *Lokpal*. The Right to

InformationAct (RTI) has played a critical role in pushing for greater transparency and accountability in governance; however the allocation for the Central Information Commission (CIC) shows a decline. There has been a 36 per cent decline in the total allocations for CIC from 2017-18 (RE) to 2018-19 (BE). The allocation for the Lokpal, touted to be the big ticket institution projected as the upholder of probity and accountability in public life shows a decline of more than 50 per cent.

This is corroborated with the status of appointments in both these institutions, which are vital to maintaining transparency and accountability.

Name of institution	Number of Information Commissioners positioned vs number sanctioned	Pendency of applications
Central Information Commission	3 out of 11	26037
Lokpal	0	N/A

Source: Report Card of Information Commissions in India, Satark Nagrik Sangathan and Center for Equity Studies

Not making appointments in key bodies such as the Information Commission results in large backlog of cases resulting in undermining peoples' right to information as upheld by the RTI Act. Likewise, the institution of the *Lokpal* which formed the center of bitter among political parties prior to the General Elections, too has been undermined by no appointments having been made to date. Instead, regressive amendments to both the RTI Act and the *Lokpal* Act have been attempted.

2. Social Audits have grown to be accepted and acknowledged by the Parliament, Central and State Governments, Comptroller and Auditor General of India (C&AG) and the Supreme Court as the most legitimate form of strengthening transparency and accountability in public expenditure. Social Audits have been mandated under law for the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA)[1], National Food Security Act (NFSA)[2], Persons with Disabilities Act (PwD)[3]. They are mandated for the National Social Assistance Programme (NSAP)[4], *Pradhan Mantri Awas Yojana* (PMAY)[5] and *Swacch Bharat Mission* (SBM)[6] by the Ministry of Rural Development through guidelines. Taking cognizance of the Auditing Standards of Social Audit[7] developed by the C&AG of India, the Supreme Court of India ordered Social Audits in the implementation of Building and other Construction Workers (BOCW) Act[8] and the Juvenile Justice Care and Protection Act[9], as a means to check misutilisation of funds and poor implementation on the ground.

   To give strength to this objective, the Auditing Standards also clearly indicate that at least one per cent of the programme's budget should be dedicated to conducting social audits so that adequate resources are deployed for the purpose. However, as per the Detailed Demand for Grants 2018-19 of the Ministry of Rural Development, it is seen that Rs 400 crore has been allocated to 'Social Audit and Grievance Redressal Systems'. This falls far short of the Rs 550 crore that should have been allocated for Social Audits alone (one per cent of Rs 55,000 crore of MGNREGA's Budget of FY 2018-19). Moreover, the Budget does not indicate a break down of the funds allocated for social audit to different States and across various components (i.e. Training, Human Resource Deployment, Administrative expenses etc). The other three legislations for whom Social Audits are mandated i.e. the NFSA, PWD and BOCW Act do not even have dedicated budget lines for fund allocations for the purpose of social audits.

[1] Section 17, MGNREG Act
[2] Section 28, National Food Security Act
[3] Section 47, The Rights of Persons with Disabilities Act
[4] Section 8.1 NSAP Guidelines
[5] Section 9.6, PMAY Guidelines
[6] Section 4.9, SBM Guidelines
[7] 'Auditing Standards on Social Audit' developed by an MoRD and C&AG Joint Task Force based on the principles of Public Sector Auditing (ISSAI 100) and Operational Guidelines for coordination and cooperation between SAIs and internal auditors in the public sector (ISSAI 9150) as issued by INTOSAI
[8] WP Civil No. 318 of 2006
[9] W.P. (Crl.) No. 102 of 2007

3. Transparency in political funding remains an essential component of the overall framework of accountability in a democratic framework. The introduction of 'Electoral Bonds' in the budget for 2018-'19 is a development that has far reaching impacts on the degree of transparency in political funding. Only 13 out of the 22 such trusts registered with the Central Board of Direct Taxes (CBDT) have submitted their contribution details for 2017-18 to the poll panel[10]. The Bhartiya Janta Party and the Indian National Congress received 86.59 per cent and 6 per cent of total donations made during 2017-18, respectively. Given the funds and consequences at stake, it is observed that there is lack of transparency on the details of donors to Electoral Trusts which were formed before the CBDT Rules were notified. Another major cause of concern is that the names of Electoral Trusts do not indicate the name of the Company that has set up the Trust. The amendment to the Finance Bill 2018 also diluted standards of political funding transparency by removing the mandate of Corporates having to make details of their political contributions, public. All of this greatly constricts transparency in governance, in a fundamental sense. Moreover, inspite of a decision taken by the Central Information Commission in 2013 to hold six national political parties as public authorities under the RTI Act, none of the six national parties have complied with the direction.

4. Another serious issue of concern that has long term implications on transparency and building of informed public discourses is the lack of credible, standardised and uniform historical data on key indicators such as farmer suicides, unemployment and jobs creation, non-performing assets of the banking sector, entitlements revoked across a range of public programmes such as NFSA, MGNREGA, PMAY owing to administrative weeding. A lot of the public debate rests on newspaper reports and in the absence of Government certified data. This results in the inability of economists, academicians, citizens and advocacy groups to track progress in an effective way.

5. Lastly, it is important to bear in mind that the impact of budgetary allocations on the programme's implementation can be most appropriately analysed only when all its financial, physical and performance parameters are shared in the public domain. The MGNREGA website (www.nrega.nic.in) for instance is a real time, transaction based, management information system hosted in the public domain which facilitates the public in understanding where and how the funds allocated are being spent. It is a cause of concern that no other social sector programme hosts such an elaborate database thereby constraining the ability of citizens to hold Government programmes accountable to budgetary promises.

II. **Missed opportunities**

While assessing the context of transparency and accountability in terms of the budget, it is also relevant to acknowledge the opportunities missed. The Government could have directed efforts to make it mandatory for states to publish district, block and institution wise break up of allocations and expenditures. Similarly, disclosure of budgets of Urban and Rural Local Bodies needs to be strengthened to facilitate access of local communities and citizens to actionable and relevant information pertaining to allocations and expenditure. Efforts could have also been made to bring in mechanisms by which citizens could participate in budgeting in a democratic and inclusive manner, particularly as far as budgeting for Women, Scheduled Castes, Scheduled Tribes and Minorities are concerned. For instance, according to the latest OpenBudgets India Survey (OBS), conducted globally by IBP, India provides few opportunities for the public toengage in the budget process . India's score of 15 out of 100 despite being low is higher than the global average score of 12, which underlines minimal public engagement as a global phenomenon.

III. **Recommendations**

Given the significance of independent institutions, platforms and institutionalised mechanisms to uphold the mandate of transparency and accountability in order to enable holding budgetary commitments to account, the following are recommended:

[10] Analysis of Contribution Report of Electoral Trusts for FY 2017-18, Association for Democratic Reforms

1. As per the precedent set for ward by MGNREGA, every Ministry should allocate one per cent of its budget to invest in institutionalising processes for improving transparency, social audits and grievance redress and facilitating the optimum efficiency of statutory Commissions set up under Law.

2. The Government must ensure that all current vacancies across statutory and constitutional bodies tasked with upholding transparency and accountability in different spectrums of governance are immediately filled through an independent and credible selection process.

3. The Government may incorporate rules requiring Companies and Bodies to disclose details of contributions made to political parties.

4. The Government may ensure that data collection and analysis of all important aspects of the economy are protected from political and administrative interference.

5. Efforts should be made by Departments to disclose information in the public domain in a language and mode such that it is easily understood by the beneficiaries of the programmes, who are primarily from rural India, as is already mandated under Section 4, RTI Act. Information should be understood as distinct from data, and therefore efforts should be made to disclose relevant disaggregated informationat the relevant level.

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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