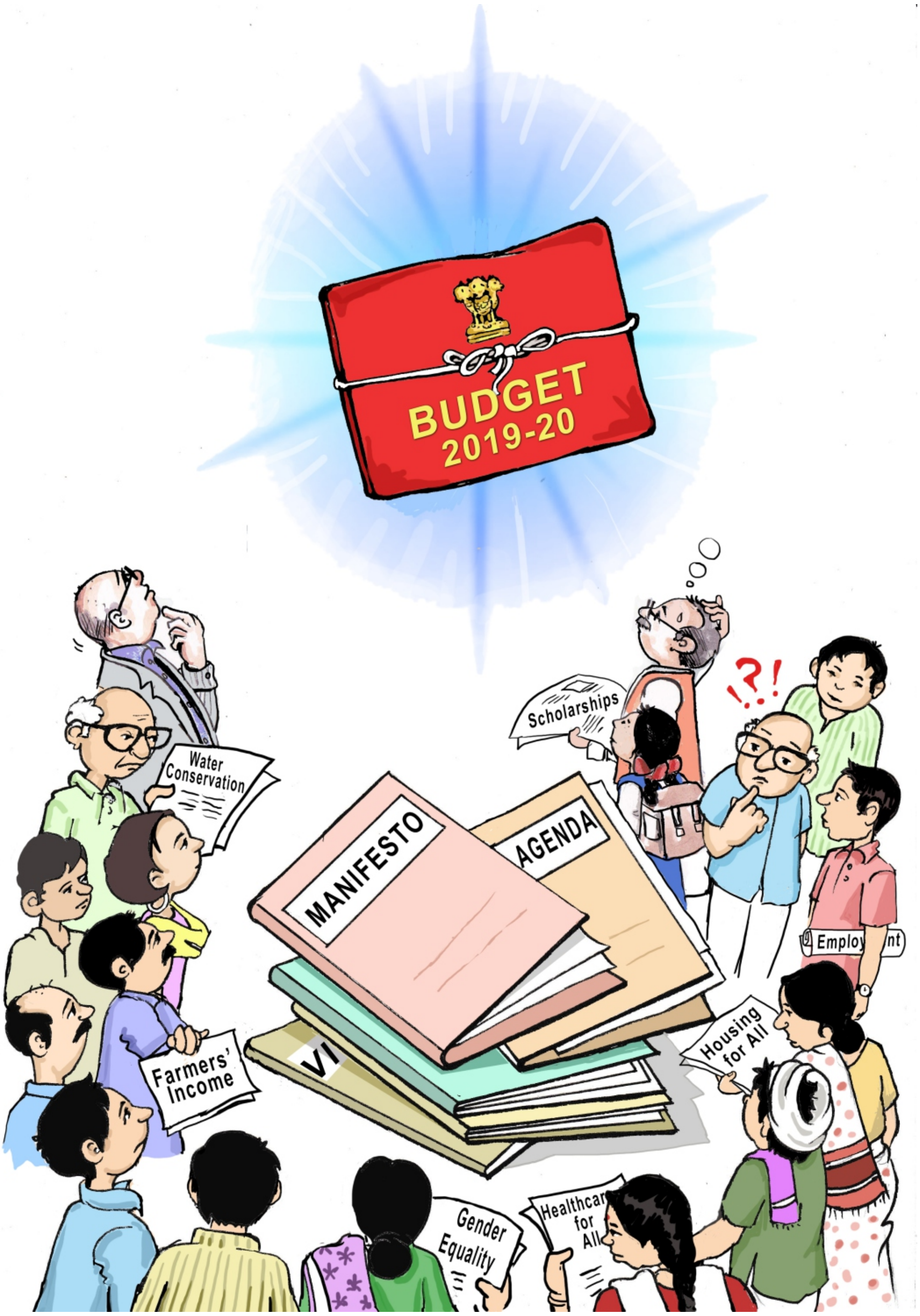
Promises and Priorities

An Analysis of Union Budget 2019-20



July 2019

CBGA

FOREWORD

Centre for Budget and Governance Accountability (CBGA) brings out a draft version of this publication within 24 hours of the presentation of the Union Budget in Parliament every year. The objective of this publication is to facilitate an informed discussion on the Union Budget, particularly around social sectors, agriculture, employment and vulnerable sections of the population.

2019 being the general election year, our Parliament witnessed two Budget Sessions in a span of six months. The Interim Budget was presented on 1st of February this year and the newly elected government has presented the main Union Budget for 2019-20 on 5th of July. Immediately after the Interim Budget, CBGA had published a comprehensive analysis, titled, "Numbers that Count", focusing on social sectors, agriculture, employment, vulnerable sections of the population and tax progressivity during the 5-year term of the government.

This publication presents a succinct analysis of the priorities in the (main) Union Budget 2019-20 vis-a-vis some of the key promises of the *Bharatiya Janata Party* (BJP), which now has a huge majority in Parliament and is governing the country along with other constituents of the National Democratic Alliance (NDA. The document also highlights a host of other important socio-economic development issues that need to be addressed through fiscal interventions.

We have focused on Resource mobilisation and Expenditure Budget pertaining to social sectors (such as education, health, drinking water and sanitation, nutrition and food security etc.), agriculture, employment and the responsiveness of the Budget towards the vulnerable sections of the population (such as women, children, *dalits, adivasis*, religious minorities and persons with disabilities).

The publication is shared widely with important stakeholders across the spectrum. We hope it would help deepen the public discourse on Union Budget.

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KEY FISCAL INDICATORS

Highlights

1. The overall magnitude of the Union Budget has registered visible increase in absolute terms from Rs. 16.6 lakh crore in 2014-15 (A) to Rs. 27.86 lakh crore in 2019-20 (BE).

2. However, the total Union Budget expenditure as a percentage of GDP of the country has stagnated over the last six years at around 13 per cent.

3. There has been a reduction in the projected amount of the Centre's Net Tax Revenue for 2019-20 (BE) compared to the Interim Budget of 2019-20. This Rs. 56,464 crore reduction in the Centre's Net Tax Revenue in 2019-20 (BE) seems to be arising because of the shortfall in tax revenue collection in 2018-19.

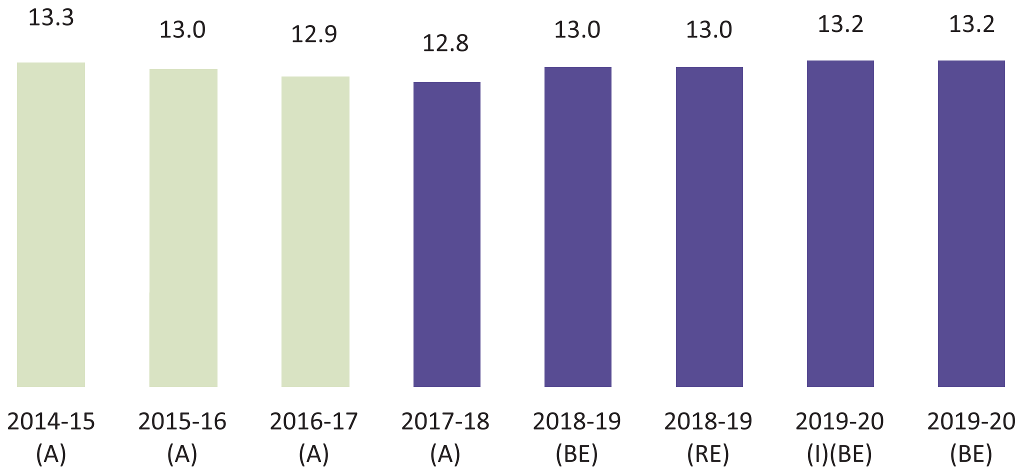
4. The projections for revenue to be collected in 2019-20 from Non-Tax Revenue and Disinvestment have been hiked in the main budget compared to the Interim Budget presented in February this year.

5. With the help of the above-mentioned adjustments on the receipts side, the projection for total Union Government expenditure (on all sectors) in 2019-20 (BE) has been increased marginally from Rs. 27.84 lakh crore in the Interim Budget to Rs. 27.86 lakh crore in the main Budget.

6. The share of the expenditure on select social sector ministries / departments in the total Union Budget has increased from 23.7 per cent in 2014-15 (A) to 27.4 per cent in 2019-20 (BE), an increase of 3.7 percentage point during the period. In absolute terms, the allocations for these select ministries / departments have increased from Rs. 6,48,735 crore in 2018-19 (RE) to Rs. 7,64,582 crore in 2019-20 (BE), an increase of 17.86 per cent.

While the size of the Union Budget expenditure, in absolute terms, has been increasing over the last few years, its share in the Gross Domestic Product (GDP) has remained stagnant at around 13 per cent (Chart 1.1). While the near-consistent decline in the Union Budget expenditure as proportion of GDP in the period between 2014-15 (A) and 2016-17 (A) seems to have been halted after 2017-18 (A), it needs to be kept in mind that the figures prior to 2017-18 are not comparable with those after that. This is because of the inclusion of the Goods and Services Tax (GST) compensation cess in the Union Budget figures following the introduction of GST in July 2017-18. Since a part of the GST compensation cess is only parked with the Union Government and is meant to go to States, its inclusion has the effect of inflating the Budget expenditure figures.

Chart: 1.1: Total Union Budget Expenditure as a Proportion of Gross Domestic Product (GDP)



Note: Data on Total Union Budget Expenditure from 2017-18 onwards are not comparable with that of previous years due to the inclusion of GST Compensation Cess in the Union Budget Expenditure

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

The sections below explain in detail the Union Government's sources of receipts (where the money comes from) and where the receipts are expended (where the money goes). It also explains the deficit indicators, i.e. the divergence between receipts and expenditure and discusses the trend of Union Government's expenditure on social sectors.

Where the money comes from and where the money goes: The main sources of money of the Union Government are tax revenue raised from different kinds of taxes (such as Corporate Income Tax, taxes on income, goods & service tax) and non-tax items such as borrowing and other liabilities etc. (Figure 1.1)

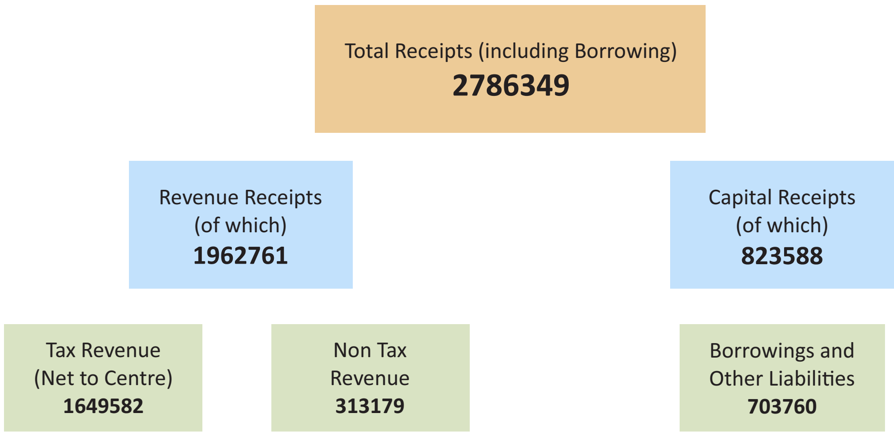
As Figure 1.1 shows there are different purposes for which the money is spent by the Union Government. In 2019-20 (BE), for instance, a major chunk of the gross outlays of the Union Government is to go as state's share of taxes and duties, followed by that for interest payments. Further, around 22 per cent of the Union Government outlays is allocated for central sector schemes (13 per cent) and for centrally sponsored schemes (9 per cent) in 2019-20 (BE).

Figure 1.1 Gross Receipts and Gross Outlays at the Central Level: A Break Up

Source: Compiled by CBGA from Union Budget 2019-20.

Details of Sources of Receipts, 2019-20 (BE): Almost 70 per cent of the total receipts of the Union Budget 2019-20 is projected to come from revenue receipts (Figure 1.2). Of this, close to 84 per cent is expected to come from different kinds of taxes. The rest 30 per cent of the total receipts is expected to come from capital receipts, of which a major chunk (close to 85 per cent of capital receipts) is expected to come from borrowings in 2019-20 (BE).

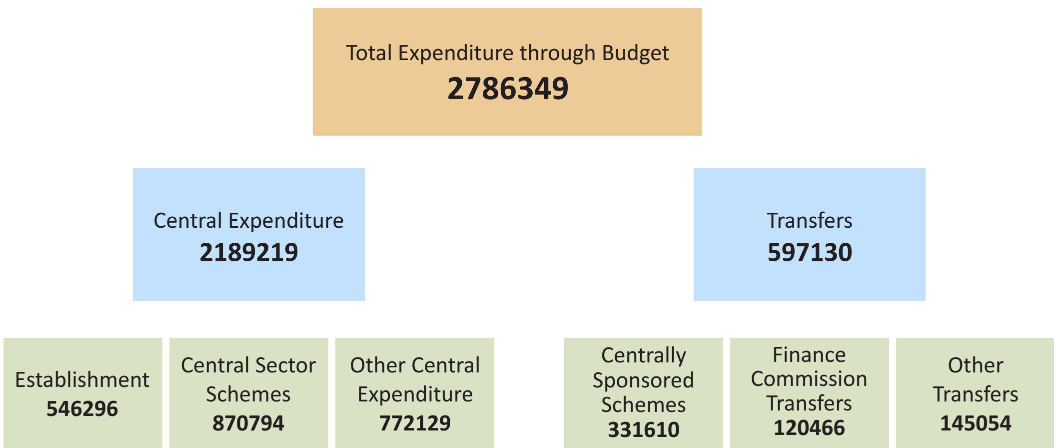
Figure 1.2: Sources of Receipts – Union Budget 2019-20 (in Rs. crore)



Source: Compiled by CBGA from Union Budget 2019-20.

Details of Expenditure, 2019-20 (BE): The total Union Government expenditure in 2019-20 (BE) is estimated to be Rs. 27,86,349 crore. Of this, around 79 per cent of funds is to be expended by the Union Government ministries / departments and the remaining 21 per cent is to be transferred to states. The transfer from the Union Government to states goes mainly through centrally sponsored schemes and Finance Commission transfer.

Figure 1.3: Summary of Expenditure- 2019-20 (BE) (in Rs. crore)

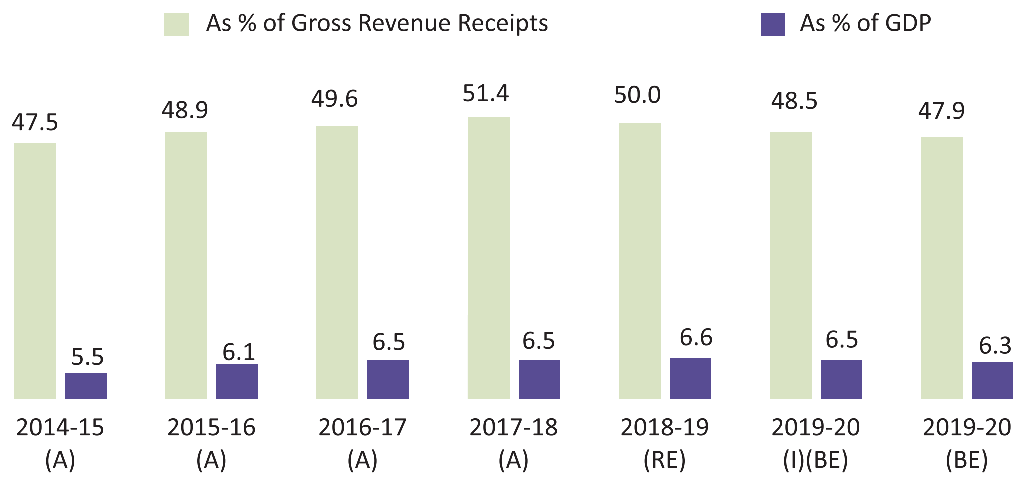


Source: Compiled by CBGA from Union Budget 2019-20.

Transfer of Resources to States: Following the implementation of the 14th Finance Commission recommendations, resource transfers to States as a percentage of Gross Revenue Receipts of the Union Government has increased in the period between 2015-16 (A) and 2017-18 (A). However, it has declined since then to almost the level witnessed in 2014-15 (A).

When seen as a share of GDP, resource transfers to States has increased from 5.5 per cent in 2014-15 (A) to about 6.3 per cent in 2019-20 (BE).

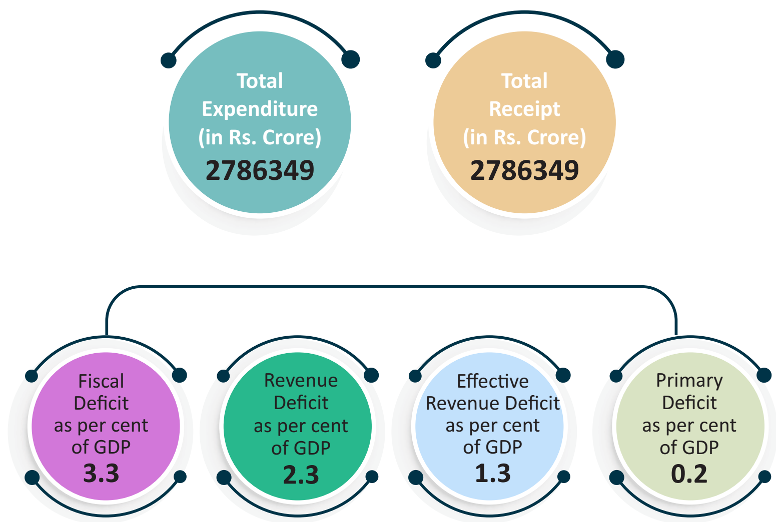
Chart 1.2: Transfer of Resources to States as Share of Gross Revenue Receipts and GDP



Note: Figure for transfer of resources to states prior to 2015-16 is not strictly comparable with figures for 20158-16 onwards due to the change in devolution pattern instituted since 2015-16 (i.e. after the 14th Finance Commission recommendations).
Source: Compiled by CBGA from Union Budget Documents, various years.

Key Deficit Indicators, 2019-20 (BE): The Union Government's fiscal deficit target as percentage of GDP has been revised downwards to 3.3 per cent from what was projected in the Interim Budget 2019-20 (3.4 per cent). The revenue deficit, which is the difference between receipt and expenditure in the revenue account of the Union Budget, is projected to be 2.3 per cent of GDP in 2019-20 (BE).

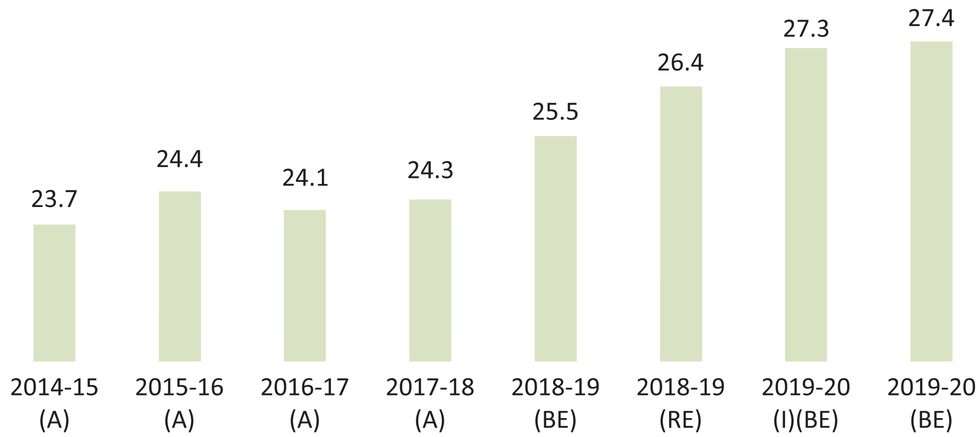
Figure 1.4: Key Deficit Indicators 2019-20 (BE)



Source: Compiled by CBGA from Union Budget 2019-20.

Expenditure on Social Sectors: In the period between 2014-15 to 2019-20 the share of social sector expenditure (comprising select 17 ministries) in the total Union Budget has increased from 23.7 per cent to 27.4 per cent respectively (Chart 1.3).

Chart 1.3: Share of Allocations for Select Union Government Ministries* in Total Union Budget (in per cent)



Note: * Ministry of Culture; Ministry / Department of Drinking Water and Sanitation; Ministry of Health and Family Welfare (including *AYUSH*); Ministry of Human Resource Development; Ministry of Labour and Employment; Ministry of Minority Affairs; Ministry of Social Justice and Empowerment; Ministry of Tribal Affairs; Ministry of Housing and Urban Affairs; Ministry of Women and Child Development; Ministry of Youth Affairs and Sports; Ministry of Agriculture and Farmers' Welfare; Ministry of Environment, Forest and Climate Change; Ministry of Rural Development; Ministry of Consumer Affairs, Food and Public Distribution (Includes Food Subsidy); Ministry of Fisheries, Animal Husbandry and Dairying; Ministry of *Jal Shakti.*

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

In absolute terms, the allocations for these 17 ministries have increased from Rs. 6,48,735 crore in 2018-19 (RE) to Rs. 7,64,582 crore in 2019-20 (BE), i.e. an increase of 17.9 per cent (Table 1.1).

Table 1.1: Union Budget Allocations / Expenditure for select Social Sectors Ministries / Departments (in Rs. crore)

Sl. No.	Ministries / Departments	2014-15 (A)	2015-16 (A)	2016-17 (A)	2017-18 (A)	2018-19 (BE)	2018-19 (RE)	2019-20 (I)BE)	2019-20 (BE)
1	Ministry of Culture	2064	2007	2297	2520	2843	2800	3042	3042
2	Ministry / Department of Drinking Water and Sanitation**	12091	11081	16476	23939	22357	19993	18216	20016
3	Ministry of Health and Family Welfare (including *AYUSH*)	32154	35190	40241	54645	56226	57738	65038	66499
4	Ministry of Human Resource Development	68875	67239	72016	80215	85010	83626	93848	94854
5	Ministry of Labour and Employment	4138	4642	4743	6516	7700	9750	10434	11184
6	Ministry of Minority Affairs	3089	3655	2832	4057	4700	4700	4700	4700

Sl. No.	Ministries / Departments	2014-15 (A)	2015-16 (A)	2016-17 (A)	2017-18 (A)	2018-19 (BE)	2018-19 (RE)	2019-20 (I)BE)	2019-20 (BE)
7	Ministry of Social Justice and Empowerment	5784	6308	7289	7669	8820	11033	8945	10090
8	Ministry of Tribal Affairs	3852	4480	4817	5317	6000	6000	6527	6895
9	Ministry of Housing and Urban Affairs	15982	20180	36946	40061	41765	42965	48032	48032
10	Ministry of Women and Child Development	18539	17249	16874	20396	24700	24759	29165	29165
11	Ministry of Youth Affairs and Sports	1121	1423	1574	1689	2196	2003	2217	2217
12	Ministry of Agriculture and Farmers' Welfare *	30095	33682	42642	44340	54500	75753	141664	138564
13	Ministry of Environment, Forest and Climate Change	1599	1521	2278	2627	2675	2675	3176	2955
14	Ministry of Rural Development	69817	78945	96728	110333	114915	114400	119874	119874
15	Ministry of Consumer Affairs, Food and Public Distribution (Includes Food Subsidy)	118323	140810	122399	109578	175944	179655	194513	194513
16	Ministry of Fisheries, Animal Husbandry and Dairying	1822	1410	1858	2022	3100	3273	3100	3737
17	Ministry of *Jal Shakti***	5480	6862	4714	5313	8860	7613	8041	8245
18	**Total Expenditure for the Select Ministries (1 to 17)**	**394825**	**436684**	**476724**	**521237**	**622311**	**648735**	**760532**	**764582**
19	Ministry of Road Transport and Highways	33048	46913	52232	61015	71000	78626	83016	83016
20	Defence Expenditure	285005	293920	351550	379704	404365	405194	431011	431011

Notes: *Department of Animal Husbandry, Dairying and Fisheries becomes a separate ministry in FY 2019-20 (Ministry of Fisheries, Animal Husbandry and Dairying), which was earlier part of the Ministry of Agriculture and Farmers' Welfare. For consistency and comparability, across years, we have adjusted relevant numbers here.

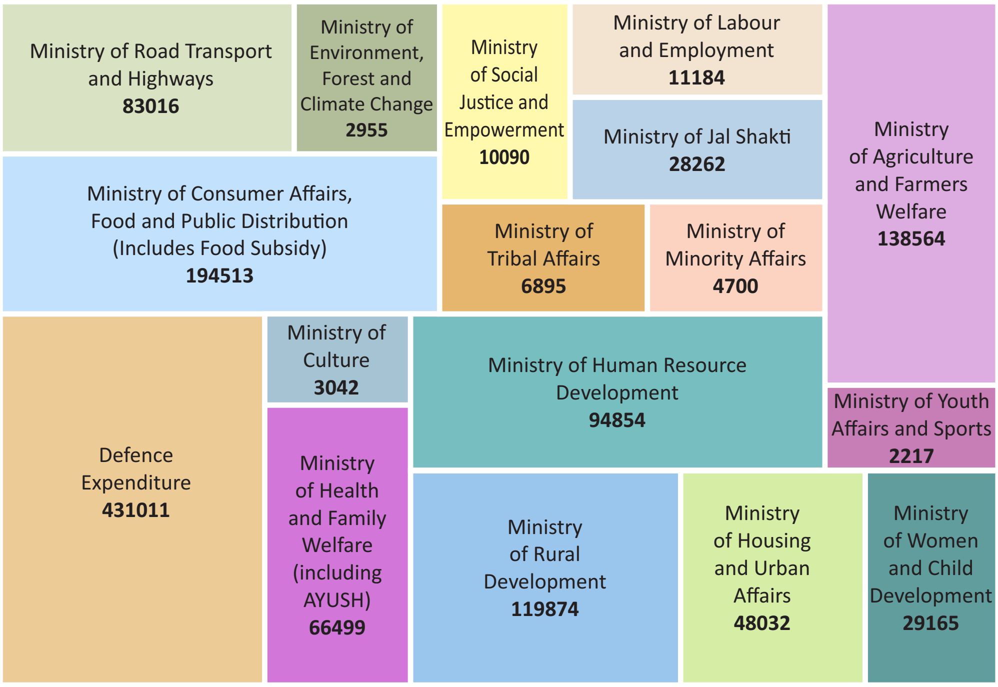
** Ministry of Drinking Water Sanitation and Ministry of Water Resources, River Development and *Ganga* Rejuvenation have been dropped in FY 2019-20 and this becomes two departments of the New Ministry "*Jal Shakti*". However, for consistency and comparability, we have made relevant adjustments here.

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

The rise in social sector spending in the current budget has been driven mainly by an increase in allocation for the Ministry of Agriculture and Farmers' Welfare (including allocations for Fisheries, Animal Husbandry and Dairying activities) from Rs. 57,600 crore in 2018-19 (BE) to Rs. 1,42,301 crore in 2019-20 (BE). This increase, in turn, is mainly on account of the Direct Income Support Scheme for farmers introduced in the Interim Budget of 2019-20.

Other than this, Ministry of Women and Child Development (17.8 per cent), Ministry of Health and Family Welfare (including *AYUSH*) (15.2 per cent), Ministry of Tribal Affairs (14.9 per cent), Ministry of Labour and Employment (14.7 per cent) and Ministry of Human Resource Development (13.4 per cent) are some of the ministries that have recorded visible increase in allocations in 2019-20 (BE) compared to 2018-19 (RE).

Figure 1.5: Budget of Select Union Government Ministries (in Rs. crore)



2

RESOURCE MOBILISATION

Highlights

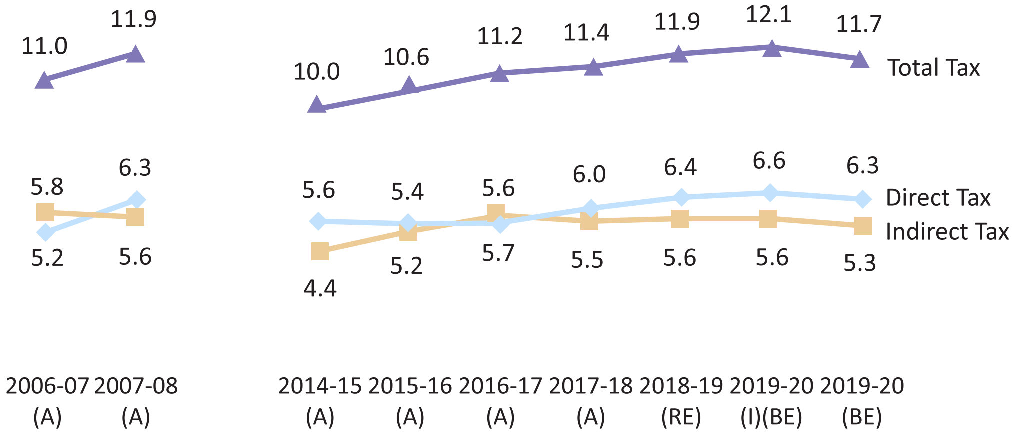
1. The lower corporate income tax (CIT) rate of 25 per cent has now been extended to companies having annual turnover up to Rs. 400 crore, which so far was applicable for companies with annual turnover up to Rs. 250 crore. As a result, now 99.3 per cent of the companies in India will fall under this lower tax rate category and the remaining 0.7 per cent companies with higher turnover will continue with 30 per cent tax rate.
2. Surcharge on personal income tax has been increased. Taxable income between Rs 2 crore and Rs. 5 crore will attract 25 per cent surcharge, while taxable income above Rs 5 crore will attract 37 per cent surcharge. The surcharge rate for both the taxable income groups was 15 per cent.
3. Central tax on petrol and diesel has been increased by Rs. 2 per litre.
4. Rs. 1.05 lakh crore is projected to be raised through disinvestment in 2019-20, substantially higher than Rs. 90 thousand crore projected in the Interim Budget 2019-20.
5. The Union Budget 2019-20 has pegged dividend or profits from the RBI, nationalised banks and public sector units at Rs. 1.63 lakh crore, signifying a substantial increase from the amount (Rs. 1.36 lakh crore) estimated in the Interim Budget 2019-20.

Resource mobilisation plays a central role in a budget as it determines the overall fiscal space available for public expenditure on various sectors, including social sectors. This is particularly important in an environment where the government is focused on ensuring fiscal consolidation. As the Economic Survey 2018-19 notes, after 2011-12, the government has been focusing on “gradual, but consistent efforts towards fiscal consolidation”.

In such a climate, augmenting resource mobilisation becomes critical as low Tax to GDP ratio affects spending on crucial sectors. What needs to be noted is that while the level of resource mobilised is important, how resources are being mobilised and whether they are shareable with states are equally critical. Given that most social sectors are state subjects, the latter aspect, i.e. the quantum of resources shared with states not just in absolute terms but also in real terms, has significant role in influencing spending in these sectors. In this context, we look at some the critical aspects of resource mobilisation laid out in the Union Budget 2019-20.

Central Tax to GDP Ratio: Central Tax to GDP ratio shows an upward trend in the last few years. However, when looked at from a longer term perspective, the central tax-GDP ratio is still at the level it was more than a decade ago (Chart 2.1). The interim budget 2019-20 had estimated central tax-GDP ratio of 12.1 per cent, but this has been revised downward in the current budget. The worrying sign is that according to 'Medium Term Fiscal Policy Cum Fiscal Policy Strategy Statement' central tax-GDP ratio is projected to decline even further to 11.6 per cent in 2020-21.

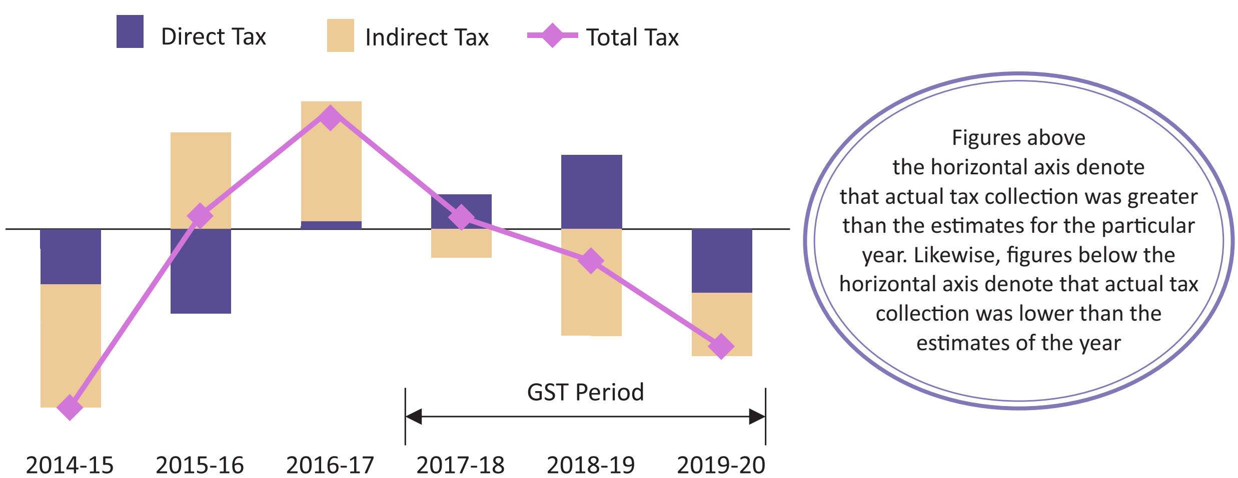
Chart 2.1: Tax-GDP Ratio



Notes: i) Starting from 2017-18, tax collected includes the GST compensation cess;
ii) Total Tax indicates Gross Tax Revenue of the central government. Gross tax revenue of the central government includes states' share in central taxes which is devolved to states.
Source: Compiled by CBGA from Indian Public Finance Statistics and Union Budget documents, various years.

Mismatch between projected and actual tax collection figures: The budget estimates made by the government at the start of a financial year often turn out to be very different from the actual tax collected (Chart 2.2). Interestingly, in 2015-16 and 2016-17, total tax collected exceeded the estimates, mainly because of higher than estimated indirect tax collection. In the years since the introduction of GST, on the other hand, tax collected, actual or revised, has been consistently lower than what was estimated, mainly because of a shortfall in indirect tax collection compared to the estimates made. In the current budget expected tax collection has been pared down substantially compared to the projections made in the interim budget 2019-20. The lower estimates for 2019-20 (BE) relative to interim budget 2019-20, has been driven mainly by lower expectation with respect to both personal income tax and GST compensation cess.

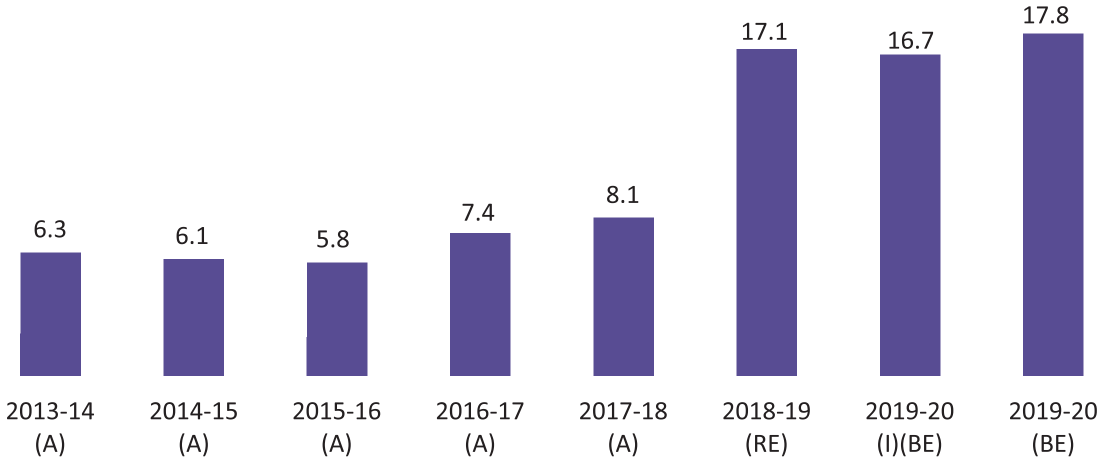
Chart 2.2: Gap between Actual and Estimates of Tax Collection (in Rs. crore)



Notes: i) The figure shows the different between BE and Actual for the years up to 2017-18,
ii) The figure for 2018-19 compares BE with RE and the figure for 2019-20 compares 2019 Interim BE with 2019-20 BE.
Source: Compiled by CBGA from Union Budget documents, various years.

Increasing focus on cesses and surcharges: The government has been increasingly focusing on cesses and surcharges for mobilisation of tax revenue in the last couple of years.

Chart 2.3: Cesses & Surcharges as Share of Gross Central Tax Revenue (in per cent)



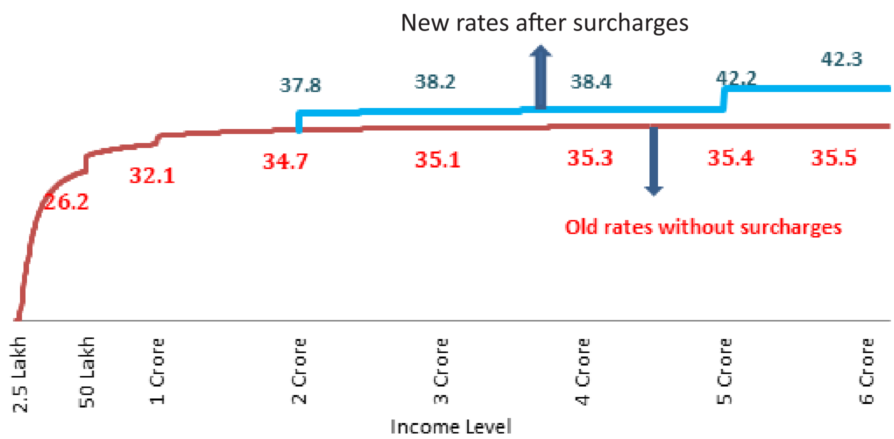
Note: 2019-20 (BE) (I) stands for BE of Interim budget 2019-20.
Source: Compiled by CBGA from Union Budget documents, various years.

The major reasons for the increase in cess and surcharge collection, especially since 2018-19 are:

- Introduction of new surcharges on Personal Income Tax (PIT) and Corporate Income Tax (CIT), and increase in the rate of existing surcharges
- Introduction of a new 'Road and Infrastructure Cess' on petroleum

Impact of cesses and surcharges on the progressivity of the tax structure: Increase in cesses and/or surcharges on higher income groups (as announced in the Union Budget 2019-20), raises the effective tax rate applicable for these groups (Chart 2.4). This in turn should increase the progressivity of direct taxes as it ensures that more tax revenue is collected from those who have the ability to pay.

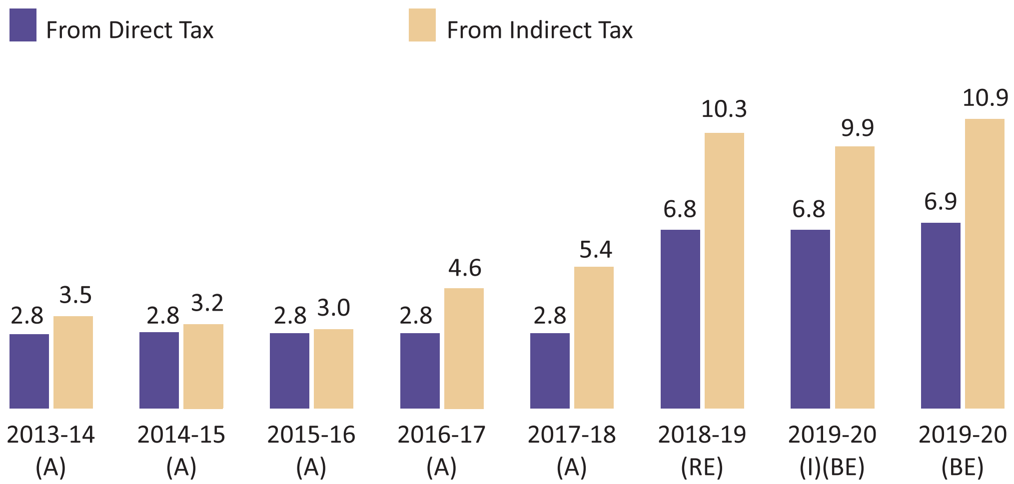
Chart 2.4: Effective tax rates for Personal Income Tax after new surcharges



Note: Only tax rates, cess, and surcharge have been taken into consideration for calculation, and other aspects like exemption, rebate were not taken into account.
Source: Calculated based on data from finance bill.

However, in the case of India, overall cesses and surcharges collected from indirect taxes are much higher than those collected from direct taxes (Chart 2.5). This has the opposite effect of making the tax system more regressive. The GST compensation cess and the 'Road and Infrastructure Cess' are particularly significant in further increasing the regressivity of the tax structure.

Chart 2.5: Cess & Surcharge - Direct Tax vs. Indirect Tax (% of Gross Central Tax Collection)



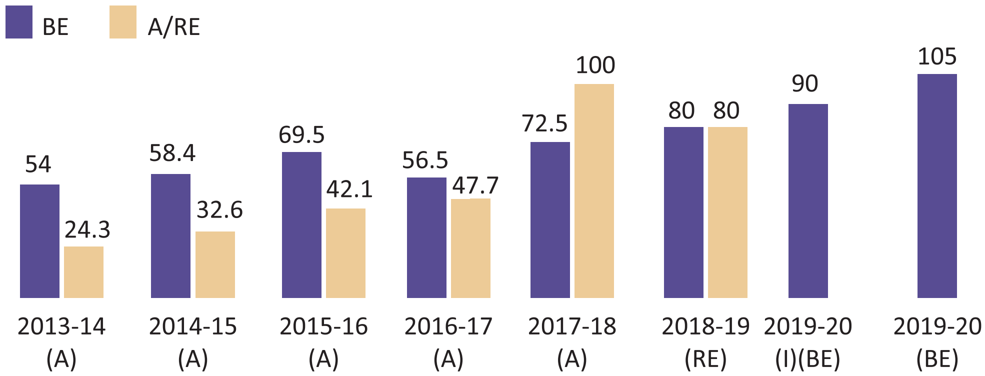
Note: 2019-20 (BE) (I) stands for BE of Interim budget 2019-20.
Source: Compiled by CBGA from Union Budget documents, various years.

Increasing centralisation of taxes: This increase in cesses and surcharges has implications for fiscal federalism as well. Since the revenue collected by the Union government through this route is not shared with the states, states lose out on the revenue which otherwise should have been shared with them.

The increase in special excise duty on petrol and diesel in the Union budget 2019-20, further reinforces the tendency towards centralisation of taxes as, in the case of petrol and diesel, revenue earned from special excise duty is not shared with the states.

Rising dependence on other sources of revenue: In order to ensure fiscal consolidation, in the last few years the government has been increasingly falling back on disinvestment proceeds and dividend earned from Public Sector Units (PSUs) and the RBI to compensate for the consistent shortfall in tax collection compared to the estimates made initially. In some years, the actual revenue collected through these routes has been higher than the estimates (Charts 2.6 and 2.7).

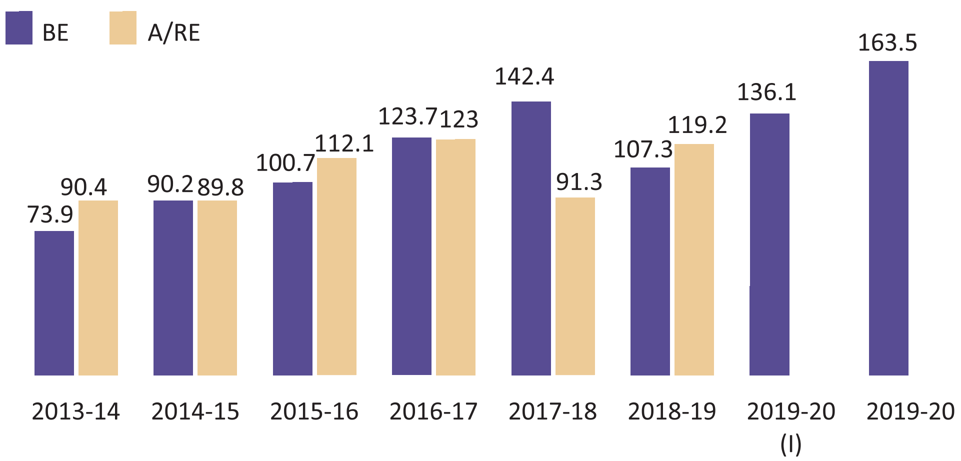
Chart 2.6: Disinvestment - Budget Estimates vs Actual / Revised Estimates (in Rs. 1000 crore)



Note: 2019-20 (I) stands for Interim budget 2019-20.
Source: Compiled by CBGA from Union Budget documents, various years.

Instruments like disinvestment proceeds and dividends collected are being increasingly relied upon (sometimes inter-changeably) in order to ensure fiscal consolidation. For instance, the RBI has been contributing extraordinarily large dividends in the last couple of years and this is expected to increase further to Rs. 90,000 crore in 2019-20 (BE) from Rs. 68,000 crore it paid last year.

Chart 2.7: Total Dividends from PSUs and RBI:
Budget Estimates vs Actual / Revised Estimates (in Rs. 1000 crore)



Note: 2019-20 (BE) (I) stands for BE of Interim budget 2019-20.
Source: Compiled by CBGA from Union Budget documents, various years.

The fact that India's tax to GDP ratio is not only low but is also stagnant at this level is a cause for concern. In this context, the attempt to augment tax revenue by levying surcharge on taxable income earned by super-rich individuals is a welcome step. However the fact that this is being done through the route of cesses and surcharges and given that GST collection continues to face shortfall, means that States' ability to spend on welfare schemes is unlikely to get enhanced anytime soon.

3

INTERNATIONAL TAXATION AND FINANCIAL TRANSPARENCY

Highlights

1. The Union Budget 2019-20 proposes to re-open the Income Declaration Scheme 2016 (also known as Black Money Declaration Scheme).
2. The Union Budget proposes to levy tax deduction at source of two per cent on cash withdrawal of more than Rs. one crore from a bank account in one financial year.
3. More tax incentives were announced for India's International Financial Services Centre, GIFT City in Gujarat.
4. The Union Budget 2019-20 has not provided any data on revenue foregone due to exemptions on excise duty.

Proposal to re-open the Income Declaration Scheme: The Union Budget 2019-20 proposes to re-open the Income Declaration Scheme 2016 (also known as the Black Money Declaration Scheme) for people who had declared their unaccounted income or wealth but not paid the tax, surcharge and penalty by the due date. As per the Union Budget proposal such people would now have the opportunity to pay the requisite amount, along with one per cent interest per month, within a date to be notified by the government. The Union Budget also proposed to allow refund of excess money paid under this scheme by a class of persons to be notified later. These amendments have been made retrospectively from June 1, 2016 when the Income Declaration Scheme was first announced. Under this scheme, 64,275 declarations were filed, amounting to an aggregate of Rs. 65,250 crore worth of hitherto undeclared income in cash or other assets.

Proposal to levy tax deduction at source (TDS) on cash withdrawal over Rs. one crore

The Union Budget proposes to levy tax deduction at source (TDS) of two per cent on cash withdrawal of more than Rs. one crore from a single bank account within one financial year. Aimed at discouraging business payments in cash, this proposal follows a couple of similar announcements in the past – Union Budget 2017-18 had banned cash transactions above Rs. two lakh by inserting a new section 269ST in the Income Tax Act; Union Budget 2005-06 had introduced a banking cash transaction tax of 0.1 per cent payable by individuals and Hindu Undivided Family (HUF) if they withdrew cash over Rs. 50,000 in a single day from a bank account other than savings accounts.

More tax incentives announced for India's International Financial Services Centre, GIFT City, Gujarat

India had announced the establishment of an International Financial Services Centre (IFSC) in Gujarat in 2017, further consolidated by the regulatory framework announced by Union Budget 2018-19.[1] In its Analysis of Union Budget 2018-19, CBGA had examined the laws and regulations governing GIFT City, and had noted how the IFSC incentivises instruments and activities related to speculative investment. The government's decision to encourage and incentivise speculative financial instruments can potentially hamper the country's macroeconomic indicators such as the GDP growth rate and employment growth rate. Furthermore, this has

[1] Centre for Budget and Governance Accountability. Of Hits and Misses: An Analysis of Union Budget 2018-19. February 2018.

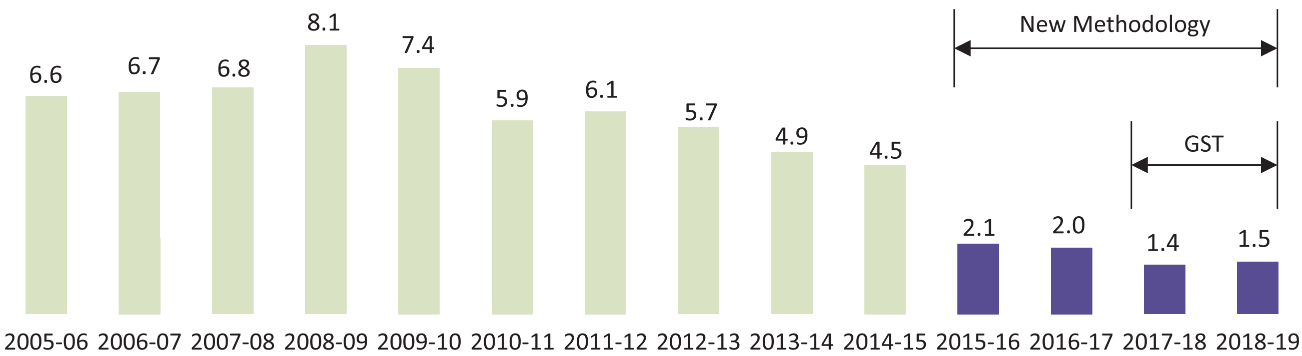
significant impacts on the government's revenue, as the IFSC provides for substantive tax exemptions and tax holidays and which may be used for tax abuse.

The Union Budget 2019-20 has gone a step ahead and announced more tax incentives for GIFT City, in the form of deduction of profits, exemption on interest, exemption on capital gains tax on Alternative Investment Fund and securities, exemption on dividend distribution tax, no additional tax on distribution of any amount by specified mutual funds, etc.

Revenue Foregone from Tax Incentives

The Union Government provides a number of tax incentives and exemptions to various taxpayers, both individuals as well as corporates. As a result, the government loses out on potential tax revenue it would have been able to collect, had these incentives not been offered. This loss of potential revenue is known as revenue foregone. The Union Government started publishing a Statement of Revenue Foregone with data from FY 2005-06. As is apparent from Chart 3.1, the amount of revenue foregone was at its highest in FY 2008-09 but has since seen a steady decline.

Chart 3.1: Revenue Foregone from Central Taxes (as per cent of GDP)



Source: Compiled by CBGA team from budget documents, various years.

In the last four years, between FY 2015-16 and 2018-19, this decline can be attributed to two important changes:

- The methodology to estimate the revenue foregone was altered in FY 2015-16.
- The Goods and Services Tax was introduced in FY 2017-18, which subsumed most indirect taxes.

The decline in revenue foregone however, needs more debate in the public discourse, as the changes in the methodology has not been explained by the government in a transparent manner, especially in the case of excise duty. Further, the Union Budget 2019-20 carries no data on revenue foregone to exemptions on excise duty.

4

AGRICULTURE AND ALLIED ACTIVITIES

Highlights

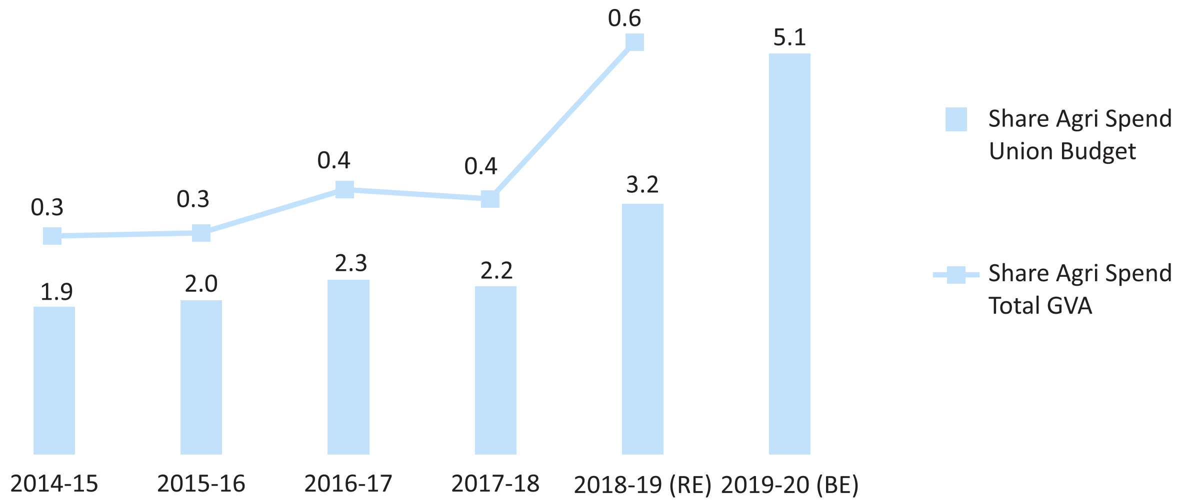
1. More than 80 per cent allocation under Ministry of Agriculture and Farmers' Welfare (MoAFW) goes to provide income support, interest relief, price support and insurance programmes, which are not the core activities of the Ministry of Agriculture and Farmers' Welfare.
2. Share of allocation for Agriculture Research and Education in the total budget of MoAFW has declined from 26 per cent in 2015-16 (A) to 18 per cent in 2019-20 (BE), however, as a share in Gross Value Added in Agriculture and Allied Activities; it constituted only 0.25 per cent in 2018-19.
3. Allied sector has been given priority with the formation of a new Ministry, i.e. Ministry of Fisheries, Animal Husbandry and Dairying (MoFAD). However, schematic intervention for building agriculture infrastructure, promoting crop diversification and facilitating productivity growth received low priority in recent budgets.
4. The Union Budget 2019-20 reflects on Zero Based Natural Farming (ZBNF) that focuses on traditional farming with zero input cost, needs further examination for its viability in the present open and competitive market for agriculture.

Agriculture and allied sector continue to be critical for India's economic development, for its contribution in providing employment and income opportunities to more than 50 per cent of the population. However, the sector is largely dominated by small, marginal and landless farmers who live in poverty and frequently, fall prey to adverse rainfall and climatic conditions. Rise in farmers' income would possibly create a positive impact on the agriculture and allied sector. With this notion, the *NITI Aayog's* three years action agenda promises to double the farmers' income by 2022, taking 2015-16 as the base year. The 2019 election manifesto of the BJP has also reiterated the same idea. This section examines whether the allocations for the sector can address the challenges of doubling the farmers' income by 2022.

The doubling of farmers' income needs an overall sectoral development in agriculture and allied activities. This can be achieved through building agriculture infrastructure, better utilisation of water, improving soil health, generation of variety and quality seeds and many more, which warrants public spending.

However, public spending on agriculture and allied sector as a proportion of total union budget expenditure and India's GVA has remained low and more or less constant until 2017-18. Since 2018-19, this share has increased (Chart 4.1). The rise in share is the result of a higher budgetary allocation under direct income (cash) transfers to the farmers under *Pradhan Mantri Kisan Samman* (PM *Kisan* Scheme) *Nidhi.*

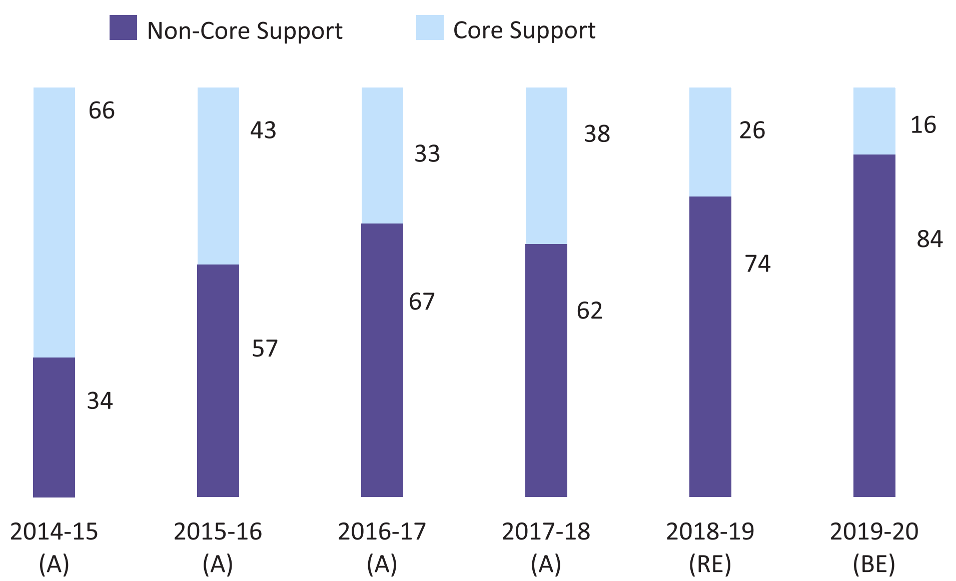
Chart 4.1: Share of Budget Allocation to the Ministry of Agriculture and Farmers' Welfare in total Union Budget and Gross Valued Added (in per cent)



Note: Total Gross Value Added (GVA) figures are at 2011-12 basic prices (Nominal and at Current Prices), data taken from Economic Survey 2018-19. Figures for, total GVA, 2016-17 is 2nd Revised Estimate, 2017-18-1st Revised Estimate and 2018-19 is Provisional Estimate.
Source: Data compiled by CBGA.

Analysis of public spending in agriculture and allied sector shows that the government's priorities have been somewhat misplaced as the focus has shifted from core to non-core areas in agriculture sector over the last five years (Chart 4.2).

Chart 4.2: Share of Expenditure on Core and Non-Core Activities under Department of Agriculture, Cooperation and Farmers Welfare (in per cent)



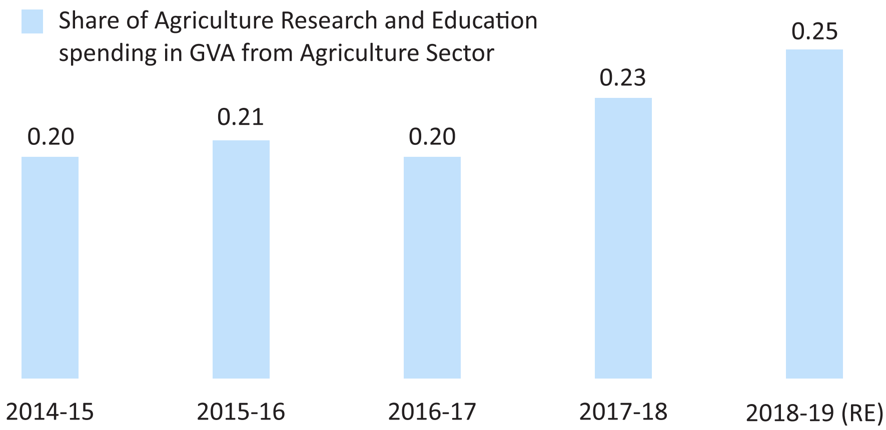
Note: Allocations for Non-Core activities include provisioning of Direct Income Support, Crop Insurance, Price Support and Interest Subvention to Farmers, whereas, allocations for Core activities include provisioning of the development and promotion of food grain and non-food grain crops, food security mission, programmes like RKVY etc. along with input subsidies.
Source: Data compiled by CBGA.

As can be seen from the chart above, a relatively large share of allocation for MoAFW is earmarked for providing income and price support, insurance and interest relief to the farmers. These are non-core areas that can address the short-run objectives of easing cash flow problems faced by farmers. Core areas such as human resources, provisioning of inputs, extension services and training, soil and water management, etc. geared to addressing the fundamental problems that agriculture sector is faced with, are neglected. This approach is akin to providing minimal help in sustaining farmers' income in the long run.

One of the grey areas of India's agriculture budget is inadequate attention paid to agriculture research and education. Most of the developed countries influence their agricultural production and productivity through a higher public spending in agriculture research and education. India's share of public spending on Agriculture Research, Development and Education has remained stagnant at 0.6 to 0.7 per cent of GDP, which is low when compared to most of the developed and middle income countries.

Even when seen as a proportion of Gross Value Added from Agriculture sector, public spending (through the Union Budget only) for agriculture research and education has remained at around 0.25 per cent (Chart 4.3). As is known, public investment is critical to manage soil health, innovating water harvesting techniques, improved variety of seeds for sustained agricultural growth and productivity, etc., and therefore, critical for increasing farmers' income. Inadequate funding in this area would dent the efforts in providing sustainable income to farmers.

Chart 4.3: Share of Union Government spending on Agriculture Research, Development and Education in GVA from Agriculture Sector (in per cent)



Note: Figures for Gross Value Added (GVA) in Agriculture Sector are at 2011-12 basic prices (Nominal and at Current Prices), data taken from Economic Survey 2018-19. Figures for, Agriculture Sector GVA, 2016-17 is 2nd Revised Estimate, 2017-18-1st Revised Estimate and 2018-19 is Provisional Estimate.
Source: Data compiled by CBGA.

The allied sector provides employment and income opportunities to the farmers during seasonal unemployment. The Economic Survey 2018-19 acknowledges the growth potential of this sector. In the last five years, the annual average growth in the livestock, fisheries and aquaculture sector has been above 8 per cent which is higher than the growth registered in the manufacturing sector. The Union Budget 2019-20 has accorded administrative priority to the sector by making a separate Ministry, named as MoFAD. However, the budget allocated for the Ministry is a mere Rs. 3,737 crore which does not seem reasonable given that livestock rearing is a principal source of income for a significant chunk of agricultural households.

Other than this, the Union Government tries to influence the growth and productivity of agriculture and allied sector through various schematic interventions. Detailed budget allocation for various schematic interventions related to this sector is given in the following table (Table 4.1).

Table 4.1: Union Government budget allocation under various schemes related to Agriculture and Allied Sector (in Rs. Crore)

Major Schemes	**2015-16(A)**	**2016-17(A)**	**2017-18(A)**	**2018-19 RE**	**2019-20 BE(I)**	**2019-20(BE)**
Pradhan Mantri Fasal Bima Yojana (PMFBY)	2983	11052	9419	12976	14000	14000
Pradhan Mantri Krishi Sinchai Yojana (Under MoA)	1556	1991	2819	2955	3500	3500
Pradhan Mantri Krishi Sinchai Yojana (Under Deptt. of Land Resources)	1527	1511	1774	1996	2227	2227
Accelerated Irrigation Benefit & Flood Management Programme	2999	1001	0	1	1	1
Har Khet ko Pani	1499	440	1355	2181	904	1070
Pradhan Mantri Krishi Sinchai Yojana (Ministry of Water Resources, River Development and *Ganga* Rejuvenation)	4698	1632	2123	3456	3950	4116
Total Allocations for *Pradhan Mantri Krishi Sinchai Yojana,* including AIBP (PMKSY)	10780	6134	6716	8408	9678	9842
Green Revolution- Out of which	9777	10105	11057	11802	12612	12560
Rashtriya Krishi Vikas Yojana (RKVY)	3940	3892	3560	3600	3800	3745
National Food Security Mission (NFSM)	1162	1286	1377	1510	2000	2000
Paramparagat Krishi Vikas Yojana (PKVY)	219	153	203	300	325	325
National Mission on Horticulture (NMH)	1697	1493	2027	2100	2200	2225
Interest Subvention for Providing Short Term Credit to Farmers	13000	13397	13046	14987	18000	18000
White Revolution	937	1309	1574	2431	2140	2240
Blue Revolution	200	388	321	501	560	550

Source: Data compiled by CBGA.

The past trend shows that various schematic interventions by Union Government has remained low in terms of priority in comparison to the kind of problems facing the agriculture and allied sector. In the Budget 2019-20, there was reflection on Zero Budget Natural Farming (ZBNF), i.e. adopting traditional farming methods with zero input costs. While the idea is not new, it needs to be examined how far this can be a practical in solution given the competitive market which relies on high productivity in crops.

5

RURAL DEVELOPMENT

Highlights

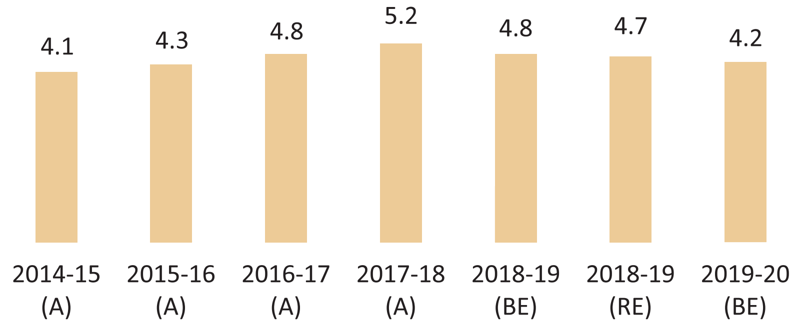
1. There is no increase in the budget allocation for Department of Rural Development and its flagship programmes in this full budget for 2019-20 compared to the Interim Budget for 2019-20.
2. This budget has announced that in the second phase of *Pradhan Mantri Awas Yojana - Grameen* (PMAY-G), (2019-20 to 2021-22), 1.95 crore houses will be provided to the eligible beneficiaries along with amenities like toilets, electricity and LPG connections.
3. Rate of completion of houses under PMAY-G is slow due to capacity constraints.
4. *Pradhan Mantri Gram Sadak Yojana* - III (PMGSY-III) envisages to upgrade 1,25, 000 Kms of road length over the next five years, with an estimated cost of Rs. 80,250 crore.
5. Allocation for *Mahatma Gandhi* National Employment Guarantee Act (MGNREGA) has decreased to Rs. 60000 crore in 2019-20 (BE) from Rs. 61084 crore in 2018-19 (RE), which was also case with the Interim Budget of 2019-20.

Share of Budget Allocations for Department of Rural Development in the Total Union Budget

As per the Census 2011, nearly 83 crore people live in rural areas in India, which constitute about 69 per cent of the total population of the country. There has been a visible disparity between rural and urban areas in terms of several indicators like availability of basic services and socio-economic development infrastructures. Rural India is facing certain challenges such as poor infrastructure, lack of basic amenities, agrarian distress, migration and unemployment for many years. Government has stressed on the need to augment physical infrastructure to the level of urban amenities while keeping the core ethos of the agrarian economy alive.

While looking at the allocation for Department of Rural Development (DoRD), the share of allocations for DoRD to the total Union Budget has decreased from 4.7 per cent in 2018-19 (RE) to 4.2 per cent in 2019-20 (BE). However, the Finance Minister in her budget speech claimed that this budget is meant for *"Gaon, Gharib, aur Kisan"* without any increase in the budget of DoRD. Chart 5.1 shows that highest percentage share of expenditure has been reported by DoRD in 2017-18(A) due to rise in allocations for MGNREGA, NRLM and PMAY-G. The proportions have been lower in the later years.

Chart 5.1: Share of Budget Allocations for Department of Rural Development in the Total Union Budget (in per cent)



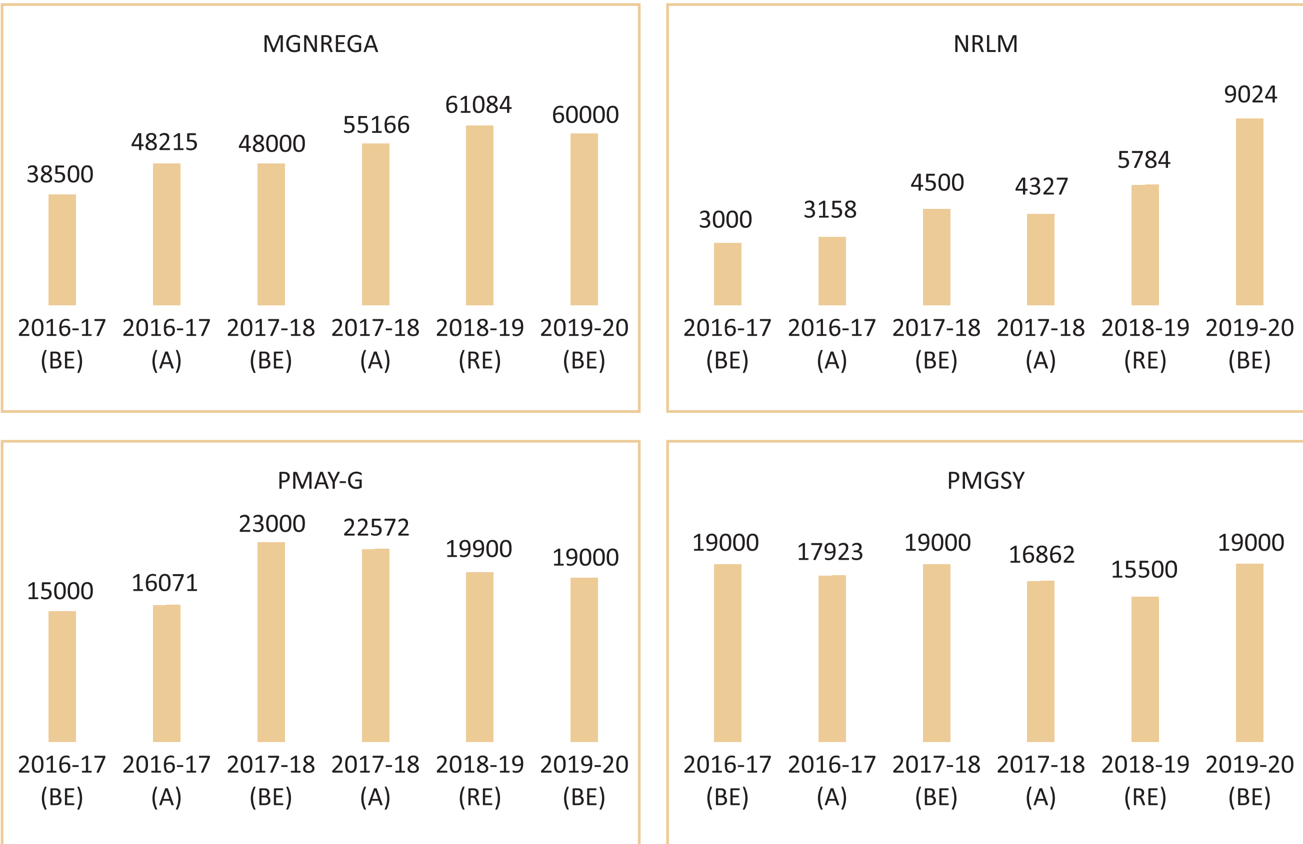
Source: Compiled by CBGA from Union Budget Documents, various years.

Allocations for and Utilisation under Major Schemes of Rural Development

At present there exist major flagship schemes for rural development such as *Mahatma Gandhi* National Employment Guarantee Scheme (MGNREGS), *Deendayal Antyodaya Yojana* /NRLM, *Pradhan Mantri Awas Yojana* (PMAY) and *Pradhan Mantri Gram Sadak Yojana* (PMGSY). These schemes are supposed to contribute significantly towards poverty alleviation by diversifying incomes and by acting as a support during periods of agrarian distress through creation of employment. However, this budget has not witnessed any increase in the allocations of the above-mentioned flagship programmes (Chart 5.2 below).

Currently, India is facing crises of water shortage and MGNREGA could be helpful to mitigate the rural water scarcity problem. In this regard, various water conservation projects could be taken up by MGNREGA such as check dam, ponds, renovation of traditional water bodies etc. Despite the better utilisation of funds and more demand for resources, allocation for MGNREGA has decreased to Rs. 60,000 crore in 2019-20 (BE) from Rs. 61,084 crore in 2018-19 (RE), which was also case for the Interim Budget. This budget has announced that in the second phase of PMAY-G, (2019-20 to 2021-22), 1.95 crore houses will be provided to the eligible beneficiaries along with amenities like toilets, electricity and LPG connections. However, budgetary allocations for PMAY-G has not been increased in this budget which is most likely going to deter the building of 1.95 crore houses by 2021-22.

Chart 5.2: Allocations and Utilisation for Major Schemes of Rural Development (in Rs. crore)

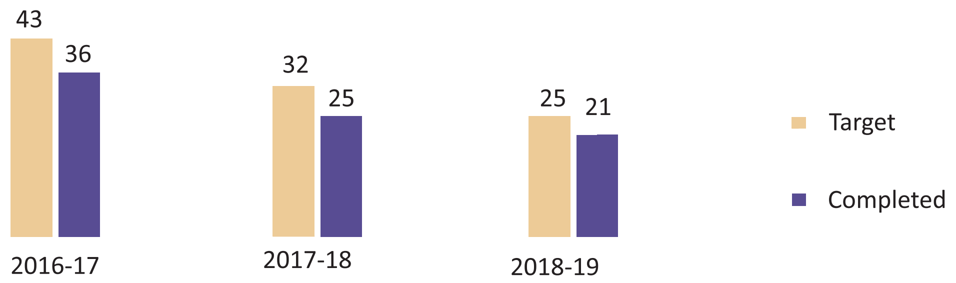


Source: Compiled by CBGA from Union Budget Documents, various years.

Status of Physical Progress of PMAY-G

The PMAY-G is an important flagship scheme meant for poverty alleviation and housing security. It focusses on 'housing for all' by 2022. In order to meet this goal, one crore houses were required to be constructed by March 2019. The Finance Minister in her speech mentioned that a total of 1.54 crore rural homes have been completed under PMAY-G. However, information presented in chart 5.3 shows that 82 lakh houses have been completed as on July 4, 2019 against the target of one crore. It should also be mentioned that the Finance Minister said in her budget speech that average number of days for completion of houses has reduced from 314 days in 2015-16 to 114 days in 2017-18. A Report of the Standing Committee on Rural Development, 2018 mentioned few reasons behind a low rate of completion of houses which includes capacity constraints, limited working season, paucity of skilled masons, shortage of construction materials and connectivity deficits in some States.

Chart 5.3: Status of Physical Progress of PMAY-G (in Rs. lakh)



Source: http://ruraldiksha.nic.in/RuralDashboard/PMAYG_NEW.aspx

In sum, there is no increase in the allocations in the full budget of 2019-20 under any of the flagship programmes under DoRD, including MGNREGA and PMAY-G from the Interim Budget of 2019-20. It is suggested Union Government should increase the allocation of DoRD for addressing the problems of rural distress and to ensure better implementation of MGNREGA and PMAY. Further, to overcome the problem of low completion of houses due capacity constraints, States should be given more flexibility in using administrative funds available under the scheme.

6

EMPLOYMENT CHALLENGES

Highlights

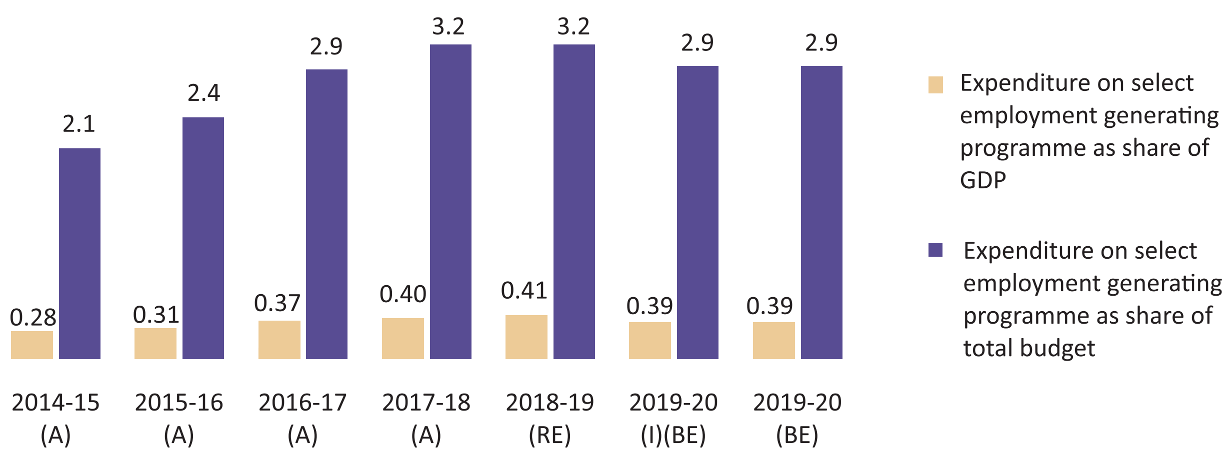
1. Expenditure on employment generating programmes has stagnated at 0.4 per cent of GDP since 2016-17 (A).
2. Allocation for *Kaushal Vikas Yojana* declined from Rs. 2,931.7 crore in interim budget, 2019-20 to Rs. 2,676.6 crore in main budget 2019-20 (BE)
3. Two new women specific schemes introduced under the Ministry of Skill Development and Entrepreneurship in the Gender Budget Statement of 2019-20, namely National Skill Training Institution and *Jan Shikshan Sansthan*.

Latest Periodic Labour Force Survey (PLFS) report published on May 31, 2019, points at contraction of employment by 1.2 million between 2011-12 and 2017-18. Despite widespread concerns over the state of employment, the main Budget of 2019-20 did not give much emphasis on unemployment.

Expenditure on Employment Generating Programmes

As is clear from the following chart, expenditure on employment generating programmes has fallen from 3.2 per cent of total budget in 2018-19 (RE) to 2.9 per cent of total budget in 2019-20 (BE). In order to accelerate employment generating programmes, substantial increase is needed in the allocations. However, the share of allocation for employment generating programmes against total budget which had an increasing trend over the last few years has decreased in 2019-20 (BE) from 2018-19 (RE). Expenditure as a share of GDP has also remained stagnant at 0.4 per cent since 2016-17 (A).

Chart 6.1 Expenditure on Select Employment Generating and Promoting Programmes as a Proportion of GDP and Total Budget (in per cent), during 2014-15 to 2019-20



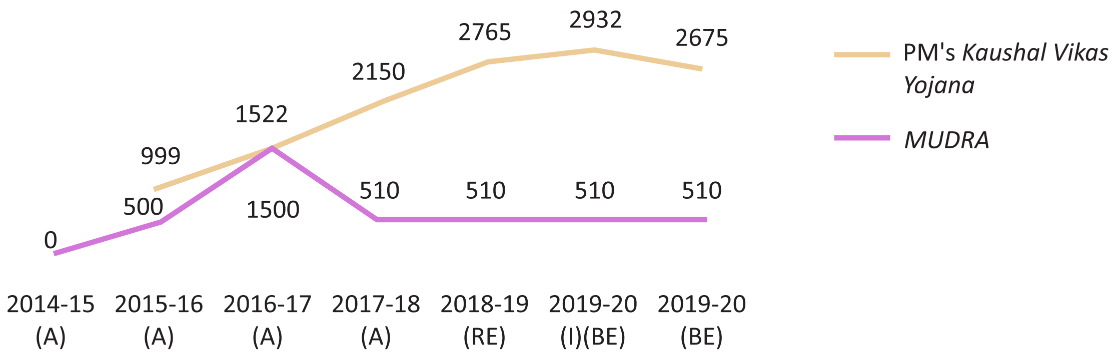
Note: Select programmes, included here, are 1) PM's Employment Generation Programme (credit-based); 2) Entrepreneurship and skill Development; 3) PM's *Kaushal Vikas Yojana*; 4) Jobs and skill development (including PM's *Rozgaar Protsahan Yojana*), 5) National Rural Employment Guarantee Act (MGNREGS), 6) National Rural Livelihood Mission (NRLM); 7) National Urban Livelihood Mission (NULM), 8) MUDRA.

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

Self-Employment

The government continues to rely on self-employment programmes for generating employment. Two important schemes for promoting self-employment, viz. *Pradhan Mantri Kaushal Vikas Yojana* by Ministry of Skill Development and Entrepreneurship and *MUDRA* Yojana by Ministry of Financial Services did not receive much importance in terms of allocation. In the budget speech, even though emphasis was given to these two schemes for generating employment for FY 2019-20, budget for *Kaushal Vikas Yojana* had fallen from Rs. 2,931.7 crore in interim budget, 2019-20 to Rs. 2,676.6 crore in main budget 2019-20 (BE). The budget for *MUDRA* remains stagnant at Rs. 510 crore since 2017-18 (A).

Chart 6.2: PM's *Kaushal Vikas Yojana* and *MUDRA* Scheme (in Rs. crore), from 2014-15 (A) to 2019-20 (BE)



Source: Compiled by CBGA from Union Budget Documents, Various Years.

Wage Work

Not much emphasis was given on wage work. Allocation for MGNREGS has reduced from almost Rs. 61,000 crore in 2018-19 (RE) to Rs. 60,000 crore in 2019-20 (BE). Allocation on PM's Employment Generation Programme (credit based) has also declined marginally.

Box 6.1 Women in Micro, Small and Medium Enterprises (MSME)

Female labour force participation rate in India fell to 26 per cent in 2018. Although, the present government claimed to promote self-employment programmes through expenditure on micro, small and medium enterprises (MSME), expenditure on MSME has remained at 0.03 per cent of GDP between 2014-15 (BE) and 2019-20 (BE). Expenditure on schemes meant specifically for women (*Mahila Coir Yojana*), under MSME, has declined from 4.8 crore in 2014-15 to 2.1 crore in 2019-20. Another scheme called Trade Related Entrepreneurship has been discontinued since 2017-18. As a noteworthy initiative, two new women specific schemes have been introduced under the Ministry of Skill Development and Entrepreneurship in the Gender Budget Statement. 2019-20, namely National Skill Training Institution and *Jan Shikshan Sansthan*. Almost Rs. 152 crore has been allocated for these schemes.

There are some other schemes which might have contributed to women's participation in micro, small and medium enterprises, e.g., Fund for Regeneration of Traditional Industries, *Coir Udyami Yojana*, Promotion of Innovative Rural Industry and Entrepreneurship, *Khadi* Grant, Prime Minister's Employment Generation Programme etc. However, due to unavailability of segregated data, it cannot be ascertained as to what extent these schemes/programmes have actually contributed towards generating women's employment in micro, small and medium enterprises.

Social Security for Unorganised Sector Workers

The government announced with great enthusiasm a large scale social security programme - *Pradhan Mantri Shram-Yogi Maandha*, meant to provide pension for unorganised sector workers in the interim budget, 2019-20. Allocation for the scheme was only Rs. 500 crore in the interim budget 2019-20 (BE). Even though the scheme aimed to cater to almost 94 per cent of total workforce (informal workers) of the country, allocation for the scheme remains at Rs. 500 crore in main budget 2019-20 (BE).

Analysis of the Union Budget 2019-20 indicates that there is not much difference between the main budget and interim budget 2019-20. It does not put much emphasis on employment generating programmes. Expenditure on employment generating programmes as share of GDP have hovered around 0.4 per cent since 2016-17 (A).

To address the situation the government should increase allocation on PMKVY and *MUDRA*. Further, data transparency must be ensured while reporting gender based allocations and expenditure, especially for Part B type of the statement.

7

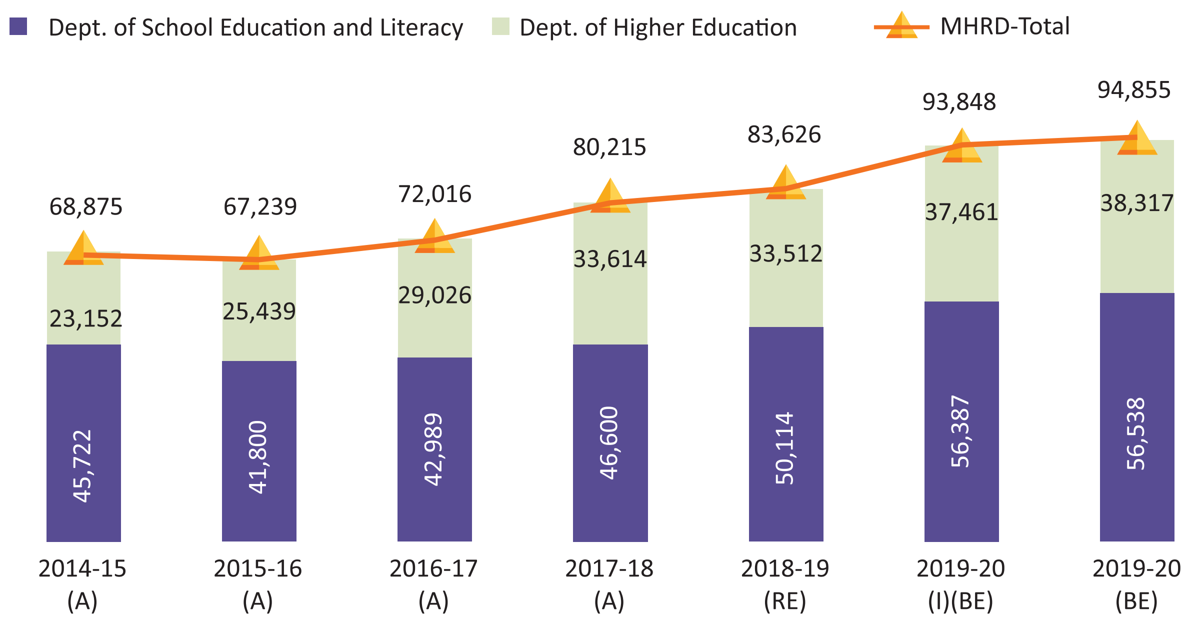
EDUCATION

Highlights

1. The Union Budget 2019-20 has witnessed a Rs. 1007 crore increase in budgetary allocation as compared to the Interim Budget 2019-20.
2. There is a proposal to bring in a new National Education Policy (NEP) to transform India's higher education system, without any additional budgetary commitment.
3. There is a proposal to establish a National Research Foundation (NRF), as mentioned in the draft New Education Policy. The funds available with all the Ministries towards research will be integrated in NRF.
4. The focus of India's education endeavours remains focused on making India a hub for higher education and bringing foreign students to study in Indian higher education institutions.

After coming to power, the biggest initiative of the new government has been the introduction of the draft NEP, 2019. The draft NEP is founded on the pillars of access, equity, quality, affordability and accountability. In its maiden budget it was expected that the government would allocate substantial resources for some of the key recommendations outlined in the NEP to revitalise the Indian education system.

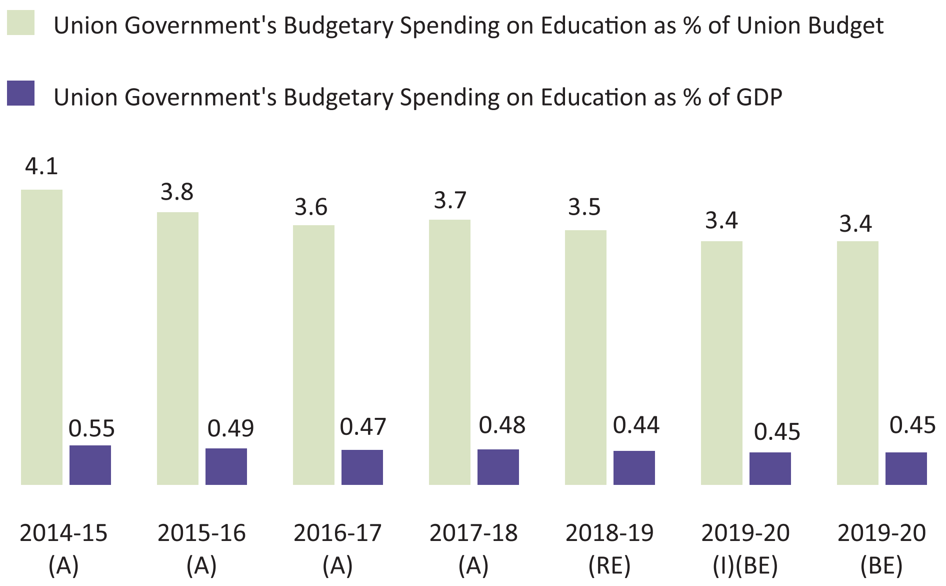
Chart 7.1: Composition of MHRD Budget by Departments (in Rs. crore)



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

The NEP emphasises the need for higher public investment in education with a reference to doubling the Union Government's spending in 10 years' period. Despite promising to ensure six per cent of GDP for public education, the allocation by Ministry of Human Resource Development (MHRD) has increased marginally (by Rs. 1,007 crore) and witnessed a further decline as proportion of Union Budget from the previous years. Clearly, the pattern of financial investment by Union government does not reflect any effort towards realising the NEP.

Chart 7.2: Union Government's Budgetary Spending on Education (in per Cent)

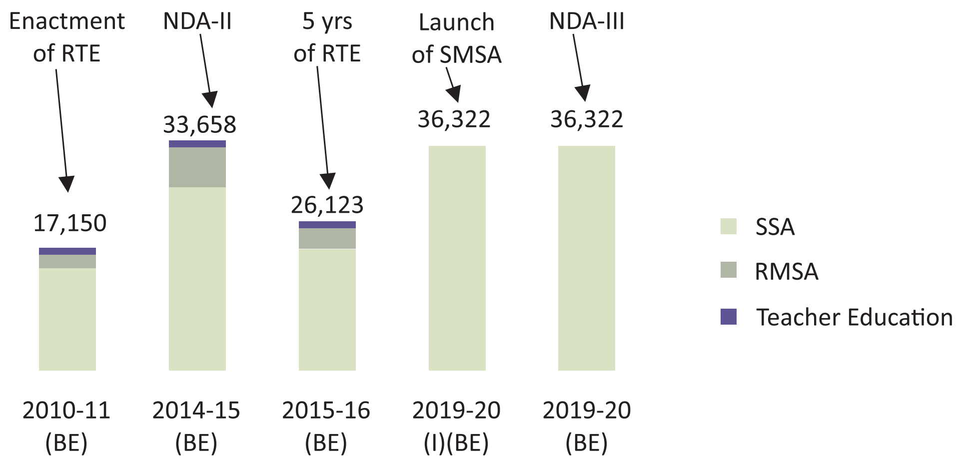


Note: GDP figures at current market price (2011-12 series).
Source: Compiled by CBGA from Union Budget Documents, various years.

Commitment for holistic school education without resource commitment

Draft NEP, 2019 provides for the expansion of Right to Education (RTE) act from pre-school to class XII. In 2018-19, the government had launched *Samagra Shiksha Abhiyan* (SMSA) to provide holistic education starting from pre-nursery to class XII. The scheme was an integration of *Sarva Shiksha Abhiyan* (SSA), *Rashtriya Madhyamik Shiksha Abhiyan* (RMSA) and Teacher Education (TE). It was expected that there would be a big-push of resources for SMSA in general and TE in particular as a major concern is poor learning levels by children. However, like *Sarva Shiksha Abhiyan* (SSA) and *Rashtriya Madhyamik Shiksha Abhiyan* (RMSA), the SMSA remains severely under-funded. The under-allocation is glaring compared to what MHRD has committed to allocate as central share for SMSA to states in annual work plan and budget. The budget speech for 2019-20 does not give any hope of bringing the secondary and pre-school education under the ambit of RTE; nor does it prioritise teacher education and strengthening teacher training institutions. An unaltered budget for the scheme this year makes this announcement seem like a mere merger of three schemes than a policy reform.

Chart 7.3: Allocation for Pre-school to Class XII Education by Union Government (in Rs. crore)



Note: i)SSA-*Sarva Shiksha Abhiyan*; ii) RMSA- *Rashtriya Madhyamik Shiksha Abhiyan*; iii) Data for 2010-11 (BE), 2014-15 (BE) and 2015-16 (BE) is total of SSA, RMSA and Teacher Education to make it comparable with SMSA.
Source: Compiled by CBGA from Union Budget Documents, various years.

Scholarships for inclusive education

The education indicators of students from disadvantaged sections of society are much lower compared to the general population. This is reflected in low literacy rates, high number of Out of School children and other such indicators. The gap widens at higher education levels with higher drop-out rates. Thus, pre-matric scholarship and post-matric scholarship schemes have huge implications on the educational welfare of disadvantaged students.

Table 7.1: Scholarships for Students from Disadvantaged Sections (in Rs. crore)

Pre-Matric Scholarship						
	2017-18		2018-19		2019-20	
	BE	A	BE	RE	(I)BE	BE
SC	50	63	125	109	355	355
ST	265	294	350	310	340	340
OBC	142	128	232	132	120	220
Minorities	950	1026	980	1269	1100	1220
Post-matric Scholarship						
	2017-18		2018-19		2019-20	
	BE	A	BE	RE	(I)BE	BE
SC	3348	3414	3000	6000	2927	2927
ST	1347	1464	1586	1643	1614	1614
OBC	885	830	1100	983	909	1360
Minorities	550	480	692	500	530	496

Note: SC stands for Scheduled Caste, ST for Scheduled Tribes and OBC for Other Backward Classes.
Source: Compiled by CBGA from Union Budget Documents, various years.

However, budgetary allocations for these scholarships remain lower than what is being asked for by the states. This is clearly reflected in higher actual expenditure as compared to budgetary outlays in most of the years. Moreover, the revision of the scholarship amount is not regular. Thus, scholarships as a short-term policy measure to promote inclusive education does not succeed to the extent expected.

Proposed reforms in higher education vis-a vis budgetary allocations

The budget speech promises to “transform India's higher education system to one of the global best education systems” and claims that the government brought out a series of reforms over the last few months in that direction. In January 2019, the Union Government approved a 10 per cent reservation in educational institutions for economically backward sections along with the existing quotas for SC, ST and OBC. This increase in seats calls for adequate infrastructure and teachers. However, shortage of professionally qualified teachers is the biggest challenge the system is facing.

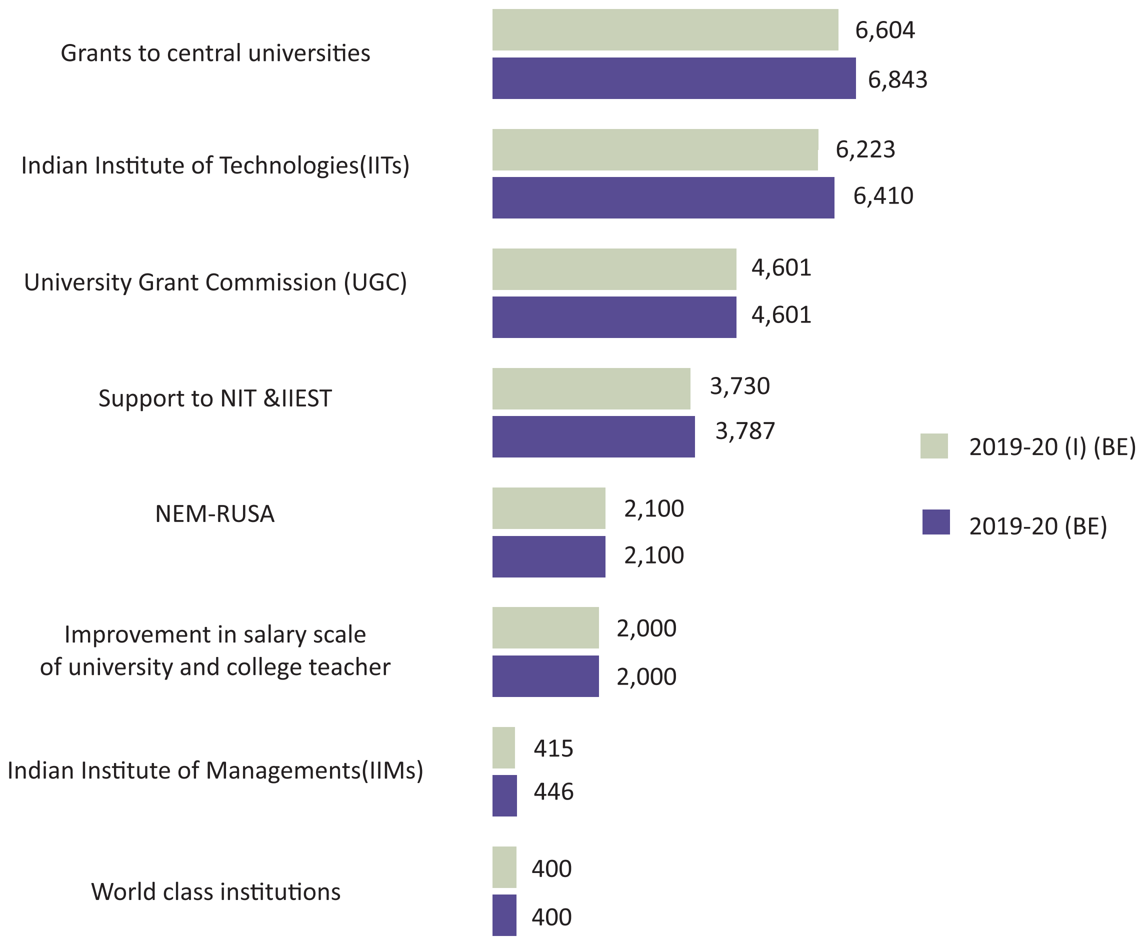
Figure 7.1: Vacancies In Indian Public Universities, 2018

	Filled Posts	Vacant Posts
Central Universities	11486	5606
IITs	5428	2802
NITs	4200	3235
IIT-Centrally funded	173	135
IIT- PPP	86	242

Source: LOK SABHA UNSTARRED QUESTION;
Link:http://164.100.47.190/loksabhaquestions/annex/15/AU882.pdf

Recently, the Parliament passed the Central Educational Institutions (Reservation in Teachers' Cadre) Bill, 2019, to ensure reservations in teaching positions in central institutions for persons from Scheduled Castes/Tribes, socially and educationally backward classes, and those from economically weaker sections. The Act seeks to fill 7,000 existing vacancies in 41 central universities. However, the allocation for public universities in this budget as compared to the Interim Budget 2019-20, reflects a wide gap between policy suggestions and policy implementation. The suggested reforms are not supported by adequate resources to realise them on the ground.

Chart 7.4: Union Government's Budgetary Spending on Education (in Rs. crore)



Note: i) NIT- National Institute of Technology; ii) IIEST – Indian Institute of Engineering, Science and Technology.
Source: Compiled by CBGA from Union Budget Documents, various years.

Though the new government has started on a positive note by introducing the NEP after a gap of almost 30 years, the budget speech does not inspire confidence towards reform of the education sector. In order to ensure inclusive and equitable quality education for Indian students by 2030, the government should adequately invest resources to address the issues of inadequacy of infrastructure, shortage of human resources including professionally qualified teachers and building teacher training institutions. As a short term measure, there is an immediate need of higher budgetary allocations for scholarship schemes for disadvantage sections of students to increase the coverage of the scheme and a periodical revision of the scholarship amount to bridge the socio-economic gap prevailing in the sector.

8

HEALTH

Highlights

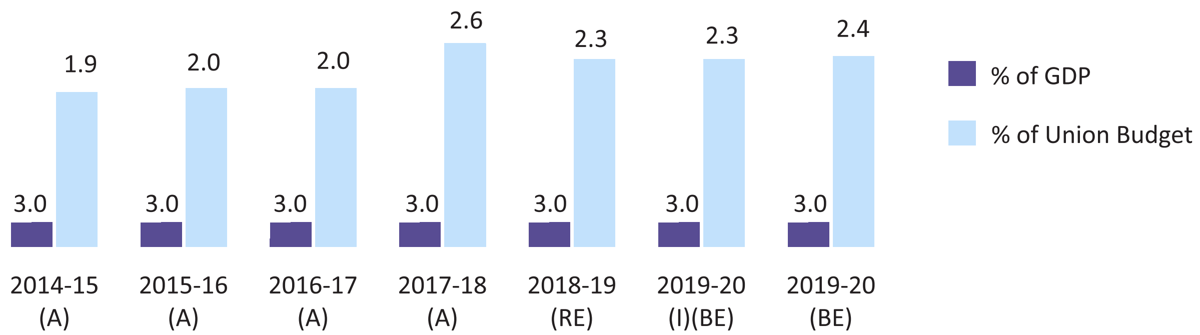
1. The allocation for National Health Mission (NHM) increased by Rs. 1,400 crore in the main budget from the Interim Budget of 2019-20.
2. However, Union Government's expenditure on health as share of GDP is stagnant at around 0.3 per cent since 2014-15.
3. There is no change in the budget allocation on *Ayushman Bharat – Pradhan Mantri Jan Arogya Yojana* (AB - PMJAY) in the current budget compared to what it was in the Interim Budget of 2019-20.

Public health system in India is in a dilapidated state at the present moment. Policy loopholes, infrastructural bottlenecks, human resource shortages and government's intention to get rid of all responsibilities in health front have led to such a condition. A number of promises have been made for the sector over time in terms of bringing health care for all, regulating private players, strengthening health infrastructure and addressing issues of human resource shortages and quality care. However, these promises do not translate into policy actions. Further, the ad-hoc measures taken through introduction of insurance model of health care facility do not seem adequately backed by budgetary provisioning. Further, there are issues of monitoring, and a range of implementation challenges, which of course demand adequate resource provisioning. The Union Budget, however, has been silent on these aspects as well.

Union Budget Expenditure on Health and Family Welfare

Public expenditure (Union and States) on health is very low in India - around 1.5 per cent of GDP in 2018-19 (RE). The NDA government promised to increase public expenditure on health by 2.5 per cent of GDP by 2025. However, little effort has been put to that end. Ministry of Health and Family Welfare jointly with Ministry of AYUSH has been spending only around 0.3 per cent of GDP since 2014-15 (A). The share of health expenditure in total Union Budget has increased from 1.9 per cent in 2014-15 (A) to 2.6 per cent in 2017-18 (A), however; the same has declined in 2019-20 (BE) to 2.4 per cent, indicating that health sector is no longer a priority sector for the government. This level of expenditure is way below what the expected level of spending should have been by the relevant Union Government ministries for health.

Chart 8.1: Health Expenditure as Share of GDP and Total Budget (in per cent)



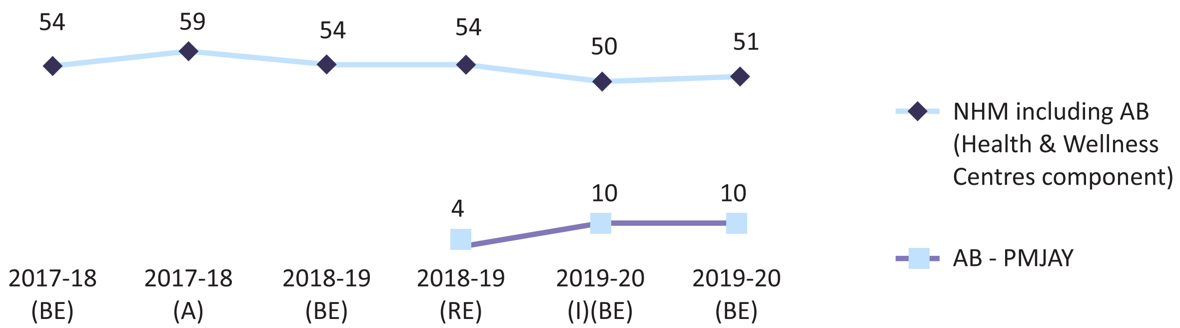
Source: Compiled by CBGA from Union Budget documents, various years.

Shifting Focus: Public Health to Private Health

Health care system has been shifting towards an insurance based private health care system in India. The world's largest health insurance scheme *Ayushman Bharat - Pradhan Mantri Jan Arogya Yojana* (AB-PMJAY) was introduced in 2018. Union Government increased its share of allocation for AB-PMJAY by six per cent (out of the total allocation on health) from 2018-19 (RE) to 2019-20 (BE). This increase in share of allocation for AB-PMJAY has come with a cost of three percentage point reduction in the share of allocation for National Health Mission (NHM), out of total expenditure on health, from 2018-19 (RE) to 2019-20 (BE).

It is important to note that the allocation for NHM as a proportion of total health budget has been falling since 2017-18 (A). The share of NHM in the total health budget was 59 per cent in 2017-18, declined to 51 per cent in 2019-20 (BE). The Health and Wellness Centre component of *Ayushman Bharat* (AB), which is routed through NHM, is in fact insufficient to offset the decline in NHM budget. On the other hand expenditure on insurance model, which involves private healthcare providers and insurance companies, has been increasing. This clearly points towards the fact that the present government chose to promote private providers for health care in the country instead of strengthening public health infrastructure.

Chart 8.2: Proportions of NHM and *Ayushman Bharat* (AB) in Total Health Expenditure (in per cent)



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

Budget for the Flagship Programme NHM

The allocation for NHM increased by Rs. 1,400 crore in 2019-20 (BE) compared to the Interim Budget 2019-20 (in nominal terms). Out of this increase in budget, allocation for RCH increased by Rs. 450 crore from Interim Budget 2019-20 to main budget 2019-20. However, if compared with the previous year, the allocation on RCH component shows a declining trend as it has fallen from Rs. 5728.51 crore in 2018-19 (RE) to Rs. 5703.52 crore in 2019-20 (BE).

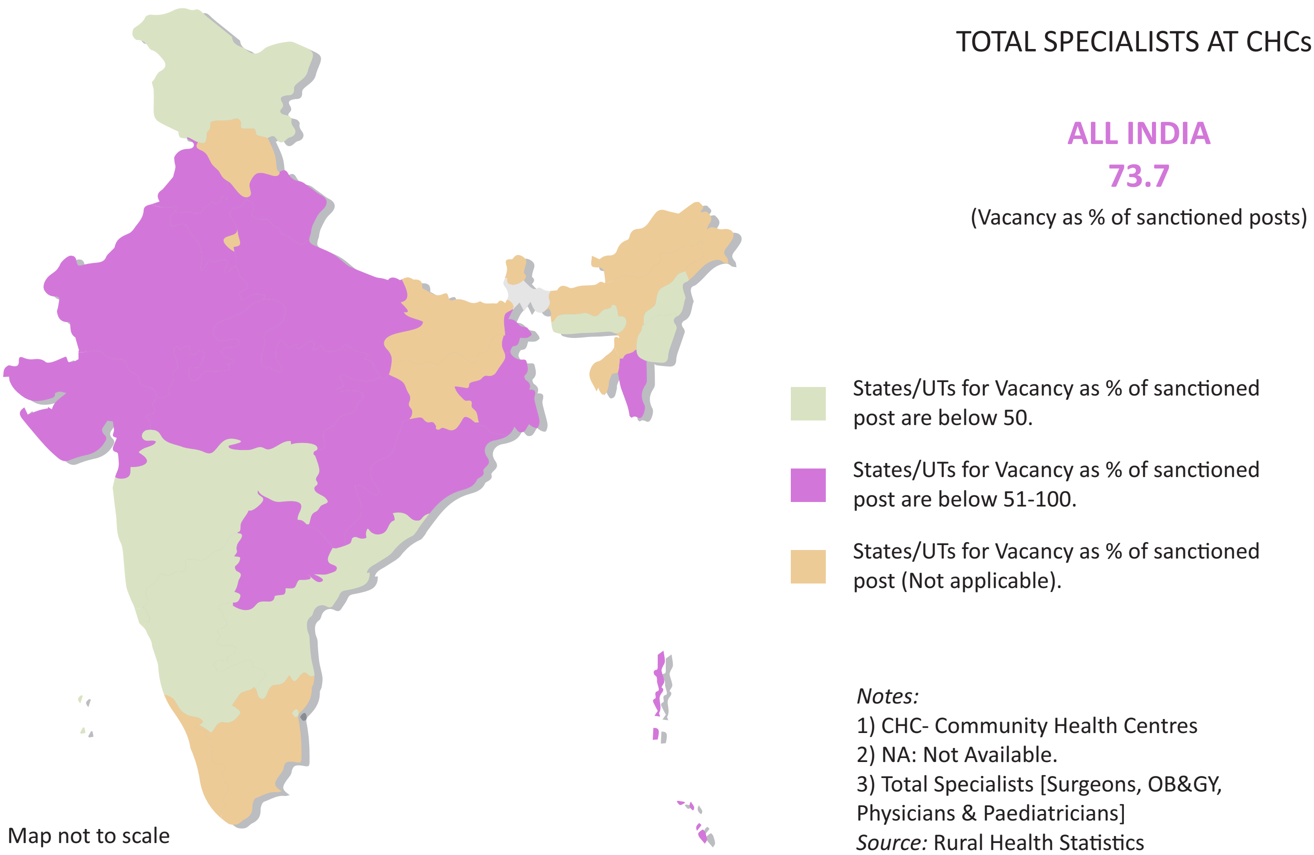
Table 8.1: Component wise Increase in NHM Budget (in Rs. crore)

Components	2019-20 (I) (BE)	2019-20 (BE)	Increase in Budget form 2019-20 (I) (BE) to 2019-20 (BE)
RCH Flexible Pool including Routine Immunisation Programme, Pulse Polio Immunisation Programme, National Iodine Deficiency Disorders Control Programme etc.	5254	5704	450
Health System Strengthening under National Rural Health Mission (Gross Budgetary Support)	837	1087	250
Flexible Pool for Communicable Diseases	1928	2178	250
Infrastructure Maintenance	6043	6343	300
National *Ayush* Mission	506	656	150
Total increase in NHM budget	32251	33651	1400

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

Human Resources

Ministry of Health and Family Welfare had to surrender Rs. 1,049 crore in 2017-18 for not being able to fill up of vacant positions at public health facilities. Human resource shortages in the health sector are quite significant. All states suffer from human resource shortages in public health facilities.



Notes:
1) CHC- Community Health Centres
2) NA: Not Available.
3) Total Specialists [Surgeons, OB&GY, Physicians & Paediatricians]
Source: Rural Health Statistics

Concluding Observations

Strengthening NHM is critical for strengthening the public health system in our country. Although there has been an increase in the allocation for NHM and total health budget, it is not enough to achieve the target of 2.5 per cent of GDP by 2025. Union Government's expenditure on health must increase to at least 1 per cent of GDP from the present level so as to achieve the target of 2.5 per cent of GDP by 2025. More attention is required for maternal and child health related interventions. There should be monitoring and evaluation teams for proper monitoring of AB-PMJAY. Since the programme involves private partners (insurance agencies, hospitals, etc.) and third party administrators (Banks), there are possibilities of adverse selection, cream skimming, principal agent and moral hazard problems.

9

DRINKING WATER AND SANITATION

Highlights

1. A new ministry, Ministry of *Jal Shakti*, has been setup integrating two erstwhile ministries- Department of Drinking Water & Sanitation and Department of Water Resources, Department of River Development and *Ganga* Rejuvenation.
2. Budgetary outlay for the Department of Drinking Water & Sanitation has increased to Rs. 20,016.34 crore in 2019-20 (BE) from Rs. 18,201.60 crores in the Interim Budget for 2019-20. However, when compared to 2018-19 (RE) the allocation has declined.
3. The allocation for National Rural Drinking Water Programme (NRDWP) has increased by 22 per cent in 2019-20 (BE) compared to the allocation made in the Interim Budget for 2019-20.
4. In the case of *Swachh Bharat* Mission(SBM) (R), there has been a reduction in the budgetary allocation compared to the Interim Budget.
5. The allocation for SBM (U) has been slightly reduced to Rs. 2,650 crore in the Union Budget 2019-20 from the Interim Budget where it was Rs. 2,750 crore.

One of the biggest election 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. The launch of SBM in 2014 has significantly improved sanitation coverage status and garnered greater political will towards the entire water and sanitation sector. Henceforth, this laid a steadfast foundation for the drinking water and sanitation sector in the country.

In a major announcement by the Finance Minister in the Union Budget of 2019-20, the Ministry of *Jal Shakti* was introduced by integrating the erstwhile Ministries of Drinking Water and Sanitation and that of Water Resources, River Development and *Ganga* Rejuvenation. The new ministry is mandated to be the comprehensive nodal point for management for water resources and water supply in the country. The former is supposed to work with the states to ensure piped water supply to all rural households by 2024under the *Jal Jeevan* Mission. Some of the focus areas for the Ministry of *Jal Shakti* are stated to be the following:

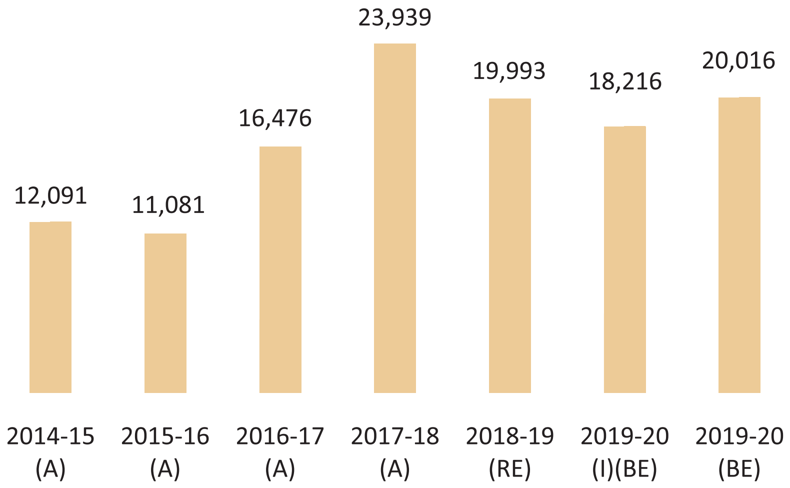
i) Creation of local infrastructure for source sustainability like rainwater harvesting;

ii) Groundwater recharge and management of households;

iii) Wastewater for re-use in agriculture.

Budgetary allocations for the erstwhile Ministry of Drinking Water Supply & Sanitation and now the newly formed Department of Drinking Water & Sanitation (DDWS) under the Ministry of *Jal Shakti* have seen a sharp rise, particularly since FY 2017-18, indicating the increased focus on drinking water and sanitation in the country (Chart 9.1).

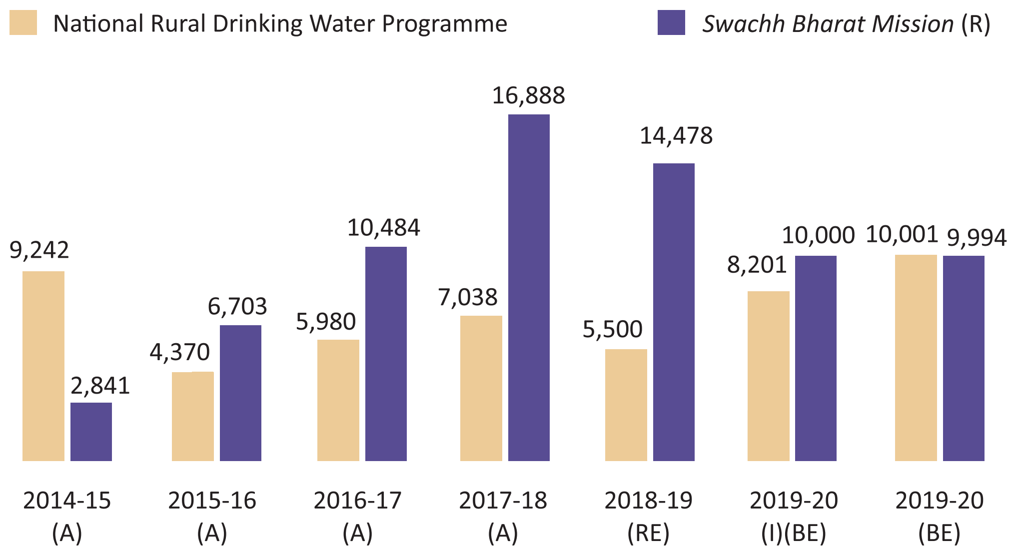
Chart 9.1: Allocations for Department of Drinking Water and Sanitation (in Rs. crore)



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

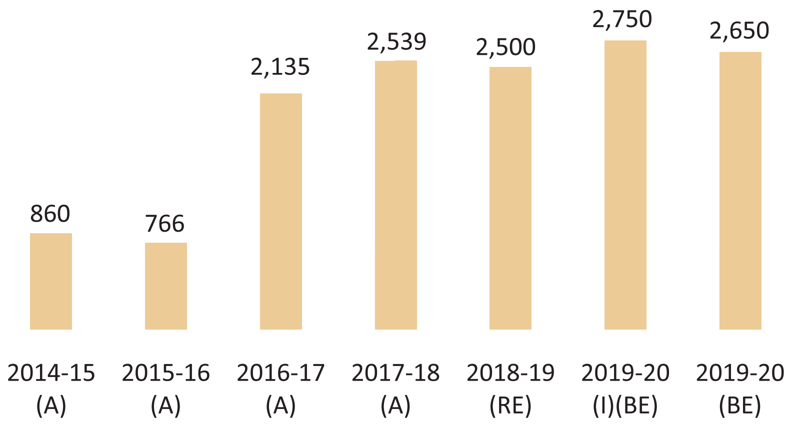
Over 9.5 crore toilets have been built across the country since the launch of the *Swachh Bharat* Mission (Economic Survey 2018-19). However, if one is to make an assessment of the last five years, allocations for SBM have been made at the cost of the allocations under NRDWP (Chart 9.2). Even so,in the area of urban sanitation, the NDA II government's manifesto had proclaimed that "Cleanliness and sanitation would be given priority - efficient waste and water management systems would be set up. Model towns would be identified for rolling out integrated waste management infrastructure." The launch of SBM (Urban) was surely a step in the right direction to prioritise urban sanitation since 2014. (Chart 9.3.)

Chart 9.2: Budgetary Allocations for NRDWP and SBM (R) (in Rs. crore)



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

Chart 9.3: Budgetary Allocations for SBM (U) (in Rs. Crore)



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

Concluding observations

In view of the prevailing water crisis in the country, the government identified 1,592 blocks in 256 districts which are facing acute water crisis, and where over-exploitation of groundwater has been reported. The Finance Minister in her Budget Speech also spoke about dealing with the issue of water security. These are all positive measures towards achieving a water-secure country; however, a lot is expected from the newly created Ministry of *Jal Shakti* as it has a hard task ahead. As a part of the *Jal Jeevan* Mission, creation of local infrastructure for source sustainability like rainwater harvesting, groundwater recharge and management of household waste water for re-use in agriculture should be planned in a manner which ensures equity and sustainability.

The Union Budget 2019-20 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, while other aspects like Information, Education and Communication (IEC) and capacity building have received lower allocations than mandated in the guidelines. It is suggested that the government continue to focus on sanitation especially on the aspects of IEC and capacity building which would ensure sustainability of ODF villages and towns.

10

NUTRITION

Highlights

1. Budgetary allocation for nutrition (comprising both direct nutrition interventions and nutrition sensitive schemes) has increased from Rs. 263,936 crore in 2017-18 (A) to Rs. 367,461 crore in 2019-20 (BE), registering an increase of 30 per cent in nominal terms.
2. As percentage of GDP, the nutrition budget has hovered around 1.7 per cent during the last five years.
3. The budget provisions for most of the nutrition-sensitive schemes (such as National Rural Drinking Water Programme (NRDWP), Mid-Day Meal (MDM) etc. remain low.
4. Under the Core Integrated Child Development Services (ICDS)- *Anganwadi* Services Scheme, responsible for the delivery of various nutrition-specific interventions, there are infrastructural and human resource shortages, which require additional allocation.

"Food and nutrition security exists when all people at all times have physical, social and economic access to food, which is consumed in sufficient quantity and quality to meet their dietary needs and food preferences, and is supported by an environment of adequate sanitation, health services and care, allowing for a healthy and active life."

- UN Standing committee on nutrition

Nutritional Deficits in India:

India is home to over one-third of the world's (chronically malnourished) children. Almost 38 per cent of children under the age of 5 are stunted, 21 per cent wasted and 36 per cent are under-weight. India has the highest number of stunted children in the world and nearly a third or all stunted children, world-wide are in India. Almost 53 per cent of all women in India between the age group 15-49 years are anaemic.

Nutrition Interventions and Delivery Platforms:

Nutrition interventions are spread across sectors. These sectors are health, education, water and sanitation, poverty alleviation, social safety net and agriculture & livelihood. A number of administrative departments thus, implement schemes that affect nutrition outcomes directly or indirectly. The Ministry of Women and Child Development, Government of India, under the Umbrella Integrated Child Development Scheme (ICDS) and *Pradhan Mantri Matru Vandana Yojana* (PMMVY) is responsible for delivering key nutritional interventions for Children and Pregnant Women and Lactating Mothers in India. There are other direct interventions such as various sub-programmes under National Health Mission (NHM) and scheme for Adolescent Girls have been delivering nutrition outcomes in the country.

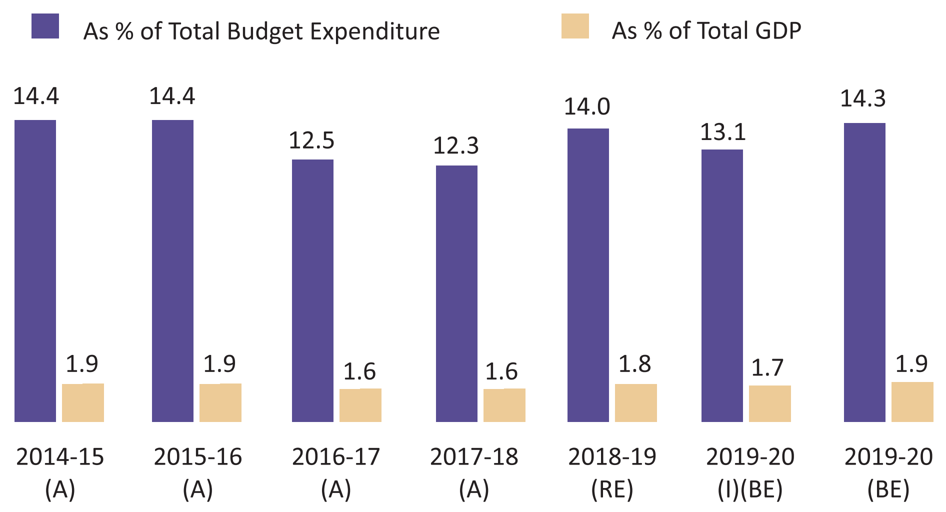
Nutrition Policy Landscape:

With respect to recent policy developments, the *POSHAN Abhiyan* (National Nutrition Mission) was launched in December 2017 with the aim of reducing under nutrition and anaemia among children, women and adolescent girls while facilitating convergence across programmes / sectors. The Government revised the cost norms for supplementary nutrition with annual indexation under the *Anganwadi* Services. 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. Firstly, the scheme was restricted to only the first child. Secondly, the 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. Thirdly, 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). The Government of India recently announced the enhancement of the honorarium of *Anganwadi* workers at main *Anganwadi* Centre (AWC) from Rs. 3000 to Rs. 4500 per month and at mini AWC from Rs. 2250 to 3500, for *Anganwadi* Helpers it increased from Rs. 1500 to Rs. 2250 per month.

Public Provisioning for Nutrition:

It is imperative for the policy announcements to be reflected in the Union Budgetary allocations as it has a direct impact on the implementation capacity of various schemes and programmes. Union Government's budgetary allocation for nutrition (comprising both direct nutrition interventions and nutrition sensitive schemes) has increased from Rs. 263,936 crore in 2017-18 (A) to Rs. 367,461 crore in 2019-20 (BE), registering an increase of 30 per cent in nominal terms. However, as percentage of Union Budget, it has increased only one percentage point during the same period. This implies that the rate of increase of the total budget of the country did not translate into the increase in allocation of budget for nutrition sector.

Chart 10.1: Expenditure on Nutrition-related Schemes in Union Budget as Share of Total Union Budget and GDP (in per cent)



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

Budget for Prominent Schemes on Nutrition:

Under the Integrated Child Development Services, the budgetary allocation was increased from Rs. 20,951 crore (2018-19 RE) to Rs. 23,234 crore in (2019-20 BE), registering an 11 per cent increase. The overall increase in the budget for nutrition specific interventions in the current budget, compared to Interim Budget as well as in 2018-19 RE, was primarily on account of the increased budget for ICDS. Similarly, the allocation for Mid-Day Meal programme has observed an increase of 10 per cent in the present budget over 2018-19 (RE) and is pegged at Rs. 11,000 crore. The budgetary allocation for National Rural Drinking Water Programme had been declining since 2014-15 (A) where the allocation was reduced from Rs. 9,243 crore in 2014-15 (A) to Rs. 5,500 crore in 2018-19 (RE). However, this trend has been reversed in the current budget by increasing the allocation (82 per cent), pegging the budget for the NRDWP at Rs. 10,001 crore in 2019-20 (BE).

The budgetary allocation towards food subsidy increased from Rs. 1,17,671 core in 2014-15 (A) to Rs. 1,84,220 crore in 2019-20 (BE), a staggering growth of 57 per cent. The proposed allocation in the current financial year seems to be on track with the aim to ensure food security, as mandated under National Food Security Act. However, there are concerns with respect to adequate provisioning and errors of exclusion along with numerous implementation challenges that still remain unaddressed.

The budgetary allocations for nutrition related schemes of Agriculture, Cooperation and Farmers Welfare department declined from Rs. 15,542 crore in 2014-15 (A) to Rs. 11,879 crore in 2019-20 (BE). This is a major concern in order to ensure nutritional outcome for the country.

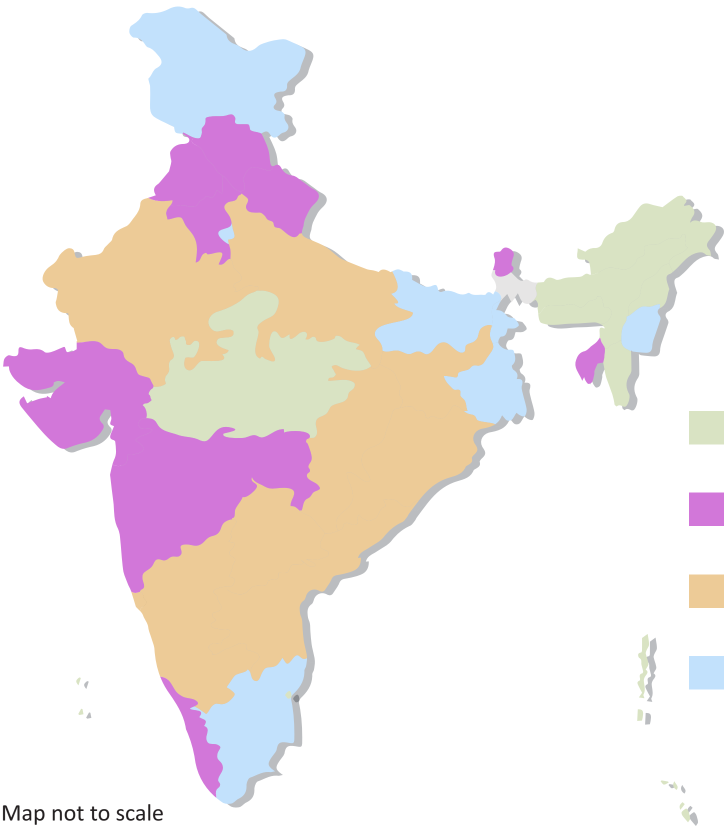
Table 10.1: Budget Allocations for Nutrition related Schemes and Programmes (Rs. in crore)

Schemes	2014-15(A)	2015-16(A)	2016-17(A)	2017-18(A)	2018-19(RE)	2019-20 (I) (BE)	2019-20 (BE)
Nutrition-specific							
Core ICDS/ Anganwadi services (a)	16,684	15,489	14,632	16,048	20,951	23,234	23,234
National Creche Scheme	98	133	125	49	30	50	50
IGMSY/MBP/ PMMVY	343	233	75	2,048	1,200	2,500	2,500
SABLA	622	475	482	451	250	300	300
NRHM + NUHM	19,751	18,972	20,317	26,842	26,118	26,739	27,989
Nutrition-sensitive							
Food Subsidy	1,17,671	1,39,419	1,10,173	1,00,282	1,71,298	1,84,220	1,84,220
Mid-Day Meal (MDM)	10,523	9,145	9,475	9,092	9,949	11,000	11,000
RMSA (b)	3,398	3,563	3,698	4,033	4,164	4,670	4,670
NRDWP	9,243	4,370	5,980	7,038	5,500	8,201	10,001
SBM (Rural + Urban)	3,700	7,469	12,619	19,427	16,978	12,750	12,644
MGNREGS	32,977	37,341	48,215	55,166	61,084	60,000	60,000
NLM (NRLM + NULM)	2,116	2,783	3,486	4,926	6,294	9,524	9,774
NSAP	7,084	8,616	8,854	8,694	8,900	9,200	9,200
NFSM (c)	1,873	1,162	1,286	1,377	1,510	2,000	2,000
NMSA	1,268	686	670	717	1,048	1,110	1,109
NMOOP (d)	316	306	328	264	352	-	-
RKVY	8,443	3,940	3,892	3,560	3,600	3,800	3,745
White Revolution	1,299	937	1,309	1,574	2,431	2,140	2,240
Blue Revolution	388	200	388	321	501	560	560
National Horticulture Mission	1,955	1,696	1,493	2,027	2,100	2,200	2225
Total Nutrition Budget	**2,39,752**	**2,56,935**	**2,47,497**	**2,63,936**	**3,44,258**	**3,64,198**	**3,67,461**

Notes: i) PMMVY: *Pradhan Mantri Matru Vandana Yojana*; ii) SABLA: *Rajiv Gandhi* Scheme for Empowerment of Adolescent Girls; iii)NRHM: National Rural Health Mission; iv)NUHM: National Urban Health Mission; v) RMSA: *Rashtriya Madhyamik Shiksha Abhiyan*; vi) NRDWP: National Rural Drinking Water Programme; vii) SBM: *Swacchh Bharat Mission*; viii) MGNREGS: *Mahatma Gandhi* National Rural Employment Guarantee Scheme; ix) NLM: National Livelihood Mission; x) NSAP: National Social Assistance Programme; xi)NFSM: National Food Security Mission; xii) NMSA: National Mission for Sustainable Agriculture; xiii) NMOOP: National Mission on Oilseeds and Oil Palm; xiv)RKVY: *Rashtriya Krishi Vikas Yojana*.

a) Includes allocation for National Nutrition Mission; b) Due to non-availability of budget allocations for RMSA programme separately, from the financial year 2019-20, we have used the allocation proxy for RMSA as support from *Madhyamik* and *Uchhatar Shiksha Kosh* under *Samagra Siksha Abhiyan*; c, d) Includes allocation for Oilseeds and Oil Palm for the financial year 2019-20.

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



SHORTAGE OF ANGANWADI WORKERS (% OF VACANCY AGAINST SANCTIONED STRENGTH)

ALL INDIA 7.8

States/UTs for Shortage of Anganwadi Workers (% of Vacancy against Sanctioned Strength) is Zero.

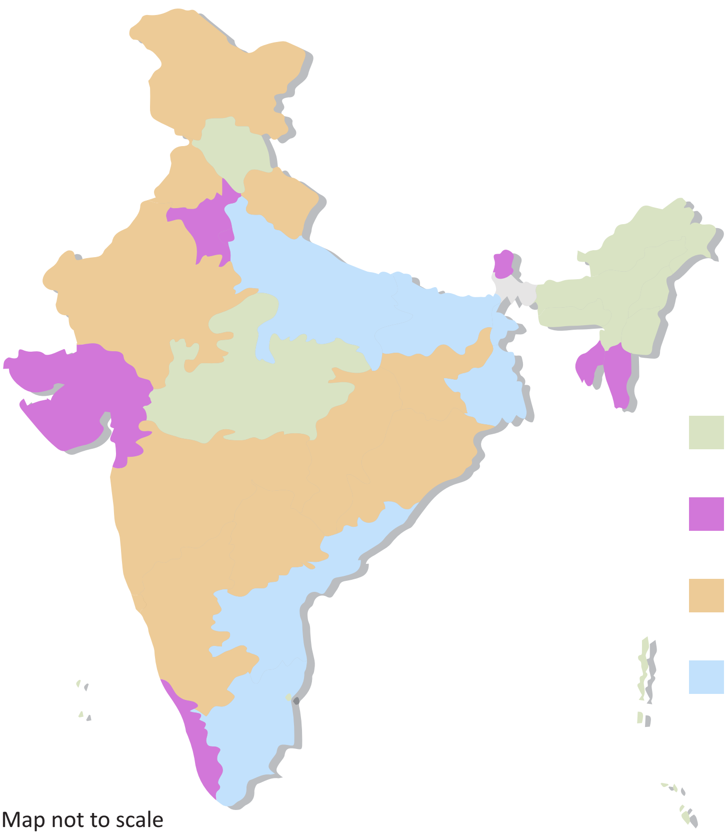
States/UTs for Shortage of Anganwadi Workers (% of Vacancy against Sanctioned Strength) is 0.1-3.9.

States/UTs for Shortage of Anganwadi Workers (% of Vacancy against Sanctioned Strength) is 4.1-9.9.

States/UTs for Shortage of Anganwadi Workers (% of Vacancy against Sanctioned Strength) is 10 & above.

Map not to scale

Data as on 31 December, 2018
Source: Collated from Parliament Question



SHORTAGE OF ANGANWADI HELPERS (% OF VACANCY AGAINST SANCTIONED STRENGTH)

ALL INDIA 9.2

States/UTs for Shortage of Anganwadi Helpers (% of Vacancy against Sanctioned Strength) is Zero.

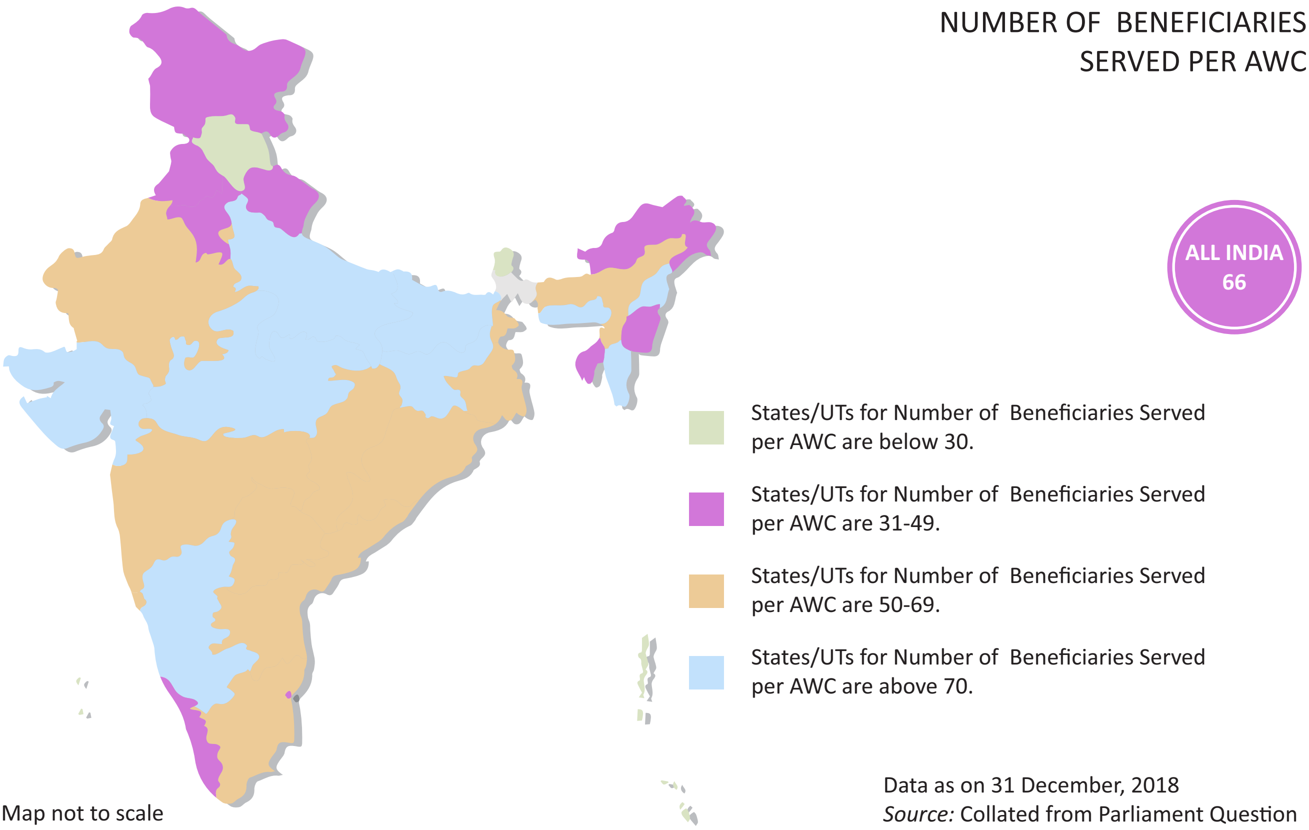
States/UTs for Shortage of Anganwadi Helpers (% of Vacancy against Sanctioned Strength) is 0.1-4.9.

States/UTs for Shortage of Anganwadi Helpers (% of Vacancy against Sanctioned Strength) is 5.0-9.9.

States/UTs for Shortage of Anganwadi Helpers (% of Vacancy against Sanctioned Strength) is 10 & above.

Map not to scale

Data as on 31 December, 2018
Source: Collated from Parliament Question



Data as on 31 December, 2018
Source: Collated from Parliament Question

Challenges Ahead:

Under the NDA government the National Nutrition Mission and Maternity Benefit Programme have gained prominence. The coverage of maternity entitlements expanded to all districts of the country. However, the outreach of nutrition related services has been constrained mostly due to human resources, infrastructural shortages and ill-equipped health facilities which are often linked to inadequate provision of resources.

The Extent of Human Resource Shortages:

The Government of India announced the enhancement of the honorarium of *Anganwadi* Workers (AWW) and *Anganwadi* Helpers (AWH) from Rs. 2250 to Rs. 3500 and Rs. 1500 to Rs. 2250 respectively along with performance-based incentives from October 2018 onwards. However, vacancies still remain high both for *Anganwadi* Workers (AWW) and *Anganwadi* Helpers (AWH). Almost 30 per cent of Child Development Project Officer (CDPO)'s, 28 per cent of Supervisors, 7 per cent of AWW and 7.6 per cent of AWH posts are vacant against the sanctioned strength. Effective and efficient service delivery would demand these vacancies to be filled in on an urgent basis.

Infrastructural deficits:

Under ICDS Programme about two-thirds of the *Anganwadi* Centers in the country do not run in Government Owned Buildings. Moreover, about 10 per cent of the total operational *Anganwadi* Centers are *Kutcha* Buildings. Though incentives have been taken up (through convergence under MGNREGS) to construct AWCs, there is a need for expediting the progress of the work with adequate budget allocations for the purpose.

Limited coverage of beneficiaries:

The coverage of beneficiaries under the *Pradhan Mantri Matru Vandana Yojana* (PMMVY) has been consistently low over the years. The scheme gives a conditional cash incentive of Rs 5000 in three installments to Pregnant Women and Lactating Mothers for the first live birth through Direct Benefit Transfer. About two-thirds of Pregnant and Lactating Women have been left out of the purview of PMMVY leaving them exposed to greater risk of undernourishment and mortality.

11

GENDER

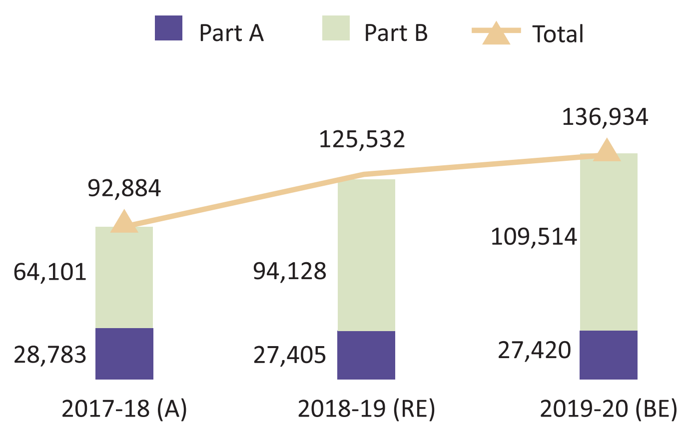
Highlights

1. The Cyber Crime Prevention against Women & Children under the Ministry of Home Affairs which meets its resource requirements from the *Nirbhaya* Fund has reported zero utilisation despite an allocation of Rs. 93.1 crore in 2017-18.
2. Allocation for schemes for transgender persons has increased from Rs. 1 crore in 2018-19 (BE) to Rs. 5 crore in 2019-20 (BE). The scheme however suffers from abysmally low levels of utilisation.
3. Key schemes focusing on the protection and empowerment for women have witnessed a decline in budget allocations fron 2018-19 (BE) to 2019-20 (BE).
4. In a boost to Women Self-help Groups (SHGs), one woman per SHG would be able to avail a loan up to Rs. one lakh under the *Pradhan Mantri Mudra Yojana*. Allocations for the scheme have, however, remained the same since 2018-19. For every *Jan Dhan* account verified SHG member, an amount of Rs. 5,000 will be provided.

Integrating gender-sensitive concerns in budgeting

The Gender Budget Statement (GBS) captures budgetary resources earmarked for women and girls by various 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 are allocated for the benefit of women and girls. The total magnitude of the GBS has increased to Rs. 1,36,934 crore in 2019-20 (BE) from Rs. 1,24367 crore in 2018-19 (BE).Allocations for PART A have increased marginally in 2019-20 (BE). Further, the number of Demands for Grants included in the GBS has increased from 33 in 2018-19(BE) to 39 in 2019-20(BE), which signifies that more departments have integrated gender-sensitive concerns while budgeting for their programmes.

Chart 11.1: Trends in Gender Budgeting (in Rs. crore)



Note: The Gender Budget Statement began publishing the actuals only from the Interim Union Budget of 2019-20.
Source: Compiled by CBGA from Union Budget Document.

Many of the figures relating to proportions of allocation benefitting women under some of these schemes are based on assumptions. To make these figures justifiable, it is important to provide information on key objectives of the programmes captured in Statement 13. The Kerala Gender Budget Statement gives Explanatory Notes on schemes that are included in Part B (where the allocations made are less than 90 per cent), and details out the proportion of amount included, is a case in point. Reporting allocations this way would help the Ministry/Department identify the gaps, and subsequently strengthen planning and designing of schemes in future. The Gender Budget Statement should also reflect schemes on transgender persons instead of following a binary policy framework.

Chart 11.2: Strengthening the Institutional Framework

PART B (less than 90 per cent)

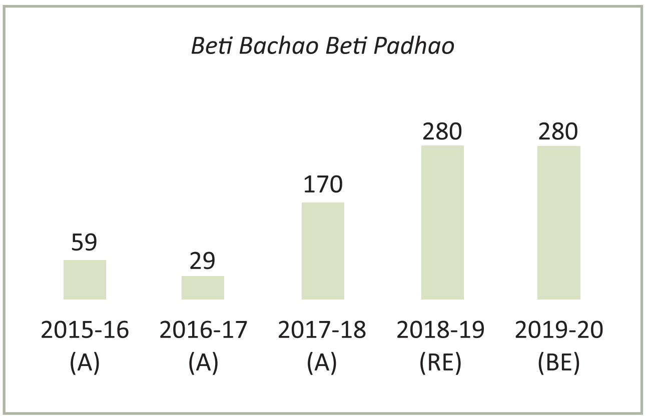
Sl. No.	Sector/Subsector/Scheme	Plan Outlay (*Rs. in lakhs*)		
		Total plan outlay on scheme	Allocation for women	Percentage of (4) to (3)
1	2	3	4	5
	MEDICAL AND PUBLIC HEALTH			
1	Development of mental health centres	505	192	38
2	District mental health programmes	656	361	55
3	Comprehensive mental health programmes	500	275	55
4	Pain, palliative and elderly health care centres	122	55	45.1
5	Cancer care programmes	230	133	58
6	Society for medical assistance to the poor	500	188	37.6
7	NHM (NRHM/RCH flexi pool)	33500	6200	18.5
8	Developing PHCs as family health centres	2300	1380	60
9	Faculty improvement programmes (DME)	270	50	19

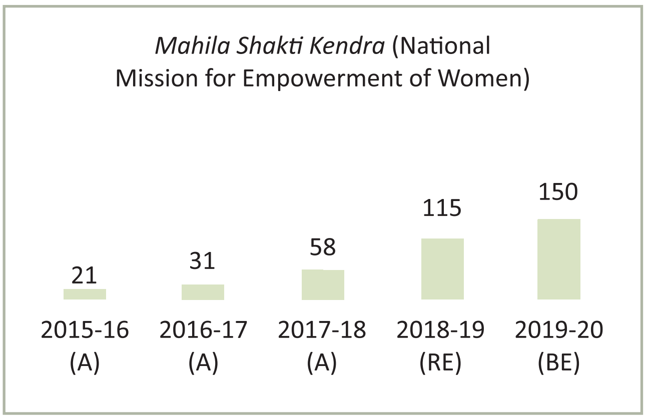
Source: Kerala Gender Budget Statement 2017-18

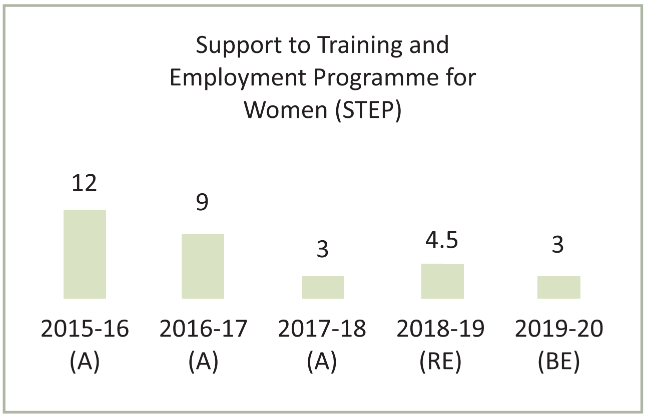
Key schemes addressing gender based violence reduced

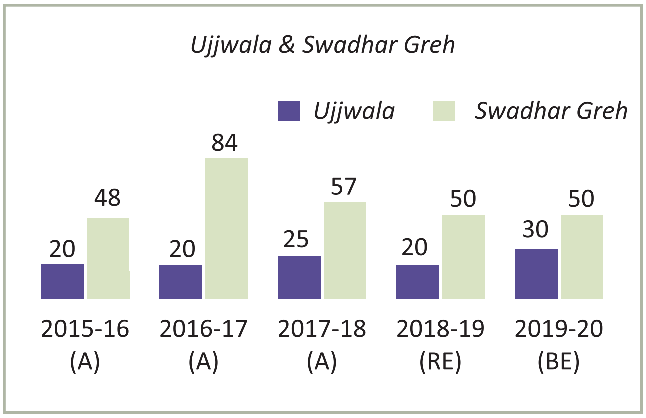
The prevention and effective redressal of gender based violence requires a holistic approach by various ministries and departments (law and justice, transport, urban and rural development). While the Government continues to reiterate the safety of women and their empowerment as a policy priority, key schemes with such a focus have in fact witnessed a decrease in 2019-20 (BE) which is a major concern.

Chart 11.3: Allocations for Schemes for Protection and Empowerment of Women (in Rs. Crore)









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

A total of 462 One Stop Centres (OSCs) out of the 728 approved OSCs have been set up as per the Lok Sabha Question on 28th June, 2019. OSCs have seen an increase in their allocation from Rs. 105 crore 2018-19 (BE) to Rs. 274 crore 2019-20 (BE).Aimed at providing immediate help and shelter to survivors of violence and abuse, nearly, 2,26418 women have used these centres (Lok Sabha Question on 28th June, 2019). However, schemes like *Swadhar Greh* and *Ujjwala* primarily meant to act as a support and rehabilitation system for women in distress have registered a 47 per cent decline and 38 per cent from 2018-19 (BE) respectively.

Table 11.1: Allocations from *Nirbhaya* Funds Released (in Rs. crore)

	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	Utilisation
Ministry of Home Affairs							
Emergency Response Support System	0	0	218.0	45.3	15.0	0	59.57 (21.4%)
Central Victim Compensation Fund (CVCF)*	0	0	200.0	0	0	0	33.64 (16.82%)
Cyber Crime Prevention against Women & Children	0	0	93.1	0	0	0	0
Ministry of Women and Child Development							
One Stop Centre	0	7.65	40.1	30.0	152.6	58.23	49.5 (17.14%)
Universalisation of Women Helpline Scheme	0	11.65	0.7	8.5	18.4	8.12	20.5 (43.3%)

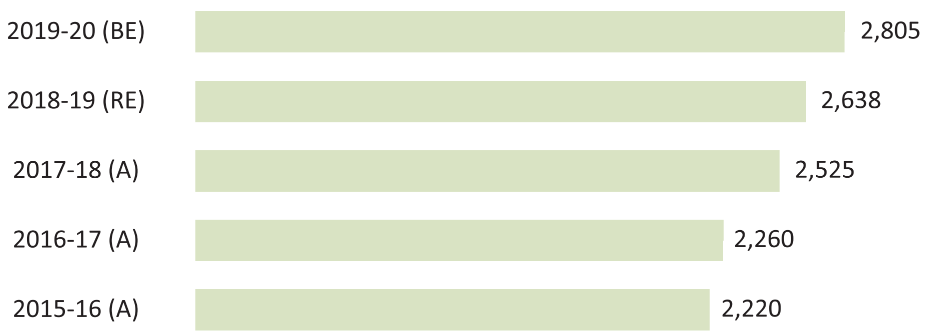
Note: *CVCF has been released as a one-time grant to States/UTs to support and supplement the Victim Compensation schemes in respective States/UTs, allowed only after consuming the non-budgetary resource.
Source: Compiled by CBGA using Lok Sabha Unstarred Question no. 1246, 28.06.2019.

The above table shows the overall utilisation levels of *Nirbhaya* funds released to States as per an Unstarred Lok Sabha Question on 28th June, 2019. The Central Victim Compensation Fund (CVCF) which provides financial support to survivors of crimes related to sexual abuse including rape, acid attacks; human trafficking etc. has utilisation levels that are lower than 20 per cent. It should be noted that while some of the initiatives may receive yearly allocations through the *Nirbhaya* Fund that is not the case for CVCF. Further, there has been almost no utilisation by States under Cyber Crime Prevention against Women & Children. The lack of a road map on how *Nirbhaya* funds should be spent is detrimental to the objective of addressing gender based violence.

Women Farmers

Women are the centre of realising India's goal of sustainable farming. The agriculture sector employs nearly 80 per cent women according to the NSSO data but the framework falls short of designating them as farmers too. *Mahila Kisan Sashaktikaran Pariyojana* (MKSP), the only sub-programmeaimed at women farmers is a component of the *Deendayal Antyodaya Yojana* - National Rural Livelihood Mission (DAY-NRLM). While the allocations for NRLM have increased over the years, the allocations for MKSP have not been raised proportionately as it is a demand driven programme with no provision for state wise allocation every year.

Chart 11.4: Allocations for women farmers under various schemes (in Rs. crore)



Source: Compiled by CBGA using Gender Budget Statement and Union Budget documents, various years.

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 an initial fall in fund utilisation for these schemes in 2015-16 (A) and has subsequently seen marginal increases in allocations in 2018-19 (RE) and 2019-20 (BE).

Recommendations

- The Gender Budget Statement should provide qualitative and quantitative information on gender responsive components of schemes reported in PART B by various ministries and departments.
- Schemes for transgender persons must reflect in the Gender Budget Statement to move away from a binary framework.
- The responsibility of financing human resource and infrastructural needs of One Stop Centres (OSCs) should not be borne alone by States. The Union Government should enhance budgetary support for OSCs and share financing responsibilities with the States.

12

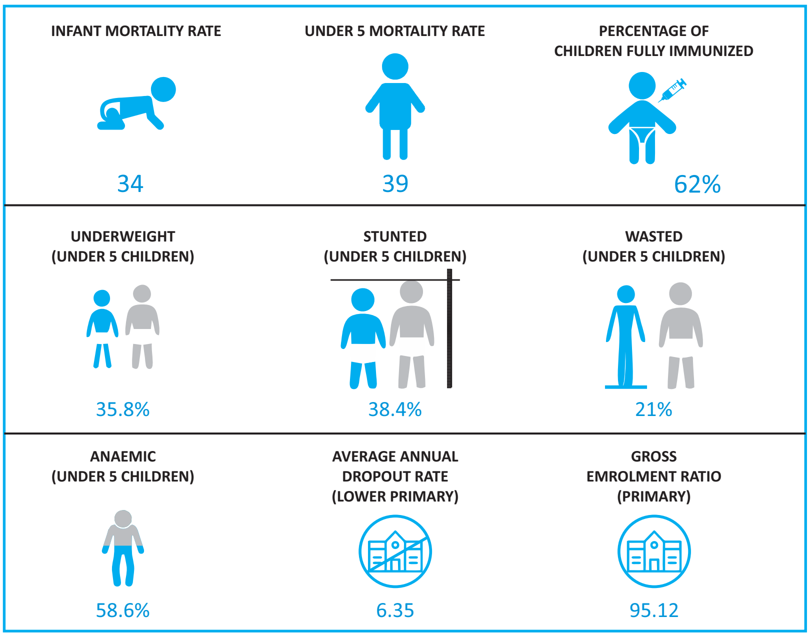
CHILDREN

Highlights

1. There has been a marginal increase in the budgetary allocations for children from the interim budget of 2019-20 at 3.25 per cent to 3.29 per cent in the 2019-20 (BE).
2. No new announcements have been made for children in the Union Budget of 2019-20.
3. Some of the interventions like Pre-matric Scholarship for Other Backward Classes (OBCs) and Scheduled Tribes (Sts), National Crèche Scheme, Merit-cum Means Based Scholarship, National Scheme for Incentive to Girl Child for Secondary Education, etc. have witnessed a decline in absolute allocations in the main budget of 2019-20 (BE) as compared to 2018-19 (BE).

40 per cent of India's total population is comprised of children making the latter a dominant population group in the country. A child's life cycle involves the critical components of survival, development, protection and participation. Children are vulnerable to hazards pertaining to different aspects of their lives, starting from survival, mortality during first few weeks, vaccination against diseases, health & nutrition, education and protection. Several child related indicators like high child mortality rates, high levels of malnutrition, high drop-out rates at secondary and higher secondary levels, rapidly declining child sex ratio, etc. in the country have been major sources of concern. The following infographic depicts an all-India picture for a number of child related indicators.

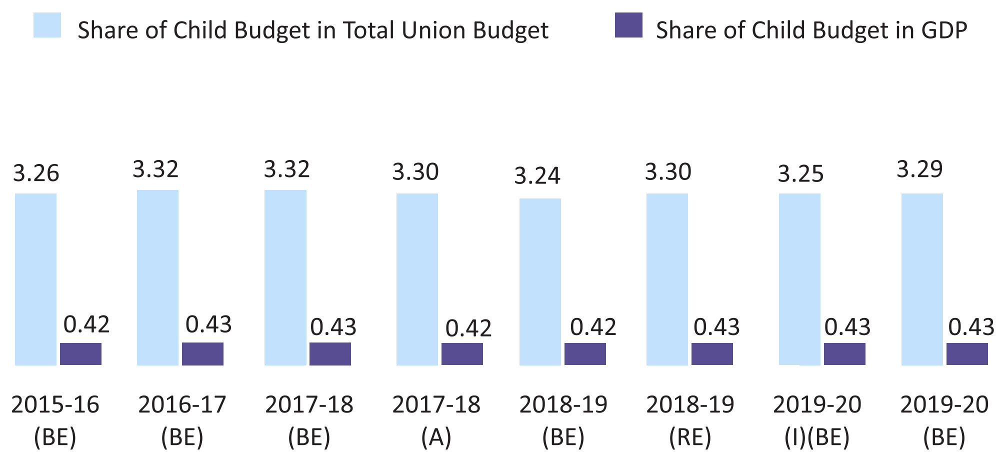
Figure 12.1: Child related Indicators for India



Note: Units for Infant Mortality Rate and Under 5 Mortality Rate are per 1000 live births.
Source: The figures on Infant Mortality Rate &Under 5 Mortality Rate have been taken from Sample Registration System 2016. The figures on Percentage of Children fully Immunised, Stunted, Wasted, Underweight and Anaemic have been taken from NFHS 4 and the figures on Average Annual Dropout Rate and Gross Enrolment Ratio have been taken from DISE 2016-17.

Adequate public provisioning and proper utilisation of the allocated funds are crucial for ensuring welfare of children. The National Plan of Action for Children (NPAC), 2016 which provides a roadmap for development of children, recommends that at least five per cent of the Union Budget should be spent on them. However, the pattern of allocations over the last few years show a more or less stagnant trend for child focused budget at around 3 per cent of total Union Budget.

Chart 12.1: Total Budgetary Allocations on Child Focused Interventions (in per cent)



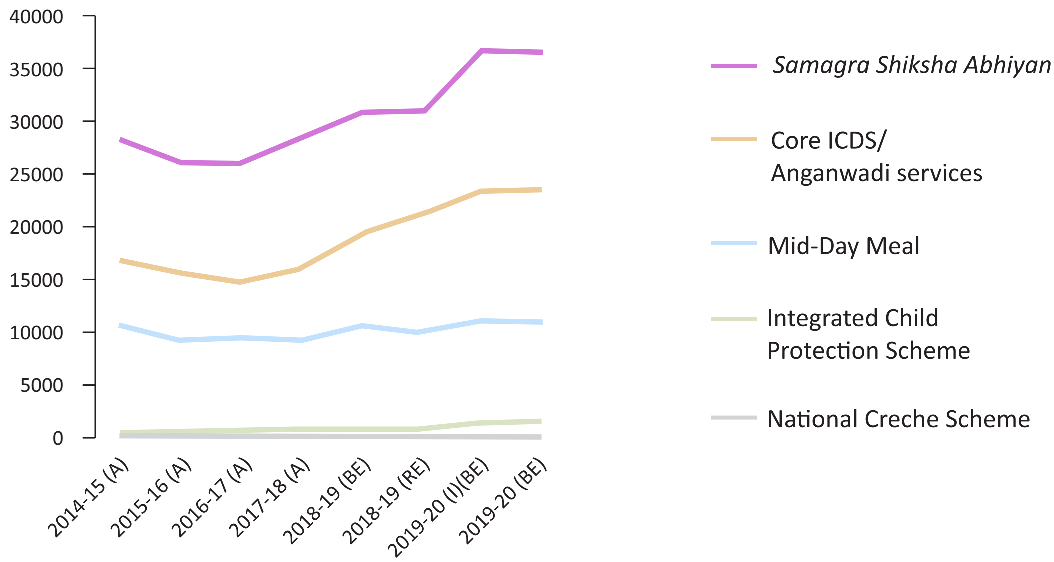
Source: Compiled by CBGA from Child Budget Statement, various years.

From Chart 12.1, it can be seen that the share of Child Budget as a proportion of Total Union Budget has increased only marginally to 3.29 per cent in 2019-20 (BE) from 3.25 per cent in the Interim Budget of 2019-20. The share of Child Budget as a proportion of GDP has remained almost stagnant at 0.43 per cent over the last five years. Despite the Finance Ministry's emphasis in the budget circular of 2019 on reporting compulsorily in statement 12, and 21 ministries reconstituting their Gender and Child Budgeting Cells, only 18 Ministries and Departments along with 5 Union Territories and Lok Sabha have reported in the Child Budget Statement this year (same as in 2018-19).

Schemes Reported under Child Budget Statement

Children face multiple vulnerabilities, which require different kinds of government interventions, in the form of schemes and programmes, to be addressed. The chart given below depicts the trend in allocations and expenditure for select five schemes from the Department of School Education and Literacy and Ministry of Women and Child Development, the two key Ministries responsible for child development. Together, they constitute almost 79 per cent of the total Child Budget of 2019-20.It can be seen that there has not been any increase in the selected schemes in the main budget of 2019-20 when compared with the Interim Budget of the same year. Moreover, if we look at the schemes specifically targeted towards children from marginalised communities, quite a few of them such as Pre-matric scholarship for OBCs and STs, National Crèche Scheme, Merit-cum Means Based Scholarship, National Scheme for Incentive to Girl Child for Secondary Education, etc. have witnessed a decline in allocations in 2019-20 (BE) as compared to 2018-19 (BE).

Chart 12.2: Allocation and Expenditure in Select Major Schemes for Children (in Rs. crore)



Notes: 1. *Samagra Shiksha Abhiyan* has been introduced in financial year 2018-19 by merging the three erstwhile schemes of *Sarva Shiksha Abhiyan* (SSA), *Rashtriya Madhyamik Shiksha Abhiyan* (RMSA) and Strengthening of Teacher Training Institutions. For the purpose of comparability, the above mentioned three schemes have been added up for all the years to represent the composite scheme under the name of *Samagra Shiksha Abhiyan*;
2. The figures for core ICDS include National Nutrition Mission;
3. The figures for ICPS Include Child Protection Services and Scheme for welfare of working children in need of care and protection.
Source: Compiled by CBGA from Union Budget Documents, various years

The near stagnant trend in allocations in most of the schemes above comes in the backdrop of India not faring well in a number of child related indicators as can be seen from the following graphic.

Allocations reported in the Child Budget Statement has no other information but magnitude of funds

The Child Budget Statement (i.e., Statement 12) of the Union Budget 2019-20 presentsonly the quantum of resources for children; the reported allocations fail to provide any details of the objectives of corresponding interventions, and hence, the rationale for including the particular allocations in the Statement remains unclear. The Child Budget Statement of Assam gives information on the objectives of the schemes captured. This helps to understand the basis for including those particular allocations, and is useful for assessing the child sensitivity of these interventions.

Grant No.: 29 - Medical & Public Health
Name of the Department: Health and Family Welfare Department
Name of the concerned Head of Department: National health Mission (NHM)
(Rupees in Lakhs)

#	Head of Account	Name of Scheme / Programme	Objective of the Scheme	Budget Estimates 2018-19		Revised Estimates 2018-19		Budget Estimates 2019-20	
				EE etc.	SOPD, CSS etc.	EE etc.	SOPD, CSS etc.	EE etc.	SOPD, CSS etc.
[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	[10]
	PART A : 100% Child-Specific Schemes/ Programmes/Institutions								
1	2210-03-800-3594-991-32-99	National Health Mission (NHM)-Congenital Heart Disease of Children/Critical care Cardiac Surgery for BPL & aid to kidney patient(Susrusha)	To provide free treatment / surgery for children having Congenital Heart Disease and Aid to Kidney Patient	0.000	874.030	0.000	874.030	0.000	1000.000
2	2210-03-800-3594-133-32-99	National Health Mission (NHM)-Samarth Assam	Primary objective of the scheme is screening of all birth defects, establishment of a Birth Defect Registry and a Children hospital in Guwahati, where all modern facilities for the tertiary level treatment of all childhood disorders will be available.	0.000	400.000	0.000	400.000	0.000	200.000
3	2210-03-800-3594-700-32-99	Corpus of Rs.50.00 Crores over next five year for Medical Support for Children below 14 years	To provide financial assistance to children having select critical diseases	0.000	500.000	0.000	500.000	0.000	500.000
4	2210-03-800-3594-927-32-99 Others	CSS - NHM - Rashtriya Kishor Swasthya Karyakram (RKSK)	Health and well-being of all adolescents are of prime importance to enable them to realize their full potential.	0.00	124.04	0.00	567.67	0.00	570.00

Source: Child Budget Statement 2019-20, Government of Assam.

In conclusion, it can be said that there has hardly been any focus on child specific interventions in the Union Budget of 2019-20. No new announcements have been made for children in this budget. There needs to be a renewed emphasis on improving child related indicators through adequate budgetary provisions as well as proper implementation of the related schemes. In terms of the Child Budget Statement, a lot more can be achieved by encouraging the departments to report child-specific and child benefitting interventions (even the ones benefitting children partially) separately in different parts of Statement 12 as well as articulating the objectives of such interventions. Instead of looking at the statement as a mere exercise of collating and reporting for child focused allocations, it has to be more holistically conceptualised to incorporate children's perspectives through the entire cycle of planning, budgeting, monitoring and evaluation.

13

PERSONS WITH DISABILITIES

Highlights

1. The Mid-Term budget speech has mentioned *Vishwas* and *Vikas* many times; however, the speech has not made it obvious on operationalising the same for persons with disabilities.
2. Accessibility of coins for persons with visual impairment was the only relief in the entire speech.
3. There is no mention of inclusion and accessibility while talking about the green and affordable living of people in the country.
4. The budget speech has failed to recognise the marginalisation experienced by persons with disabilities

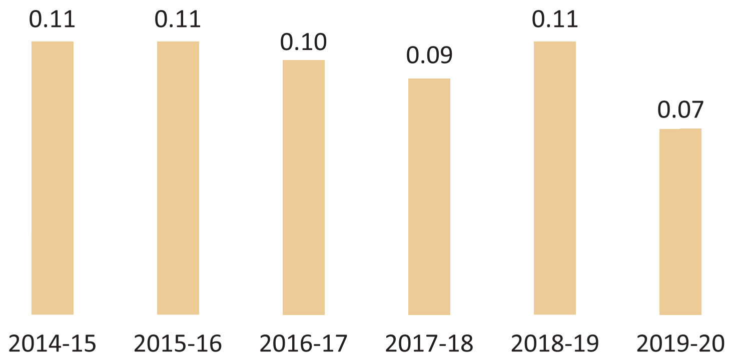
As per Census 2011, 2.21 per cent of the population of India constitute persons with disabilities. Approximately 63.67 per cent of this population are non-workers. Further, approximately 44 per cent of them are women with disabilities. Hence, 44.10 per cent of the total population of persons with disabilities constitute women with disabilities. Nearly 40 per cent of women with disabilities have not attended any educational institution and only 3.44per cent of women with disabilities have undergone graduate level of education. In addition to this, majority of the population of persons with disabilities (69.49 per cent) live in rural areas with 2 million families having more than one person with disability in the house hold.[2]

India has ratified the United Nations Convention on the Rights of Persons with Disabilities (UNCRPD) in 2007. Recognising that persons with disabilities experience multiple marginalisation, the UNCRPD has obligated the States to reframe the policies and programmes to be compliant with CRPD and allocate maximum available resources towards realisation of all rights and fundamental freedoms. The Rights of Persons with Disabilities Act 2016 (RPDA 2016) was passed to give effect to the provisions of the convention. However, implementation of this Act fails to find its space in the budget speech.

This section analyses in brief the progress made in commitment to ensure all human rights and fundamental freedoms for all persons with disabilities.

[2] http://www.censusindia.gov.in/2011-Common/CensusData2011.html

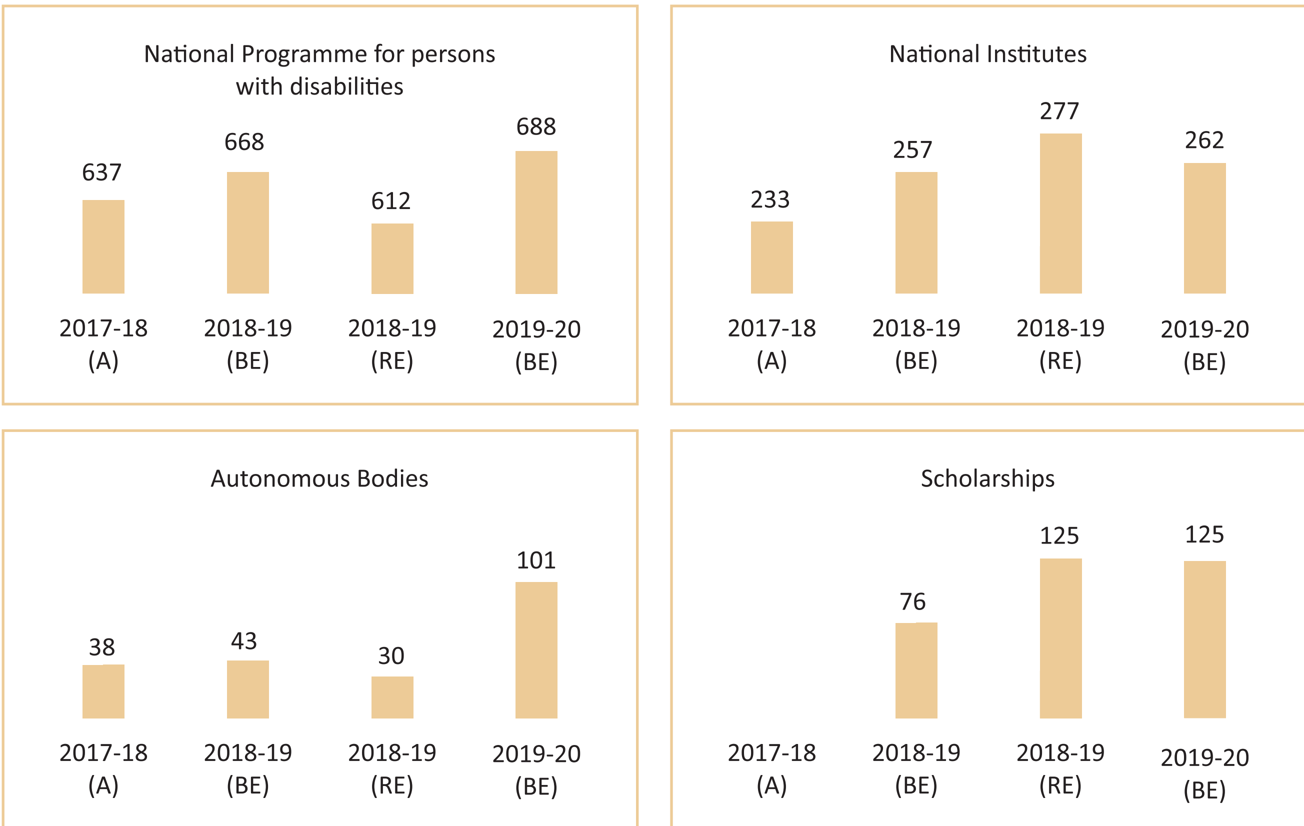
Chart 13.1: Allocation for Persons with Disabilities as per cent of Total Expenditure of the Union Government (in per cent)



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

Department for the empowerment of Persons with Disabilities under the Ministry of Social Justice and Empowerment has the primary responsibility of protecting and promoting the rights of persons with disabilities. The department's allocation is planned under four major heads. This includes National Programme for Persons with Disabilities, comprising many grant in aid schemes such as braille printing, spinal injury centres and *Deendayal* Disabled Rehabilitation Scheme (DDRS), National Institutes, Autonomous bodies such as Artificial Limbs Manufacturing Corporation of India – ALIMCO and National Handicapped Finance and Development Corporation (NHFDC). The following graphs portray the trend in allocation for the major programmes.

Chart 13.2: Trend in allocation to different key programmes (in Rs. crore)



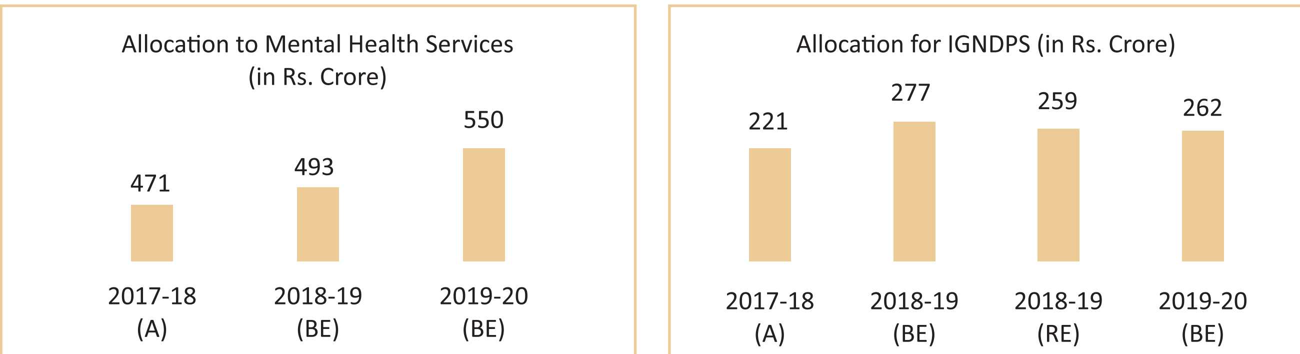
Note: Disaggregated data for scholarship is not available for 2017-18 A.
Source: Compiled by CBGA from Union Budget document.

One of the key commitments of the election manifesto was to ensure accessibility. The table below illustrates the situation of budgetary allocation for some of the key schemes that looks at accessibility implemented by the department for the empowerment of persons with disabilities:

S.No.	Name of the Scheme	Remarks
1	Support to Establishment/Modernisation/ Capacity Augmentation of Braille Presses	From Rs. 10 crore in 2018-19 to Rs. 8 crore in 2019-20
2	Scheme for implementation of Persons with Disability Act	From Rs. 300 core 2018-19(BE) to Rs. 315 crore in 2019-20 (BE). However the increment in allocation follows a declining trend.
3	Indian Sign Language, Research and Training Centre	Stagnated at Rs. 5 crore during the years 2018-19 to 2019-20.
4	National Institute for Inclusive and Universal Design	From Rs. 0.50 crore in 2018-19 to Rs. 0.01 crore in 2019-20.

UNCRPD mandates the recognition of the issues concerning persons with disabilities as cross sectoral and developmental. However, it is to be noted that only eight Ministries have specific mention of persons with disabilities in their schemes and only two Ministries, i.e. Health and family welfare and rural development, provide some disaggregated financial data. Although the *Mahatma Gandhi* National Rural Employment Guarantee Act (MGNREGA), *Pradhan Mantri Awas Yojana* (PMAY) – *Grameen*, have specific mandates towards persons with disabilities financial allocation only to Indira Gandhi National Disability Pension (IGNDPS) could be culled out from the budget documents. Lack of disaggregated financial data is a concern in monitoring allocations towards persons with disabilities.

Chart 13.3: Allocation for two Key Programmes



Source: Compiled by CBGA from Union Budget document.

To conclude, movement towards effective inclusion and recognition of issues concerning persons with disabilities as cross sectoral and developmental cannot be culled out from the budget 2019-20 or previous budgets. Financial commitment to implement the Rights of Persons with Disabilities Act is not reflected across departments and Ministries.It is recommended that disaggregated financial and administrative data allocated to persons with disabilities similar to the gender budget statement, is provided for effective monitoring and accountability. It is also important to mandate cross sectoral recognition of issues concerning persons with disabilities, ensure maximum utilisation of available resources by reframing the schemes and programmes in order that they are compliant with the mandates of CRPD.

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

14

SCHEDULED CASTES

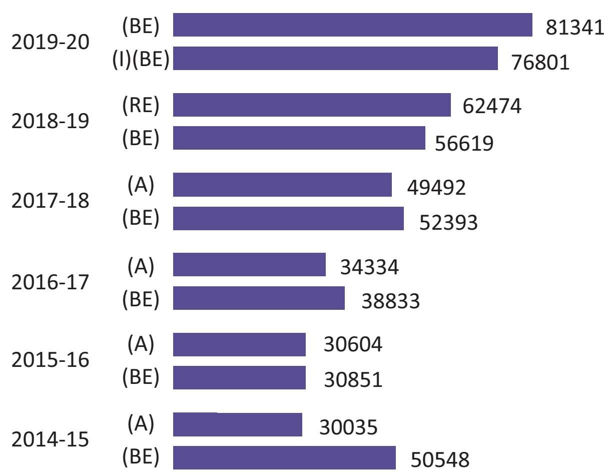
Highlights

1. There has been an increase in the allocations reported under Statement 10A – Schemes for Welfare of Scheduled Castes (SCs) from Rs. 76,801 crore in the Interim Budget 2019-20 BE to Rs. 81,341 core in the Union Budget 2019-20. This increase however, needs to be viewed in the context of dilution of the strategy of Scheduled Caste Sub-Plan (SCSP) post the merger of Plan and Non-Plan heads of the budget.
2. 329 schemes have been allocated for the welfare of SCs. Of these 329 schemes, 233 are non-targeted schemes that do not have any comprehensive strategy to benefit to the marginalised community.
3. Despite the increase in the budget allocations reported in Statement 10A, the total allocations remain much below the stipulated norms.
4. While the schemes for SCs are being categorised as "Core of the Core" in the restructuring of the Centrally Sponsored Schemes (CSS), the allocations for most of the schemes have remained stagnant over the years. The implementation of certain important schemes like Post Matric Scholarship, Scheme for Rehabilitation of Manual Scavengers is suffering from inadequate funding.

Mixed Trend of Allocations for Welfare of Scheduled Castes (SCs): The budgetary allocations for the welfare of SCs shows a mixed trend with allocations for Scheduled Caste Sub-Plan (SCSP) increasing consistently since 2018-19 BE, but allocations for one of the nodal ministries i.e. Ministry of Social Justice and Empowerment, reducing significantly in 2019-20 BE compared to 2018-19 RE.

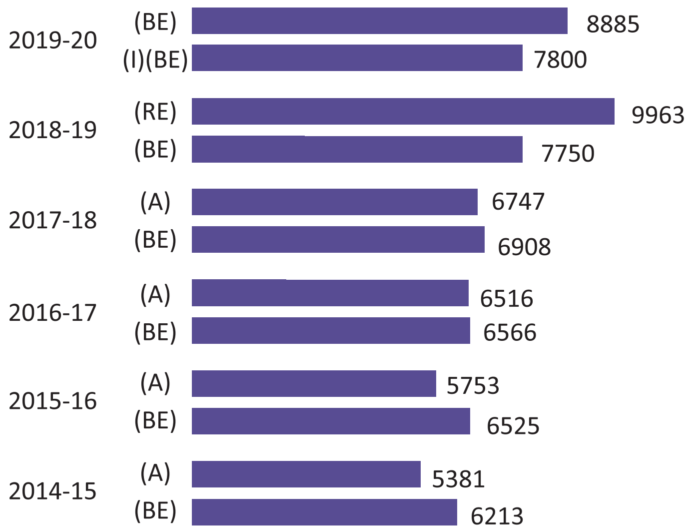
However, even the increase in SCSP may not necessarily translate into benefits for SCs as the general sector schemes are rarely designed keeping in mind the specific challenges confronting SCs. For example, the *Pradhan Mantri Kisaan Samman Nidhi Yojana*, the income security scheme under Ministry of Agriculture and Farmers' Welfare, will leave out most SC farmers as they do not own land.

Chart 14.1: Allocations for Welfare of Scheduled Castes - SCSP (in Rs. crore)



Note: 2019-20 (I) (BE) stands for Budget Estimate of Interim Budget 2019-20.
Source: Compiled by CBGA from Union Budget documents, various years.

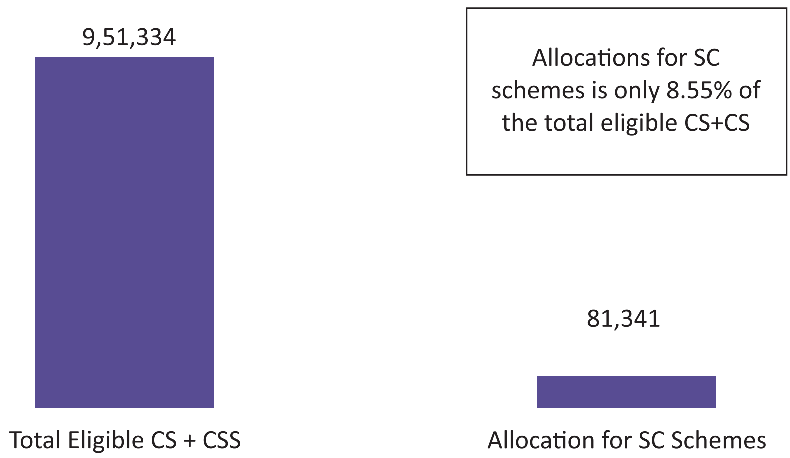
Chart 14.2: Allocations for Welfare of Scheduled Castes - Department of Social Justice and Empowerment (DSJE) (in Rs. crore)



Note: 2019-20 (I) (BE) stands for Budget Estimate of Interim Budget 2019-20.
Source: Compiled by CBGA from Union Budget documents, various years.

Allocations continue to fall short of the SCs' population share: Even where allocations register some increase, these continue to be much lower than the stipulated norms for earmarking funds for welfare of SCs. While new guidelines have been issued by the Ministry of Finance and *NITI Ayog* following the merger of Plan and Non-Plan allocations, these have not been followed resulting in denial of a large proportion of funds (Chart 14.3).

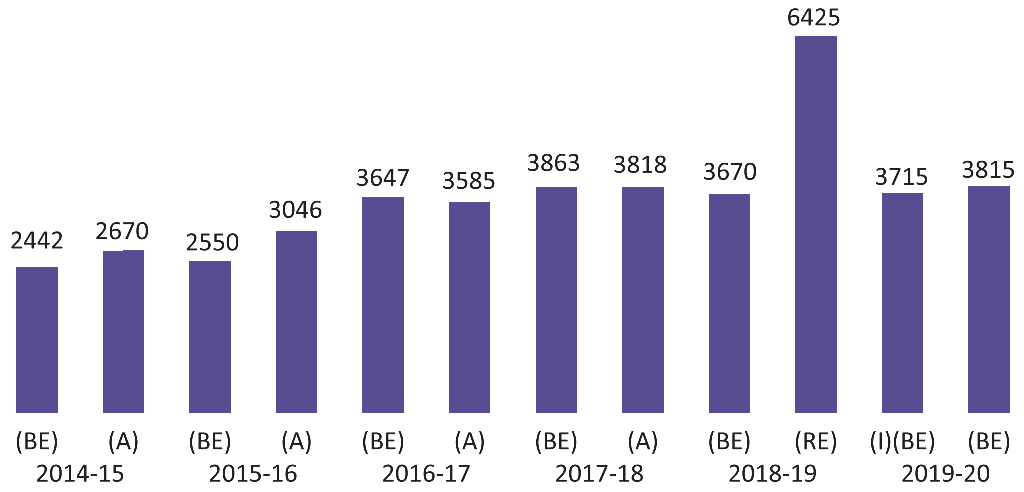
Chart 14.3: Allocations for Scheduled Castes in 2019-20 BE) (in Rs. crore and as percentage of total eligible CS + CSS)



Note: CS and CSS stand for Central Sector Schemes and Centrally Sponsored Schemes.
Source: Dalit Adivasi Budget Analysis 2019-20, National Campaign on *Dalit* Human Rights-*Dalit Arthik Adhikar Andolon*, July 2019.

Budget allocations for educational development of SCs are not very encouraging: Allocations towards schemes for educational development of SCs have reduced in 2019-20 BE compared to 2018-19 RE, although it has increased somewhat when compared to allocation made in the 2019-20 Interim Budget. What needs to be kept in mind is that the allocation for 2019-20 BE is marginally higher than that of 2017-18 A. This implies that in real terms, spending has actually declined in 2019-20 BE compared to 2017-18 A (Chart 14.4).

Chart 14.4: Schemes for Educational Development of SCs* (in Rs. crore)



Note: *Explained in note to Table 12.1.
Source: Compiled by CBGA from Union Budget documents, various years.

A closer look at the different components of the schemes for educational development of SCs explains the jump in figures witnessed in 2018-19 RE which was mainly on account of the increase in the Post Matric Scholarship scheme, an important scheme for promotion of higher education among SC youth (Table 14.1). However, what needs to be kept in mind is that the jump in figure for 2018-19 RE was on account of the fact that increased funds were allocated for meeting the pending dues that have been building up over the years. But while the department had asked for a higher budget of Rs. 11,028 crore for FY 2018-19, it got a much lesser amount.

The high demand for the scheme and existing pending dues notwithstanding, allocations for the scheme have reduced in the current budget compared to that in 2018-19 RE.

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

Major Schemes	2014-15		2015-16		2016-17		2017-18		2018-19		2019-20(I)	2019-20
	BE	A	BE	A	BE	A	BE	A	BE	RE	BE	BE
Schemes for Educational Development of SCs*	2442	2670	2550	3046	3647	3585	3863	3818	3670	6425	3715	3815
Of which:												
Post-Matric Scholarship	1500	1960	1599	…	…	2799	3348	3414	3000	6000	2927	2926.82
Pre-Matric Scholarship for SC Students	834	514	843	…	…	507	50	63	125	109	355	355
Pradhan Mantri Adarsh Gram Yojana	100	30	200	196	90	63	40	39	70	140	180	390
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	530
Self-Employment Scheme for Rehabilitation of Manual Scavengers	439	0	461	0	10	0	5	5	20	70	30	110
Special Central Assistance to Scheduled Caste Sub plan	1038	700	1091	800	800	798	800	731	1000	900	1300	1100
Interventions for Entrepreneurial Development of Scs**	…	…	…	…	259	248	238	203	327	197	225	355
Other programmes of the Department of Social Justice and Empowerment***	…	…	…	…	199	203	194	193	99	73.92	104.57	124.57

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(National Fellowship for SCs, National Overseas Scholarship for SCs, Top Class Education for SCs, Education Empowerment)

**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.

Self-employment Scheme for Rehabilitation of Manual Scavengers (SRMS): Budget allocation for SRMS has increased from Rs. 30 crore in 2019-20 Interim Budget to Rs. 110 crore 2019-20 BE. However, much of this allocation has remained unutilised in the past raising concern about effectiveness of scheme implementation.

Some increase in budget allocation for schemes for welfare of SCs notwithstanding, it is apparent that even in the current budget the problem of systemic undermining of a number of important schemes continues (by starving them of necessary funds). While the policy of allocations of funds for the welfare and development of SCs is provides appropriate guidelines for bridging the gap between SCs and the rest of the population, there is a need to increase allocations for various schemes and pay attention to implementation issues that plague the system.

15

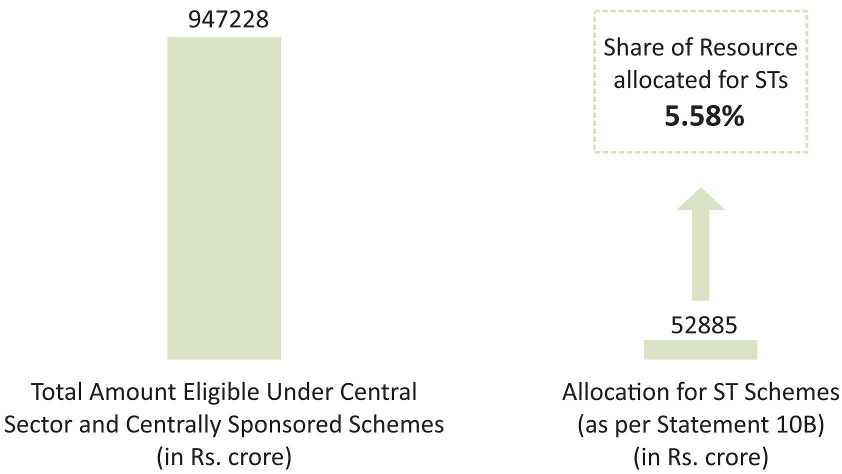
SCHEDULED TRIBES

Highlights

1. The allocations for welfare of Scheduled Tribes (STs) continue to be well below the stipulated norms for earmarking funds for STs.
2. A scrutiny of the budgets for Ministry of Tribal Affairs (MoTA) shows that the allocations have increased consistently in the last five years, although the increase has been marginal.
3. The allocations for scholarship schemes do not show any increase in the current budget over the previous years; rather, there is a decline in absolute terms.

India's development strategies have historically not been able to adequately benefit the Scheduled Tribe (ST) of the country, who are among the most marginalised sections of our society. The marginalisation of STs has been aggravated by ineffective implementation of crucial legislations concerning them, e.g. the Forest Rights Act. Steps taken by successive Union governments such as abolition of Planning Commission and merger of Plan and Non-Plan components have also affected the budgeting for STs. For instance, 8.6 per cent of the Plan Budget was earmarked for exclusive benefits of STs previously. However, after the merger of Plan and Non-Plan components, the base has changed from Plan Budget to Total Schemes Budget, of which 8.6 per cent is assigned towards Tribal Welfare.

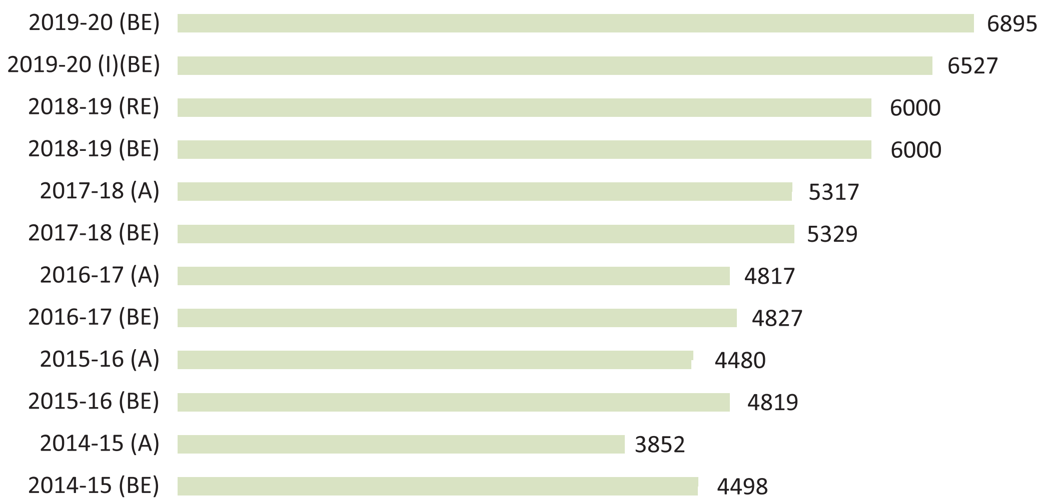
Chart 15.1: Allocations for Scheduled Tribes in 2019-20 BE)
(in Rs. crore and as percentage of total amount eligible CS + CSS)



Note: CS and CSS stand for Central Sector Schemes and Centrally Sponsored Schemes.
Source: Dalit Adivasi Budget Analysis 2019-20, National Campaign on *Dalit* Human Rights-*Dalit Arthik Adhikar Andolon*, July 2019.

While new guidelines have been issued by the Ministry of Finance and NITI Aayog following the merger of Plan and Non-Plan allocations, these have not been followed, resulting in the denial of a large proportion of funds (Chart 15.1).

Chart 15.2: Budgetary Allocations under Ministry of Tribal Affairs (in Rs. crore)



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 (Chart 15.2). In 2018-19, the MoTA had proposed an outlay of Rs. 6,659.27 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 Union Budget 2019-20, the allocation has been increased to Rs. 6,895 crore – an increase of 897 crore (approximately, 38 per cent) between 2014-15 and 2019-20. Despite the increase in the total budget for the Ministry, the allocations for scholarship schemes do not show any increase in the current budget over the previous years; rather, there is a decline in absolute terms. Another concern has been with respect to utilisation of allocated funds for various interventions within the Ministry, though the pace of utilisation of funds has improved in recent years.

Table 15.1 Budgetary Outlays for Major Schemes under Ministry of Tribal Affairs (in Rs. crore)

Major Schemes	2014-15		2015-16		2016-17		2017-18		2018-19		2019-20(I)	2019-20
	BE	A	BE	A	BE	A	BE	A	BE	RE	BE	BE
Special Central Assistance to Tribal Sub Plan	1200	1040	1250	1132	1250	1195	1350	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	2663
Umbrella Scheme for Development of STs: *Vanbandhu Kalyan Yojana*	100	100	200	629	505	469	505	373	420	375	407	407
Umbrella Scheme for Education of ST children Which includes, among others:	1058	1059	1155	1221	1505	1740	1756	1873	2038	2055	2056	2056
Pre-Matric Scholarship							265	294	350	310	340	340
Post-Matric Scholarship							1347	1464	1586	1643	1614	1614
Ashram School							10	7				
Boys and Girls Hostel							3	7				
Total Budget for MoTA	4498	3852	4819	4480	4827	4817	5329	5317	6000	6000	6527	6895

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

The budget analysis underscores the need for more concerted efforts to accomplish substantive change in the lives of STs. While effective implementation of the legislations like the Forest Rights Act (FRA) and *Panchayats* (Exclusion to Scheduled Areas), Provisions of the *Panchayats* (Extension to Scheduled Areas) Act (PESA) can be the policy oriented actions in this direction, enhancement in scope and outreach of MoTA needs to be considered as a short term measure.

16

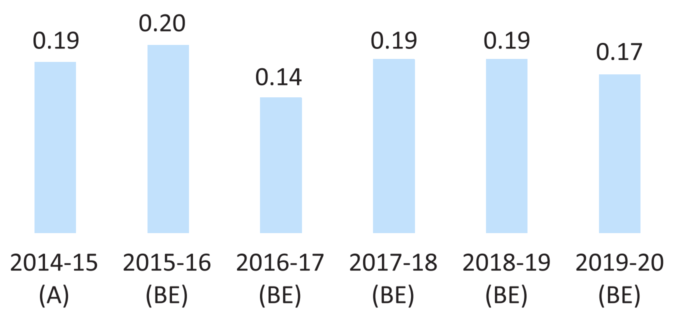
MINORITIES

Highlights

1. Allocation for Ministry of Minority Affairs (MoMA) has remained unchanged in the main budget vis-a-vis the Interim Budget for 2019-20.Only 0.17 per cent of the total Union Budget of 2019-20 has been allocated by MoMA for the development of minorities.
2. Fund utilisation of MoMA has increased to 96.7 per cent in 2017-18 from 74 percent in 2016-17.
3. Nearly, 85 lakh students belonging to minority communities are left out of Pre, Post and Merit Cum Means Scholarships Schemes every year.
4. Allocations for Pre Matric, Post Matric and Merit Cum Means Scholarships have declined in this budget.
5. No increase in the unit cost in Scholarship Schemes has been announced.

Action Agenda, a key NITI Aayog report (2017), says that Muslims constitute the largest religious minority (at 14 per cent of the total population of our country) and lag behind others in terms of economic and social parameters. The participation of Muslims in salaried jobs is also low. Despite the poor development indicators of Muslims, only 0.17 per cent of the total Union Budget of 2019-20 has been allocated for the development of minorities/ Muslims. The religious minorities constitute 21 per cent of total population in the country as per Census 2011.

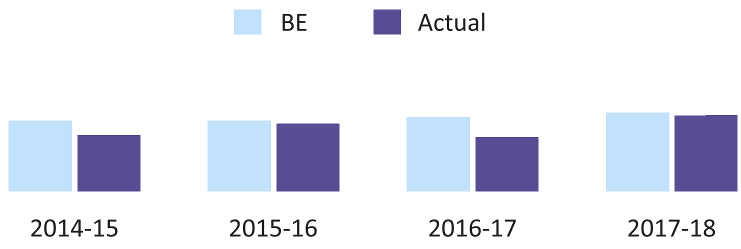
Chart 16.1: Share of the Allocation for Ministry of Minority Affairs (MoMA) in Total Union Budget (in per cent)



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

Although, the allocation for the MoMA has remained unchanged in this budget, the fund utilisation has increased to 96.7 per cent in 2017-18 from 74 per cent in 2016-17.

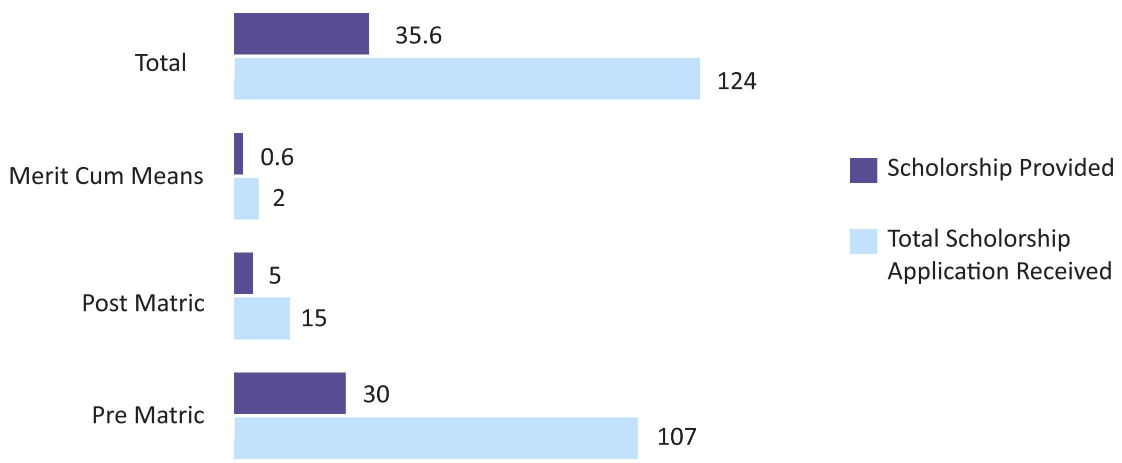
Chart 16.2: Budget Allocation and Utilisation by the Ministry of Minority Affairs (in Rs. crore)



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

For educational improvement of minorities, scholarship schemes are very important. However, there is a huge gap between the total number of applications received and scholarships provided annually by Ministry of Minority Affairs. Nearly, 85 lakh students belonging to minority communities have been left out of these schemes in 2017-18. Evidently, the Government could not make scholarship schemes for minorities demand-driven despite the recommendation of the Departmental Standing Committee of 2018.

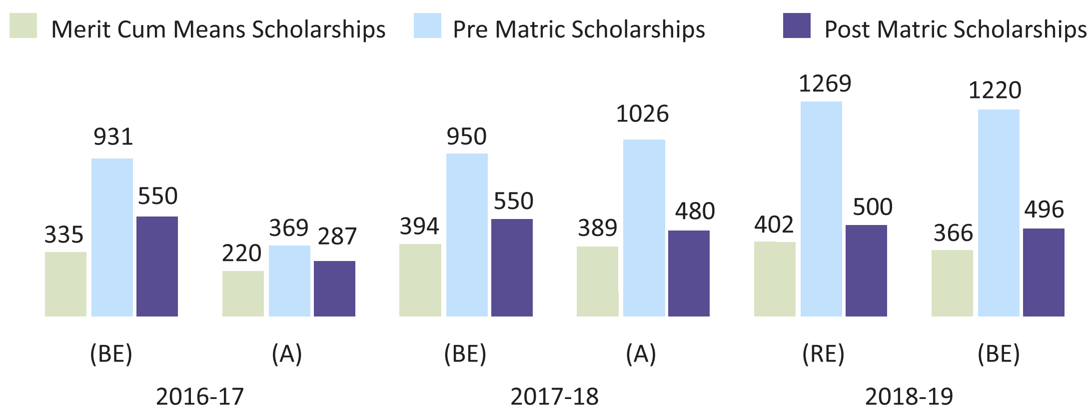
Chart 16.3: Gap in Number of Scholarship Applications Received and Scholarships Provided -2017-18 (in Rs. lakh)



Source: Departmentally Standing Committee on Social Justice- Demand for Grants, Ministry of Minority Affairs 2018-19.

The newly formed Union Government announced that they are going to provide one crore scholarships annually under the umbrella scholarship programme. However, allocations for Pre Matric, Post Matric and Merit Cum Means Scholarships have declined in this budget.

Chart 16.4: Budget Allocation for Scholarship Schemes under Ministry of Minority Affairs (in Rs. crore)



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

Further, The Department Standing Committee on Social Justice, 2018-19 raised concerns about inadequacy of the amount of Pre-Matric, Post-Matric and Merit Cum Means Scholarships. The unit costs for scholarships have not been revised since the inception of the schemes (in 2007-08). Only Rs. 1000 per annum is given to day scholars in the Pre-Matric Scholarship Scheme. The scheme for Post Matric Scholarship provides the financial support of Rs. 7,000 per annum in terms of admission and tuition fee for classes XI and XII and maintenance allowance of Rs. 380 per month and Rs. 230 per month for hosteller and day scholars respectively. However, these unit costs have not been increased or made inflation indexed, as yet. Hence, it is suggested that the total budget allocation of MoMA including scholarship schemes needs to be increased and the unit costs have to be raised as well or made inflation indexed. Further, the scholarship scheme should be made demand driven for Muslims and other minority groups.

17

CLEAN ENERGY

Highlights

1. Government has announced incentives to boost Electrical Vehicle (EV) by providing an additional income tax exemption of up to Rs. 1.5 lakh on interest paid for loan taken for purchasing EV.
2. There is a mismatch between this year's announced target and the funds allocated for the scheme of Green Energy Corridor (GEC), which is primarily meant for the creation of transmission infrastructure for generated Renewable Energy.

The Economic Survey 2018-19, notes that investment in renewable plants for up to the year 2022 needs to be about US$ 80 billion, taken at today's prices. Despite this huge financial requirement, the budget 2019-20 does not provide adequate budgetary allocations to the Ministry for New and Renewable Energy (MNRE).

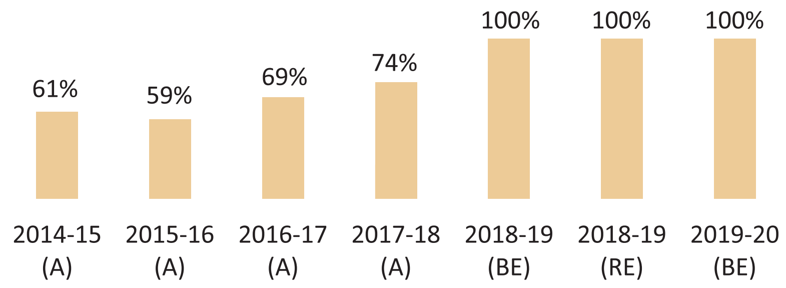
While, the share of Renewable Energy (RE) capacity has increased immensely to 75 GW, the share of renewables in total power generation stands at only 7.8 per cent in 2018. One of the major reasons for this is a lack of adequate transmission infrastructure for generating RE in the country. There is lack of adequate budgetary allocation for Green Energy Corridor (GEC) Scheme meant for providing transmission infrastructure.

While access to sustainable and cleaner energy resources is important, providing electric mobility also has tremendous potential for saving of 846 million tons of carbon-dioxide emissions and oil savings of 474 Million tons of Oil Equivalent (MTOE). In the 2019-20 main budget, the government has made an attempt to provide impetus to EVs demand through tax incentives.

Gross Budgetary Support to Nodal Ministry for Renewable Energy

The deficit in nodal ministry budget due to National Clean Energy Fund (NCEF) subsumption into GST compensation cess since 2017-18 has not been compensated by an increase in budgetary support for the Ministry. There is a need for lesser dependence on Internal & Extra Budgetary Resources (IEBR) component which is largely sourced through external borrowings from Multilateral Banks or by raising green bonds, which is nothing but loan with interest.

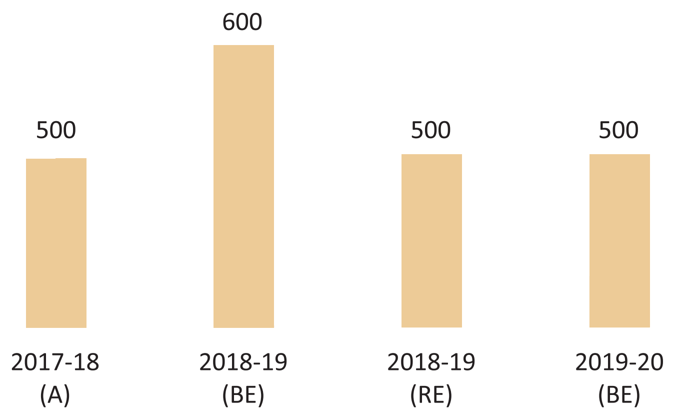
Chart 17.1: Budgetary Allocations for MNRE from IEBR (in per cent)



Source: Compiled by CBGA from Union Budget documents.

Need for increasing allocations for Transmission Infrastructure for Renewable Energy: In order to facilitate smooth integration of increasing share of renewables into the national grid, MNRE has launched the scheme of Green Energy Corridor in the year 2017. However, there is a wide gap between the target set for the installation of transmission towers under this scheme by 2019 and what has been achieved as of December 2018. The budgetary allocation in 2019-20 (BE) for this scheme has not seen any increase. Adequate financial impetus needs to be provided to the Green Energy Corridor scheme for creation of transmission infrastructure for generating Renewable Energy.

Chart 17.2: Allocations for Green Energy Corridor Scheme (in Rs. crore)

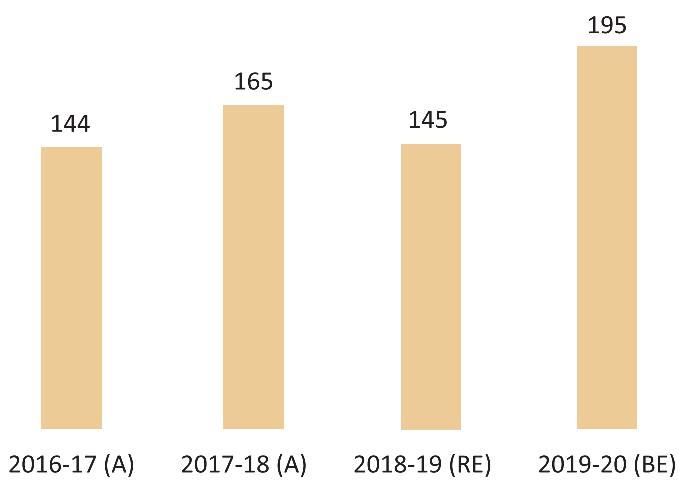


Source: Compiled by CBGA from Union Budget documents.

Need for providing EV charging Infrastructure to boost Electric Vehicle Mobility

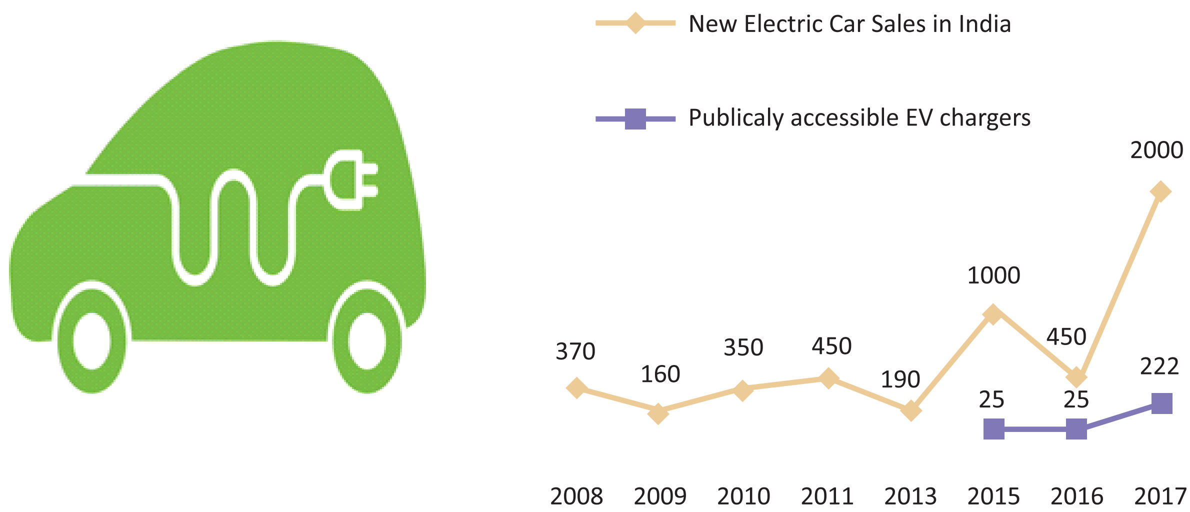
In the budget 2019-20, the government has announced incentives to boost manufacturing and adoption of Electric Vehicles (EV). In 2015 too, the Ministry of Heavy Industries and Medium Enterprises, had introduced a subsidy scheme for Faster Adoption and Manufacturing of (Hybrid and) Electric Vehicle in India - (FAME - India). However, the government's approach of providing impetus to the EV segment only through incentives has not been very successful in the past. Currently, the market share of electric cars stands at a meagre 0.06 per cent. This is largely due to the very low number of publically accessible EV chargers in India (Chart 17.4).

Chart 17.3: Allocations for FAME India Scheme (in Rs. crore)



Source: Compiled by CBGA from Union Budget documents.

Chart 17.4: Statistics on New Electric Car Sales in India and Publicaly accessible EV chargers in India



Source: Global EV outlook 2018

Imperative to ensure that the increased demand for electricity is met through Renewable Energy: Another issue which requires attention is that the impact of increased electrification of road transport on electricity demand and consequently on power grids could be sizeable. Ensuring that this demand is met through renewable energy (such as solar based EV charging) is imperative.

More pragmatic approach required: While various incentives have been provided by the government and new policies are being implemented, it is important that these policies not only focus on boosting demand for EVs by reducing the upfront costs of owning an EV but also make efforts for providing fast EV charging infrastructure, making use of renewable energy in EV charging and disposing expired batteries in environmentally safe manner. Hence, there is a need to adopt a more holistic approach in implementation of such a huge step of phasing out fuel-based vehicles.

ANNEXURE I: Glossary of Budget Concepts and Documents

Every Budget broadly consists of two parts, viz. (i) Expenditure Budget and (ii) Receipts Budget. The Expenditure Budget presents the information on how much the Government intends to spend and on what, in the next fiscal year. On the other hand, the Receipts Budget presents the information on how much revenue the Government intends to collect for meeting its expenditure requirements and from which sources, in the next fiscal year.

Classification of Government Receipts

Capital Receipts:
Those receipts that lead to a reduction in the assets or an increase in the liabilities of the government.

- Capital Receipts leading to 'reduction in assets': *Recoveries of Loans* given by the government and *Earnings from Disinvestment*
- Capital Receipts leading to 'increase in liabilities': *Debt*.

Revenue Receipts:
Those receipts that do not affect the asset-liability position of the government.

- Revenue Receipts comprise proceeds of taxes (like Income Tax, Corporation Tax, Goods and Services Tax, Customs, Excise etc.) and
- Non-tax revenue of the government (like Interest Receipts, Fees / User Charges, and Dividend & Profits from PSUs)

Classification of Government Expenditure

Capital Expenditure	Revenue Expenditure
Those expenditure by the government that lead to an increase in the assets (*construction of a new flyover, Union Govt. giving a loan to the State Govt.*) or a reduction in the liabilities of the government (*Union Govt. repays the principal amounts of a loan it had taken in the past*.)	Those expenditure by the government that do not affect its asset-liability position. E.g.: *Expenditure on food subsidy, salary of staff, procurement of medicines, procurement of text books, payment of interest, etc.*

Classification of Government Expenditure

State Specific Schemes	Central Sector Schemes	Centrally Sponsored Schemes
Only the state government provides funds for these, with no direct contribution from the Centre.	The Central Government provides entire funds for these.	Both the Central Government and the State Government provides funds for the scheme. The ratio of their contributions depends on the design of the scheme.

Deficit and Debt

Excess of government's expenditure in a year over its receipts for that year is known as Deficit; the government covers this gap by taking a Debt.

Classification of Government Expenditure

Fiscal Deficit	Revenue Deficit
It is the gap between government's *Total Expenditure* in a year and its *Total Receipts (excluding new Debt to be taken)* that year. Thus, Fiscal Deficit for a year indicates the amount of borrowing to be made by the government that year.	It is the gap between Revenue Expenditure of the government and its Revenue Receipts.

Budget Estimates and Revised Estimates

The estimates presented in a Budget for the approaching fiscal year are Budget Estimates (BE), while those presented for the ongoing fiscal year based on the performance in the first six months of the fiscal year are Revised Estimates (RE).

Taxation: Concepts and Trends

The government mobilises financial resources required for financing its interventions mainly through taxes, fees / service charges and borrowings.

1.Tax Revenue and Non-Tax Revenue

Tax Revenue	Non-Tax Revenue
Tax refers to the money collected by the government through payments imposed by legislation.	Non-Tax Revenue refers to revenue raised by the government through instruments other than taxes such as fees / user charges, dividends and profits of PSUs, interest receipts, penalties and fines, etc.

2. Direct and Indirect Tax

Government revenue through taxation can be broadly divided into Direct Taxes and Indirect Taxes.

Direct Tax	Indirect Tax
Those taxes for which the tax burden cannot be shifted or passed on are called Direct Taxes. Any person, who directly pays this kind of tax to the government, bears the burden of that tax. E.g.: Personal income tax, corporate income tax, capital gains tax, etc.	Those taxes for which the tax burden can be shifted or passed on are called Indirect Taxes. Any person who directly pays this kind of tax to the government, need not bear the burden of that particular tax; they can ultimately shift the tax burden to other persons later through business transactions of goods or services. E.g.: Goods and services tax, customs duties, excise duties, etc.

Indirect tax on any good or service affects the rich and poor alike. Unlike indirect taxes, direct taxes are linked to the taxpayer's ability to pay and hence are considered to be progressive.

3. Division of Taxation Powers between Centre and States

The Constitution of India provides a clear division of the roles and responsibilities of the Central Government and State Governments, which has translated into a division of expenditure responsibilities and taxation powers between the two. The power to levy taxes and duties has been divided at three tiers of governance, i.e. Central Government, State Governments, and Local Governments. With the implementation of the Goods and Services Tax, the GST Council is now a constitutional body with a specific method of division of GST.

Central Government	State Governments	GST Council	Local Governments
Personal and Corporate Income Tax, Customs Duties	Sales Tax and Value Added Tax (on petroleum products and alcohol), Stamp Duty (a duty on transfer of property), State Excise (a duty on manufacturing of alcohol), Land Revenue (a levy on land use for agricultural and non-agricultural purposes), Duty on Entertainment and Tax on Professions.	The GST Council is a constitutional body that governs the Goods and Services Tax, an indirect tax. The proceeds from Central GST (CGST) go towards the Central Government, proceeds from State GST (SGST) go towards State Governments and proceeds from Integrated GST (IGST) are divided between the Central Government and State Governments.	Tax on property (buildings etc.), Tax on Markets, Tax / User Charges for utilities like water supply, parking, drainage, etc.

4. Distribution of Revenue collected in the Central Tax System

A Finance Commission is set up once every five years to suggest sharing of financial resources between the Centre and the States, a major part of which pertains to the sharing of revenue collected in the Central Government Tax System. At present, the total amount of revenue collected from all Central Taxes – excluding the amount collected from cesses, surcharges and taxes of Union Territories, and an amount equivalent to the cost of collection of central taxes – is considered as sharable / divisible pool of Central tax revenue. In the recommendation period of the 14th Finance Commission (from 2015-16 to 2019-20), 42 per cent of the shareable / divisible pool of Central tax revenue is transferred to States every year and the Centre retains the remaining amount for the Union Budget.

5. Tax-GDP Ratio

Gross Domestic Product (GDP) is an indicator of the size of a country's economy. In order to assess the extent of the government's policy intervention in the economy, some important fiscal parameters, like total expenditure by the government, tax revenue, deficit, etc. are expressed as a proportion of the GDP. Accordingly, we need to pay attention to a country's tax-GDP ratio to understand how much tax revenue is being collected by the government as compared to the overall size of the economy.

Definitions of some important taxes

Corporation Tax: This is a tax levied on the income of companies under the Income Tax Act, 1961.

Taxes on Income: This is a tax on the income of individuals, firms, etc. other than companies, under the Income Tax Act, 1961. This head also includes other taxes, mainly the Securities Transaction Tax, which is levied on transactions in listed securities undertaken on stock exchanges and in units of mutual funds.

Goods and Services Tax: GST is an indirect tax that was implemented in 2017. It has subsumed many indirect taxes in the country, and is levied on the supply of goods and services. It is a comprehensive, multi-stage, destination-based tax.

Customs Duties: It is a type of tax levied on goods imported into the country as well as on goods exported from the country.

Excise Duties: It is a type of tax levied on goods manufactured in the country and are meant for domestic consumption.

Union Budget Documents

Category	Documents in this category
Summary Documents	**Budget Speech:** Highlights the main expenditure and tax proposals
	Budget at a Glance: Provides a brief overview on total funds raised by the government (through taxes or borrowing), how that money is to be spent along with information on budget deficit / surplus.
	Annual Financial Statement: Similar to 'Budget at a Glance' but organized in a different way to reflect requirements under Article 112 of the Constitution.
Expenditure Documents	**Expenditure Profile:** Presents a summary of the total expenditure of all ministries. Also, it presents expenditure according to different categories of interest, i.e. summary of funds allocated to schemes for women, children, scheduled castes and scheduled tribes.
	Expenditure Budget: Presents a detailed breakdown of the expenditure of each ministry.
	Demands for Grants / Appropriation Bill: Two documents required under the Constitution, asking Parliament to allocate the stated amount of funds to different ministries and schemes. Parliament votes to pass these two documents.
Receipts Documents	**Receipts Budget:** Presents detailed information on how the government intends to raise money through different sources.
	Finance Bill: A Bill presented to Parliament (and to be voted on) containing the various legal amendments to bring into effect the tax changes proposed by the government.
	Memorandum on the Finance Bill: Explains the various legal provisions contained in the Finance Bill and their implications in simple language.
FRBM Documents	**Macro-Economic Framework:** Explains the government's assessment of the growth prospects of the economy.
	Medium-Term Fiscal Policy: A statement setting limits on the size of the budget deficits for the next three years, as well as targets for tax and non-tax receipts.
	Fiscal Policy Strategy: A statement explaining the government's efforts to follow sound fiscal policies and reasons for any departure from the targets set by it for deficits under the FRBM Act.

Source: PRS Legislative Research. Overseeing Public Funds: How to scrutinise budgets.

Which of these Union Budget documents are the most useful for analysis of the Budget?

- Analysing Expenditure by the Union Government: Budget Speech, Budget at a Glance, Expenditure Profile, and Expenditure Budget
- Analysing Resource mobilisation: Receipts Budget, Memorandum on Finance Bill
- Macroeconomic analysis: Budget at a Glance, Macro-Economic Framework Statement, and Medium-Term Fiscal Policy Statement

ANNEXURE II: How Union Budget is Prepared

There are four stages of a budget cycle.

Budget cycle starts with Budget formulation and ends with Auditing. The entire budget cycle spreads over four calendar years. It starts in the month of August-September of calendar year 1 and gets over by months of March-April of calendar year 3.

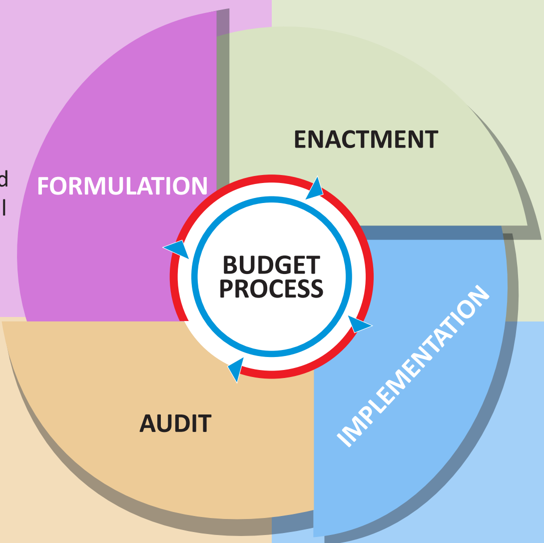
Starts: August of a calendar year and Ends 31st January of next calendar year (CY)

Steps:

- Notification of Budget Circular - **August-September of CY 1**
- Each Administrative Ministry (Expenditure) shares the Statement of Budget Estimates (SBE) with Budget Division - **September CY 1**
- Pre-Budget Meetings by Secretary, Expenditure with the Secretaries / Financial Advisers of the expenditure ministries are organised - Starts in **October** and continues till the **first week of November of CY 1**
- The final ceilings for the schemes are decided separately by the Ministry of Finance - latest by **15th January every year (CY 2)**
- Finance Minister holds Pre-budget meetings with various groups /stakeholders to get suggestions and recommendations on the priority setting of the budget - **December (CY 1) and January (CY 2)**
- Finance Minister holds meetings with officials of Revenue Department and prepares the Receipt Budget for the country - **January (CY 2)**
- The tentative budget gets approved in the Council of Ministers and final Printing of Budget documents starts - **mid of January every year (CY 2)**

Starts: 1st February Ends: 31st March of CY 2

- FM presents Budget in the Parliament - **1st February every year (CY 2)**
- FM introduces the Appropriation Bill and Finance Bill in the Lok Sabha **February-March (CY 2)**
- General discussion on the budget in the Parliament (Lok Sabha) **first week of February (CY 2)**
- Detailed Demands for Grants- discussed in Lok Sabha **(February CY 2)**
- Passing of Appropriation Bill and Finance Bill **(March CY 2)**



Starts: 1st April of CY 3 and Ends 1st March of CY 4

Audit findings are presented approx. after 8 months after that

- Auditing of the various expenditure and receipts proposals carried out by the office of the Comptroller and Auditor General once the Financial year ends in **31 March of CY 3**
- Auditors prepare Financial and Performance Reports during the period between **1st April of CY 3 and 31 March of CY 4**
- These audit reports are scrutinised by the Public Accounts Committee of the Parliament in **CY 3 and CY 4**

Starts: 1st April of CY 2 and Ends: 31st March of CY3

- Once the budget is passed, the executives carry out implementation of various expenditure and revenue proposals **(April of CY2 to March of CY3)**

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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