

Promises and Priorities

An Analysis of Union Budget 2019-20





FOREWORD

Centre for Budget and Governance Accountability (CBGA) brings out a draft version of this publication within 24 hours of the presentation of 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), and a host of important socio-economic development issues that need to be addressed through fiscal interventions.

We have focused on 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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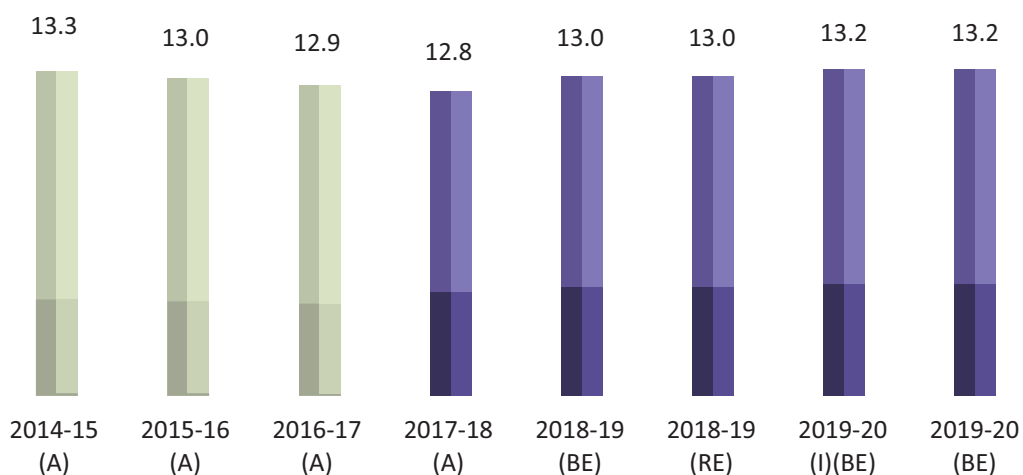
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KEY FISCAL INDICATORS

Highlights

1. The overall magnitude of the Union Budget has registered visible increase in the 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) in the main Budget compared to the Interim Budget for 2019-20. This Rs 56464 crore reduction in the projected quantum of the Centre's Net tax Revenue for 2019-20(BE) seems to be based on the shortfall of 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 presented now.

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

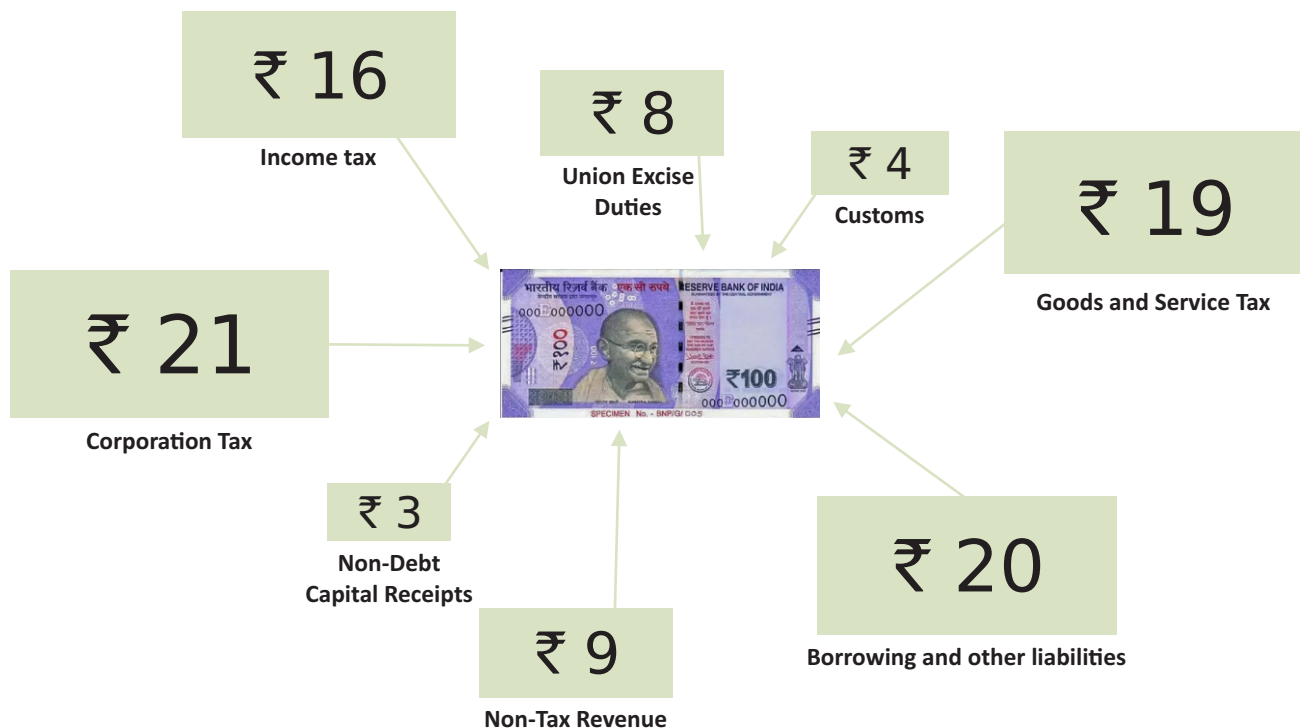


Note: Data on Total Union Budget Expenditure from 2017-18 onwards are not comparable with that of previous years due to inclusion of GST Compensation Cess in the Union Budget Expenditure after the introduction of GST.

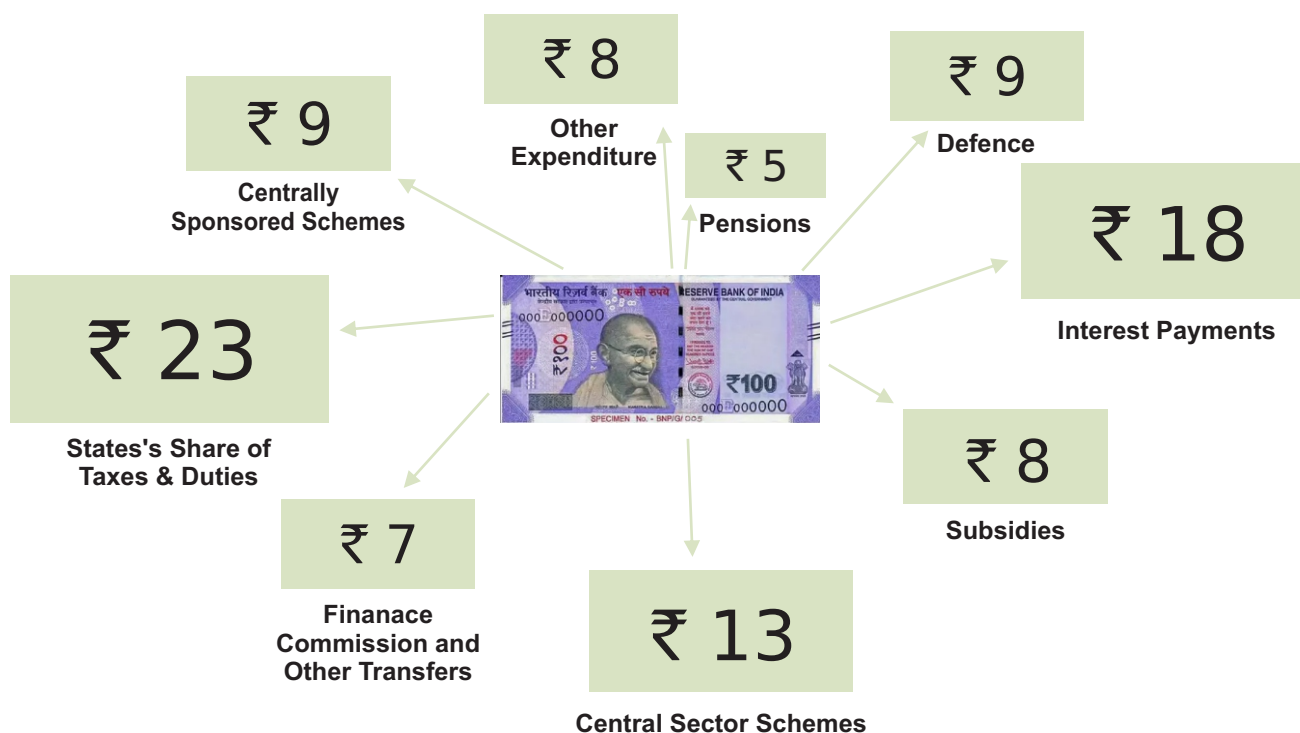
Source: Compiled by CBGA from Union Budget Documents, various years.

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

Where the money comes from - {(Gross Receipt) 2019-20 (BE)}

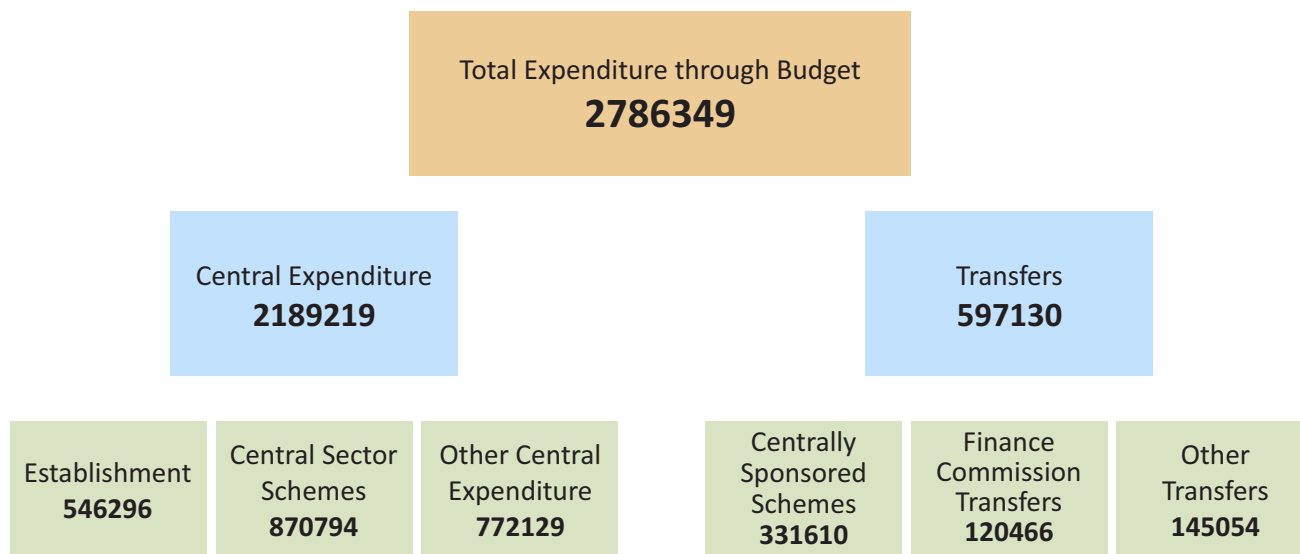


Where the money goes to - {(Gross Outlays) 2019-20 (BE)}



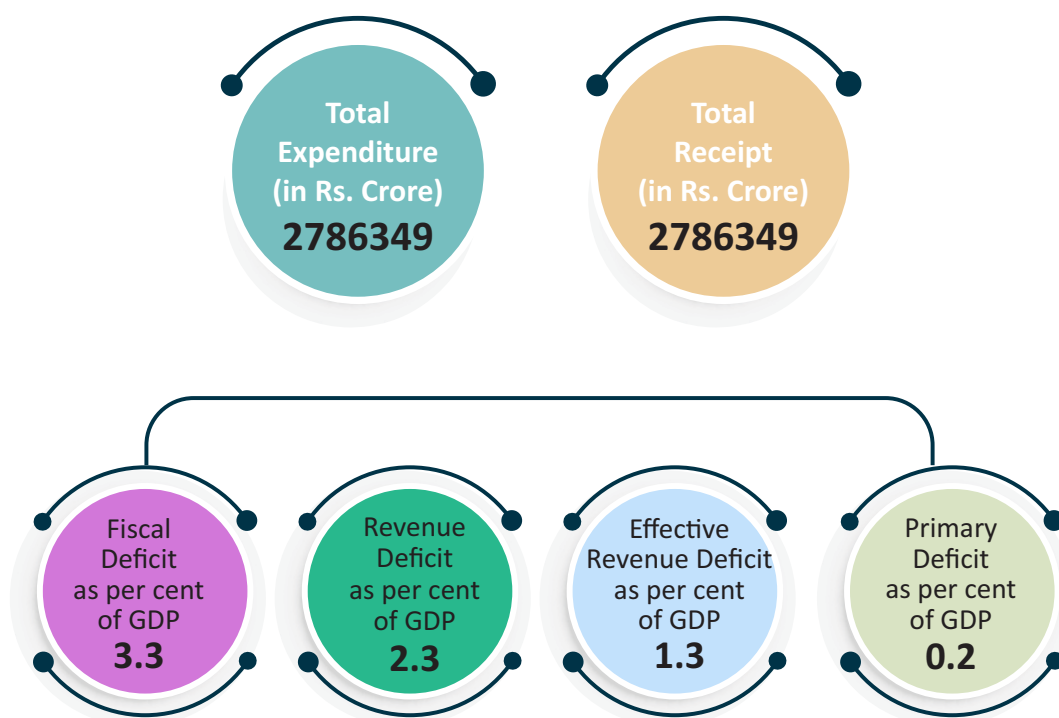
Source: Compiled by CBGA from Union Budget 2019-20.

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



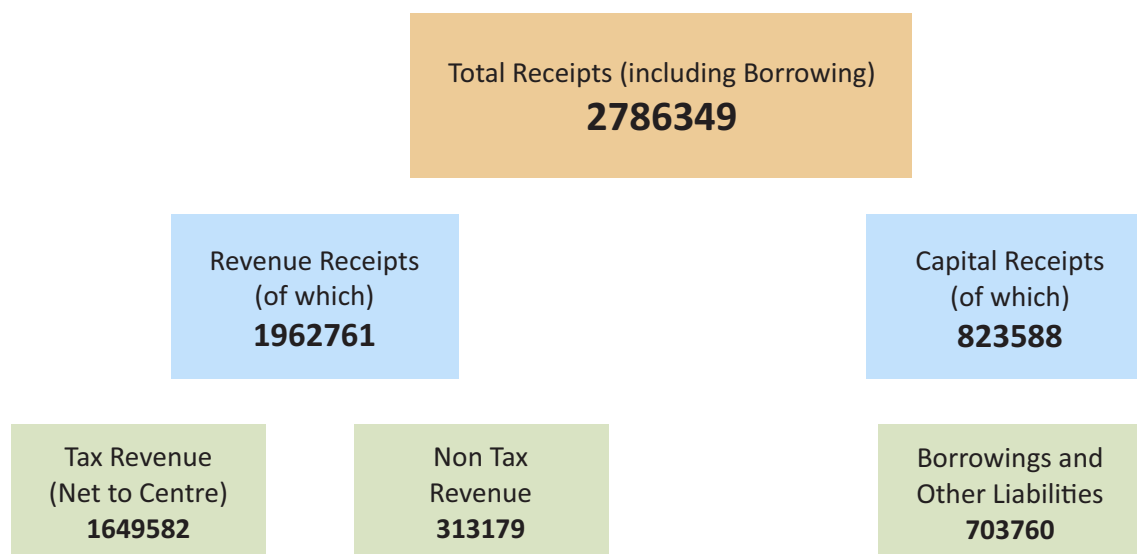
Source: Compiled by CBGA from Union Budget 2019-20.

Key Fiscal Indicators - 2019-20 (BE)



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

Sources of Receipts - Union Budget- 2019-20 (in Rs. crore)



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

Transfer of Resources to States:

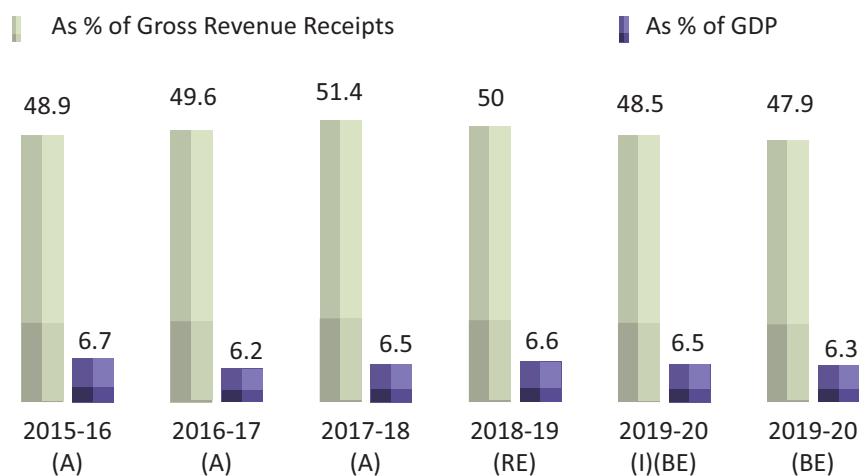
- Resource transfers to States, as a percentage of Gross Revenue Receipts (pre-devolution of taxes to states) at the Union level has declined marginally from 48.9 per cent in 2015-16 (A) to 47.9 per cent in 2019-20 (BE).
- Also, as a percentage of GDP, it has declined from 6.69 per cent in 2015-16 (A) to 6.30 per cent in 2019-20 (BE).
- Central Schemes Related Transfers have increased from Rs. 1,95,051 crore in 2014-15 (A) to Rs. 3,35,220 crore in 2019-20 (BE), indicating an increase of 72 per cent over the last five years.

Transfer of Resources to States (in Rs. crore)

	2019-20 (BE)
1. States' Share in Central Taxes	809133
2. Finance Commission Grants (of which)	120466
a. Grants for Rural Local Governments	52558
b. Grants for Urban Local Governments	23359
c. Grants for SDRF	10344
d. Post Devolution Revenue Deficit Grant	34206
3. Central Schemes Related Transfers	335220
4. Other Transfers	54581
5. Transfers to UTs with Legislature	10028
6. Total Transfer of Resources to States and UTs (1+2+3+4+5)	1329428
7. Gross Revenue Receipts (Pre-Devolution of Taxes to States) at the Union Level	2774374

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

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



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

Fiscal Consolidation:

Fiscal deficit at the level of the Union Government, as per cent of GDP, has declined over the last few years, from 3.9 per cent in 2015-16 (A) to 3.3 per cent in 2019-20 (BE). However, the target of elimination of Revenue Deficit has not materialised, and it has remained in the range Two per cent to 2.5 per cent as proportion of GDP in the last five years.

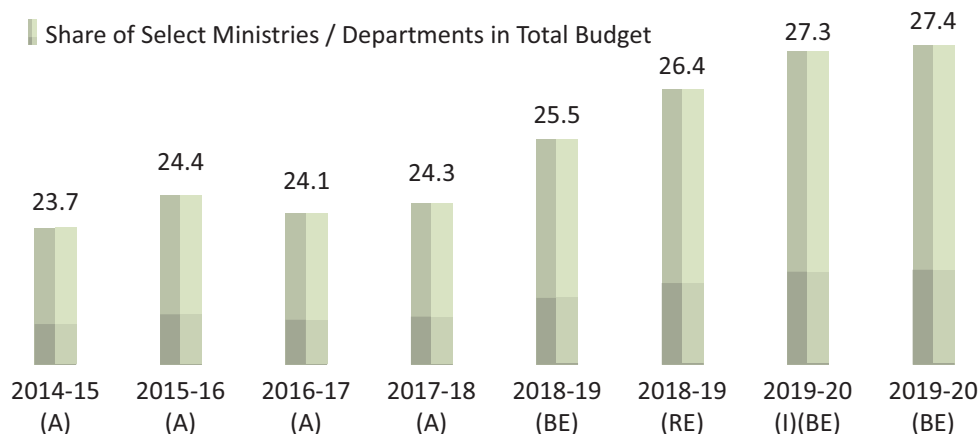
It is not of alarming concern if the target is not met, as revenue expenditure needed for development programmes should be incurred even if revenue receipts fall short of the expectations. The problem lies in the asymmetry in the relaxation on this count between the Centre and states. Fiscal Responsibility Legislations enacted by states under the guidance of the Centre and the preconditions for exceeding the borrowing limit imposed through successive Finance Commissions have forced the States to meet the target of elimination of Revenue Deficit at all costs. The irony is some of the poorer states like Bihar, Odisha, Jharkhand etc. have been consistently showing revenue surpluses despite the acute need for stepping up their revenue expenditure. States bear a disproportionately heavier burden of expenditure on social sectors, large part of which are regarded as revenue expenditure in the classification of accounts. Restricting the States from incurring any revenue deficit in the face of revenue shortfall is unjustified; and the Centre as well as the 15th Finance Commission need to correct this asymmetry by relaxing the revenue deficit targets for States along the lines of what has been adopted for the Centre. With stagnation in the resource mobilised as a proportion of GDP, success in terms of fiscal consolidation is coming at the cost of much needed social sector expenditure.

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

- The share of the expenditure on select 15 Ministries, responsible for social sectors, in the total Union Budget has increased from 23 per cent in 2014-15 (A) to 27.4 per cent in 2019-20 (BE). In absolute terms, the allocations for these 15 Ministries 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.
- The budget for the Ministry of Agriculture and Farmers' Welfare has increased from Rs. 57,600 crore in 2018-19 (BE) to Rs. 1,42,301 crore in 2019-20 (BE), implying a staggering growth of 80 per cent due to the introduction of Direct Income Support to farmers.

- 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 among the notable ministries recording high growth in allocations over 2018-19 (RE) allocations.

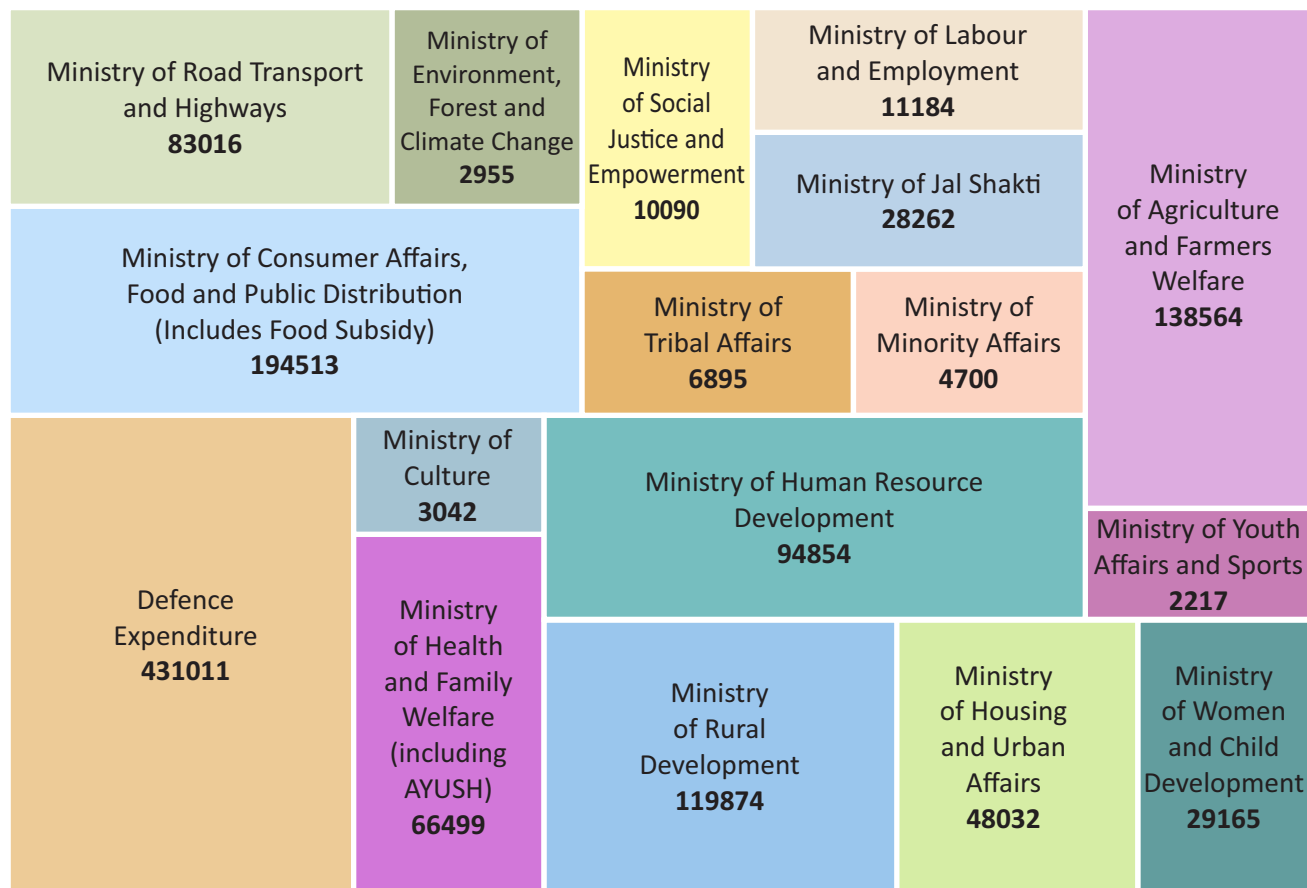
Figure 1.3: Share of Select Union Government Ministries* in Total Union Budget and GDP (in per cent)



Note: *Ministries of Culture, Jal Shakti, Health and Family Welfare (including AYUSH), Human Resource Development, Labour and Employment, Minority Affairs, Social Justice and Empowerment, Tribal Affairs, Housing and Urban Affairs, Women and Child Development, Youth Affairs and Sports, Agriculture and Farmers Welfare, Environment, Forest and Climate Change, Rural Development, Consumer Affairs, Food and Public Distribution (includes Food Subsidy).

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

Budgets of Select Union Government Ministries in 2019-20 (BE) (in Rs. crore)



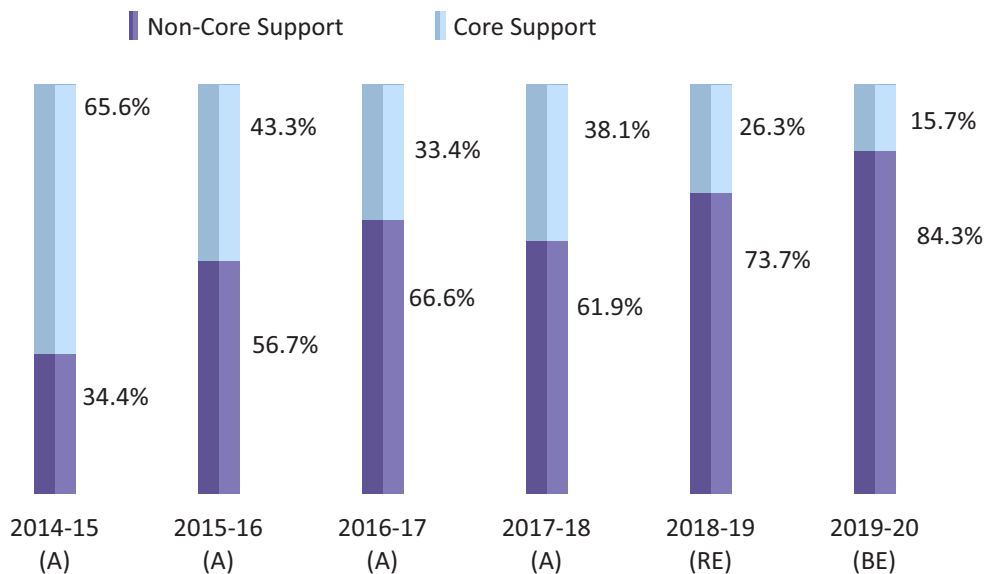
AGRICULTURE AND ALLIED ACTIVITIES

Highlights

1. About 85 per cent of total budget allocation under Ministry of Agriculture and Farmers' Welfare (MoAFW) is going towards income, interest relief, price support and insurance.
2. Share of Agriculture Research and Education in total budget of MoAFW has declined from 26 per cent in 2015-16 to 18 per cent in 2019-20 (BE).
3. Allied Activities Sector has been given more priority with the formation of Ministry of Fisheries, Animal Husbandry and Dairying (MoFAD). Total budget allocation under MoFAD is Two per cent of total budget allocation for agriculture and allied activities sector, while livestock rearing is the principal source of income for 3.6 per cent of agriculture households in the country.
4. Schematic interventions for building agriculture infrastructure, promoting crop diversification and facilitating productivity growth in agriculture and allied activities sector should have been given a higher priority in the budgets.

The NITI Aayog's three year action agenda promises to double the farmers' income by 2022 with the base year as 2015-16. The 2019 election manifesto of the BJP has also reiterated the same. The present section examines whether the allocations for the sector can address the challenges in doubling farmers' income by 2022.

Figure 2.1: Share of Expenditure on Core and Non-Core Activity under Department of Agriculture and Farmers' Welfare (per cent)

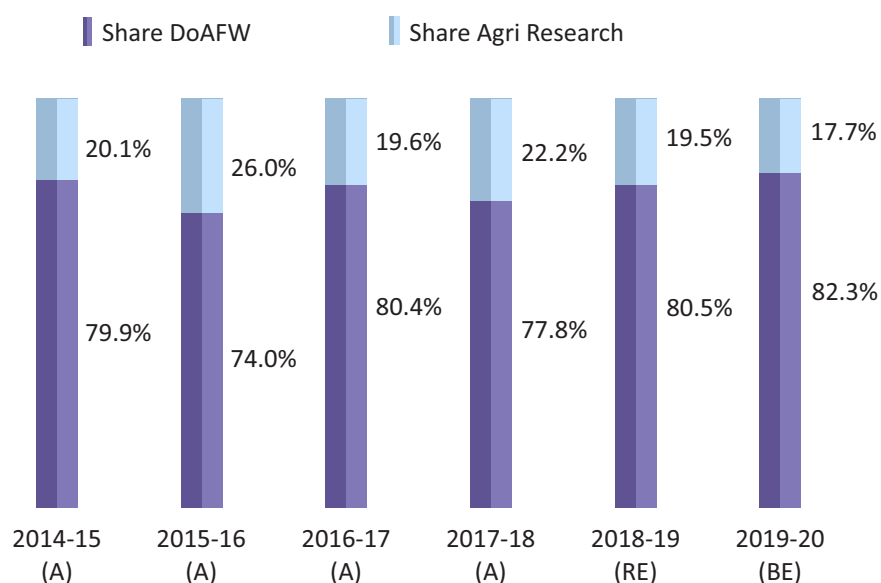


Note: Non-Core includes budget allocation for Direct Income Support, Insurance, Price Support and Interest subvention. Core includes budget allocation for Department of Agriculture and Farmers' welfare excluding the Non-core allocation. (e.g. Development of Crop, Animal Husbandry and Dairy)

Source: Data compiled by CBGA from Union Budget 2014-15 to Union Budget 2019-20.

Government priorities have shifted from core to non-core support in agriculture sector over the last five years. A larger share of allocation for MoAFW is earmarked for income, price support, insurance and interest relief to the farmers. These are non-core areas that can address the short-run objectives of enhancing cash flow to the farmers. Core areas such as human resources, provision 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.

Figure 2.2: Share of Departmental Budget Allocation under Ministry of Agriculture (per cent)



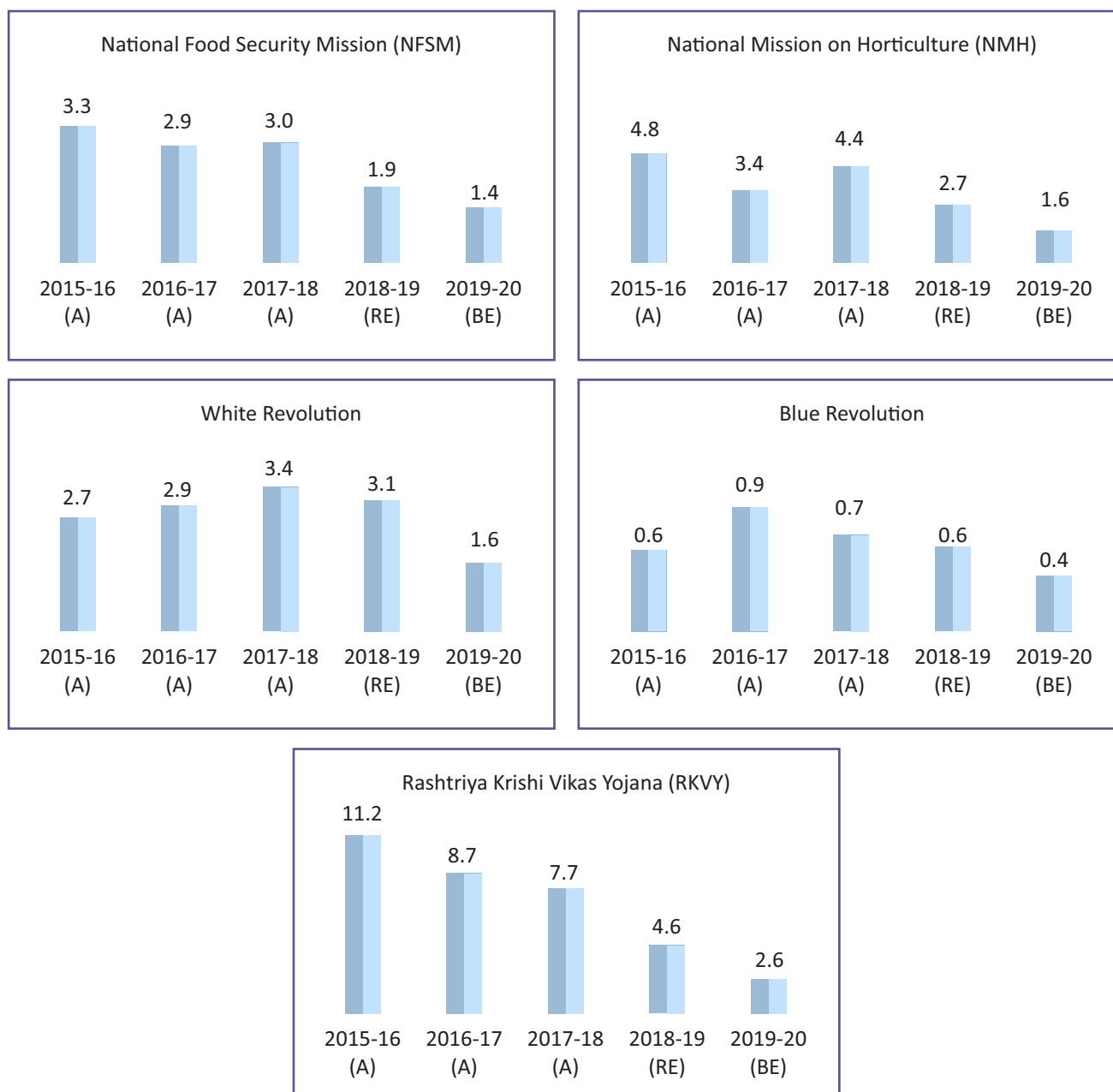
Note: Budget Allocation for Department of Agriculture and Farmers' Welfare do not include interest subvention and income support.

Source: Data compiled by CBGA from Union Budget 2014-15 to Union Budget 2019-20.

Agriculture research and education has not been given adequate priority within the MoAFW budget. Public investment on this area is critical to manage soil health, innovating water harvesting techniques, viability of quality, and improved variety of seeds for sustained agricultural growth and productivity, critical to sustained increase in farmers' income. Inadequate funding for this area would dent the efforts in providing sustainable income to farmers.

The allied activities sector provides employment and income opportunities to farmers during their seasonal unemployment. The Economic Survey 2018-19 acknowledge the growth potential of this sector. In the last five years, the annual average growth in livestock, fisheries and aquaculture sector has been above eight per cent, which is higher than the growth in manufacturing sector. The Union Budget 2019-20 has accorded a higher priority to the sector by making a separate Ministry, named as MoFAD. However, budget allocation for the Ministry is Rs. 3737 crore, which does not seem adequate when livestock rearing is the principal source of income for 3.6 per cent of agricultural households.

Figure 2.3: Share of Schemes Allocation in Total Budget Allocation under Ministry of Agriculture and Farmers' Welfare



Note: Budget allocation under Ministry of Agriculture includes interest subvention.

Source: Data compiled by CBGA from Union Budget 2014-15 to Union Budget 2019-20.

RURAL DEVELOPMENT

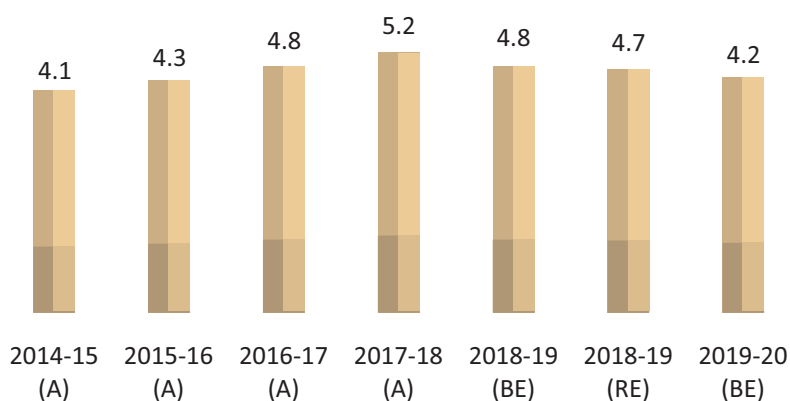
Highlights

1. There is no increase in the budget allocation for Department of Rural Development and its flagship programmes in this 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 - Gramin* (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 has been slow due to capacity constraints.
4. PMGSY-III is envisaged 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 Rural Employment Guarantee Act (MGNREGA) has been decreased to Rs 60000 crore in 2019-20 (BE) from Rs.61084 crore in 2018-19 (RE), which was also the case in the Interim Budget for 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 constitutes about 69 per cent of the total population of the country. There has been a development disparity between rural and urban areas in terms of availability of basic services and socio-economic development infrastructure. Rural India is facing a number of challenges such as poor infrastructure, lack of basic amenities, agrarian distress, migration and unemployment for last many years. The share of allocations for DoRD in the total Union Budget has decreased from 4.7 per cent in 2018-19 (RE) to 4.2 per cent in 2019-20 (BE), even though the Finance Minister in her budget speech claimed that this budget is meant for “*Gaon, Gharib, aur Kisan*”.

Figure 3.1: Share of Budget Allocations for Department of Rural Development in the Total Union Budget (in per cent)

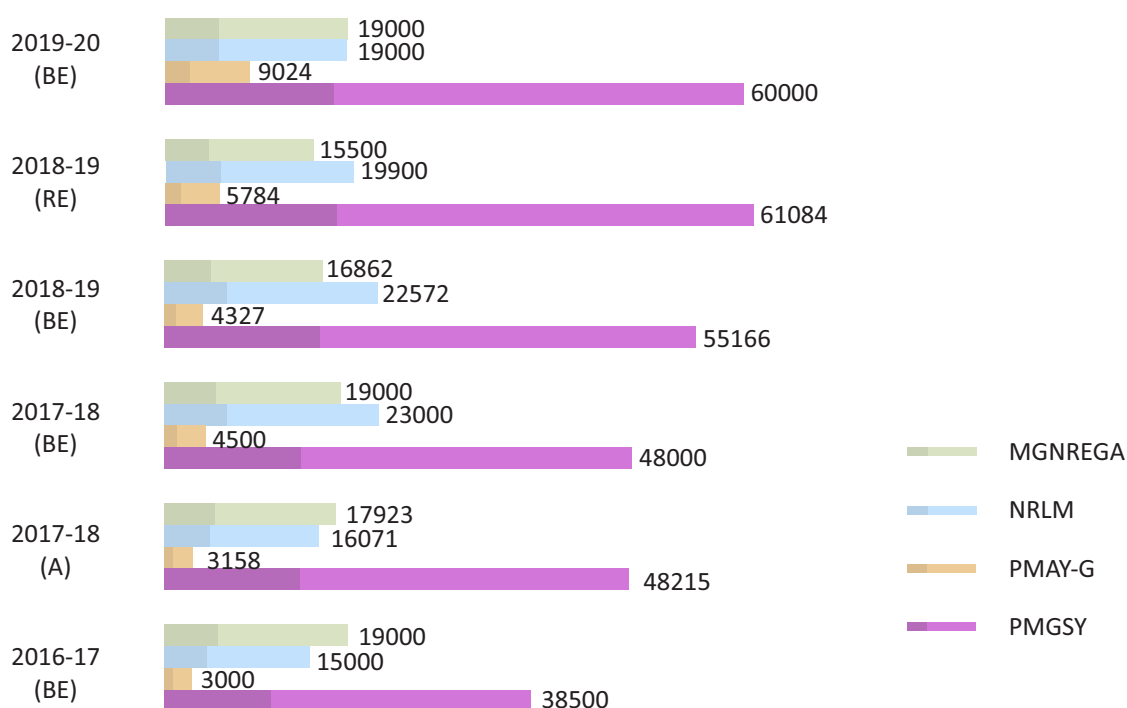


Source: Compiled by CBGA from Union Budget Documents, various years.

Allocations for and Utilisation under Major Schemes of Rural Development

At present, there exist major flagship schemes 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)*, for rural development. These schemes are meant 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, there is a no increase in the allocation of these flagship programmes in this budget , compared to the allocation provided in the Interim Budget for 2019-20.

Figure 3.2: Allocations and Utilisation for Major Schemes of Rural Development (in Rs. crore)

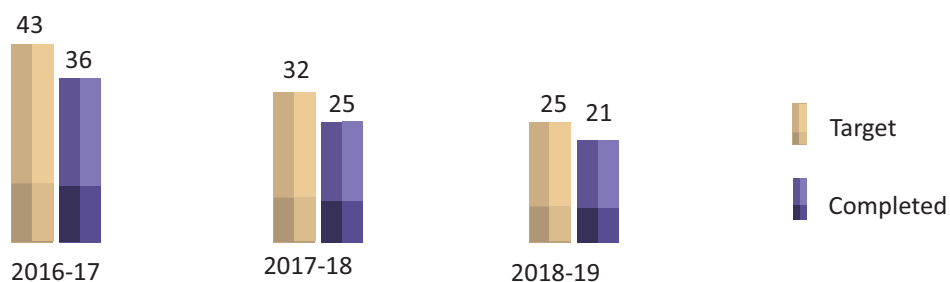


Source: Compiled by CBGA from Union Budget Documents, various years.

Status of Physical Progress of PMAY-G

The PMAY-G is an important flagship scheme meant for poverty alleviation and housing security. It focuses on 'housing for all' by 2022. In order to meet this goal, one crore houses were required to be constructed by March 2019. Information presented in figure 3.3 shows that 82 Lakh houses have been completed as on July 4, 2019 against the target of 1 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.

Figure 3.3: Status of Physical Progress of PMAY-G (in lakh)



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

A Report of the Standing Committee on Rural Development,¹ 2018 mentioned a few reasons behind low rate of completion of houses, which include capacity constraints, limited working season, paucity of skilled masons, shortage of construction materials and connectivity deficit in some States. This year's budget allocation address these lacking issues decelerating progress of PMAY-G.

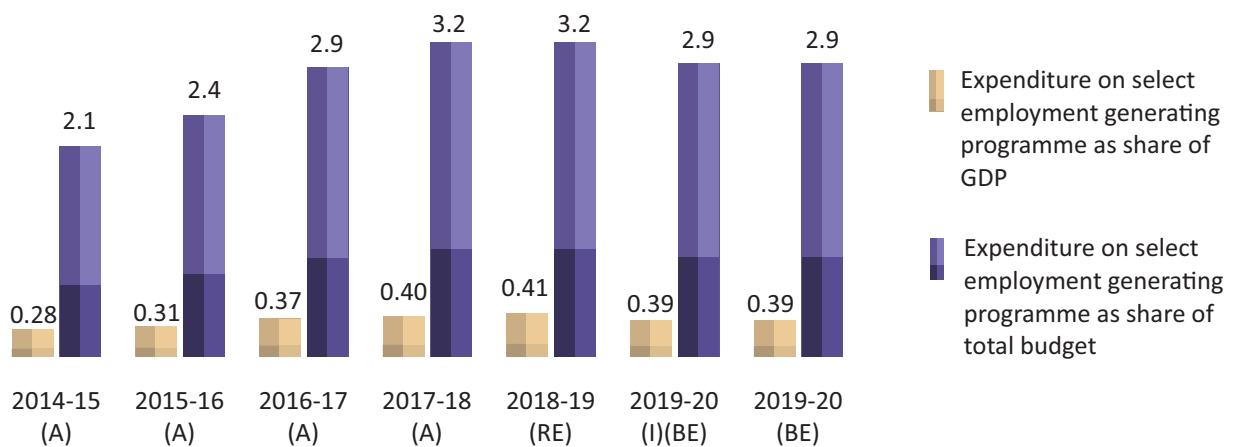
¹ Ministry of Rural Development (Department of Rural Development), 2018, 'Standing Committee on Rural Development (2018-2019)', available at http://164.100.47.193/lsccommittee/Rural%20Development/16_Rural_Development_46.pdf

EMPLOYMENT CHALLENGES

Highlights

1. Union Budget expenditure on employment generating programmes has been stagnant as proportion of GDP and total budget.
2. Allocation for *Kaushal Vikas Yojana* has declined.
3. Two new 100 per cent women specific schemes introduced under the Ministry of Skill Development and Entrepreneurship in 2019-20 budget, namely National Skill Training Institution and *Jan Shikshan Sansthan*, did not get mentioned in the Demand for Grants document of the respective Ministry, although an allocation of almost Rs. 152 crore has been made for these schemes.

Figure 4.1: Expenditure on Select Employment Generating and Promoting Programmes as a Proportion of GDP and Total Budget (in per cent)

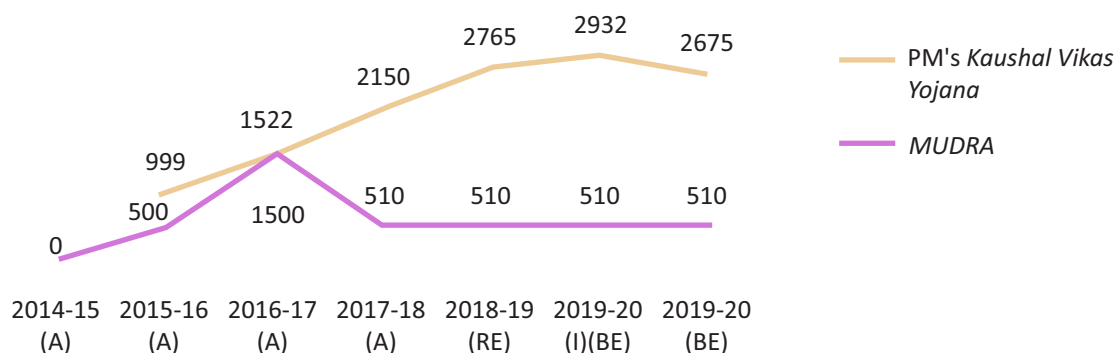


Note: Select programmes, included here, are 1) PM's Employment Generation Programme (credit-based); 2) Entrepreneurship and skill Development; 3) PM's *Kaushal Vikas Yojana*; 4) Jobs and skill development (including PM's *Rozgaar Protsahan Yojana*), 5) Mahatma Gandhi National Rural Employment Guarantee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

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

- Unemployment rate increased to 6.1 per cent in 2017-18.
- Expenditure on employment generating and promoting schemes has not improved much in last five years. It hovered around 0.4 per cent of GDP and 3 per cent of total Union Budget expenditure respectively during 2014-15 (A) to 2019-20 (BE).

Figure 4.2 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.

- In the budget speech, much emphasis was given to PM's *Kaushal Vikas Yojana* and *MUDRA Yojana* as employment generating programmes for FY 2019-20. However, budget for *Kaushal Vikas Yojana* has fallen from Rs. 2,931.7 crore in Interim Budget, 2019-20 to Rs. 2,676.6 crore in the main budget for 2019-20 (BE). The budget for *MUDRA* remains stagnant at Rs. 510 crore since 2017-18 (A).
- Allocation for MGNREGS and NRLM remains the same in the main budget compared to the Interim Budget. Allocation on PM's Employment Generation Programme (credit based) has declined marginally.
- Allocation for *Pradhan Mantri Shram-Yogi Maandhan*, meant to provide pension for unorganised sector workers remains at Rs. 500 crore in 2019-20 budget.

Box 4.1 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, expenditure on Micro, Small & Medium Enterprises (MSME) has consistently been 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 Rs. 4.8 crore in 2014-15 to Rs.2.1 crore in 2019-20. Another scheme called Trade Related Entrepreneurship has been discontinued since 2017-18. There are some other schemes, which might have contributed to women's participation in micro, small and medium enterprises, e.g., Scheme of Fund for Regeneration of Traditional Industries, Coir *Udyami Yojana*, A Scheme for Promotion of Innovative Rural Industry and Entrepreneurship, *Khadi* Grant, Prime Minister's Employment Generation Programme etc. However, it cannot be ascertained what share of these schemes/programmes overall allocation have actually been used for generating women's employment in micro, small and medium enterprises due to unavailability of segregated data.

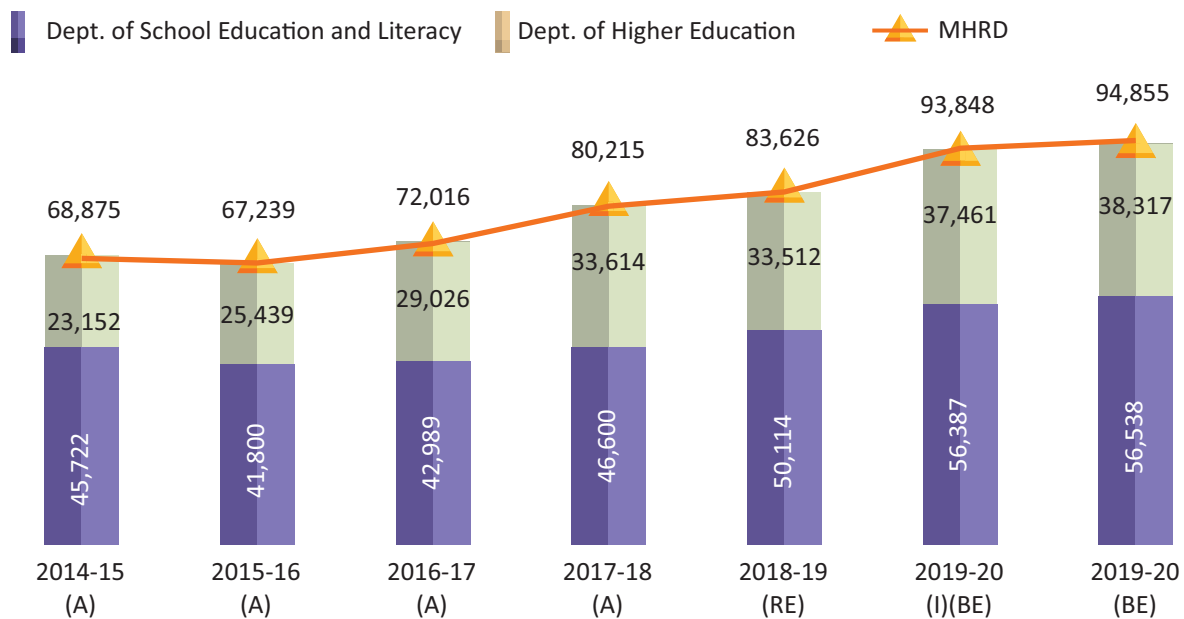
EDUCATION

Highlights

1. For education sector, the allocation in this budget is about completely a repetition of 2019-20 Interim Budget.
2. Mention of bringing in the New National Education Policy (NEP) to transform India's higher education system without any additional budgetary commitment.
3. Proposal for establishing a National Research Foundation (NRF), as is mentioned in the draft NEP. The funds available with all the ministries will be integrated in NRF.
4. The focus of higher education remains on making India a hub for higher education and bringing foreign

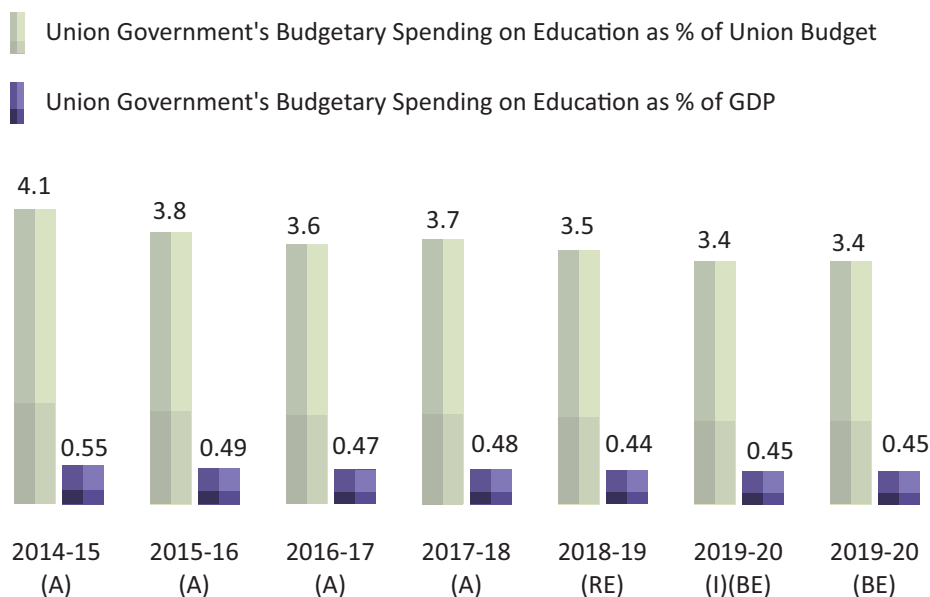
After coming to power, the biggest initiative of the new government has been the introduction of the draft NEP, 2019 . As the maiden budget of the new government, it was expected that the government would allocate substantial resources for some of the key recommendations outlined in the NEP to revitalise the Indian education system.

Figure 5.1: Composition of MHRD Budget by Departments (in Rs. crore)



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

Figure 5.2: Union Government's Budgetary Spending on Education (Per cent)

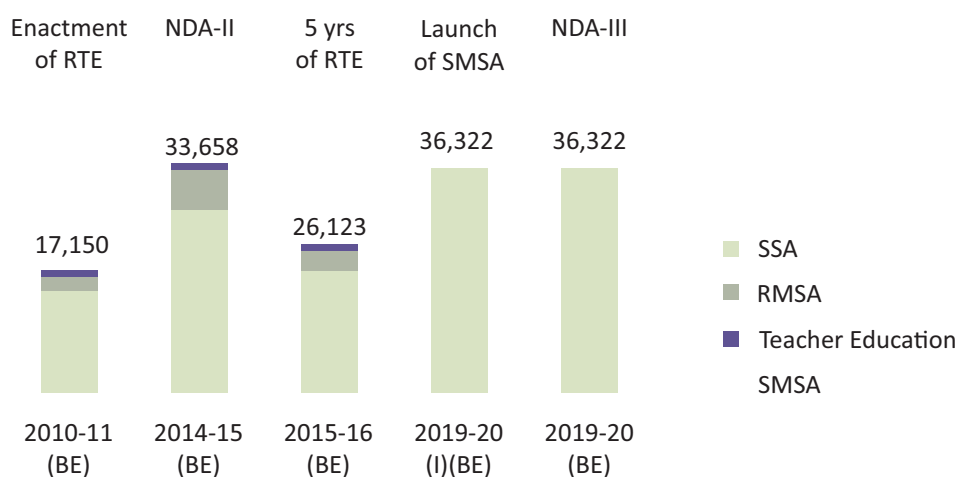


Note: GDP figures at current market price (2011-12 series).

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

The NEP emphasises the need for higher public investment in education with a reference to doubling centre's spending in 10 years. Union Budget 2019-20 does not indicate any effort towards realising NEP in terms of financial investments.

Figure 5.3: 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.

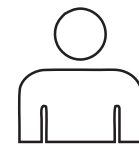
Draft NEP, 2019 provides for expansion of RTE from pre-school to class XII. The budget speech does not provide any hint of bringing the secondary and pre-school education under the ambit of RTE. Though, in 2018-19, government had launched *Samagra Shiksha Abhiyan* (SMSA) to provide holistic education starting from pre- nursery to class XII, but an unaltered budget for the scheme this year gives a feeling of mere merger of three schemes than a policy reform.

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 to economically backward sections along with the existing quotas for Scheduled Castes (SC), Scheduled Tribes (ST) and Other Backward Classes (OBC). This increase in seats calls for adequate infrastructure and teachers. However, shortage of professionally qualified teachers is probably the biggest challenge the system is facing.

Vacancies In Indian Public Universities, 2018



Filled Posts

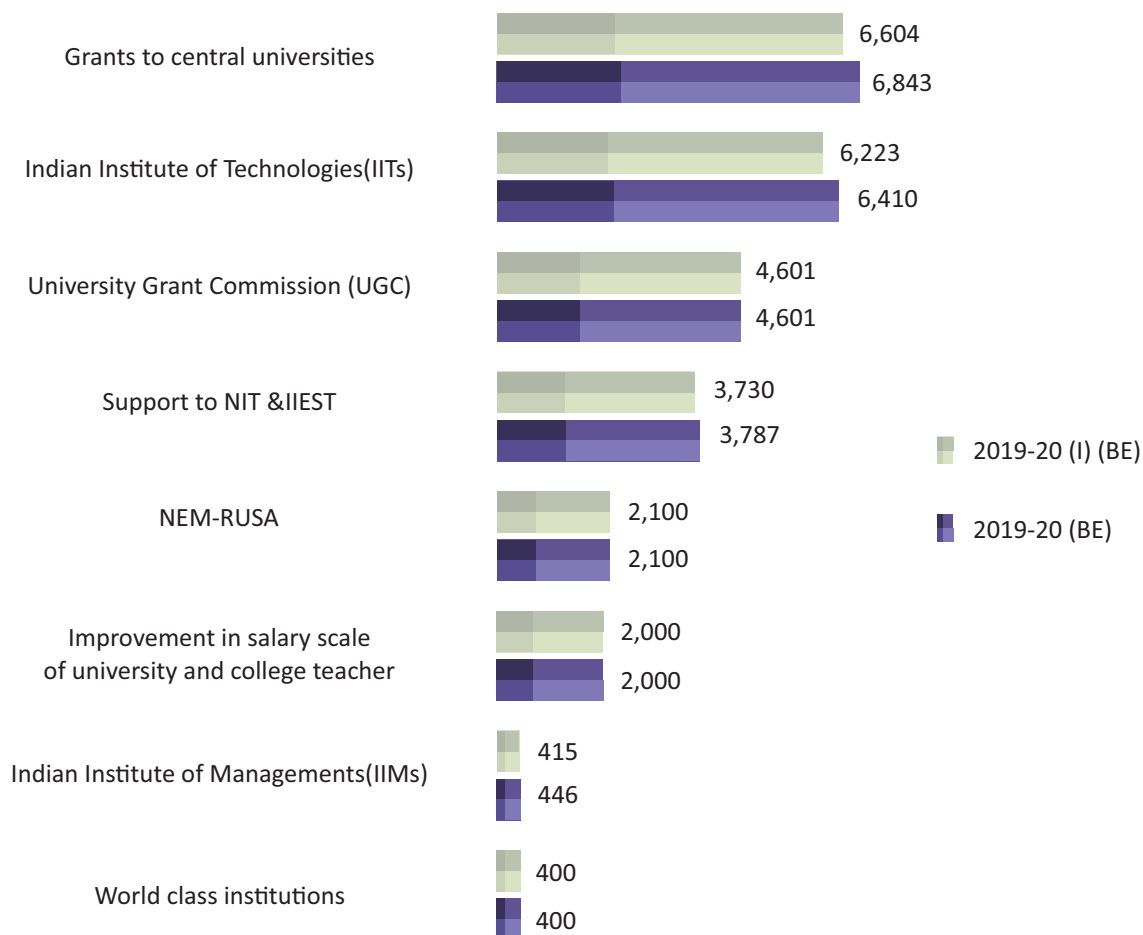


Vacant Posts

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

Recently, Parliament has 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 bill seeks to fill 7,000 existing vacancies in 41 central universities.

Figure 5.2: Union Government's Budgetary Spending on Education (in Rs. crore)



Note: i) NIT- National Institute of Technology; ii) IEST – Indian Institute of Engineering, Science and Technology.

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

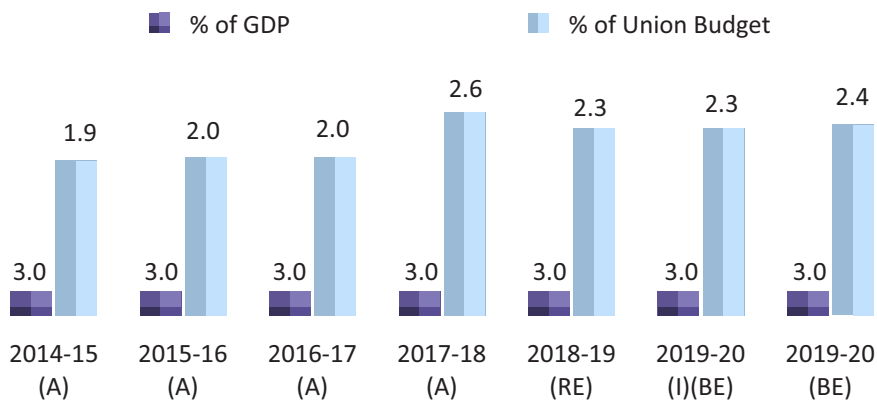
There is a wide gap between policy reforms and policy action. The suggested reforms have not been supported by adequate resources to realise them on the ground.

HEALTH

Highlights

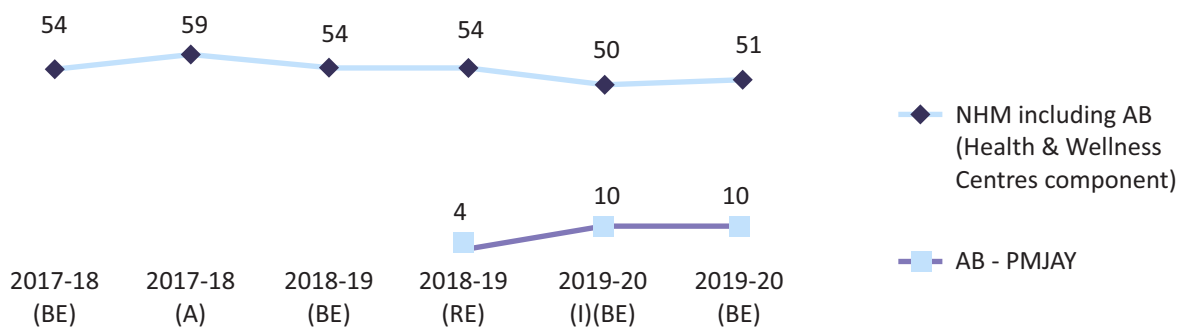
1. Union Government's expenditure on health as a proportion of GDP has been stagnant at around 0.3 per cent since 2014-15.
2. Expenditure on health as share of total budget has hovered around two per cent from 2014-15.
3. Budget on *Ayushman Bharat – Pradhan Mantri Jan Arogya Yojana* (AB - PMJAY) is the same in the main budget for 2019-20 as what was allocated in the Interim Budget.
4. Allocation for NHM has been raised by Rs. 1400 crore in the main budget over the Interim Budget for 2019-20.

Figure 6.1: Health Expenditure as proportion of GDP and Total Budget (in per cent)



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

Figure 6.2: Proportions of NHM and Ayushman Bharat (AB) in Total Health Expenditure (in per cent)



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

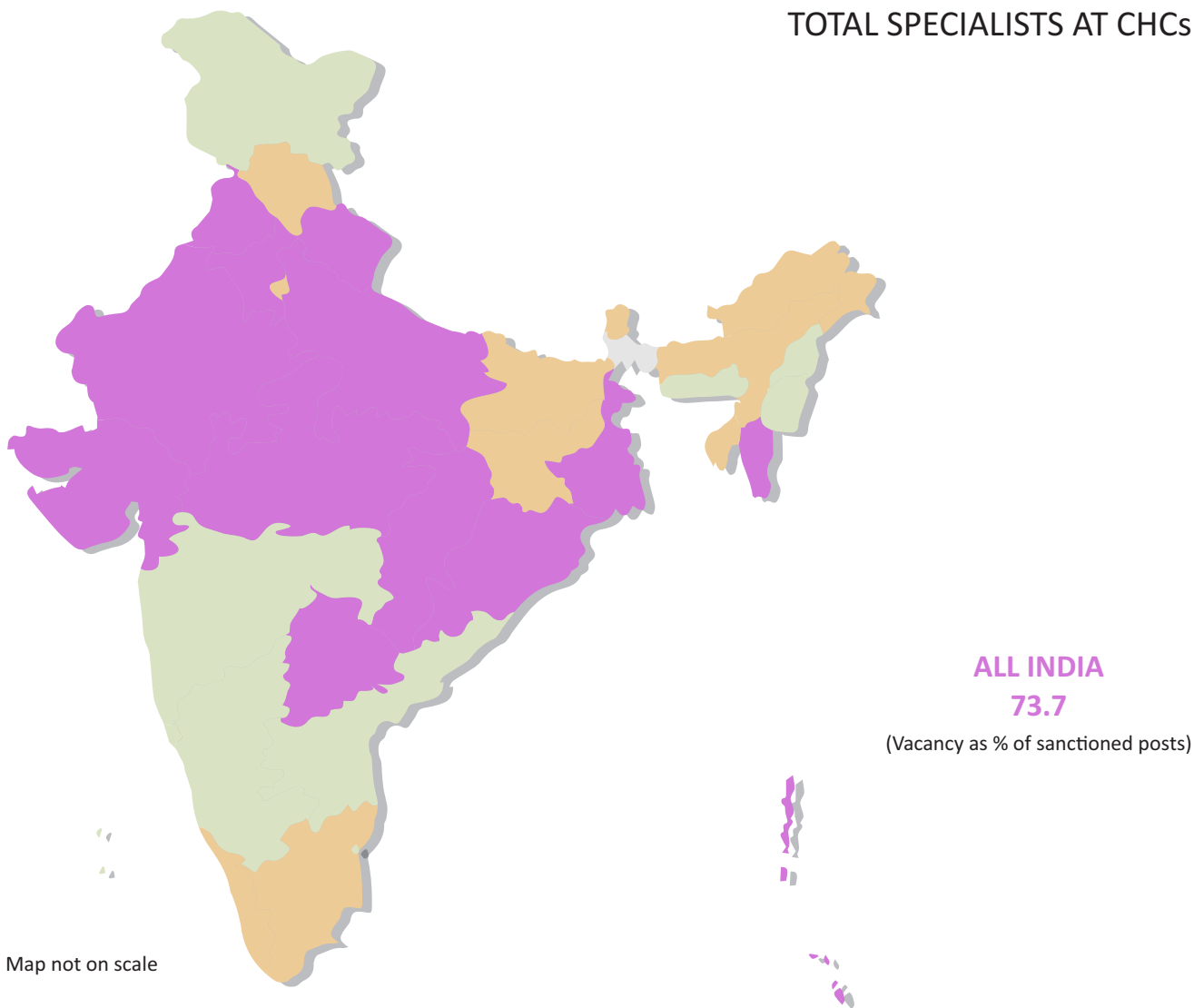
- Allocation for NHM as a proportion of total health spending has been continuously falling since 2017. The Health and Wellness Centre component of Ayushman Bharat (AB), which is routed through NHM, is insufficient to offset the decline in NHM budget. Expenditure on AB -PMJAY has increased as compared to 2018-19.
- Budget for NHM has been increased by Rs. 1,400 crore in 2019-20 (BE) as compared to the Interim Budget for 2019-20. The component wise increase in allocation is shown in the following table.

Table 6.1: Component wise Increase in NHM Budget (in Rs. crore)

Components	Increase in Budget form 2019-20 (I) (BE) to 2019-20 (BE)
RCH Flexible Pool including Routine Immunization Programme, Pulse Polio Immunization Programme, National Iodine Deficiency Disorders Control Programme etc. (Gross Budgetary Support))	450
Health System Strengthening under National Rural Health Mission (Gross Budgetary Support)	250
Flexible Pool for Communicable Diseases	250
Infrastructure Maintenance	300
National Ayush Mission	150
Total increase in NHM budget	1400

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

TOTAL SPECIALISTS AT CHCs



State/Uts	Vacancy as % of sanctioned post		
Manipur	25.0	Arunachal Pradesh	NA
Jammu & Kashmir	25.6	Assam	NA
Andhra Pradesh	28.0	Bihar	NA
Karnataka	39.6	Goa	NA
Maharashtra	41.1	Himachal Pradesh	NA
Telangana	65.0	Kerala	NA
Rajasthan	67.4	Meghalaya	NA
Haryana	71.2	Nagaland	NA
Madhya Pradesh	79.9	Sikkim	NA
West Bengal	81.3	Tamil Nadu	NA
Punjab	82.3	Tripura	NA
Odisha	83.5	Delhi	NA
Jharkhand	86.5		
Uttarakhand	89.2		
Gujarat	90.0		
Uttar Pradesh	90.9		
Chhattisgarh	91.3		
Mizoram	100.0		
A& N Islands	100.0		

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

DRINKING WATER AND SANITATION

Highlights

1. In order to ensure water security and conservation, a new ministry, Ministry of *Jal Shakti*, has been set up integrating two erstwhile ministries.
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 in real terms.
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 when it was Rs. 2,750 crore.

- **Formation of the Ministry of *Jal Shakti*:**

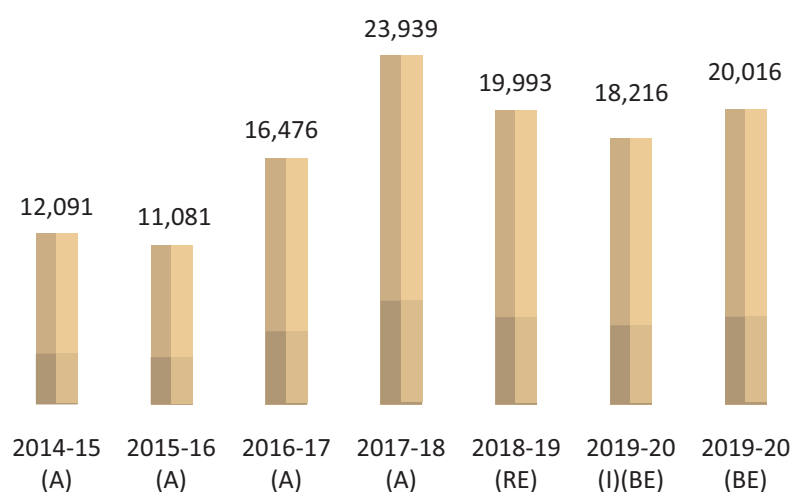
In a major announcement by the Finance Minister in the Union Budget of 2019-20, the Ministry of *Jal Shakti* was introduced by integrating the erstwhile Ministries of Drinking Water and Sanitation and that of Water Resources, River Development and *Ganga* Rejuvenation. The new ministry is mandated to 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 2024 under 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.

- **Increased focus on drinking water and sanitation:**

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 (Figure 7.1). It can be assumed that since a substantial number of SBM targets were met, the allocation was reduced.

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

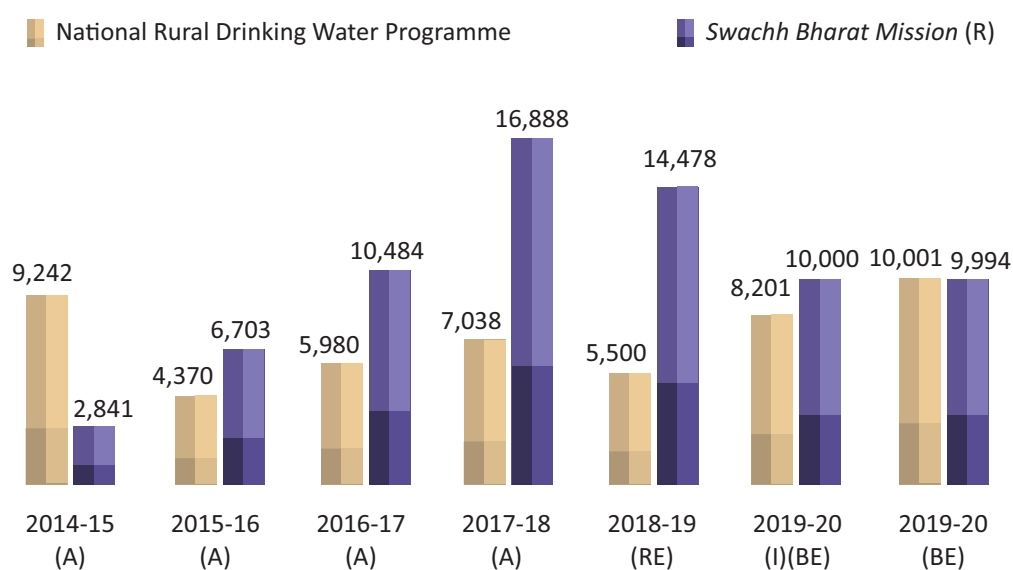


Source: Compiled by CBGA from Union Budget documents, various years.

- Sanitation prioritised over drinking water:**

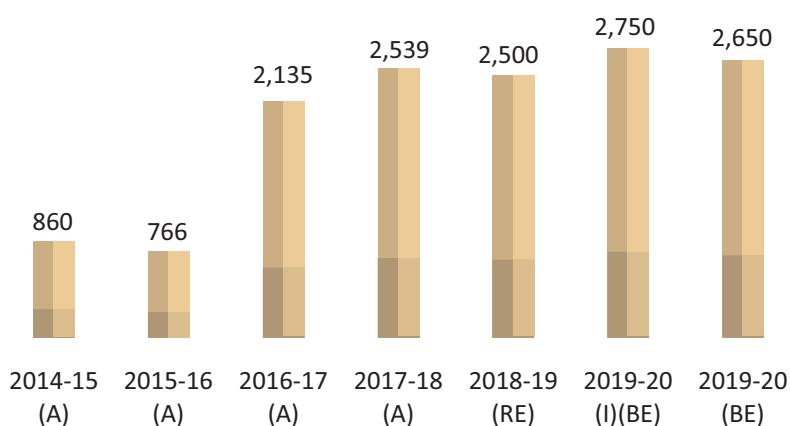
Over 9.5 crore toilets have been built across the country since the launch of the *Swachh Bharat Mission* (Economic Survey 2018-19). Allocations for SBM have been made at the cost of the allocations under NRDWP over the years (Figure 7.2). Further, since the introduction of SBM (U) in 2014, urban sanitation got increased focus as can be seen in Figure 7.3.

Figure 7.2: Budgetary Allocations for NRDWP and SBM (R) (in Rs. crore)



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

Figure 7.3: Budgetary Allocations for SBM (U) (in Rs. Crore)



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

A number of sector experts have pointed out that the total allocations of the Ministry of *Jal Shakti* are lesser than the total provisions made towards the erstwhile ministries concerning water in 2018-19. Despite the fanfare associated with *Jal Shakti*, the experts have flagged concerns about the implementation of the schemes in the absence of adequate financial resources.

NUTRITION

“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

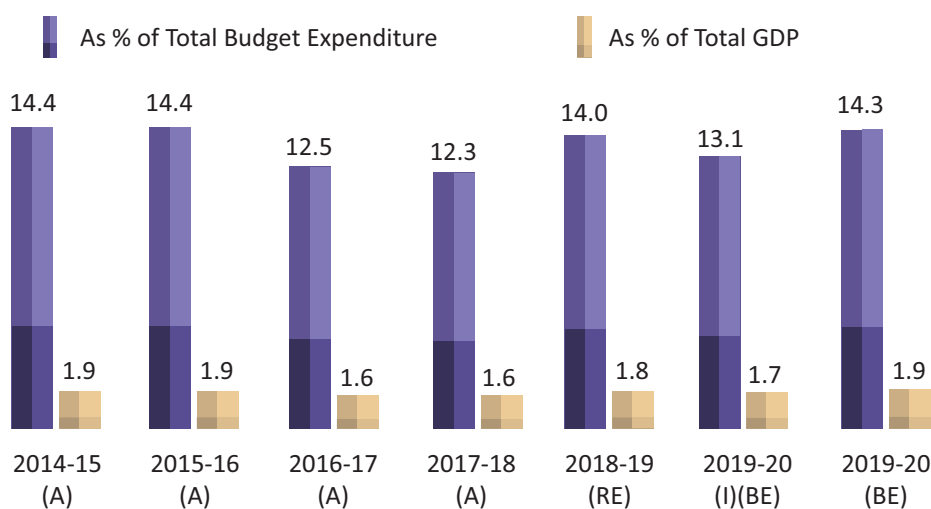
Highlights

1. Budgetary allocation for nutrition (comprising both direct nutrition interventions and Nutrition Sensitive schemes) has increased from Rs. 344,261 crore in 2018-19 (RE) to Rs. 399,113 crore in 2019-20 (BE), registering an increase of 16 per cent in nominal terms. As percentage of total Union Budget, it has remained stagnant at 14 per cent.
2. As percentage of GDP, the total nutrition budget has hovered around 1.9 per cent during the last five years.
3. The budget provisions for most of the nutrition-sensitive programmes (such as NRDWP, 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 adequate allocation.

Nutritional Deficits in India:

- In India, 20 per cent of children under-five suffer from wasting and one third of the world's wasted children are Indian.
- 43 per cent of India's children under-five are underweight and 48 per cent (i.e. 61 million children) are stunted due to chronic under-nutrition.
- Three out of every 10 stunted children in the world are Indian.
- 51 per cent of the women in age group 15-49 years in India are anaemic.

Figure 8.1: 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 Major Schemes relating to Nutrition:

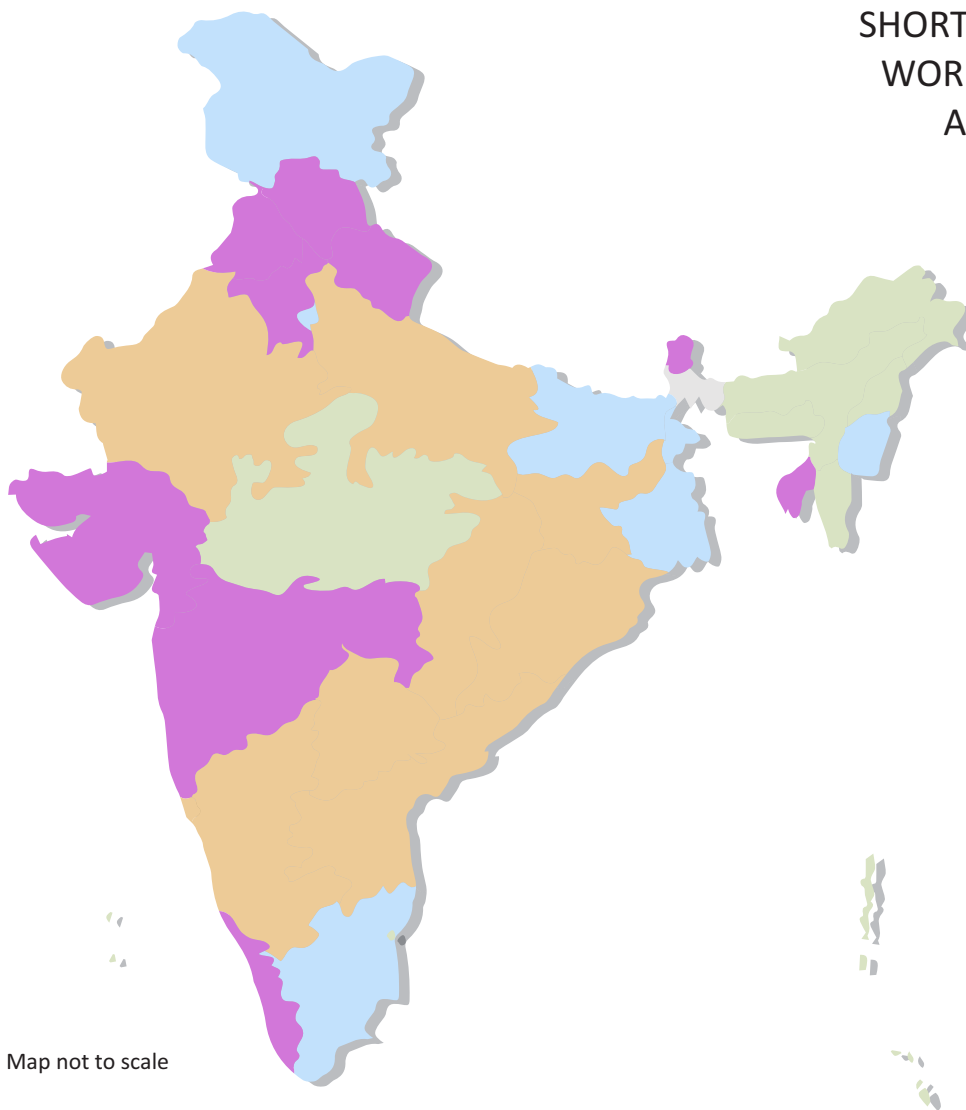
- Nutrition interventions are spread across sectors, such as food security, health, education, water and sanitation, poverty alleviation, social safety and agriculture. A number of departments, thus, implement schemes that impact nutrition outcomes directly or indirectly.
- Ministry of Women and Child Development, under its Umbrella Integrated Child Development Scheme and *Pradhan Mantri Matru Vandana Yojana (PMMVY)*, is responsible for delivering key nutritional interventions for children and pregnant women and lactating mothers.
- The budgetary allocation for ICDS has been increased from Rs. 20,951 crore in 2018-19 (RE) to Rs. 23234 crore in 2019-20 (BE), an increase of 11 per cent in nominal terms.
- Mid-Day Meal programme observed a decline in allocations until 2018-19 (RE) compared to the expenditure reported in 2014-15 (A). However, there is a visible increase of 10 per cent in the present budget over 2018-19 (RE) and is pegged at Rs. 11,000 crore.
- Under the National Rural Drinking Water Programme, the budgetary allocation 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).
- We notice a 7 per cent decline in budgetary allocations for nutrition related schemes of Agriculture, Cooperation and Farmers Welfare department, from Rs. 22,626 crore in 2014-15 (A) to Rs. 21,079 crore in 2019-20 (BE).
- The budgetary allocation towards food subsidies increased from Rs. 1,17,671 crore 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 budget 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

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

S. No.	Schemes	2014-15(A)	2015-16(A)	2016-17(A)	2017-18(A)	2018-19(RE)	2019-20 (IB) (BE)	2019-20 (BE)
	Nutrition-specific							
1	Core ICDS/ Anganwadi Services	16684	15489	14632	16048	20951	23234	23234
2	National Crèche Scheme	98	133	125	49	30	50	50
3	IGMSY/MBP/ PMMVY	343	233	75	2048	1200	2500	2500
4	SABLA	622	475	482	451	250	300	300
5	NRHM + NUHM	19751	18972	20317	26842	26118	26739	27989
	Nutrition-sensitive							
6	Food subsidy	117671	139419	110173	100282	171298	184220	184220
7	Mid-day Meal (MDM)	10523	9145	9475	9092	9949	11000	11000
8	RMSA	3398	3563	3698	4033	4164	4670	-
9	Samagra Sikhsha Abhiyaj							36322
10	NRDWP	9243	4370	5980	7038	5500	8201	10001
11	SBM (Rural + Urban)	3700	7469	12619	19427	16978	12750	12644
12	MGNREGS	32977	37341	48215	55166	61084	60000	60000
13	NLM (NRLM + NULM)	2116	2783	3486	4926	6294	9524	9774
14	NSAP	7084	8616	8854	8694	8900	9200	9200
15	NFSM	1873	1162	1286	1377	1510	2000	2000
16	NMSA	1268	686	670	717	1048	1110	1109
17	NMOOP	316	306	328	264	352	-	-
18	RKVY	8443	3940	3892	3560	3600	3800	3745
19	White Revolution	1299	937	1309	1574	2431	2140	2240
20	Blue Revolution	388	200	388	321	501	560	560
21	National Horticulture Mission	1955	1696	1493	2027	2100	2200	2225
	Total Nutrition Budget	239752	256935	247497	263936	344258	364198	399113
	Share of Nutrition Expenditure in Total Budget (In %)	14.41	14.35	12.53	12.32	14.01	13.08	14.32
	Share of Nutrition Exp. out of GDP (In %)	1.92	1.87	1.62	1.57	1.83	1.73	1.89

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

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



ALL INDIA
7.8

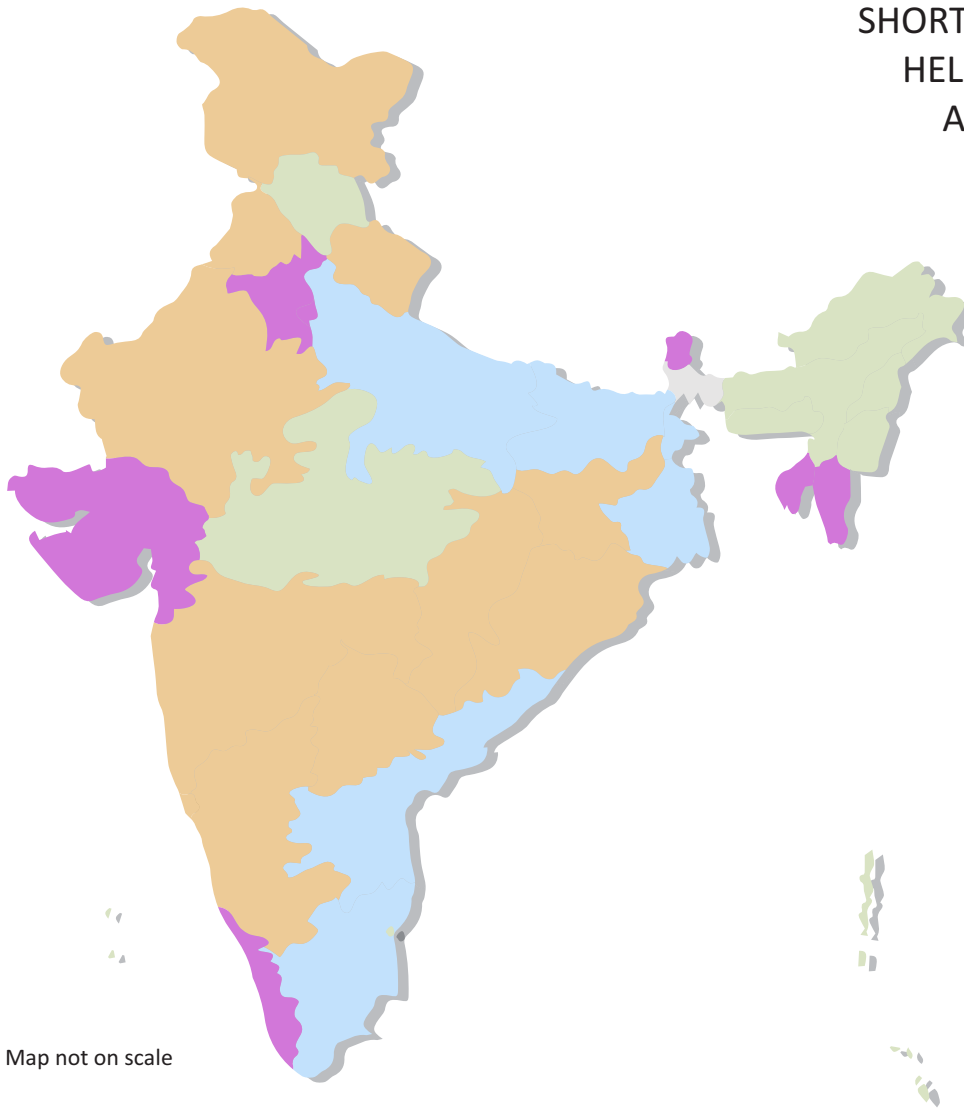
Map not to scale

States / UTs	Shortage of Anganwadi Workers (% of Vacancy against Sanctioned Strength)	States / UTs	Shortage of Anganwadi Workers (% of Vacancy against Sanctioned Strength)
A & N Islands	0	Karnataka	4.1
Arunachal Pradesh	0	Goa	4.3
Assam	0	Daman and Diu	4.7
Dadra & Nagar Haveli	0	Rajasthan	5.3
Lakshadweep	0	Telangana	5.5
Madhya Pradesh	0	Odisha	6.1
Meghalaya	0	Chhattisgarh	6.6
Mizoram	0	Andhra Pradesh	7.1
Nagaland	0	Jharkhand	7.8
Puducherry	0	Chandigarh	8.4
Kerala	0.6	Uttar Pradesh	9
Himachal Pradesh	1	Jammu & Kashmir	10.1
Sikkim	1.5	West Bengal	10.1
Tripura	2.3	Manipur	10.7
Haryana	2.4	Delhi	14
Gujarat	2.7	Bihar	23.3
Punjab	3.1	Tamil Nadu	28.7
Maharashtra	3.6		
Uttarakhand	3.9		

Data as on 31 December, 2018

Source: Collated from Parliament Question

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



Map not on scale

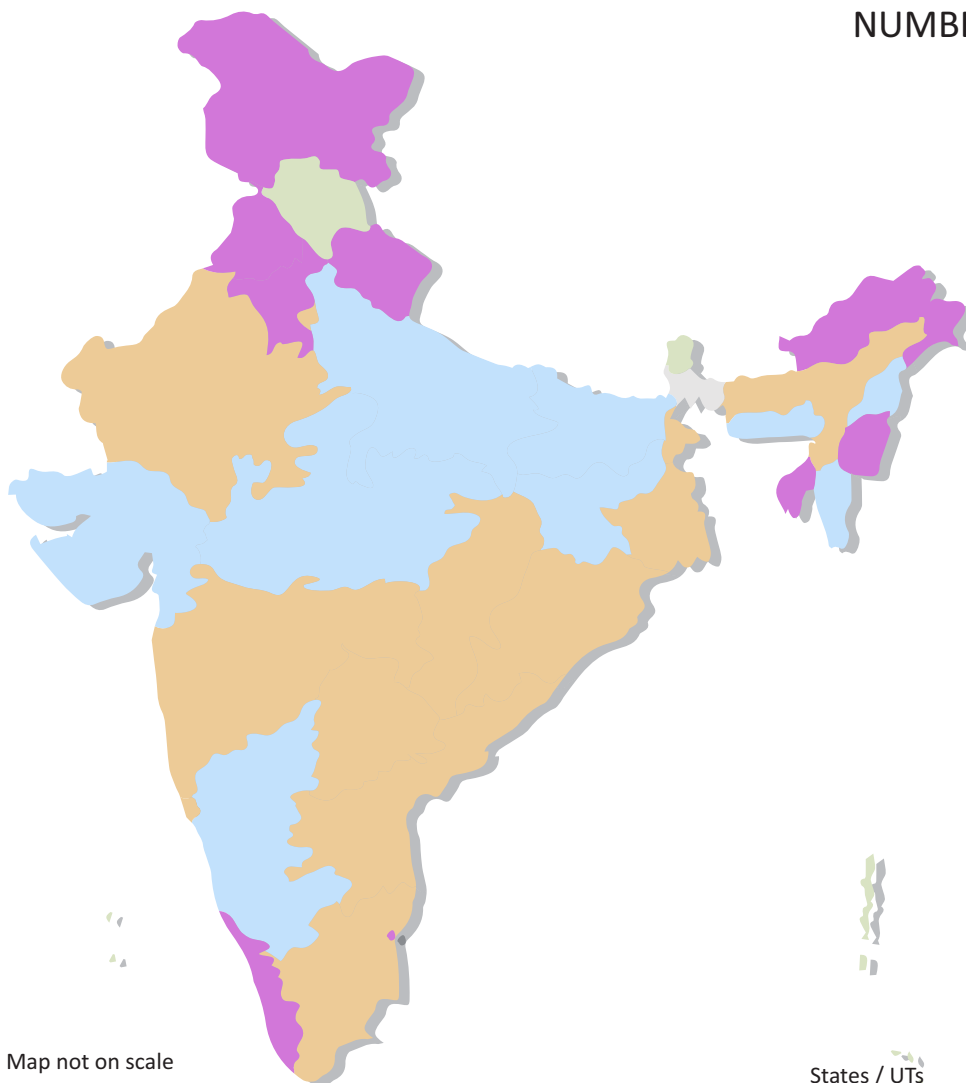
ALL INDIA
9.2

States / UTs	Shortage of Anganwadi Helpers (% of Vacancy against Sanctioned Strength)	States / UTs	Shortage of Anganwadi Helpers (% of Vacancy against Sanctioned Strength)
A & N Islands	0	Punjab	5
Arunachal Pradesh	0	Uttrakhand	5
Assam	0	Odisha	5.6
Himachal Pradesh	0	Dadra & Nagar Haveli	5.7
Lakshadweep	0	Karnataka	5.7
Madhya Pradesh	0	Rajasthan	6.4
Meghalaya	0	Maharashtra	6.5
Nagaland	0	Jammu & Kashmir	7.3
Puducherry	0	Jharkhand	7.7
Kerala	0.7	Chhattisgarh	8.4
Sikkim	1.8	Goa	8.6
Haryana	2.2	Telangana	8.7
Tripura	2.3	Uttar Pradesh	10.9
Delhi	3.6	Andhra Pradesh	11.2
Mizoram	3.9	West Bengal	15.7
Manipur	4.6	Chandigarh	16.2
Daman and Diu	4.7	Bihar	24.8
Gujarat	4.9	Tamil Nadu	29

Data as on 31 December, 2018

Source: Collated from Parliament Question

NUMBER OF BENEFICIARIES SERVED PER AWC



Map not on scale

ALL INDIA
66

States / UTs	Number of Beneficiaries Served per AWC
A & N Islands	18
Sikkim	23
Himachal Pradesh	26
Kerala	31
Punjab	31
Jammu & Kashmir	32
Arunachal Pradesh	34
Manipur	35
Uttarakhand	38
Haryana	42
Tripura	42
Puducherry	42
Lakshadweep	43
Delhi	50
Chhattisgarh	53
Telangana	53
Goa	54
Andhra Pradesh	54
Tamil Nadu	56
Maharashtra	56
Rajasthan	56
Assam	58
Daman and Diu	62
Odisha	64
West Bengal	65
Karnataka	73
Dadra & Nagar Haveli	76
Bihar	76
Mizoram	82
Madhya Pradesh	83
Nagaland	84
Gujarat	86
Jharkhand	90
Meghalaya	93
Uttar Pradesh	93
Chandigarh	118

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

Challenges Ahead:

- **Human Resource Shortages:** The Government of India announced the enhancement of the monthly honorarium of *Anganwadi* Workers (AWW) and AWH (*Anganwadi* Helpers) 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 and Helpers. Almost 30 per cent of 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.
- **Infrastructural Deficits:** Under ICDS Programme, about two-third 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 operating in Kutcha Buildings.
- **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, morbidity and mortality.

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 from 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. 1 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 number of Demands for Grants included in the Gender Budget Statement (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. Many of the figures relating to proportions of allocation benefitting women under some of these schemes, however, 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, which gives Explanatory Notes on schemes that are included in Part B (less than 90 per cent), and details out the proportion of amount included, is a good model to follow. Reporting allocations this way would help the Ministry/Department identify the gaps, and subsequently strengthen planning and designing of the scheme in future. The Gender Budget Statement should also reflect schemes on transgender persons instead of a binary policy framework.

Figure 9.1: Strengthening the Institutional Framework

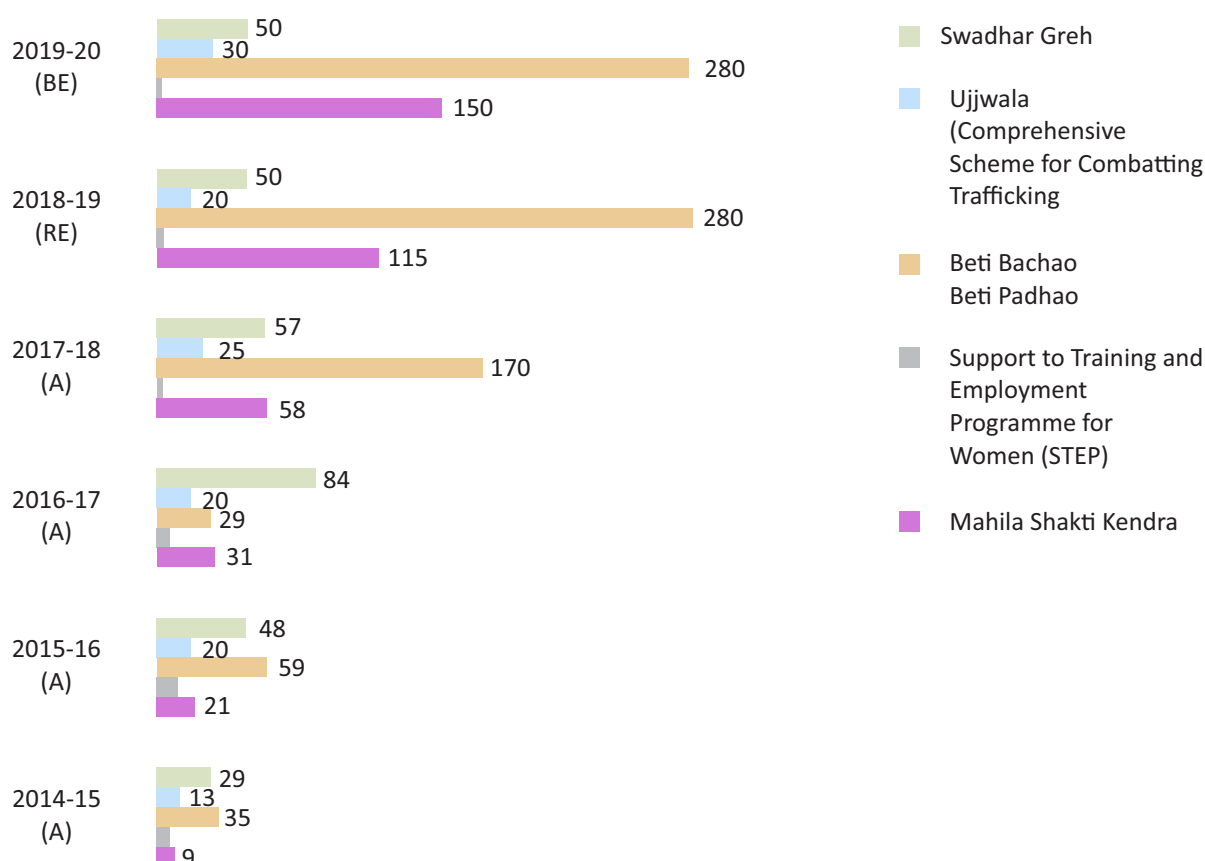
PART B (less than 90 per cent)				
Sl. No.	Sector/Subsector/Scheme	Plan Outlay (Rs. in lakhs)		
		Total plan outlay on scheme	Allocation for women	Percentage of (4) to (3)
1	2	3	4	5
MEDICAL AND PUBLIC HEALTH				
1	Development of mental health centres	505	192	38
2	District mental health programmes	656	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

Allocations for schemes addressing gender based violence

The prevention and effective redressal of gender based violence requires a holistic approach on behalf of 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 their allocations in 2019-20 (BE), which is a concern.

Figure 9.2: 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 a Lok Sabha Question answered 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). Schemes like *Swadhar Greh* and *Ujjwala*, primarily meant to act as a support and rehabilitation system for women in distress, have registered a decline in allocation from 2018-19 (BE) levels. The Central Victim Compensation Fund (CVCF) provides financial support to survivors of crimes especially sexual abuse including rape, acid attacks; human trafficking etc. The funds utilised is less than 20 per cent only. There has been almost no utilisation of funds by States under Cyber Crime Prevention against Women & Children. The absence of a road map on how *Nirbhaya* funds should be spent is detrimental to the objective of addressing gender based violence.

Table 9.1: Allocations Released from *Nirbhaya* Fund (in Rs. crore)

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

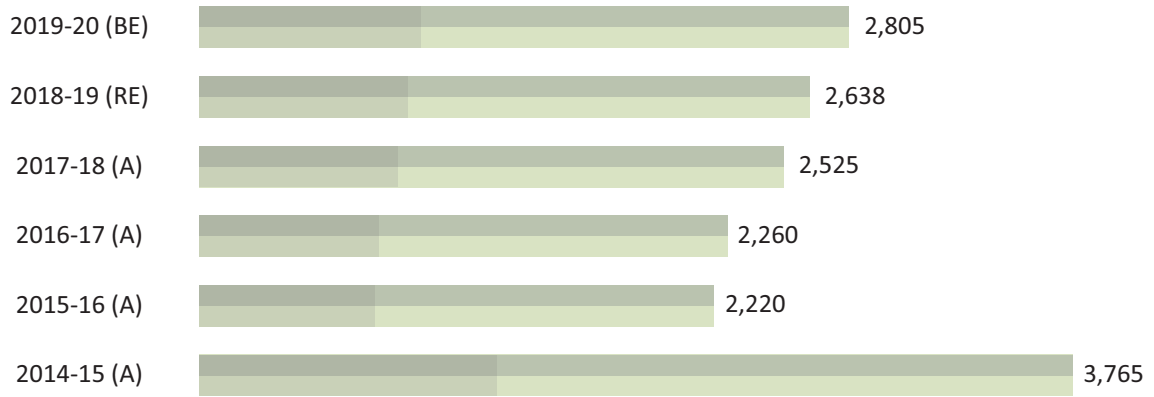
Source: Compiled by CBGA using Lok Sabha Unstarred Question no. 1246, 28.06.2019.

Women Farmers

Women are the centre of realising India's sustainable farming. The agriculture sector employs nearly 80 per cent women according to the National Sample Survey Office (NSSO) data but the framework falls short of designating them as farmers too. *Mahila Kisan Sashaktikaran Pariyojana* (MKSP), the only sub-programme aimed at women farmers is a component of the *Deendayal Antyodaya Yojana - National Rural Livelihood Mission* (DAY-NRLM). However, the total budgetary allocation for MKSP in the year 2018-19 (BE) was a mere Rs. 1000 crore. While the allocations for NRLM have increased over the years, the allocations for MKSP have not been raised proportionately.

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

Figure 9.3: Allocations for women farmers under various schemes (in Rs. crore)



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

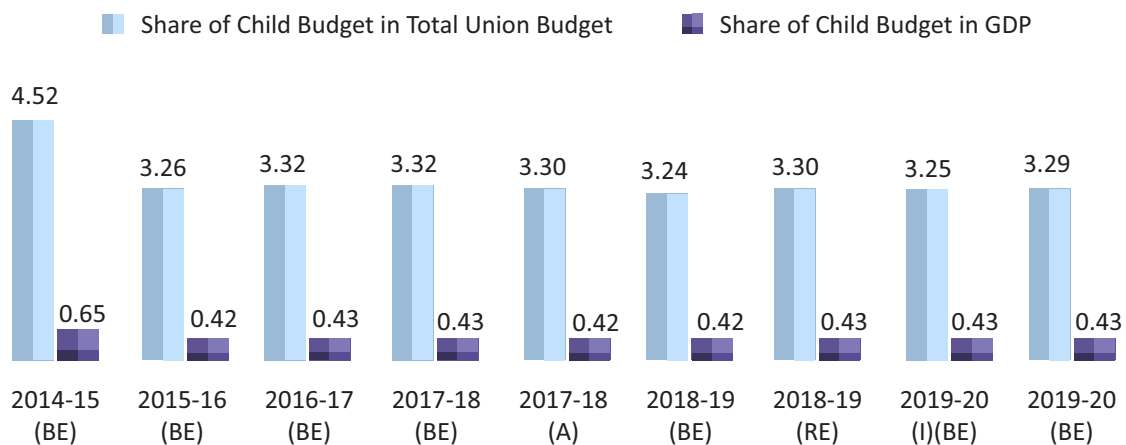
CHILDREN

Highlights

1. The share of Child Budget as a proportion of Total Union Budget has marginally increased to 3.29 in the main budget for 2019-20 from 3.25 per cent in the Interim Budget for 2019-20.
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 OBCs and STs, National Crèche Scheme, Merit-cum Means Based Scholarship, National Scheme for Incentive to Girl Child for Secondary Education, etc. have registered declines in absolute allocations in 2019-20 as compared to 2018-19 figures.

Despite the Finance Ministry's emphasis in the budget circular on reporting compulsorily in statement 12, and 21 ministries reconstituting their Gender Budgeting Cell into Gender and Child Budget Cells, 18 Ministries and Departments along with five Union Territories and Lok Sabha have reported in the Child Budget Statement (This number is the same as that in 2018-19).

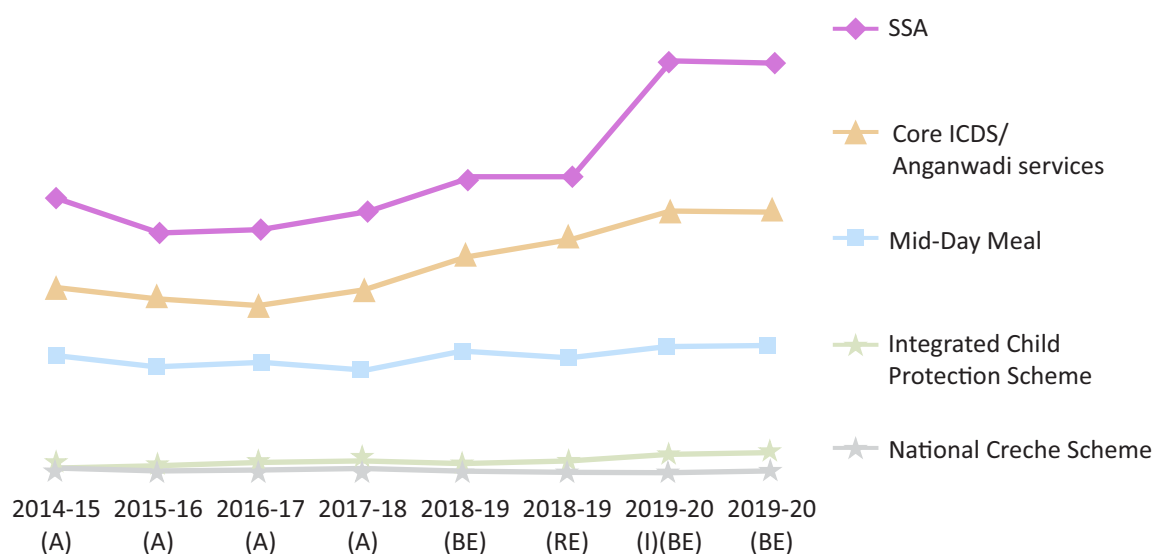
Figure 10.1: Total Budgetary Spending on Child Focused Interventions (in per cent)



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

The share of Child Budget as a proportion of Total Union Budget has marginally increased to 3.29 in the main budget for 2019-20 from 3.25 per cent in the Interim Budget for 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.

Figure 10.2: Allocation/Expenditure in Select Schemes for Children (in Rs. crore)



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

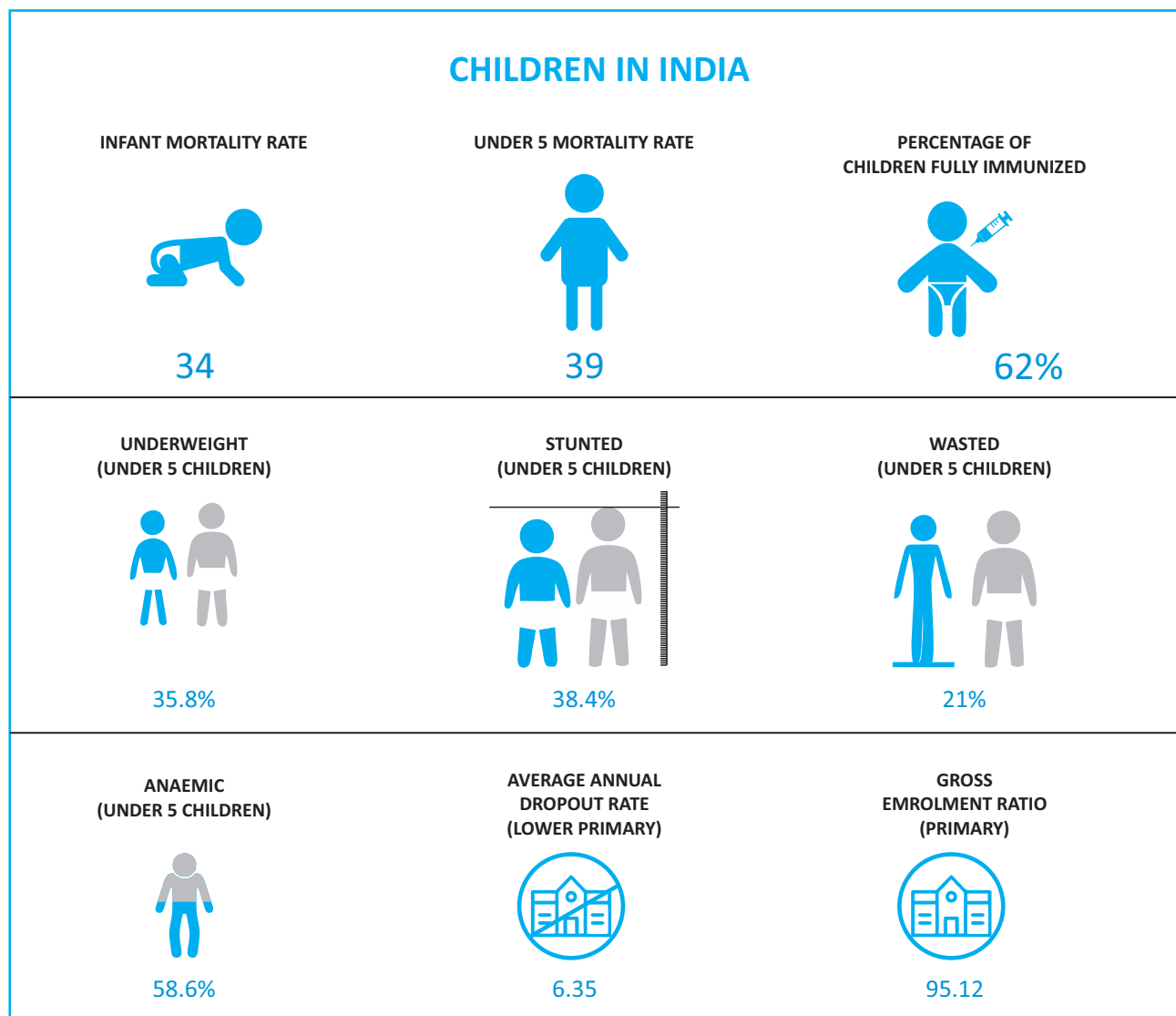
Notes: i) From 2019-20 (I), a new scheme *Samagra Shiksha Abhiyan* was launched incorporating the components SSA, RMSA and Strengthening of Teachers Training Institutions. Hence, the figures recorded under SSA for 2019-20 (I) B.E. and 2019-20 B.E. are for *Samagra Shiksha Abhiyan* and not just *Sarva Shiksha Abhiyan*. The graph correspondingly shows a steep jump from 2019-20 (I) B.E.

ii) The figures for core Integrated Child Development Services (ICDS) include National Nutrition Mission.

iii) The figures for Integrated Child Protection Scheme (ICPS) include Child Protection Services and Scheme for welfare of working children in need of care and protection.

The above five schemes have been selected from the Department of School Education and Literacy and Ministry of Women and Child Development which are the two key Ministries responsible for child development and they together constitute almost 79 per cent of the total Child Budget 2019-20 BE.

- 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.



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 Immunized, Institutional Delivery, Stunted, Wasted, Underweight, Anaemic and Children exclusively Breastfed 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.

Absence of qualitative information about the allocations reported in the Statement

Statement 12 of the Union Budget 2019-20 presents only 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 is 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 specificity 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		Revised Estimates		Budget Estimates	
				2018-19		2018-19		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

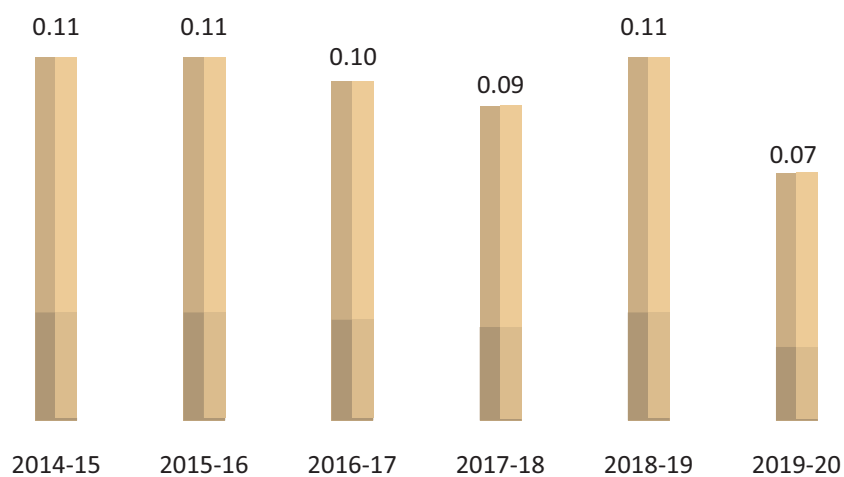
Source: Child Budget Statement 2019-20, Government of Assam.

PERSONS WITH DISABILITIES

Highlights

1. The budget speech has mentioned *Vishwas* and *Vikas* many times; however, this speech has not made it clear how the same would be operationalised 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 in the discussion on green and affordable living of people in the country.

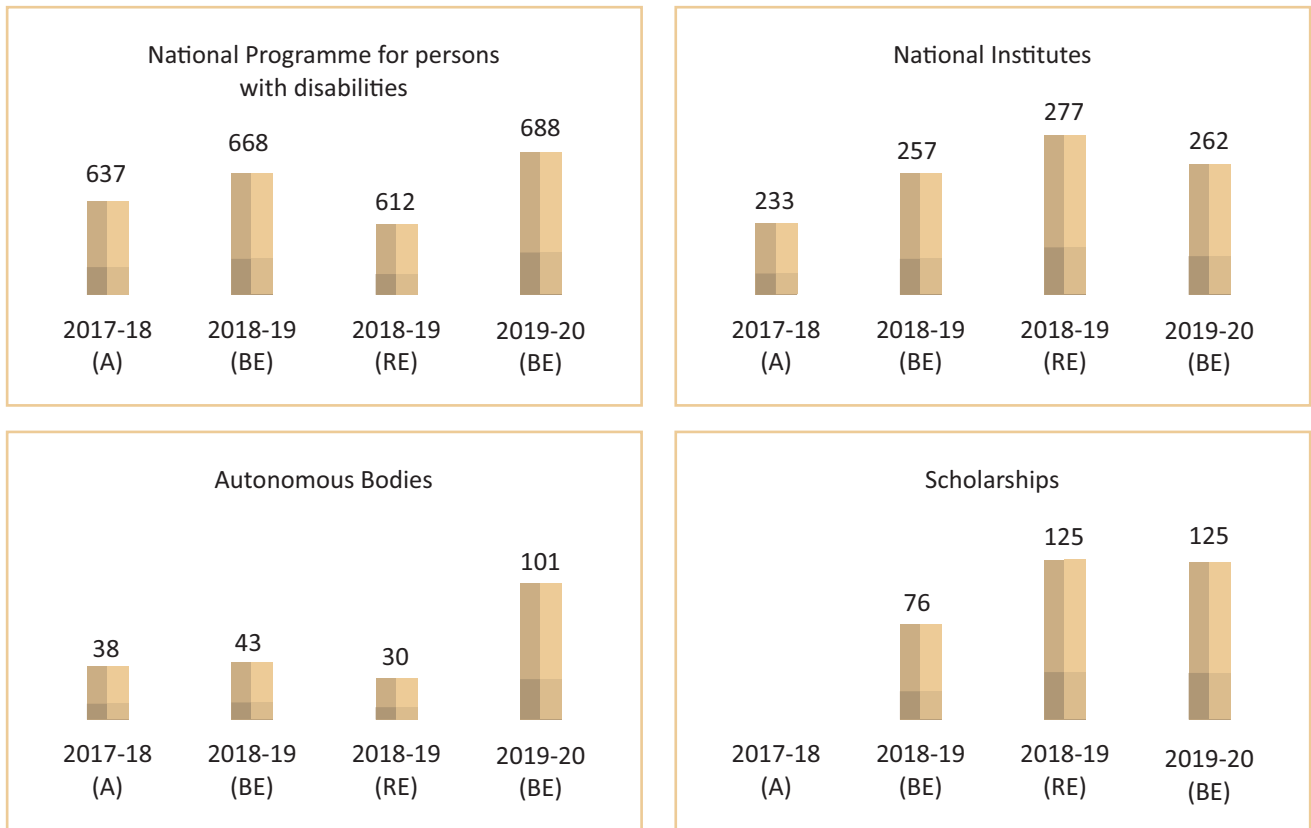
Figure 11.1: Allocation for Persons with Disabilities as per cent of Total Expenditure of the Union Government



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

The allocation is planned under four major heads by the Department for the Empowerment of Persons with Disabilities. The following graph highlights the trend in allocation.

Figure 11.2: Trend in allocation to the different key programmes (in Rs. crore)



Source: Compiled by CBGA from Union Budget document.

One of the key commitments of the 2019 election manifesto of BJP was to ensure accessibility. The figures below illustrate the comparison of budgetary allocation for some of the key schemes for this budget with 2018-19 (RE).

Figure 11.3: In Which Direction the Budget Allocations are headed

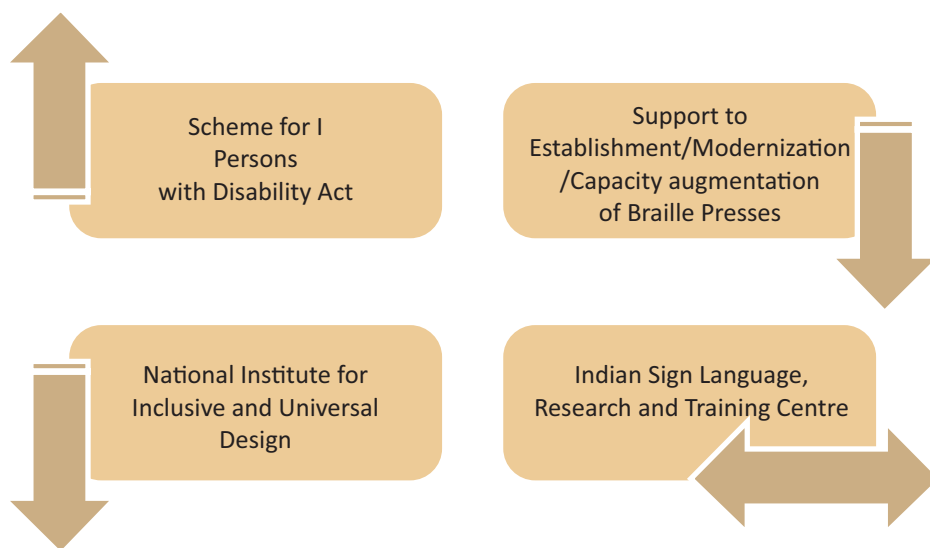
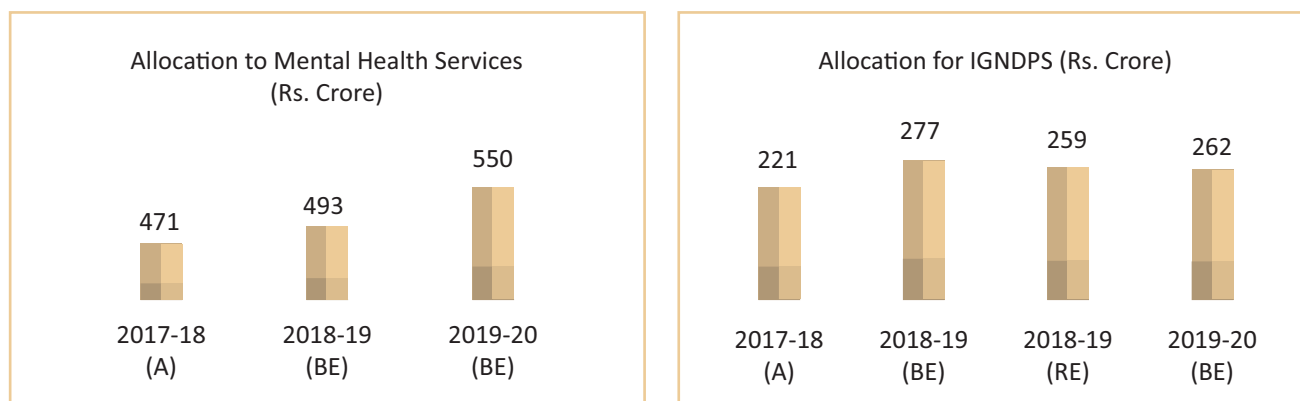


Figure 11.4 Allocation for two Key Programmes



Source: Compiled by CBGA from Union Budget document.

Moving towards effective inclusion and recognition of issues concerning persons with disabilities as cross sectoral and developmental should be a priority for the new government. Financial commitment to implement the Rights of Persons with Disabilities Act is not reflected in budgeting across departments and Ministries.

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

SCHEDULED CASTES

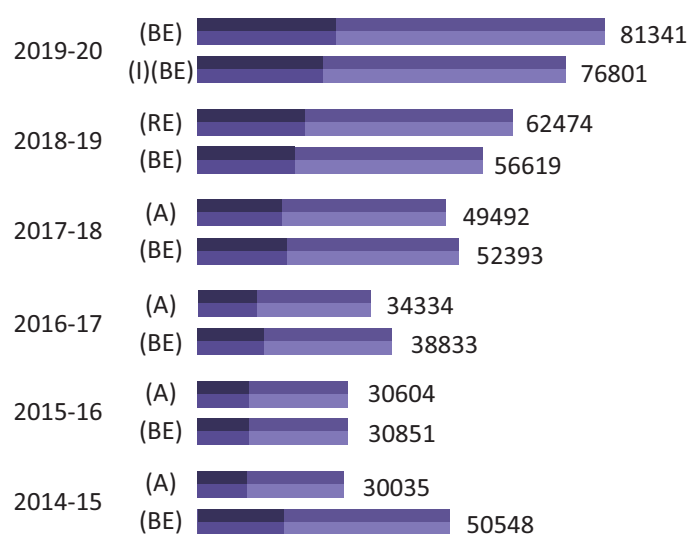
Highlights

1. There has been an increase in the allocations reported under Statement 10A – Schemes for Welfare of Scheduled Castes (SCs) in 2019-20 (BE).
2. Despite the increase in the budget allocations reported in Statement 10A, the stipulated norm relating to earmarking funds for SCs has not been fulfilled.

Allocations for Welfare of Scheduled Castes (SCs): The budgetary allocation for the welfare of SCs shows a mixed trend with allocations for Scheduled Castes Sub Plan (SCSP) having increased consistently since 2018-19 BE, but allocation for Ministry of Social Justice and Empowerment (MSJE) (i.e. the nodal ministry for development of SCs) has reduced in 2019-20 BE compared to 2018-19 RE. However, even the increase in SCSP may not necessarily translate into higher benefits for SCs as the general sector schemes are rarely designed keeping in mind the specific challenges confronting SCs. For example, Prime Minister *Kisan Samman Nidhi*, the income security scheme under Ministry of Agriculture and Farmers' Welfare will leave out most SC farmers as most of them do not own land.

Further, even these increased allocations are much below the stipulated norms for earmarking funds for welfare of SCs.

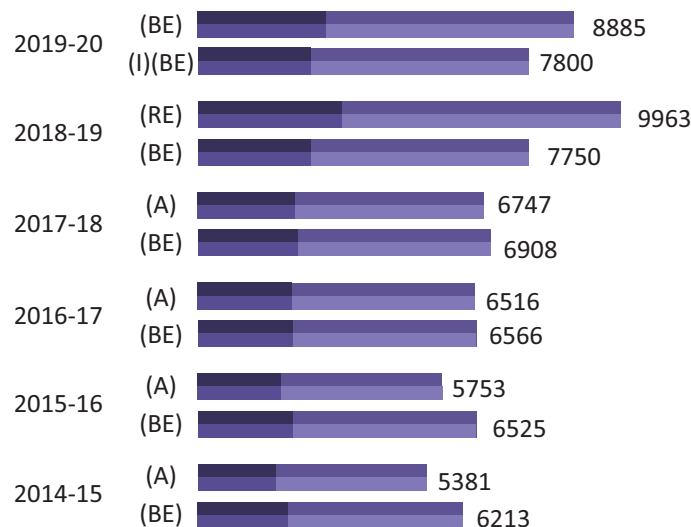
Figure 12.1: Allocations for Welfare of Scheduled Castes - SCSP (in Rs. crore)



Note: 2019-20 (I) (BE) stands for Budget Estimate of Interim budget 2019-20.

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

Figure 12.2: Allocations for Welfare of Scheduled Castes - DSJE (in Rs. crore)

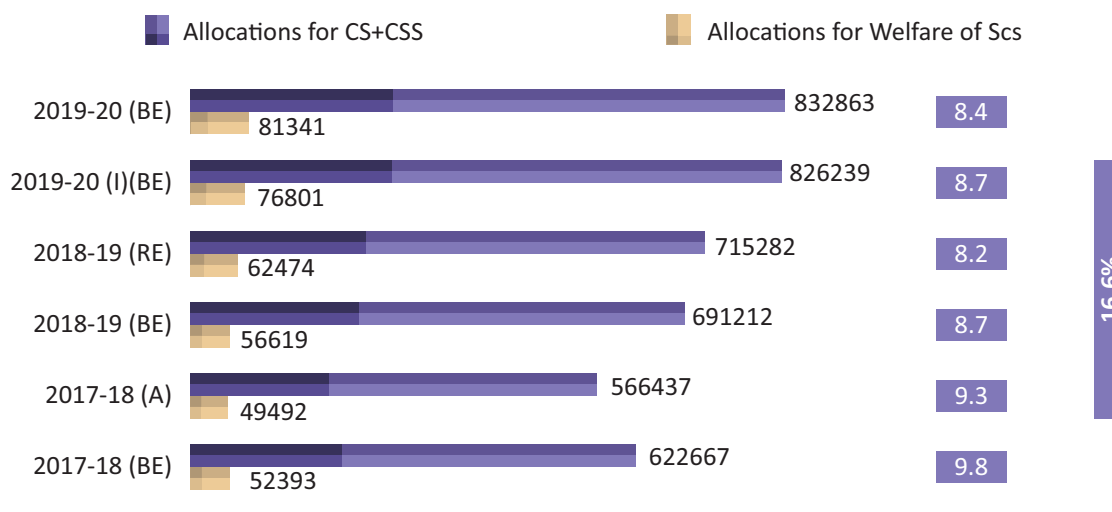


Note: 2019-20 (I) (BE) stands for Budget Estimate of Interim budget 2019-20.

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

Allocations continue to fall short of the SCs' population share: Even where the Union Budget allocations show an increase, these continue to be much below the stipulated norms for earmarking funds for welfare of SCs

Figure 12.3: Allocations for Welfare of Scheduled Castes (in Rs. crore and per cent)



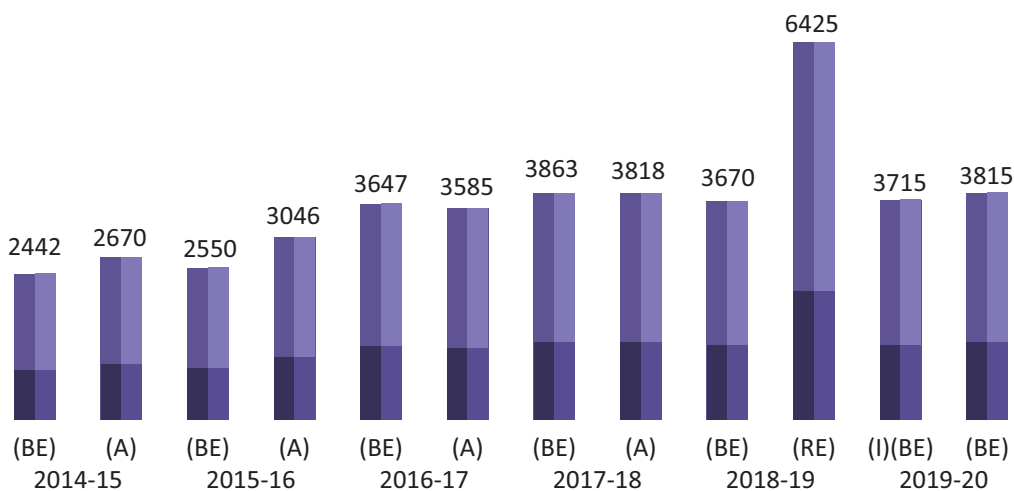
Note: 2019-20 (I) (BE) stands for Budget Estimate of Interim Budget 2019-20.

CS- Central Sector Schemes; CSS-Centrally Sponsored Schemes

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

Budget allocations for educational development of SCs are not very encouraging: Allocation for schemes for educational development of SCs has gone down in 2019-20 BE compared to 2018-19 RE, although it has gone up somewhat when compared to the allocation made in the 2019-20 interim budget.

Figure 12.4: 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 shows that instruments such as post-matric scholarship, which are crucial for ensuring inclusive development has come down in 2019-20 BE compared to 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 Entrepreneurial Development of SCs include: State Scheduled Castes Development Corporations, National Scheduled Castes Finance and Development Corporation, National Safai Karmacharis Finance and Development Corporation, Venture Capital, 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.

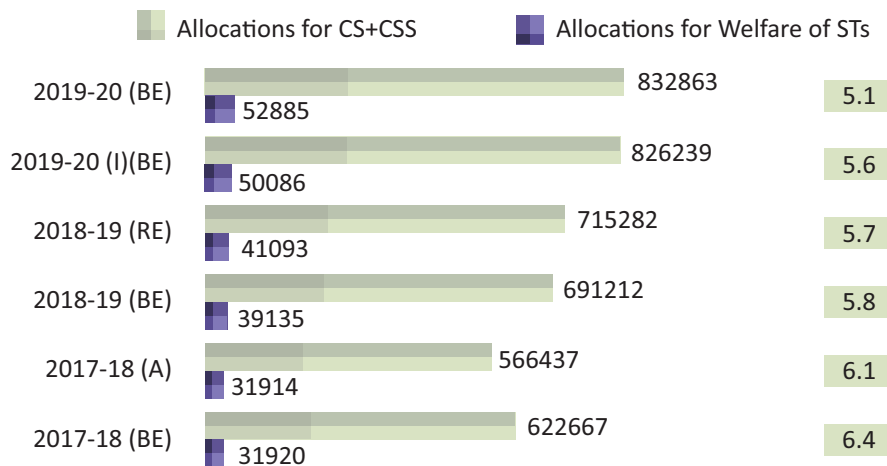
The government should on a priority basis: (i) provide funds for a comprehensive survey for proper identification of manual scavengers in the country; (ii) provide funds for increasing awareness about the scheme among potential beneficiaries as well as government officials; and (iii) review the norms and guidelines of the SRMS scheme so as to address the bottlenecks constraining utilisation of budgets allocated for the scheme.

SCHEDULED TRIBES

Highlights

1. There has been a visible increase in the allocation for Schemes for the Welfare of Scheduled Tribes (STs) (Statement 10B), over the last three years; it has been increased from Rs. 31914 crore in 2017-18 (A) to Rs. 52884 crore in 2019-20 (BE).
2. Despite increases in the allocations reported under Statement 10B, these allocations still remain below the stipulated population norm of 8.6 per cent (of the CS & CSS allocations for Tribal Sub-Plan (TSP)).

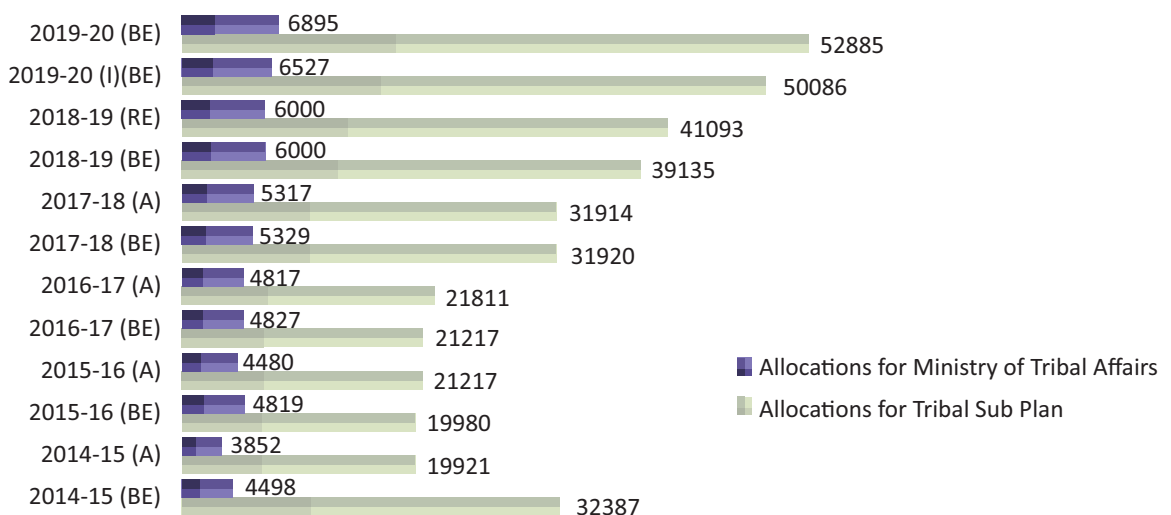
Figure 13.1: Share of Allocations for Welfare of Scheduled Tribes (in Rs. crore and per cent)



Note: CS-Central Sector Schemes; CSS-Centrally Sponsored Schemes

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

Figure 13.2: Budgetary Allocations under Ministry of Tribal Affairs (in Rs. crore)



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

Table 13.1 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	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: <i>Vanbandhu Kalyan Yojana</i>	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 last few years have seen some important changes in institutions and processes, which have had an impact on budgeting for STs. These include:

- Abolition of the Planning Commission, which was the nodal body for monitoring the implementation of the Tribal Sub Plan (TSP) - a fiscal strategy for ensuring overall development of STs. In the present set-up, monitoring of TSP is the nodal responsibility of the Ministry of Tribal Affairs (MoTA).
- Merger of Plan and Non-Plan heads of expenditure in 2017-18: Earlier, 8.6 per cent of the Plan Budget was to be earmarked for exclusive benefits of Tribals. However, after this merger, the base is changed from Plan Budget to Total Schemes Budget, of which 8.6 per cent should be assigned towards Tribal Welfare.
- In absolute terms both the budgets for TSP and MoTA have increased in the last five years.
- The increases reflected in the Statement 10B are due to the increased budgets for general sector schemes, and the anticipated benefits may not reach the STs, adequately.
- The fund utilisation under both the TSP and the MoTA has been consistently high (Figure 13.1)

- In the new system, the TSP proportion (in the present analysis) has been computed from the total of Central Sector and CSS funds, instead of Plan funds (for the period from 2017-18 onwards). It may be observed that the allocations for TSP remain below the prescribed minimum of 8.6 per cent, which is the population based norm for TSP.
- Scrutiny of the budgets for MoTA shows that the allocations have increased consistently in the last five years, although the increase has been marginal (Figure 13.2). In 2018-19, the MoTA had proposed an outlay of Rs. 6659.27 crore, of which it received Rs. 6,000 crore. The ministry noted that “due to this reduced allocation the State's share shall reduce and offset the rationalization of demands made by the State Governments and converge the resources available with the State Tribal Sub-Scheme Funds”. In the Union Budget of 2019-20, the allocation has been increased to Rs. 6895 crore.
- Despite the increase in total budget for the Ministry, the allocation 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 is with respect to utilisation of allocated funds for various interventions within the Ministry, though the pace of utilisation of funds has been increased in recent years.

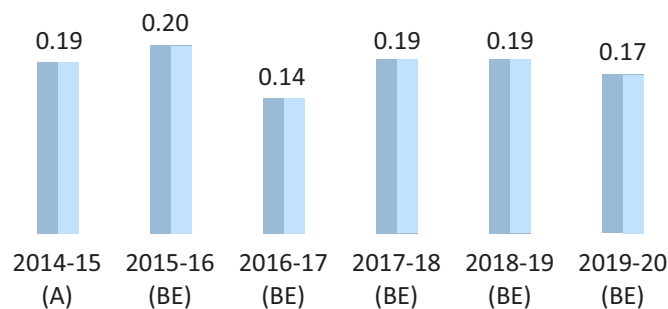
MINORITIES

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.
2. Fund utilisation of MoMA has increased to 96.7 per cent in 2017-18 from 74 per cent in 2016-17.
3. Nearly, 85 lakh students belonging to minority communities are left out of Pre, Post and Merit Cum Means Scholarship Schemes every year.
4. Allocations for Pre Matric, Post Matric and Merit Cum Means Scholarship have declined marginally in 2019-20 (BE) compared to 2018-19 (RE).
5. No increase in the unit cost in Scholarship Schemes has been announced.

Action Agenda of NITI Aayog (2017), acknowledges 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, health and educational parameters. The participation of Muslims in salaried jobs is also low. Only 0.17 per cent of the total Union Budget of 2019-20 has been allocated for the Scheme meant exclusively for development of minorities whereas religious minorities constitute 21 per cent of total population as per Census 2011.

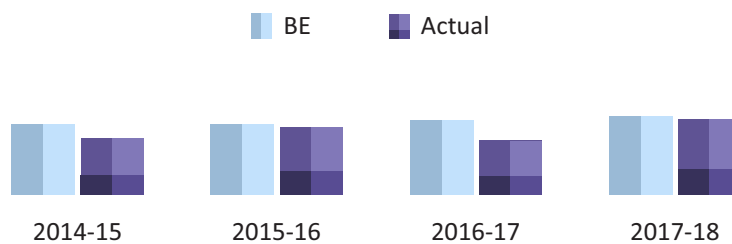
Figure 14.1: Share of the Allocation for Ministry of Minority Affairs (MoMA) in Total Union Budget (in per cent)



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.

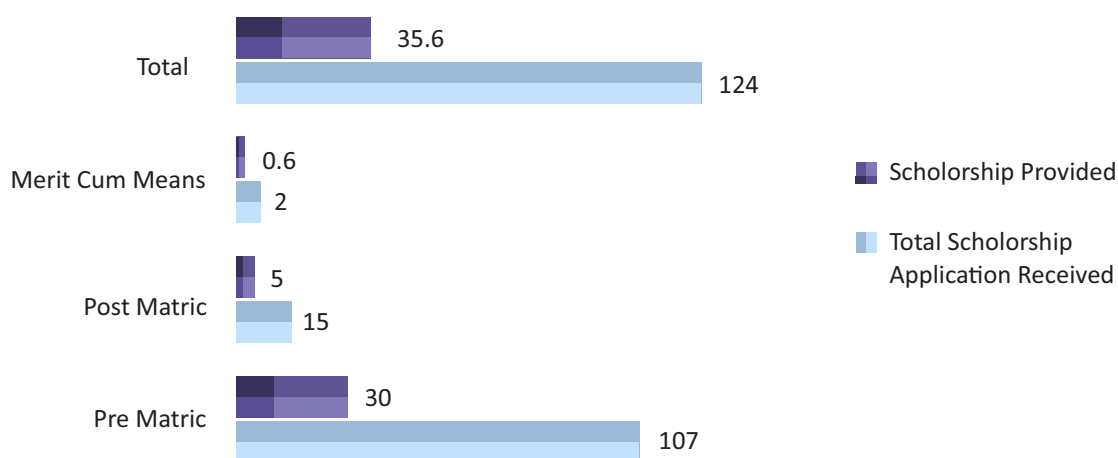
Figure 14.2: Budget Allocation and Utilisation by the Ministry of Minority Affairs (in Rs. crore)



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

For educational improvement of Minorities, scholarship schemes play an important role. However, there is a huge gap between the total number of applications received and scholarship provided annually by the Ministry of Minority Affairs. Nearly, 85 lakh students belonging to minority communities have been left out of these schemes in 2017-18. The government has not made scholarship schemes for minorities demand-driven despite the recommendation of the Departmental Standing Committee 2018.

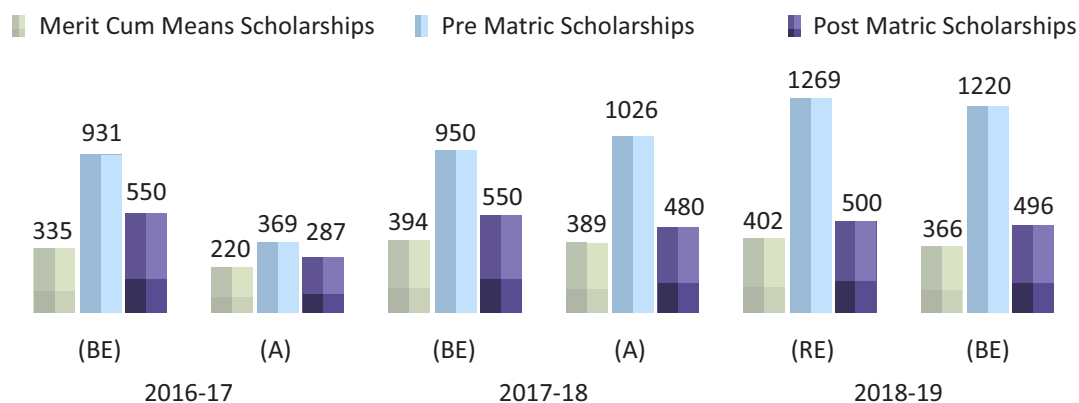
Figure 14.3: Gap in Number of Scholarship Applications Received and Scholarships Provided -2017-18 (in Rs. lakh)



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

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

Figure 14.4: 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 Departmentally related Standing Committee on Social Justice, 2018-19 had raised concerns about inadequacy of the amount of Pre-Matric, Post-Matric and Merit-cum-means Scholarships. The unit cost for scholarships has 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.

CLEAN ENERGY

Highlights

1. Government has announced incentives to boost Electric 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 the goal announced in this year's 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 the period up to the year 2022 needs to be about US\$ 80 billion (at today's prices). Despite this huge financial requirement, the budget 2019-20 has not provide adequate budgetary allocations to the Ministry for New and Renewable Energy (MNRE).

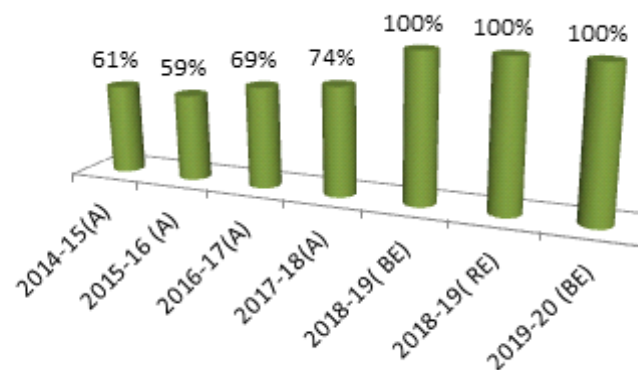
While, the share of Renewable Energy capacity has increased immensely to 75 GW, the share of renewables in total power generation stands at only 7.8 per cent in 2018. One of the major reasons for this is a lack of adequate transmission infrastructure for generating Renewable Energy in the country. There 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 Tonnes of Oil Equivalent (MTOE). In the 2019-20 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 the National Clean Energy Fund (NCEF) getting subsumed 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.

Figure 15.1: Budgetary Allocations for MNRE from IEBR (in per cent)

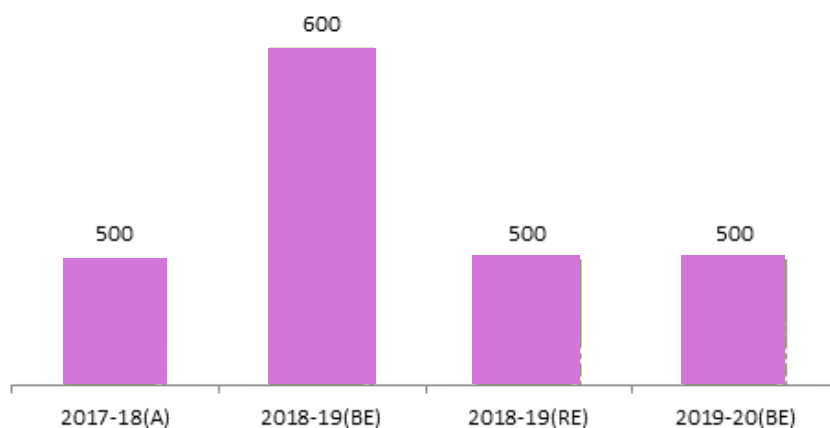


Note: IEBR-Internal and extra Budgeting Resources

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 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.

Figure 15.2: Allocations for Green Energy Corridor Scheme (in Rs. crore)

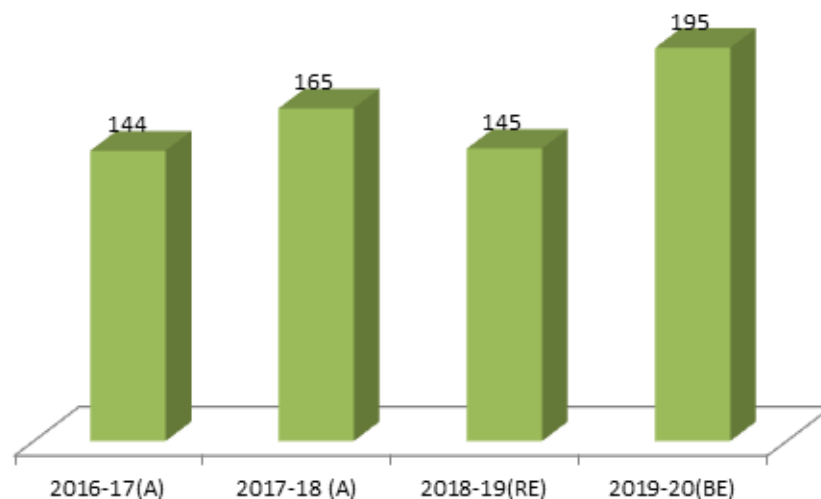


Source: Compiled by CBGA from Union Budget documents.

Need for providing EV charging infrastructure to boost Electric Vehicle Mobility

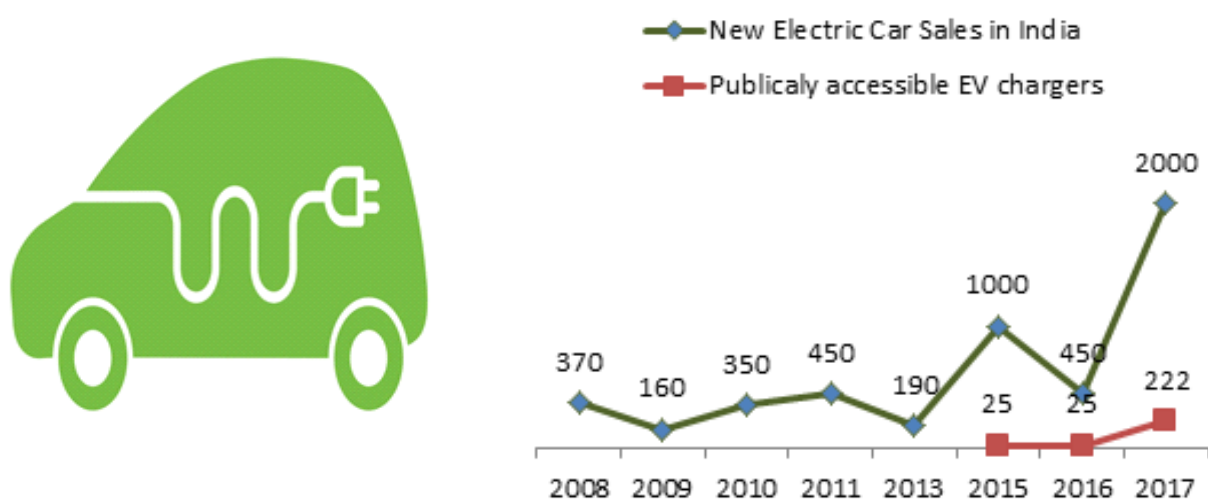
In the budget 2019-20, the government has announced incentives to boost manufacturing and adoption of Electric Vehicles (EV). In 2015 too, the Ministry of Heavy Industries and Medium Enterprises, had introduced a subsidy scheme for Faster Adoption and Manufacturing of (Hybrid and) Electric Vehicle in 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.

Figure 15.3: Allocations for FAME India Scheme (in Rs. crore)



Source: Compiled by CBGA from Union Budget documents.

Figure 15.4: Statistics on New Electric Car Sales in India and Publicly 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.

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. The Union Budget 2019-20 has pegged dividend or surplus of the RBI, nationalised banks and financial institutions at Rs. 1.06 lakh crore, signifying a substantial increase from Rs. 74,140.37 crore realised in

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. The Interim Budget 2019-20 had projected the highest ever 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 further to 11.6 percent in 2020-21.

Figure 16.1: (Gross) Central Tax-GDP Ratio



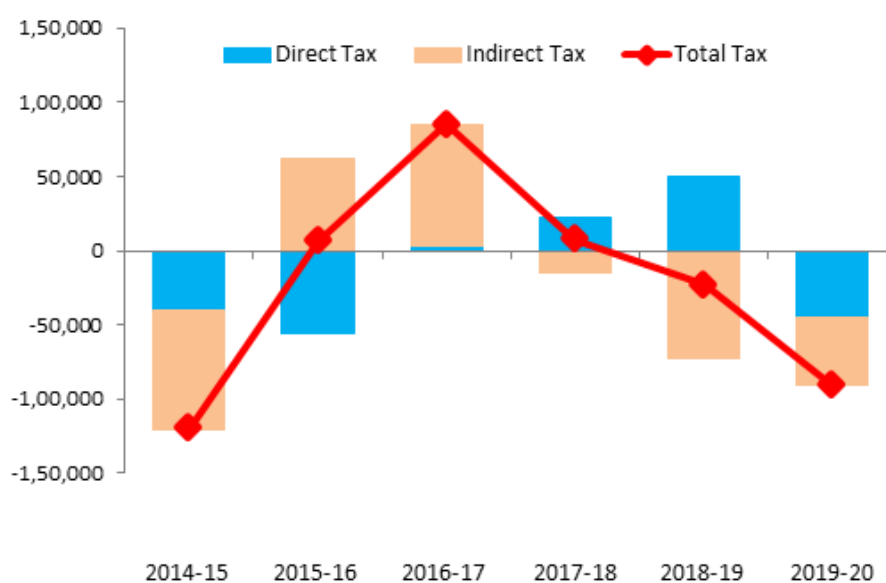
Notes: 1) Starting from 2017-18, tax collected includes the GST compensation cess;

2) Total Tax indicates Gross Central Tax Revenue.

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 different from the actual tax collected (Figure 16.2). 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, actual tax collected 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 w.r.t. both personal income tax and GST compensation cess.

Figure 16.2: Gap between Budget Estimate and Actual Tax Collection (in Rs. crore)



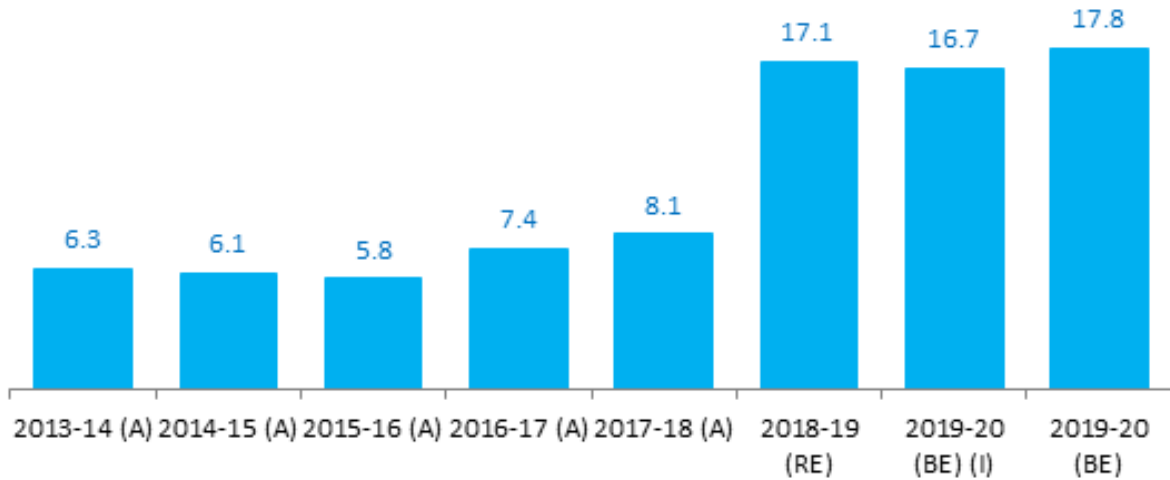
Notes: 1) The figure shows the different between BE and Actual for the years up to 2017-18,

2) The figure for 2018-19 compares BE with RE and the figure for 2019-20 compares 2019 Interim BE and 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.

Figure 16.3: 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.

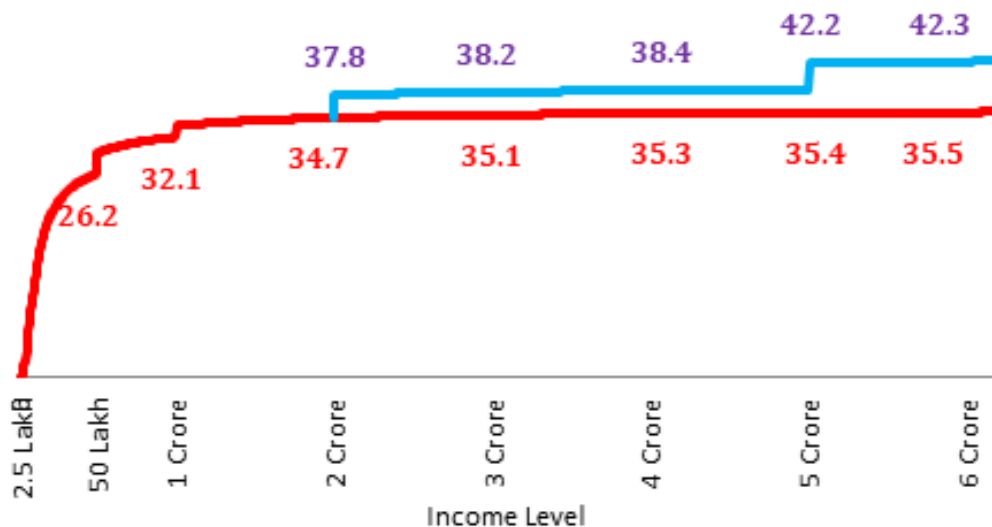
Source: Compiled by CBGA from Union Budget documents, various years.

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

- Introduction of new surcharges on PIT and CIT, and increase in the rate of existing surcharges
- Introduction of '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. 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.

Figure 16.4: Effective tax rates for Personal Income Tax after new surcharges

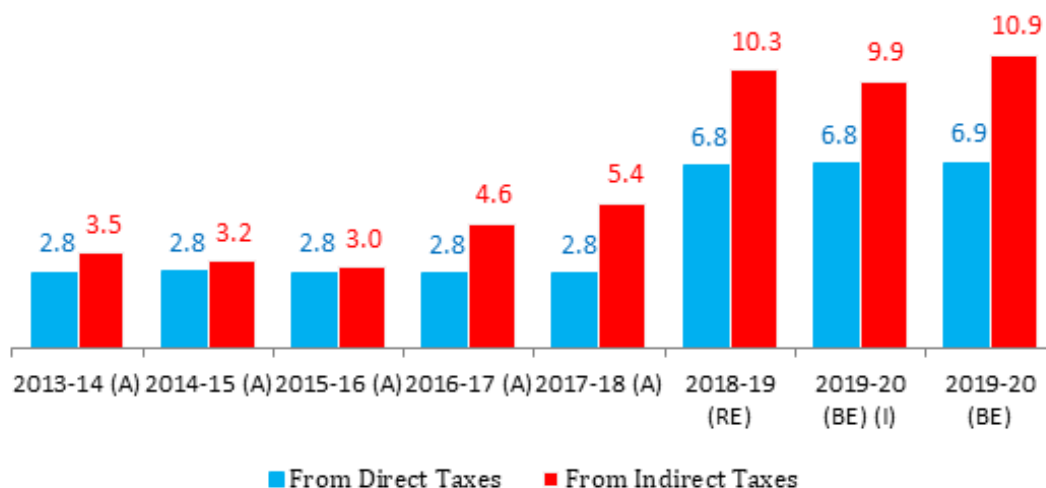


Note – Only tax rates, cess, and surcharge have been taken into consideration for calculation, and other aspects like exemption, rebate were not taken into account.

Source: Calculated based on data from Finance Bill.

However, in the case of India, overall cess and surcharges collected from indirect taxes are much higher than those collected from direct tax. 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 increasing this regressiveness.

Figure 16.5: 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.

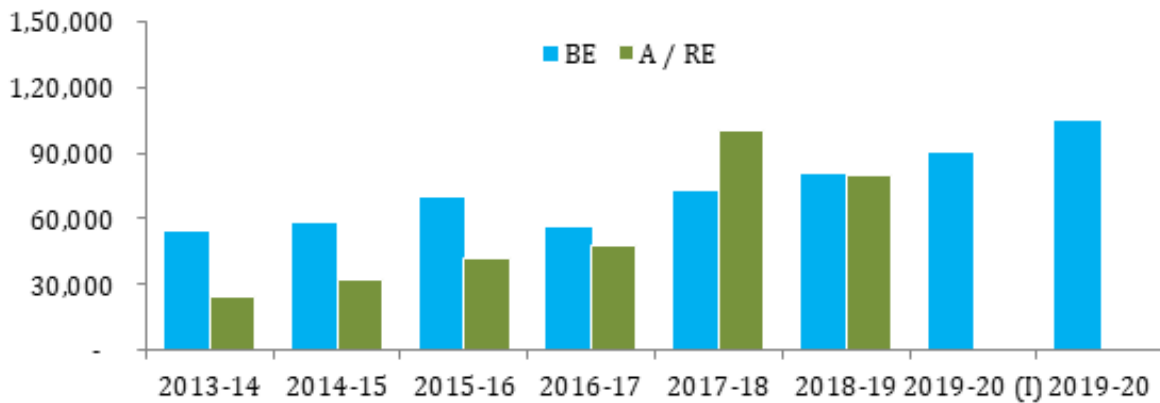
Source: Compiled by CBGA from Union Budget documents, various years.

Increasing centralisation of taxes: This increase in cess 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 of 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 (Figures 16.6 and 16.7).

Figure 16.6: Disinvestment - Budget Estimates vs Actual / Revised Estimates

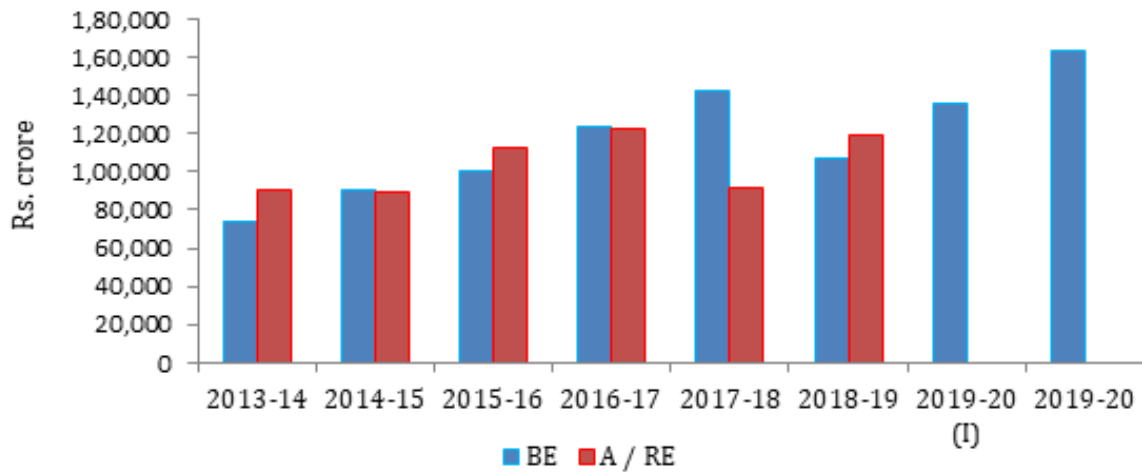


Note: 2019-20 (BE) (I) stands for BE of Interim budget 2019-20.

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.

Figure 16.7: Total Dividends from PSUs and RBI: Budget Estimates vs Actual / Revised Estimates



Note: 2019-20 (BE) (I) stands for BE of Interim budget 2019-20.

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

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 1 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 2018-19.² 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 significant impacts on the government's revenue, as the IFSC provides for substantive tax exemptions and tax

² Centre for Budget and Governance Accountability. Of Hits and Misses: An Analysis of Union Budget 2018-19. February 2018.

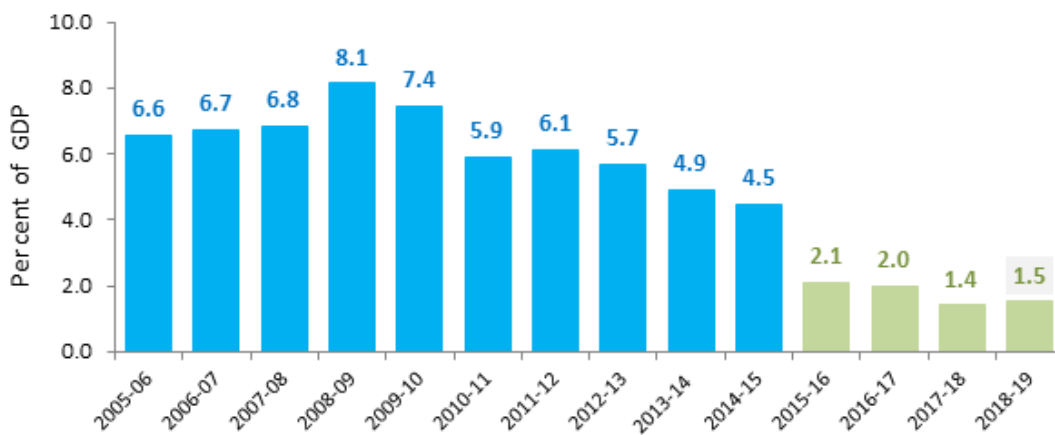
holidays and which may be used for tax abuse.

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 Figure 17.1, the amount of revenue foregone was at its highest in FY 2008-09 but has

Figure 17.1: Revenue Foregone from Central Taxes (as per cent of GDP)



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

since seen a steady decline.

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

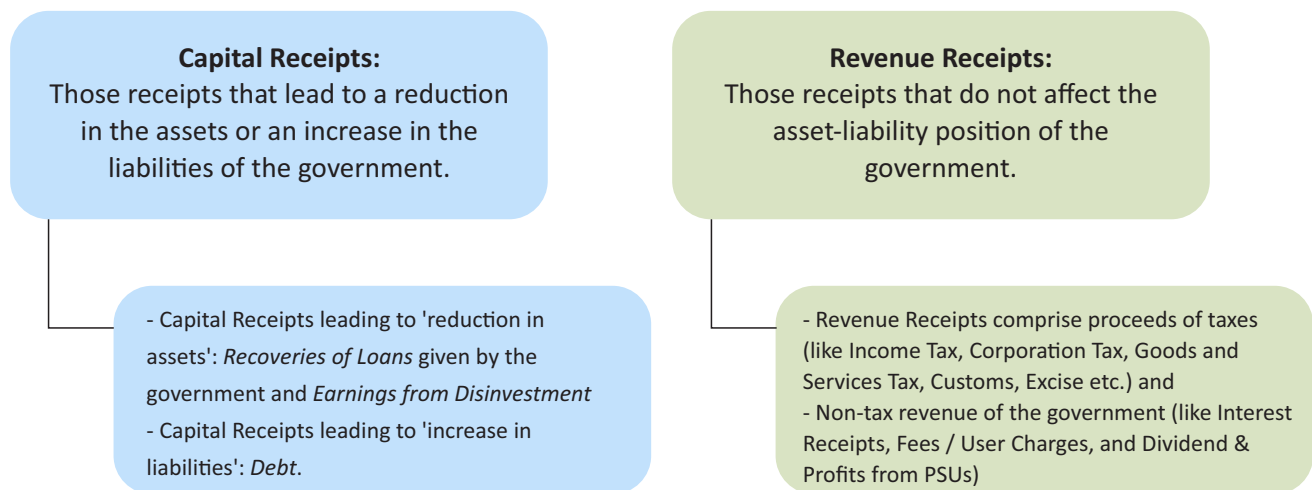
- The methodology to estimate the revenue foregone was altered in FY 2015-16.
- The Goods and Services Tax was introduced in FY 2017-18, which subsumed most indirect taxes.

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.

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



Classification of Government Expenditure

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

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 <i>Total Expenditure</i> in a year and its <i>Total Receipts (excluding new Debt to be taken)</i> 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
<p>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.</p>	<p>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.</p>

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
<p>Personal and Corporate Income Tax, Customs Duties</p>	<p>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.</p>	<p>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.</p>	<p>Tax on property (buildings etc.), Tax on Markets, Tax / User Charges for utilities like water supply, parking, drainage, etc.</p>

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

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.

Please visit the open data portal on budgets in India at:

www.openbudgetsindia.org.

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