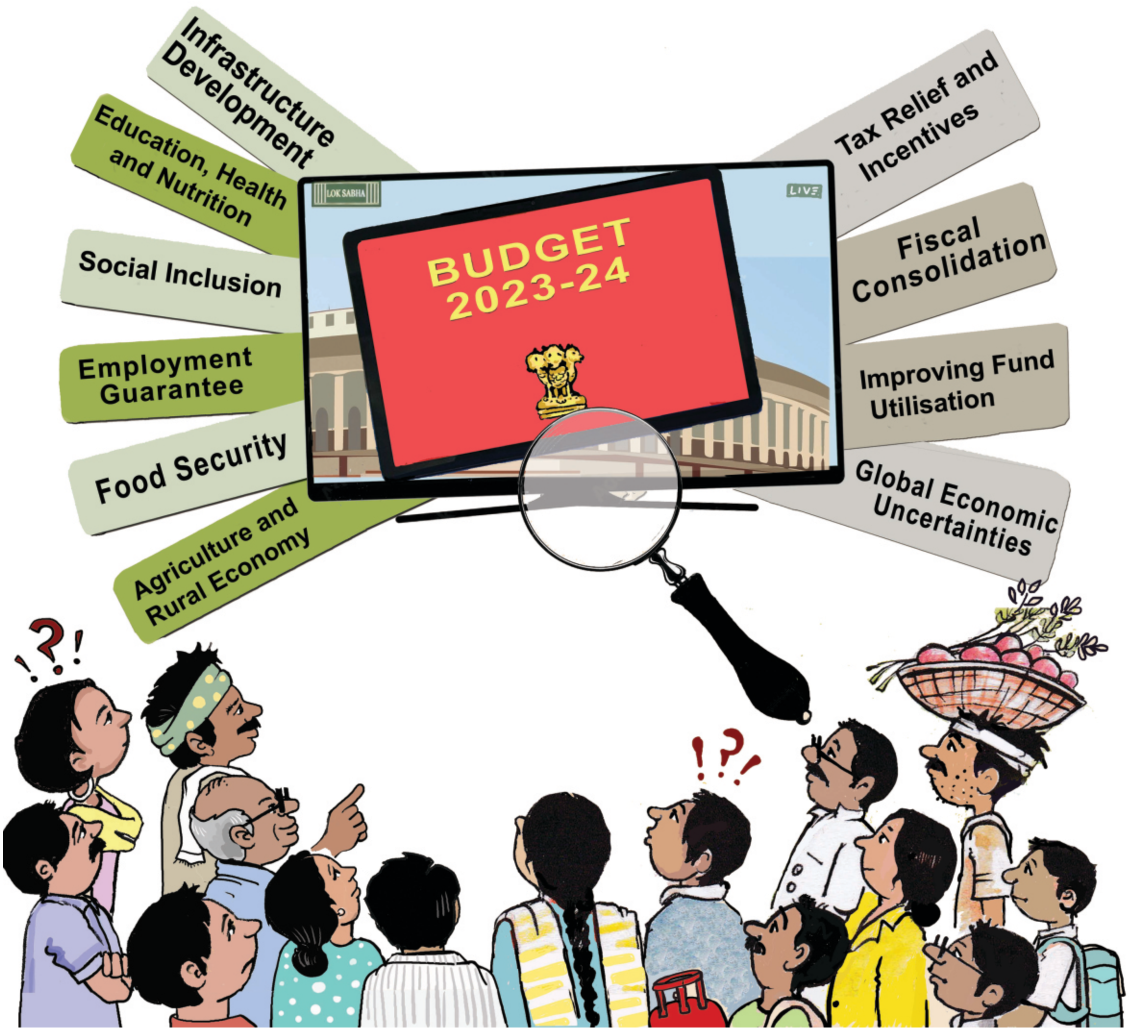
Walking the Tightrope

An Analysis of Union Budget 2023-24



February 2023

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Centre for Budget and Governance Accountability

CBGA

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FOREWORD

For the last eighteen years, Centre for Budget and Governance Accountability (CBGA) has been bringing out an analysis of the Union Budget every year soon after its presentation in Parliament. This publication aims to facilitate an informed discussion on the Budget focusing both on revenue and expenditure aspects, particularly around the social sectors, agriculture, rural economy, climate actions and provisioning of budgetary support for the marginalised sections of the population.

At a time when it seems that we have left the pandemic behind, this publication presents an analysis of the priorities in Union Budget 2023-24, both on public expenditure and resource mobilisation front in the context of the key developments pertaining to social and economic challenges before the country. Being the last full Budget before the general elections due next year adds to its significance.

This publication has been divided broadly into five chapters. The first chapter presents the context and an overview of the analysis. The second chapter focuses on a host of important aspects under resource mobilisation, like taxation, Centre-State sharing of resources and key fiscal indicators for the Union Government. The third chapter comments on the important trends and priorities in Union Government's resource provisioning for the social sectors such as education, health, nutrition, and drinking water and sanitation. The fourth chapter looks at budgetary provisions and policy directions related to some of the core areas on the economic front like, agriculture and allied activities, rural economy, and climate mitigation and adaptation actions. The fifth chapter analyses the responsiveness of this Budget to the rights and development needs of people from the marginalised sections such as women and transgender persons, children, Scheduled Castes, Scheduled Tribes, religious minorities, and persons with disabilities.

This publication also includes a couple of Annexures meant to explain the technical concepts and terms used in budget and the process of budget making at the national level.

We sincerely hope this publication by CBGA would help deepen the public discourse in the country on the Union Budget and public financing of important development sectors. Your feedback and suggestions on the analysis would immensely help us improve the quality of future publications.

CBGA Team

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CHAPTER 1

CONTEXT AND SUMMARY OF THE ANALYSIS

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Overview

The Context for the Union Budget 2023-24

The presentation of the Union Budget 2023-24 comes against the backdrop of some critical geopolitical developments and is the last full budget before the country witnesses the next Lok Sabha Elections. It is also being called the first budget of *Amrit Kaal*, and lays down seven priorities of the Union Government.

Also being the first budget of the post-COVID period, expectations were that it will lay out a blueprint for accelerating the Indian growth story as opposed to merely responding to the setbacks produced by the pandemic. This would include strengthening primary healthcare, addressing systemic inequalities, bringing more women to the formal work force and providing a thrust to home grown employment avenues to combat the precarity of employment at the global level. The Budget was also being closely followed for the vision that the Finance Minister would outline for dealing with the impending recession, the fallout of the Russia-Ukraine war and the reopening of schools and addressing falling educational indicators, exacerbated by the learning losses caused by the pandemic.

Significantly, 2023 is the year in which India has assumed the presidency of the G20. The Budget serves as an opportunity for India to outline its contribution to shaping the global agenda for negotiating myriad challenges amidst increasing geopolitical uncertainties, as well as strengthen its G20 priorities.

During the Budget speech, the Finance Minister spelt out her vision for India in the following terms: “We envision a prosperous and inclusive India, in which the fruits of development reach all regions and citizens, especially our youth, women, farmers, OBCs, Scheduled Castes and Scheduled Tribes.”

Resource Mobilisation

Over the last two years, central tax collections have seen a significant growth. In FY 2021-22, the gross central tax collection increased by 33.7 per cent over FY 2020-21, and for 2022-23 (RE), tax collection has been revised upward compared to the 2022-23 (BE) by 10.3 per cent. A large part of high growth in central tax collection in FY 2021-22 can be explained on the basis of high growth rate of nominal GDP, which increased by 19.5 per cent over the previous year. Despite accounting for nominal GDP growth, tax collections have increased as can be seen from tax buoyancy which was 1.72.

This growth came on account of corporation tax, income tax, and customs – all growing at rates higher than 40 per cent, while Central GST grew by 27 per cent, because of various reasons. However, this growth has not sustained in 2022-23 (RE) and 2023-24 when expected growth rates are 12.3 per cent and 10.4 per cent respectively, both of which are lower than respective GDP nominal growth rates. As a result, buoyancy has also dipped to 0.80 and 0.99 in 2022-23 (RE) and 2023-24 (BE) respectively.

As opposed to tax receipts, non-tax receipts excluding borrowing have seen a decline. The Union Government had collected Rs 4 lakh crore from non-tax receipts in 2019-20 (A), which has declined to Rs 3.5 lakh crore in 2022-23 (RE) and Rs 3.9 lakh crore in 2023-24 (BE).

One of the bigger changes in tax policy this year is focused on the personal income tax. From FY 2020-21, a new tax structure was made available to individuals in which tax rates are relatively lower but the exemptions were not applicable. In the current budget, the new tax regime saw changes such as an increase in threshold taxable income from Rs 2 lakh to Rs 3 lakh, full rebate of tax payable on income below Rs 7 lakh, revamping of tax slabs and corresponding rate, as well as reduction of surcharge from 37 per cent to 25 per cent on income higher than Rs 5 crore. The last time threshold taxable income was increased from Rs 2 lakh to Rs 2.5 lakh was in FY 2014-15. Given the increase in inflation since then, there have been demands to revamp the tax slabs. These changes will largely increase the after-tax income for people with income below Rs 15 lakh as well as those with income above Rs 5 crore. However, these concessions will also cost the exchequer around Rs 35 thousand crore.

The Priority for Social Sectors

The pandemic had a devastating impact on social sectors and put a spotlight on the fault lines in public provisioning of basic services like education, healthcare, drinking water and sanitation, and nutrition. Therefore, the expectation from a post pandemic budget is to address the COVID-induced challenges as well as to fill the pre-existing gaps. However, social sector outlay as a proportion of the total Union Budget has witnessed a decline this year.

The fiscal consolidation, reflected in the reduced size of the Fiscal Deficit as a proportion of the GDP for 2023-24, has come at the cost of mostly stagnant or reduced magnitudes of budgetary outlays for most social sector ministries. There are 15 Union ministries which can broadly be referred to as the social sector ministries. The combined priority for this group of 15 ministries had risen sharply to 33.5 per cent of the total Union Budget in 2020-21, mainly due to the policy response of the government to the pandemic that included higher spending on food subsidy, rural employment guarantee, and health, among a few other sectors. This combined priority for the select ministries has declined in the three subsequent Union Budgets, reaching 21.2 per cent in 2023-24 (BE).

The Union Budget 2023-24 has allocated Rs 68,805 crore to the Department of School Education (DSEL). A large part of the increase in the allocation of DoSEL budget in 2023-24 can be accounted for by the model schools run by the Union Government – *Kendriya Vidyalaya, Navodaya Vidyalaya* and *Pradhan Mantri* Schools for Rising India (PM SHRI). While around 26 per cent of the school education budget has been allocated for these three types of model schools, they cater to only around 20 lakh students. On the other hand, *Samagra Shiksha Abhiyan*, the key centrally sponsored scheme responsible for providing school education to the larger segment of the students, has been allocated Rs 37,453 crore, only Rs 70 crore higher than that in 2022-23 (BE). Overall, the Ministry of Education has an allocation of Rs 1,12,899 crore, which is an increase of 8 per cent from the previous year's budget.

The total public expenditure on health (Centre and States combined) is required to be increased to 2.5 per cent of the GDP by 2025 (National Health Policy, 2017); yet the Union Budget outlay for health sector continues to be around 0.31 per cent of GDP in 2023-24 (BE). Post pandemic recovery also requires addressing the deficiencies in primary healthcare facilities, which require a lot more resource support. One of the major announcements in the budget speech of 2023-24 is the mission to eliminate sickle cell anemia by 2047. It is a disease which is particularly widespread among tribal populations; hence, this is a welcome initiative. However, it has not yet received any budgetary support. The National Tele Mental Health Programme, announced in 2022-23 has received a 10 per cent higher allocation in 2023-24 (BE) compared to 2022-23 (RE). The National Health Ecosystem, also announced in 2022-23, has received a 70 per cent higher allocation over 2022-23 (BE).

Water and Sanitation are vital contributors to public health, and can prevent many diseases which can create havoc on the public health infrastructure. In recent years, the Department of Drinking Water and Sanitation (DDWS) has seen increased allocations from the Union Budget. The budgetary allocation of Rs 77,223 crore in 2023-24 (BE) shows a 14 per cent increase from the last year's budget allocation for the department.

Jal Jeevan Mission, launched in 2019, has continued to receive priority once again in the Union Budget, and its allocation has been increased by 15 per cent. In the last five years, the scheme has provided tap water connections to over six crore households. However, concerns over the physical performance of the scheme also persist, as evidenced by the declining budgetary allocation in 2022-23 (RE) as compared to that in 2022-23 (BE). The scheme also saw an underutilisation of 44 per cent in 2021-22 and the extent of underutilisation varies from 23 per cent in Tripura to 93 per cent in Bihar.

The National Family Health Survey (NFHS-5) highlighted key gaps in child and maternal nutrition which need immediate attention. While there is improvement in the nutrition parameters such as reduction of stunting (low height for age) and reduction of wasting (low weight for age) as compared to NFHS-4, still around one-third of children under the age of five are stunted or underweight. NFHS-5 reported an increase of 8 per cent in the number of children suffering from anaemia over that in NFHS-4. In the latest Union Budget, the allocations for *Saksham Anganwadi* and POSHAN 2.0 have increased only by 1.4 per cent as compared to 2022-23 (BE); the rise would be insufficient given the high food price inflation. Further, the allocation for *Samarthya* (under which the erstwhile scheme *Pradhan Mantri Matru Vandana Yojana* was subsumed) has shrunk by 1.5 per cent.

The Priority for Economic Sectors

The rural economy showed resilience throughout the COVID-19 pandemic. The Agriculture and Allied Sectors, along with employment through the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) enabled the rural economy to absorb unskilled rural labourers and neutralise the shock of the returning migrants. Many measures were taken to uplift the rural economy. However, to recover completely, and return to the pre-pandemic growth trajectory of the Indian economy, the rural sector requires fiscal support to compensate for losses, bolster consumption, and fast track economic recovery.

In 2021-22, and 2022-23 (RE), the share of Department of Rural Development (DoRD) in total Union Budget stood at 4.2 per cent and 4.3 per cent respectively. However, in 2023-24 (BE), this declined to 3.5 per cent. The allocations and work days under MGNREGS also saw a decline. Compared to 2020-21 (A), the budgetary allocation for MGNREGS declined by 11.4 per cent in 2021-22 (A), 19.6 per cent in 2022-23 (RE) and 46 per cent in 2023-24 (BE). In FY 2021-22, the average days of employment provided per household was 50.07 days which declined to 42.78 days in 2022-23. One of the views regarding the declining allocation is that demand for employment under the scheme is weakening due to the economy returning to the pre-pandemic levels. However, data shows that the demand for work under MGNREGS is still higher than the pre-pandemic levels, and it requires more impetus in terms of fund allocation.

On February 3, 2023, the Union Ministry of Rural Development released a clarification where it explained that any household demanding employment shall be provided at least 100 days of unskilled manual work in a financial year in accordance with MGNREGS. It also stated that the previous release had no bearing on the requirements of funds for the next year, and whenever additional funds were required, the Ministry of Finance was requested to provide the funds for proper implementation of the scheme.

The Budget has provided an enhanced priority to rural housing. The budgetary allocation for the scheme was Rs 20,000 crore in 2022-23 (BE), but in 2022-23 (RE), it increased to Rs 48,422 crore, which was an increase of 142 per cent. In 2023-24 (BE), the same has increased to Rs 54,487 crore which is an increase of 12.5 per cent. The enhancement of funds under the PMAY-G reflects that the government is not only targeting "Housing for All" but also enhancing the capacity of productive consumption which may have a higher multiplier effect in raising the levels of rural employment, income, and living standards.

When it comes to the Agriculture and Allied Sectors, given its importance in providing employment and food security throughout the pandemic, budgetary support for the sector was maintained at a high level until the last financial year. In 2023-24 (BE), the sector has received 2.92 per cent of the total Union Budget outlay. In recent years, the priority for individual farmer-centric direct support measures has increased significantly. Schemes which provide individual farmer-centric support constitute around 73 per cent of the total allocations in Union

Budget 2023-24 (BE). Understandably, there is an urgent need to provide direct financial support to farmers to subsidise their growing input costs and attend to the growing risks of climate vulnerability. However, there is also a need to accord such priority to sector-wide support measures in addition to direct support measures, in order to pursue longer-term and sustained improvements in agriculture and ensure the viability of farming as an occupation.

It is equally important to have an inclusive budgetary focus that caters to marginalised sections of the farming community, namely women, landless, tenant, small and marginal farmers, and agricultural workers. This needs to go hand-in-hand with agricultural practices that promote dry land farming, crop diversification and use of non-chemical methods.

The Allied Sectors (livestock and fisheries) have received priority over the last two years, and this was retained through enhanced allocations for both sectors in 2023-24. This focus on the sectors is welcome and it needs to continue for sustaining the growth momentum.

On the Climate Finance front, one of the seven priority areas for the government in the Union Budget was "green growth". Like last year, many announcements were made for clean energy and climate change mitigation. The announcements highlight the fact that the government intends to reduce carbon intensity across various sectors and provide large scale green jobs opportunities through adoption of green fuel, green farming, green mobility, green building, and green equipment. The measures include setting aside Rs 35,000 crore for priority capital investment for clean energy transition, funds to states for scrapping polluting vehicles, urban planning reforms, and green credit programmes, among others. The gross budgetary support to the Ministry of New and Renewable Energy (MNRE) for financing clean energy also saw an increase. It is however, important to note that while the announcements made in the current budget are climate responsive, it depends on the allocative priorities and the strategies of the State Government in their respective budgets. There is a need for a big shift from the current ad hoc approach to a more standardised approach for climate-responsive budgeting.

Responsiveness to Marginalised Sections

Women, children, marginalised castes, religious minorities and persons with disabilities are among the communities who were most affected by COVID-19. Therefore, budgetary allocations made for these groups need to address historic marginalisation as well as the impact of the pandemic. The absolute budgetary allocation for some of these groups increased in 2023-24 (BE), as reflected in the total magnitudes of allocations reported under Statement 13 (Gender Budget), Statement 10B (Scheduled Tribes), and Statement 12 children. However, problems associated with scheme and policy design, implementation, and underutilisation of funds are some of the persistent issues that need to be addressed in order to enhance the impact of the Union Budget on the marginalised sections of the population.

According to the Period Labour Force Survey 2020-21, women's workforce participation in India remains low, and recent increases have largely been driven by distress employment among rural women. Considering this, the fiscal response to enhance women's employment in the Union Budget 2023-24 appears insufficient. Allocations for important employment and social protection schemes that benefit women in large numbers have either fallen or seen incremental increases. Women's access to programmes on entrepreneurship and skilling remains constrained by many factors such as social norms, disproportionate burden of unpaid care work, challenges in mobility and risks of violence. However, the budget has not allocated sufficient resources to provide supportive services for women in these areas. Women working in the informal sector needed a boost for better wages and social security, which has also not come through.

Gender based violence remains high, and has increased in the wake of the COVID-19 pandemic. Schemes to address this have seen prolonged underspending, along with gaps in policy design and implementation. The schemes have been restructured into new umbrella schemes whose overall allocations have not increased in 2023-24. The *Nirbhaya* Fund continues to be underutilised, and its distribution remains skewed towards surveillance-oriented initiatives and routine policing infrastructure. Finally, the Gender Budget reported in the Gender Budget Statement does show an increase over last year, but its format and composition have some gaps.

The allocation for Scheduled Castes and Scheduled Tribes under Development Action Plan for Scheduled Castes (DAPSC) and Development Action Plan for Scheduled Tribes (DAPST) has increased in absolute numbers over the years but the problems of ineffective implementation and underutilisation persist. Schemes which address caste-based inequalities such as Self-Employment Scheme for Liberation and Rehabilitation of Manual Scavengers (SRMR) and *Eklavya* Model Residential Schools (EMRS) have witnessed problems such as poor policy design, planning and monitoring. SRMR has been discontinued in FY 2023-24, and the scheme introduced in its place, Mechanised Sanitation Ecosystem (NAMASTE) shifts the focus from direct cash support to skilling and entrepreneurship without addressing the systemic social marginalisation that the Dalit community faces.

Budget outlay for the Ministry of Tribal Affairs has been increased in FY 2023-24 by 47.4 per cent from 2022-23 (BE), and most of this jump can be attributed to EMRS, which is a welcome step. However, utilisation issues would need to be addressed to ensure that the objective of the scheme is achieved.

The budget allocation for the welfare of children in FY 2023-24 has gone up by 11 per cent compared to previous year. However, the allocation for children has been persistently lower than the recommended share of 5 per cent of the overall Union Budget, specified by the National Plan of Action for Children, 2016. Out of the total allocation for children, a very low share is meant for child protection (1.5 per cent of the total budget targeted towards children), and considering the high number of cases of violence against children (29 per cent of all reported crimes were crimes against children, according to NCRB 2020), the quantum of allocation is insufficient. Mission *Vatsalya*, a composite scheme including Child Protection Services and Child Welfare Services shows persistent poor fund utilisation.

The allocation for persons with disabilities as a share of GDP has decreased from 0.01 per cent in 2019-20 (BE) to 0.008 per cent in 2022-23 (BE) and did not show an increase in 2023-24 (BE) either. Further, the National Mental Health Programme, which was a separate line item in budget documents earlier, has now been merged under tertiary health care, thereby lacking data disaggregation.

The allocation for the Ministry of Minority Affairs (MoMA) has declined from previous year's budget by 38 per cent. This is due to a decrease in allocation for several major schemes like Merit-Cum-Means, Pre-Matric Scheme, Free Coaching and allied schemes. There has been persistent underutilisation of approved funds due to lack of viable proposals and delays from programme implementation agencies.

Capital Outlay

In absolute terms, the size of the Union Budget in 2023-24 (BE) is projected to increase by Rs 3.16 lakh crore over the 2022-23 (RE), and by Rs 5.58 lakh crore compared to the 2022-23 (BE). A large part of this incremental outlay from the Union Budget in 2023-24 (BE), compared to 2022-23 (RE), is accounted for by the increases in capital expenditure and interest payments.

The size of the capital expenditure budget (within the overall Union Budget) is estimated to be Rs 10 lakh crore for FY 2023-24. Total capital expenditure in the Union Budget 2023-24 is projected to rise by nearly 37 per cent compared to 2022-23 (RE). As in the last couple of years, in 2023-24 (BE), the government has chosen to give a push to capital expenditure, which would boost economic activities in a number of sectors. However, this increase in capital expenditure has come at the cost of a marginal increase in total revenue expenditure even in nominal terms; the increase in the size of revenue expenditure in FY 2023-24, compared to 2022-23 (RE), is projected to be a mere 1.3 per cent.

CHAPTER 2

RESOURCE MOBILISATION

Revenue Generation

Some Important Fiscal Indicators

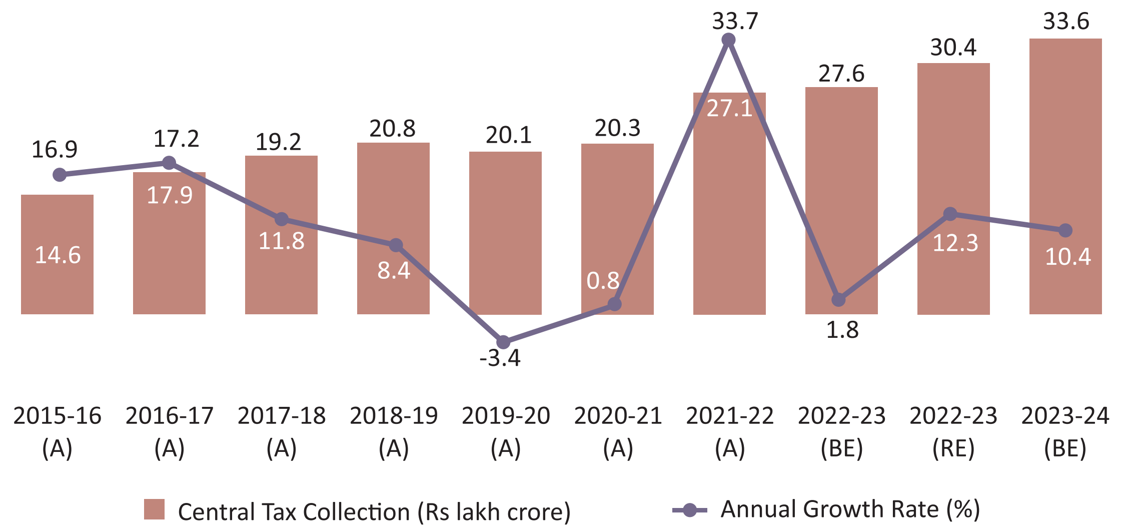
CHAPTER 2: RESOURCE MOBILISATION

The last few years have been characterised by the impact that COVID-19 has had on almost all walks of life. Economic activities slowed down partly because of the lockdowns and restrictions in mobility, and partly due to the uneven impact of the pandemic on different sectors. In 2020-21, i.e. in the first year of the pandemic, total central tax collection was almost at the same level (in absolute terms) as the year before. However, in the subsequent two years, the situation has improved.

Actual Tax Collections in 2021-22 and 2022-23 have been better than the Projections

One of the noticeable aspects in central tax collection has been the growth in the last two years. For instance, in FY 2021-22, the gross central tax collection (i.e. the total amount collected from central taxes, including the share that goes to States and UTs subsequently) increased by Rs 6.8 lakh crore or 33.7 per cent over FY 2020-21. Similarly, for 2022-23 (RE), the total tax collection has been revised upward compared to the 2022-23 (BE) by Rs 2.9 lakh crore or 10.3 per cent.

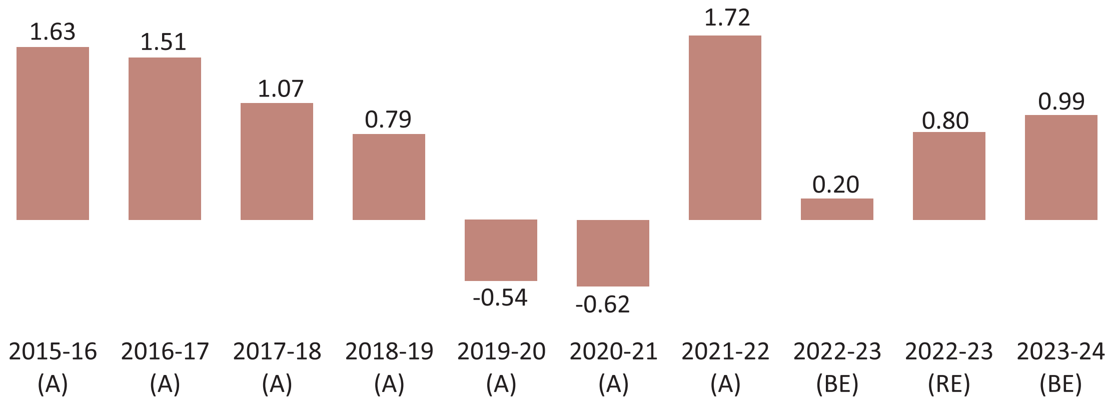
Figure 2.1: Gross Central Tax Collection and Annual Growth Rate



Source: Calculated by CBGA based on Union Budget Documents, various years.

A large part of the high growth in central tax collection in FY 2021-22 can be explained by the high growth rate of nominal GDP, which increased by 19.5 per cent over the previous year. To assess the growth rate of tax collection taking into account the growth rate of nominal GDP, a fiscal indicator called 'tax buoyancy' is usually referred to. This indicator measures the growth in tax collection for each unit growth in nominal GDP.

Figure 2.2: Buoyancy of Central Tax Collection

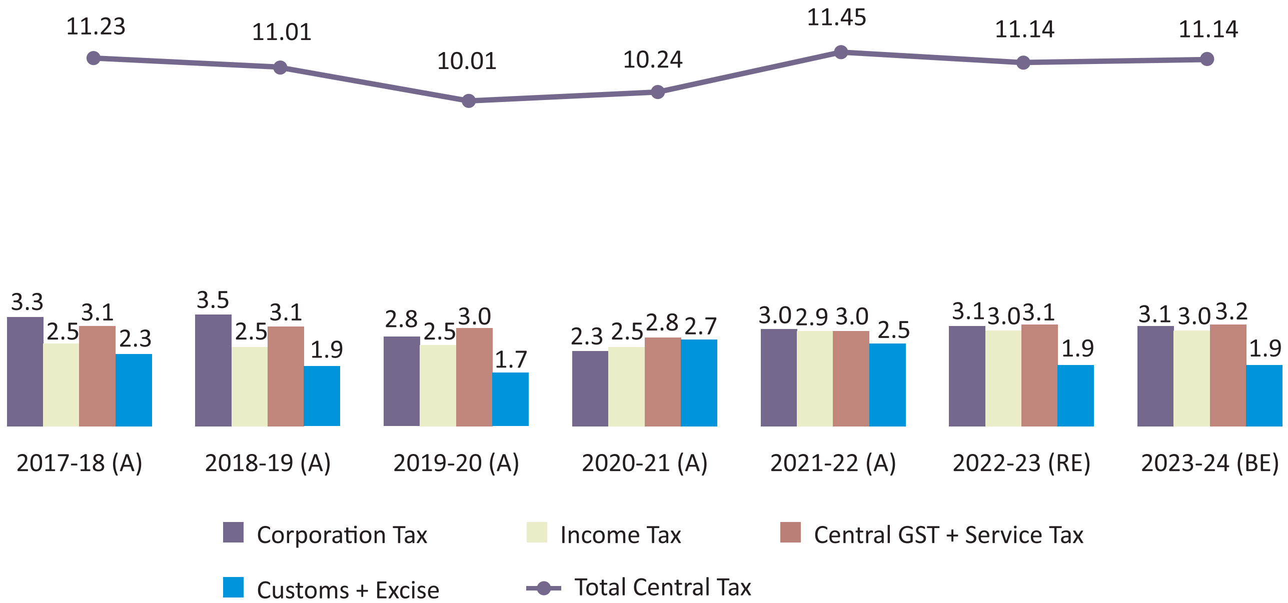


Source: Calculated by CBGA based on Union Budget Documents, various years.

Note: Negative buoyancy indicates that growth of tax collection and nominal GDP are moving in opposite directions. In 2019-20, tax collection growth was negative, while in 2020-21, nominal GDP growth was negative.

Buoyancy of central taxes in 2021-22 reached 1.72, which is the highest since 2015-16. However, this buoyancy in tax-collection has not sustained in the subsequent years and is expected to be less than one in FY 2022-23 (RE) and 2023-24 (BE). Nonetheless, this increase in tax buoyancy has contributed towards improved tax-GDP ratio.

Figure 2.3: Tax-GDP Ratio (Gross Central Taxes as % of GDP)



Source: Calculated by CBGA based on Union Budget Documents, various years.

In 2021-22, the central tax-GDP ratio increased by 1.21 percentage points to 11.45 per cent. Most of this increase came from corporation tax (0.70 percentage points) and income tax (0.48 percentage points).

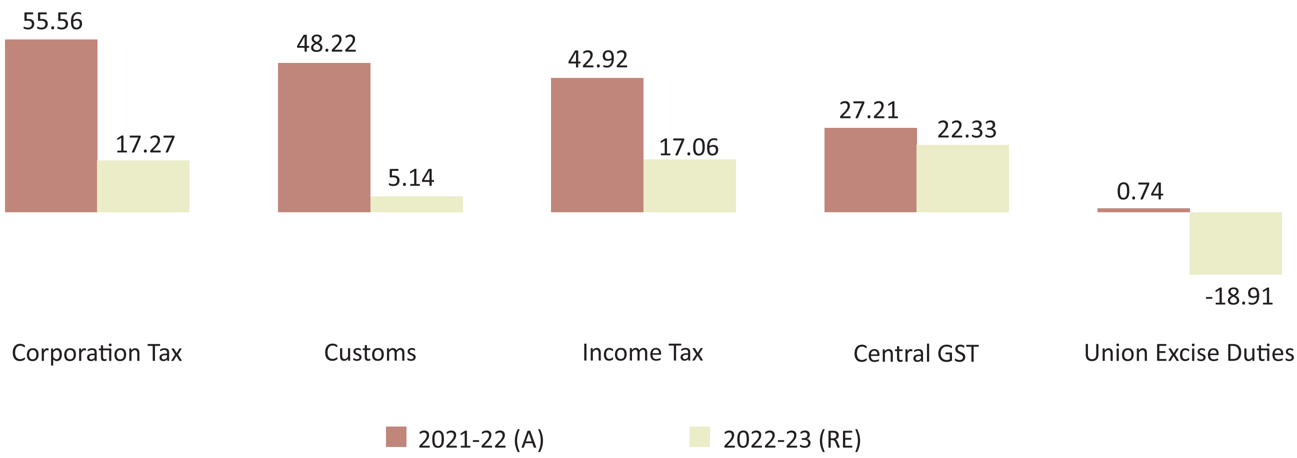
As per the actual collections in 2021-22, corporation tax, income tax and central GST contributed almost equally to central taxes, around 3 per cent of GDP. While this shows improved collection for income tax and central GST, contribution of corporation tax was higher in 2018-19. It fell after the corporate tax rates were cut in 2019-20. Trend of Union excise and custom duties have varied over time which partly reflects broad macroeconomic conditions and partly the government's decision regarding rates of customs and union excise duties.

However, the central tax to GDP ratio is expected to decline in the current fiscal on account of buoyancy being less than one.

What Explains the Performance of Tax Collection

Total central tax collection comes from five major taxes – Corporation Tax, Income Tax, Central GST, Union Excise Duties and Customs.

Figure 2.4: Annual Growth Rate of Major Central Taxes (%)



Source: Calculated by CBGA based on Union Budget Documents, various years.

In 2021-22, corporation tax, income tax and customs had a growth rate higher than 40 per cent, while central GST grew by 27 per cent. There are several reasons behind the high growth rate in 2021-22.

During 2020-21 and 2021-22, corporates in India saw profit growth rate of 75 per cent and 62 per cent respectively.[1] The main reasons behind this unprecedented growth rate are various cost cutting measures adopted by the companies in the wake of the pandemic. Also, the share of informal economy in the overall economy has been declining rapidly[2], which is resulting in companies in the formal sector gaining market share at the expense of businesses in the informal economy.

On the personal income tax front too, COVID-19 induced many structural changes in the work force. Hence, while there were overall job losses, a small segment of workers with niche skill sets saw a huge increase in their income. The year also saw a boom in the financial market which helped increase capital income.[3] The Income Tax Department is also said to be using data and technology to improve compliance, which could be another reason behind high growth in income tax collection.[4]

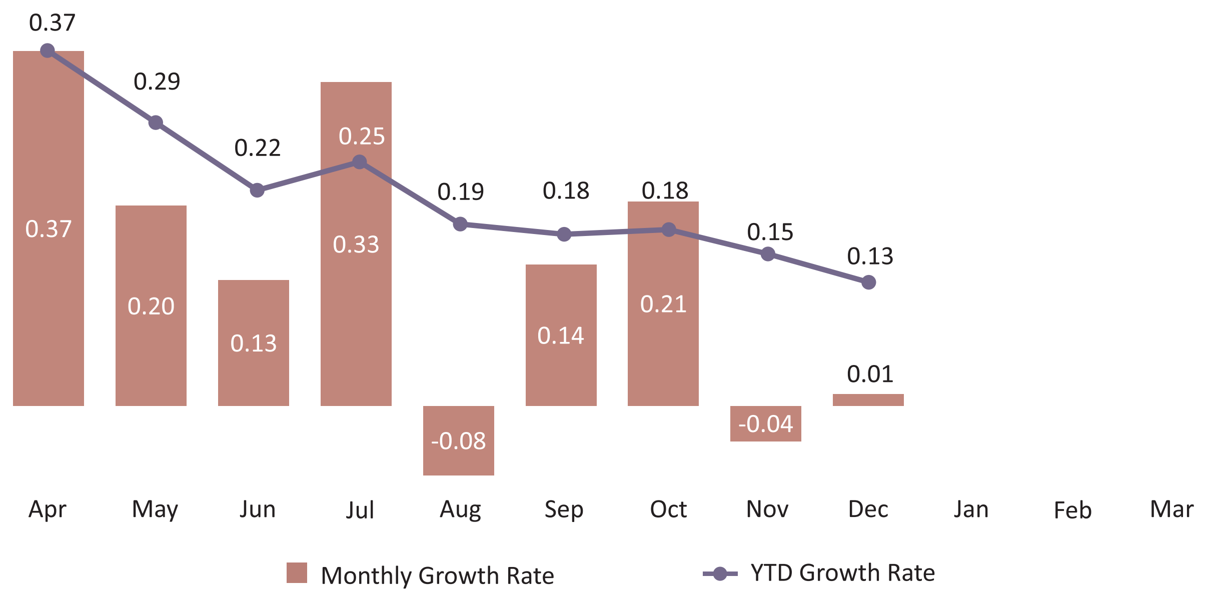
In 2021-22, India's import increased by 57 per cent year-on-year in value terms[5] which resulted in a 48 per cent increase in customs duty collection. Increase in GST collection is on account of economic recovery particularly in the formal sector, higher consumption, inflation and improved compliance.[6]

In 2022-23 too, corporation tax, income tax and central GST are estimated to grow at over 17 per cent each. The reason behind fall in Union excise duties collection is the cut in the excise duty on fuel in May 2022 when international petroleum prices had increased.

How Credible are Projections for 2022-23 (RE) and 2023-24 (BE)

In 2020-21 and 2021-22, revised estimate numbers were underestimated to the extent that the actual collections turned out to be higher than RE by Rs 1.9 and 1.2 lakh crore respectively. In 2022-23 (RE), tax collection is estimated to be Rs 30.4 lakh crore, which implies an annual growth rate of 13 per cent.

Figure 2.5: Annual Growth Rate of Central Tax Collection in FY 2022-23 (%)



Source: Controller General of Accounts (CGA), GoI

Note: YTD – Year Till Date, refers to the growth rate of cumulative tax collection.

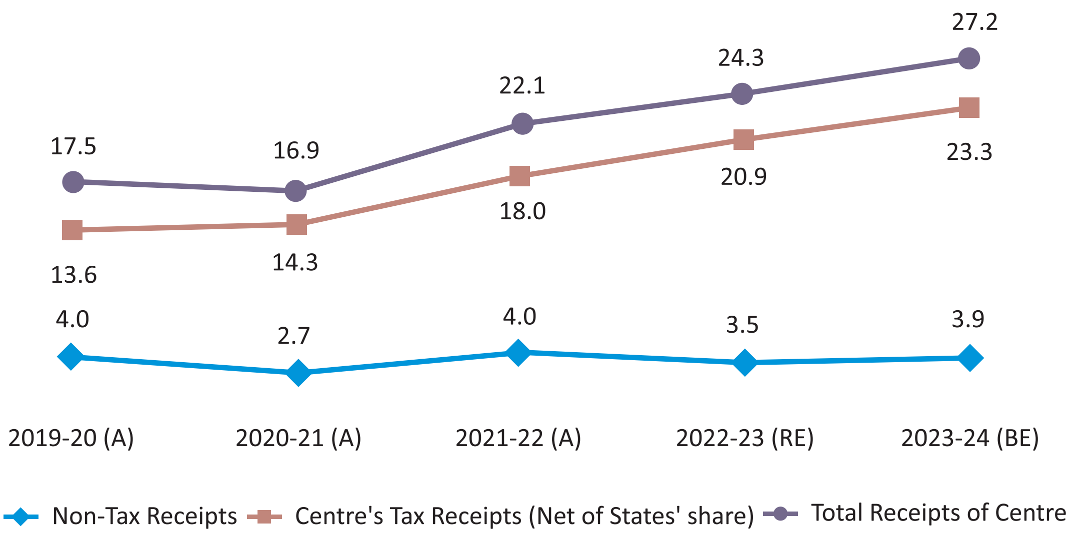
The Controller General of Accounts (CGA), publishes monthly tax collection data which is available till December 2022. According to this data, the annual growth rate in tax collection till December 2022 is 13 per cent, same as estimated in the budget. However, the YTD growth rate shows a declining trend, and in November and December 2022, tax collection has shown growth of -0.04 and 0.01 per cent, respectively. If the trend of the last two months continues, there is a possibility that 2022-23 (RE) numbers might not be met.

The annual growth of central tax collection projected for FY 2023-24 is 10.44 per cent over the 2022-23 (RE). If the nominal GDP growth, which is estimated at 10.5 per cent for FY 2023-24 is achieved, then the projected tax collection is also likely to be achieved.

How are Non-Tax Revenues Performing

The Union Government shares a part of its tax receipts with the State Governments. The remaining tax amount (net of tax paid to states) is used by the Union Government. Though, apart from taxes, the Union government also gets revenue from other non-tax sources excluding borrowing.

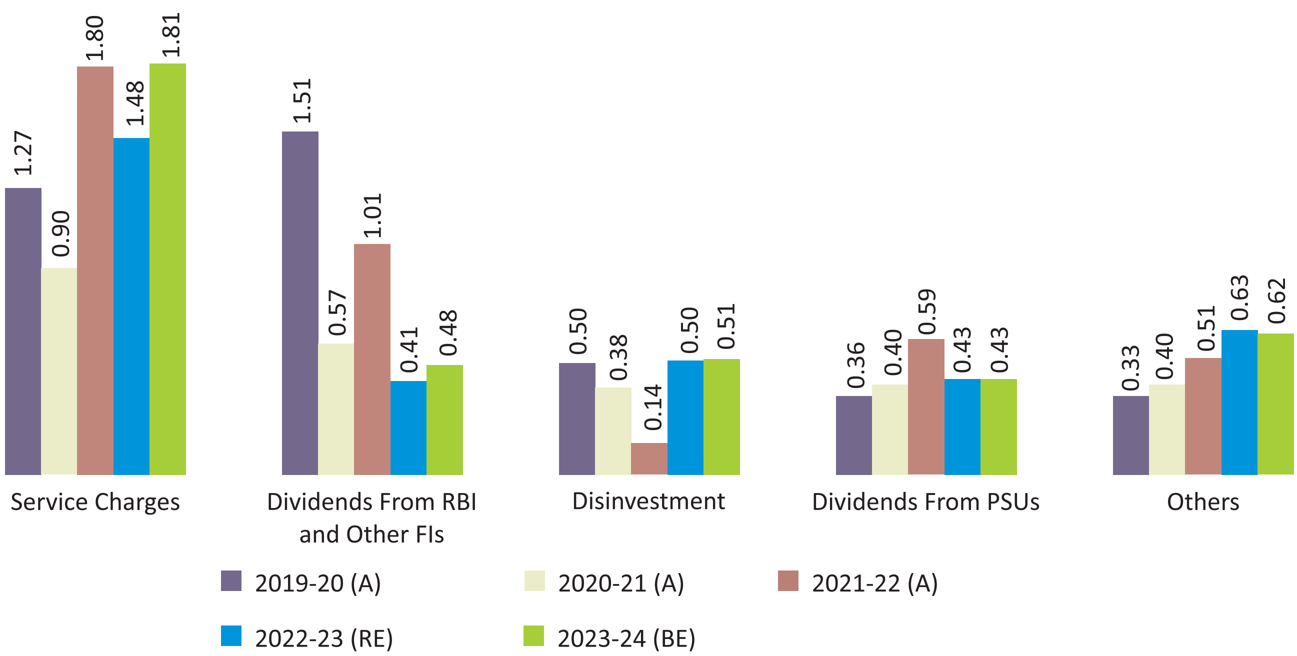
Figure 2.6: Trend of Centre's Tax and Non-Tax Collection (Rs lakh crore)



Source: Calculated by CBGA based on Union Budget Documents, various years.
Notes: 1. Tax Receipts indicates Centre's share net of payment to States
2. Non-Tax receipts doesn't include borrowing

Starting 2019-20, the Centre's tax receipts net of States' share has seen an annual compound growth rate of 14.5 per cent. In the same period, non-tax receipts excluding borrowing have seen an annual decline of 0.6 per cent. The decline largely happened in 2020-21 when the first wave of COVID-19 hit the country. Though, there was a slight improvement the following year; still, the non-tax receipts are estimated to be lower in 2023-14 (BE) than they were four years ago.

Figure 2.7: Major Components of Non-Tax Receipts (Rs lakh crore)



Source: Calculated by CBGA based on Union Budget Documents, various years.

Main non-tax receipts are user charges in lieu of services provided by the Government, dividends from Reserve Bank of India (RBI) and other Public Sector Enterprises (PSEs), interest receipts, recovery of loans, disinvestment, grants-in-aids, and so on. Of these sources, user charges, dividends from RBI, disinvestment and dividends from PSUs contributed about 86 per cent of non-tax receipts in the last four years. Service charges made the largest contribution (40.4 per cent), followed by dividends from RBI (22.2 per cent), dividends from PSUs (12.3 per cent) and disinvestment (11.3 per cent).

Of these four sources, dividends from RBI have declined by over Rs one lakh crore in this period, while dividends from PSUs have stagnated. Both these sources are more dependent on economic conditions and hence outside the control of the Government.

Service charges include items like administrative services, petroleum, telecom, transport, etc. While the Government does have some power to determine the unit cost of charges, the overall collection is also affected by macroeconomic conditions.

Out of the four sources mentioned earlier, disinvestment is the one over which the Government has the highest control. But the actual collections of disinvestment have consistently fallen short of the budget estimates. In 2020-21, the Government was able to collect only 18 per cent of the budget estimates; while in 2021-22, only 8 per cent of BE was collected. Owing to this very low level of actual collection, in 2022-23 (RE) and 2023-24 (BE), the estimates have been lowered to Rs 50,000 crore and Rs 51,000 crore, respectively. Given the performance in the last two years, it remains to be seen how much of this target is achieved.

Changes in the Personal Income Tax

One of the bigger changes in tax policy in this Budget has been with regard to personal income tax. Since, FY 2020-21, a new tax structure was made available to individuals in which tax rates are relatively lower but exemptions were not applicable. In the current budget, the new tax regime saw the following changes:

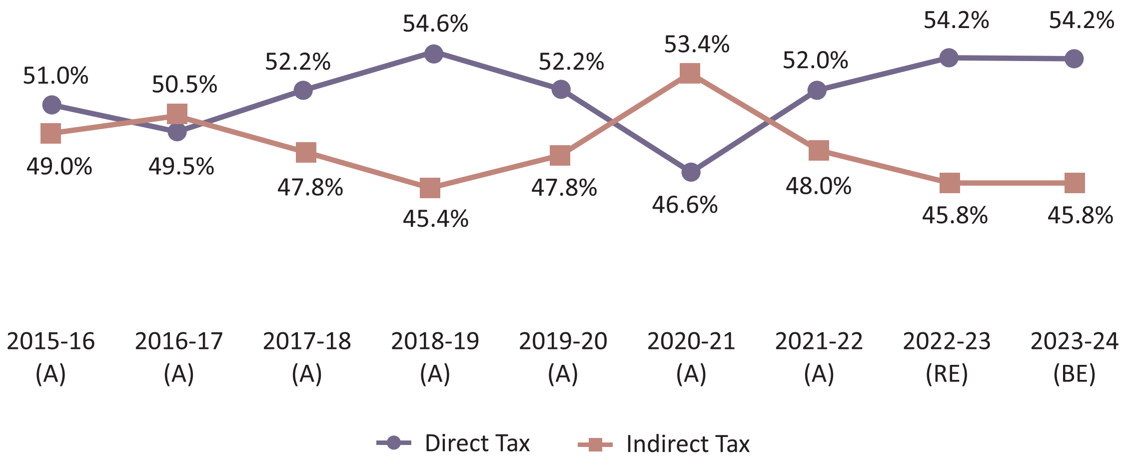
- Threshold taxable income has been increased from Rs 2.50 lakh to Rs 3 lakh
- Full rebate has been provided on tax payable on income below Rs 7 lakh, essentially meaning no tax payable for income below Rs 7 lakh.
- Tax slabs have been revamped
- Standard deduction up to Rs 50 thousand has been provided for salary or pension income
- Surcharge on income above Rs 5 crore has been reduced from 37 per cent to 25 per cent. This will bring down the highest effective marginal tax rate on personal income from 42.7 per cent to 39 per cent.

Threshold taxable income was last increased from Rs 2 lakh to Rs 2.5 lakh in FY 2014-15. Given the increase in inflation since then, there have been demands to revamp the tax slabs. These changes will mostly increase the after-tax income for people with income below Rs 15 lakh as well as those with income above Rs 5 crore. However, these concessions will also cost the exchequer around Rs 35,000 crore.

Some improvement in the progressivity of the Central Tax System

Taxes are not only a source for revenue generation, but they are also a tool to redistribute wealth/income which is done through progressive higher marginal tax rates. Larger share of tax collection coming from direct taxes is considered to be progressive.

Figure 2.8: Contribution of Direct and Indirect Taxes in Central Taxes



Source: Calculated by CBGA based on Union Budget Documents, various years.

In 2020-21, due to fall in both corporation tax and income tax and increase in the collection through the Union excise duties on account of increased excise duty on petroleum products, more taxes were coming from indirect taxes than direct taxes. The progressivity of central taxes has improved in last three years as direct taxes have seen higher growth rates.

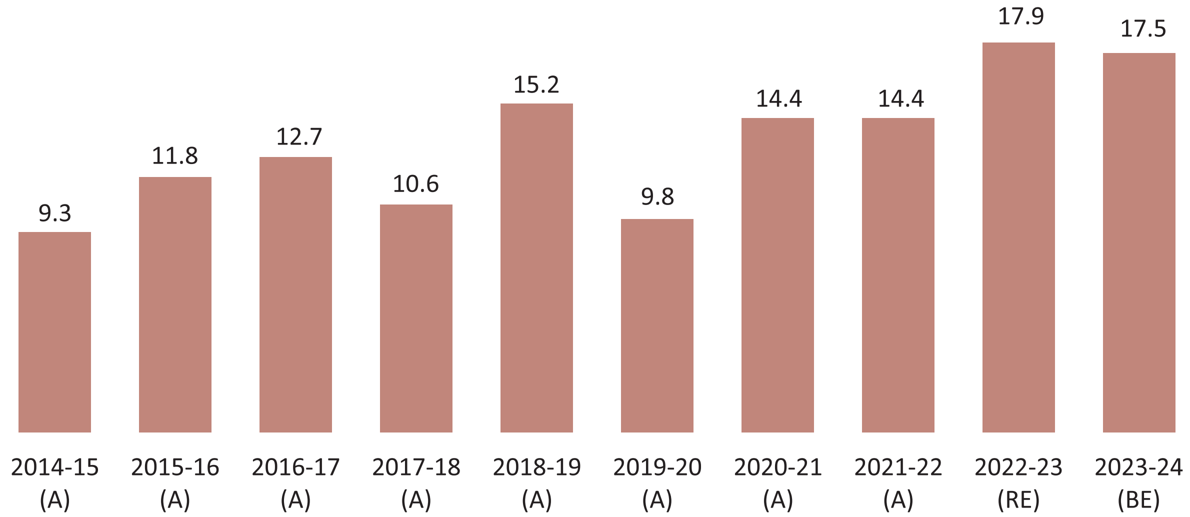
It should be mentioned that the above figure only depicts central tax collection. States also collect taxes amounting to around one-third of total tax collection in the country, almost all of which comes from indirect taxes.

Impact of the Union Budget on States' Finances

Given the vertical imbalance between the Union and the State Governments in terms of resources and responsibilities, the Indian Constitution envisaged a system under which tax collection raised by the Union Government is to be shared with the States based on the recommendations of finance commissions. However, the Constitution also allowed the Union government to impose cesses and surcharges to meet resource needs for any specific purposes. Collection raised through cesses and surcharges are not to be shared with State Government, and were also to be for a limited period only.

However, in the last decade, cesses and surcharges have become a more permanent feature and the scale has seen a continuous increase.

Figure 2.9: Increasing Share of Non-Shareable Tax Collection (%)



Source: Calculated by CBGA based on Union Budget Documents, various years.

Note: GST cess is not included in above figure, as it is meant for the specific purpose of sharing with States.

After dipping in 2019-20, the share of tax collection that is not to be shared with States has been increasing. This increase is on account of the policy changes that the Union Government has brought, such as introduction of Special Additional Duty of Excise on Motor Spirit, and Road and Infrastructure Cess in 2020-21, and of Agriculture Infrastructure and Development Cess in 2021-22. Because of these changes, in FY 2022-23 and FY 2023-24, more than 17 per cent of central tax collection will be outside the divisible pool, and hence States will not be able to get the full benefit of high growth of central tax collections.

In the recent years, many States have faced fiscal strain which got acute during the pandemic when a fall in resources was accompanied with the need for higher spending. Because of these dual shocks, the combined fiscal deficit of all States jumped from Rs 5.25 lakh crore or 2.6 per cent of GDP in 2019-20 to Rs 8.05 lakh crore or 4.1 per cent of GDP in 2020-21.[7]

One of the reasons for increased fiscal strain in many has been lower-than-expected growth rate of GST collections in many States. When GST was introduced, States were guaranteed 14 per cent annual growth rate for which a GST compensation cess was levied. However, in 2019-20 and 2020-21, even the combined collection from GST and GST compensation cess fell short of the 14 per cent growth target by Rs 70,000 crore and Rs 83,000 crore, respectively.[8]

According to an RBI study[9], there are six States for which GST compensation exceeds 10 per cent of the State's tax revenue. According to another study[10] which focuses only on 17 States, in 2021-22 (RE), GST compensation contributed more than 20 per cent of tax revenues in seven States. In July 2022, the period for GST compensation cess ended and now States have to manage themselves without getting any compensation from the Centre.

When GST was implemented, State Governments had to surrender close to 52 per cent of their taxing rights towards GST, while the Union Government had to surrender only about 29 per cent.[11] This means that the State Governments have less room now to generate additional resources on their own and have a higher dependency on GST and other transfers from the Union Government.

Higher-than-expected tax collection in the last two years have increased the shareable tax fund. Also, in 2022-23 and 2023-24, the Union government has announced an interest free loan of Rs 1 lakh crore for 50 years for capital expenditure. While these two announcements will provide some fiscal space to the State Governments in the immediate term, there is a need for the State Governments to be able to have more regular and reliable sources of receipts.

Tax Policy to Incentivise Domestic Manufacturing

Since the economic liberalisation in 1991, the broader trend has been to facilitate trade by reducing trade barriers including customs duties. The hope was that this would lead to India becoming a part of the global supply chain and hence increase domestic manufacturing, which did not turn out to be true. In 2018-19, the Union Government reversed that trend and increased customs duties on a number of items to incentivise domestic manufacturing by import-substitution.

This use of tax policy to incentivise domestic manufacturing has continued.[12] In the current budget, many changes have been made in customs duty structure which are aimed at increasing the rates on finished goods while reducing the rates on inputs or unfinished goods. These changes are expected to dissuade import, and incentivise domestic manufacturing.

Need for More Transparency on the Production Linked Incentive Scheme

In 2020, the Union Government announced the launch of the Production Linked Incentive (PLI) scheme[13] under which manufacturing of goods in the electronics sector are to receive financial incentive to the tune of 4-6 per cent of sale value. The initial outlay for this scheme was Rs 40,000 crore spread over five years.

Over time the scheme has been expanded to 13 sectors[14] and the allocation has been increased to Rs 2.7 lakh crore spread over multiple years.[15] In September 2022, the cabinet approved the first payment to a manufacturing company under the scheme.[16]

Global literature[17] suggests that use of incentives or subsidies to promote foreign investment has its pitfalls and hence need to be designed in a manner which ensures creation of a production eco-system. Otherwise, incentives or subsidies are prone to be abused such that companies engage in manufacturing as long as the incentive exists and then shift the process, once incentives end.

Given the large scale of resources involved, the Government should increase transparency in the scheme. One way to do so would be to publish a statement similar to output/outcome document which will provide the details of fund allocation, fund disbursed, amount of goods manufactured, value added, level of export, employment generated, and so on. Such a disclosure will not only help citizens to know the details, but will also allow comprehensive evaluation of such a policy, which can help in assessing the efficiency and effectiveness as well as improve the outcomes of incentives given to manufactures.

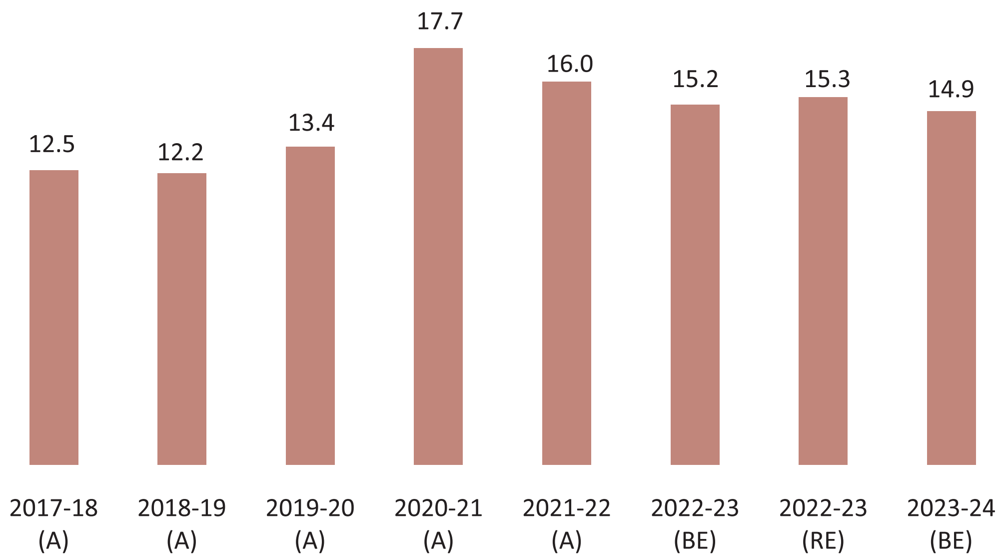
Important Fiscal Indicators

Trends in Union Government Expenditure

The projected tax revenue for financial year 2023-24 is Rs 23.31 lakh crore (tax revenue net to the centre), which is 11.7 per cent higher than the tax revenue of Rs 20.87 lakh crore being mobilised in 2022-23 (RE). However, despite this visible growth in the centre's tax revenue, the overall size of the Union Government's expenditure as a proportion of the country's GDP records a small decline in the projections for 2023-24 as compared to the present financial year. As Figure 2.10 shows, the size of Union Budget as a proportion of GDP was less than 14 per cent during the three financial years preceding the pandemic. With the onset of the COVID-19 pandemic, however, the magnitude of the Union Budget as a proportion of the country's GDP went up significantly, reaching 17.7 per cent in 2020-21 (A) and remaining at 16 per cent in 2021-22 (A).

We may note here that the sharp increase in the size of the Union Budget as a proportion of the GDP during the pandemic years was largely due to the clearing of outstanding dues (relating to food and fertiliser subsidy), a relatively large amount of erstwhile 'off-budget' expenditure being reported as part of the Union Government's expenditure (for improving fiscal transparency of the government), and the slowdown in GDP growth in those years. The overall magnitude of the Union Budget as compared to the GDP has shown a decline over the last two Union Budgets; it is estimated at 14.9 per cent in 2023-24 (BE).

Figure 2.10: The Union Budget as a Proportion of GDP (%)



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

In absolute terms, the size of the Union Budget in 2023-24 (BE) is projected to increase by Rs 3.16 lakh crore from the 2022-23 (RE), and by Rs 5.6 lakh crore compared to the 2022-23 (BE). A large part of this incremental outlay from the Union Budget in 2023-24 (BE), compared to 2022-23 (RE), is accounted for by the increases in capital expenditure and interest payments.

The size of the capital expenditure budget (within the overall Union Budget) is estimated to be Rs 10 lakh crore for FY 2023-24. Total capital expenditure in the Union Budget 2023-24 is projected to rise by nearly 37 per cent compared to 2022-23 (RE). As in the last couple of years, in 2023-24 (BE), the government has chosen to give a push to capital expenditure, which would boost economic activities in a number of sectors. However, this increase in capital expenditure has come at the cost of a marginal increase in total revenue expenditure even in nominal terms; the increase in the size of revenue expenditure in FY 2023-24, compared to 2022-23 (RE), is projected to be a mere 1.3 per cent (Table 2.1).

Table 2.1: Capital Expenditure as a Proportion of the Total Union Budget and GDP (%)

Year	Capital Expenditure (Rs crore)	As a Share of Total Budget (%)	As a Share of GDP (%)
2019-20 (A)	3,35,726	12.50	1.64
2020-21 (A)	4,26,317	12.15	2.15
2021-22 (A)	5,92,874	15.63	4.02
2022-23 (BE)	7,50,246	19.02	2.91
2022-23 (RE)	7,28,274	17.39	2.67
2023-24 (BE)	10,00,961	22.23	3.32

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

Pruning the Fiscal Deficit

The fiscal deficit target for FY 2023-24 is projected at 5.9 per cent of GDP, down from 6.4 per cent and 6.7 per cent in 2022-23 (RE) and 2021-22 (A), respectively. The Union Government is clearly looking to follow a fiscal consolidation path in line with its commitment to reduce the fiscal deficit target below 4.5 per cent of GDP by FY 2025-26.

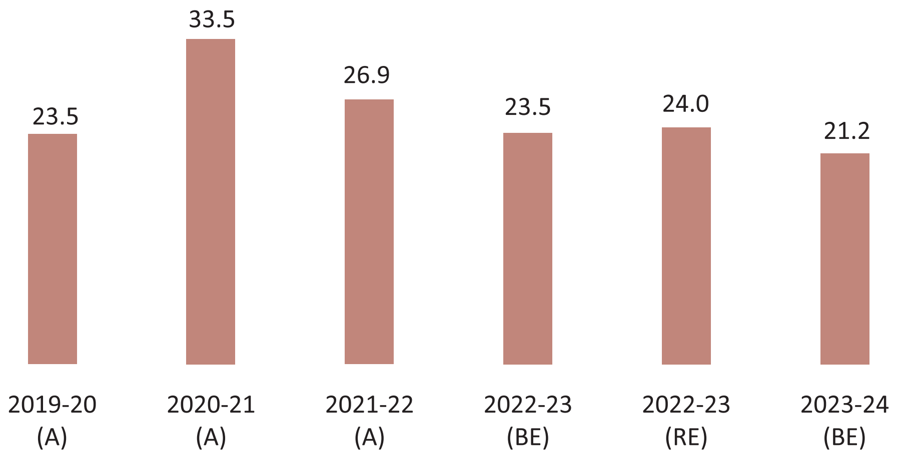
Table 2.2: Trends in Revenue Deficit and Fiscal Deficit (Rs lakh crore)

Items	2019-20 (A)	2020-21 (A)	2021-22 (A)	2022-23 (BE)	2022-23 (RE)	2023-24 (BE)
Revenue Deficit	6.67 (3.3)	14.50 (7.3)	10.31 (4.4)	9.90 (3.8)	11.11 (4.1)	8.70 (2.9)
Fiscal Deficit	9.34 (4.6)	18.18 (9.2)	15.85 (6.7)	16.61 (6.4)	17.55 (6.4)	17.87 (5.9)

Source: Compiled by CBGA from Budget At A Glance, GoI, various years.
Note: Figures in parenthesis are as a percentage of GDP.

The surge in the overall tax collections in the most recent years seems to have been taken as a strong indicator of the post-pandemic revival of Indian economy, and, therefore, the Union Budget for 2023-24 has not incorporated additional fiscal stimulus through revenue expenditure. The fiscal consolidation, reflected in the reduced size of the Fiscal Deficit as a proportion of the GDP (Table 2.2), has come at the cost of mostly stagnant or reduced magnitudes of budgetary outlays for most social sector ministries. Figure 2.11 presents the combined budgetary priority for 16 Union ministries, which can broadly be referred to as the social sector ministries. The combined priority for this group of 16 ministries had risen sharply to 33.5 per cent of the total Union Budget in 2020-21 (A), mainly due to the policy response of the government to the pandemic that included higher spending on food subsidy, rural employment guarantee, and health, among a few other sectors. This combined priority for the select ministries has declined in the three subsequent Union Budgets, reaching 21.2 per cent in 2023-24 (BE).

Figure 2.11: Combined Share of 16 Social Sector Ministries* in the Union Budget (%)



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

Note: *Ministries of Culture; *Jal Shakti*; Health and Family Welfare (including AYUSH); Education; 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); and Fisheries, Animal Husbandry and Dairying.

Compared to the 2022-23 (RE) figures, the projected Union Budget outlays in 2023-24 (BE) for both food and fertiliser subsidy are visibly reduced (Table 2.3). As per the latest data reported on the NITI *Aayog* dashboard, India's performance is poor on the Zero Hunger SDG goal. In this context, the continuation of free food grain supply to all *Antyodaya* and priority households under the PM *Garib Kalyan Anna Yojana* (PMGKAY) for another year is worth mentioning here. However, the cuts in food, fertiliser and petroleum subsidies in the outlays projected for 2023-24 are going to invite criticism from several quarters.

Table 2.3: Important Subsidies in the Union Budget (Rs crore)

Item	2020-21 (A)	2021-22 (A)	2022-23 (BE)	2022-23 (RE)	2023-24 (BE)
Food subsidy	5,41,330	2,88,969	2,06,831	2,87,194	1,97,350
Fertiliser subsidy	1,27,922	1,53,758	1,05,222	2,25,220	1,75,100
Petroleum subsidy	38,455	3,423	5,813	9,171	2,257
Other subsidies	50,459	57,758	37,773	40,495	28,377
Total Subsidy	7,58,166	5,03,907	3,55,639	5,62,080	4,03,084

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

Resource Transfers to States and UTs

Table 2.4 presents the figures for the major channels of transfer of fiscal resources from the Union to the States and UTs. It should be noted here that the "States' Share in Central Taxes", as recommended by the Finance Commission, is set aside (from the gross revenue collected from central taxes) before the Union Government's receipts are summed up to finance the Union Budget. Hence, the different channels depicted in Table 2.4 include both – fiscal resources transferred to States and UTs from within the Union Budget and those transferred to States and UTs outside the Union Budget. The combined amount registers an increase from Rs 18.5 lakh crore in 2022-23 (RE) to Rs 20.1 lakh crore in 2023-24 (BE). However, following the discontinuation of the GST Compensation amount that Union Government provided to States during the first five years of adoption of GST, several State Governments are likely to face a crunch in their fiscal health.

Table 2.4: Resource Transfers to States & UTs (Rs lakh crore)

	2017-18 (A)	2018-19 (A)	2019-20 (A)	2020-21 (A)	2021-22 (A)	2022-23 (BE)	2022-23 (RE)	2023-24 (BE)
A. States' Share in Central Taxes	6.73	7.61	6.51	5.95	8.98	8.17	9.48	10.21
B. Other Transfers (1+2+3)	4.58	4.78	6.32	7.60	8.80	9.39	9.04	9.89
1. Finance Commission Transfers	0.92	0.94	1.24	1.84	2.07	1.92	1.73	1.65
2. Centrally Sponsored Schemes	2.85	2.96	3.10	3.84	4.54	4.43	4.52	4.76
3. Other Transfers	0.81	0.88	1.99	1.92	2.18	3.04	2.79	3.48
C. Total Transfers (Including States' Share in Central Taxes) (A+B)	11.31	12.39	12.83	13.55	17.78	17.55	18.53	20.11

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

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CHAPTER 3

SOCIAL SECTORS

Education

Health

Nutrition

Water and Sanitation

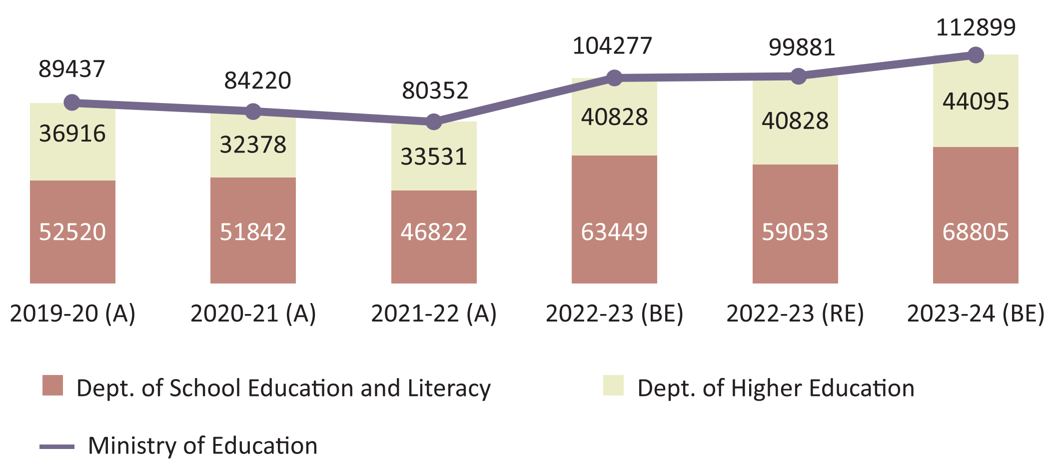
CHAPTER 3: SOCIAL SECTORS

Education

The Budget speech emphasised seven priorities that guide the Union Budget 2023-24. Among the priorities listed, 'inclusive development', 'reaching the last mile', 'infrastructure and investment', and 'unleashing the potential and youth power' are directly relevant for the education sector. An inclusive development using youth power needs meaningful planning and investment in the education sector given the prevailing socio-economic conditions in the country.

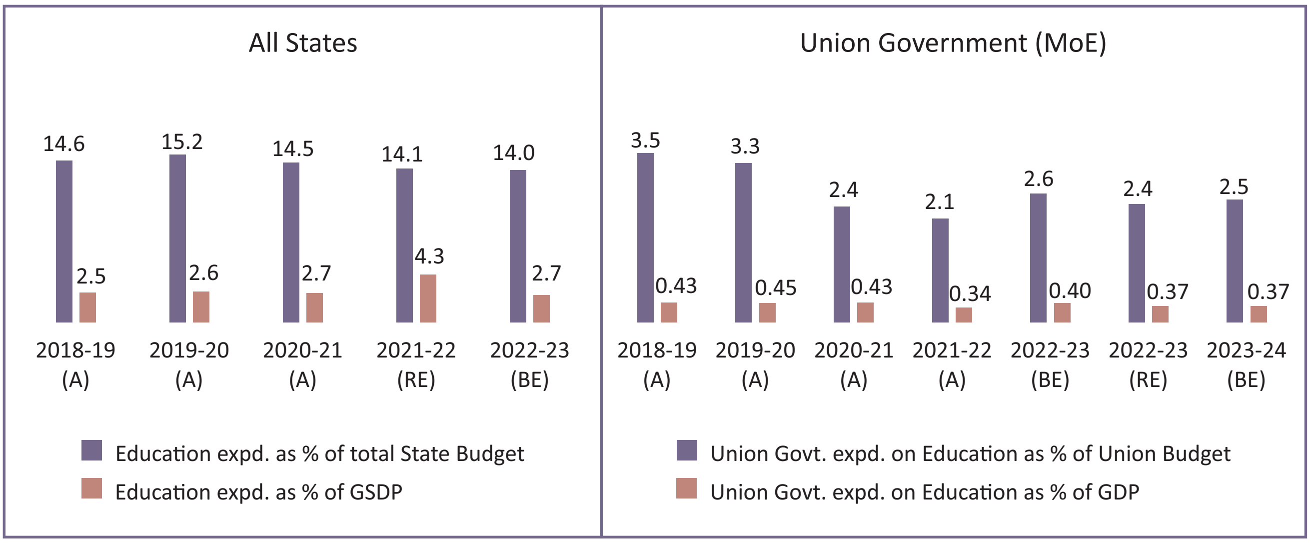
The Indian school education system comprises 15 lakh schools, 26.5 crore students and 95 lakh teachers. At the higher education level, there are around 43,796 colleges, 1,113 universities and 11,296 stand-alone institutions, 15.5 lakh faculty members and 4.14 crore students. To serve this vast education sector, in 2023-24 (BE), the Ministry of Education (MoE) has been allocated Rs 1,12,899 crore, of which 61 per cent is for the Department of School Education and Literacy (DSEL) and 39 per cent for Department of Higher Education (DoHE) (See Figure 3.1). While both departments have witnessed an increase in allocation from 2022-23 (BE) by eight per cent, the overall share of education in the total Union Budget has witnessed a decline in comparison to pre-COVID years. While the demand for six per cent of GDP as total public spending on education (Centre and States combined) is reiterated in every policy document including National Education Policy (NEP) 2020, MoE's contribution is equivalent to 0.37 per cent of GDP. CBGA's analysis of sectoral budget aggregating education expenditure for all 28 states as share of country's GDP[1], though, shows a positive trend (See Figure 3.2), but the overall public spending is far behind the resource commitment.

Figure 3.1: Union Government Spending on Education (Rs Crore)



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

Figure 3.2: Trends in Education Spending by States and Union Government (in %)



Source: Compiled by CBGA from Open Budgets India and Union Budget Documents, various years.

Note: Education budget for states includes expenditure incurred by all such departments including Dept. of Education, which spend on education services and interventions; Education budget for Union Government, however, is expenditure incurred by MoE only.

Education Budget Prioritises 'Model Schools'

The increase in the allocation of DSEL budget from 2022-23 (BE) is largely on account of increased allocation towards *Pradhan Mantri* Schools for Rising India (PM SHRI) schools, *Kendriya Vidyalaya* and *Navodaya Vidyalaya*. While *Kendriya Vidyalaya* and *Navodaya Vidyalaya* are already considered as 'model schools' of Union Government, PM SHRI schools are new in this league. The scheme was launched in 2022 as 'exemplar school' to showcase the implementation of the NEP (2020). In 2022-23 Union Budget, an allocation of Rs 1,800 crore was proposed to prepare 14,500 schools as 'Exemplar school'. The scheme has been renamed and reintroduced as PM SHRI. The scheme aims to create an inclusive learning environment by strengthening the existing schools from amongst schools managed by the Central Government/State/UT Government/local bodies. The Union Government will support the scheme for five years (2022-23 to 2026-27), after which it will be the responsibility of the States. The total cost of the project will be Rs 27,360 crore spread over a period of 5 years which includes central share of Rs 18,128 crore. In line with the commitment, Rs 4,000 crore has been allocated for PM SHRI in 2023-24 (BE). While around 26 per cent of the school education budget has been allocated for these three types of model schools, they cater to only around 20 lakh students. Likewise the larger share of increased budget of DoHE has been allocated for 23 Indian Institutes of Technology (IITs). The other crucial announcement for school education was strengthening 740 *Eklavya* Model Residential Schools (EMRS) through recruitment of 38,800 teachers and support staff in the next three years. The aim is to build these 'model schools' for tribal children at par with *Navodaya Vidyalaya* (See Table 3.1).

Table 3.1: Budgetary Allocation for Select Schemes/Institutes (Rs crore)

Schemes/Institutes	2019-20 (A)	2020-21 (A)	2021-22 (A)	2022-23 (BE)	2022-23 (RE)	2023-24 (BE)
Samagra Shiksha Abhiyan	32377	27835	25061	37383	32152	37453
Mid-Day Meal*	9699	12878	10231	10234	12800	11600
Kendriya Vidyalaya Sangathan	6331	6436	6800	7650	7512	8364
Navodaya Vidyalaya Samiti	3388	3479	3740	4115	4920	5487
Eklavya Model Residential School	16	1200	1058	2000	2000	5943
Rashtriya Uchchatara Shiksha Abhiyan	1278	165	242	2043	361	1500
World Class Institutions	224		1046	1700	1200	1500
Indian Institutes of Technology	6596	6455	7852	8195	8895	9362
Indian Institutes of Management	481	465	651	654	608	300
University Grants Commission	4436	3809	4613	4901	5131	5360

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

Note: *Mid-Day Meal scheme revamped to *Pradhan Mantri Poshan Shakti Nirman* (PM POSHAN) in 2022-23

However, the larger segment of Indian children and youth go to government-run schools, colleges and universities, most of which are functioning below optimal level in terms of infrastructure, human resources and financial resources. A recent study[2] by UNICEF on government spending from pre-primary through tertiary education in 102 countries reveals that governments are not investing enough in children who need education support the most. Thus, it is important to see how the education budget 2023-24 has addressed core education delivery.

Building on Foundational Skills and Provisioning of Quality School Education: Budgetary Responses

A recent report[3] by the National Council of Education Research & Training (NCERT) shows that the enrolment at primary level started decreasing from 2011 and may decrease by over 14 per cent till 2025 with the enrolment of girls and boys expected to decline by 15 per cent and 13 per cent, respectively. A decline at secondary level was also observed from 2020 and it could further decline by 16 per cent in 2025. While the report attributed this dip in enrolment to a fall in growth rate of India's child population, according to the Unified District Information System for Education Plus[4] (UDISE+) statistics, the enrolment in school education is 26.5 crore in 2021-22, highest ever in the last ten years. The key concern is now quality of learning, and the learning loss incurred by the students during the pandemic. According to the National Achievement Survey (NAS) 2021[5], there has been a progressive decline in the learning outcomes of students across all grades in almost all the subjects. Annual Status of Education Report Rural (ASER) 2022 report[6] shows that children's basic reading ability has dipped sharply to pre-2012 levels. The percentage of children in Class 3 in government or private schools who can read at Class 2 level is down from 27.3 per cent in 2018 to 20.5 per cent in 2022. How children cope with these looming challenges, will depend a lot on their access to, and participation in quality learning offered by India's school education system.

NEP (2020) envisages universal access to quality education from pre-primary to higher secondary by 2030. Towards this journey, Foundational Literacy and Numeracy (FLN) are critical for improving learning. The NEP (2020) correctly states that “The rest of this Policy will become relevant for our students only if this most basic learning requirement is first achieved”. Towards this direction, in 2021, a dedicated mission, National Initiative for Proficiency in Reading with Understanding and Numeracy (NIPUN) *Bharat*[7] was launched under *Samagra*

Shiksha Abhiyan (SmSA) for ensuring that every child in the country necessarily attains FLN by Grade 3 by 2026-27. Ensuring FLN is also one of the priority areas highlighted by the government in the upcoming G20 Summit 2023, for which India holds the presidency.

To attain the target of NIPUN *Bharat* within the stipulated time and strengthen an inclusive and equitable school education system, there is a need for adequate investment on three pillars of school education – setting up basic infrastructure, recruitment and training of professionally qualified teachers and monitoring of implementation.

At present, only 30 per cent primary schools have pre-primary sections and only 23 per cent schools have *Anganwadi* centres in the school campus (UDISE+, 2021-22). Between 2019-20 and 2021-22, the number of schools declined by 20,000 and the number of teachers teaching at pre-primary level declined by around 7,000. As per the SmSA Project Approval Board (PAB) meeting minutes for 2022[8], in 15 states, there is already vacancy of around 5.6 lakh teachers at the elementary level (I-VIII), of which Bihar and Uttar Pradesh alone have 3 lakh vacant posts[9].

While recruitment of teachers is the need of the hour, teacher education programmes, especially for Early Childhood Education (ECE) and FLN and continuous in-service professional development are equally crucial components for quality education. Acknowledging the importance of teachers' training, the budget speech also highlighted the need for 're-envisioned training through innovative pedagogy, curriculum transaction, continuous professional development, dipstick surveys, and Information and Communication Technology (ICT) implementation' and revamping of District Institutes of Education and Training (DIET)[10] as 'institutes of excellence'.

In phase II of SmSA, some changes were made in the financial norms for teachers' training. As per the new norm the in-service teachers' training would be conducted for a maximum 10 days in a blended mode; at least 5 days of which will be online, at up to Rs 500/- per teacher per day (amount will depend upon the extent of online and offline components). The new guideline also suggests that preferable online to offline ratio of training should be 50:50 and eventually all trainings to be 100 per cent online. While, the proposal for a complete shift to online teachers' training is debatable, the SmSA PAB minutes for 2022-23 shows that the states demanded resources for physical in-service training, they have been approved a unit cost for the in-service teacher's training through the online National Initiative for School Heads' and Teachers' Holistic Advancement (NISHTHA) portal.

The third pillar to ensure quality education is effective monitoring of scheme implementation. Block Resource Centres (BRCs) and Cluster Resource Centres (CRCs) have a significant role in ensuring the implementation of NEP (2020). The responsibility of BRCs and CRCs include training and on-site support to schools and teachers, regular academic inspection visits to school, and monitoring the progress of FLN in school. While the revised SmSA guidelines and NIPUN *Bharat* guidelines highlight the importance of decentralised governance, historically BRC and CRC remained a resource starved area. As per SmSA guidelines, there would ordinarily be one BRC in each Community Development Block with 10 staff. However, the BRCs are suffering from acute staff shortage. While there are around 7200 development blocks in India, total BRC persons in position is around 22,000[11], implies three staff per BRC.

SmSA covers 11.6 lakh schools, over 15.6 crore students and 57 lakh teachers from pre-primary to senior secondary level.[12] While the scheme has been allocated 54 per cent of the DSEL budget, looking at the level of need for building the foundation for future, improving the learning deficit and strengthening the school education and pre-school education eco system, Rs 70 crore increase from the last year budget estimate seems inadequate.

Table 3.2: Projection of Funds Required, Allocation and Expenditure for SmSA by Union Government (Rs crore)

Year	Projection to Ministry of Finance for SmSA	Allocation for SmSA	Expenditure under SmSA
2019-20	41,000	36,322	32,377
2020-21	45,934	38,751	27,835
2021-22	57,914	31,050	25,061
2022-23	38,825	37,383	32,152*
2023-24	-	37,453	-

Source: Compiled by CBGA from Department related Parliamentary Standing Committee Reports, various years; and Union Budget 2023-24.
Note: * Revised Estimates for 2022-23.

The Department related Parliamentary Standing Committee reports show that from its inception SmSA has been under-funded if a comparison is made between resource demanded by the MoE and the budget approved by the Ministry of Finance (See Table 3.2). However, even what is getting allocated is not being utilised by States. A recent study[13] shows that states spent only 27 per cent of their total approved budget during the first eight months of 2021-22. The challenges also lie in delayed release of fund from the centre. As per data presented in the Lok Sabha[14], MoE has released only Rs 18,987 crore, or about 50 per cent of the SmSA budget till December 6, 2022. Moreover, in the second year of COVID (2021-22), when more resource support was required, central release of the fund remained 81 per cent. The under allocation accompanied with the under-utilisation of funds make the implementation of the scheme at the ground level more challenging.

For better utilisation of resources, the budget proposes to implement 'result based financing' in select schemes on a pilot basis. While it is not known which schemes are to be chosen for this exercise, schemes like SmSA, which are still struggling to provide required inputs, performance-based financing could have a negative impact on scheme implementation, which will further impact the children who are heavily dependent on the public provisioning of education.

Digitisation of Education and Digital Divide

The government envisions India as a 'technology-driven and knowledge-based economy' in coming years and the budget speech shows emphasis on digitisation for all crucial sectors, including education.

The NEP (2020) envisions the integration of online and digital education for equitable use of technology. As stated in the Year End Review (2022) by the MoE, under the replace the highlighted text with ICT component of SmSA, government envisages imparting of computer learning, establishment of smart classrooms, ICT labs in schools, digital books, and virtual labs. The intervention intends to cover classes VI to XII of all government/government-aided schools.

However, the status of digital infrastructure in schools across states shows huge inequality. According to the latest UDISE+ report 2021-22, only 67 per cent schools in India have functional electricity connection, and this percentage varies from 25 per cent in Manipur to 100 per cent in Delhi, Punjab and Tamil Nadu. The percentage of schools having computer facility and internet connectivity at the all India level is 47.5 and 33.9 per cent respectively.

On the digital initiatives front, percentage of government schools with functional desktops is only 16.5 per cent across India, with a wide variation of 100 per cent in Delhi to six per cent in Madhya Pradesh.

Further, only 1.2 per cent government schools have digital libraries, while 5.1 per cent of private unaided schools have them. The percentage of government schools with functional ICT labs stands at 14 per cent. Out of the total teachers across managements, 40.13 per cent are trained in the use of computers and teaching through computer.

A push towards digital education has been one of the priorities of the government and flagship schemes like *Bharat*Net, Telecom Development Plan, and Aspirational District Scheme have been introduced to strengthen the digital infrastructure in rural and urban areas. According to the Economic Survey (2022-23), in the last three years (2019-21), internet subscribers in rural areas rose to 95.76 million users as against their urban counterparts with 92.81 million users under the Digital India Programme. However, according to the NAS (2021), of the surveyed students, 24 per cent of them did not have access to digital devices. In response to the Parliamentary Standing Committee recommendation in 2022 regarding schemes under Digital e-India, the MoE stated that all initiatives of digital education will lead into a Virtual University; action to set up the University has been initiated. However, just as in the last fiscal year, this initiative does not reflect in the budget heads.

While there have been efforts to address the digital divide through various interventions, it does not reflect in the budgetary outlays. For instance, under the Digital India e-learning component, several central sector schemes like, setting up of virtual classrooms and Massive Open Online Courses (MOOCs), e-*shodh Sindhu*, National Digital Library have been merged under MOOC scheme and received no allocation. PM e-*Vidya* has not received allocation as well. The overall allocation to the Digital India e-learning programme in 2023-24 (BE) has witnessed a decline of 0.23 per cent as compared to 2022-23 (BE). The budget speech also mentioned the setting up of a 'National Digital Library for Children and Adolescents' to facilitate availability of books and device agnostic accessibility. The initiative was touted as a measure to inculcate reading culture among children. However, the initiative does not have any line item in the budget head. In this connection, it is also important to remember that the Centre had in 2016 launched the National Digital Library (NDL) pilot project under which IIT Kharagpur runs an online repository of texts and video lectures on various subjects, ranging from humanities to sciences.

On the other hand, fiscal priority towards Artificial Intelligence (AI) has provided impetus to research and innovation. One of the major announcements in the Budget 2023, was the setting up of three centres of Excellence for AI in top educational institutions to facilitate interdisciplinary research and develop cutting-edge applications in different fields.

Box 3.1: Some of the Major Outcomes Envisaged under Select Schemes in the Education Sector (2023-24)

Name of the Scheme	Outlay (Rs crore)	Major Outputs to be produced	Major Outcomes to be achieved
SmSA	37453	- 10,000 schools to be covered to strengthen Pre-Primary Education - 50,000 schools to be covered to facilitate 'Smart Classrooms'	- To achieve Gross Enrolment Ratio (GER) of 81% at the secondary level and 59% at the higher secondary level .
PM SHRI Schools	4000	- A total of 8000 schools are targeted to be set up as 'PM SHRI' schools - 60% of the schools would be having ICT enabled 'Smart' Classrooms - 80% of the schools would be equipped with safety provisions and hygienic sanitary conditions for female students.	- More than 5 lakh students would be exposed to vocational education
PM *Uchchatar Shiksha Protsahan Yojana*	1554	- More than 1.5 lakh eligible students pursuing higher education would be provided with the scholarships (fresh and renewals combined) - 50% of the total scholarships is envisaged for female students - Around 1.3 lakh students would be provided Credit Guarantee Funds for Education Loans	- Around 1.8 lakh students would be completing their Higher Education.

An assessment of the above schemes reveals that the major outcomes to be achieved in the education sector for 2023-24 would be measured by a large set of indicators which have been appropriately laid out, relevant, quantified and can be largely monitored. There also has been targets set out for girls in almost all the schemes thereby reflecting that the needs of the female students have also been taken care of, though, it is tangential in nature However, compared to the previous year, it is found that the detailed segregation and inclusion of other important indicators which were present in the Outcome Budget (OB) of 2022-23 are missing in the OB of 2023-24.

Fiscal Commitments Towards Inclusive Education

The budget speech promises inclusive development for the underprivileged and scholarships are a progressive intervention in ensuring inclusive education. However, the issue has been debated for the last few months after the government stopped the Pre-Matric Scholarship for students of class I-VIII belonging to Scheduled Castes (SC) and others, and minority communities. The decision has been taken on account of the Right to Education (RTE) Act, 2009, which mandates the government to provide free and compulsory elementary education to all children in the 6-14 years age group. The decision has resulted in a decrease in scholarship amounts between 2022-23 and 2023-24 (Table 3.3).

Scholarship schemes are already struggling with implementation challenges starting from complicated application procedures and inadequate unit cost for the maintenance/academic category to meet the actual needs of students (the unit cost and eligibility criteria do not factor in inflation), delay in central release of funds and late submission of utilisation certificates from the states.

Table 3.3: Pre-Matric Scholarship for Marginalised Communities (Rs crore)

	2019-20 (A)	2020-21 (A)	2021-22 (A)	2022-23 (BE)	2022-23 (RE)	2023-24 (BE)
ST	440	249	394	419	357	412
SC and others	382	570	570	500	500	500
Minorities	1,325	1,326	1,351	1,425	557	433
Scholarship for students with disabilities	95	97	120	105	145	155

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

Despite being 'demand-driven', there always have been gaps in the number of students applying for scholarships and the number of students receiving it. Moreover, while elementary education is free, parents still need to pay from their pockets. As per the National Sample Survey, in 2017-18[15], average out of pocket spending for primary education in government institutions was Rs 1,253 per child per annum and for upper primary level, it was Rs 2,181. As the average drop-out rate of minority students, especially Muslims, is higher than any other category, the decision might impact their schooling decision. However, Post-Matric Scholarship for SC, minorities and scholarship for students with disabilities witnessed a higher allocation from the previous year's budget.

Need for a Transition to Equitable Education Financing

This year we have reached the halfway mark between the adoption and finish line of the 2030 Agenda for Sustainable Development Goals (SDG). NITI Aayog's SDG index for Goal 4, i.e, 'Quality Education' in 2020 reached 57 points. This score is the third lowest among all the 15 SDGs for which the NITI Aayog is monitoring the progress. The low score is largely because of poor performance in educational indicators related to foundational skills and educational outcomes for children with disabilities and girls, especially at the secondary level. This means India needs to accelerate its progress or course correction to score 100 points to meet the goal in stipulated time keeping the goal of inclusivity at the core. COVID-19 has made the task more challenging. Recovery from pandemic-related learning losses and transforming education systems towards achieving SDG-4 and SDG-5 through implementation of NEP (2020) calls for equitable education financing. How India fares in coming years will depend a lot on the governments' commitment towards the sector, including budgetary support.

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[1] Gross Domestic Product

[2] UNICEF. (2022). (rep.). Transforming Education with Equitable Financing. https://www.unicef.org/media/133431/file/Transforming%20Education%20with%20Equitable%20Financing.pdf

[3] Projection and Trends of School Enrolment by 2025 by NCERT; https://ncert.nic.in/pdf/ESD_ptse.pdf

[4] UDISE+ Dashboard; https://dashboard.udiseplus.gov.in/#/reportDashboard/sReport

[5] National Achievement Survey 2021, National report card; https://nas.gov.in/report-card/nas-2021

[6] ASER Report, 2022; http://img.asercentre.org/docs/ASER%202022%20report%20pdfs/allindiaaser202217_01_2023final.pdf

[7] NIPUN stands for National Initiative for Proficiency in Reading with Understanding and Numeracy

[8] *Samagra Shiksha* PAB; https://dsel.education.gov.in/pab-minutes

[9] https://news.careers360.com/teacher-vacancy-recruitment-subject-5-6-lakh-primary-teaching-jobs-stet-bihar-uttar-pradesh

[10] District Institutes of Education and Training

[11] Department of School Education & Literacy. Shagunotsav A census of Schools; https://samagra.education.gov.in/docs/Guideline_Shagunotsav.pdf.

[12] In Search of Inclusive Recovery, Analysis of Union Budget 2022-23, CBGA

[13] *Samagra Shiksha* Budget Brief, 2022-23

[14] 'Funds alloted under *Samagra Shiksha Abhiyan*', lok sabha starred question no. 80 answered by Ministry of Education on 12/12/2022

[15] NSS Report No.585: Household Social Consumption on Education in India

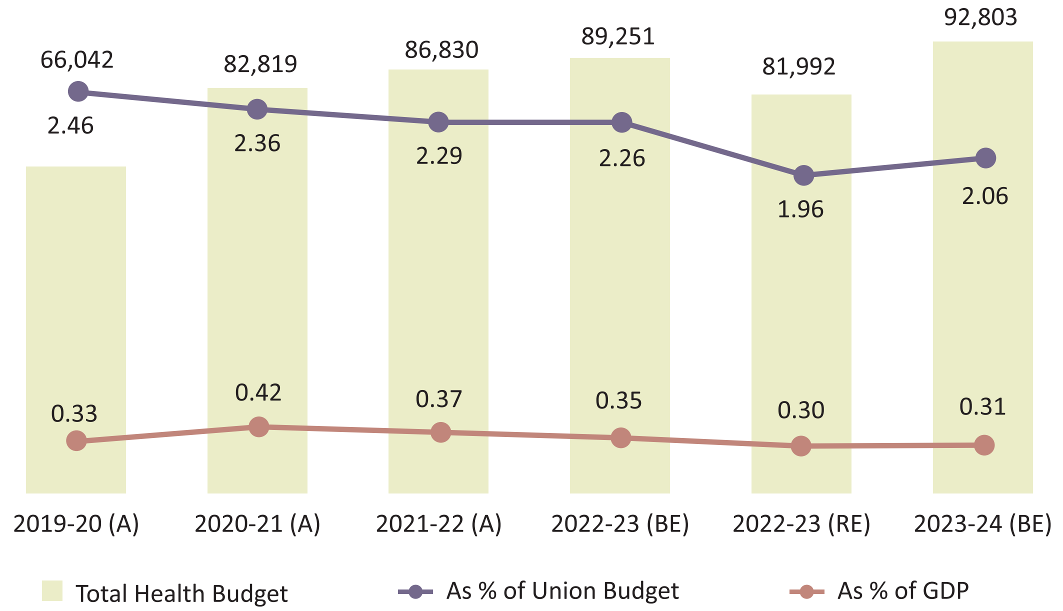
Health

Globally, the COVID-19 pandemic has reaffirmed the need to focus on universal and affordable healthcare. In India, there has been a long-standing demand for increased public expenditure on health. In this backdrop, this year's budget was expected to provide funding to strengthen infrastructure, address human resource shortages, facilitate research and innovation, and ensure greater attention to mental health.

Understanding the trend of budgetary provisions for the health sector

Union Budget 2023-24 has allocated Rs 92,803 crore for the health sector. This is an increase of 4 per cent from the Budget Estimate (BE) for 2022-23 and a 13 per cent increase from the Revised Estimate (RE) the same year. This increase has primarily been under the Ministry of AYUSH, which has seen a 20 per cent increase in allocation, while the allocation under the Ministry of Health and Family Welfare (MoHFW) has only increased by 3 per cent. The greater attention towards integrating the AYUSH system in the National Health Ecosystem is evident in the 50 per cent increase in allocation under the National AYUSH Mission from 2022-23 (BE) to 2023-24 (BE).

Figure 3.3: Share of the Health Budget (Rs crore) in the Total Union Budget (%) and GDP (%)



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

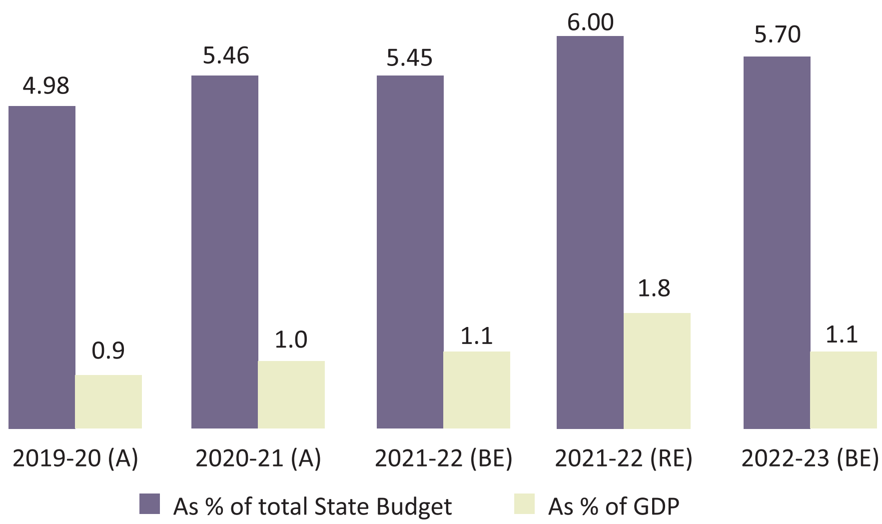
Note: The Total Health Budget includes allocations/expenditure by the MoHFW and the Ministry of AYUSH.

One of the major announcements in the budget speech for 2023-24 was the mission to eliminate sickle cell anaemia by 2047. As the disease is particularly widespread among the tribal population, where about 1 in 86 births is affected, the mission is a step towards inclusive development.[1] Further, emphasis was laid on health research through a new programme to promote research in pharmaceuticals at Centers of Excellence. India is currently ranked third in production of pharmaceutical products globally and 14th by value.[2] The motivation to encourage the industry is clearly reflected in the budgetary provision for the Department of Pharmaceuticals, which was increased by 40.8 per cent. The budget has also committed to develop facilities in select Indian Council of Medical Research (ICMR) labs for research and innovation. This is reflected in the funding for the autonomous body, ICMR, which has increased by 7.3 per cent.

With regard to building infrastructure, the finance minister announced the establishment of 157 new nursing colleges within medical colleges established since 2014. It also announced dedicated multidisciplinary courses for medical devices for futuristic medical technologies. However, under the scheme for Development of Infrastructure for Promotion of Health Research, which envisages establishment of Multi-Disciplinary Research Units in Government Medical Colleges and Model Rural Health Research Units, the allocation has remained stagnant for FY 2023-24 compared to the 2022-23 (BE).

States and Centre: Is the Health Sector being Prioritised?

Figure 3.4: Share of Health in Total State Budget and GDP (%)



Source: Compiled by CBGA from the Open Budgets India Portal.

Note: The State Budget data on the Health Sector excludes Ladakh and Jammu and Kashmir.

According to the National Health Policy (NHP), 2017 and the recommendations of the 15th Finance Commission, the public expenditure (Centre and States together) on health should reach 2.5 per cent of GDP by 2025. The trend over the years shows that the Union health budget as a percentage of the total Union Budget has remained stagnant (Figure 3.3). In 2023-23 (BE), the Union budget as a percentage of GDP stood at 0.3 per cent. However, in the case of States, the health sector budget as a percentage of GDP steadily increased until 2022-23 (BE) (Figure 3.4). In 2022-23 (BE), the Centre and States together allocated 2.1 per cent towards health (Economic Survey, 2022-23).

A Brief Analysis of Major Health Sector Schemes

Table 3.4: Allocation/Expenditure under Select Centrally Sponsored and Central Sector Schemes for Health (Rs crore)

Schemes	2019-20 (A)	2020-21 (A)	2021-22 (A)	2022-23 (BE)	2022-23 (RE)	2023-24 (BE)
National Health Mission (NHM)	35,155	37,478	32,958	37,160	33,708	36,785
Ayushman Bharat - Pradhan Mantri Jan Arogya Yojana (PMJAY)	3,200	2,680	3,116	6,412	6,412	7,200
Pradhan Mantri Swasthya Suraksha Yojana (PMSSY)	4,683	6,840	9,270	10,000	8,270	3,365
Pradhan Mantri Ayushman Bharat Health Infrastructure Mission (PMABHIM)	-	-	877	5,846	2,545	5,170
National Digital Health Mission - NHM		30	28	200	140	341

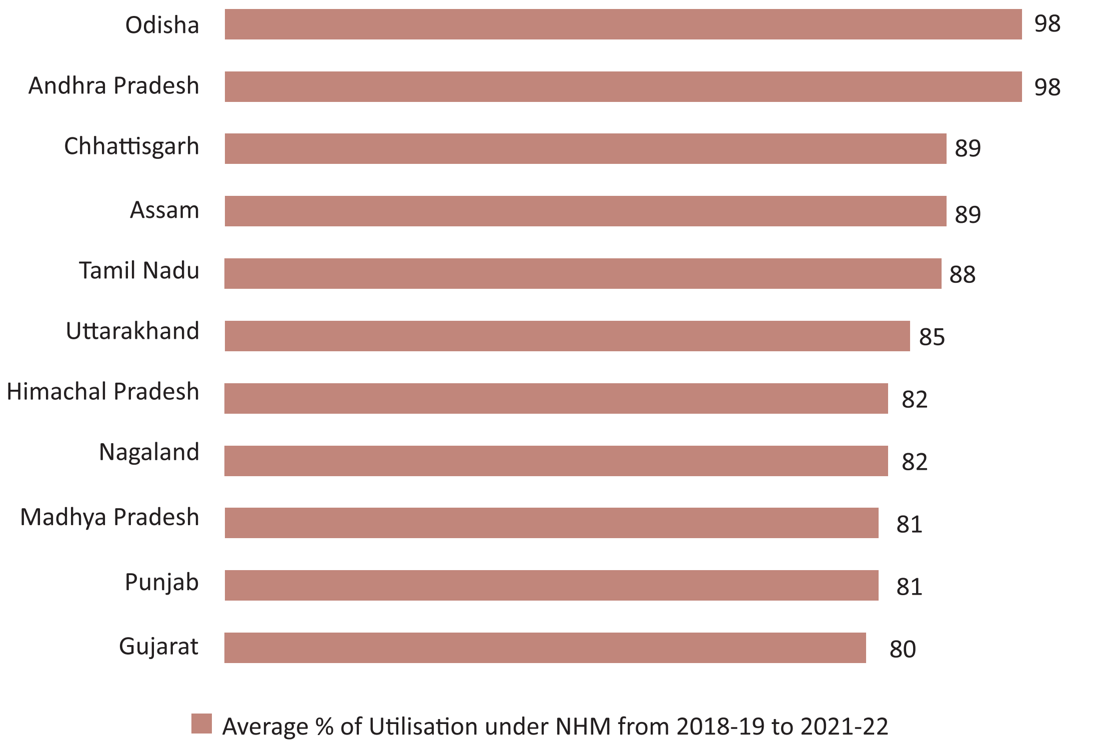
Source: Compiled by CBGA from Union Budget documents, various years.

In the previous budget (2022-23), two major announcements were made under the health sector. The first announcement was on the launch of the National Tele Mental Health Programme, which is now backed by an allocation of Rs 133 crore, 10 per cent higher than the 2022-23 (RE). The second was on developing an open platform for the National Health Ecosystem, which received an allocation of Rs 341 crore under the National Digital Health Mission (NDHM) this time, reflecting a 70 per cent increase over 2022-23 (BE).

Among the major schemes, the National Health Mission (NHM), which is the flagship programme under the MoHFW, received an allocation of Rs 36,785 crore, marginally lower than in 2022-23 (BE). The share of NHM in the total allocation for the health budget decreased from 41.6 per cent in 2022-23 (BE) to 39.7 per cent in 2023-2024 (BE). The scheme also faces differences in the amount proposed, approved, released and expended under the scheme. For instance, in FY 2021-22, 91 per cent of the budget proposed by States was approved. However, of this approved amount, only 75 per cent was released by the GoI to the States. Again, from the available amount, only 92 per cent of the funds were expended.[3]

Between 2018-19 and 2021-22, utilisation of funds by States shows that 11 States have a utilisation rate of 80 per cent and above. Among the other States, there is a variation in utilisation. For instance, the utilisation in West Bengal stood at 75 per cent, in Kerala at 73 per cent, in Uttar Pradesh at 71 per cent, in Jharkhand at 64 per cent, in Bihar at 53 per cent, and in Delhi at 49 per cent. These trends show that along with appropriate budgetary allocations, there needs to be an emphasis on addressing challenges in the utilisation of available funds due to issues such as systemic shortfalls in human resources, lack of infrastructure, etc.

Figure 3.5: Utilisation of funds under NHM by select States (average for FY 2018-19 to 2021-22)



Source: Compiled by CBGA from the Open Budgets India portal.

Among the other schemes, the allocation for *Ayushman Bharat – Pradhan Mantri Jan Arogya Yojana* (PMJAY) was increased by 12 per cent in 2023-24 (BE), reflecting the continued policy interest in enhancing insurance-based universal healthcare through private partnership.

In Budget 2023-24, the *Pradhan Mantri Swasthya Suraksha Yojana* (PMSSY) scheme has been divided into two sub schemes, where, along with PMSSY, a new sub scheme has been included for the establishment of 22 All India Institute of Medical Sciences (AIIMS) around the country. This new scheme has been allotted Rs 6,835 crore. Therefore, when the sub schemes are added and compared, there is an additional allocation of 2 per cent in 2023-24.

The *Pradhan Mantri Ayushman Bharat* Health Infrastructure Mission (PMABHIM), which was launched to upgrade primary, secondary and tertiary health infrastructure, is supposed to release Rs 64,180 crore between 2021-22 and 2025-26. The scheme has now entered its third year. The trend of budget outlays under the scheme reveals a reduction in allocation for FY 2023-24 by 11.6 per cent compared to 2022-23 (BE). However, compared to the 2022-23 (RE) there has been a 103 per cent hike. Regardless of the budgetary provisions under the scheme, appropriate allocation and utilisation must be prioritised to ensure overall infrastructural development.

Box 3.2: Some of the Major Outcomes Envisaged under Select Schemes in the Health Sector (2023-24)

Name of the Scheme	Outlay (Rs crore)	Major Outputs to be produced	Major Outcomes to be achieved
National Health Mission (NRHM & NUHM)	22,094.57	- 1.6 lakh Health and Wellness Centres (HWCs) in the rural areas and 4,674 in the urban areas to be made functional, which would expand the basket of primary healthcare services provided under *Ayushman Bharat* - 10% increase in both IPHS compliant and NQAS certified health facilities targeted	- 92% of the health facilities to provide essential drugs or diagnostics as per CPHC Guidelines - to reduce MMR to 92 per 1 lakh live births, Neo-natal Mortality Rate (NMR) to 18 per 1,000 live births and U5MR to 28 per 1000 live births
Ayushman Bharat – Pradhan Mantri Jan Arogya Yojana (AB - PMJAY) (CSS)	7,200	- 330 lakh Ayushman cards to be issued to individual beneficiaries. - Around 10,000 crore claims expected to be submitted in the current year	- 5 hospital admissions per 1 lakh beneficiaries targeted
Human Resources for Health and Medical Education	6,500	- Around Rs 1.2 crore per seat sanctioned for both new PG and new MBBS seats to upgrade and strengthen Government Medical Colleges	- Around 4,000 (cumulative) PG seats and 4,527 (cumulative) MBBS seats to be created

Name of the Scheme	Outlay (Rs crore)	Major Outputs to be produced	Major Outcomes to be achieved
National AIDS and STD Control Programme	3079.97	- Around 109 lakh high-risk patients to be covered under Targeted Interventions and the Link Worker Scheme (LWS) - 278 lakh pregnant women to be tested for HIV	- 90% of the people know their HIV positive status and targeted to be on Antiretroviral Therapy (ART).
Pradhan Mantri Swasthya Suraksha Yojana	3,365	- Increase in bed capacity to 15,000, speciality departments to 540 and UG and PG seats to 2,075 and 1,000 in all the 18 AIIMS	- 3.93 lakh IPD and 84.24 lakh OPD patients to be covered and provided affordable and reliable tertiary healthcare in the 18 AIIMS - Around 700 students to graduate annually from these AIIMS
National Ayush Mission	1,200	- 12,000 Ayush Hospitals and Ayush Dispensaries approved for provision of drugs for common ailments - 1,262 Ayush Health and Wellness Centres approved to be established.	- 19 crore patients targeted for coverage under Ayush OPD Services - 3,500 Ayush Health and wellness Centres (HWCs) to be operationalised
An assessment of the above schemes reveals that the major outcomes to be achieved in the Health Sector in 2023-24 will be measured by a large set of indicators, which are relevant, have been fairly appropriately laid out, quantified and can be monitored in general. However, in comparison with the previous year, it is found that the detailed segregation and inclusion of other important indicators (apart from the ones listed) in the OBS of 2022-23 is missing in the Outcome Budget of 2023-24, indicating that an attempt has been made to consider only the gross indicators. There is also a lack of clarity in defining some of the indicators across schemes, which makes it a complex process to understand the overall Health Sector. Apart from this, the outcomes listed lack coverage of vulnerable and marginalised sections of the population, such as women, OBCs, SCs, STs and Muslims.			

Persistent Challenges and the Way Forward

One of the primary shortfalls of the health sector is the shortage of human resources at various levels. According to Rural Health Statistics (RHS) (2021-22)[4], at the Public Health Centres (PHCs) in the rural areas, there is a shortfall of 25 per cent health workers (female)/Auxiliary Nursing Midwifery (ANM), 74.1 per cent health assistants (male and female) and 3.1 per cent allopathic doctors. In case of Community Health Centres (CHCs) in rural areas, there is a shortfall of 79.5 per cent specialists (surgeons, obstetricians & gynecologists, physicians and pediatricians). Similarly, in PHCs in urban areas, there is a shortfall of 35.5 per cent health workers/ANM and 5 per cent doctors. In CHCs of urban areas, there is a shortfall of 46.9 per cent specialists.

In terms of infrastructure, the condition of health facilities in rural areas reveals a 25 per cent shortfall in Sub Centres (SCs), 31 per cent shortfall in PHCs and 36 per cent shortfall in CHCs. Similarly, in urban areas, PHCs have a shortfall of 39.7 per cent. In case of tribal areas, there is a shortfall of 27.6 per cent SCs, 30.7 per cent PHCs and 23.8 per cent CHCs (RHS, 2021-22). To address these shortfalls, the Finance Commission (FC) recommended the provision of Rs 70,051 crore in health grants for the period from 2021-22 to 2025-26. These grants are meant for primary health care interventions in order to strengthen infrastructure and facilities in both rural and urban areas. In 2023-24 (BE), the Grants for Health by the FC stood at Rs 13,851 crore.

The Budget speech announced an Aspirational Blocks Programme, which is much like the Aspirational Districts Programme, covering 500 blocks across India, in order to ensure saturation of essential services such as health. Various government health schemes have the potential to reach these blocks and provide affordable and accessible health care. Going forward, public expenditure on health needs to increase significantly, as has also been recommended by the NHP 2017 and 15th Finance Commission. This will help India address festering challenges and attain the Sustainable Development Goal 3, which resolves to "ensure healthy lives and promote well-being for all at all ages".

[1] Sickle Cell Anaemia Support Corner, Ministry of Tribal Affairs, Government of India. https://tribal.nic.in/sickle-cell-disease-piramal-swasthya.aspx

[2] Ministry of Finance Department of Economic Affairs, Government of India. (2023). Economic Survey 2022-23.

[3] Accountability Initiative (2023), Budget Briefs, National Health Mission (NHM) GoI, 2023-24 (Pre-Budget)

[4] Rural Health Statistics (2021-22), Ministry of Health and Family Welfare, Government of India.

Nutrition

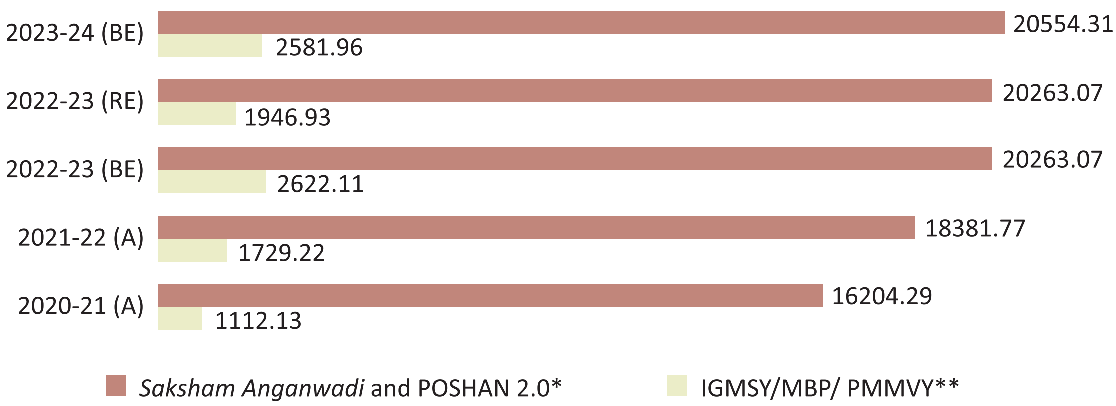
Malnutrition is a persistent problem in India, affecting the health and well-being of millions of women and children. Despite the country's efforts to improve nutrition levels through government policies and programmes, the disruptions due to the COVID-19 pandemic have caused setbacks in nutrition outcomes and food security. As a result, malnutrition remains a pressing concern that needs to be addressed on priority.

Budgetary allocations for several programmes e.g., Prime Minister's Overarching Scheme for Holistic Nutrition (POSHAN) *Abhiyan, Saksham Anganwadi* and POSHAN 2.0, *Pradhan Mantri Matru Vandana Yojana* (PMMVY), etc. have been targeted towards addressing these issues, however, it is equally important to underscore how effectively these programmes are being implemented and contributed towards achieving desired outcomes on the field.

Budgetary Support for *Saksham Anganwadi* and POSHAN 2.0

The *Saksham Anganwadi* and POSHAN 2.0[1] accounts for 80 per cent of the total budget of the Ministry of Women and Child Development (MWCD) and is very crucial as it aims to provide supplementary nutrition to children (0-6 years), pregnant women and lactating mother, and adolescent girls. However, there are significant differences between the projected demand by the Ministry and the allocations in the budget. Given the concerns of resource absorption[2], the trend in budget allocation for the *Saksham Anganwadi* and Mission POSHAN 2.0 schemes has showcased a slow increase over the years (Figure 3.6). In 2023-24, the budget for *Saksham Anganwadi* and POSHAN 2.0 increased by 1.4 per cent, while the budget for *Samarthya*[3] has shrunk by 1.5 per cent as compared to 2022-23 (BE). Taking inflation into account, the increase in allocation for the restructured scheme may not be sufficient to address the malnutrition concerns highlighted earlier while the decreasing trend of allocation under *Samarthya* highlights the missed opportunity of strengthening the financial accentuation for the concerns of women.

Figure 3.6: Trend in Union Budget Allocation for *Saksham Anganwadi* and Mission POSHAN 2.0 and *Samarthya* (Rs crore)



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

Notes: *In 2021-22 (BE), 4 schemes - *Anganwadi* Services, *Poshan Abhiyan*, Scheme for Adolescent Girls (SAG), and National Creche Scheme - were merged under *Saksham Anganwadi* and POSHAN 2.0. In order to carry out a comparison, the budget for these four schemes was added for previous years. In 2022-23 (BE), *Saksham Anganwadi* and POSHAN 2.0 include *Anganwadi* Services, *Poshan Abhiyan*, Scheme for Adolescent Girls (SAG);

** PMMVY was merged under *Samarthya* in 2021-22 (BE) along with other women empowerment schemes. As separate details for these schemes are not made available, it was compared with the previous budget for PMMVY. In 2022-23 (BE), the National Creche Scheme has also merged under *Samarthya*. Other schemes under *Samarthya* include *Shakti Sadan* (*Swadhar, Ujjawala,* Widow Home), *Shakhi Niwas* (Working Women Hostel), *Palna* (National Creche Scheme), *Pradhan Mantri Matru Vandana Yojana*/National Hub for Women Empowerment/Gender Budgeting/Research/Skilling/ Media etc. While these schemes are not nutrition-specific, disaggregated data is not available.

Therefore, a considerable increase in allocation in nutrition-specific programmes is much-needed to overcome the current resource stagnation and in providing comprehensive nutrition services to support pregnant women and lactating mothers, and adolescent girls. This is also imperative to enhance the capacity building of *Anganwadi* workers and improve their working conditions, which will further boost delivering high-quality services to the beneficiaries.

Need for Strengthening Infrastructure and Human Resources through Adequate Budgetary Provisioning

The major components of Special Nutrition Programme (SNP) include the provision of nutritious food, such as fortified cereals and supplementary nutrition, to pregnant women and lactating mother, and children under the age of six. This food is distributed through *Anganwadi* centres, ensuring that the targeted populations have adequate and timely access to essential nutrients. Therefore, strengthening the role of *Anganwadi* workers is critical to ensuring that the benefits of nutrition interventions are reaching the most vulnerable populations.

The crunch in infrastructure facilities and human resources on the ground is one of the major issues in the implementation of these programmes. The process of filling vacancies for *Anganwadi* Workers (AWWs) and *Anganwadi* Helpers[4] should also be expedited where more than 30 per cent of the sanctioned post of Child Development and Project Officers (CDPOs) and Lady Supervisors (LSs) are left vacant, as of June, 2022.[5] Many *Anganwadis* do not have their own building and they are operating in rented buildings.[6] State Governments identify the land for constructing the buildings but there are challenges to arranging land for constructing buildings of *Anganwadi* Centres (AWCs) in urban areas. Besides, proper attention should also be given to the maintenance of the existing AWCs e.g., in repairing, painting as well as upgrading the necessary equipment available at the centres. Although provision has been made for the construction of 35,000 AWCs with toilets under *Saksham Anganwadi* and POSHAN 2.0 in Budget 2023-24, it is to be highlighted that as of December 2022, there is still more than 25 per cent of AWCs that are running without any toilet facility.[7]

The honorarium and incentives of AWWs and helpers should be increased by the Union Government as many States do not have sufficient resources to increase the honorarium of these frontline workers as well as ensuring better service conditions. However, the trends have remained unchanged since the landmark revision of remuneration for Accredited Social Health Activist (ASHA) and *Anganwadi* workers in the year 2018[8], and the stagnation is invariably affecting the current implementation of the programmes.

Budgetary Allocation for Strengthening Public Provisioning for Nutrition-Sensitive Interventions

Malnutrition is a multi-sectoral issue and has multidimensional attributes. It requires an integrated and comprehensive approach that includes provisioning of clean drinking water, affordable and accessible healthcare services, food and social security, economic empowerment and employment opportunities, among others.

Table 3.5: Union Budget Outlays for Sectors Providing Complementary Support to Nutrition-Sensitive Schemes (Rs crore)

Schemes	2020-21 (A)	2021-22 (A)	2022-23 (BE)	2022-23 (RE)	2023-24 (BE)
National Health Mission	37,477	32,957	37,159	33,707	36,785
Food Subsidy	5,41,330	2,88,969	2,06,831	2,87,194	1,97,350
Mid-Day Meal (MDM)/PM POSHAN*	12,878	10,231	10,234	12,800	11,600
Jal Jeevan Mission (JJM)/National Rural Drinking Water Mission	10,998	63,126	60,000	55,000	70,000
Swachh Bharat Mission SBM (Rural + Urban)	5,940	5,050	9,492	7,000	12,192
Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS)	1,11,170	98,468	73,000	89,400	60,000
National Livelihood Mission (NLM) (NRLM + NULM)	10,025	10,177	14,236	13,886	14,129
National Social Assistance Programme (NSAP)**	42,443	8,152	9,652	9,652	9,636
National Food Security Mission (NFSM)/Food and Nutrition Security*	1,675	995	1,395	900	-
National Mission for Sustainable Agriculture (NMSA)	874	133	198	130	-
*Krishionnati Yojana****		-	-	-	7,066
Rashtriya Krishi Vikas Yojana (RKVY)*	2,561	1,729	10,433	7,000	7,150
White Revolution**	1,627	1,390	1,395	1,200	1,406
Blue Revolution	709	1,179	1,891	1,422	2,025
National Horticulture Mission/Integrated Development of Horticulture*	1,423	995	1,900	1,100	-

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

Notes: * The Mid-Day Meal scheme has been renamed PM POSHAN; National Food Security Mission (NFSM) has been renamed Food and Nutrition Security and now merged with *Krishionnati Yojana*; National Horticulture Mission has been renamed Integrated Development of Horticulture; *Rashtriya Krishi Vikas Yojana* now merges the following schemes: *Pradhan Mantri Krishi Sinchai Yojana* (PMKSY) - Per Drop, More Crop, *Paramparagat Krishi Vikas Yojana*, National Project on Soil and Health Fertility, Rainfed Area Development and Climate Change, Sub-Mission on Agriculture Mechanization, Management of Crop Residue;

** The allocation and expenditure for NSAP increased substantially in 2020-21 (RE) and 2020-21 (A), due to Rs 30,957 crore being spent on Direct Benefit Transfer (DBT) to women account holders of *Pradhan Mantri Jan Dhan Yojana* (Rs 500 for three months) under the PM *Garib Kalyan* Package, in response to COVID-19.

****Krishionnati Yojana* includes Food and Nutrition Security, Edible Oil-Oil Palm, Edible Oil-Oilseeds, Organic Value Chain Development for North East Region, Integrated Development of Horticulture, Seed and Planting Material, Agriculture Extension, Digital Agriculture, Agriculture Census and Statistics, and Agriculture Marketing

The budget outlays for *Swachh Bharat* Mission SBM (Rural and Urban), and *Jal Jeevan* Mission (JJM)/National Rural Drinking Water Mission[9] demonstrate a visible increase of 28.4 per cent and 16.7 per cent respectively in the current budget as compared to 2022-23 (BE). Similarly, the Mid-Day Meal/PM POSHAN shows a 13 per cent increase in the current budget over the last year's budget (See Table 3.5). Further, the increased outlays under the distribution of pulses to States/Union Territories for welfare schemes like Mid-Day-Meal, Integrated Child Development Scheme (ICDS) and Public Distribution System (PDS) can potentially boost the nutritional outcomes in the country.

The budget allocations for some of the most critical schemes which are indirectly improving the nutrition status of the poor e.g., Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) and food subsidy programmes have witnessed significant declines by 17.8 per cent and 4.6 per cent respectively for the same period. In this place, it is ought to be mentioned that MGNREGS remains critical from the perspective of providing employment security to the rural mass and construction of *Anganwadi* Centres.

Box 3.3: Some of the Major Outcomes Envisaged under Select Schemes in the Nutrition Sector (2023-24)

Name of the Scheme	Outlay (Rs crore)	Major Outputs/Services to be produced	Major Outcomes to be achieved
Food Subsidy	1,37,207	- A total of 426 lakh metric tonnes (LMT) of food grains are to be procured at the national level and around 649 LMT of food grains are to be handed over to the FCI by the States	- Around 42 lakh farmers to be benefitted from the procurement process - 95% of the beneficiaries out of the total eligible number of beneficiaries to benefit from the scheme
Mission *Saksham Anganwadi* & POSHAN 2.0	20,554	- Around 14 lakh *Anganwadi* Centres (AWCs) to be operationalised out of which: 35,000 AWCs would be facilitated with toilets 25,000 AWCs with drinking water supply 40,000 AWCs with *Poshan Vatikas*.	- Reduction of share of children who are underweight by 2 percentage points - Reduction of share of children who are wasted by 2 percentage points

An assessment of the above schemes reveals that the major outcomes to be achieved in the Nutrition Sector for the year 2023-24 are attempted to be measured by a large set of indicators which have been appropriately laid out, relevant, quantified and can be largely monitored. Comparing to the previous year, the Outcome Budget of 2023-24 lays out a better and enhanced set of indicators to capture the impact of the public expenditure on the Nutrition Sector vis-à-vis the Outcome Budget of 2022-23. However, the outcomes lack their coverage of vulnerable and marginalised sections of the population such as women, OBCs, SCs, STs and Muslims and have been framed in the generic sense.

Source: Compiled by CBGA from Union Budget documents.

Resource Allocation to Promote Millets Towards Enhancing Dietary Diversity and Improving Nutritional Intake in the Country

The Union Budget 2023-24 has taken a significant step towards promoting millet[10] as a crucial component of a healthy and nutritious diet and announced the establishment of the Global Hub for Millets (*Shree Anna*) in India. Although the step highlights the prioritisation of millet in improving nutrition and contributing to food security in India, it is to be noted that the announcement related to millet was very much present in the last year's budget as well. The government of India has also announced the year 2023 to be the International Year of Millets to enhance its domestic production and value addition both nationally and globally. As per the Implementation of Budget Announcement Report for the year 2022-23[11], the Ministry of Food Processing Industries (MoFPI) has added a component of millet-based products with an outlay of Rs 800 crore in Production Linked Incentives (PLI) scheme whereas across 10 States, millet has been selected as an integral part of the 'One District One Product' (ODOP) initiative that aims to promote holistic socio-economic growth across all regions. Constructive examples can also be taken from the initiatives taken by some of the States e.g., Odisha, Telangana, Karnataka, Chhattisgarh and recently Rajasthan who have launched 'millet missions' for promoting its production as well as consumption towards improving nutrition outcomes.

The Economic Survey 2023 has pointed out that India alone was responsible for 80 per cent of millet production of the Asia continent and 20 per cent of global production. The Indian Institute of Millet Research, Hyderabad is proposed to become a Center of Excellence for research and development, training, and demonstration of millet-based technologies and innovations. It will work towards developing a sustainable millet value chain that supports farmers, processors, and traders, and aims to increase the consumption of millet among consumers. The establishment of this hub may further help in boosting the promotion of millet and addressing the issues pertaining to under-nutrition in the country. However, considering the newness it remains to be seen how these efforts will impact nutrition outcomes in the coming years.

Resource Allocation Towards Ensuring Food and Nutrition Security Across Regions and Communities

Towards ensuring food and nutrition security for the targeted population, the Union Budget 2023-24, through '*Pradhan Mantri Garib Kalyan Ann Yojana* (PMGKAY)'[12] additional ration to be provided. This is essentially in response to the rolling out of the new integrated food security scheme for providing free food grains to *Antodaya Ann Yojana* (AAY) and Priority Household (PHH) beneficiaries from January 1, 2023. This scheme aims to supply free food grains to over 80 crore persons from the most disadvantaged sections for 28 months and the entire expenditure of about 2 lakh crores will be borne by the Central Government, demonstrating the government's commitment to ensuring food and nutrition security for all citizens. Although this focuses on improving the accessibility and affordability of food grains for people at the bottom of the economic spectrum and improving their nutritional status, it is also to be considered that the overall budget for the National Food Security Act (NFSA) does not show any substantial increase in the current Union Budget towards fulfilling this objective. Therefore, even though the implementation of the scheme is in line with the provisions of the NFSA, which seeks to ensure access to food for all citizens of the country, this may have negative implications for food security, as a large part of the population relies on subsidised food grains.

Distribution of additional free grains under PMGKAY has been discontinued in connection to the diminishing stock of food grains under the Food Corporation of India (FCI) as well as high food subsidy bills during FY 2022-23. This might adversely impact the nutritional security of the poor as they now have to purchase the additional entitlements at market rates bearing the inflationary pressure on wheat and rice.

Additionally, the Pradhan Mantri PVTG Development Mission has also been proposed to improve the socio-economic conditions of the Particularly Vulnerable Tribal Groups (PVTGs) in India and allocated Rs 15,000 crore for three years. The budget for the development of PVTGs has however increased marginally only by 4 crores, from Rs 252 crore (2022-23 BE) to Rs 256 crore (2023-24 BE). It is proposed that the allocation will be used to enhance access to food and improve the nutritional status of PVTGs, who are often marginalised and face significant food and nutritional insecurity. It is however questionable if the allocation amount will be enough to achieve the goals of addressing the underlying causes of malnutrition among PVTGs and providing the population access to a diversified diet.

In sum, while the allocation of funds toward nutrition-specific programmes has a direct bearing on the nutritional standard of the population, the allocation towards the nutrition-related programmes is expected to expand the reach of the nutrition-specific programmes by providing complimentary services, and the investment in the newly formulated schemes is in the direction of experimenting with alternative options. A commitment towards allocating and spending greater funds towards these programmes can potentially mark a step forward in achieving the United Nations' Sustainable Development Goal of Zero Hunger by 2030.

[1] *Saksham Anganwadi* and Mission Poshan 2.0 is an umbrella scheme that subsumes major interventions for nutrition like Integrated Child Development Services (ICDS), *Anganwadi Services, Poshan Abhiyan*, and Scheme for Adolescent Girls (SAG). The Supplementary Nutrition Programme (SNP) is another critical component of the restructured Integrated Child Development Services (ICDS) that specifically aims to address malnutrition among women and children.

[2] While ICDS has shown a high rate of resource absorption in FY 2022-23 (with State-wise variations), the underutilisation of the budget in the case of *Samarthya* for the last 2-3 years should be carefully looked into.

[3] Another important nutrition-specific scheme called the *Pradhan Mantri Matru Vandana Yojana* (PMMVY) has now been merged with women empowerment schemes under the sub-scheme of Samarthya since FY 2021-22.

[4] On all India Basis, approximately 7 per cent of the sanctioned posts remained vacant for both *Anganwadi* Worker and *Anganwadi* Helper (as on March 2019). PIB (Delhi, 2019). 'Posts Vacant in Anganwadi Centres', Ministry of Women and Child Development. https://pib.gov.in/PressReleasePage.aspx?PRID=1578364

[5] Kapur A., Rana T., & Shukla R. (2023): *Saksham Anganwadi* and POSHAN 2.0, Budget Brief by Accountability Initiative, New Delhi

[6] Based on an ongoing study (unpublished) on Gujarat by CBGA.

[7] PIB, Delhi (2022). 'Improvement of *Anganwadi* Centres'. Ministry of Women and Child Development. https://pib.gov.in/PressReleasePage.aspx?PRID=1883409

[8] PIB (Delhi, 2018), 'PM announces increase in remuneration for ASHA and *Anganwadi* workers', GOI, Prime Minister's Office. https://pib.gov.in/Pressreleaseshare.aspx?PRID=1545620

[9] The Jal Jeevan Mission (JJM) is being implemented after subsuming the erstwhile National Rural Drinking Water Mission since August 2019 https://pib.gov.in/PressReleasePage.aspx?PRID=1809209

[10] Millets are considered a highly nutritious food with high fiber and mineral content, making them a suitable alternative to rice and wheat. They are also drought-resistant and can grow in areas with low rainfall, making them an important food source for dryland regions.

[11] Department of Economic Affairs, Implementation of Budget Announcements 2022-2023 (2022). New Delhi ; Ministry of Finance. https://www.indiabudget.gov.in/doc/impbud2022-23.pdf

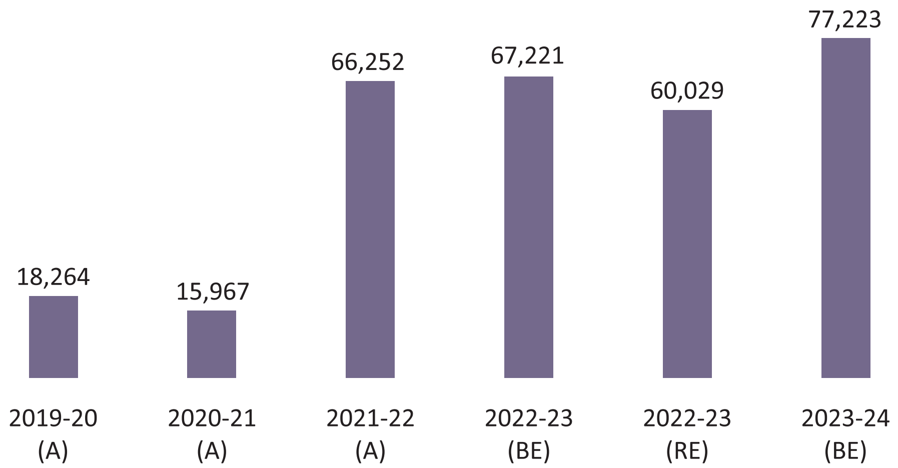
[12] PIB, (Delhi, 2023), ' Centre names new integrated food security scheme launched from 1 January 2023 as '*Pradhan Mantri Garib Kalyan Ann Yojana* (PMGKAY)'. https://pib.gov.in/PressReleasePage.aspx?PRID=1890272

Drinking Water and Sanitation

Drinking Water Supply and Sanitation Continues to get Priority

Safe water, sanitation and hygiene are pillars that improve the quality of life and enhance the 'ease of living' of people, especially in rural areas. In this regard, the Department of Drinking Water and Sanitation (DDWS) has made significant progress in providing drinking water and safe sanitation to rural households. This is also evident in the 2023-24 Budget Estimate (BE) of the DDWS, which has seen an increase over the previous year (Figure 3.7).

Figure 3.7: Budgetary Spending for the Department of Drinking Water & Sanitation (Rs crore)



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

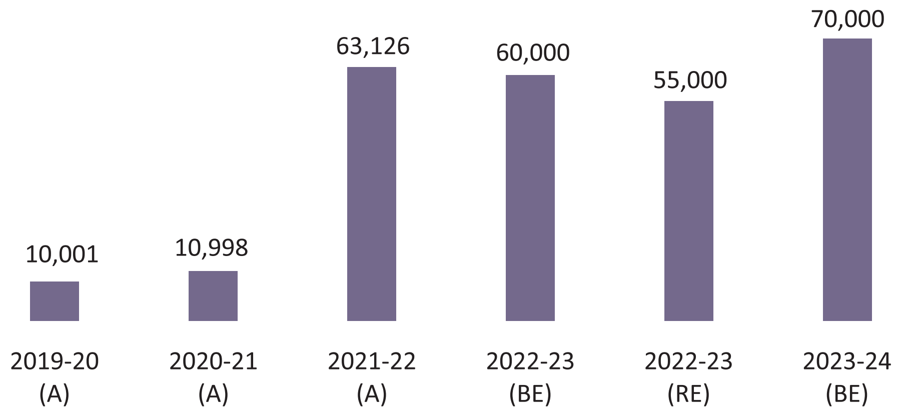
The *Jal Jeevan* Mission (JJM) scheme, which was launched on 15th August 2019 to provide Functional Household Tap Water Connections (FHTC) in rural areas and public institutions in villages, has completed five years. It has played a critical role in India's journey towards achieving UN Sustainable Development Goal – 6 (UNSDG-6), which aims to “ensure availability and sustainable management of water and sanitation for all”. Following its importance in the sphere of quality of life and 'ease of living', the scheme has once again been prioritised in Union Budget 2023-24, with the Government increasing its allocation by 15 per cent (Figure 3.8). The rising budgetary allocation for the scheme since 2021-22 indicates that progress in achieving its goal of providing tap water supply to 83 percent of rural households by 2024 has been gradual.[1]

As of 2nd February, 2023, the scheme has provided tap water connections to over 11 crore households, achieving an increase in coverage by 57 percent since its inception in 2019.[2] Further, four States, i.e., Goa, Gujarat, Telangana and Haryana, and three Union Territories (UTs), i.e., Andaman & Nicobar Islands, Dadra Nagar Haveli & Daman Diu, and Puducherry, have become '*Har Ghar Jal*' State/ UT, i.e., 100 per cent of the households have tap water supply. Similarly, 121 districts, 1,515 Blocks, 82,071 Gram Panchayats, and more than 1.5 lakh villages have also become '*Har Ghar Jal Block', 'Har Ghar Jal Panchayat*', and *'Har Ghar Jal Gaon'* respectively. Further, more than 8.8 lakh schools and 9.1 lakh *Anganwadi* centres are getting potable piped water supply.[3]

While playing a significant role in addressing longstanding health concerns, the JJM also acts as a vital instrument of public health. The priorities of the scheme include combating Japanese Encephalitis/Acute Encephalitis Syndrome (JE/AES) in 61 high-priority affected districts and reducing the spread of JE/AES by providing clean tap water to economically poor households in these districts.[4] As of now, the affected areas have seen households with tap water connections increase 49.4 percent since 2019.[5] With regard to addressing the issue of water quality, 2,076 active laboratories have been made operational as on 1st February, 2023 for water-quality testing, which is an increase of 55 laboratories over the previous year. In terms of capacity building, a total of around 18 lakh women have been trained to test water samples using Field Testing Kits (FTK).[6]

Although JJM has a strong sustainability component, the government launched Mission *Amrit Sarovar* on 24th April 2022 with the objective of conserving water for the future. The Mission follows a 'whole of society' approach, wherein the Ministries of Rural Development, *Jal Shakti, Panchayati Raj*, and Environment, Forest and Climate Change have cooperated with technical assistance from the Bhaskaracharya National Institute of Space Applications and Geo-Informatics (BISAG-N) with the aim of developing and rejuvenating 75 water bodies in each district during the country's 75th year of independence. Similarly, a JALDOOT app was launched on 27th September 2022 to measure the water level in a *Gram Panchayat* through 2-3 selected open wells twice a year (pre-monsoon and post monsoon).[7]

Figure 3.8: Union Government Expenditure on *Jal Jeevan* Mission (Rs crore)



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

Under-Utilisation of JJM Funds

Despite the substantial progress that the JJM has made over the past four years, there are concerns over under-utilisation of funds, as seen in the declining budgetary allocation of 2022-23 Revised Estimates compared to the Budget Estimates for the year. This is a concern, since previously the scheme saw an underutilisation (gap between funds available and utilised) of 44 percent in 2021-22. The extent of utilisation under the scheme also varied across the States in 2021-22, with Tripura utilising 77.4 percent, while Bihar utilised 6.8 percent of its funds.[8] The gaps between the Budget Estimates, Revised Estimates, and Actual expenditure raise questions over the physical performance of the scheme. Moreover, the Parliamentary Standing Committee Report of 2021-22 pointed out that the DDWS had set eight districts from eight States —Bihar, Gujarat, Himachal Pradesh, Manipur, Meghalaya, Punjab, Sikkim and Uttarakhand — and two UTs — Jammu & Kashmir, and Ladakh — as milestones for 2022, wherein the department had aimed to provide water connections in every household over the year. However, Gujarat was the only State that had 100 percent of households with a tap water connection under the scheme. Again, Meghalaya reported that a mere 45 percent of its households were provided with tap water supply under the scheme.[9] The contrasting figures in terms of infrastructure reflect disparities among the States in terms of effective absorption of budgetary resources. These disparities could stem from administrative and procedural bottlenecks that vary across States, thus highlighting a grave need to address them. Box 3.4 gives the output-outcomes framework for major schemes in the water sector.

Box 3.4: Some of the Major Outcomes Envisaged under Select Schemes in the Water Sector (2023-24)

Name of the Scheme	Outlay (Rs crore)	Major Outputs/Services to be produced	Major Outcomes to be achieved
Jal Jeevan Mission	70,000	- Around 4 crore additional Household Tap Connections to be made functional to support drinking water supply for rural households within premises	- More than 80% of the listed households targeted to have access to improved, regular and quality water supply
Atal Bhujal Yojana	1,000	- An amount of Rs 1840 crore has been approved to effectively implement Water Security Plans through convergence of ongoing/new schemes	- 3300 GPs to achieve convergence to implement Water Security Plans - 1.3 lakh ha area to be brought under efficient irrigation system (drip/sprinkler/other techniques)
National Hydrology Project (NHP)	500	- 7000 additional real time Hydromet Stations to be created to strengthen Integrated Water Resource Information System - 19 States to be strengthened with Hydromet Monitoring systems	- 12.87 lakh square meter (cumulative) river basin area to be brought under monitoring for floods

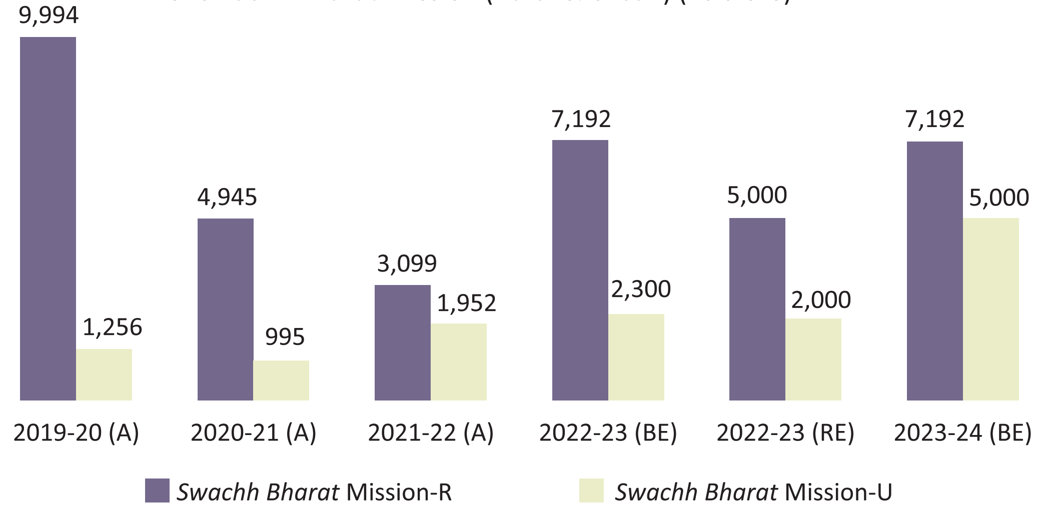
An assessment of the above schemes reveals that the major outcomes to be achieved in the water sector for the year 2023-24 would be measured by a large set of indicators which have been appropriately laid out, relevant, quantified and can be largely monitored. Comparing from the previous year, it is found that by and large, the same set of indicators have been used to list out the outputs and outcomes in the year 2023-24 also. Apart from this it would be worthwhile to mention that water is a geographical resource unlike the other resources which pertains more towards enhancing the capabilities of human beings at the social or economic level. Thus geography/region-wise outcomes (for eg.desert/coastal/mountain areas etc.) for the eligible households could have been proposed in the Outcome Budget of 2023-24. Apart from this, there could have been a mention of the challenges faced in the laying of tap connections to the households, which in itself is a tedious task to undertake effectively.

Source: Output-Outcome Monitoring Framework, Outcome Budget, GoI, 2023-24

Budgetary Allocations for Urban Sanitation get an Impetus while Rural Sanitation Remains Stagnant

Urban sanitation has been a neglected area; however, Budget 2023-24 has given it a much-needed impetus, as seen in the almost 54 per cent hike in the allocation for the *Swachh Bharat* Mission – Urban (SBM-U) over the previous year. Nonetheless, the *Swachh Bharat* Mission – Rural (SBM-R) records no change in its budgetary allocation compared to the 2022-23 BE (Figure 3.9). The SBM-R, in its Phase-II, aims to sustain Open Defecation Free (ODF) status and cover all villages with Solid and Liquid Waste Management (SLWM) arrangements by 2024-25 or accredit them as ODF Plus. Despite the looming deadline, however, the budgetary provisions for the scheme do not portray a swift approach towards the achievement of this target, as visible in the stagnant allocations.

Figure 3.9: Union Government's Budgetary Expenditure for *Swachh Bharat* Mission (Rural & Urban) (Rs crore)



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

Additionally, the Revised Estimate under the scheme has declined for five consecutive years since 2018, as well as in 2022-23. The Standing Committee on Water Resources – 2021-22, in its 16th Report, marks the reduction at each stage of the budget as a 'recurrent reduction' and reflects on the under-utilisation of funds under the scheme. It also recommends better planning and coordination among States and implementing agencies for effective utilisation of the resources.[10]

Challenges in implementing SBM (R) Phase 2 and SBM (U) 2.0

As the country enters the second phase of SBM-R, the department faces multiple constraints due to the new interventions for SLWM under phase II. These include a lack of capacity-building of the implementing agencies for effective implementation of SLWM activities. Additionally, there are problems in convergence between departments since 15th Finance Commission funds are to be shared between water and sanitation in a ratio of 50:50. The DDWS also has to ensure better coordination with urban counterparts so that it can access existing resources for plastic sludge management and faecal sludge management.[11]

The Finance Minister, in her 2023-24 Budget Speech, announced that all cities and towns would be enabled for 100 per cent mechanical desludging of septic tanks and sewers to transition from manhole to machine-hole mode. She also added that enhanced focus would be provided for scientific management of dry and wet waste.[12] The enhanced budgetary allocation for SBM (U) in 2023-24 reflects the objective of the announcement.

This comes at a time when the government has banned manual scavenging[13], despite which the practice still exists[14] — deaths due to manual cleaning of sewers and septic tanks continue to occur.[15] The National Action Plan for Mechanised Ecosystem (NAMASTE), which was instituted by the Ministry of Social Justice and Empowerment in coordination with the Ministry of Housing and Urban Affairs, and the Department of Drinking Water and Sanitation, is a step in the right direction. It aims to eliminate manual cleaning of sewer systems and septic tanks and rehabilitate workers engaged in manual cleaning. However, a mechanism for periodic scrutiny of the scheme is required as there is a strong need to plug the loopholes affecting the efforts of the Department. Moreover, budgetary allocations meant for the implementation of the scheme should be enhanced instead of reducing them at the revision stage.[16] Box 3.5 gives the output-outcomes framework for major schemes in the sanitation sector.

Box 3.5: Some of the Major Outcomes Envisaged under Select Schemes in the Sanitation Sector (2023-24)

Name of the Scheme	Outlay (Rs crore)	Major Outputs to be produced	Major Outcomes to be achieved
Swachh Bharat Mission (Rural)	7,192	- Around 3 lakh villages to be covered for both Solid Waste Management (SWM) and Grey Water Management (GWM) - 400 districts to be covered for both Fecal Sludge Management (FSM) and executing at least one Gobardhan Project - 3500 blocks to be covered with Plastic Waste Management (PWM) units	- 60% of the villages to be declared as Open Defecation Free (ODF) Plus and also having complete visual cleanliness
Swachh Bharat Mission Urban (SBM U -2.0)	5,000	- A total of 13,500 community toilets and 2500 household toilets to be constructed - Facility of Solid Waste Door-to-Door collection to be improved for 98% of the households - Waste processing capacity of 8000 tonnes per day commissioned for 154 cities in India.	- 3600 statutory towns to be provided with ODF+ certification, 1200 towns with ODF++ certification, 15 towns with Water+ certification and 220 towns to be rated with 3-star certification as part of Garbage Free Cities - 75% of the total solid and wet waste to be processed further

An assessment of the above schemes reveals that the major outcomes to be achieved in the sanitation sector for the year 2023-24 is attempted to be measured by a large set of indicators which have been appropriately laid out, relevant, quantified and can be largely monitored. Compared to the previous year, it is found that there has been a lot of shifting in the priorities which is evident through the targets laid out under various components of the scheme. It reflects that constant monitoring and evaluation efforts have been undertaken to achieve the desired outcomes in the sanitation sector especially under SBM (U)-2.0.

Source: Output-Outcome Monitoring Framework, Outcome Budget, GoI, 2023-24.

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[1] Standing Committee on Water Resources (2021-22), 16th Report, 2021-22, 17th Lok Sabha, Department Of Drinking Water and Sanitation, Ministry of *Jal Shakti*, GoI

[2] *Jal Jeevan* Mission MIS, Dashboard, Tap Water Supply in Households, status of tap water supply in households

[3] Economic Survey 2022-23, Government of India

[4] Standing Committee on Water Resources (2021-22), 16th Report, 2021-22, 17th Lok Sabha, Department Of Drinking Water and Sanitation, Ministry of *Jal Shakti*, GoI

[5] *Jal Jeevan* Mission MIS, Dashboard, Tap Water Supply in Households, status of tap water supply in households

[6] *Jal Jeevan* Mission MIS, Dashboard, Tap Water Supply in Priority Areas, Status of tap water supply in JE-AES districts

[7] Economic Survey 2022-23, Government of India

[8] Open Budget India, Schemes Dashboard, Jal Jeevan Mission

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CHAPTER 4A

ECONOMIC SECTORSA

Agriculture and Allied Sectors

Rural Economy

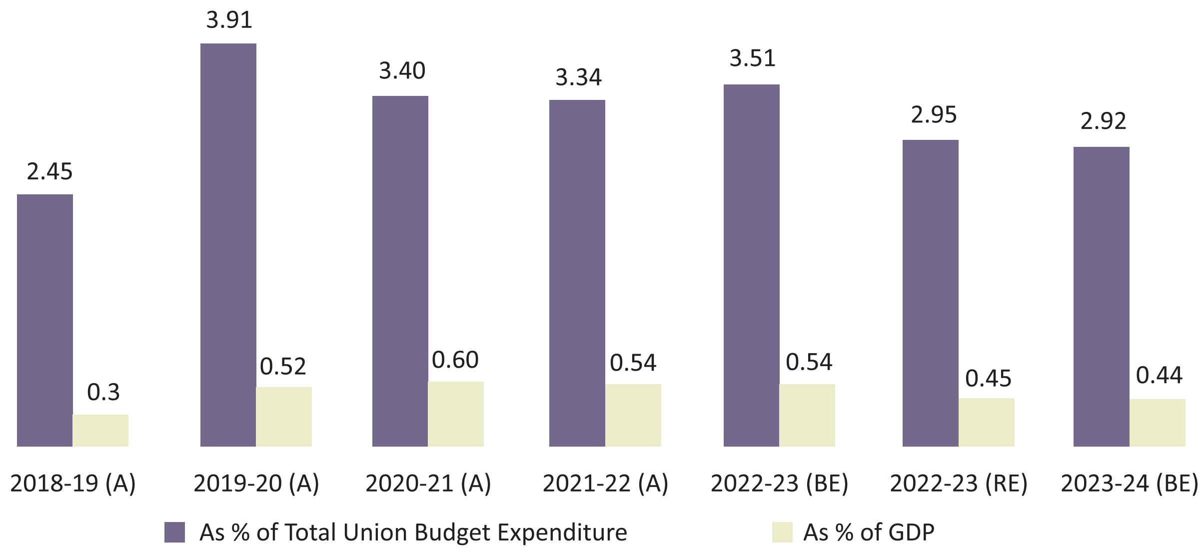
Climate Actions

CHAPTER 4: ECONOMIC SECTORS

Agriculture and Allied Sectors

Agriculture and allied sectors (AAS) continue to operate in the contrasting realities of a moderate growth rate and widely documented challenges. The sector has recorded an average annual growth rate of 4.6 per cent over the last six years,[1] yet its viability, as an occupation, remains a major concern. There is widespread acknowledgement of the view that stepping up public expenditure on agriculture can revive the sector and make it sustainable, especially for small and marginal farmers. Therefore, the budgetary provisions announced for AAS in Union Budget 2023-24 need to be understood from the long-term perspective of agriculture development.

Figure 4.1: Union Government's Budget Outlay for Agriculture and Allied Sectors (%)



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

Note: Union Budget outlay towards AAS, as presented in the analysis, includes budgets for the Department of Agriculture and Farmers Welfare, the Department of Agricultural Research and Education, the Department of Fisheries, and the Department of Animal Husbandry and Dairying of the Union Government.

In line with the policy decision taken by the Union Government to increase farmers' income, the agriculture sector started receiving priority in Union Budgets, especially after 2018-19. Given the importance of the sector's contribution in providing livelihoods and food security through the pandemic, considerable budgetary support was maintained to some extent for the sector until the last financial year.

Table 4.1: Union Budget Outlays for the Ministry of Agriculture and Farmers Welfare and the Ministry of Fisheries, Animal Husbandry and Dairying (Rs crore)

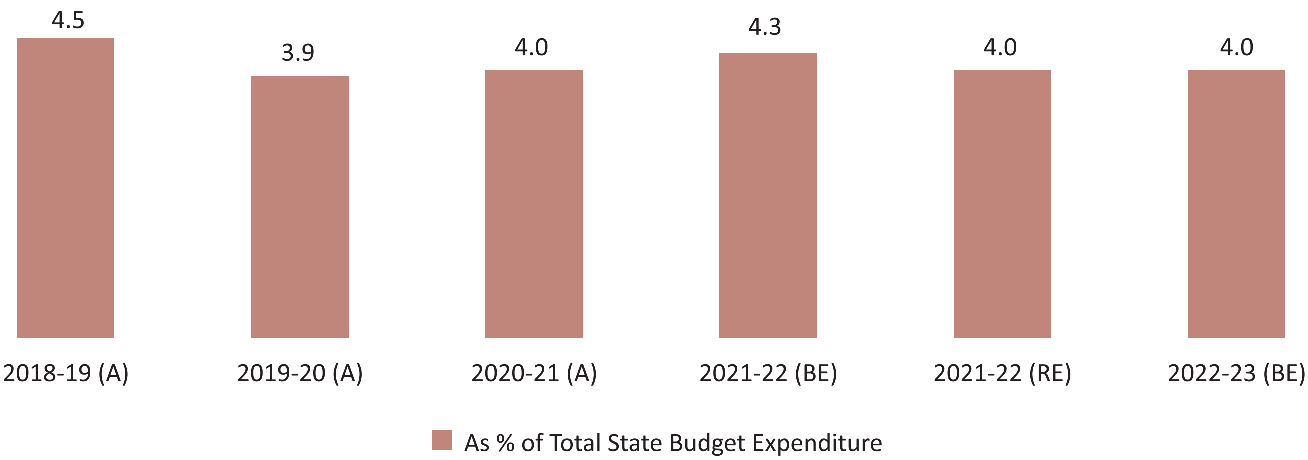
Department and Key Schemes	2018-19 (A)	2019-20 (A)	2020-21 (A)	2021-22 (A)	2022-23 (BE)	2022-23 (RE)	2023-24 (BE)
Department of Agriculture, Cooperation and Farmers Welfare (Excluding Interest Subvention and PM-KISAN)	33,339	29,319	29,493	26,166	36,500	28,255	32,532
Interest Subvention for Providing Short Term Credit to Farmers	11,496	16,219	17,790	21,477	19,500	22,000	23,000
Pradhan Mantri Kisan Samman Nidhi (PM-KISAN)	1,241	48,714	60,990	66,825	68,000	60,000	60,000
Department of Agricultural Research and Education	7,544	7,523	7,554	8,368	8,514	8,659	9,504
Ministry of Fisheries, Animal Husbandry and Dairying	3,171	3,363	3,346	3,943	6,037	4,729	6,577
Total Outlay under Agriculture and Allied Sectors	56,791	1,05,138	1,19,173	1,26,779	1,38,551	1,23,643	1,31,612

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

Note: In 2019-20, a separate Ministry of Fisheries, Animal Husbandry and Dairying was constituted with two departments: Department of Fisheries and Department of Animal Husbandry and Dairying. Prior to this, the Department of Animal Husbandry, Dairying and Fisheries was part of the Ministry of Agriculture and Farmers Welfare.

During the same period, the extent of budgetary support to AAS by State Governments was also sustained at around 4 per cent of the total State Budgets (see Figure 4.2). This indicates that the sector gained some priority with both Union and State Governments.

Figure 4.2: Total Outlay for Agriculture and Allied Sectors carried out through State Budgets (%)



Source: Compiled from Sector Dashboard, Open Budgets India (OBI).

Note: Public expenditure on agriculture and allied sectors carried out through the State Budget includes budgetary spending from a State Government's funds (i.e., State schemes and State's matching shares for CSS), and Central Shares of funds for the Central Schemes in agriculture. However, it does not include that part of the Union Government's expenditure carried out through direct cash transfers to beneficiaries' accounts, such as PM-KISAN, and hence this is not reflected in the State Budget.

Even though spending on AAS has been largely prioritised, this has remained quite uneven across states (see Box 4.1). In such a scenario, complementary resources from the Union Government may ensure balanced and steady agricultural growth. When adequate budgetary support for the sector is lacking in states due to challenges in resource mobilisation, the composition of the budget for AAS and the kind of intervention involved assume significance.

Box 4.1: Per Capita Outlay on Agriculture and Allied Sectors by Select States (Average from 2020-21 to 2022-23)

Range of Per Capita Per Annum Budget Outlay on AAS	High (More than Rs 2,000 per annum)	Moderate (Rs 1,000 to 2,000 per annum)	Low (Less than Rs 1,000 per annum)
States	Telangana, Chhattisgarh, Punjab and Andhra Pradesh	Madhya Pradesh, Tamil Nadu, Odisha, Haryana, Karnataka, Kerala, Maharashtra, Rajasthan	Assam, West Bengal, Jharkhand, Gujarat, Uttar Pradesh, Bihar
% of total agricultural households in India (%)	11.0	39.3	44.5

Source: Compiled from Sector Dashboard, Open Budgets India (OBI).

Notes: i) Average of expenditure for the years 2022-23 (BE), 2021-22 (RE) and 2020-21 (A) is considered;

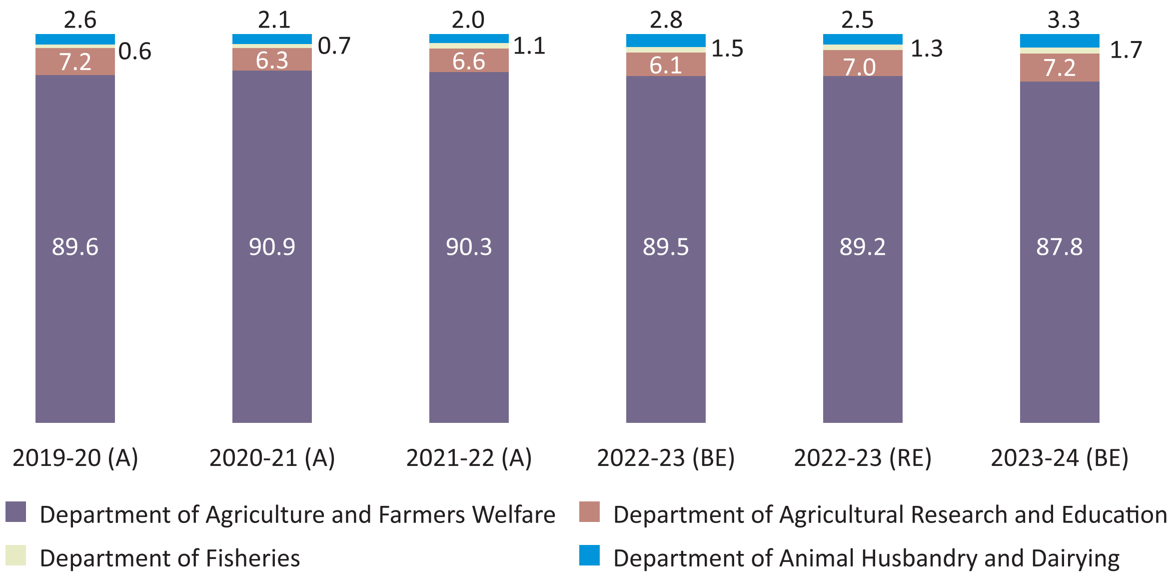
ii) Data on agricultural households are based on Situation Assessment of Agricultural Households and Land and Holdings in Rural India, 2019, 77th Round, National Sample Survey Office, Ministry of Statistics and Programme Implementation.

Some of the poorer States, such as Assam, Jharkhand, Uttar Pradesh and Bihar, are highly dependent on the agriculture sector. But they have not been spending sufficient resources on the sector. It is pertinent to mention here that Gujarat's context of economic development is different from other States mentioned under this category (less than Rs 1,000).

A Silver Lining for Allied Sectors

In keeping with higher growth rates (7.9 per cent since 2014-15 in the livestock sector and 7 per cent since 2016-17 in fisheries)[2], enhanced allocations for both allied sectors have been retained in 2023-24. Two schemes from these sectors have received particular impetus. One is the Livestock Health and Disease Control Programme, which improves vaccination and disease surveillance, and the other is the *Pradhan Mantri Matsya Sampada Yojana* (PMMSY), which was launched in 2020 with the aim of augmenting fish production, the value chain and fisherfolks' income.

Figure 4.3: Composition of Union Budget Allocations for Agriculture and Allied Sectors (%)



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

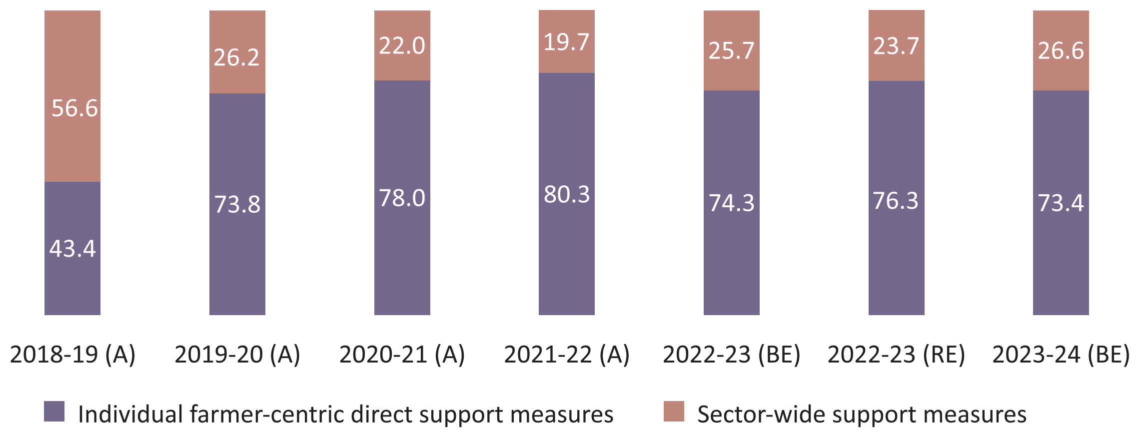
Apart from the allied sectors, Union Budget 2023-24 also accorded due primacy to agricultural research and education. Raising allocations for *Krishi Vigyan Kendras* (KVKs), management of natural resources, crop sciences, animal sciences and agricultural education had been firmly recommended by the Parliamentary Committee to remove constraints in research and development in AAS.[3] With an increase of 12 per cent in allocations compared to last year, strengthening of agricultural extension, along with research and education, will guide farmers to adopt new technologies. On-farm activities of identifying location specificity for agricultural technologies, frontline demonstrations and training of farmers on knowledge and skills vis-à-vis improved technologies may gain ground.

Composition of Union Government's Budgetary Expenditure on Agriculture and Allied Sectors

It is important to understand how Union Budgets are complementing in the domain of public resources for agriculture. Broadly, public expenditure in agriculture can be divided into two categories: those providing individual farmer-centric support (e.g. direct income support, subsidies, risk cover etc.) and those delivering public goods that enhance the overall capacity of the sector through sector-wide improvements in infrastructure and agricultural practices (e.g. research and extension, quality inputs, mechanisation, post-harvest management, institutional support etc.).

Outlays for AAS in Union Budgets in recent years have signalled a high priority for two schemes: *Pradhan Mantri Kisan Samman Nidhi Yojana* (PM-KISAN) and *Pradhan Mantri Fasal Bima Yojana* (PMFBY). These two schemes, along with interest subvention on short-term credit, which provide individual farmer-centric support, constitute around 73 per cent of the total allocations for AAS in Union Budget 2023-24 (BE). The sector-wide support measures (through other schemes, such as *Rashtriya Krishi Vikas Yojana, Krishionnati Yojana,* etc.) collectively account for around 27 per cent.

Figure 4.4: Composition of Union Government's Budgetary Expenditure on Agriculture and Allied Sectors (%)



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

Note: "Individual farmer-centric direct support measures" includes PM-KISAN, Interest Subvention Scheme and PMFBY. "Sector-wide support measures" includes all other schematic and institutional expenditure on AAS.

As shown in Figure 4.4, the priority for 'individual farmer-centric direct support measures' has increased significantly in the Union Government's total budget for AAS in recent years. It would be incorrect to infer here that such an increase has happened at the cost of the magnitude of budgetary support provided for 'sector-wide support measures' in AAS, since the overall budget envelope for agriculture provided by the Union Government has witnessed an increase over the same period. However, the prioritisation of total budgetary support for AAS has become very prominent. There is obviously an urgent need to provide direct financial support to farmers to subsidise their growing input costs and attend to the growing risks of climate vulnerability.

However, it will be a concern if both Union and State Governments start according higher budgetary priority only to direct support measures. There is a need to accord such priority to sector-wide support measures in order to pursue longer-term and sustained improvements in agriculture and ensure the viability of farming as an occupation.

There seem to be some initiatives in this Union Budget to enhance sector-wide support measures for agriculture such as, introduction of a National Mission on Natural Farming and upgrading of Primary Agricultural Credit Societies (PACS). In order to address the issue of distressed sale of farm produce and the cost associated with storage capacity, budgetary support to have multi-purpose PACS is a step in the right direction.

What the Changes in Major Schemes Indicate

A series of changes have been proposed in the schematic allocations for the crop sector, similar to those introduced in last year's Union Budget. After RKVY was restructured last year, the Union Budget 2023-24 has merged several schemes under the *Krishionnati Yojana* (see Appendix Table 4.1). It appears that the consolidation of schemes has been done in order to increase the quantum of funds available to a basket of interventions that the States would prefer rather than having a dozen schemes with a meagre outlay, spread thinly. This will also address the issue of funds available to States and prioritise spending on interventions that would better suit them. However, schemes such as *Pradhan Mantri Krishi Sinchayee Yojana* (PMKSY), NFSM, Rainfed Area Development and Climate Change, SMAM, etc. are particularly crucial in addressing the challenges of rainfed/dryland agriculture. Their subsumption is likely to impact the existing institutional framework for alternative agricultural practices. Financial outlays for these subsumed schemes have also not been laid out in Outcome Budget 2023-24 which makes tracking the progress of these schemes difficult.[4]

Furthermore, allocations for both *Krishionnati Yojana* and RKVY have declined (see Appendix Table 4.1), which points to underutilisation and hurdles in the implementation of these schemes. Most of the Centrally Sponsored Schemes (CSSs), such as RKVY, demand a grant of 40 per cent from States (as against 100 per cent contribution by the Union Government before 2015-16) due to the implementation of the recommendations of the Rationalisation of Centrally Sponsored Schemes in 2015.[5] Many States, particularly the poorer ones, could not prioritise their annual budgets and contribute their share of matching grants under the scheme, which resulted in under-utilisation of funds released from the Centre. Secondly, the audit by Comptroller and Auditor General[6] of RKVY flagged many reasons that could result in low levels of fund utilisation. Some of these include delays in release of funds, inefficiencies in scheme implementation, lack of scrutiny of projects, etc.

Improving the extent and quality of fund utilisation in core agriculture sector schemes will require, among other measures, strengthening of institutions, building the capacity of staff, and filling vacant positions in the frontline workforce. This pertains to the States' agriculture establishments, KVKs and Agricultural Universities. Staff shortages, excessive workloads, low unit costs and the limited capacity of agriculture personnel working at the district, block and village levels often leads to delayed and ill-prepared plans to implement schemes. It has been argued that staff at the Agriculture Technology Management Agencies (ATMA), which are autonomous institutions set up at the district-level for agricultural technology transfer and extension activities, are overworked or lack requisite expertise in some cases.[7]

PMFBY and PM-KISAN: In addition to the above changes, there has been a reduction in the budgetary support for PMFBY and PM-KISAN in the latest Union Budget. PMFBY has been hindered by many design and operational lapses, such as a low claim-to-premium ratio, an inadequate grievance redressal mechanism, steep increase in premium rates etc. Seven States have opted out of the scheme, with four — Andhra Pradesh, Gujarat, Telangana and Jharkhand — withdrawing from it in recent years. Therefore, out of the total, the scheme is currently active in 19 States as of Kharif session 2022[8], which reduces the coverage of farmers and the fiscal requirement of the scheme. Secondly, the scheme does not appear to be gender-sensitive as out of the total beneficiaries, only 13.7 per cent are women farmers.

The Finance Minister has shared in the Budget Speech that 11.4 crore farmers benefited from the PM-KISAN scheme. If one goes by this and same number of farmers would get the same amount of benefit from the scheme in 2023-24, then the budgetary allocation for the scheme should have been Rs 68,400 crore. Outcome Budget 2023-24 mentions a targeted transfer of Rs 67,694 crore to the destination banks (see Box 4.3). However, the allocation under PM-KISAN has been revised downward and is now pegged at Rs 60,000 crore in Union Budget 2023-24. It was also mentioned that this downward revision in the budget for the scheme is based upon the reduced beneficiary base.[9] This clearly indicates that the coverage of the scheme will be lower in 2023-24, unless there is additional support provided in the budget, going forward, to increase the coverage of women farmers, tenants and landless.

Box 4.2: Spotlighting Nutritional Intake

- Apart from support to Indian Institute of Millet Research, Hyderabad, for sharing India's best practices and research, sales, exports and employment generation targets have also been set under Production Linked Incentive Scheme for Food Processing.[10] This attention to millet research and processing also needs to be combined with direct support to millet producers as currently, millets account for only 8 per cent of the total area under cultivation in the country.[11]
- Similarly, the increased outlay for Distribution of Pulses to State/Union Territories for Welfare Schemes (see Appendix Table 4.1) is a welcome step towards adding nutritional value in government-run programmes.

An inclusive budgetary and policy paradigm to cater to marginalised sections of the farming community, namely women, landless, tenant, small and marginal farmers and agricultural workers, is the need of the hour. This needs to be integrated with emphasis on alternative agricultural practices that promote dryland farming, crop diversification and use of non-chemical methods. In addition, the overall budgetary direction of the Union Government needs to be reshaped to bring about meaningful, sector-wide improvement and ensure adequate provisioning of resources. Lastly, a redesign of State Budgets is necessary to complement, and not merely replicate, the framework of budgetary support followed by the Union Government.

Box 4.3: Major Outcomes Envisaged under Select Schemes in the Agriculture and Allied Sectors (2023-24)

Scheme	Major Outputs to be produced	Major Outcomes to be achieved
PM-KISAN	• 3.34 crore farmers to be enrolled • Rs 67,694 crore funds to be transmitted by the sponsoring bank to the destination banks	• 100 per cent timely financial benefit to be provided to the eligible beneficiaries
PMFBY	• Area of 435 lakh hectares to be insured • 82 per cent of the approved claims to be paid to farmers	• Target of turnaround time for payment of claims is not amenable
RKVY	• 1,967 Custom Hiring Centres and hi-tech hubs to be established • 1.3 lakh farmers to be given financial assistance for procurement of agricultural machinery/equipment	• 380-400 projects to be approved by states • Financial support to be provided to 500 entrepreneurs/start-ups
Krishionnati Yojana	• Area of 15,000 hectares to be brought under organic farming, and 20,000 hectares under horticulture cultivation due to water resources creation	• Import of edible oil and crude palm oil to be reduced by 3.64 per cent and 8.94 per cent respectively
PMMSY	• 0.7 lakh people to be trained in skill upgradation and capacity building programmes • 50,000 hectares of additional area to be brought under aquaculture	• Rs 2,000 crore to be increased in the forex earnings due to fish exports • 11 lakh direct and indirect employment opportunities to be created

An assessment of the above major outcomes to be achieved in AAS for 2023-24 reveals that schemes are to be measured by a large set of indicators which are fairly laid out and can be monitored. While examining the desired outputs and outcomes, a certain degree of inappropriateness is also observed as some of the indicators, which should have been listed under 'outputs', have been placed under 'outcomes' and vice versa. Apart from this, scheme outputs and outcomes do not cover vulnerable and marginalised sections of the population such as women and socially marginalised sections of the society.

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Appendix Table 4.1: Union Budget Outlays on Major Schemes in Agriculture and Allied Sectors (Rs crore)

Scheme	2018-19 (A)	2019-20 (A)	2020-21 (A)	2021-22 (A)	2022-23 (BE)	2022-23 (RE)	2023-24 (BE)
Pradhan Mantri Fasal Bima Yojana (PMFBY)	11,937	12,639	14,162	13,549	15,500	12,376	13,625
Pradhan Mantri Kisan Samman Nidhi (PM-KISAN)	1,241	48,714	60,990	66,825	68,000	60,000	60,000
Interest Subvention for Providing Short Term Credit to Farmers	11,496	16,219	17,790	21,477	19,500	22,000	23,000
Rashtriya Krishi Vikas Yojana (RKVY)	8,832	7,974	7,404	5,207	10,433	7,000	7,150
Pradhan Mantri Krishi Sinchayee Yojana (PMKSY)	8,143	8,200	7,877	11,278	12,954	8,085	10,787
Market Intervention Scheme and Price Support Scheme (MIS-PSS) in Ministry of Agriculture	1,400	2,005	1,358	2,288	1,500	1,500	0
Distribution of Pulses to State/Union Territories for Welfare Schemes	-	734	537	50	9	166	800
Formation and Promotion of 10,000 Farmer Producer Organisations (FPOs)	-	-	241	427	500	955	955
Pradhan Mantri Matsya Sampada Yojana (PMMSY)	-	-	700	1,169	1,879	1,410	2,000
***Krishionnati Yojana* (1 to 9)**							
1. National Food Security Mission	1,606	1,769	1,675	995	1,395	900	-
2. National Mission on Oilseeds and Oil Palm	341	0	0	0	1,500	1,200	-
3. Organic Value Chain Development for North East Region	176	104	137	133	198	130	-
4. Mission for Integrated Development of Horticulture	1,997	1,331	1,423	995	1,900	1,100	-
5. Sub-Mission on Seed and Planting Material	333	284	257	141	305	250	-
6. Sub-Mission on Agricultural Extension	891	932	886	821	1,000	800	-
7. Digital Agriculture	41	36	43	40	60	70	-
8. Integrated Scheme on Agriculture Census and Statistics	238	201	307	267	325	300	-
9. Integrated Scheme on Agriculture Marketing	458	273	238	238	500	250	-
Krishionnati Yojana (1 to 9)	6,080	4,928	4,966	3,631	7,183	5,000	7,067

Source: Compiled by CBGA from Union Budget documents, various years.
Notes: i) RKVY has been restructured in 2022-23 (BE) and a number of erstwhile schemes (viz. PMKSY-Per Drop More Crop, *Paramparagat Krishi Vikas Yojana*, National Project on Soil and Health Fertility, Rainfed Area Development and Climate Change, Sub-Mission on Agricultural Mechanisation, including Management of Crop Residue, etc.) have been merged with it;
ii) PMKSY includes allocations under the Ministry of Agriculture & Farmers Welfare, Ministry of Rural Development and Ministry of Water Resources, River Development & Ganga Rejuvenation;
iii) *Krishionnati Yojana:* As mentioned in the table, 10 schemes have been merged into *Krishionnati Yojana;* National Mission on Oilseeds and Oil Palm includes both Edible Oil-Oil Palm and Edible Oil-Oil Seed schemes.

Rural Economy

The rural economy showed extraordinary resilience to the challenges caused by the COVID-19 pandemic, especially through one of its segments, agriculture and allied sector (AAS) that absorbed the returnee migrants.[1] The Union Government, through higher budgetary allocations under the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS), enabled the rural economy to absorb the unskilled rural labourers and neutralise the migration shock. However, the rural economy is yet to fully recover from the shock of the past few years. In the light of this, the priority accorded to the rural economy in the budget is a significant development.

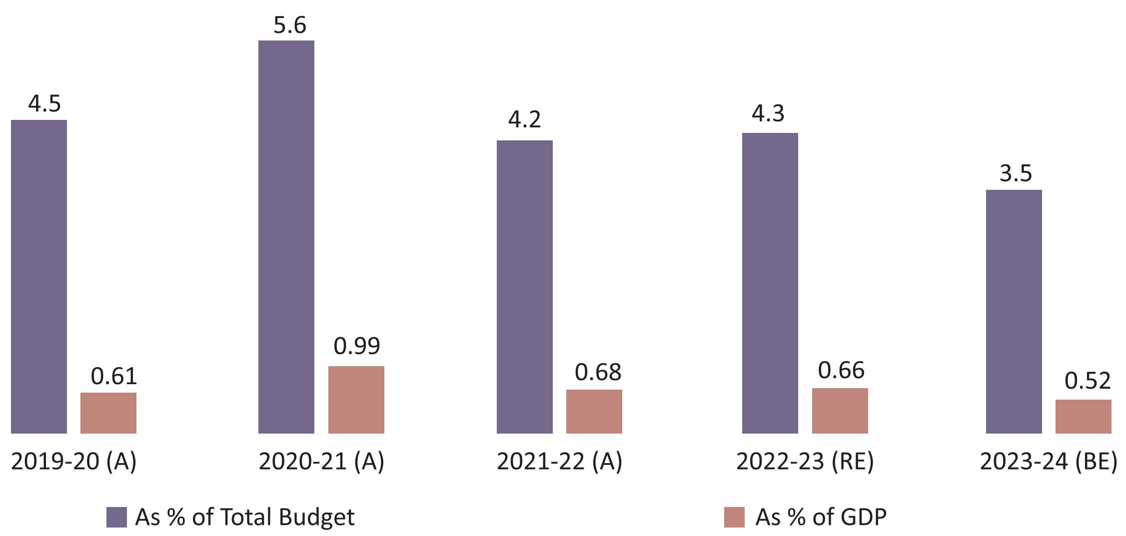
This section focuses on understanding fiscal priorities towards interventions such as the rural wage employment programmes, rural infrastructure and connectivity schemes, rural non-farm employment programmes and rural housing. Various measures were taken in the last few years for uplifting rural economy that include the *Pradhan Mantri Garib Kalyan Yojana* (PMGKY) and the *Garib Kalyan Rojgar Abhiyan* (GKRA).[2]

In order to bring the growth trajectory of the Indian economy to the level of the pre-pandemic period, the rural sector would require higher allocations to the sector primarily, for three reasons: to compensate for the losses sustained in the last few years, to bolster the levels of consumption and to fast-track economic recovery.

Fiscal Support to the Rural Economy

In the year 2020-21, the budgetary allocation for the Department of Rural Development (DoRD) was 5.6 per cent of the total budgetary expenditure of the Union Government. The biggest share of the DoRD budget went to MGNREGS, a demand based rural employment scheme to provide wage employment to rural unskilled labourers. In 2021-22, and 2022-23 (RE), the share of DoRD in the total Union Budget stood at 4.2 per cent and 4.3 per cent respectively. However, in the current budget, i.e., in 2023-24 (BE), this share has declined to 3.5 per cent. A similar trend has also been observed when these shares are computed from the GDP (Figure 4.5).

Figure 4.5: Budget Allocations/Expenditure for the Department of Rural Development (DoRD) in Union Budget and GDP (%)



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

Table 4.2: Union Budget Support for Major Rural Development Schemes (Rs crore)

Select Schemes of DoRD	2019-20 (A)	2020-21 (A)	2021-22 (A)	2022-23 (RE)	2023-24 (BE)
MGNREGS	71,687	1,11,170	98,468	89,400	60,000
Pradhan Mantri Awas Yojana - Gramin (PMAY-G)	18,116	19,269	30,057	48,422	54,487
National Rural Livelihood Mission (NRLM)	9,022	9,208	9,383	13,336	14,129
Pradhan Mantri Gram Sadak Yojana (PMGSY)	14,018	13,688	13,992	19,000	19,000

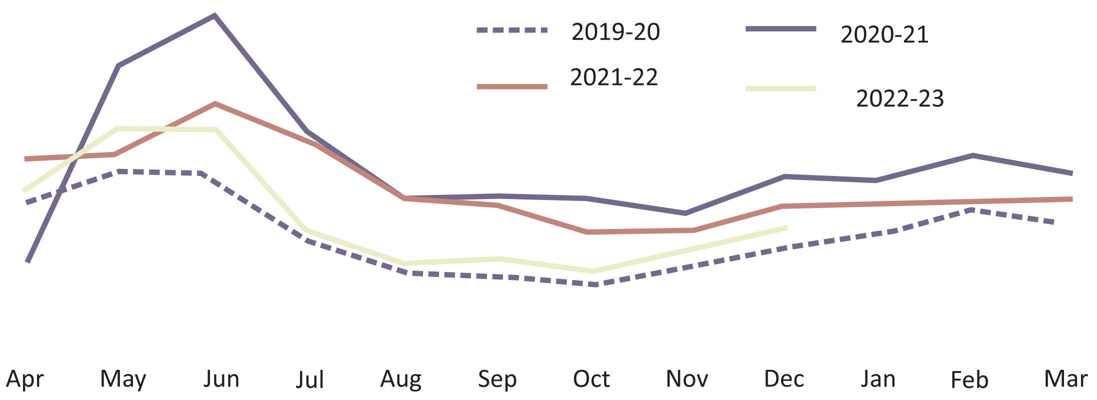
Source: Compiled by CBGA from Union Budget Documents, various years.

Declining Allocation and Work Days under MGNREGS

As on January 24, 2023, 6.49 crore households demanded employment under MGNREGS, and 6.48 crore households were offered employment, of which 5.76 crore households availed themselves of employment.[3] In comparison with the financial year 2021-22, around 21 per cent less households got employment in 2022-23. But given that almost two months are still left in this fiscal, there will certainly be some additional demand for work under the MGNREGS. Due to rise in demand for work under MGNREGS, the budgetary allocation for the scheme went up to around 55 per cent in 2020-21 in comparison to 2019-20. This increase was to absorb the increase in labour force in the rural areas due to COVID-19 pandemic and economic lockdown.

Further, in the fiscal year 2021-22, the average days of employment provided per household was 50.07 days; which declined to 42.78 days in 2022-23[4], and the rate of participation of women (person days) in MGNREGS during 2022-23 has been at 56.02 per cent. Two major issues raised consistently with the MGNREGS are the critically low wages (and even lower than legal floor wages in some states) and linking of MGNREGS wages with the consumer price indices. Apart from that, material and wage liability hamper the wage payment to the unskilled workers. As of November 30, 2022, the wage liability for the year 2022-23 was Rs 4,447 crore, whereas the material liability was Rs 3,207 crore.[5] However, the budgetary allocation for MGNREGS declined by 11.4 per cent in 2021-22 (A) and by 19.6 per cent in 2022-23 (RE). The BE for 2023-24 is 46 per cent lower than 2020-21 (A). One of the views regarding the declining allocation under the MGNREGS is that the people are not demanding employment under the scheme due to the recovery in economy to the pre-pandemic levels, but data shows that demand for work under the scheme is still higher than the pre-pandemic levels (see figure 4.6). It indicates that despite easing of economic environment and not having reverse migration trends any more, rural workers still demand work under the scheme and it requires more impetus through bigger allocations.

Figure 4.6: Number of Persons Demanding Work under MGNREGS (Crore)



Source: Data retrieved from the Economic Survey, 2022-23 (MGNREGS Portal, as on 20 January 2023).

Fund Utilisation under MGNREGS

Of the total fund available to States and Districts, the average utilisation of funds under MGNREGS during the period 2017-18 to 2021-22, has been more than 100 per cent for 20 States and only eight States (Chhattisgarh, Goa, Himachal Pradesh, Madhya Pradesh, Mizoram, Odisha, Sikkim and Tamil Nadu) spent less than the available funds.[6] Total funds available for MGNREGS include release of funds from the Government of India and the States, as well as unspent balances from previous years. In fact, 21 out of 28 States had spent more than their available funds that left with them large negative balances (the difference between funds available and expenditure). Clearly there is a need for more funds to be made available to the States, and the declined budget allocation in the current year does not augur well for the scheme. However, as MGNREGS is a demand-driven scheme, the Union Government will make provisions for the required budgets for the States in the supplementary grants, as it has done for the last couple of years.

Enhanced Priority to Rural Housing

Against the target of 2.95 crore houses, a total of 2.50 crore houses have been sanctioned and 2.11 crore houses have already been completed as on December 15, 2022 under the *Pradhan Mantri Awas Yojana – Gramin* (PMAY-G)[7]. The budgetary allocation for the scheme was Rs 20,000 crore in 2022-23 (BE), but in 2022-23 (RE), it increased to Rs 48,422 crore, an increase of 142 per cent. Now in 2023-24 (BE), the allocation has increased to Rs 54,487 crore which is an increase of 12.5 per cent over 2022-23 (RE). The enhancement of funds under the PMAY-G in the last two fiscals reflects that the government is not just targeting "Housing for All", but also enhancing the capacity of productive consumption which may have higher multiplier effect in raising the levels of rural employment and income.

There are issues with the implementation of the scheme – poor quality of construction and wrongful exclusion and inclusion of beneficiaries, among others. Further, the identification of the beneficiaries under the PMAY-G was based on the Socio-Economic and Caste Census (SECC) 2011[8] which needs to be updated time to time to include deserving beneficiaries under the scheme. The government had carried out Awaas+ Survey between January 2018 and March 2019 to identify beneficiaries for adding up additional households who were left out from the SECC 2011. So, the higher provisioning in the previous and current years under the PMAY-G are in line with added up beneficiaries to provide pucca houses with basic amenities.

Utilisation of Funds under PMAY – G

The extent of utilisation (average) of available funds under PMAY-G during the period 2017-18 to 2021-22 shows that States like Andhra Pradesh, Assam, Haryana, Kerala, Maharashtra, Tamil Nadu and Uttarakhand and a few other North Eastern States were utilising below 80 per cent of the total funds available.[9] In order to achieve the target of "Housing for All" in these States by the end of fiscal year 2024, implementation and other systemic challenges need to be addressed.

Self-Employment under NRLM

The *Deendayal Antyodaya Yojana* - National Rural Livelihood Mission (DAY-NRLM) encourages the rural poor women to form Self Help Groups (SHGs). The Mission continuously nurtures and supports them till they attain appreciable increase in incomes over a period of time and improve their quality of life. The budgetary allocation towards the National Rural Livelihood Mission (NRLM) has slightly increased from Rs 13,336 crore in the 2022-23 (RE) to Rs 14,129 crore in 2023-24 (BE). Cumulatively, 8.71 crore women have been mobilized into nearly 81 lakh Self-Help Groups (SHGs).[10] In 2022-23, almost 2.21 lakh enterprises have been supported under the Start-up Village Entrepreneurship Programme (SVEP), with nearly 29,000 enterprises set-up in 2022-23. Likewise, 1.96 crore women farmers have been covered under these interventions with nearly 35.35 lakh households covered in 2022-23.[11]

Although NRLM has had a positive impact on women's empowerment, political participation, financial literacy, administration capabilities, mobility, and decision-making, various challenges persist, which include women SHGs being over-crowded with low productivity. SHGs are involved in primary-sector activities, mainly agriculture, and are trapped by low absorption of technology.

Enhanced Priority to Rural Infrastructure

Under The *Pradhan Mantri Gram Sadak Yojana* (PMGSY), 7.95 lakh km of roads (length) and 10,070 bridges valued at Rs 3.54 lakh crore have been sanctioned to various States and Union Territories. As on December 14, 2022, almost 7.19 lakh km of roads and 7700 bridges have been completed under PMGSY.[12] The PMGSY budget will remain Rs 19,000 crore every year up to March 2025 for completion of all on-going components of the scheme.

Utilisation of Fund under PMGSY

Between 2017-18 and 2021-22 (average), States like Arunachal Pradesh, Himachal Pradesh, Manipur, Meghalaya, Nagaland, Punjab and Uttarakhand utilised more than 70 per cent[13] of the funds available under the PMGSY. Other States utilised less than 70 per cent of the available funds. The scheme targets the construction of all-weather roads and bridges by the end of fiscal year 2025, but the underutilisation of funds in the last few years raises concerns over the meeting of the targets.

Further, the Comptroller and Auditor General (CAG), in its various reports (2016-17 and 2020-21), pointed out that there were various projects in several States which were without planning, poor in monitoring, incomplete and unsatisfactory. In 26 States, 4,496 projects were running into delays of one month to nearly 11 years due to land disputes, paucity of funds and lack of clearances.[14] The CAG also pointed out that there were deficiencies in terms of data updation on the Online Management, Monitoring and Accounting System (OMMAS). Given these findings, it is crucial to note here that there is an urgent need to address implementation bottlenecks and

Box 4.4: Major Outcomes Envisaged under Select Schemes in the Rural Development Sector (2023-24)

Name of the Scheme	Budget Outlay (Rs crore)	Major Outputs to be produced	Major Outcomes to be achieved
Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS)	60,000	- The Outcome Budget of 2023-24 has not reported any quantified targets under the Outputs section at present and mentions that the achievements would be reported in the subsequent quarters as and when data is available	- The Outcome Budget of 2023-24 has not reported any quantified targets under the Outcomes section at present and mentions that the achievements would be reported in the subsequent quarters as and when data is available
Pradhan Mantri Awas Yojana-Gramin (PMAY-G)	54,487	- Around 57 lakh houses equipped with adequate basic amenities to be constructed; out of which 65% of the houses to be owned by women beneficiaries (single-headed or joint) - 30 lakh SCs and STs to benefit from the construction of the '*pucca*' houses	- Satisfaction level of the beneficiaries to be raised to 99% - Reduction in 'Homelessness' to be achieved by 85% points

Name of the Scheme	Budget Outlay (Rs crore)	Major Outputs to be produced	Major Outcomes to be achieved
Deendayal Antyodaya Yojana - National Rural Livelihoods Mission (DAY-NRLM)	14,129	- 7.28 lakh SHGs to be mobilised - 60 lakh Mahila-Kisans to be covered under Agro-ecological practices and 4 lakh to be mobilised into Farmer Producer Organisations (FPOs) - 52,407 SHGs/enterprises to be supported under Start-Up Village Entrepreneurship Programme (SVEP) - An amount of Rs 5,462 crore to be disbursed to the SHGs to support them financially	- Around 2 lakh persons to get employment under *Deendayal Upadhyay Grameen Kaushal Yojana* (DDU-GKY) - A total of Rs 1.25 lakh crore amount of bank credit to be accessed by the SHGs
Pradhan Mantri Gram Sadak Yojana (PMGSY)	19,000	- A total of 38,000 km road to be added in the current year out of which 18,000 km road length to be constructed using Green Technology	- No satisfactory Outcomes proposed under this Scheme in the Outcome Budget of 2023-24
An assessment of the above schemes reveals that the major outcomes to be achieved in the Rural Development Sector for the year 2023-24 is attempted to be measured by a comprehensive set of indicators which have been appropriately laid out, relevant, fairly quantified and can be largely monitored. The schemes like PMAY-G and DAY-NRLM have duly incorporated the needs of the vulnerable sections like women, SCs and STs, however, they have omitted the incorporation of the minorities. A casual approach is also evident while specifying the targets and outcomes under the MGNREGS and PMGSY schemes. Rural development is quite a large sector and incorporates many schemes within its ambit to promote holistic development of the rural areas. A casual approach towards specification of the quantifiable objectives will be a considerable hindrance towards developing an accurate understanding and achievement of the desired socio-economic outcomes for the rural population.			

Source: Output-Outcome Monitoring Framework, Outcome Budget, GoI, 2023-24.

MGNREGS has been the lifeline for the rural labour force for wage income as it has provided more than 389 crore work days and 363 crore work days[15] in 2020-21 and 2021-22 respectively. The reduced allocation in the current budget may derail the growth momentum of the Indian economy as studies reflect that unemployment in the rural India is still high.[16] Further, the COVID-19 years exposed and worsened the already existing inequalities in the rural sector.[17] State Governments have reported high rate of fund utilisation under MGNREGS. Hence, adequate provisioning under MGNREGS is expected in the supplementary grants of FY 2023-24, so that rural employment can be enhanced. In line with fulfilling the commitments of "Housing for All", allocation under PMAY-G has increased in the previous and for 2023-24 fiscal years to boost consumption demand in the rural economy. This will certainly enhance employment opportunities, incomes and living standards of the masses. Budgetary allocation under DAY-NRLM has slightly increased in the current budget, and will encourage women to form SHGs and get involved in economic activities for upward mobility. However, allocations for the DoRD as a share of the current budget and as a percentage of GDP have declined as compared to earlier years. However, there are instances of underutilisation of funds allocated for schemes like PMAY-G and PMGSY. Hence, efforts are needed from several quarters to ensure that the allocated funds are fully utilised across States.

[1] Ministry of Finance (2023): Economic Survey 2022-23, Government of India, pp. 244.

[2] Under the GKRA four schemes of the MoRD were included namely, Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS), *Pradhan Mantri Awaas Yojana - Gramin* (PMAY-G), *Pradhan Mantri Gram Sadak Yojana* (PMGSY) and Shyama Prasad Mukherjee RURBAN Mission (SPMRM). The GKRA provided livelihood opportunities in the rural areas in 116 select districts across Six States (Bihar, Jharkhand, Madhya Pradesh, Odisha, Rajasthan and Uttar Pradesh) where influx of returnee migrants was the highest.

[3] Ministry of Finance (2023): Economic Survey 2022-23, Government of India, pp. 171.

[4] Ibid.

[5] Lok Sabha Unstarred question No. 1002, Answered on December 13, 2022.

[6] Scheme Dash Board, Open Budget India, CBGA, https://schemes.openbudgetsindia.org/scheme/mgnrega?indicator=extent-of-fund-utilisation.

[7] Lok Sabha Unstarred question No. 2254, Answered on December 20, 2022.

[8] Lok Sabha Starred Question No. 193 Answered on December 20, 2022

[9] Scheme Dash Board, Open Budget India, CBGA, https://schemes.openbudgetsindia.org/scheme/pmay?indicator=extent-of-fund-utilisation-against-total-funds-available.

[10] Press Information Bureau, Year End Review 2022: Ministry of Rural Development, Government of India, https://rural.nic.in/en/press-release/year-end-review-2022-ministry-rural-development.

[11] Ibid

[12] Lok Sabha Unstarred Question No. 2170 Answered on December 20, 2022

[13] Scheme Dash Board, Open Budget India, CBGA, https://schemes.openbudgetsindia.org/scheme/pmgsy.

[14] Public Accounts Committee (2017-18) Report on Pradhan Mantri Gram Sadak Yojana, https://eparlib.nic.in/bitstream/123456789/762049/1/16_Public_Accounts_92.pdf.

[15] Lok Sabha Unstarred Question No. 1092: Increase in Number of Days under MGNREGS, answered on 13/12/2022, https://pqals.nic.in/annex/1710/AU1092.pdf.

[16] Vyas, M. (2022): Employment Falls in Rural India, Centre for Monitoring Indian Economy (CMIE), November 2, https://www.cmie.com/kommon/bin/sr.php?kall=warticle&dt=20221102183258&msec=706&ver=pf.

[17] Rawal, V., M. Kumar, A. Verma, J. Pais (2020): COVID-19 Lockdown: Impact on Agriculture and Rural Economy, SSER Monograph, No. 20/3, https://www.macroscan.org/fet/jun20/pdf/Agriculture_Rural_Economy.pdf.

Climate Actions

Union Budget 2023-24 reiterates the government's commitment towards green growth and the achievement of climate goals. Green growth is one of the seven priority areas for the government. In the current budget, the government has expressed its intention to reduce carbon intensity across various sectors and provide large-scale green job opportunities through the adoption of green fuel, green farming, green mobility, green building, and green equipment. Some of the key policy announcements made in previous budgets on a clean energy transition have now been defined more objectively.

Key policy announcements in the current budget for green growth are as follows:

- Rs 35,000 crore set aside for priority capital investment towards energy transition and net zero objectives
- A target of five million metric tonnes (MMT) set for Green Hydrogen production by 2030
- Adequate funds provided to States to scrap old, polluting government vehicles
- Urban planning reforms and actions to be undertaken to transform cities into 'sustainable cities of tomorrow'
- Green credit programme to be notified to incentivise environmentally sustainable and responsible actions by companies
- 500 new 'waste to wealth' plants under GOBARdhan (Galvanizing Organic Bio-Agro Resources Dhan) scheme to be established
- PM Programme for Restoration, Awareness, Nourishment and Amelioration of Mother Earth,' to be launched to promote alternative fertilisers and balanced use of chemical fertilisers
- 'Mangrove Initiative for Shoreline Habitats & Tangible Incomes,' MISHTI, to be taken up for mangrove plantation along the coastline, through convergence between MGNREGS, Compensatory Afforestation Fund Management and Planning Authority (CAMPA) fund and other sources
- Scheme to encourage optimal use of wetlands and their unique conservation values through Amrit Dharohar to be launched
- Exemption in excise duties on GST-paid on compressed biogas. Exemption of customs duty on import of capital goods and machinery for the manufacture of lithium-ion cells for batteries used in electric vehicles

Gross Budgetary Support (GBS) for Clean Energy

The government has proposed several measures to support the country's transition to a low-carbon economy through the promotion of clean energy. Besides an increase in gross budgetary support (GBS) to the Ministry of New and Renewable Energy (MNRE), the government is also providing funding through Internal and Extra Budgetary Resources (IEBR). These resources are raised by PSUs through profits, loans, and equity. The IEBR support of the Indian Renewable Energy Development Agency (IREDA), the primary PSU tasked with promoting renewable energy along with the MNRE, has been increased in this budget.

Table 4.3: Budgetary Allocations for the Ministry of New and Renewable Energy (Rs crore)

Year	IEBR	Allocation for Central Sector Schemes
2018-19 (A)	10,459	4,403
2019-20 (A)	10,451	3,417
2020-21 (A)	9,506	2,867
2021-22 (A)	15,880	4,143
2022-23 (BE)	28,571	6,788
2022-23 (RE)	27,547	6,820
2023-24 (BE)	37,828	9,874

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

Notes: i) IEBR = Internal and Extra Budgetary Resources. They constitute resources raised by PSUs through profits, loans and equity.

ii) Central Sector Schemes include grid-connected Renewable Energy, off-grid Renewable Energy power, Research & Development programmes and Other supporting programmes.

India's installed renewable energy capacity stands at 120 GW. To achieve the stipulated target of 500 GW by 2030, at least 50 GW capacity needs to be added per annum. Despite the increase in the budget outlays for MNRE, it is still a fraction of the overall financial requirement of the sector. For resource needs and programmatic interventions, States have been depending on the Centre and centrally sponsored schemes from the MNRE. Hence, it is necessary to increase gross budgetary support for the MNRE and allocations to central sector schemes.

Ongoing Clean Energy Efforts Need to be Scaled Up

Most of the country's renewable energy comes from solar (52.36 per cent) and wind (34.68 per cent), and India will need to greatly expand these capacities within the next seven years to meet its Renewable Energy target of 500 GW by 2030.[1] According to a Central Electricity Authority report released in 2020, the projected optimal mix of renewable energy installed capacity for 2029-30 will be 53 per cent.[2] There is an urgent need to scale up the current initiatives on the renewable energy front, which calls for more investment. The resource requirement could be as much as USD 300 billion by 2030.[3] Along with this, a regulatory framework that further catalyses the flow of international capital towards climate actions is crucial.

Table 4.4: Renewable Energy Capacity Addition till November 2022

Renewable Energy Sources	Small Hydro Power	Wind Power	Bio Power Total	Solar Power Total	Total Capacity
Renewable Energy Capacity Added till Nov. 2021 (in GW)	4.8	40.0	10.6	48.6	104.0
Renewable Energy Capacity Added till Nov. 2022 (GW)	4.94	41.93	10.6	63.30	120.70
Share in Total Renewable Energy Capacity (in per cent) in 2022	4.09%	34.68%	8.44%	52.36%	

Source: Ministry of New and Renewable Energy's Physical Progress Data.

The MNRE's budget includes Rs 4,970 crore set aside for the development of grid interactive solar power. The Budget Estimate in 2023-24 for off-grid solar power is Rs 362 crore, which is nearly six times more than the previous year's Budget Estimate of Rs 61 crore. Over the coming years, budgetary allocations will need to provide a continued impetus to the sector.

Table 4.5: Budget Allocation for Major MNRE Programmes (in Rs crore)

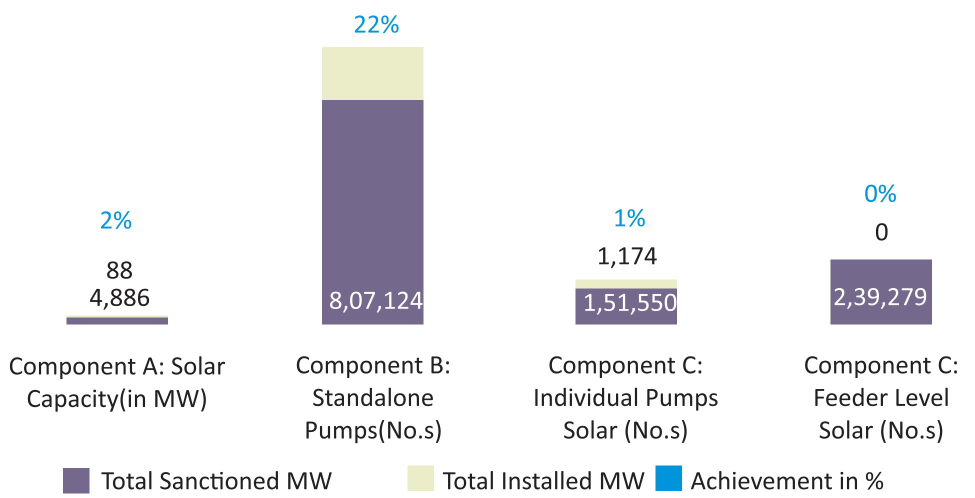
Key Schemes	2018-19 (A)	2019-20 (A)	2020-21 (A)	2021-22 (A)	2022-23 (BE)	2022-23 (RE)	2023-24 (BE)
Solar Power Grid connected	1904	1535	1050	2042	3304	3470	4970
Solar Power Off-Grid	621	460	149	160	62	62	362
Wind Power Grid connected	950	1026	1059	1100	1050	1413	1214
Green Energy Corridors	500	53	160	135	300	250	500
Bio Energy Grid connected	7	5	6.22	53	50	53	159
Bio Energy Off-Grid	3.5	0.97	12	36	20	12	128
Kisan Urja Suraksha evam Utthaan Mahabhiyan (KUSUM) Off-grid	…	…	…	406	1716	2325	1997
Research, Development and International Cooperation	25	15	37	27	35	45	70
National Green Hydrogen Mission	…	…	…	0	0.01	0.01	297
Human Resources Development and Training	57	62	19	20	31	20	47

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

Implementation challenges of decentralised solar power production need to be addressed

At present, the Ministry of New and Renewable Energy is implementing two major schemes for decentralised solar power production. These are (i) *Kisan Urja Suraksha evam Utthaan Mahabhiyan* (KUSUM), which aims to achieve 10,000 MW capacity through the installation of grid-connected solar power plants under its three components,[4] and (ii) Roof Top Solar (RTS) Programme Phase II, which targets achieving 40 GW rooftop solar capacity. Both schemes have received increased budgetary allocations in the current budget, compared to the previous year. However, the target achievements under these schemes need substantial improvement. For example, the pace of installation of solar pumps on farms has been slow. Achievement under component B of the KUSUM scheme, which is meant for installation of standalone pumps, is reported to be the highest (22 per cent) among all the three components.[5]

Figure 4.7: Physical Progress under KUSUM Scheme, as on 31 December 2022



Source: PM KUSUM scheme dashboard.

Poor availability of low-cost financing for farmers through bank loans and inability to obtain matching grants from the State has been a major challenge in the implementation of the PM-KUSUM Scheme.[6] Guidelines for other DRE schemes, such as Roof Top Solar (RTS), need to be evaluated as there have been implementation challenges due to delays in providing net metering incentives by power utilities and poor financing through bank loans. In general, RTS technologies are considered small-scale projects with poor rates of return.

Green Mobility in fast lane

The budget has provided incentives for the adoption of Electrical Vehicles (EVs), paving the road for a low-carbon future. The Faster Adoption and Manufacturing of (Hybrid & Electric Vehicles) in India (FAME India) scheme was launched with the aim of reducing dependency on fossil fuels and addressing vehicular emissions. As of December 31, 2022, just over halfway into phase II, the scheme had incentivised 8,53,637 EVs.[7] In a move to give a further impetus to FAME-II, the budget has provided a two-fold increase in budget estimates. The tax rebate on lithium-ion battery in the current budget will be a big boost for EV buyers. Furthermore, the announcement pertaining to scrapping of old vehicle, with funding support will act as an incentive for State governments. State-wise data on EV registrations suggests that purchase of low-segment EVs, especially two-wheelers, is much higher than four-wheelers. The government needs to put in place a differential incentive strategy to increase the uptake in the four-wheeler segment. Infrastructure for improved service delivery and a cohesive ecosystem, including charging infrastructure, operation and maintenance services, safe disposal and recycling of batteries and interoperability of EV batteries, are also critical to make EVs more attractive and easy to own.

Table 4.6: Budget Allocation for Major Electric Mobility Programmes (Rs crore)

Schemes	2018-19 (A)	2019-20 (A)	2020-21 (A)	2021-22 (A)	2022-23 (BE)	2022-23 (RE)	2023-24 (BE)
FAME India scheme for Electric Vehicle under Ministry of Heavy Industries	145	500	318	800	2908	2898	5172
Production Linked Incentive (PLI) Scheme for Automobiles and Auto Components	-	-	-	0	3	11	604
Production Linked Incentive (PLI) Scheme for National Programme on Advanced Chemistry Cell (ACC) Battery Storage	-	-	-	0	3	0.9	1

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

Will Sovereign Green Bonds Proceeds Complement Climate Finance Needs?

Sovereign Green Bonds are expected to help the government tap finance from potential investors for public sector projects aimed at reducing the carbon intensity of the economy. In FY 2022-23, the Government had expected to borrow Rs 16,000 crore through Sovereign Green Bonds (Sr GB). The actual realisation from Green Bonds in FY 2022-23 (RE) was higher than was budgeted. This time, several more programmes and public sector projects are expected to augment their resources through the proceeds of Green Bonds. It has been estimated that Rs 23,764 crore will be raised from the proceeds of Green Bonds this financial year. In view of this, a Green Finance Working Group has been instituted to scrutinise these projects using the RBIs taxonomy and guidelines for Green Bonds.[8]

Table 4.7: Statement on Sovereign Green Bonds Proceeds (Rs crore)

Schemes and Programmes	2022-23 (BE)	2022-23 (RE)	2023-24 (BE)
Green India Mission (MOEF &CC)	-	188	169
Metro Project (MoH & UA)	-	3202	3609
PM- KUSUM (off-grid Solar)	-	1325	1996
National Green Hydrogen Mission	-	0.01	297
Grid Connected Solar Power	-	2800	4000
Grid Connected Wind Power	-	1413	1214
Railways	-	10239	12479
Grand Total	16000	19168	23764

Source: Compiled by CBGA from Union Budget documents, 2023-24.

In the years to come, there will be a need for well-developed policies on three fronts. The first will be to mitigate the risk of "green washing", which refers to unsubstantiated claims by investors of using finances for undefined green activities. This can be done by having a clear definition (or taxonomy) for green investments in business activities. Second, to channel the proceeds of the proposed new financing mechanisms, such as Green Bonds, towards projects aimed at building climate resilience (India witnessed many natural disasters in the first three quarters of 2021 and floods and storms alone caused a loss of USD 7.6 billion). The Sovereign Green Bond can strengthen the development of resilient infrastructure in vulnerable areas and make it future proof. Third, policy intervention is required to build the capacity of State Governments to implement these new climate finance mechanisms. This will be instrumental in channelling the proceeds of Green Bonds towards climate-oriented infrastructure projects at the state and city level.

Measures to reduce the carbon intensity of urban infrastructure

Building and infrastructure development are carbon intensive sectors. Accordingly, the current budget, mindful of emissions, has laid emphasis on urban planning and town development. Union Budget 2023-24 promises to incentivise states that support municipal bonds. This would definitely improve market linkages for better fungibility of municipal-level green infrastructure projects under new carbon finance mechanisms such as Green bonds and Environment, Social and Governance (ESG) funds. Recent amendments in the Energy conservation Act may usher in effective conservation measures through linkages with domestic carbon trading mechanisms.

However, it remains to be seen how cities will operationalise the framework for large-scale implementation and adhere to key design principles in creating low-carbon and sustainable infrastructure. Further, augmenting of resources through municipal bonds is still in its infancy and would require a robust policy mechanism for effective implementation throughout the country.

Table 4.8: Budget Allocation for Sustainable Cities, Energy Efficiency and Air Pollution Control Schemes (Rs crore)

Schemes for Energy Efficiency, Sustainable Cities, & Air Pollution Control	2019-20 (A)	2020 -21 (A)	2021-22 (A)	2022-23 (BE)	2022-23 (RE)	2023-24 (BE)
Energy Conservation and Efficiency Bureau of Energy Efficiency Programmes under the Ministry of Power	96	5	40	60	30	31
Initiatives for Sustainable Infrastructure in Cities: City Investment to Innovate, Integrate and Sustain (CITIIS) Scheme under MoH&UD	72	-	64	334	334	334
Control of Pollution under the MOEF & CC	409	267	407	460	600	756
Commission for Air Quality Management under the MOEF & CC	-	-	19.5	17	16	17

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

Climate adaptation financing needs an egalitarian outlook

Although, a number of measures have been announced for Climate Change Mitigation, the budgetary support required for Climate Change Adaptation measures has been undermined. The budget should have given equality to both mitigation and adaptation measures to curb the impact of climate change. In the last couple of years, States have been revising their State Action Plan on Climate Change (SAPCC). Most SAPCCs project a huge financial requirement for climate adaptation-oriented interventions.[9] In the coming years, States would need clear financing mechanisms and opportunities to fund actions related to building long-term climate resilience, for loss and damage compensation, as well as for climate risk mitigation measures. The 2023-24 Budget Estimate for the Green India Mission is Rs 220 crore, which is much lower than the previous year, Rs 362 crore in 2022-23 (BE).

In order to fully address climate change-induced crises, more funding should be dedicated to helping people adapt through climate-resilient actions. Since private investors are yet to look at adaptation measures as investment opportunities, significant scaling up of financing commitments from governments is the way forward.

Sustainable development has been a key goal of the Union Government, and this is reflected in the budget announcements for 2023-24. By spotlighting 'green growth' as one of the seven priority areas for this year's Union Budget, the government has clearly conveyed an important signal to the market, financial institutions and the workforce. It would be safe to assume that the announcements made in the current budget are climate responsive, subject to actual implementation and full utilisation of the allocated funds. Further, it all comes down to how State governments prioritise allocations and what strategies they will follow in their individual budgets. While a few states have already introduced Climate Responsive Budgeting or Green Budgeting as a strategy to track climate-related public expenditure, there is a need for a big shift from the current fragmented, piecemeal and ad hoc approach to a comprehensive, sustainable and standardised approach to climate-responsive budgeting. This will not only help realise national climate goals through effective integration of subnational actions, but also ensure participation by various stakeholders to fulfil commitments to future generations as well.

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CHAPTER 5A

MARGINALISED SECTIONSA

Gender Issues

Children

Scheduled Castes

Scheduled Tribes

Religious Minorities

Persons with Disabilities

CHAPTER 5: MARGINALISED SECTIONS

Gender Issues

The year 2023 marks the midpoint of the path towards the 2030 Agenda for Sustainable Development. SDG 5 is aimed at gender equality, which also has implications for all other goals. Further, on assuming The Group of 20 (G20) Presidency, India has emphasised 'women-led development'. In this context, both Union Budget and State Budgets are important policy tools for achieving these goals. Budgetary support on a priority basis is needed to increase women's workforce participation, ensure decent work opportunities, improve access to skilling, education and social protection, and create an enabling environment to eliminate gender-based violence.

Opportunity for a Boost to Women's Employment Has Been Missed

Women's labour force participation rate (LFPR) in India increased to 25.1 per cent in 2020-21 from 22.8 per cent in 2019-20, as per the Periodic Labour Force Survey of 2020-21.[1] The rise has been most prominent for rural women, whose LFPR has grown from 18.2 per cent in 2017-18 to 27.7 per cent in 2020-21. The Economic Survey 2022-23 notes this as a positive development. But an in-depth analysis of the data suggests that this could be phenomenon of distress employment.[2] This means women have been forced to take up own-account employment or work as unpaid family helpers. A widening gender wage gap pegged at 62.5 per cent[3], low-quality employment[4], and the concentration of women as wage labourers in the agriculture and construction sectors in the informal economy, are other important challenges to women's employment.

However, several schemes for social protection and economic empowerment that benefit women in large numbers have not been accorded a high priority in Union Budget 2023-24. At 57.8 per cent, the share of women beneficiaries under the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) was the highest in a decade in 2022-23.[5] The declining average number of days of work provided under the scheme per household, per annum, hit a five-year low in 2022-23, signalling the need to step up allocations to meet the increasing demand.[6] Instead, allocations for MGNREGS in 2023-24 (BE) have been slashed by about 17.8 per cent from 2022-23 (BE). This indicates the loss of an important source of social protection for women in rural areas. The demand for an urban employment guarantee programme that could benefit women has also not been met.

The role of women's Self-Help Groups (SHGs) was highlighted in both the Budget Speech and the Economic Survey. The National Rural Livelihood Mission (NRLM) aims, among other things, to facilitate access to credit and livelihoods for SHG members. The budget for NRLM in 2023-24 BE has increased by 5.9 per cent over last year. Currently, India has 81.6 lakh SHGs, as per government data[7], and as of February 2022, 36.09 lakh SHGs or 44 per cent were credit-linked under the NRLM.[8] It needs to be reviewed whether the available resources are adequate to support the remaining SHGs.

Two credit schemes *Pradhan Mantri MUDRA Yojana* and Stand Up India under the Department of Financial Services that had a high proportion of women beneficiaries have received no new allocations this year. However, the Prime Minister's Employment Generation Programme (PMEGP) under the Ministry of Micro, Small and Medium Enterprises (MSME) has seen an increase in allocations from Rs 2,500 crore in 2022-23 (BE) to Rs 2,700 crore in 2023-24 (BE). The scheme provides credit-linked subsidies to micro enterprises. The increase in allocation is encouraging as the number of women beneficiaries under the scheme has increased by 43 per cent between 2020-21 and 2021-22.[9] However, the absolute number of women benefiting from such schemes is very small in comparison to the population.

Additional resources are required for increased remuneration and better working conditions for the large number of women working as *Anganwadi* Workers and Helpers, Accredited Social Health Activists (ASHA), domestic workers and home-based workers. These women, and more broadly, all women working in the informal sector, continue to be excluded from most social security nets. However, no new initiatives or increased allocations have been made for their welfare. Allocations for the National Social Assistance Programme have fallen; this is a concern given the inadequate monthly pension amounts under the scheme.

In the absence of an expansion in targeted initiatives to support women's employment, it is unclear how much women stand to benefit from the budget. The Economic Survey acknowledges the need for ecosystem services for women, "including affordable creches, career counselling/handholding, lodging and transportation", that can help "unlock the gender dividend." However, the Centre's schemes for creches and working women's hostels have not received high priority, as discussed in a later sub-section. No new initiatives have been announced towards safe transport for women, or towards reducing and redistributing the disproportionate burden of unpaid care work.

Development Initiatives Need to Be Made More Gender-Responsive

The pandemic pushed more women out of the labour force; skilling programmes need to be made gender-responsive to facilitate their re-entry. Concerns have been raised around *Pradhan Mantri Kaushal Vikas Yojana* (PMKVY), over delays in fund disbursal, a poor placement rate, low-quality jobs, temporary placements, and the lack of an overarching gender focus.[10] Factors such as patriarchal norms forbidding women from working, and preference for jobs in nearby locations, result in many women trainees dropping out or not being placed upon completion of training.[11] While the focus of PMKVY in its first three phases was on sectors considered 'feminine' for women trainees, PMKVY 4.0 is said to be oriented towards training women in non-traditional sectors involving mechanical work with electric vehicles, solar rooftops, and the like.[12] This is a welcome change in policy direction.

One of the stated thrust areas of Union Budget 2023-24 is 'youth power'. Three youth-oriented schemes including PMKVY 4.0, along with the *Pradhan Mantri* – National Apprenticeship Promotion Scheme (PM-NAPS), and *Jan Shikshan Sansthan* scheme have been bracketed under the Skill India Programme. This programme was allocated Rs 2,278.4 crore in 2023-24 (BE), marking a marginal dip from last year's allocation. More resources will likely be needed to improve the outreach of these programmes and make them effective for women beneficiaries.

The Ministry of Skill Development and Entrepreneurship has started the Economic Empowerment of Women Entrepreneurs and Start-ups by Women (WEE) project, targeted at women. Other initiatives with a good proportion of women beneficiaries include Entrepreneurship Development in Six Holy Cities (63.1 per cent), and the *Pradhan Mantri Yuva Udyamita Vikas Abhiyan* (PM-YUVA) Pilot Project (38.6 per cent).[13]

Issues such as lack of awareness and arduous application procedures limit the coverage of such schemes and programmes.[14] This often results in discontinuation, especially when the programmes are run by banks. Infusing budgetary resources towards dissemination of information, and handholding support through helplines and central information desks can help break the vicious cycle of low coverage and discontinuation of developmental programmes.

NFHS-5 (2019-21) data reveal that only about 54 per cent of women in the 15-49 age group have a mobile phone.[15] Given the recent policy emphasis on digital educational resources, use of digital platforms for financial transactions and strengthening of digital public infrastructure, additional resources are needed to bridge the digital divide. Only then can the benefits of digitalisation be enjoyed equitably.

A one-time savings scheme titled *Mahila Samman* Savings Certificate has been announced in this Budget.. The scheme allows girls and women to save up to Rs 2 lakh for two years, with a rate of interest of 7.5 per cent. While the scheme may benefit households as a whole, it should be noted that only 51.2 per cent of women have money that they can decide how to use, as per NFHS-5 data. Interventions are needed to influence social norms around the intra-household distribution of resources.

The Policy and Budgetary Framework Addressing Violence Against Women Needs to Be Reviewed

Schemes implemented by the Ministry of Women and Child Development (MWCD) for the protection and empowerment of women have been undergoing a restructuring over the last three years. In 2021-22, a large number of individual schemes were brought under two sub-schemes: *Sambal* and *Samarthya*, under the larger umbrella of Mission *Shakti*.

Table 5.1: Composition of Umbrella Schemes *Sambal* and *Samarthya* under Ministry of Women and Child Development

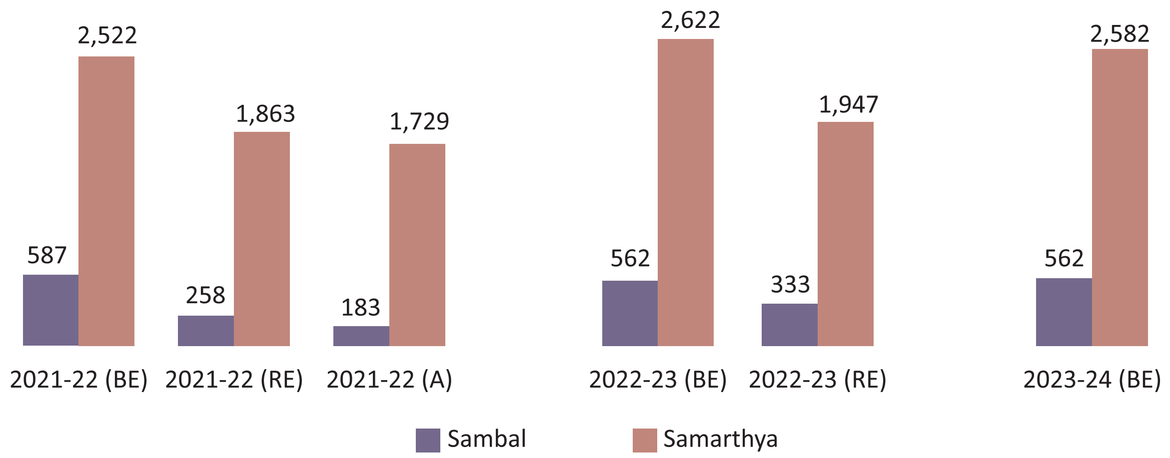
Scheme	Sub-Scheme	Constituent schemes in 2021-22	Constituent schemes in 2022-23 and 2023-24
Mission *Shakti* (Mission for Protection and Empowerment of Women)	*Sambal*	(i) One Stop Centre (ii) *Mahila* Police Volunteers (iii) Women Helpline (iv) *Swadhar Greh* (v) *Ujjawala* (vi) Working Women's Hostel (vii) Home for Widows	(i) *Beti Bachao, Beti Padhao* (ii) Women Helpline (iii) One Stop Centre (iv) *Mahila* Police Volunteer (v) *Nari Adalat*
	Samarthya	(i) *Pradhan Mantri Matru Vandana Yojana* (PMMVY) (ii) *Mahila Shakti Kendra* (iii) *Beti Bachao, Beti Padhao* (iv) Gender Budgeting and Research, Publication and Monitoring	(i) *Shakti Sadan* (erstwhile *Swadhar Greh, Ujjawala*, Widow Home) (ii) *Shakhi Niwas* (erstwhile Working Women Hostel) (iii) *Palna* (erstwhile National Creche Scheme) (iv) *Pradhan Mantri Matru Vandana Yojana* (v) National Hub for Women Empowerment (vi) Gender Budgeting, Research/ Skilling/ Training/Media Advocacy

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

Note: The composition of the two sub-schemes changed after 2021-22, and some older schemes were redesigned and renamed. Two former schemes, *Swadhar Greh* and *Ujjawala*, were merged into *Shakti Sadan* — referring to integrated relief and rehabilitation homes for women in distress and survivors of trafficking. Also, a new component, called *Nari Adalat*, was added to *Sambal*, for the resolution of petty grievances faced by women at the *Gram Panchayat* level.

The process of restructuring has been accompanied by a fall in the overall resource allocation for the constituent schemes compared to the period before restructuring, followed by a small increase in the 2022-23 (BE). This year, the budget for Mission Shakti has declined by 1 per cent from last year's allocation.

Figure 5.1: Trend in Allocation and Expenditure for *Sambal* and *Samarthya* (Rs crore)



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

The trend in allocations must be viewed in light of the persistent underutilisation of funds for many of the constituent schemes. As explained by the MWCD in response to a query from the concerned Parliamentary Standing Committee, budget allocations are being reduced because a large proportion of funds are left unspent by the end of the year.[16] This underspending, in turn, is attributed to non-receipt of utilisation certificates from states and disruptions in service delivery because of the pandemic.

For some schemes, the persistent cycle of underspending and reduced allocations may be symptomatic of gaps in policy design and implementation. Research suggests that *Swadhar Grehs* (shelter homes for women in distress) saw low demand among target beneficiaries, and that over time, the number of such shelter homes supported by the MWCD have come down. Something similar was observed with the creche scheme (now renamed *Palna*). The number of functional creches under the scheme reduced to nearly one-third of their original number between 2017-18 and 2019-20.[17] Further, non-governmental organisations (NGOs) running creches during the pandemic struggled to sustain operations in the absence of timely fund flows from the government.[18] In the case of the *Ujjawala* scheme, which seeks to rescue and rehabilitate survivors of trafficking, NGOs were hesitant to take up its implementation altogether because they found the risks and costs to be prohibitive.[19]

Studies have shown that the unit costs of some of these schemes (*Swadhar Greh*, One Stop Centres and Women Helplines) are not adequate to provide quality services.[20] A recent study by CBGA found a lack of adequate infrastructure and human resources at One Stop Centres and shelter homes across four States.[21] Stakeholders reported a need for funds over and above what is stipulated in scheme guidelines. The study also revealed a lack of awareness about these services among survivors of gender-based violence.

It remains to be seen if the restructured system of service delivery for these schemes will address the gaps in unit costs, quality and awareness. Importantly, the overall fall in budget allocations for the schemes raises concerns about the outreach of these services. Nearly one in three women in India report having experienced spousal violence, as per the NFHS-5. Only 14 per cent of women who experience sexual or physical violence seek help, and among them, very few approach the police or any other institutional source. This suggests the need for a sustained expansion in quality services for women affected by violence, which appears to be unmet by current levels of allocation.

The *Nirbhaya* Fund, which is used to finance interventions to address gender-based violence, has seen significant underutilisation ever since its inception in 2013. As per the latest data available on the *Nirbhaya* Dashboard, only 49 per cent of the total amount appraised under the fund so far has been released, and only 34 per cent utilised.

Fund utilisation is particularly low for One Stop Centres and Fast Track Courts to dispose pending cases of rape and sexual abuse. Besides, the distribution of the Nirbhaya Fund is largely skewed towards programmes involving surveillance and vehicle-tracking, the scope and effectiveness of which are questionable.[22]

Allocations for two *Nirbhaya* Fund schemes under the Department of Police — Safe Cities initiative and Emergency Response Support System — have increased. The latter is a service to provide support to the general population for all kinds of emergencies, and its inclusion under the *Nirbhaya* Fund is questionable. On the other hand, allocations for Cyber Crime Prevention under Women and Children have fallen and the scheme Women Help Desks/Strengthening of the Anti Human Trafficking Bureau has received no new allocations this year. There is a need to institute strong mechanisms to monitor both physical and financial progress of schemes financed by the *Nirbhaya* Fund. It is also important to ensure that the fund is used specifically to prevent and mitigate gender-based violence, and not to create routine infrastructure.

CBGA's four-state study revealed an overall lack of support mechanisms to address gender-based violence perpetrated in private spaces, and gaps in support and access to services for survivors from marginalised communities such as transgender persons and Dalits. The distribution of resources in this Budget does not appear to address these gaps.

Allocations for Transgender Persons Have Increased, But More Support is Needed

The Support for Marginalised Individuals for Livelihood and Enterprise (SMILE) scheme is an umbrella scheme for the welfare of transgender persons and those engaged in begging. Scholarships for transgender students from class IX up to post-graduation, opportunities for skill development and livelihood generation, gender reaffirmation surgeries, shelter homes (*Garima Greh*), instituting Transgender Protection Cells in each state alongside a national helpline and portal are some of the provisions under the sub-scheme titled Comprehensive Rehabilitation for Welfare of Transgender Persons.[23] The scheme aims to implement many of the guarantees under the Transgender Persons (Protection of Rights) Act, 2019.[24]

The allocation for the sub-scheme has been ramped up from Rs 30 crore in 2022-23 (BE) to Rs 52.9 crore in 2023-24 (BE). However, fund-release delays have been observed for Garima Grehs or shelter homes under the scheme, which adversely affects their functioning. Shelter homes in Delhi, Mumbai and Kolkata were unable to meet expenses such as salaries, rent, provision of quality food, as well as training for residents.[25] It has also been suggested that the health care component of the scheme be expanded to include ailments such as HIV and Tuberculosis, besides the provision of separate wards, washrooms and sanitation facilities for in-patient care in public hospitals.

Takeaways from the Gender Budget Statement

The 'gender budget', as reported in the Gender Budget Statement. has increased from Rs 1,71,006 crore in 2022-23 (BE) to Rs 2,23,220 crore in 2023-24 (BE), which is a jump of nearly 31 per cent. However, the allocation for the *Pradhan Mantri Awas Yojana-Gramin* and Urban (PMAY), which has increased significantly over last year, alone constitutes 35 per cent of the total gender budget in 2023-24.

The inclusion of PMAY in Part A of the Gender Budget Statement implies that the scheme benefits women exclusively, but this is not the case. The scheme guidelines simply give preference to women beneficiaries at different stages of allotment, while PMAY-U mandates that women be registered as house owners, either exclusively or jointly. As of January 2022, around 70 per cent of houses under PMAY-G were either exclusively in the names of women, or jointly in the names of the woman and her husband, as per government data.[26]

New Ministries/Departments have reported into the Gender Budget Statement this year, which is a welcome development; one example is reporting of safe tourist destinations for women under the Ministry of Tourism.

However, several key sectors, ministries and schemes continue to be excluded from the Gender Budget Statement. Key interventions under the Department of Drinking Water and Sanitation, such as the *Jal Jeevan* Mission and Galvanising Bio-Agro Resources-DHAN (GOBAR-DHAN) scheme, are notable omissions. Important credit schemes for women under the Department of Financial Services are also not listed, nor are schemes under the Ministry of Labour and Employment, such as the *Bima Yojana* for Unorganised Workers, *Atmanirbhar Bharat Rojgar Yojana,* Employees' Pension Scheme – 1995; and Social Security for Plantation Workers in Assam. On the whole, there is scope to strengthen the format and accuracy of reporting in the Gender Budget Statement, to improve its usefulness as a policy tool for gender-responsive budgeting.

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Children

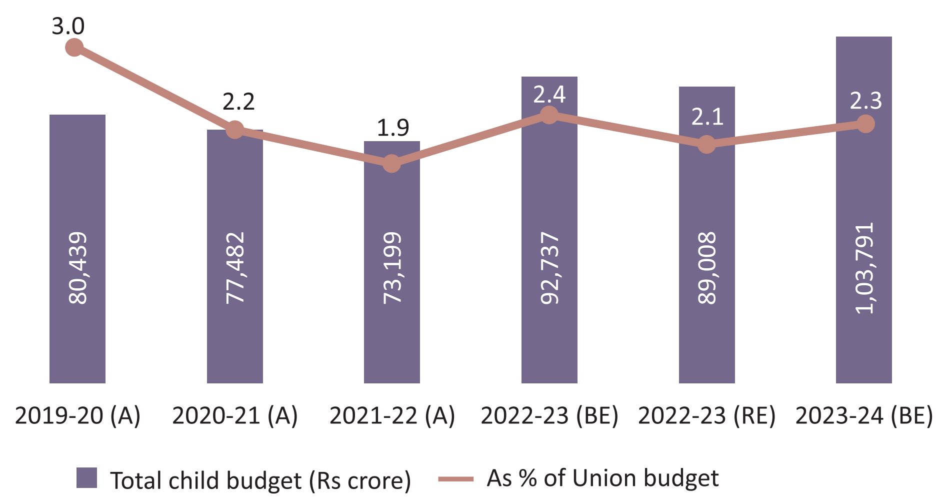
Children constitute around 40 per cent of India's population. Home to about 20 per cent of the world's total child population, India is one of the youngest nations. India completed 30 years of the ratification of the United Nations Convention on the Rights of the Child (UNCRC) in December 2022. This is the time to take stock of the progress made in safeguarding the fundamental rights of children i.e., ensuring they have equal opportunities to survive, develop, and reach their full potential without discrimination or exclusion.

Children in India are exposed to many vulnerabilities ranging from low immunisation levels and poor health outcomes to child labour and human trafficking. Violence against children remains a concern. As per National Crime Records Bureau (NCRB) records, on an average, about eight children were trafficked and exploited in the country every day in 2021. Undernutrition among children is still an issue. One in three children are underweight and stunted, as per National Family Health Survey (NFHS)-5. More than 3.22 crore children in the 6-17 age group are out of school.[1] COVID-19 has increased children's vulnerability and susceptibility to inequality manifold. It is critical to have a robust policy framework supported by government financing, as well as effective implementation of government schemes and programmes, to address the needs of children.

Budget Allocation for Child-Focused Interventions

As reported in the special statement 12 titled 'Allocations for the Welfare of Children' for FY 2023-24, the total outlay for children stands at Rs 1,03,791 crore. This reflects an increase of 11 per cent as compared to 2022-23 Budget Estimates (BE). However, the share of allocation for children in the Union Budget has declined to 2.3 per cent in 2023-24 (BE) from 2.4 per cent in 2022-23 (BE), in line with the trend in the past few years (see Figure 5.2). This is much less than the recommended share of 5 per cent specified in the National Plan of Action for Children, 2016.

Figure 5.2: Total Budgetary Allocations and Expenditure on Child-Focused Interventions



Source: Compiled by CBGA from special statement 12 'Allocations for the Welfare of Children' for FY 2023-24.

Child-specific interventions from 26 different Detailed Demands for Grants (DDGs) have been reported in the child budget statement this year including two new DDGs i.e., Department of Commerce (Demand no. 10) and Lok Sabha (Demand no. 81). The Department of School Education and Literacy has the largest share in the allocation at 65 per cent followed by the Ministry of Women and Child Development (MWCD) at 19 per cent. In terms of sectoral shares, child education gets the highest share (77.5 per cent), as per an analysis carried out by HAQ Centre for Child Rights.[2] This is followed by child development (17.4 per cent), child health (3.4 per cent) and finally, child protection (1.7 per cent). Considering the rate of increase in the violence against children and their falling health indicators, the quantum of allocations for health and protection needs to be reconsidered.

Outlays on Child Health and Nutrition

Child malnutrition is a chronic problem and a longstanding challenge for India. While there has been some reduction in the percentage of children who are stunted, wasted, and underweight, the rates remain high - 35.5 per cent of children under the age of five are stunted and 32.1 per cent are underweight, as per NFHS-5. There is a rise in the number of children suffering from anaemia from 59 per cent in NFHS-4 to 67 per cent in NFHS-5.

Further, 24 per cent children in the 12-23 months age group are not fully vaccinated, and 20 per cent children have not received three doses of polio vaccine (NFHS-5). The pandemic has impacted regular health services to a great extent, and hence left children more vulnerable to health risks. In such a context, a marginal increase in the allocation for the 'Flexible Pool for Reproductive and Child Health (RCH) and Health System Strengthening, National Health Programme and National Urban Health Mission' from Rs 3,174 crore in 2022-23 (BE) to Rs 3,187 crore in 2023-24 (BE) is a matter of concern (see Figure 5.3). Moreover, the allocation remains stagnant when compared with the Revised Estimates (RE) of the last year. The current health indicators of children in the country demands greater financial commitment from the government.

In 2021-22, the Government of India (GoI) subsumed key nutrition schemes for children, adolescent girls, and pregnant women and lactating mothers under the new umbrella of *Saksham Anganwadi* and POSHAN 2.0. with a total financial implication of Rs 1,81,703 crore comprising Rs 1,02,031 crore as Central share over the 15th Finance Commission cycle.[3] Various new initiatives, like *Poshan* Tracker, providing smartphones to *Anganwadi* workers to input beneficiary data into Poshan Tracker (11.22 lakh smart phones have been provided in 2022), procurement of child growth monitoring devices (12.65 lakh such devices have been procured in 2022)[4] etc., have been undertaken by the government last year. While monitoring is crucial for effective implementation of the scheme, the key intervention of the scheme is nutritional support to children and pregnant and lactating mothers. In the light of the rapid increase in food prices, a meagre increase of 1.4 per cent in the allocation for *Saksham Anganwadi* and POSHAN 2.0 in 2023-24, is a matter of concern. Moreover, release of funds has been slow in the scheme in 2022-23 (see Figure 5.3). Till December 14, 2022, Rs 10,878 crore or 43 per cent of GoI allocations had been released for POSHAN 2.0.[5] It is also important to highlight here that the Statement 12 reported a Rs 17,471 crore budgetary allocation for *Saksham Anganwadi* and POSHAN 2.0 in 2023-24. However, in the absence of any clarifications, it is difficult to explain why a lesser amount is quoted in comparison to the figure provided in Demand for Grants by MWCD.

The implementation of a scheme to supply free foodgrains to all *Antyodaya* and priority households for the next one year (starting January 1, 2023), under the *Pradhan Mantri Garib Kalyan Anna Yojana* (PMGKAY) and launch of *Pradhan Mantri* PVTG Development Mission aimed at improving the socio-economic conditions including health and nutrition of the Particularly Vulnerable Tribal Groups (PVTGs) can have positive implications for nutrition outcomes of vulnerable children.

Budgetary Allocations towards Education for Children

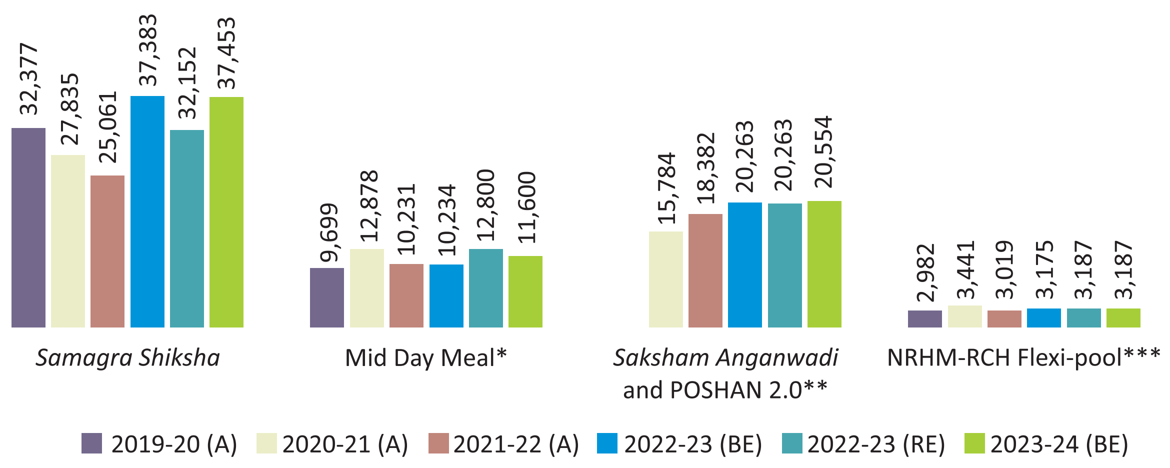
As a signatory of Sustainable Development Goals (SDG), India is committed to ensuring quality education to all children by 2030. The National Education Policy 2020 also envisages universal access to quality education from pre-primary to senior secondary level. While there is substantial progress in terms of access, enrolment and retention, quality of learning remained a serious concern.

Due to COVID-19-related school closures and disruptions, learning trajectories have worsened further. The Annual Status of Education Report 2022 reveals a decline in the basic reading ability of school children across all classes and all states during the pandemic. While the reading levels have dropped to pre-2012 levels, basic math skills have seen a major decline to 2018 levels. Thus, now that schools have reopened and normalcy is restored, there is a need for a budgetary push to recover from the learning crisis and seize the opportunity to rebuild. The Union Budget 2023-24 has allocated Rs 68,805 crore to the Department of School Education which is two-thirds (66 %) of the total child budget. However, it is important to see the priorities for the sector.

The Budget Speech emphasises on innovation through digital interventions in school education. Towards this, direction announcements were made for a national digital library, application of smart classrooms and Information and Communication Technology (ICT) implementation in teachers' training. *Samagra Shiksha Abhiyan* (SmSA), the key centrally sponsored scheme for school education, also responsible for provisioning of digital interventions in schools, has received an allocation of Rs 37,453 crore in this budget (see Figure 5.3). However, the shift in focus to virtual mode has its own set of disadvantages. Increased unsupervised exposure to cyberspaces may leave children more vulnerable to cybercrimes which include child pornography, cyberstalking, cyberbullying, hacking, online child trafficking and sexual harassment, among others. In India, cybercrimes against children in 2020 rose by more than 400 per cent compared to 2019.[6] Thus, promoting digitisation needs to be supported with appropriate protection and awareness-building mechanisms.

'Reaching the Last Mile' as one of the key priority areas of the government also has received budgetary traction. The budget proposes to recruit 38,800 teachers and support staff in 740 Eklavya Model Residential Schools (EMRS), serving 3.5 lakh tribal students in three years. To fulfill the commitment, the budgetary allocation in this scheme has increased from Rs 2,000 crore in 2022-23 (BE) to Rs 5,927 crore this year. However, there is a decline in the budget for Pre-Matric scholarships for Scheduled Castes (SC), Scheduled Tribes (ST), Other Backward Classes (OBC) and minority students.

Figure 5.3: Union Government Allocation for/Expenditure on Select Schemes relating to Health, Nutrition and Education for Children (Rs crore)



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

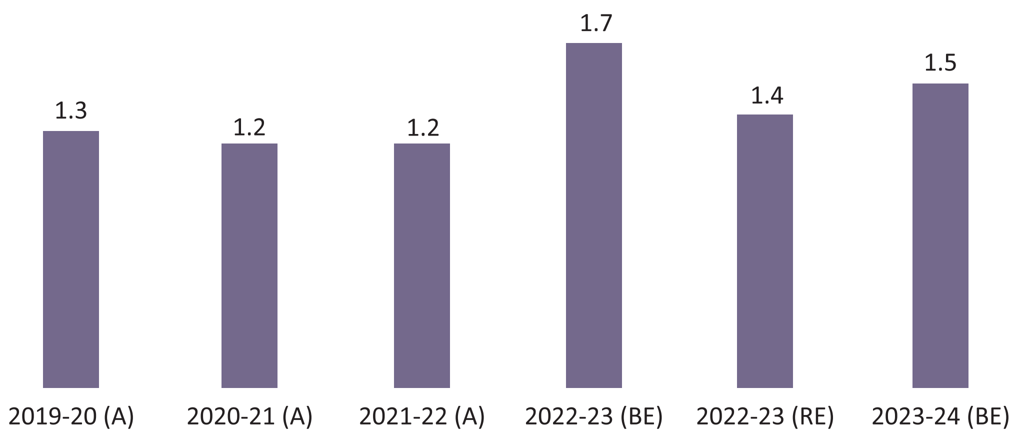
Notes: *In 2022-23, Mid Day Meal was renamed as *Pradhan Mantri Poshan Shakti Nirman* ** *Saksham Anganwadi* and POSHAN 2.0 (Umbrella Integrated Child Development Services - *Anganwadi* Services, *Poshan Abhiyan*, Scheme for Adolescent Girls, National Creche) ***In 2023-24, this figure comprises Flexible Pool for RCH & Health System Strengthening, National Health Programme and National Urban Health Mission.

Child Protection Continues to Remain a Low Budgetary Priority Area

Children have been facing various forms of violence and abuse including child labour, child trafficking, sexual exploitation and child marriage, among others. The pandemic has increased the already existing social inequality, leading to greater vulnerabilities for 'Children in Difficult Circumstances'.[7] These include homeless, migrant, orphaned children, child workers, bonded children, street children, child beggars, child sex workers, children affected by AIDS, child survivors of abuse, children in conflict with law and children with disabilities, among others.

Reported crimes against children is 29 per cent of total crimes (NCRB 2020), and crimes committed by children is 6.7 per cent (NCRB 2021). Moreover, the number of working children in the age group of 5-14 years is 1.01 crore (10.1 million) (Census 2011) and 1 in 3 child brides in the world are from India.[8] In the last few years, there has been a surge in the calls received on the helpline for children, CHILDLINE India (1098); the maximum calls were for protection from abuse.[9] Despite these issues, child protection remains an area of low budgetary priority. In the Union Budget 2023-24, the share of child protection in the total Union Budget remains the same i.e., 0.04 per cent.[10] The share of child protection in the total child-specific budget has also declined from 1.7 per cent in 2022-23 (BE) to 1.5 per cent in 2023-24 (BE) (Figure 5.4).

Figure 5.4: Union Government Spending on Child Protection in Overall Budget for Children (%)



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

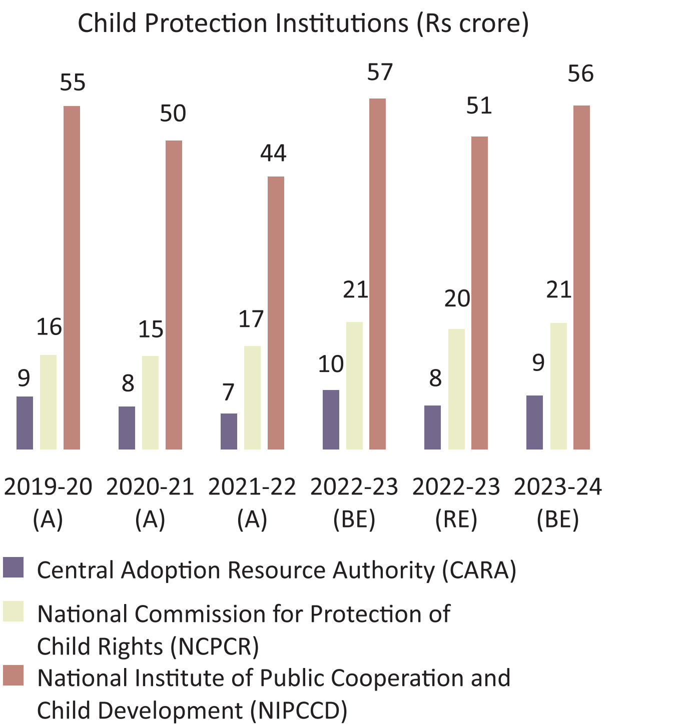
Notes: Child protection budget includes Mission *Vatsalya*, Central Adoption Resource Agency, National Commission for Protection of Child Rights (NCPCR), National Institute of Public Cooperation and Child Development and National Child Labour Project

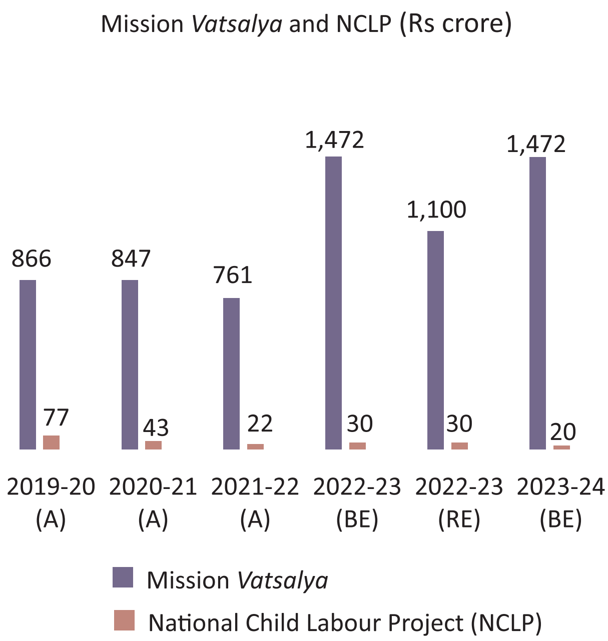
Mission *Vatsalya*, a composite scheme that combines Child Protection Services and Child Welfare Services, constitutes the largest share in the Union Government's allocation towards child protection. Scheme guidelines for Mission *Vatsalya* were issued on July 5, 2022, and the scheme received an outlay of Rs 10,916 crore over the 15th Finance Commission cycle.[11] However, the allocation for the scheme remains stagnant this year at Rs 1,472 crore as compared to 2022-23 (BE) which is still less than the allocation for Child Protection Services in 2020-21 (BE) i.e., Rs 1,500 crore. The scheme is in its third year, and a look at its budget for the last two years shows poor fund utilisation. This is largely due to shortage of human resources at each level of governance.[12] In FY 2021-22, the scheme got an allocation of Rs 900 crore, of which Rs 761 crore have been spent. The allocation was increased to Rs 1,472 crore in 2022-23 (BE) but dipped to Rs 1,100 crore in the Revised Estimates of the same year (see Figure 5.5). This is worrisome and should be carefully investigated.

The National Commission for Protection of Child Rights (NCPCR) is responsible for examining and reviewing the safeguards provided by any law for the protection of child rights and recommending measures for their effective implementation. The role of the Commission has become more important, given the pressing issues affecting children due to COVID -19. However, the budget of NCPCR has remained stagnant for the last few years (see Figure 5.5).

The total child population in India in the age group 5-14 years is 25.96 crore with over 1 crore (4 per cent of total child population) working, either as 'main worker' or 'marginal worker' (Census 2011). While there is no nationally representative child labour data, various surveys during the pandemic reported a rise in number of children working.[13] A study by International Labour Organization (ILO), 2020 recommends a need to undertake urgent mitigation measures towards child labour to combat the disruption caused by the COVID-19 crisis. National Child Labour Project (NCLP) was responsible for identifying victims, removing them from hazardous situations, and focusing on their rehabilitation. However, in 2022, NCLP got merged with SmSA. The mandate of SmSA is only to identify out of school children and bring them under mainstream education. Thus, it is unclear how child labour issues will be addressed after the merger.

Figure 5.5: Union Government's Allocations for/Expenditure on Select Schemes for Child Protection (Rs crore)





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

In 2022, a total of 4345 children were found eligible under the PM CARES Fund for children in distress due to COVID-19.[14] The scheme was launched in May 2021 to support children who have lost both parents, a single surviving parent, a legal guardian, or adoptive parents to COVID. The transfer of scholarship of Rs 20,000 to all such children studying in Classes I to XII has been made in 2022. This sponsorship provides immediate relief, but for a holistic development, providing a family or family-based environment is crucial. Government needs to prioritise family-based alternative care services under Mission *Vatsalya*. There is a need to improve adoption services in the country. The budget allocated to the Central Adoption Resource Authority (CARA), responsible for operationalising adoption, has declined this year to Rs 9.4 crore from Rs 10 crore last year. There has been no improvement in the budget for CARA in the last two years (Figure 5.5).

Inclusive Development, Reaching the Last Mile and Youth Power are among the seven priorities or '*Saptarishi*' announced in the latest Budget. These can only be fulfilled if the interest of children is being safeguarded with adequate financial commitment by the government. It is crucial to ensure that the child-focused interventions get translated into positive outcomes for children on the ground.

[1] National Education Policy, 2020, Ministry of Human Resource Development. https://www.education.gov.in/sites/upload_files/mhrd/files/NEP_Final_English_0.pdf

[2] HAQ Centre for Child Rights. Report titled 'From Marginalisation to Deprioritisation: Budget for Children 2023-24'.

[3] Government of India (2022). Umbrella Schemes of Ministry of Women & Child Development, Press Information Bureau. https://www.pib.gov.in/PressReleasePage.aspx?PRID=1794595

[4] Year End Review-2022: Ministry of Women and Child Development, Press Information Bureau, Government of India.

[5] Accountability Initiative (2023). Budget Briefs, Mission *Saksham Anganwadi* and POSHAN 2.0.

[6] Sarma, A. (2022, June 24). A pandemic of abuse: How India is protecting its children online. *Observer Research Foundation*. https://www.orfonline.org/expert-speak/how-india-is-protecting-its-children-online/

[7] ASER Education report, 2022

[8] Chopra, G. (2015). Child Rights in India Challenges and Social Action.

[9] United Nations International Children's Emergency Fund (2014). Ending Child Marriage: Progress and Prospects.

[10] CHILDLINE India Foundation (2021). Annual Report 2020-21.

[11] HAQ Centre for Child Rights. Report titled 'From Marginalisation to Deprioritisation: Budget for Children 2023-24'.

[12] Government of India (2022). Umbrella Schemes of Ministry of Women & Child Development, Press Information Bureau. https://www.pib.gov.in/PressReleasePage.aspx?PRID=1794595

[13] Kundu, P. and Bhuta, A (2021). Impact of COVID-19 on Child Protection in India and Its Budgetary Implications: A Policy Brief, CBGA. Impact-of-COVID-19-on-Child-Protection-in-India-and-Its-Budgetary-Implications, CBGA-CRY Policy Brief

[14] ibid

[15] Year End Review-2022: Ministry of Women and Child Development, Press Information Bureau, Government of India.

Budgeting for Scheduled Castes and Scheduled Tribes

The Scheduled Castes (SCs) community continues to be marginalised across the social, educational and economic spectrum despite the adoption of the Special Component Plan (SCP) in the late 1970s. The community witnesses the second highest incidence of multidimensional poverty, after the Scheduled Tribes (STs) in India. SC children experience higher prevalence of malnutrition, dropout rate at the secondary level, and a lower Gross Enrolment Ratio in the post-secondary level. The development indicators of STs are even worse than the SC community. Efforts have been made to channelise a proportionate share of plan benefits and outlays to the two communities to address the historic discrimination they have faced. This is aimed to be achieved in both, physical and financial terms, by dedicated policy driven strategies, which include Tribal Sub Plan (TSP) and Scheduled Castes Sub Plan (SCSP), now known as Development Action Plan for SCs and STs (DAPSC & DAPST) respectively.

A) Budgeting for Scheduled Castes

As per the revised NITI *Aayog* guidelines of 2017, DAPSC (earlier called SCSP) focuses on specific schemes to ensure relevant budgeting and non-diversion of fund meant for SCs. The percentage of earmarking has to be calculated against overall allocation for specific schemes (CSSs and CSs) and not against the total budget of the concerned Ministries/Departments. Some flexibility for specific instances has also been provided. It also suggested the creation of a “Non-Lapsable Central Pool of SCSP Funds (NLCPSF)” and outcome-based monitoring. The fund is to be used for implementing schemes for the development of the SC community and to provide incentives to State Governments for effective implementation of SCSP. The number of ministries allocating funds for DAPSC has shown a continuous increase. Forty ministries and departments allocated funds under DAPSC in 2023-24, up from 39 in 2022.

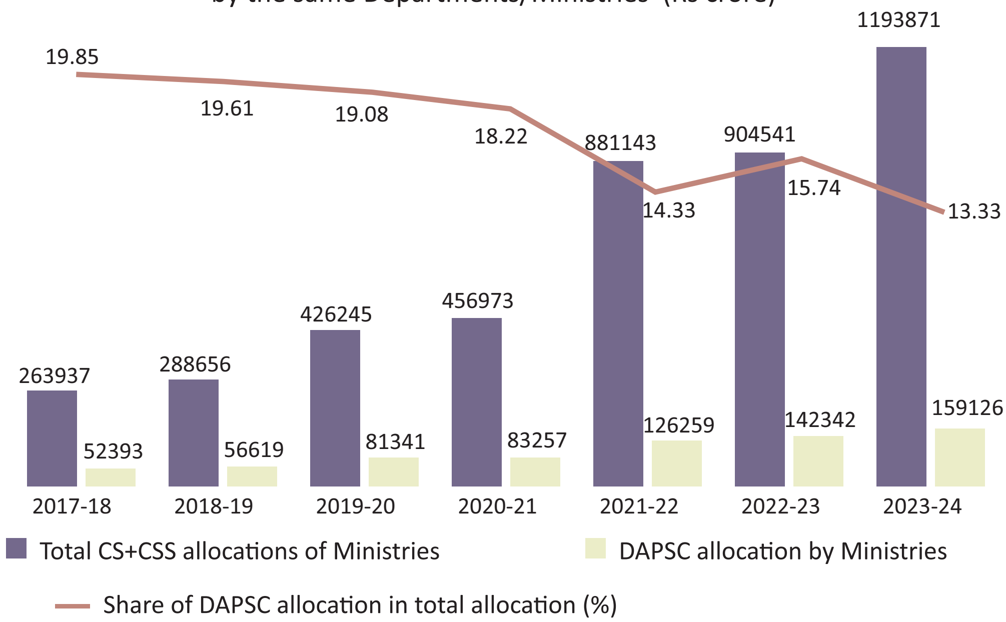
Table 5.2: Number of Ministries/Departments Earmarking Funds under DAPSC

	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Earmarking > 16.2 %	9	9	20	20	17	17	15
Earmarking 15- 16.2%	6	6	0	0	0	1	3
Earmarking less than 15 %	11	14	21	21	21	21	20
Subtotal	26	29	41	41	38	39	40

Source: Compiled by CBGA from Statement 10A (Allocation for Welfare of Schedule Caste) from General Expenditure Profile.
Note: For two departments and ministries, CSS and CS was not found, therefore the % allocation could not be calculated.

The absolute allocation has gone up by 11.8 per cent from 2022-23 (BE) to 2023-24 (BE). However, the percentage share of allocation under DAPSC, when compared to the total scheme allocation has declined. The share of DAPSC allocation has not been in tune with the proportion of SC population to total population since 2021-22. This has been consistently lower than the 16.2 per cent prescribed by the NITI *Aayog*. Key schemes which reported a higher allocation under the DAPSC statement include National AYUSH Mission, *Rashtriya Gram Swaraj Abhiyan*, PM *Kisan Samman Nidhi, Samagra Shiksha*, POSHAN, *Jal Jeevan* Mission and *Pradhan Mantri Awas Yojana*-Urban (PMAY-U). However, *Pradhan Mantri Kaushal Vikas Yojana*, National Health Mission, *Ayushman Bharat*, Sub Mission on Agricultural Extension (and some others) have not reported any allocation under DAPSC in 2023-23, even though they were doing so until 2022-23.

Figure 5.6: Total allocation under DAPSC as percentage of total allocation by the same Departments/Ministries (Rs crore)

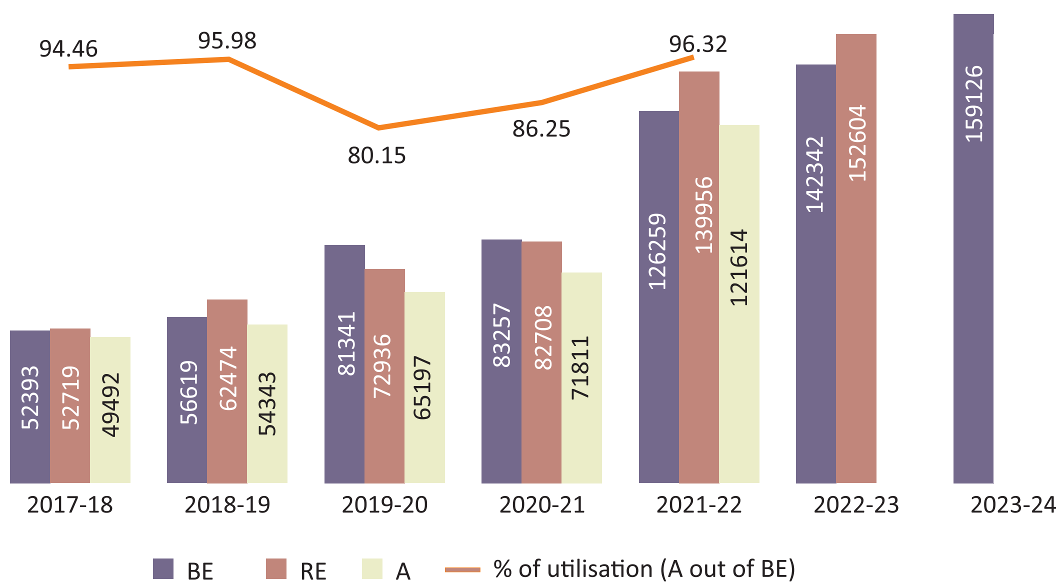


Source: Compiled by CBGA from Statement 10A (Allocation for Welfare of Schedule Caste) from General Expenditure Profile and online portal for SCSP/DAPSC-e-utthaan.

Note: The comparison has been done between the DAPSC allocation of various ministries and departments and the total Centrally Sponsored schemes (CSS) and Central Sector (CS) scheme allocation by the same ministries and departments. This is done only for the Ministries and departments which have allocated under DAPSC.

Between 2017-18 and 2021-22, the total allocation for the welfare of SCs was not fully spent and part of it has been surrendered by the Ministries/Departments. While the erstwhile Planning Commission did not consider making the allocation non-lapsable, the NITI Aayog examined the issue of under and non-utilisation of SCSP, and suggested that these funds be pooled and allocated to the Ministry of Social Justice and Empowerment, the nodal ministry for the welfare of SCs. However, this is still not being implemented.

Figure 5.7: Total Fund Allocation and Expenditure made under DAPSC (Rs crore) and Percentage of Utilisation



Source: Compiled by CBGA from Statement 10A (Allocation for Welfare of Schedule Caste) from General Expenditure Profile.

A part of the reporting of allocations in DAPSC continues to be notional.[1] While at least 50 per cent of the allocation reported under the DAPSC in 2018-19 was on schemes directly relevant for the community, it was 19 per cent in 2020-21 and 37 per cent in 2022-23, as per the assessment by National Campaign on Dalit Human Rights (NACDHR). Further, DAPSC funds in some cases have been diverted to the other general sectors. The National Commission for Scheduled Castes (NCSC) Report 2016, says that there was a diversion of funds, and many states used it for other purposes. Many States and Union Territories (UTs) have been reporting allocations / expenditure under DAPSC only from the divisible sectors/programmes. Notional reporting, non-uniformity across states in the presentation of data, and lack of caste disaggregated data are some of the key challenges. These problems have carried on to DAPSC from SCSP despite new nomenclature and guidelines.

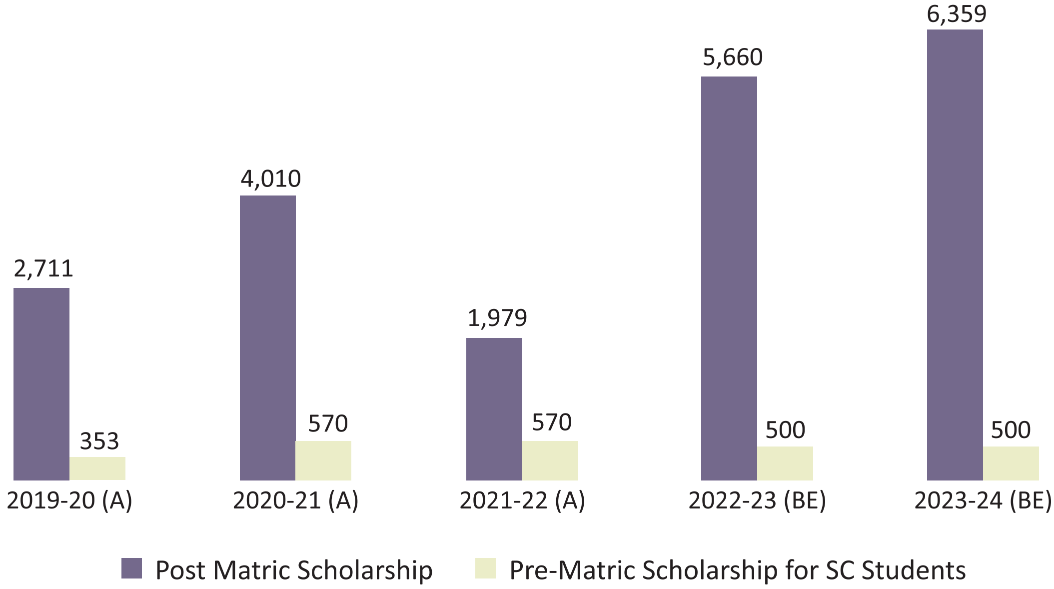
Scholarship Schemes for SC students

In the Union Budget 2023-24, the total allocation reported for Department of Social Justice and Empowerment is Rs 12,847 crore, which is an increase of 9 per cent from Rs 1,159.5 crore in 2022-23 (BE). A new initiative called Development Action Plan for SCs (DAPSC)[2] was given an allocation of Rs 950 crore in 2022-23 (RE) to provide one-time financial assistance for socio-economic empowerment of Scheduled Castes through infrastructure development and income-generation schemes. However, the fund has not been supplemented in 2023-24 (BE), which brings to question whether the earlier allocation has been effectively utilised.

The Post-Matric Scholarship for Scheduled Castes (PMS-SC) received a sizable allocation (50 per cent) of the total Department budget. The Union Government has started fresh efforts to renew the scheme with enhanced funding, and initiated a new fund-sharing system between the States and the Centre. New guidelines were issued in 2021 to take corrective measures for the scheme, which has been set by multiple challenges (including poor scheme design, inadequate budget allocation, as well as weak implementation and monitoring), all of which impact its effectiveness. A review of these efforts shows that they might not be enough to make the scheme effective enough to reach its goal of empowering the SC community. After undergoing a revision in December 2020, it was announced that the Post-Matric Scholarship Scheme would be provided with Rs 35,219 crore until 2025-26. Considering this, the amount of Rs 3,415 crore allocated for 2021-22 (BE) was below expectations. While Rs 4,196 crore was budgeted in 2021-22 (RE), only Rs 1,978 crore of the allocation has been utilised.

In the 2023-24 budget estimates, Rs 6,359 crore has been allocated, which is higher than the last year. Around 69 lakh SC students going to receive Post-Matric scholarships out of which 31 lakh beneficiaries would be girl students. However, even after an increase in allocation, the current scholarship amount under the maintenance/academic category is not sufficient to meet the actual needs of students, our analysis shows. The parental/family income-ceiling required to be eligible for the scheme has not been revised for eight years, and therefore does not factor in inflation. After being revised from Rs 1 lakh per annum to Rs 2 lakh per annum in 2010, and then 2.5 lakh per annum in 2013-14, the family income criteria has not changed.

Figure 5.8: Total fund Allocation and Expenditure made under Pre and Post-Matric Scholarship for SCs (Rs crore)



Source: Compiled by CBGA from Demand for Grants, Ministry of Social Justice and Empowerment, various years.

Self-Employment Scheme for Liberation & Rehabilitation of Manual Scavengers (SRMS)

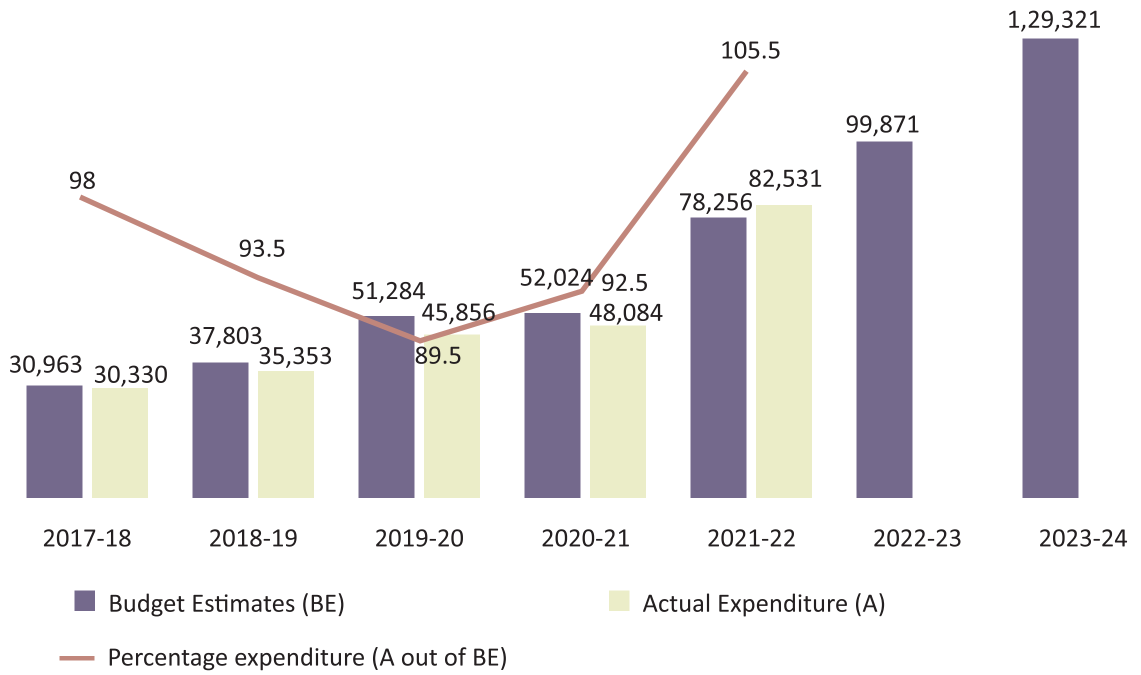
The Self-Employment Scheme for Rehabilitation of Manual Scavengers (SRMS) provides: (i) one-time cash assistance of Rs 40,000 to the identified manual scavenger (ii) loans up to Rs 15 lakh at a concessional rate of interest (iii) a credit-linked back-end capital subsidy of up to Rs 3,25,000 and (iv) skill development training for up to two years with a stipend of Rs 3,000 per month. There is no allocation under this scheme in 2023-24 (BE) and it appears to have been discontinued. An examination of trends shows that there has been poor utilisation of funds for several years. After the National Survey on Manual Scavengers in 2018, the allocation was increased, but remained inadequate considering the number of manual scavengers identified in the survey. The National Human Rights Commission had suggested linking this scheme to MGNREGS and boosting the monetary support from Rs 40,000 to Rs 1 lakh, but this has not been carried out.

Mechanised Sanitation Ecosystem (NAMASTE), a new scheme has replaced SRMS, with an allocation of Rs 97 crore in 2023-24 BE. This has the goals of skilling, capacity building, and SHG collectivization of Sewer and Septic Tank Sanitation Workers (SSTSW) in 500 cities. The expected outcomes are zero deaths and no contact with human fecal matter. The scheme guidelines state that sanitation workers and their family members will be counselled about other livelihood opportunities, and then given the option to continue working as sanitation workers or pursue other income generating activities. In case of the former, they will receive capacity building sessions (to equip them with mechanised sanitation work), and in the case of latter, they will be provided with skill trainings and Entrepreneurship Development Programme (EDP) support for entrepreneurial activities. Mechanisations, however, have limited success in parts of cities and towns due to non-availability of sewage lines (they depend on septic tanks)[3]. The new scheme also does not have any provision of direct cash assistance as was the case earlier. The discontinuation of SRMS also comes at a time when there has been much debate in the country regarding the difference between manual scavengers and those who clean sewers and septic tanks. While the Union government maintains that there are no deaths in the country due to manual scavenging, but only while cleaning sewers and septic tanks[4], activists argue that both are the same.[5]

B) Budgeting for Scheduled Tribes

After the revision of guidelines by the NITI *Aayog*, the dedicated policy driven strategy called Tribal Sub Plan (TSP) for the holistic development of Scheduled Tribes (STs) has been renamed as Development Action Plan for STs (DAPST). The key provision of fund allocation under DAPST is similar to the DAPSC allocations as detailed above. While the allocation under the DAPST has increased over the years, the allocated funds have not been fully utilised, with the exception of FY 2021-22. Analysis also shows that in 2023-24, the allocations under DAPST have been made in proportion to the ST population.

Figure 5.9: Total Fund Allocation and Utilisation made Under DAPST (Rs crore) and Percentage Share of Utilisation

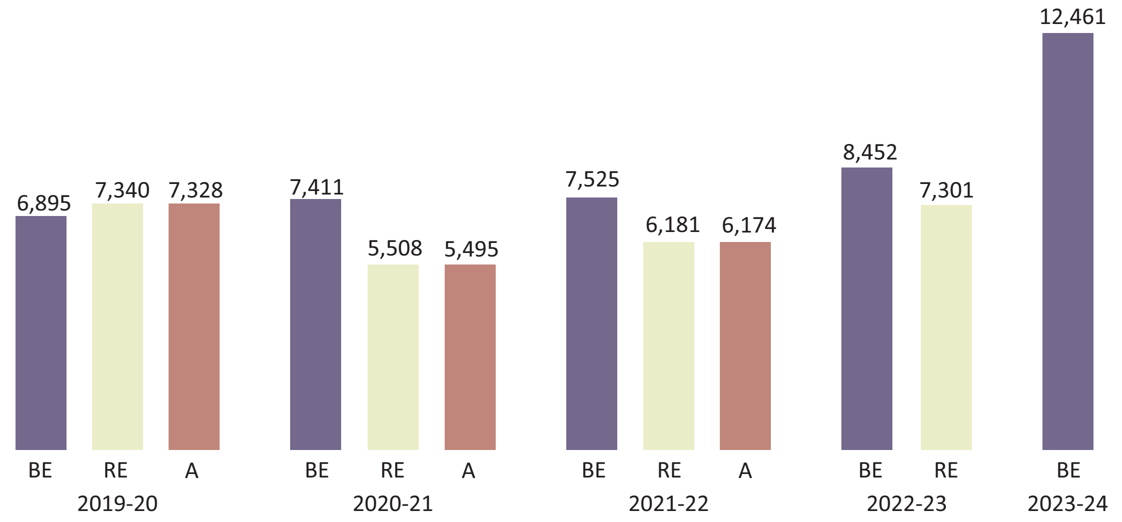


Source: Compiled by CBGA from Statement 10B (Allocation for Welfare of Schedule Tribes) from General Expenditure Profile.

In terms of implementation challenges, DAPST is facing problems similar to DAPSC including poor policy design, planning and monitoring. The Departmentally Related Standing Committee Report on Social Justice and Empowerment (Ministry of Tribal Affairs) 2018-19 highlighted poor monitoring of the implementation of DAPST due to lack of dedicated monitoring units at the state and district levels. The Tribal Welfare Departments of states, the nodal Department for Welfare of STs in the districts as well as institutional development initiatives such as the Integrated Tribal Development Project (ITDP)/Integrated Tribal Development Agency (ITDA) and Tribal Research Institutes (TRI) have remained weak in terms of human resources and financial powers. Further, no robust mechanism has been created in most states for inter-departmental coordination and convergence of resources with line departments. Importantly, the head of ITDA/ITDP/TRI is not a dedicated senior officer but someone performing that duty as an additional charge.

There is a substantial increase of 45 per cent in 2023-24 (BE) when compared with the previous years' budget (an increase of Rs 4,009 crore) for the Ministry of Tribal Affairs (MoTA). This increase is mainly due to higher allocation for the Eklavya Model Residential Schools (EMRS). The total budget allocation of the MoTA accounts for 9.6 per cent of total allocation under DAPST in this budget.

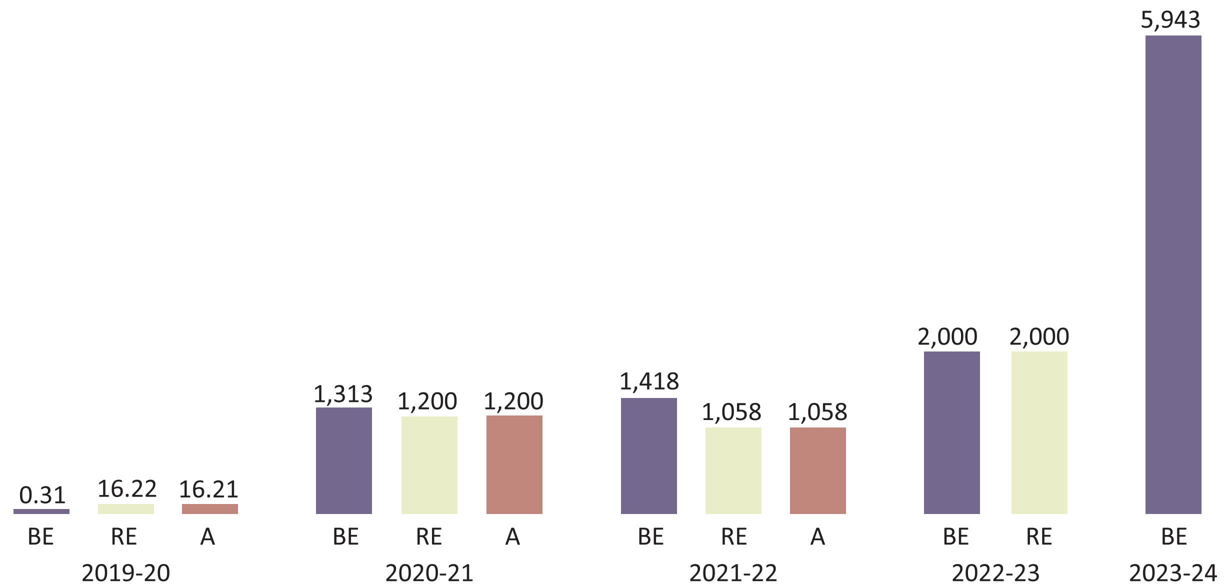
Figure 5.10: Budgetary Allocations and Utilisation under the Ministry of Tribal Affairs (Rs crore)



Source: Compiled by CBGA from Demand for Grants, Ministry of Tribal Affairs, various years.

EMRS is one of the largest schemes of MoTA which has got almost three times more allocation from Rs. 2,000 crore in 2022-23 (BE) to Rs. 5,943 crore (BE). Out of the 740 schools which are supposed to be sanctioned by 2022, 620 schools were sanctioned by July 2021, of which 367 are functional. The Standing Committee report of 2021-22 raised the concern in terms of delay in the operationalisation of school projects. It is found that there are routine issues relating to delay in tendering process, land transfer and finalisation of construction agency. Due to inordinate delay in the implementation, the completion date has been revised and extended to 2025. As per the revised guideline of EMRS, 2018, every block with more than 50 per cent ST population and at least 20,000 tribal persons should have had a school by the year 2022. The scheme was introduced in the year 1997-98. As per 2011 census, there are 564 sub-districts across the country i.e. blocks/taluka/tehsil having more than 50 per cent ST population. Therefore, utilisation issues need to be addressed to ensure that the target numbers of schools are constructed under this scheme.

Figure 5.11: Budget Allocation and Utilisation under Eklavya Model Residential Schools (Rs crore)



Source: Compiled by CBGA from Demand for Grants, Ministry of Tribal Affairs, various years.

The *Pradhan Mantri Adi Adarsh Gram* (PMADG) with the allocation of Rs 1,485 crore in 2023-24 (BE) has been introduced in the place of Special Central Assistance to Tribal Sub Plan (Rs 1,354 crore 2022 BE). The existing scheme has been revamped, and is aimed at transforming villages with significant tribal population into model villages. Before the merger, MoTA had not been able to spend the entire budgetary allocation during 2020-21 and 2021-22 under the Special Central Assistance to Tribal Sub-Plan. The funds were not provided to the State Governments to bridge development gaps in sectors like education, health and agriculture. MoTA has cited many reasons for non-release of fund to states, including non-fulfilment of schematic norms, delay in submission of Utilisation Certificates (UC) and Physical Progress Reports (PPR).

PMADG envisages covering 36,428 villages which have at least 50 per cent tribal population. The development sectors which are a part of the scheme are health, education, connectivity and livelihood. The seven main areas are road connectivity, telecom connectivity, *Anganwadi* centres, health sub centre, drinking water facility, drainage and solid waste management. A sum of Rs 20.38 lakh per village as 'gap-filling' has been provisioned for approved activities. PMADG also does not require the states to submit proposals, as was the case with Special Central Assistance to Tribal Sub-Plan, making implementation a more centralised process. The new scheme has the potential to address some of the important developmental challenges of the ST community, but whether the implementation will be effective remains to be seen. Overall, there is poor implementation of DAPSC and DAPST, as analysis shows. At the Union level, there is a need to ensure that the share of DAPSC allocation is maintained at least in accordance with the total SC population. Allocations should also be more relevant, in terms of their benefits for SCs and STs. The allocations should align with the needs and priority areas for the community. Exclusive projects targeted at empowerment, education, and skill development should be started and promoted.

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[1] Notional reporting of allocations refers to the reporting of those allocations under DAPSC in case of which schemes/programmes do not target the needs of the SC community; they are general sector schemes in which the benefits accruing to SCs will be incidental and not policy earmarked.

[2] This is different from the DAPSC allocation of various Ministries and departments; Department of Social Justice and Empowerment reported this allocation of Rs 950 crore in 2022-23 Revised Estimates (RE).

[3] Deep, P. (2022)., "Delhi says it has no manual scavengers. How have 45 of them died in 5 years?". News laundry, available at- https://www.newslaundry.com/2022/09/27/delhi-says-it-has-no-manual-scavengers-how-have-over-45-of-them-died-in-5-years#:~:text=Their%20work%20is%20simply%20not,%2C%20a%20Dalit%20sub%2Dcaste.

[4] https://pqars.nic.in/annex/254/AU1017.pdf

[5] Doshi, G. (2021)., "Are Manual Scavengers Different from those who clean Sewers?" FactChecker, available at- https://www.factchecker.in/fact-check/are-manual-scavengers-different-from-those-who-clean-sewers-764766

Religious Minorities

Muslims and other religious minorities in India have been lagging in several development indicators, including educational attainment, gender equality and workforce participation, as per key NITI Aayog policy documents - the Action Agenda and the Strategy Document. In spite of the low development indicators of minorities, there is a decline of 38 per cent in the Union Budget outlay for the Ministry of Minority Affairs (MoMA) over the previous year's budget (a decrease of Rs 1,913 crore). The decline in the allocation of MoMA is due to decrease in allocations for schemes like Merit-cum-Means, Pre-Matric scheme, Free Coaching and allied schemes, Education Scheme for Madrasas and Minorities and *Pradhan Mantri Jan Vikas Karyakram* (PMJVK). The total budget of the MoMA as a proportion of the total Union Budget, however, has declined to 0.07 per cent in 2023-24 (BE) from 0.12 per cent in 2022-23 (BE). This year's total allocation for the MoMA is almost equal to the allocation that was made in 2012-13. The MoMA's budget has been increased from Rs 4,820 crore in 2021-22 (BE) to Rs 5,020.5 crore in 2022-23 (BE). However, the 2022-23 (RE) figure stands at Rs 2,612.6 crore. Moreover, for the last few years, the MoMA has not been able to utilise the entire allocated funds due to lack of viable proposals, delay in submission of proposals from programme implementation agencies and inadequate recruitment of human resources. It also seems that the Union Budget outlays have not been provided in accordance with the demands for funds made by the MoMA. For 2022-23, Rs 5,020.5 crore was allocated against demands made from the MoMA for Rs 8,152 crore.

Figure 5.12: Total Budget Allocation and Utilisation under Ministry of Minority Affairs (Rs crore)

Source: Note on Demand for Grants, MoMA.

Since 2006-07, there have been two policy strategies for the development of religious minorities, which include the Prime Minister's New 15 Point Programme (15 Point Programme) for the welfare of minorities and the Multi- sectoral Development Programme (MsDP), introduced in 2006 and 2008, respectively. The MsDP was renamed as the PMJVK in 2018. Except MsDP/PMJVK, all the schemes run by the MoMA are also part of the 15 Point Programme, and meant 100 per cent (in terms of budgetary support) for the development of minorities. As per the provisions under the 15 Point Programme guidelines, 15 per cent of funds should be allocated to development programmes of general ministries, wherever possible, for the development of minorities.

An assessment shows that the resource allocation benefiting minorities has not been reported under the schemes run by select general ministries and departments falling under the 15 Point Programme. Further, the revised guidelines of renamed or new Central Schemes over the last 10 years lack specific provisions for minorities. Therefore, disaggregated data on minorities with regard to their share in public sector employment, credit facilities and development outcomes by line ministries and departments has not been reported under the 15 Point Programme. The total expenditure reported for minorities by the Union Government through the 15 Point Programme and MsDP/PMJVK have shown declining trends, as a proportion of the total Union Budget expenditure since 2012-13. However, religious minorities, particularly Muslims, require special attention in the areas of educational and economic empowerment.

The Post-Matric Scholarship scheme has seen an increase in the allocation from the previous year's budget, while several other schemes have seen declines in allocation. Given the large geographical coverage of PMJVK, the decline in allocation in this year's budget (Rs 600 crore) from last year's budget (Rs 1,650 crore) is going to impact implementation and the desired objective of the scheme may not be achieved. The objective of the PMJVK is to develop socio-economic infrastructure and basic amenities in the identified Minority Concentration Areas for improving the quality of life of the people in these areas and reduce imbalances as compared to the national average. On the basis of the 2011 Census data, 870 Minority Concentration Blocks (MCBs), 321 Minority Concentration Towns (MCTs) and 109 Minority Concentration District Headquarters (MCD HQs) falling in 33 States/Union Territories (UTs) have been identified. In the current budget, a new scheme called the *Pradhan Mantri-Viraasat Ka Samvardhan* (PM VIKAS) has been announced for skilling, entrepreneurship and leadership. The new scheme with an allocation of Rs 540 crore aims to benefit approximately 9 lakh candidates in the 15th Finance Commission cycle. The earlier schemes known as Upgrading the Skills and Training in Traditional Arts/Crafts for Development and *Hamari Dharohar, Seekho aur Kamao* and *Nai Roshni* have been subsumed in PM VIKAS.

For educational empowerment of minorities, MoMA has allocated Rs.1, 689 crore and total of 5.52 lakh students to be awarded Pre-Matric Scholarship and 6 lakh students with Post-Matric Scholarship. The budget allocation for the Maulana Azad Education Foundation (MAEF) has been reduced to Rs 0.10 crore in this budget. This will affect the implementation of projects such as construction grants to minority institutions and the *Begum Hazrat Mahal* Scholarship Scheme for meritorious girls. The scheme for Madrasas and Minorities has received a reduced budget outlay of Rs 10 crore from Rs 160 crore in the previous year. This might affect the education of children in Madrasas due to non-payment of honoraria to teachers. The scheme provides financial assistance to introduce modern subjects in Madrasas, teachers' training and augmenting school infrastructure in minority institutions.

The scholarship schemes face several implementation issues with poor utilisation of funds, inadequate coverage of beneficiaries and low unit costs. Some schemes have also been scrapped. The amounts given to students as scholarships are not adequate to meet their educational expenses. The unit cost for scholarships in Pre-Matric, Post-Matric and Merit-cum-Means schemes for minorities has not been revised since the inception of the schemes (in 2007-08). For instance, only Rs 1,000 per annum is provided to day-scholars under the Pre-Matric Scholarship scheme.

The budget allocation for the Pre-Matric Scholarship has been reduced to Rs 433 Crore in this budget from Rs 1,425 Crore in 2022-23. Last year, the MoMA issued a notification that students of Classes I to VIII will no longer be eligible for the Pre-Matric Scholarship for Minorities. The scheme has been restricted to classes IX and X, with immediate effect. The reason cited for this is that children in classes I-VIII are covered under the Right to Education Act, 2009, which makes it obligatory for the government to provide free and compulsory elementary education to each and every child. Further, the notification said that the decision has also been taken to restrict the Pre-Matric Scholarship for Minorities up to Classes IX and X to ensure parity with the scholarships offered by the Ministry of Social Justice and Empowerment and that for Ministry of Tribal Affairs also, because these ministries cover students studying only in Classes IX and X in the Pre-Matric Scholarship schemes.

The argument given by MoMA to stop some of the scholarship schemes including the Maulana Azad National Fellowship is not very strong; these scholarships and fellowships are awarded with the purpose of encouraging families to send their children to schools and colleges and to also incentivise students to continue their education at the higher level. The dropout rate is also higher among Muslims than other religious minorities. The *Nai Udaan* scheme, which was meant to help minority candidates prepare for the Preliminary examinations conducted by the Union and State Public Services Commissions was scrapped last year. The *Nai Udaan* scheme has received no

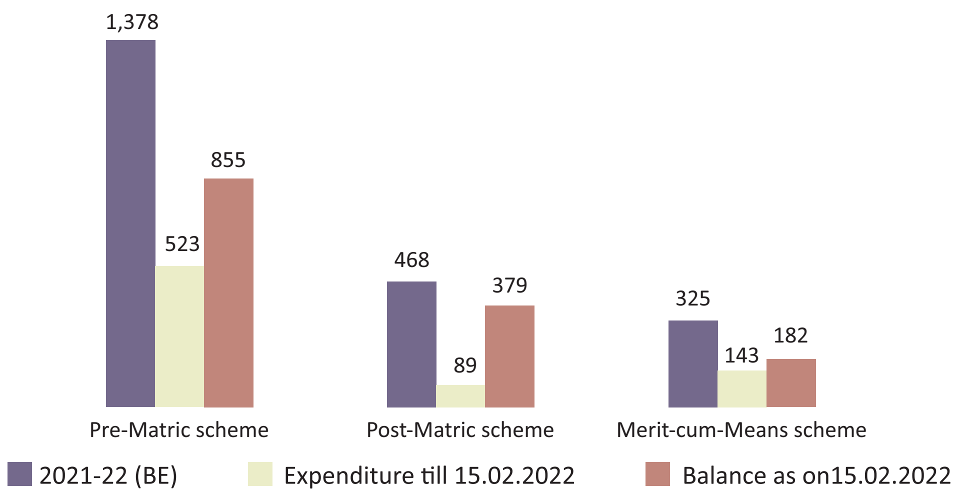
Table 5.3: Budget Allocation and Utilisation under Major Schemes by Ministry of Minority Affairs (Rs crore)

Schemes	2019-20 (A)	2020-21 (A)	2021-22 (A)	2022-23 (BE)	2023-24 (BE)
Maulana Azad Education Foundation (MAEF)	37.5	70.9	76	0.01	0.1
Merit-cum-Means Scholarships	285.6	396.3	345.7	365	44
Free Coaching and allied schemes	13.9	18.4	37.1	79	30
Pre-Matric Scholarship	1,324.8	1,325.5	1,351	1,425	433
Post-Matric Scholarship	428.8	512.8	411.7	515	1,065
Maulana Azad National Fellowship	100	73.5	74	99	96
Grants and Equity to State Channelising Agencies (SCA)/National Minorities Development and Finance Corporation (NMDFC)	161.9	110	100	59	61
Multi-sectoral Development Programme (MsDP)/*Pradhan Mantri Jan Vikas Karyakram* (PMJVK)	1,698.3	1,091.4	1,266	1,650	600
Education Scheme for Madrasas and Minorities				160	10
Pradhan Mantri-Viraasat Ka Samvardhan (PM VIKAS)					540

Source: Note on Demand for Grants, MoMA.

Figure 5.13 below indicates that there has been huge unspent balance in the last quarter of the financial year. The percentage of utilisation is 38, 19 and 44 per cent in Pre-Matric, Post Matric and Merit-cum-Means respectively. The three scholarship schemes of MoMA are implemented through the National Scholarship Portal (NSP). But the structure of the implementation of these schemes is such that the disbursement of scholarships starts only in the last quarter of the fiscal year and goes on until the end of the first quarter of the next financial year. The process of payment gets delayed due to late opening of registration of applications by NSP and verification of application at the institution, district and state level. It is also found that most of the states do not have a dedicated Department of Minority Welfare at the district level and where the department exists, there is acute shortage of staff.

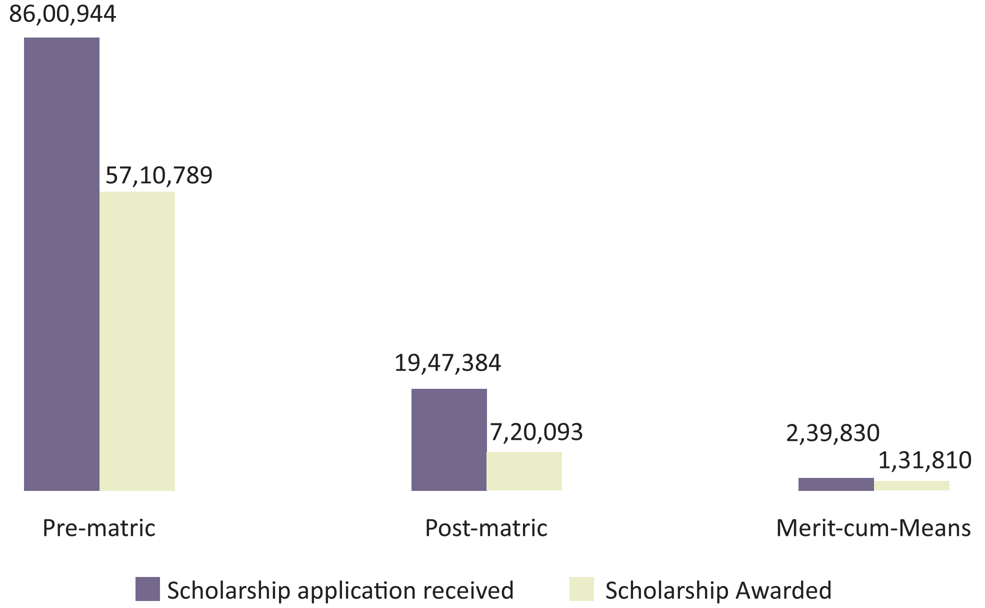
Figure 5.13: Status of Budget Allocation and Utilisation under Ministry of Minority Affairs (Rs crore)



Source: Departmentally Related Standing Committee on Social Justice and Demand for Grants, Ministry of Minority Affairs, 2021-22.

For the year 2021-22, a total of 1.08 crore applications for scholarships were received and 65.6 lakh scholarships granted. Under the Post-Matric scheme only 37 per cent of the applicants have received scholarships. An analysis shows that there is huge gap between the number of applications and award of scholarships, thus depriving more than 40 lakh students.

Figure 5.14: Status of Implementation of Scholarship Schemes in 2021-22



Source: Ministry of Minority Affairs - 2021-22.

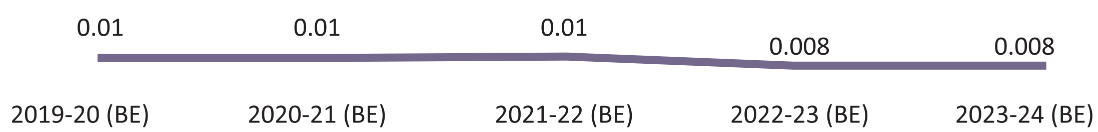
The scholarship schemes should be made demand-driven, along with additional financial resources to enhance unit costs. The MANF, Pre-Matric Classes I to VIII and *Nai Udaan* schemes should be revived. Under the 15 Point Programme, resource allocation should be made in line with the diverse needs of minority communities across different sectors. The total budget allocation for MoMA needs to be significantly increased, given the level of deprivation in the educational attainment of minorities.

Persons with Disabilities

The Finance Minister's Budget Speech has recognised persons with disabilities as a marginalised group that has to be given priority in the pursuit of inclusive development. The speech also mentioned the goal of eradicating sickle cell anaemia, a disease that affects red blood cells, by 2047. However, neither the subsequent text of the speech nor the budget documents had anything significant to say about the intersectional marginalisation experienced by persons with disabilities.

The allocation to the Department of Empowerment of Persons with Disabilities (DEPwD) has increased by approximately 1 per cent over 2022-23 (BE). The total identifiable specific allocation to persons with disabilities across ministries remains the same, at 0.008 per cent of the Gross Domestic Product (GDP).

Figure 5.15: Total Specific Allocations for Persons with Disabilities as a Percentage of GDP



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

Major social protection programmes, such as assistive devices, rehabilitation and habilitation services, and cash transfers, come from the DEPwD and the Department of Rural Development.

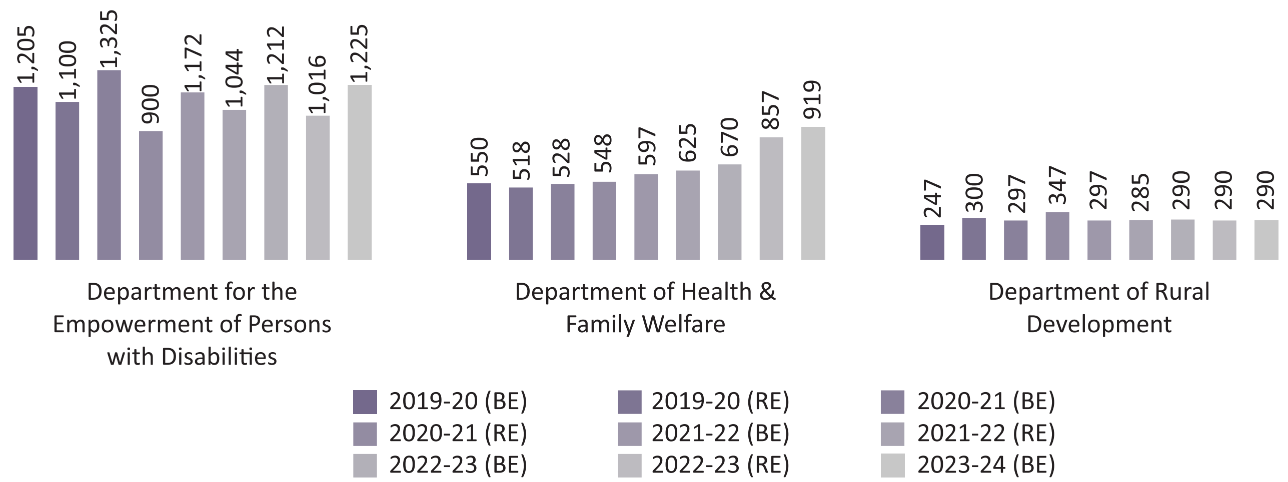
The Ministry of Health and Family Welfare allocates resources to various national institutes and Centres of Excellence, such as the National Institute of Mental Health and Neurosciences (NIMHANS) and Lokpriya Institute. However, the National Mental Health Programme, which was a separate line item in budget documents earlier, has been subsumed under tertiary health care in this budget, and therefore lacks data disaggregation. Meanwhile, tele mental health, a new line item, has made an appearance.

There has been no consideration of the long-pending demand from the disability movement to ensure universal health care and coverage, including specific services such as community-based rehabilitation services, provision of choice-based, individualised quality assistive devices, as well as health care products.

There is no specific allocation for people with sickle cell anaemia, despite the Budget Speech specifically mentioning the goal of eradicating it by 2047.

The graph below indicates the trend in allocation and compares Budget Estimates with the Revised Estimates from financial years 2019-20 to 2023-24.

Figure 5.16: Comparison of Budget Estimates and Revised Estimates across Ministries

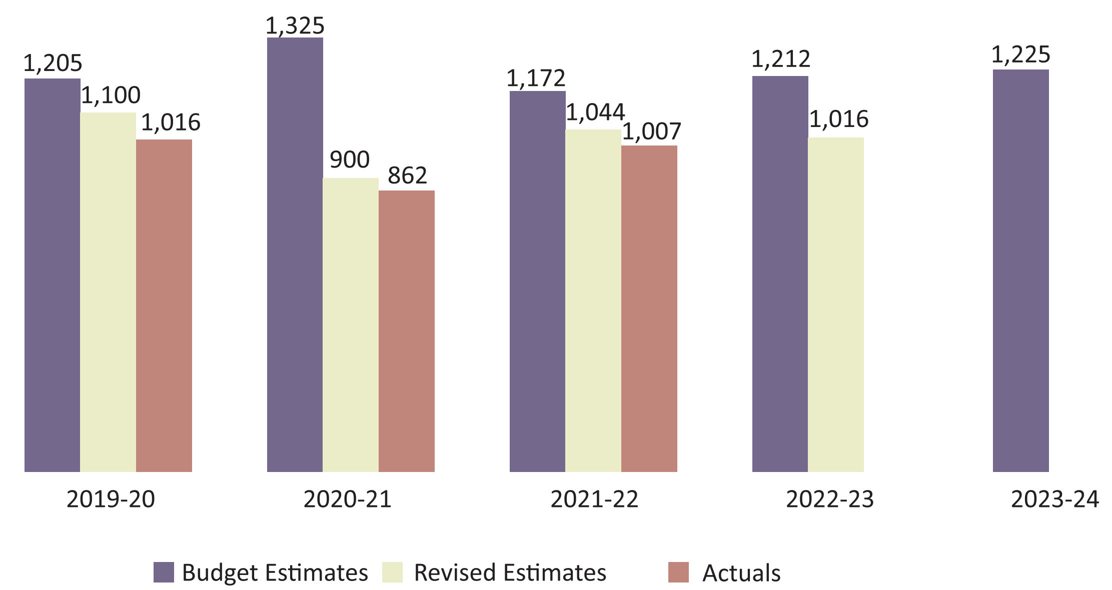


Source: Compiled by CBGA from Union Budget documents, various years.

The DEPwD is the nodal agency tasked with ensuring that the rights of persons with disabilities are respected, protected and promoted. It oversees the responsiveness of programmes and policies across ministries and departments, apart from implementing specific programmes. However, the budget for this agency has been shrinking over time and remains at 0.04 per cent of GDP in 2023-24, despite the economy being touted to be recovering and performing well.

Further, the limited capacity of the department to utilise its allocation in full undermines its ability to discharge its responsibility towards persons with disabilities.

Figure 5.17: Trend in Allocation and Utilisation of Resources by the DEPwD (Rs. crore)



Source: Demands for Grants, Union Government, for the years 2019-20 to 2023-24.

Reports of the Controller General of Accounts across years have observed that the major reason for underutilisation of funds is primarily the lack of proposals. In this regard, focusing on raising awareness and simplifying the application process, including making information available in the vernacular language, might be helpful. Further the Department needs to initiate new programmes and policies to ensure services such as personal assistance for persons who require a higher level of support.

Table 5.4: Underutilisation across Programmes under the DEPwD

Programme	2019-20 (%)	2020-21 (%)	2021-22 (%)
Assistance to Disabled Persons for Purchase/Fitting of Aids/Appliances (ADIP)	7.03	17.8	21.2
Deendayal Disabled Rehabilitation Scheme (DDRS)	Exceeds allocation	46.8	24.1
Scheme for Implementation of the Rights of Persons with Disabilities Act (SIDPA)	31.0	58.9	48.3
Scholarships	23.9	22.1	3.7
Allocation to Autonomous Bodies	Exceeds allocation	39.6	0.82

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

It has to be noted that the allocation to autonomous bodies includes allocations to national institutes, the National University of Rehabilitation Sciences and Disability Studies, Rehabilitation Council of India, Centre for Disability Sports, National Institute of Inclusive and Universal Design, and support to the National Trust. Among these, the National Institute of Rehabilitation Sciences and the National Institute of Inclusive and Universal Design have no allocations.

Social protection, a key area that reduces marginalisation and ensures equal opportunities for persons with disabilities (given their extra cost of participation due to systemic marginalisation, lack of employment opportunities, and the cost of accessing specific services and products), is yet to be strengthened and planned for. The Indira Gandhi National Disability Pension (IGNDP) has stagnated at Rs 290 crore for the last two years while persons with disabilities endure the impact of the pandemic and pre-existing marginalisation. This programme is characterised by limited coverage and significantly low benefits.[1] It is critical for the government to formulate a social protection framework for this marginalised community in line with the International Labour Organisation joint statement on social protection for persons with disabilities.[2]

Table 5.5: Allocation to Indira Gandhi National Disability Pension (IGNDP) (Rs crore)

Year	Budget Estimates	Revised Estimates	Actuals
2019-20	247.4	299.9	234.5
2020-21	297.4	346.5	263.2
2021-22	297.4	284.8	237.4
2022-23	290.0	290.0	
2023-24	290.0		

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

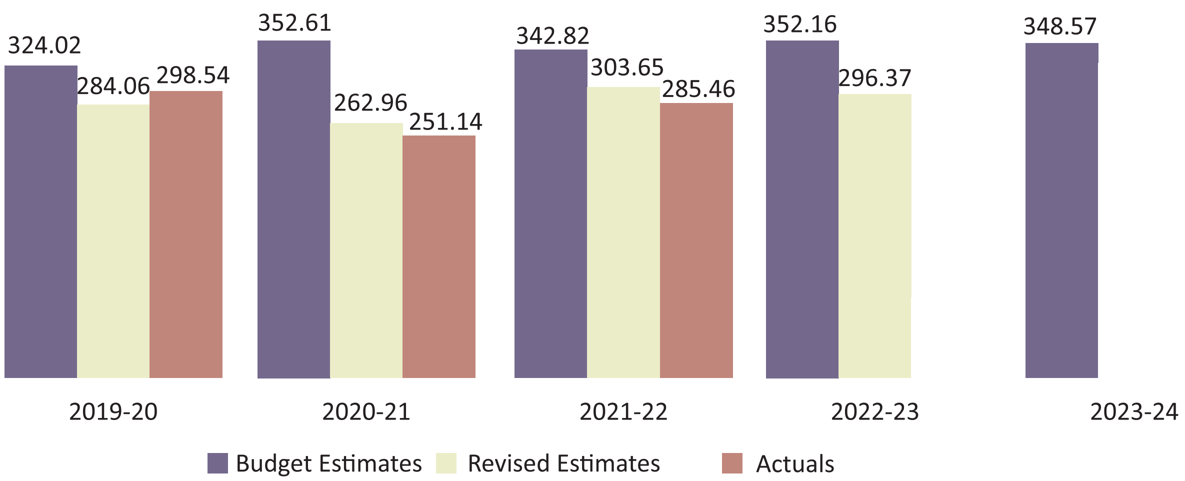
There is no disaggregated data on the inclusive education component of *Samagra Shiksha Abhiyan* (SmSA) and the data have to culled from the project approval minutes, which are usually not available with the budget documents. There is also no data on the utilisation of this resource and this has a significant impact in monitoring and accountability.

Women with disabilities

The allocation for women with disabilities found a mention in Part B of the Gender Budget Statement, implying that there are no specific allocations for this marginalised group. There is no specific support to ensure the development of programmes that will lead to full and effective participation of disabled women, and full enjoyment of all human rights and fundamental freedoms by them, as mandated by the United Nations Convention on the Rights of Persons with Disabilities (UNCRPD).

Further, disaggregation of data is provided only by the DEPwD and not by other agencies, implying that the mandate set by the Rights of Persons with Disabilities Act, 2016, to prioritise women with disabilities under all poverty alleviation programmes, has been ignored. Figure 5.18 highlights the decreasing trend in allocations for women and girls with disabilities.

Figure 5.18: Allocations to Women with Disabilities (Rs crore)



Source: Part B, Gender Budget Statement, Union Budget.

[1] Centre for Inclusive Policy (2021). Have we progressed: A Monitoring report of the social protection response to the COVID-19 pandemic for persons with disabilities in India. - https://inclusive-policy.org/wp-content/uploads/2021/11/CIP-COVID-report-India.pdf - accessed on 01.02.2023

[2] International Labour Organisation (2019). Joint Statement towards Inclusive Social Protection Systems for the Full and Effective Participation of Persons with Disabilities - https://www.social-protection.org/gimi/gess/ShowProjectWiki.action?id=3209&pid=2840 - accessed on 02.02.2023

ANNEXURES

Understanding Budget Concepts

Navigating the Union Budget Documents

The Budget Cycle of the Union Government

ANNEXURES

I: Understanding Budget Concepts

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

Classification of Government Receipts

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

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

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

- Revenue Receipts comprise proceeds of taxes (e.g., Income Tax, Corporation Tax, Goods and Services Tax, Customs, Excise etc.) and
- Non-tax revenue of the government (e.g., interest receipts, fees/user charges, dividend and profits from PSUs)

Classification of Government Expenditure

Capital Expenditure

Those expenditures by the government that lead to an increase in the assets (*e.g., construction of a new flyover, Union Govt. giving a loan to the State Govt.*) or a reduction in the liabilities of the government (*e.g., Union Govt. repays the principal amount of a loan it had taken in the past.*)

Revenue Expenditure

Those expenditures by the government that do not affect its asset-liability position (e.g., *expenditure on food subsidy, salary of staff, procurement of medicines, procurement of text books, payment of interest)*

Classification of Government Schemes

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 provide 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 incurring a Debt.

Classification of Government Expenditure

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

Budget Estimates and Revised Estimates

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

Taxation: Concepts and Trends

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

1. Tax Revenue and Non-Tax Revenue

Tax Revenue	Non-Tax Revenue
Tax Revenue 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.

2. Direct and Indirect Tax

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

Direct Taxes	Indirect Taxes
Those taxes for which the tax burden cannot be shifted or passed on are called Direct Taxes. Any person, who directly pays this kind of tax to the government, bears the burden of that tax. E.g., Personal Income Tax, Corporate Income Tax, Capital Gains Tax, etc.	Those taxes for which the tax burden can be shifted or passed on are called Indirect Taxes. Any person who directly pays this kind of tax to the government, need not bear the burden of that particular tax; they can ultimately shift the tax burden to other persons later through business transactions of goods or services. E.g., Goods and Services Tax, Customs Duties, Excise Duties, etc.

Indirect tax on any goods or services 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 that governs the regulations regarding GST, including the GST rates on different goods and services.

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

4. Distribution of Revenue collected in the Central Tax System

A Finance Commission is set up once every five years to suggest sharing of financial resources between the Centre and the States, a major part of which pertains to the sharing of revenue collected in the Central Government Tax System. At present, the total amount of revenue collected from all Central Taxes – excluding the amount collected from cesses, surcharges and taxes of Union Territories, and an amount equivalent to the cost of collection of central taxes – is considered as shareable / divisible pool of Central tax revenue. In the recommendation period of the 15^{th} Finance Commission (2021-22 to 2025-26), 41 per cent of the shareable / divisible pool of Central tax revenue will be transferred to States every year and the Centre will retain 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 and entities 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 which are manufactured in the country and are meant for domestic consumption.

II: Navigating the 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 organised 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.

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

III: The Budget Cycle of the Union Government

There are four stages of a budget cycle.

Budget cycle starts with Budget formulation and ends with Auditing. The entire budget cycle spreads over four calendar years. It starts in the month of August-September of calendar year 1 and ends by months of March-April of calendar year 4.

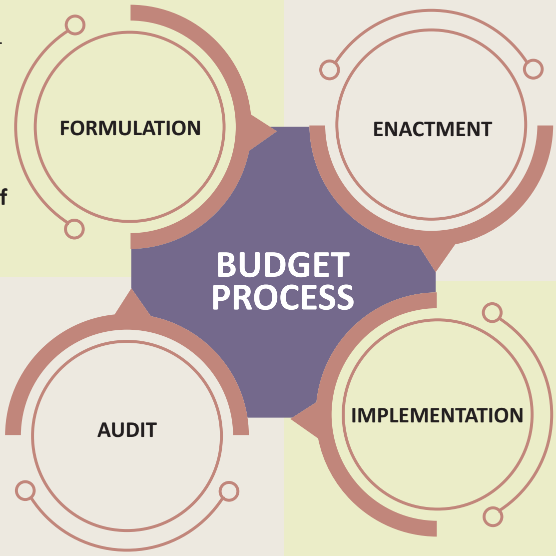
Starts: August of a calendar year and Ends 31st January of next calendar year (CY)

Steps:

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

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

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



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

Audit findings are presented approx. 8 months after the completion of the FY

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

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

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

About CBGA

Centre for Budget and Governance Accountability (CBGA), an independent think tank based in Delhi, analyses public policies and budgets in India and advocates 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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