

In Search of Inclusive Recovery

An Analysis of Union Budget 2022-23



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Centre for Budget and Governance Accountability



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FOREWORD

Since 2006, 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.

This publication presents an analysis of the priorities in Union Budget 2022-23, both on public expenditure and resource mobilisation front in the context of the ongoing pandemic and key developments pertaining to social and economic challenges before the country. The 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 water, sanitation and hygiene. 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.

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. We look forward to your feedback and suggestions on the analysis.

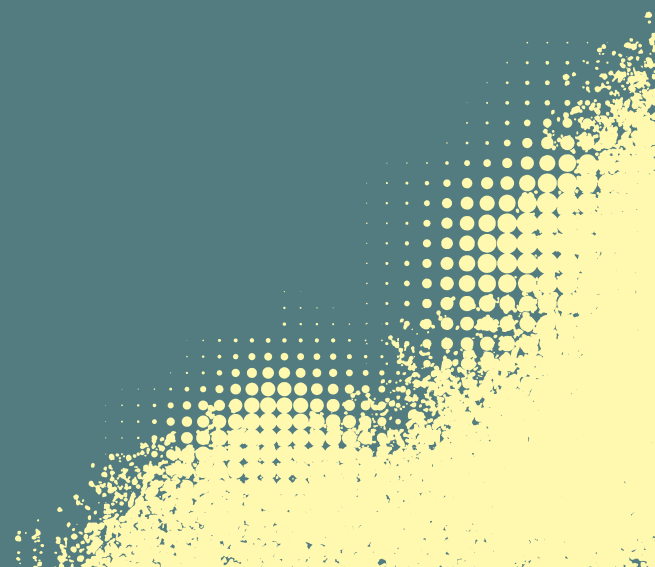
CBGA Team

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CHAPTER 1

CONTEXT AND SUMMARY OF THE ANALYSIS



CHAPTER 1: CONTEXT AND SUMMARY OF THE ANALYSIS

Context

Union Budget 2022-23, presented amidst the third wave of the ongoing COVID-19 pandemic, had many expectations to fulfil. While multitudinous demands from multiple stakeholders are part and parcel of all budgets, the situation this year is different from many other years. As per official estimates, the projected growth (in real terms) in Gross Domestic Product (GDP) for 2021-22 over the previous year is 9.2 per cent. Given that this comes on the back of growth having plummeted the year before, the 'real' GDP in 2021-22 would be higher by a little more than one per cent compared to 2019-20. In other words, the Indian economy in 2021-22 would just about surpass the pre-pandemic level GDP in constant prices.

This small increase in GDP has meant that consumption expenditure, which forms a major proportion of India's national income, continues to remain lower than that registered in 2019-20. On top of this, the Indian economy also faces a slew of structural challenges - some that existed prior to the pandemic and new ones brought on by the pandemic. The challenges, to cite a few, include high underemployment and unemployment, rising inflation, climate crisis, challenges on the food and nutrition security front, gender inequality, and deterioration in access to quality education and healthcare for the underprivileged and marginalised sections of the population.

While the adverse impact of the pandemic over the last two years on the marginalised sections of the population is well documented, it is equally well recognised that at the other extreme, a small proportion of the population has registered major gains during this period. This gain has mostly been at the cost of the rest of the population. Thus, while incomes of the poorer sections of the society have shrunk, those of the better-off section have expanded. Likewise, while profits of some large companies have surged, at the other end of the spectrum, thousands of Micro, Small and Medium Enterprises (MSMEs) are scaling down their businesses on account of, among other things, lack of enough demand.

The situation on the employment front is equally tough. While there has been some recovery in employment compared to when it had collapsed in the early period of the pandemic, it has been accompanied by increased informalisation, lower wages and worse working conditions for the majority of the population. In addition, there are issues such as the increase in non-remunerative employment of women and re-agrarianisation in the economy, distress migration, and loss of urban jobs. As a result, the nature of recovery, which some analysts refer to as a K-shaped recovery, has been one that is uneven and incomplete. This has also exacerbated the problem of rising inequality that India had been witnessing even prior to the pandemic.

What needs to be noted is that the situation as it stands today has occurred despite the government providing free food grains to vulnerable sections of the population since April 2020 and increasing the allocation for the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS). No doubt, these interventions have acted as crucial lifelines for the majority of the population. Yet, the fact of continuing food insecurity, unemployment, underemployment and non-remunerative employment in the case of women, indicates that much more needs to be done to relieve the distress that a large proportion of the population faces.

In such a context, it is but natural that the competing demands from various quarters would be that much more. Therefore, there were a lot of expectations that Union Budget 2022-23 would focus on the revival of MSMEs, continue to expand the rural employment guarantee programme and even bring in an urban employment guarantee programme, substantially increase allocations for healthcare, education and other social sector services, so as to make up for the years of underspending and thereby enable inclusive recovery.

Indeed, the task was made less onerous as tax collections have increased substantially compared to the last fiscal year. Since this provides more headroom, it was important that this budget increased spending significantly, especially in sectors and interventions that directly benefit disadvantaged sections, to enable a broad-based revival. However, Union Budget 2022-23 seems to focus primarily on supply-side interventions for economic growth, a higher proportion of capital expenditure within the total budgetary spending, and greater thrust on digitisation of various services.

Resource Mobilisation, Government Spending and the Fiscal Deficit

Unlike last year, when the sharp contraction of the economy had a severe impact on the resource mobilisation of the Union Government, in 2021-22 (BE), central tax collection has shown a significant increase not only in comparison to last year, but also in comparison with the government's own estimations in the last budget. All five major taxes - Corporate Income Tax (CIT), Personal Income Tax, Customs, Union Excise Duty and Goods and Services Tax (GST) - have performed better than 2021-22 (BE), with the largest growth in absolute terms coming from CIT. There are multiple factors behind the better-than-expected collection, especially in direct taxes and GST. Various cost cutting measures and a surge in profits for corporates may have increased income concentration, with large companies taking over market shares of smaller companies, including those in the informal sector. Similarly, for a small section of individuals with niche skill-sets, income has risen sharply because of the changing job nature induced by the pandemic. The increase in indirect taxes is also partly an indication of the nature of economic recovery, which is lopsided and uneven. Within non-tax revenue, dividends from PSUs too have increased in FY 2021-22 (RE) compared to BE projections. However, disinvestment proceeds have fallen well short of the targets. As a result, the total receipts of the Union Government have witnessed a modest increase.

Surprisingly, tax revenue projections for 2022-23 (BE) are comparatively muted. Even the overall non-tax revenue collection is projected to decline by 14 per cent. A part of the reason for this is perhaps because of underestimation of tax revenue projections. While actual collection exceeding projections may seem like a bright spot, there is a downside to such underestimation. An underestimation of receipts from taxation may adversely affect government spending, which is to be avoided, especially in times of economic crisis induced by the pandemic. Indeed, data on total expenditure shows that it is set to increase by a mere 4.64 per cent compared to 2021-22 (RE) and decline as a proportion of GDP. Further, a number of important subsidies, such as for food and petroleum, have seen large cuts. As a result, even the fiscal deficit is slated to decline, although not drastically. These developments perhaps indicate that the government believes the economy is recovering well from the economic crisis induced by the pandemic and does not require much support.

The Priority for Social Sectors

The ongoing pandemic has not only exacerbated existing economic and social inequalities, it has also exposed the fault lines in public provisioning for essential services such as education, healthcare, drinking water and sanitation, and nutrition. Each of these areas requires a strong political commitment and appropriate policy interventions from various quarters for the strengthening and recovery of these sectors.

The impact of the pandemic has been particularly harsh on students, teachers, and parents and it was expected that the education sector would get a budgetary boost to overcome the COVID-19 induced crisis. A 12 per cent increase in the budget allocation (between 2021-22 BE and 2022-23 BE) for the education sector is welcome. However, the share of the education sector in the total Union Budget has decreased from the previous year's budget estimates. The Union Budget has introduced schemes such as Exemplar and Accelerating State Education Program to Improve Results (ASPIRE) to align with the vision of the National Education Policy (NEP) and its

implementation. But many existing scholarship schemes and schemes such as PM-Poshan saw a budget cut, which would be a setback for students, especially those on the wrong side of the digital divide, who could have benefitted. With schools being shut, there have been visible disruptions in learning. Reopening of schools requires higher investments in teacher recruitment, teachers' training, and basic infrastructure components. While the allocation for the *Samagra Shiksha Abhiyan* (SmSA) was increased, it is still lower than the pre-COVID year (2020-21). A substantial allocation for SmSA could have been a more judicious decision in the Union Budget.

The pandemic not only revealed the deficiencies of the health sector, it also reasserted the need for greater emphasis on primary healthcare and strengthening of the existing health setup. While there has been an increase in this year's overall healthcare budget in absolute terms (16 per cent), its share in the total Union Budget (2.26 per cent in 2022-23 (BE)) and as a percentage of GDP has continued to remain stagnant. The high budget utilisation levels for both the Ministry of Health and Family Welfare, and the Ministry of AYUSH in 2020-2021, only indicate the need for higher resources for this sector. A welcome move has been on strengthening health infrastructure, through a notable increase in schemes such as the *Pradhan Mantri Swasthya Suraksha Yojana* (PMSSY) and PM *Ayushman Bharat* Health Infrastructure Mission (PMABHIM). However, inadequate provisioning for primary healthcare, through the flagship scheme, the National Health Mission (NHM), remains a source of concern.

One of the major determinants of health and nutrition, Water, Sanitation and Hygiene, gained substantial visibility and much needed awareness during the last two years. Safe drinking water, sanitation, and hygiene behaviours contribute to the prevention of diseases, and thereby have long-term beneficial economic implications. In the BE for 2022-23, the Department of Drinking Water and Sanitation witnessed a 12 per cent increase in allocation from 2021-22. However, the budgetary priority for sanitation saw a decline in 2022-23 (BE) with the *Swachh Bharat* Mission - Rural (SBM-R), showing a decrease of 28 per cent in allocations compared to 2021-22 (BE). The allocations for SBM-Urban (SBM-U) in 2022-23 (BE) have also not registered any change compared to 2021-22 (BE). A greater allocation was expected for SBM (U), given the rapid urbanisation across the country.

COVID-19 further intensified India's long-standing battle with malnutrition, as it led to disruption of *Anganwadi* Services, and a large number of children lost access to regular, nutritious meals. The overburdened health systems further impaired service delivery of critical health and nutrition interventions for children. There is an increase in allocations for the restructured schemes, *Saksham Anganwadi* and POSHAN 2.0, by 0.79 per cent and 3.97 per cent, respectively. But this increase is still marginal, and it is unclear whether it can address child malnutrition concerns. More funds are also required for the Supplementary Nutrition Programme, to bridge the gap in the cost of supplying food, keeping in line with inflation, and enhancing the quality of the nutrition provided. The honoraria and other working conditions of *Anganwadi* workers also suffered neglect in this budget.

Priority for Economic Sectors

With the pandemic still raging, and its ripple effects still being felt across regions and sectors, the importance of the rural economy cannot be overemphasised. The rural economy is still stressed with the burden of continued reverse migration that started during the COVID-19 induced lockdown. Millions of workers, mostly engaged in urban informal sectors, returned to rural areas, and added to the load on the already burdened rural economy. Although the government has made a number of interventions in the last two years, the pandemic induced circumstances have worsened labour informality. In this context, fiscal priorities towards the rural economy in the overall budgetary policy framework of the Union Government assume much significance.

Understandably, generating employment in the rural sector is the biggest task in a pandemic stressed economy.

However, in Union Budget 2022-23, the overall budgetary allocation for the Department of Rural Development (DoRD) has declined as a proportion of both total expenditure and GDP. In fact, the allocation made in 2022-23 (BE) towards DoRD is the lowest since 2018-19, with its share in GDP being 0.54 per cent in 2022-23 (BE) - again, the lowest since 2018-19. Even the allocation for MGNREGS, which provided livelihoods to people, especially returning migrants through the pandemic, has declined by almost 25.5 per cent in comparison to 2021-22 (RE). Clearly, allocations made under the MGNREGS for 2022-23 (BE) would be insufficient to provide 100 days of work, unless supplemented with adequate resources in the supplementary budgets in the next financial year.

While the budget sees enhanced priority to rural infrastructure and allocation under the *Pradhan Mantri Gram Sadak Yojana* (PMGSY), more efforts are needed to ensure that the scheme meets its targets and the allocated funds are fully utilised.

The agriculture sector, despite making a resilient contribution to the country's Gross Value Added (GVA) over the last two years, faces a persisting crisis with respect to viability of farming as an occupation. The 2022-23 budget for agriculture and allied sectors has seen a nominal increase in allocation (by 2 per cent) compared to last year's Budget Estimates. While there has been a considerable fillip given to the allied sectors (allocations for fisheries and animal husbandry and dairying sectors have increased by 40 per cent), the Union Budget outlay has declined for the crop sector by 4 per cent. Further, the budgetary share (within the total budget of the agriculture sector) for core schemes targeting sector-wide interventions has reduced in recent years. Union Budget allocations for schemes that provide direct monetary support have multiplied since 2019-20. The budgetary provisions towards agriculture and allied sectors need to be directed more towards bringing about sector-wide improvement and supporting the entire farming community in the country, with greater emphasis on women and small and marginal farmers.

When it comes to Climate Actions, Budget 2022-23 sent an important signal to markets, financial institutions and the workforce by mentioning the clean energy and climate section as a sunrise industry and an employment generator. Climate action is among the four priority areas for the government, along with *Gati Sakti*, inclusive development, and financing for investments. There were several announcements made for clean energy, climate action, and for the transformation of energy systems. The Central Sector Scheme allocations of the Ministry of New and Renewable Energy (MNRE) increased by 16.8 per cent in comparison with the 2021-22 BE. A number of clean energy and mobility related initiatives were also announced, including integrating low-carbon strategies in the infrastructure and construction sector, incentivising supply chains and manufacturing in renewable energy, as well as enhancing efforts for sustainable habitats through energy efficiency measures. However, the total budget allocation for MNRE is still a fraction of the overall financial requirements of the sector.

Responsiveness to Marginalised Sections

The pandemic has continued to have a disproportionate and differential impact on women across several domains, including employment, social protection, health, and risk of violence. However, the Union Budget on the whole does not reflect any significant allocations towards addressing any of these. The overall 'gender budget' as a share of the total budget, saw a fall from last year, and allocations for the Ministry of Women and Child Development (MWCD) have increased marginally. Similarly, allocations for key employment and credit programmes catering to women have also stagnated or declined. Despite the recorded rise in violence against women, there is no expansion in resources for schemes that address this violence. The announcement of a mental health programme is welcome, especially given how women's mental health suffered through the crisis. However, no allocations have been made towards it.

As we enter the third year of the COVID-19 pandemic, the vulnerabilities faced by children have continued to compound. Gains that were previously made in areas such as school enrolment, nutrition, child labour rescue

and rehabilitation, among others, have been reversed by this ongoing crisis. Despite the absolute increase in the total budgets for children, their share in the total Union Budget has gone down, indicating no major priority for them in this year's budget. Within the overall budget for children, the decline in both child health and nutrition related interventions has remained a source of concern, especially in the backdrop of the pandemic. The overall increase in allocations for children is mainly on account of the rise in education related interventions, including *Samagra Shiksha Abhiyan* (SmSA) and the Post Matric Scholarship for Scheduled Castes (PMS-SC). Amidst the growing concern over the increasing trend of violence against children and increase in child labour, the protection domain in this year's child budget has been a mixed bag, with some increase in the outlays for Mission *Vatsalya* accompanied by a dip in allocations for the National Child Labour Project.

The importance of strengthening public provisioning for vulnerable groups such as *Dalits*, *Adivasis* and religious minorities is even stronger today and Union Budget 2022-23 was expected to respond to such expectations adequately. However, reductions in budget outlays have been observed for a number of important schemes pertaining to these marginalised sections. For instance, the scheme for *Madrasas* and Minorities has faced budget cuts this year. Although the allocations for some of the schemes such as PMS-SC and *Eklavya* Model Residential Schools have increased, the rise is marginal.

Recognition of intersectional marginalisation among persons with disabilities (PwDs) is critical to ensure effectiveness of various programmes catering to the diversity among PwDs. However, there was only one specific announcement in Union Budget 2022-23 pertaining to PwDs, which was an insurance scheme for payment of annuity and a lump sum amount to the PwD dependent during the lifetime of the parents/guardians. Overall, specific allocations for PwDs, as a ratio to GDP, have also witnessed a declining trend. While schemes such as SmSA have specific allocations for inclusive education of children with disabilities, more disaggregated data is yet to be made available in the public domain.

CHAPTER 2

RESOURCE MOBILISATION

Revenue Generation

Some Important Fiscal Indicators

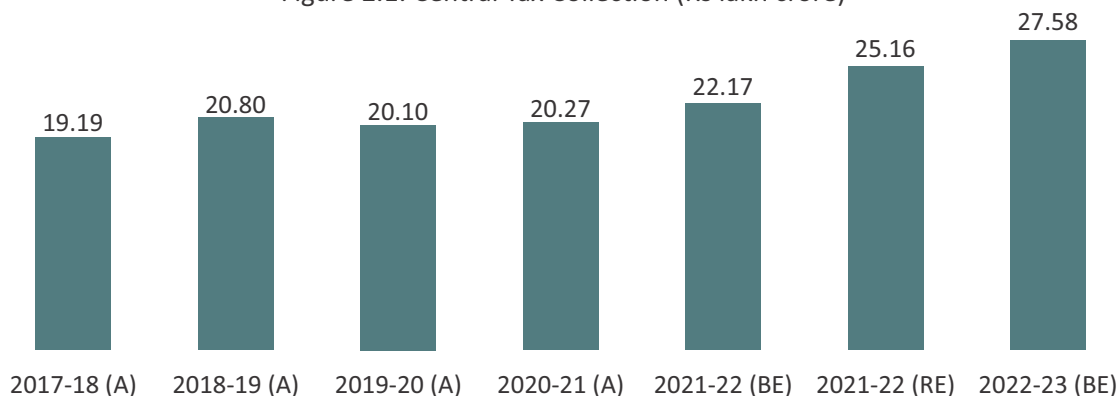
CHAPTER 2: RESOURCE MOBILISATION

The Indian economy, like the rest of the world, has been severely impacted by the ongoing COVID-19 pandemic. The resulting economic crisis has affected government finance as well. This impact was visible in last year's budget, when due to the collapse of economic activities, the tax collection projections for FY 2020-21 declined from Rs 24.23 lakh crore to Rs 19.00 lakh crore. This year, on the other hand, tax collection seems to be doing better not only in comparison to last year, but also in comparison to the government's own estimations in the last budget.

Better than Estimated Tax Collection in FY 2021-22

In last year's budget, the estimate for Financial Year (FY) 2020-21 Revised Estimate (RE) was revised downward by 22 per cent from Budget Estimate (BE). In contrast, the estimate for FY 2021-22 (RE) has been revised upward by 13 per cent from 2021-22 (BE).

Figure 2.1: Central Tax Collection (Rs lakh crore)

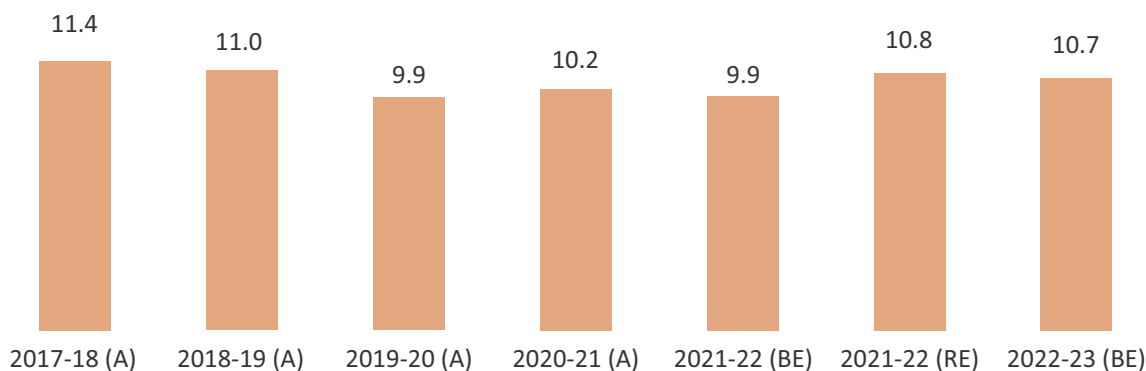


Source: Compiled by CBGA from Union Budget Documents, various years.

With this revision, the annual growth rate of central tax collection in FY 2021-22 comes to 24 per cent. This growth comes after the period between 2018-19 and 2020-21, when collections first decreased and then increased only nominally.

The improvement in the 2021-22 (RE) has also resulted in an improvement in the Central tax to GDP ratio.

Figure 2.2: Central Tax to GDP Ratio



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

But even with this improvement, the Central tax to GDP ratio still remains lower than that achieved in FY 2017-18 and FY 2018-19. Further, this ratio is expected to decrease in 2022-23 (BE).

What Explains the Growth in Tax Collection?

Data show that in 2021-22 (RE), all major taxes have overshoot the 2021-22 (BE) projections, with the largest increase in absolute terms coming from corporate income tax collection.

Figure 2.3: Which Taxes Have Changed, by How Much? (Rs lakh crore)



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

This increase can be due to a combination of several factors. The first possible reason is that the projection for 2021-22 (BE) was an underestimation to begin with.¹

The second and perhaps even more important reason is that some large companies have seen a surge in their profits² even amidst the pandemic. Other than various cost cutting measures adopted by corporates, the surge in profits is also a reflection of the nature of the economic recovery³, especially of the formal sector, which amid the pandemic seems to have gained more market share at the expense of the informal sector. As is known, unlike these big companies, thousands of micro and small businesses are either staring at closure or scaling down their

¹ Jaiswal, S. (2021): Unpacking the Government's Revised Tax Revenue Projections for 2020-21. Centre for Budget and Governance Accountability. Available at: <https://www.cbgaIndia.org/research/tax-and-financial-transparency/unpacking-the-governments-revised-tax-revenue-projections-for-2020-21/>

² Ninan, TN. (2022): Corporates are raking it in. If govt isn't getting more in tax, time to look at exemptions. The Print. Available at: <https://theprint.in/opinion/corporates-are-raking-it-in-if-govt-isnt-getting-more-in-tax-time-to-look-at-exemptions/803851/>

³ Chakravarty, M. (2022): Tax Revenue Performance Perhaps Reflects The Nature Of Recovery. The Outlook. Available at: <https://www.outlookindia.com/business/tax-revenue-performance-perhaps-reflects-the-nature-of-recovery-news-51572>

business on account of, among other things, lack of customers.⁴ In all likelihood, this may have led to an income concentration, with large companies taking over the market shares of the smaller companies. Since large companies also pay more direct taxes, the surge in their profits would explain a large part of the impressive increase in corporation tax collection.

Similar developments seem to have played a role in increasing Personal Income Tax (PIT). While the overall employment situation has worsened⁵, a section of individuals has seen their income grow at a relatively higher rate. Pandemic-induced structural changes in the nature of work have increased demand and hence wages for a small section of skilled and niche workers⁶. In all this, the boom in the stock market has also helped the better-off section, which can take the risk of investing money, and make large gains⁷.

In fact, even the increase in indirect taxes, particularly Goods and Services tax (GST), is partly a reflection of the nature of the economic recovery. As some analysts have noted, the increase in conspicuous consumption by the rich is likely one of the reasons for better performance of GST collection over the last few months⁸.

2021-22 (RE) Projections Still Seem Underestimated

What needs to be noted is that the numbers for 2021-22 (RE) are still likely to be an underestimation.

The monthly tax collection data published by the Controller General of Accounts (CGA) shows that till the end of November 2021, tax collection stood at Rs 15.41 lakh crore. This means the government estimates Rs 9.74 lakh crore of tax collection in the remaining four months. During the last financial year, the tax collection in same four months stood at Rs 9.98 lakh crore. It is not clear at present why the government expects a fall in tax collection in the last four months compared to the same period in the previous year, while they have grown by 17 and 18 per cent respectively in October and November 2021.

⁴ Soni, Sandeep (2021): Covid horror: Thousands of micro, small businesses in India are on sale right now. September 28. Financial Express. Available at: <https://www.financialexpress.com/industry/sme/msme-eodb-covid-horror-covid-horror-thousands-of-micro-small-businesses-in-india-are-on-sale-right-now/2339616/>

⁵ Sharma, S. (2022): India has 53 million unemployed people as of Dec 2021: CMIE. The Economic Times. Available at: <https://economictimes.indiatimes.com/news/economy/indicators/india-has-53-million-unemployed-people-as-of-dec-2021-cmie/articleshow/89016043.cms>

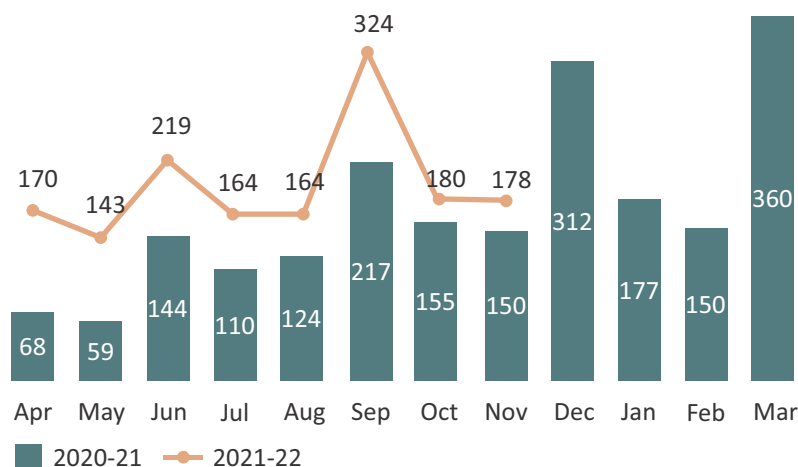
⁶ Goel, S. (2021): India Inc sees 29 per cent average hike in salary; Up to 86 per cent at entry level. The New Indian Express. Available at: <https://www.newindianexpress.com/business/2021/nov/30/india-inc-sees-29-per-centaverage-hike-in-salary-up-to-86-per-centat-entry-level-2389850.html>

Sangani, P. (2021): Tech Firms may hike pay by 120% to hire, retain niche talent. The Economic Times. Available at: <https://economictimes.indiatimes.com/tech/technology/tech-firms-may-hike-pay-by-120-to-hire-retain-niche-talent/articleshow/88555324.cms?from=mdr>

⁷ The Indian Express (2020): Disconnect between economy and stock markets: Shaktikanta Das. Available at: <https://indianexpress.com/article/business/economy/disconnect-between-economy-and-stock-markets-rbi-governor-shaktikanta-das-6564798/>

⁸ Mehra, P. (2022): Conspicuous consumption by the rich has increased GST collection. January 26. LiveMint. Available at: <https://www.livemint.com/companies/people/conspicuous-consumption-by-the-rich-has-increased-gst-collections-11643138196259.html>

Figure 2.4: Monthly Trend of Tax Collection: FY 2021-22 vs FY 2020-21 (Rs thousand crore)



Source: Controller General of Accounts⁹.

Even if the collection in the remaining four months grows at 10 per cent compared to last year, actual collection in FY 2021-22 will exceed the RE by around Rs 1.2 lakh crore. In the previous year as well, the 2020-21 RE was underestimated, and the final collection exceeded by Rs 1.27 lakh crore.

While actual collection exceeding RE may seem like a bright spot, there is a downside to such underestimation. An underestimation of receipts from taxation may adversely affect government spending, which must be avoided, especially in times of economic crisis induced by the pandemic.

Budget 2022-23 Projects Slowing of Tax Collection

The tax collections for FY 2022-23 (BE) are estimated to grow at 9.6 per cent compared to the 24 per cent growth estimated for 2021-22 (RE). If one takes into account the underestimation of 2021-22 (RE) the growth rate of 2022-23 (BE) is merely 4.4 per cent.

While a slowing down of tax collection in the coming year was expected because of the factors contributing to growth this year, such as the low base effect and high growth rate of corporate profit that is unlikely to sustain, a growth rate of 9.6 per cent is still on the lower side. It is lower than even the projected nominal GDP growth of 11.1 per cent.

Looking at the taxes separately — Corporate Income Tax (CIT), PIT, Customs and GST — all are estimated to grow in the range of 12–15 per cent. However, the Union excise duty is estimated to decrease by 15 per cent. It is not clear why collection from excise duty is estimated to decrease, when all other taxes will be growing. One plausible explanation is that the government had reduced the excise duty on fuel in November 2021 due to the rising price of crude oil. Some estimates suggest that oil prices are likely to increase further¹⁰, and the government might be accounting for the possibility of the need to cut excise duty in 2022-23.

Fairness of the Indian Tax System

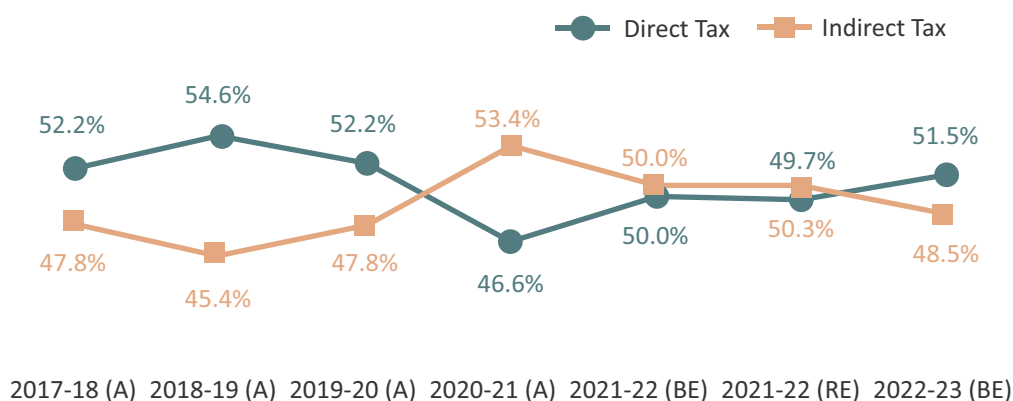
Apart from raising resources for the government, taxes are also a tool for the redistribution of wealth/income from the better-off sections of society to the underprivileged. Since direct taxes are levied on taxpayers according to their income, while indirect tax is paid by everyone irrespective of their income, a higher share of total tax collection coming from direct taxes is considered a sign of a progressive tax system.

⁹ Controller General of Accounts Website: <https://cga.nic.in/>

¹⁰ Sharafedin, B. (2022): Oil rally to continue in 2022 as demand outstrips supply, analysts say. Reuters. Available at: <https://www.reuters.com/business/energy/oil-prices-could-hit-100-demand-outstrips-supply-analysts-say-2022-01-12/>

Due to the cut in corporate tax rate in 2019 and increase in excise duty in 2020-21, the share of direct tax has fallen after 2018-19. It has improved marginally in 2021-22 (RE). Nonetheless, the share of indirect taxes still remains higher than that witnessed in the previous few years. In a fair and progressive tax system, more tax revenue is collected from direct taxes compared to indirect taxes, especially given the increase in widespread inequality¹¹.

Figure 2.5: Contribution of Direct Tax vs Indirect Tax in Total Central Tax



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

What happens to GST Cess Now?

When GST was introduced in 2017, it led to the Union and State Governments losing some of their tax rights (which is now vested with the GST Council). States were against losing their right, and as a mode of a compromise, the Union Government promised to compensate states if their tax collection from GST grew at less than 14 per cent annually for five years, i.e., till 2022.

States' revenue from GST was growing at a rate lower than 14 per cent even before the pandemic, and sharply deteriorated in the pandemic period. One estimate¹² puts the shortfall for the states at Rs 3 lakh crore in FY 2020-21, while the collection from the GST compensation cess was Rs 85,000 crore.

The Union Government has borrowed money to compensate the states. It has been announced that the GST compensation cess will be extended beyond July 2022, and will continue till March 2026. The amount collected from it will only be used to repay the loan taken in 2020-21 and 2021-22 to compensate states¹³.

Continuing Centralisation of Tax Revenue

Centralisation of tax revenue seems to have become a recurring theme for the Union Budget, specifically since the 14th Finance Commission recommended an increase in the share of resources to be devolved to States. While the Constitution of India allows the Union Government to levy cesses and surcharges, both these are meant for specific purposes and, conventionally, meant to be in force for a short period. However, in recent years, both cesses and surcharges have assumed a more permanent role in the central tax system. Since revenue garnered through the levy of cesses and surcharges is outside the divisible pool of central taxes, it is not shared

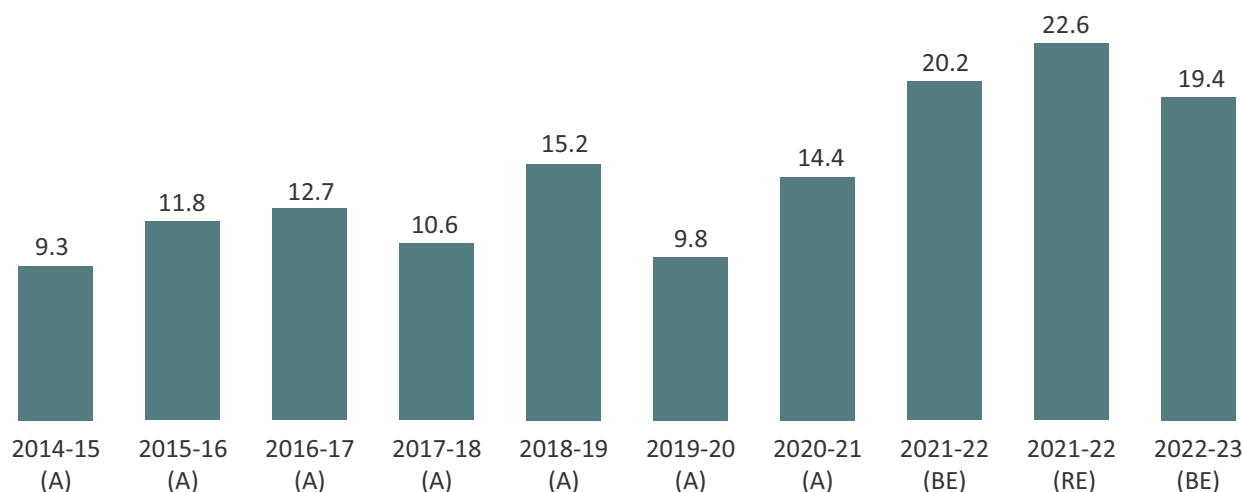
¹¹ JC, Anand (2021): India amongst the most unequal countries in the world, says report. The Economic Times. Available at: <https://economictimes.indiatimes.com/news/economy/indicators/india-amongst-the-most-unequal-countries-in-the-world-report/articleshow/88141807.cms?from=mdr>

¹² Ghosh, K. and Thakur, N. (2022): One Nation, Many Burdens. The Outlook Business. Available at: <https://www.outlookbusiness.com/the-big-story-1/lead-story-8/one-nation-many-burdens-6480>

¹³ Prabhu, S. (2021): GST Council Decides To Extend Compensation Cess Till March 2026. NDTV. Available at: <https://www.ndtv.com/business/gst-council-decides-to-extend-compensation-cess-till-march-2026-2544803>

with the States. Thus, a rise in the share of cesses and surcharges in the Centre's tax revenue invariably means that even if the Union Government manages to raise additional revenue, the benefits are not fully enjoyed by the States. And this tendency seems to have increased during the pandemic years.

Figure 2.6: Share of Central Tax Collection Not Part of the Divisible Pool (%)



Note: Cesses and surcharges mentioned here do not include GST cess, as it is meant for the specific purpose of sharing with states.

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

While the share of cesses and surcharges shows a more or less increasing trend since 2014-15 (A), with a dip in some years, the rise has been relatively more steady since the pandemic began. This has of course been an outcome of policy changes. In 2020-21, for instance, the Union Government brought in two cesses levied on fuel — Special Additional Duty of Excise on Motor Spirit, and Road and Infrastructure Cess. Similarly, in February 2020, the government had levied a health cess on the import of medical devices (although it was suspended subsequently in the wake of the pandemic). In Union Budget 2021-22, the government announced a new cess in the form of an Agriculture Infrastructure and Development Cess. With these developments, the share of tax revenue that need not be shared with States is set to peak in 2021-22 (RE).

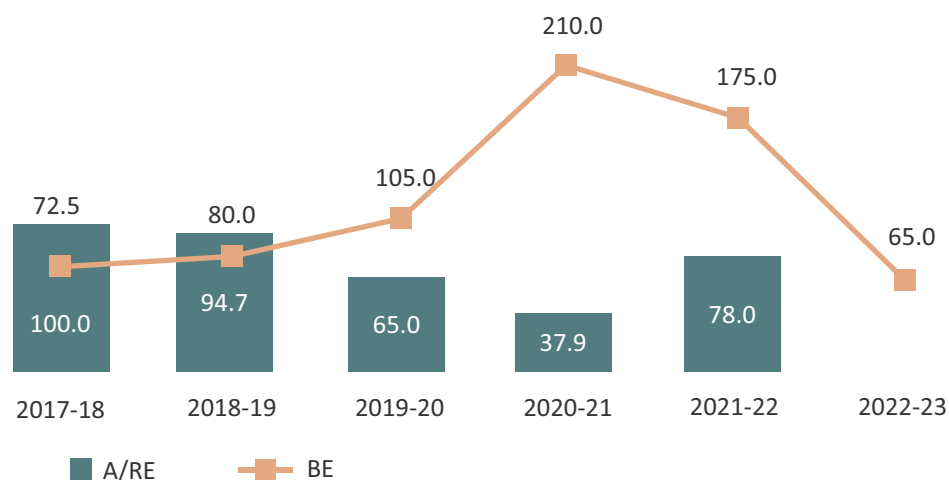
That the share of cesses and surcharges in total tax collection of the Union Government has increased further in 2021-22 (RE) is rather odd given that States have been facing a huge shortfall in revenue in the wake of the pandemic and have been requesting for more resources from the Union Government, which has relatively more taxation powers. Besides, such an increase also undermines the principle of fiscal cooperation. Finally, the levy of additional cesses and surcharges also add an extra layer of complexity, which contradicts the government's stated goal of a simple and transparent tax system.

A More Cautious Approach in Setting Disinvestment Targets

Over the last few years the government has been increasingly relying on disinvestment proceeds, among other sources of non-tax revenue¹⁴, to compensate for the shortfall in tax collection compared to the estimates made initially in various years. In some years, the actual revenue collected through this route has been higher than the estimates.

¹⁴ Non-tax revenue receipts include dividends earned from Public Sector Units (PSUs) and the RBI.

Figure 2.7: Performance of Disinvestment Proceeds against Budget Estimates (Rs thousand crore)



Note: The figures for the period from 2017-18 to 2020-21 are Actuals, while the figure for 2021-22 is RE.

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

But even when targets were achieved in 2017-18 and 2018-19, in some cases, they were achieved by selling shares of one Public Sector Unit (PSU) to another PSU, which is technically not seen as disinvestment per se¹⁵. Since 2019-20, actual collections have fallen short of the targets by a large margin (Figure 2.7). But that did not deter the government from setting even higher targets. In 2020-21 (BE), for instance, the government had set an ambitious target of collecting Rs 2.1 lakh crore from disinvestment proceeds, but managed to raise only Rs 37,900 crore in 2020-21 (A). In 2021-22 (BE) the target for disinvestment proceeds was set at Rs 1.75 lakh crore, which has again been missed by a large margin.

In 2022-23 (BE), on the other hand, the government seems to have pared its ambitions on this account significantly. The target set is not only the smallest in the last few years, it is also lower than what the government expects to collect in 2021-22 (RE). The reason behind this is difficult to assess, given that the government has been on a disinvestment spree¹⁶ in the last few years. The only thing one can assume is that, like in the case of total tax collection, here too, the government has decided to be cautious on the targets it sets. But this also means that despite the increase in tax collections, total receipts of the government are going to be only marginally higher in 2022-23 (BE) compared to 2021-22 (BE). That, in turn, has implications for Union Government expenditure as well as the fiscal deficit.

Important Fiscal Indicators

Trends in Union Government Expenditure

In contrast to the significant improvement in tax collection in 2022-23 (BE) compared to 2021-22 (BE) as well as 2021-22 (RE) not just in absolute terms but also as a share of GDP, total Union Government expenditure as a share of GDP is set to decline in 2022-23 (BE). As Figure 2.8 shows, up to 2020-21 (BE) the overall expenditure of the Union Government as a share of GDP has fluctuated between 12 to 13.5 per cent. With the onset of the pandemic, the share of total expenditure as a percentage of GDP went up significantly in 2020-21 (A). However,

¹⁵ The Hindu (2020): Sale of PSU to other PSU not disinvestment, observes CAG. 26th September. The Hindu.

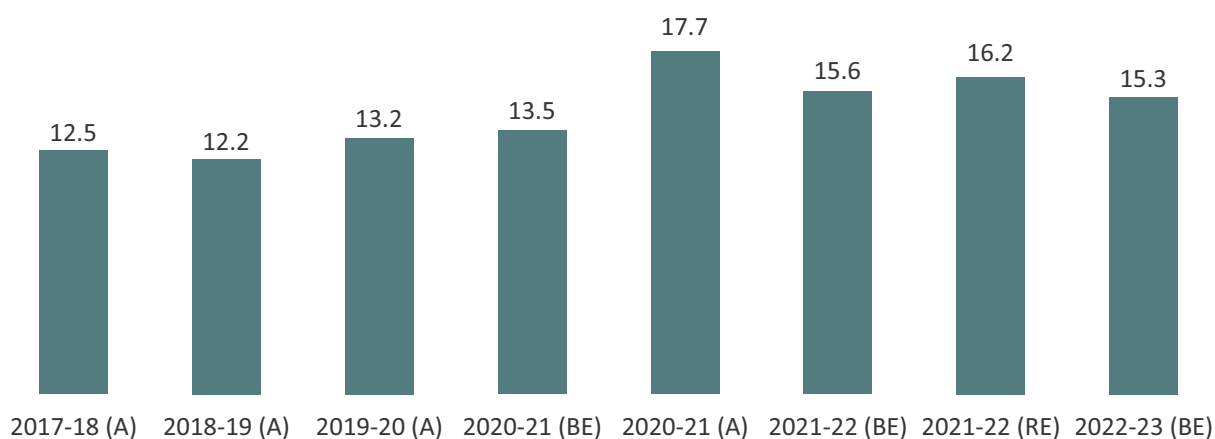
Available at: <https://www.thehindu.com/business/psu-to-psu-stake-sale-just-moves-funds-to-govt-says-cag/article32704859.ece>

¹⁶ Newsclick (2019): Modi Govt's PSU Selling Spree. November 22. Available at: <https://www.newsclick.in/PSUs-Strategic-Sale-Modi-Government-Privatisation>

this increase arose for a number of reasons, including clearing off earlier dues (food and fertiliser subsidy) and reporting such off-budget expenditure as part of the Union Government's expenditure. The other factor that lay behind the quantum jump in the share is that the absolute value of GDP itself had fallen so that any increase in expenditure had the effect of inflating the share of total expenditure in GDP.

The peak reached in 2020-21 (A), however, has not been sustained as Union Government expenditure to GDP has fallen in 2021-22 (BE) as well as in 2022-23 (BE). From this it seems that the government has assumed that the severe economic distress of COVID is behind it and the economy will bounce back even if it cuts spending relative to the GDP.

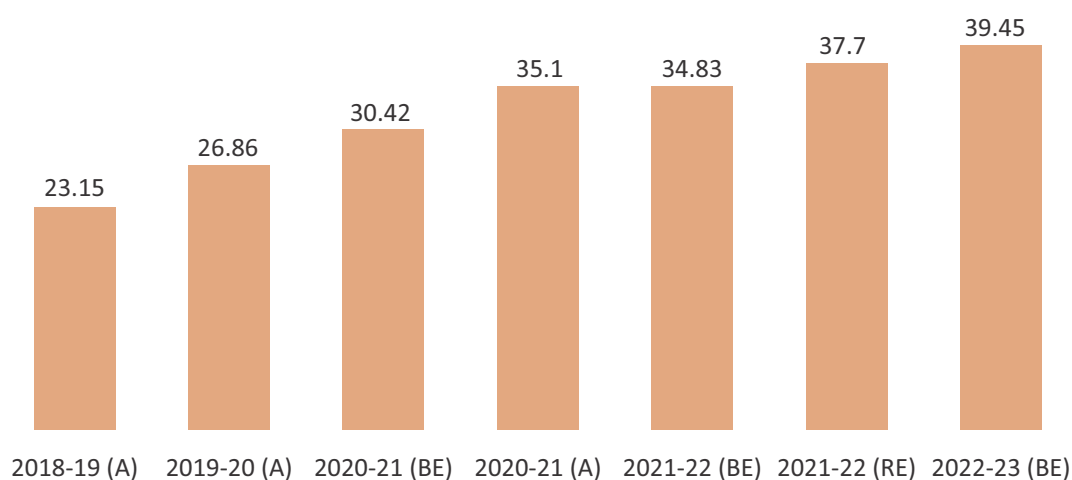
Figure 2.8: Trend in Total Union Budget Expenditure as a Proportion of GDP (%)



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

In absolute terms, total government expenditure in 2022-23 (BE) is projected to increase by Rs 1.75 lakh crore compared to the 2021-22 RE and by Rs 4.62 lakh crore compared to the 2021-22 BE (Figure 2.9). A large part of this increase in the overall size of the Union Government Budget in 2022-23 (BE) is on account of interest payment, special assistance as loan to states for capital expenditure, etc. While the increase in Union Government expenditure in 2022-23 (BE) compared to 2021-22 (BE) may seem large, it is much smaller in real terms given the high rate of inflation the economy has been facing. Besides, the fact that the increase in 2022-23 (BE) is considerably less compared to 2021-22 (RE) perhaps indicates that the government believes the economy is almost back on its feet and does not require much hand-holding.

Figure 2.9: Total Union Government Expenditure (Rs lakh crore)



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

This is also perhaps corroborated by the composition of total expenditure. In 2022-23 (BE), the government has chosen to give a push to capital expenditure (Table 2.1). As a result, revenue expenditure in 2022-23 (BE) is projected to increase by a mere 0.9 per cent while capital expenditure is slated to rise by nearly 25 per cent compared to 2021-22 (RE). What needs to be noted in this context is that while building physical and other assets is needed for long-term growth and can also lead to employment generation, given the high capital intensity of many such projects, the potential for employment generation is likely to be somewhat muted. Besides, whether the projected increase in capital expenditure actually results in asset building also needs to be seen. This is because data suggest that capital expenditure in 2021-22 (RE) has increased by Rs 48,475 crore compared to 2021-22 (RE), but given that this increase includes Rs 51,971 crore spent on retiring Air India's liabilities¹⁷, in reality the government seems to have spent about Rs 3,500 crore less on capital expenditure than it had planned to. Besides, as some analysts have noted, the planned increase over the current year is unlikely to materialise given that less than 50 per cent of such expenditure has been incurred under this head in the current year, up to November 2021.¹⁸

Table 2.1: Relatively Greater Emphasis on Capital Expenditure (Rs lakh crore)

Year	Revenue Expenditure	Capital Expenditure
2020-21 (A)	30.84	4.26
2021-22 (BE)	29.29	5.54
2021-22 (RE)	31.67	6.03
2022-23 (BE)	31.95	7.50

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

Beginning of Pruning the Fiscal Deficit

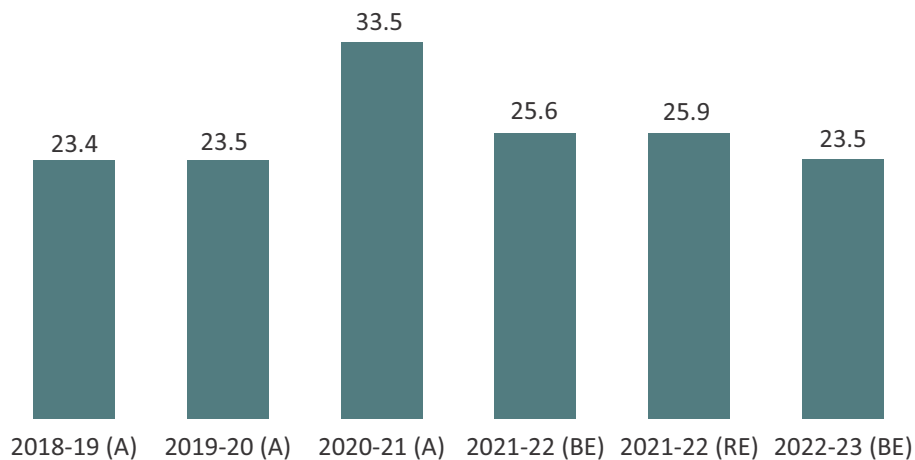
The relatively small increase in total expenditure in 2022-23 (BE) compared to 2021-22 (RE) has also meant that the fiscal deficit has been pruned this year. Thus, the fiscal deficit in 2022-23 (BE) is projected to be 6.4 per cent of GDP, down from 6.8 per cent as per 2021-22 (BE) and from 9.2 per cent of GDP in 2020-21 (A). The approach to pruning the fiscal deficit, too, seems to be cautious. However, given that the fiscal deficit in 2021-22 (RE) was one percentage point higher than that projected in 2021-22 (BE) despite a surge in tax collection, this can only be taken to mean that the government believes the economy does not require a larger fiscal stimulus.

This also gets reflected in the spending of 17 key ministries. As Figure 2.10 shows, spending on these sectors as a proportion of total expenditure increased immediately after the pandemic began and continued even till last year. The allocations for these key ministries in total expenditure in 2022-23 (BE), however, are down to the levels witnessed in pre-pandemic times.

¹⁷ Union Budget Document 2022-23

¹⁸ Kumar, Arun (2022): Union Budget 2022: The Concerns and Numbers Don't Square Up. February 1. The Wire. Available at: <https://thewire.in/government/union-budget-2022-numbers-contradictions-jobs-education-health>

Figure 2.10: Share of Allocations for Select Union Government Ministries* in Total Union Budget (%)



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

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

The back-to-business-as-usual strategy of development is exemplified even in the way subsidies on important items have been cut. Allocations for both the food and petroleum subsidy have been slashed in 2022-23 (BE), not just with respect to the level witnessed in 2020-21 (A), but also with respect to 2021-22 (BE) and 2021-22 (RE).

Table 2.2: Cut Backs in Important Subsidies (Rs. crore)

Items	2020-21 (A)	2021-22 (BE)	2021-22 (RE)	2022-23 (BE)
Food subsidy	541,330	242,836	286,469	206,831
Fertiliser subsidy	127,922	79,530	140,122	105,222
Petroleum subsidy	38,455	14,073	6,517	5,813
Other subsidies	50,459	33,460	54,763	37,773
Total	758,165	369,899	487,872	355,639

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

This of course, can change in the revised estimates, but it perhaps also shows that the government hopes that such a situation will not arise.

CHAPTER 3

SOCIAL SECTORS

Education

Health

Nutrition

Water and Sanitation

CHAPTER 3: SOCIAL SECTORS

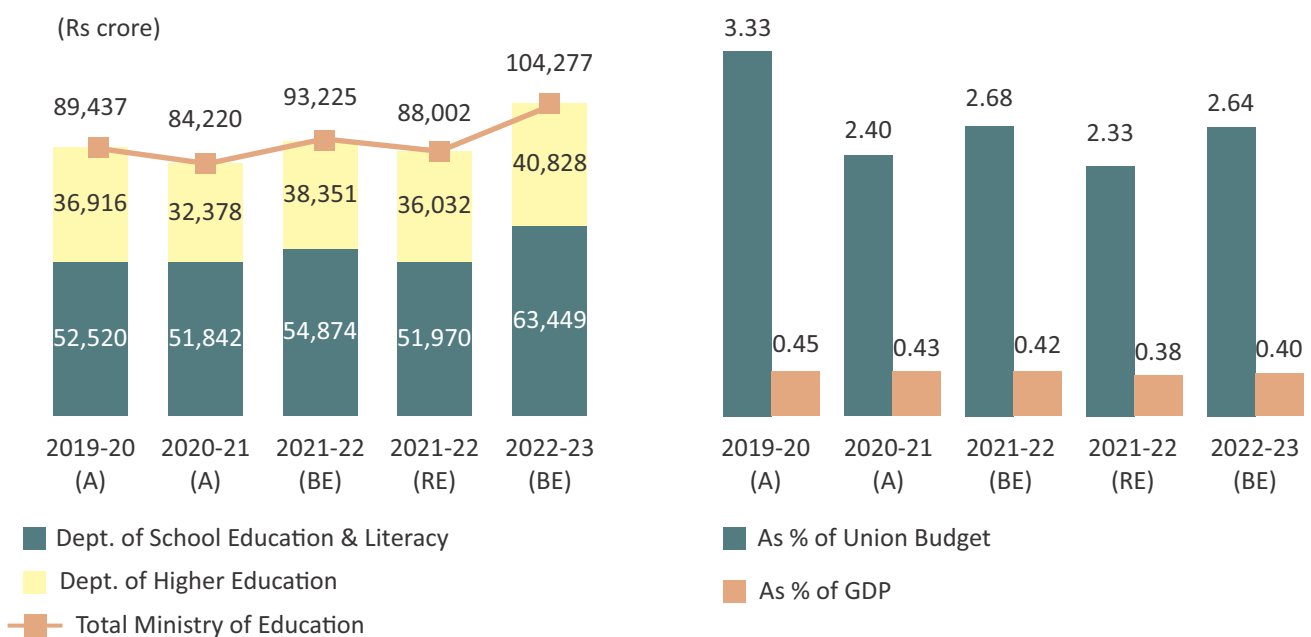
Education

COVID-19 has exposed the fault lines in public provisioning in social service delivery, and education is not an exception. The ongoing pandemic has severely impacted students, teachers, and parents, and it demands a strong political commitment and appropriate policy intervention from various quarters. Last year, as the Union Budget was premised on limited fiscal headroom, the dilemma of where to spend was acute. However, this year, with a projected economic growth of 8.5 per cent and increased tax revenue collection, it was expected that the education sector would get a budget boost to overcome the COVID-induced crisis. Adequate financing for infrastructure, human resources, reducing the digital divide, reintegration of students in school, and implementation of the National Education Policy (NEP) were a few concerns in the education sector that were expected to be addressed in Union Budget 2022-23.

Rolling out of National Education Policy 2020: Budgetary Interventions

The execution of NEP requires substantial government expenditure on education in a phased manner. While the Budget Speech didn't mention the NEP, the Demands for Grants of the Ministry of Education (MoE) indicate that the process of rolling out NEP has begun. The Union Budget for 2022-23 has allocated Rs 1,04,277 crore for the MoE, of which 61 per cent is for the Department of School Education and Literacy (DSEL) and 39 per cent for the Department of Higher Education (See Figure 3.1). While both departments have witnessed an increase in allocation from 2021-22 (BE) by 16 per cent and 7 per cent, respectively, the overall share of the education budget in the total Union Budget and the country's GDP has witnessed a decline (See Figure 3.1). Given the resource constraints states are facing, the small increases in allocation by the Union Government would make it difficult to reach the target of 6 per cent of GDP as total public spending on education (Centre and states combined) within the stipulated time, as envisaged in NEP 2020.

Figure 3.1: Union Government's Budgetary Spending on Education



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

In Budget 2022-23, some new schemes have been introduced to fulfil the vision of NEP. The 'Exemplar' scheme, which was announced in the previous year, has received an allocation of Rs 18,000 crore. The scheme aims to strengthen 15,000 schools to make them 'exemplar' institutions in their regions and help them emerge as schools of excellence over a period.

The Accelerating State Education Programme to Improve Results (ASPIRE) is a newly launched scheme aligned with the vision of NEP 2020, to provide high-quality education and equitable access to quality government schools. The scheme is allotted Rs 600 crore this year, of which Rs 150 crore is allocated for SC welfare and Rs 68 crore for ST welfare.

NEP 2020 recognises the advantages of technology in education and encourages the appropriate use of tools and platforms in this regard. The setting up of a 'digital university' was announced in the Budget Speech, which will be built on the hub-and-spoke model and provide access to quality education to all students. However, this intervention does not reflect in any budget documents or have any budgetary implications. With the goal of imparting supplementary education in regional languages, it was announced that the 'one class, one TV channel' of the PM e-Vidya programme would be expanded from 12 to 200 TV channels. However, the budgetary allocation for PM e-Vidya has dropped from Rs 50 crore in 2021-22 (BE) to Rs 0.01 crore for 2022-23 (BE). How far such an intervention will be effective remains to be seen as, according to the DSEL's own sample survey, only 5.5 per cent of students have used the TV as a medium of learning.

Additionally, schemes such as Massive Open Online Course (MOOC) and Operation Digital Board (ODB) have no budgetary allocation this year and E-*ShodhSindhu* has been discontinued. As part of the strengthening of digital resources in rural areas, the Union Government announced that contracts for laying optical fibre in all villages would be awarded under the *BharatNet* project through PPP in 2022-23, with an outlay of Rs 19,041 crore. This initiative would certainly help in creating the digital infrastructure for education.

Unequal cost of school closure: Budgetary Responses

India is heading towards the 100th week of school closure. According to data from UNESCO, children in India have witnessed the longest pandemic-induced school closure. When the pandemic started in March 2020, teaching in all educational institutions across the country was shifted to the virtual platform as a precautionary measure. However, the digital transformation of education has proven to be a setback for many students, especially those from the marginalised sections of society.

Various survey reports show that the incidence of dropping out is high among children from vulnerable groups, including girls, children on the move, children with disabilities and children from Scheduled Caste (SC) and Scheduled Tribe (ST) communities. For example, the ASER (Rural) report shows that during the pandemic, children of ages 6-14 years 'not currently enrolled in schools' increased from 2.5 per cent in 2018 to 4.6 per cent in 2021. Another 15-state survey of 1,400 underprivileged rural children reports that only 8 per cent could attend classes online regularly, while 37 per cent were not studying at all during the school closure (Locked Out: Emergency report on School Education, 2021). Comprehensive pan-India data to understand the extent of the impact is not available, as the data for enrolment and dropouts is available only up to 2019-20. At this point, it is crucial for the government to invest aggressively to bring children back into educational institutions and support them to stay on. There is a lot of evidence now that the distribution of monetary and non-monetary incentives plays an enabling role in keeping children in the education system. While the Budget Speech acknowledges the sorry state of children because of pandemic-induced school closures, the resource support towards the education sector is not at par to mitigate this crisis.

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

	2019-20 (A)	2020-21 (A)	2021-22 (BE)	2021-22 (RE)	2022-23 (BE)
<i>Samagra Shiksha Abhiyan</i>	32,377	27,835	31,050	30,000	37,383
Mid Day meal/PM Poshan	9,699	12,878	11,500	10,234	10,234
<i>Kendriya Vidyalaya Sangathan</i>	6,331	6,436	6,800	6,800	7,650
<i>Navodaya Vidyalaya Samiti</i>	3,388	3,479	3,800	3,740	4,115
National Scheme for Incentive to Girl Child for Secondary Education	9	-	1	-	-
Pre-matric Scholarship-ST	440	249	400	400	419
Pre-matric scholarship - minorities	1,325	1,326	1,378	1,378	1,425
Pre-matric Scholarship-SC and others#	382	597	725	725	500
Scholarship for students with disabilities	95	97	125	110	105
National Child Labour Project	77	43	120	30	30
NEM-RUSA	1,278	165	3,000	793	2,043
Student Financial Aid*	2,070	1,834	2,482	2,089	2,078

Notes: # Comprises two sub-schemes (a) Pre-Matric Scholarship Scheme for SC Students and (b) Pre-Matric Scholarship scheme for children belonging to unclean and hazardous occupations;

* Student financial aid comprises of Interest Subsidy and contribution for Guarantee Funds, Scholarship for College and University students, Special Scholarship Scheme for Jammu and Kashmir and PM Research Fellowship.

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

Samagra Shiksha Abhiyan (SmSA), the key centrally sponsored scheme for school education, is responsible for various interventions, including distribution of text books, uniforms, stipends for disabled girl children, identification of out-of-school children (OOSC), and mainstreaming them in the system. The Cabinet Committee on Economic Affairs (CCEA) has approved the continuation of SmSA from 1st April 2021 to 31st March, 2026 with an estimated central outlay of Rs 1,85,398 crore. In this line of approval, the scheme has been allocated Rs 37,383 crore. While this is a 20 per cent increase from the previous year's budget estimate (see Table 3.1), it is lower than the pre-pandemic-level allocation of Rs 38,860 crore, in 2020-21 (BE) (proposed in February, 2020). Moreover, in the first year of COVID (2020-21), when more resource support was required, the extent of central release of funding under SmSA remained low, at 71 per cent.

A budget cut has been observed in some scholarship schemes such as the Pre-Matric Scholarship for SC and others and Scholarship for Disabled Students from the previous year's budget estimates. The National Scheme for Incentive to Girls for Secondary Education, the only scheme for girls from SC/ST communities and girls who pass from *Kasturba Gandhi Balika Vidyalayas*, has been discontinued, when many surveys have highlighted that the impact of the pandemic is largest among girls across all socio-economic categories. In this connection, it is important to highlight that *Beti Bachao, Beti Padhao* (now part of an umbrella programme, *SAMBAL*), a high-priority intervention by the GOI, witnessed a utilisation of Rs 61 crore in 2020-21, against an allocation of Rs 220 crore. A similar fate is observed for students attending higher education; financial aid to students in the form of scholarships, fellowships and interest subsidy to student loans witnessed a 16 per cent cut from 2021-22 (BE).

Other than learning, the absence of schooling has also had a long-lasting effect on the physical health, mental health and nutrition of these children, who are heavily dependent on public service delivery. In September 2021, the CCEA approved the *Pradhan Mantri Poshan Shakti Nirman* (PM POSHAN), a modified version of the existing Mid-Day Meal (MDM) scheme, in all government and government-aided schools, and approved the continuation

of PM *POSHAN* for the five-year period (2021-22 to 2025-26) with a central share of Rs 54,062 crore, i.e., Rs 10,812 crore per year. The CCEA also recommended the provision of MDM to pre-primary classes along with the existing components. In line with the approval, the budget has allocated Rs 10,234 crore. While there is already debate over the reduction in the approved outlay with expansion in coverage, the budgetary allocation for 2022-23 is low, especially in the light of the pandemic-stricken nutrition deficit among children. Moreover, a higher expenditure of Rs 12,878 crore in 2020-21 clearly indicates the need for higher allocation (see Table 3.1).

Reopening of schools: Budgetary Measures

As the third wave of COVID-19 is subsiding, most state governments have decided to reopen schools and colleges. However, given the situation, school reopening is not a routine matter. The states need to work on COVID-related safety protocols, preparation of basic school infrastructure to implement the protocols, surveys to identify OOSC, capacity building of teachers, curriculum remodelling and creation of digital infrastructure for an enabling environment to provide education in a blended mode.

Because of the digital divide, only 23 per cent of the students who had access to devices could attend online classes; the remaining 77 per cent were deprived of online classes (Department-related parliamentary standing committee on education, women, children, youth and sports, 2021). A study by the Azim Premji University found that 92 per cent of students had lost at least one language ability, such as reading with comprehension, and writing simple sentences based on a picture. Additional efforts are required to mitigate the learning crisis and, therefore, the role of teachers is paramount. Even the implementation of guidelines such as classes with limited students in one day and classes in different shifts or hybrid mode needs additional teaching time. This requires either overtime by the existing teachers or new recruitments.

The impact of long-term school closures on the mental and psychological well-being of children also needs attention. A UNICEF study of 5,029 parents and adolescents across six states, conducted in 2020, found that nearly half of the secondary class students and about a third of elementary class students felt that their mental and socio-emotional health had been “poor or very poor”. The teachers' role is thus no more limited to educators. They are also expected to play the role of mentors and counsellors of students to ensure their emotional well-being. This needs adequate investment in teacher recruitment and teachers' training and hence a much higher allocation under SmSA. However, the budget speech offered digital solutions to these major problems through proposals such as expansion of PM e-Vidya, and developing high-quality e-content in all spoken languages for digital teachers.

Besides teachers, basic infrastructure such as spaced-out sitting arrangements, WASH facilities, i.e., drinking water, sanitation, hand washing etc., are crucial in maintaining health and hygiene. The need for higher allocation for schools becomes more important, especially after the pandemic, as the majority of government schools have witnessed an influx of students from private schools. According to the ASER report – 2021 for children in the age group 6-14, enrolment in private schools decreased from 32.5 per cent in 2018 to 24 per cent in 2021, while there was a spike in the proportion of children enrolled in government schools from 66 per cent to 70 per cent between 2020 and 2021.

While the budget for *Kendriya Vidyalaya* and *Navodaya Vidyalaya* showed higher spending during the pandemic and, as a follow-up, higher allocation this year, these schools cater to a very small section of children. For safe reopening and building back better, a higher allocation for SmSA, which covers 11.6 lakh schools, over 15.6 crore students and 57 lakh teachers from the pre-primary to senior secondary level, would have been a more judicious decision in this Union Budget.

Early Childhood Care and Education (ECCE): Still not a priority in the Union Budget

The NEP charts out the importance of ECCE and suggests the strengthening of *Anganwadi* Centres (AWC) with access to high-quality infrastructure and well-trained *anganwadi* teachers/workers. The policy emphasises on the foundational literacy and health of children. In 2021, to ensure that every child in the country necessarily attains foundational literacy and numeracy, the *NIPUN Bharat* programme was launched for children aged 3-9 years, and an approval of Rs 2,688 crore was made under the SMSA for the implementation of various interventions for the Foundational Stage in 2021-22. Given this context, the Union Government was expected to increase public investments in ECCE-related services. The budget speech announced that two lakh AWCs would be upgraded under the *Saksham Anganwadi* scheme. However, the budgetary allocation for *Saksham Anganwadi* and Poshan 2.0 (erstwhile *Anganwadi* services), an umbrella scheme, has been increased by a meagre 0.79 per cent for 2022-23 (BE) from the previous year's budget estimates, resulting in a setback for the ECCE programme. Similarly, the allocation for PM *POSHAN*, which also recommended the provision of MDM to pre-primary classes, as recommended in the NEP, observed a decrease in allocation this year (see Table 3.1). With the reductions in allocation, the Union Budget does not back up the NEP vision.

Health

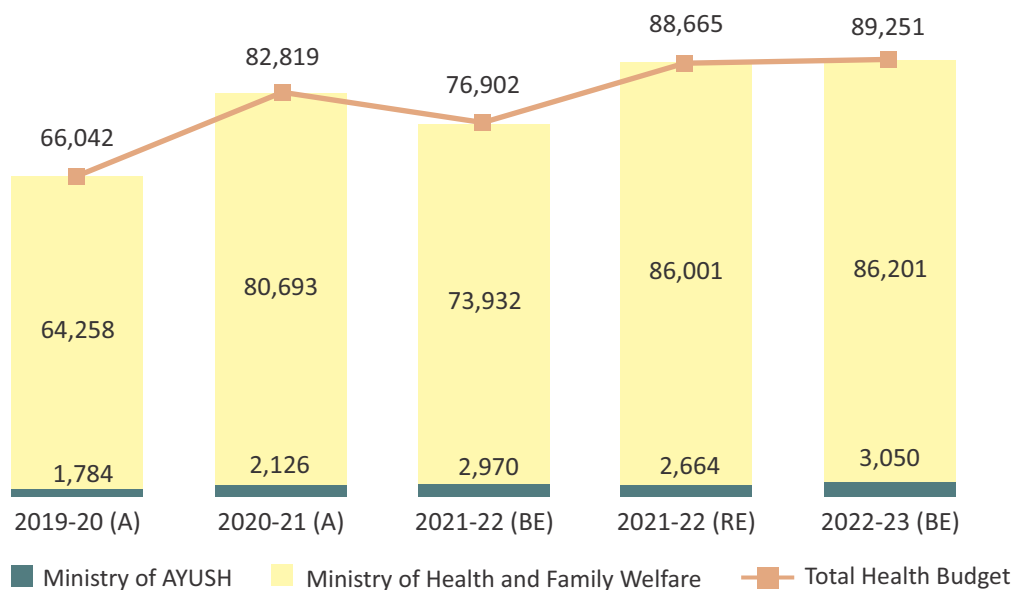
Recovering from the shock of the pandemic, this year's expectations from the Union Budget for the health sector revolved around many issues, including an increase in the resource pool for the sector. There was also interest in observing how the budget would respond to some of the persistent challenges the sector faces, such as weak infrastructure, human resource shortages and reduction of out-of-pocket expenditures (OOPE).

Understanding the overall budget provisions for health in Union Budget 2022-23

The total budgetary support for the health sector stands at Rs 89,251 crore for 2022-23. The outlays in absolute terms have increased by 16 per cent compared to the figure for 2021-22 (BE); but when compared to the revised estimates for 2021-22, there has not been any major change (Figure 3.2). The increase in health budget numbers from the 2021-22 BE is mainly driven by the rise in the outlays for the Ministry of Health and Family Welfare – MoHFW (16.5 per cent), while the allocation for the Ministry of AYUSH has seen an increase of just 2.7 per cent between 2021-22 (BE) and 2022-23 (BE). The share of the Ministry of AYUSH in the total health budget stands at 3.4 per cent and that of the MoHFW, the remaining 96.6 per cent for 2022-23.

The first year of the pandemic, 2020-21, saw more than 100 per cent of the initial allocations (BE) being utilised across all the three departments/ministries of health. As compared to the revised estimates of 2020-21, the utilisation levels stood at 98.3 per cent and 76.9 per cent, respectively, for the Departments of Health and Family Welfare, and Health Research. The Ministry of AYUSH spent 91.6 per cent of its revised budget during the same year.

Figure 3.2: Ministry-wise Allocations/Expenditure on Health (Rs crore)



Note: Includes allocations/expenditure by Department of Health and Family Welfare and Department of Health Research, comprising the Ministry of Health and Family Welfare and the Ministry of AYUSH.

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

The Budget Speech of the Finance Minister made a mention of two new initiatives to be rolled out in the near future. The first announcement was on developing an open platform for the National Digital Health Ecosystem, consisting of the digital registries of health providers and health facilities, unique health identification, consent framework and universal access to healthcare. The second announcement focused on launching a National Tele Mental Health Programme with the objective of providing quality counselling services for mental health issues and care services. The announcements, however, have not been backed by specific financial commitments in the 2022-23 health budget. The allocation for the National Mental Health Programme for Tertiary Care under the National Health Mission (NHM) has remained stagnant at Rs 40 crore for 2022-23.

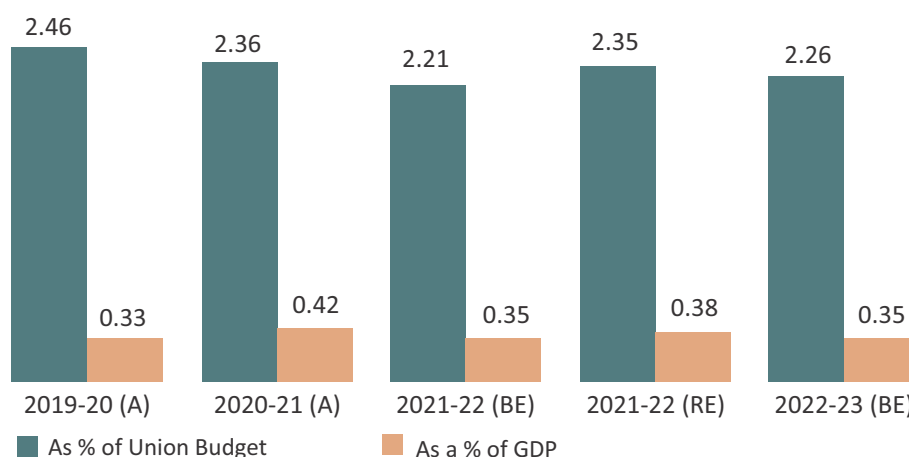
Stagnant Share of Health in the total Union Budget

Despite the increase in absolute terms, the share of the health budget in the total Union Budget has remained more or less stagnant over the past few years, with 2.26 per cent of the total budgetary expenditure being earmarked for health in 2022-23 (BE). In fact, in comparison to the share in 2021-22 (RE), there has been a decline in the latest budget. A similar trend can be seen when it is calculated as a percentage of GDP (Figure 3.3). Given the enhanced need for public provisioning of healthcare facilities during and after the pandemic, a stagnant trend in the health budget might not be helpful in fulfilling the sector's resource requirements. In this context, it needs to be mentioned that the National Health Policy (NHP) of 2017 had called for total public expenditure on health to be increased to 2.5 per cent of GDP by 2025. However, the Centre and states together allocated only up to 2.1 per cent of GDP towards health in 2021-22 (BE), even when this figure includes the budgetary spending on water and sanitation (Economic Survey, 2021-22)¹⁹. Moreover, only 73 per cent and 69 per cent of the funds demanded by the MoHFW were allocated in 2021-22 and 2020-21, respectively, pointing to the need for higher budgetary provisions for the sector²⁰.

¹⁹ Ministry of Finance Department of Economic Affairs, Government of India. (2022). Economic Survey 2021-22.

²⁰ Accountability Initiative (2022), Budget Brief, National Health Mission Pre Budget-2022-23.

Figure 3.3: Share of Health Budget in Total Union Budget and as a percentage of GDP (%)



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

Decoding the Allocations in Health Sector Schemes

The National Health Mission (NHM), the largest scheme of the MoHFW, has not received any notable increase (Table 3.2) as compared to the previous year (increase of 1.8 per cent in 2022-23 (BE) from 2021-22 (BE)). In fact, the scheme's share in the total health budget has come down from 48 per cent in 2021-22 (BE) to 42 per cent for 2022-23 (BE). NHM being the most crucial intervention for strengthening primary healthcare in the country, such a declining trend remains a cause for concern. This also falls short of the 15th Finance Commission recommendation²¹ of prioritising primary healthcare with 67 per cent of the total health budget going to primary healthcare services. The allocation for NHM has remained lower than the demand by the ministry, both in 2020-21 and 2021-22²². In this year's budget publication, several components under the NHM have been merged together into a single head titled, 'Flexible Pool for RCH & Health System Strengthening, National Health Programme and National Urban Health Mission', with a combined net allocation of Rs 22,317 crore.

Table 3.2: Allocations/Expenditure under select Centrally Sponsored and Central Sector Schemes for healthcare (Rs crore)

Scheme	2019-20 (A)	2020-21 (A)	2021-22 (BE)	2021-22 (RE)	2022-23 (BE)
National Health Mission (NHM)*	35155	37478	37130	34947	37800
Rashtriya Swasthya Bima Yojana (RSBY)	57	0.46	1	1	45
PM Jan Arogya Yojana (PMJAY)	3200	2680	6400	3199	6412
Pradhan Mantri Swasthya Suraksha Yojana (PMSSY)	4683	6840	7000	7400	10000
PM Ayushman Bharat Health Infrastructure Mission (PMABHIM)	-	-	-	1040	5846
National Digital Health Mission		30	30	75	200
National AIDS and STD Control Programme	2813	2815	2900	2350	2623
Family Welfare Schemes	489	462	387	306	484

Notes: i. The figures for NHM have been taken from the statement titled Centrally Sponsored Schemes in Expenditure Profile and includes allocations from both MoHFW and MoAYUSH. It excludes National Digital Health Mission outlays;

ii. PMABHIM allocations include components from the Departments of Health and Family Welfare & Health Research. For 2022-23 (BE), the MoHFW component of this scheme stands at Rs 5,156 crore and the Health Research component is Rs. 690 crore.

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

²¹ 15th Finance Commission Report, 2020-21.

²² Accountability Initiative (2022), Budget Brief, National Health Mission Pre Budget-2022-23.

Budgets for the provision of tertiary health care have seen a notable rise of almost 43 per cent this year under the *Pradhan Mantri Swasthya Suraksha Yojana* (PMSSY) and this is a welcome move to strengthen health infrastructure, especially during the pandemic. The substantial rise in the outlays for the *PM Ayushman Bharat Health Infrastructure Mission* (PMABHIM), from Rs 1,040 crore in 2021-22 (RE) to Rs 5,846 crore for 2022-23 (BE) (Table 3.2), is also expected to boost the infrastructure development of health systems, including pandemic research and the platform for One Health, not only in the time of COVID-19 but also beyond it.

The Cabinet had in March 2021 approved the *Pradhan Mantri Swasthya Suraksha Nidhi* (PMSSN), which is a single non-lapsable reserve fund for health from the proceeds of the 4 per cent Health and Education Cess. This has been used to partly fund many of the interventions under NHM and *Ayushman Bharat* (including Health and Wellness Centres and PMJAY, *Pradhan Mantri Swasthya Suraksha Yojana*, emergency and disaster preparedness during health emergencies, etc.) The total support from PMSSN stands at Rs 23,750 crore for 2022-23.

Universalising Healthcare: Striving towards Equity and Affordability

Affordable healthcare brings forth the twin aspects of equal and improved access through better service delivery and lower Out of Pocket Expenditure (OOPE) on health. This can be achieved, on the one hand, by increasing public provisioning for health, and on the other, by ensuring affordability through health insurance schemes. The recently released National Health Accounts for 2017-18 show a declining trend in OOPE due to a rise in Government Health Expenditure (GHE) as a proportion of Total Health Expenditure (THE). Between 2004-05 and 2017-18, GHE as a percentage of THE increased from 22.5 per cent to 40.8 per cent, and correspondingly OOPE as a percentage of THE declined from 69.4 per cent to 48.8 per cent. OOPE trends should, however, be studied carefully. Inadequate access to service delivery and high costs may often lead to low-income populations forgoing care, which leads to a fall in OOPE (Rahman et al²³, 2022; Venkateshwaran and Singh, 2021²⁴; Bremer, 2014²⁵). It is thus important to extend the current net of insurance to cover more people, especially those in the unorganised sector (Chandra, 2021)²⁶. The insurance-focused schemes *Pradhan Mantri Jan Arogya Yojana* (PMJAY) and *Rashtriya Swasthya Bima Yojana* (RSBY) have seen some increase in allocations for 2022-23²⁷ as compared to 2021-22 (BE) (Table 1). The Senior Citizens Health Insurance Scheme under the NHM has also received Rs 40 crore this year, as compared to Rs 1 crore in 2021-22 (BE).

The Rural Health Statistics (2019-20) show that 63.3 per cent of the sanctioned posts for specialists at Community Health Centres (CHCs) remained vacant in 2020. The statistics also showed a shortfall of 38.2 per cent in Primary Health Centres (PHCs) in urban areas. Union Budget 2022-23 has indeed paid some focus on addressing the human resource shortages. Allocations towards human resources for the Health and Medical Education component under NHM went up from Rs 4,800 crore to Rs 7,500 crore between 2021-22 (BE) and 2022-23 (BE). Allocations for Health Sector Disaster Preparedness and Response and Human Resources Development for Emergency Medical Services, which are focused on building human resources capacity, however, have remained at the same level as the budget estimates of 2021-22 (at Rs 130 crore). Given the magnitude of shortages in human resources in the health sector, there is a need to invest more in this domain.

²³ Rahman, M.M., Islam, M.R., Rahman, M.S. et al. Forgone healthcare and financial burden due to out-of-pocket payments in Bangladesh: a multilevel analysis. *Health Econ Rev* 12, 5 (2022). <https://doi.org/10.1186/s13561-021-00348-6>

²⁴ Venkateshwaran, S. and Singh, A.K. India's Health Status and Emerging Priorities. Discussion Note, CSEP(2021) <https://csep.org/discussion-note/indias-health-status-and-emerging-priorities/>

²⁵ Bremer, P. Forgone care and financial burden due to out-of-pocket payments within the German health care system. *Health Econ Rev* 4, 36 (2014). <https://doi.org/10.1186/s13561-014-0036-0>

²⁶ <https://indianexpress.com/article/opinion/columns/budget-health-sector-ayushman-bharat-covid-7181738/>

²⁷ A component of the Pradhan Mantri Garib Kalyan Package – the Insurance Scheme for Health Care Workers fighting COVID-19 reported a decline from Rs 813.6 crore in 2021-22 (RE) to Rs 226 crore in 2022-23 (BE). While it could be assumed that the need for insurance may have decreased, the worst of the pandemic may not yet be over.

COVID-related interventions have not received additional allocations in 2022-23 (BE)

The major COVID-19 specific provisions - COVID-19 Emergency Response and Health System Preparedness Package, and COVID-19 vaccination for healthcare workers and front-line workers - have not been allocated anything for 2022-23. There is a possibility that the revised estimates of 2022-23 might include these heads, as the need arises. However, comparing the figures for 2020-21 (RE) and 2020-21 (A), it can be said that while utilisation of the emergency package has been high at 85 per cent, utilisation of the vaccination scheme for healthcare workers stood at 38 per cent.

The Union Budget Speech of 2022-23 emphasised the resilience of the country in battling the pandemic, which has reversed some of the progress attained in different areas of the Sustainable Development Goals (SDGs). Moving ahead, India's key health targets include a reduction in the Under-5 Mortality Rate (U5MR) to 25 per live births or less, ending the AIDS epidemic, tuberculosis and so on by 2030, reduction of mortality by Non-Communicable Diseases (NCDs), and addressing mental health. The recent National Family Health Survey (NFHS-5) data gives a mixed picture on the health front; indicators like U5MR fell from 49.7 in NFHS-4 (2015-16) to 41.9 in NFHS-5 (2019-21). On the other hand, anaemia among women aged 15-19 rose from 54.1 per cent to 59.1 per cent within the same period. Addressing many of these concerns would require enhanced budgetary support and better utilisation of funds.

Overall, there has been some increase in the health budget in absolute terms, but the share of the health budget in the total Union Budget has remained stagnant. Moreover, the major focus in this year's health budget has been on strengthening health infrastructure and to some extent on enhancing the budgets for health insurance schemes. Primary healthcare, however, needs greater focus in budget. On a positive note, there has finally been a recognition of the need to intervene in mental health issues.

Nutrition

India's long-standing battle with malnutrition intensified with the advent of COVID-19 in 2020. As a result of the pandemic-induced lockdowns and disruptions in *Anganwadi* services, a large number of children lost access to regular, nutritious meals. The overburdened healthcare systems in the country further impaired service delivery of critical health and nutrition interventions to children and lactating mothers.

Phase 1 of the National Family Health Survey (NFHS) – 5 data for 22 States and Union Territories (released in December 2020) showed that child nutrition had worsened (compared to NFHS 4 levels) for indicators such as childhood stunting, wasting, and the proportion of underweight children. However, the NFHS-5 India Factsheet for Phase 2 (released in November 2021) shows improvements in the reduction of child stunting, wasting and the proportion of underweight children. At the same time, severe wasting has increased slightly and so has the proportion of overweight children, an issue that finds little attention in the nutrition policy discourse in the country. Additionally, anaemia in both children and adults is also on the rise.

It is in this context that we look at the resource allocations towards nutrition schemes provided in Union Budget 2022-23. An increase in the budget allocation alone would not necessarily result in any desirable change on the ground; effective implementation of schemes and proper utilisation of available funds will be imperative in this regard. However, provisioning of adequate levels of resource support for crucial government interventions in this domain is essential to address the challenge of malnutrition.

Restructured *Saksham Anganwadi* and POSHAN 2.0 Require More Budget Support

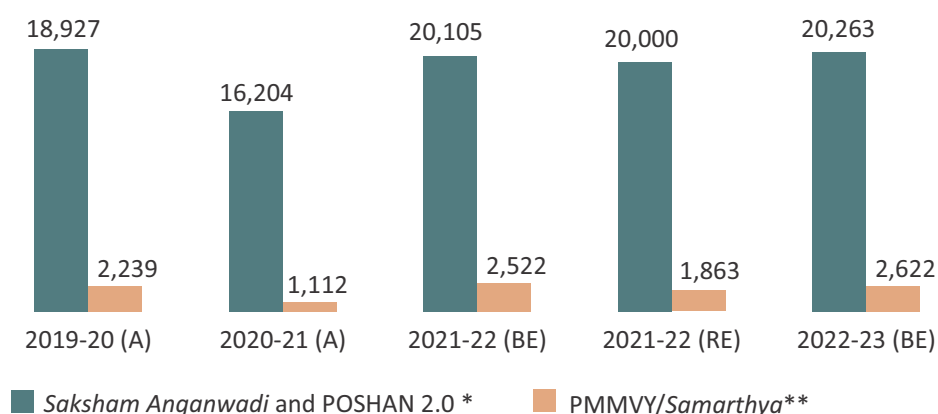
Major Centrally Sponsored Schemes targeting nutrition (Umbrella Integrated Child Development Services — *Anganwadi* Services, *Poshan Abhiyan*, Scheme for Adolescent Girls, and National Crèche scheme) have been clubbed as *Saksham Anganwadi* and POSHAN 2.0 since 2021-22 (BE). Another important scheme for pregnant

and lactating women, the *Pradhan Mantri Matru Vandana Yojana* (PMMVY), has been merged with women empowerment schemes under the new head *Samarthya* and there is a decline in allocation for both these combined heads. In Union Budget 2022-23, the National Crèche Scheme has also been taken off from *Saksham Anganwadi* and POSHAN 2.0, and merged with schemes under *Samarthya*.

It remains to be seen how effectively the restructured scheme will be able to address child malnutrition concerns. Post rationalisation of the schemes in 2021-22, new guidelines are being worked out. Its current status, as per the 'Implementation of Budget Announcements 2021-2022', is that the proposal has been considered and the Note on "Integrated POSHAN 2.0" is under process.

The nutrition-specific schemes under *Saksham Anganwadi* and POSHAN 2.0, as well as *Samarthya* saw the Union Budget resource envelope shrink by 18.5 per cent and 7 per cent, respectively, in 2021-22 (BE) as compared to the combined allocation for these schemes in 2020-21 (BE). The increase in allocation for these restructured schemes in 2022-23 (BE) by 0.79 per cent and 3.97 per cent, respectively, is not up to expectations. If we take inflation into account, the Union Budget outlays for these interventions would be lower than the allocation made in previous years in 'real or constant prices' terms. The Union Budget 2022-23 was an opportunity for the government to take strong measures to accord a much higher fiscal priority to child nutrition, which seems to have been missed.

Figure 3.4: Trend in 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 Crèche Scheme* - were merged under *Saksham Anganwadi* and POSHAN 2.0. In order to carry out a comparison, the budget for these 4 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 Crèche Scheme* has also been merged under *Samarthya*. Other schemes under *Samarthya* include *Shakti Sadan (Swadhar, Ujjawala, Widow Home)*, *Shakhi Niwas (Working Women Hostel)*, *Palna (National Crèche 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.

Coverage and Quality of Supplementary Nutrition Programme (SNP) Need Additional Resource Support

Supplementary Nutrition Programme (SNP), the biggest component of ICDS, delivers food entitlements through two broad categories of food: Hot Cooked Meals (HCM) for children aged three to six years for 300 days, based on their malnutrition levels; and Take-Home Ration (THR) for children aged six months to three years, pregnant women, and lactating mothers. In addition, SNP is also provided under the sub-scheme namely *Scheme for Adolescent Girls (SAG)*, specifically for adolescent girls.

Its coverage has been inadequate even prior to COVID-19. In 2019, only 46 per cent of pregnant and lactating women received Take Home Rations under SNP, against an enrolment rate of 78 per cent. Moreover, there are significant gaps between the estimated cost of supplying SNP and actual allocations. Cost norms for SNP were last revised in 2017. As reported, adjusting for inflation, an additional Rs 8,381 crore would be needed for this intervention²⁸.

It is also necessary to move towards provisioning of more nutrient-rich food such as eggs, milk, and fruits in ICDS services. There is also a need to allocate higher resources for additional supplementary nutrition for children from marginalised sections and make nutrition and health service delivery more responsive to vulnerable children.

Anganwadi Workers Should Be Duly Remunerated

Anganwadi workers are the last-mile workers who ensure the delivery of nutrition services on the ground. They have also put their own lives at risk by joining the country's battle against COVID-19, during which they were overburdened with tasks.

It has been documented²⁹ that "the amount of honorarium given to *Anganwadi* Workers (AWWs) and *Anganwadi* Helpers (AWHs) must be considered for enhancement to provide better service conditions to them". It was hoped that the Union government's contribution towards their honorarium would be stepped up, with a roadmap for regularising them. But that issue has been ignored in this budget, too.

Need for Strengthening Public Provisioning with Higher Budget Outlays as Fund Utilisation has Picked Up

Going by the utilisation trend of the biggest scheme under *Saksham Anganwadi* and POSHAN 2.0, namely ICDS, budget support for these interventions needs to be stepped up without being apprehensive about the pace of resource absorption. Absorption of budgetary resources under ICDS has been quite satisfactory over the last few years, though it is uneven across states. The scheme is no longer constrained by significant underutilisation of funds; hence, making higher budget outlays would strengthen services aimed at addressing some long-standing issues more effectively.

The extent of resource absorption in ICDS has continuously improved since 2017-18. ICDS had a utilisation rate of 100 per cent for 10 out of 29 States in FY 2018-19, while 12 states reflected utilisation levels of 80 to 100 per cent. It was reasonably higher than the funds released for many states such as Manipur, Nagaland, Arunachal Pradesh, Meghalaya, Assam and Gujarat.

Table 3.3: Extent of Funds Utilised under ICDS and POSHAN Abhiyaan (FY 2018-19 to 2020-21)

Scheme	Total Central Funds released (2018-19 to 2020-21)	Total Central Funds utilised as on 31 March 2021
ICDS	26,10,032	25,36,781
POSHAN <i>Abhiyaan</i>	4,66,825	2,98,556

Source: Compiled by CBGA from response to a Parliamentary Question by the Ministry of Women and Child Development, Government of India.

It is evident that under ICDS there is close to 100 per cent utilisation of central funds released between 2018-19 to 2020-21; under POSHAN, however, there is scope for improvement.

Nutrition-Specific Schemes Need to be Complemented with Stronger Interventions and Better Services in Several Sectors

Considering that malnutrition is a multi-dimensional problem, it requires interaction between sectors that promote food security, livelihood, health, and other social determinants. Therefore, investing in nutrition-

²⁸ Kapur A, R Shukla (2022): *Saksham Anganwadi and POSHAN 2.0*, Budget Brief by Accountability Initiative, New Delhi

²⁹ Government of India (2021): Report of the Parliamentary Standing Committee on Children (321st), New Delhi

sensitive programmes is also important for a profound improvement in nutrition outcomes in the country.

Table 3.4 provides the trends in Union Budget allocations for major nutrition-sensitive schemes in different sectors.

Table 3.4: Outlays for Sectors Providing Complementary Support to Nutrition Specific Schemes (Rs crore)

Schemes	2019-20 (A)	2020-21 (A)	2021-22 (BE)	2021-22 (RE)	2022-23 (BE)
National Health Mission (NHM)	35,155	37,478	37,130	34,947	37,800
Food Subsidy	108,688	541,330	242,836	286,469	206,831
Mid-day Meal (MDM)/ PM POSHAN	9,699	12,878	11,500	10,234	10,234
<i>Jal Jeevan</i> Mission (JJM) / National Rural Drinking Water Mission	10,030	10,998	50,011	45,011	60,000
<i>Swachh Bharat</i> Mission (SBM) (Rural + Urban)	9,469	5,940	12,294	8,000	9,492
Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS)	71,687	111,170	73,000	98,000	73,000
National Livelihood Mission (NLM) (NRLM + NULM)	9,755	10,025	14,473	12,505	14,236
National Social Assistance Programme (NSAP)	8,692	42,443	9,200	8,730	9,652
National Food Security Mission (NFSM)/Food and Nutrition Security*	1,769	1,675	2,096	1,540	1,395
National Mission for Sustainable Agriculture (NMSA)	761	874	1,179	505	198
<i>Rashtriya Krishi Vikas Yojana</i> (RKVY)*	7,974	7,404	10,407	5,860	10,433
White Revolution	1,789	1,627	1,177	1,394	1,395
Blue Revolution	442	709	1,015	1,210	1,891
National Horticulture Mission/Integrated Development of Horticulture*	1,331	1,423	2,385	1,594	1,900
Total Nutrition-Sensitive	272,353	781,162	462,038	512,213	435,363

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; 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 transfers 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.

In the Union Budget outlays for 2022-23 (BE), the White Revolution and Blue Revolution schemes have seen visible increases of 18.5 per cent and 86.31 per cent, respectively, from 2021-22 (BE) levels. The *Rashtriya Krishi Vikas Yojana*, which has seen the merging of different schemes (see notes in Table 3.4), also shows a slight increase of 0.25 per cent for the same period. However, the National Food Security Mission and Food Subsidy have witnessed declines (in budget outlays) by 33.44 per cent and 14.83 per cent, respectively, from 2021-22 (BE).

The Mid Day Meal scheme, an important source of food and nutrition security for children, which had already seen disruptions due to school shutdowns during COVID-19, has been downsized further in 2022-23 (BE). However, the focus on support to increase production and promotion of millets, a cost-efficient, climate-resilient, and nutrition-rich alternative to the rice-wheat food system, is a welcome initiative for nutrition security.

Water, Sanitation and Hygiene (WASH), another important component for nutrition, also appears to have received a mixed bag in terms of this budget's allocations. While the *Jal Jeevan Mission* shows a 19.97 per cent increase from 2021-22 (BE) to 2022-23 (BE), the *Swachh Bharat Mission (SBM)* outlay has declined by 22.79 per cent.

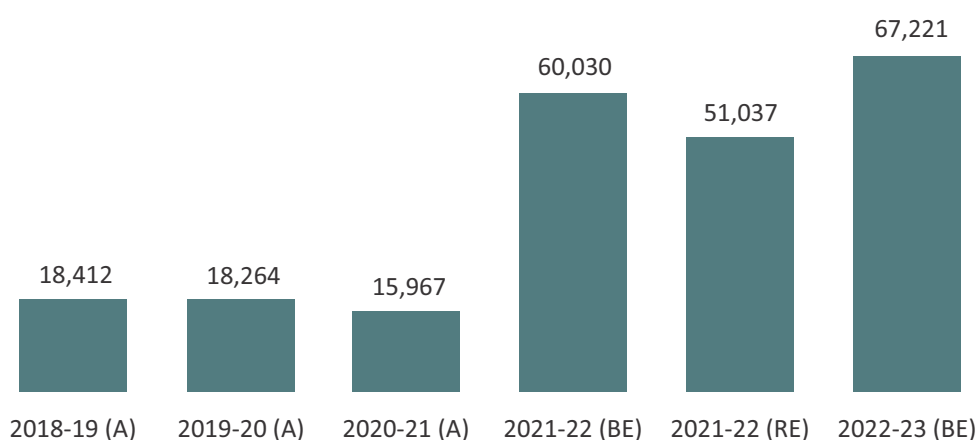
Water and Sanitation

Budgetary Provisions for Drinking Water Supply continue to get Priority

Water, sanitation and hygiene, which are major determinants of health and nutrition levels, have gained substantial visibility during the last two years because of the pandemic. It has been well established that safe drinking water, quality sanitation, and good hygiene contribute to the prevention of disease and promotion of health. Thereby, all three have long-term beneficial economic implications. In India, 38.4 per cent of children under the age of five years are stunted, and half of all undernutrition cases associated with diarrhoea and infections result from unsafe water, poor sanitation, and unhygienic behaviour³⁰.

This year's budget has continued to give priority to provisioning of drinking water. In the Budget Estimate (BE) for 2022-23, the Department of Drinking Water and Sanitation, under the Ministry of *Jal Shakti*, has been given a 12 per cent increase in allocation over the 2021-22(BE) (Refer to Figure 3.5).

Figure 3.5: Budgetary allocation/expenditure for the Department of Drinking Water & Sanitation (Rs crore)

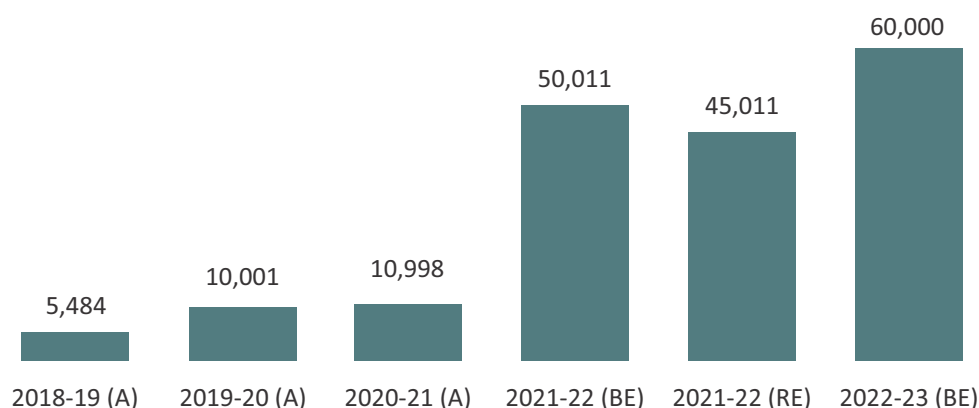


Source: Compiled by CBGA from Union Budget documents, various years.

³⁰ Townsend J., Greenland K., & Curtis V. (2016). Costs of diarrhoea and acute respiratory infection attributable to not handwashing: the cases of India and China. *Tropical Medicine & Internal Health*. 22(1), 74-81. <https://doi.org/10.1111/tmi.12808>.

The main reason for this has been the (19.9 per cent) rise in allocation for the government's flagship Jal Jeevan Mission (JJM) scheme in 2022-23 (BE) against the allocation made last year (Refer to Figure 3.6). This allocation of Rs 60,000 crore confirms the significance of water supply in the second year of the pandemic. However, a point of concern has been the decrease in the Revised Estimate (Rs 45,011 crore) in 2021-22 in comparison to BE 2021-22. This could stem from the fact that implementation of work under the scheme may have been stalled due to the pandemic.

Figure 3.6: Union Government's Expenditure / Allocation for *Jal Jeevan Mission*/NRDWP (Rs crore)



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

The JJM, which has completed more than two years, has picked up pace in terms of coverage, with about 5.5 crore households or 29 per cent of target beneficiaries, being provided with piped water supply as of 1st January, 2022. However, the coverage of the scheme has seen wide variations across states. While six states/UTs (Goa, Telangana, A&N Islands, Puducherry, Dadra and Nagar Haveli and Daman and Diu and Haryana) have provided piped water supply to 100 per cent of households, several states, including Jharkhand, Bihar, Odisha, Chhattisgarh, West Bengal and Madhya Pradesh, have covered less than 10 per cent of rural households under the scheme³¹. Further, until 19th January, 2022, about 8.3 lakh government schools had been provided with piped water facilities under the JJM³².

Despite increasing allocations for the scheme, the previous year's utilisation reflects a bleak picture, with only 26 per cent of the allocated amount released till January 2022, with varying fund utilisation levels by states³³. While 13 states, including West Bengal, Jharkhand, and Tamil Nadu, have utilised less than half of their available funds, Himachal Pradesh, Uttar Pradesh and Haryana had spent more than 70 per cent of their funds up to 1st January, 2022. In addition, a large amount of unspent balances, to the tune of Rs 2,436.4 crore and Rs 6,431.9 crore, were already lying with states in FY 2018-19 and FY 2019-20, respectively³⁵. This implies that there is a need to identify administrative and procedural bottlenecks in effective absorption of resources for the sector, especially when the budgetary provision has been stepped up significantly.

³¹ Economic Survey, 2021-22, Government of India

³² Economic Survey, 2021-22, Government of India

³³ Standing Committee on Water Resources (2021-22), 14th Report, 2021-22, 17th Lok Sabha, Department Of Drinking Water and Sanitation, Ministry of Jal Shakti, GoI

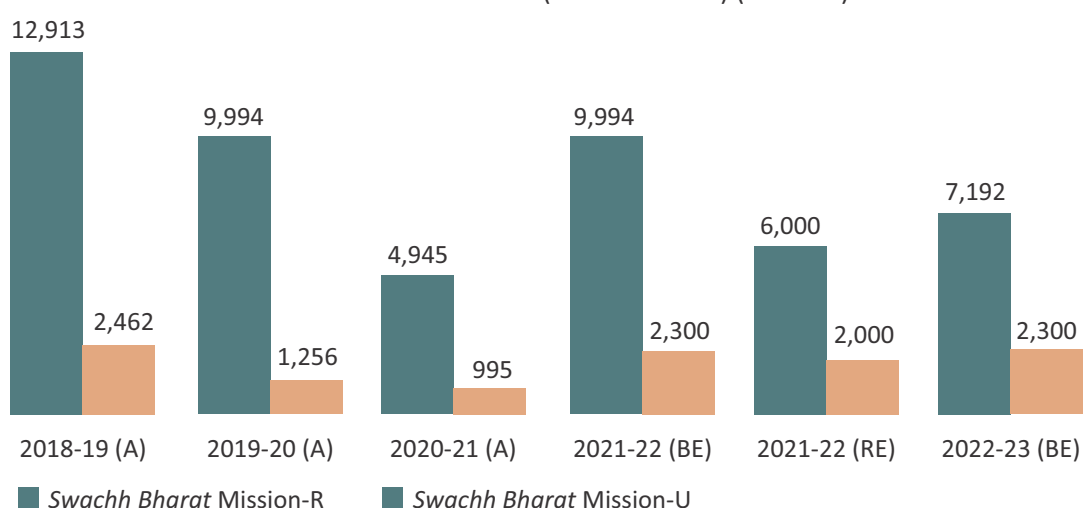
³⁴ Standing Committee on Water Resources (2021-22), 14th Report, 2021-22, 17th Lok Sabha, Department Of Drinking Water and Sanitation, Ministry of Jal Shakti, GoI

The National Water Quality Sub-Mission was launched with a view to provide safe drinking water to fluoride and arsenic affected rural habitations. States are free to spend 10 per cent of the total allocated funds under JJM on habitations with water quality issues. However, not all states have spent enough on the water quality sub-component³⁵. In 2021-22, except for Punjab, which has spent 100 per cent of funds available for water quality, many states, including Maharashtra, Telangana, Kerala and Himachal Pradesh, have spent no funds on the water quality component. It should also be noted that up to two per cent of the funds allocated under JJM are earmarked for strengthening of the water quality monitoring infrastructure. However, the Standing Committee on Water Resources (2021-22) pointed out that the decreasing number of water testing laboratories is a cause of concern³⁶.

Budgetary Priority for Sanitation sees a decline

In the case of sanitation, the 2022-23 (BE) allocation for the *Swachh Bharat Mission – Rural* (SBM-R) has registered a decline of 28 per cent in comparison with the 2021-22 BE (Refer to Figure 3.7). The allocation for SBM-Urban in 2022-23 (BE) has not registered any change and remained constant compared to the 2021-22 BE (Refer to Figure 3.7). Given the rapid growth of urbanisation in the country, a greater allocation for SBM (U) was expected.

Figure 3.7: Union Government's Budgetary Expenditure / Allocation for *Swachh Bharat Mission* (Rural & Urban) (Rs crore)



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

Under the *Swachh Bharat Mission - Phase II*³⁷, 7.16 lakh individual household latrines were constructed for households and 19,061 Community Sanitary Complexes were constructed in 2021-22. Recently released data from the National Family Health Survey - 5, also shows that rural households with improved sanitation facilities registered an impressive increase from 48.5 per cent in 2015-16 to 70 per cent in 2019-21³⁸. This increase, however, has not been uniform across states. Many states continue to have sanitation coverage below the national average of 70 per cent. These include Bihar (49 per cent), Jharkhand (57 per cent), Odisha (60 per cent), Manipur (65 per cent), Madhya Pradesh (65 per cent), West Bengal (68 per cent), Assam (69 per cent) and Uttar Pradesh (69 per cent). This indicates that less developed states have continued to lag behind in the provision of sanitation services, despite the overall success of the scheme.

³⁵ Jal Jeevan Mission IMIS system, Financial Progress, Format D1 - State wise Allocation, Release and Expenditure.

³⁶ Standing Committee on Water Resources (2021-22), 14th Report, 17th Lok Sabha, Department Of Drinking Water and Sanitation, Ministry of Jal Shakti, GoI (2021-22), 14th Report, 2021-22, 17th Lok Sabha, Department Of Drinking Water and Sanitation, Ministry of Jal Shakti, GoI

³⁷ SBM-Phase II focuses on ODF sustainability and waste management

³⁸ National Family Health Survey (2019-21), Round 5

Nevertheless, it should be noted that the SBM, JJM and *Samagra Shiksha* schemes have contributed significantly to the provision of drinking water, toilets and hand-washing facilities in 10.32 lakh government schools. According to UDISE, coverage of boy's toilets in government schools increased from 67.8 per cent in 2012-13 to 95.9 per cent in 2019-20. Similarly, provision of handwash facilities in government schools increased from 36.3 per cent in 2012-13 to 90.2 per cent in 2019-20.

Need for renewed focus on SBM and Hand Hygiene

In order to not lose the gains made by SBM, it is necessary not only to refocus and increase budgetary allocations towards Phase II of the Mission but also to pay attention to the need for hand hygiene. COVID-19, despite being a public health emergency, is also a WASH (water, sanitation and hygiene) emergency. One of the most effective preventive measures against COVID-19 is following COVID-appropriate protocols. These include hand washing with soap and water at critical times; masking, and maintaining appropriate physical distance. Hence, hygiene gains prominence not only in the current discourse of the WASH pedagogy but also as a preventive and protective measure for future epidemics. The WHO/UNICEF Joint Monitoring Programme (JMP) for Water supply, Sanitation and Hygiene Report - 2021 shows that 68 per cent of the population in India has basic hygiene services, 29 per cent has limited hygiene services and 3 per cent has no facility for hygiene services³⁹.

Despite the global pressure on hygiene promotion and even prior to the pandemic, India's hygiene data painted a gloomy picture. The National Sample Survey - 76th Round (2018-19) revealed that 64.2 per cent of household members (44 per cent urban, 74.7 per cent rural) did not wash their hands before eating, while 25.9 per cent (11.7 per cent urban, 33.2 per cent rural) did not wash their hands with soap after defecation. Further, even in institutions such as schools and *anganwadi* centres, the situation was dismal⁴⁰. Budgets for sanitation and hand hygiene should therefore be stepped up for households and institutions.

³⁹ Progress on household drinking water, sanitation and hygiene 2000-2020: five years into the SDGs. Geneva: World Health Organization (WHO) and the United Nations Children's Fund (UNICEF) 2021

⁴⁰ Promises & Reality: Citizen's Report on Year Two of the NDA II Government, 2020-2021, Wada Na Todo Abhiyan

CHAPTER 4

ECONOMIC SECTORS

Agriculture

Rural Economy

Climate Actions

CHAPTER 4: ECONOMIC SECTORS

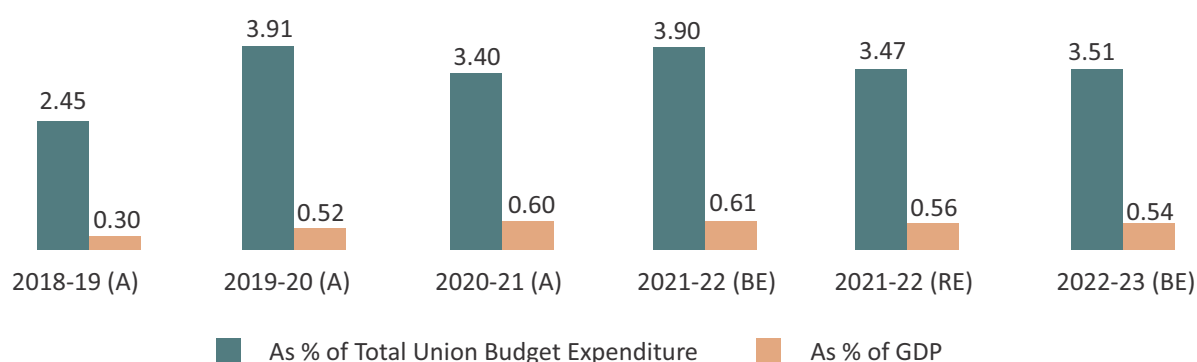
Agriculture and Allied Sectors

Despite challenges relating to income volatility in agriculture, financial distress among farmers and the adversities caused by the COVID-19 pandemic, the sector has made a resilient contribution to the Gross Value Added (GVA) in the Indian economy in the past two years. With a 3.9 per cent growth rate in 2021-22, agriculture has been on par with other sectors in maintaining steady growth over the past five years⁴¹. Yet, the crisis in the agriculture sector with respect to incomes and the viability of farming as an occupation persists.

Faltering Allocations

The 2022-23 Union Budget outlay for agriculture and its allied sectors has witnessed a small increase of Rs 2,697 crore (2 per cent) over the previous year's Budget Estimates. The sector's share in the total Union Budget outlay has remained stagnant and its allocation has declined as a proportion of the Gross Domestic Product (GDP).

Figure 4.1: Outlay for Agriculture and Allied Sectors (in %)



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

Note: Union Budget outlay towards agriculture and allied sectors, as presented in this analysis, includes the 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.

⁴¹ Government of India (2022). Economic Survey 2021-22, Ministry of Finance. Available at: <https://www.indiabudget.gov.in/economicsurvey/>

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)

Departments	2018-19 (A)	2019-20 (A)	2020-21 (A)	2021-22 (BE)	2021-22 (RE)	2022-23 (BE)
Department of Agriculture, Cooperation and Farmers Welfare (Excluding Interest subvention and Income support scheme)	33,339	29,319	29,493	38,549	32,652	36,500
Department of Agricultural Research and Education	7,544	7,523	7,554	8,514	8,514	8,514
Ministry of Fisheries, Animal Husbandry and Dairying	3,171	3,363	3,346	4,323	4,121	6,037
Interest Subvention for Providing Short Term Credit to Farmers	11,496	16,219	17,790	19,468	18,142	19,500
<i>Pradhan Mantri Kisan Samman Nidhi (PM-Kisan)</i>	1,241	48,714	60,990	65,000	67,500	68,000
Total Expenditure under Agriculture and Allied Sectors	56,791	1,05,138	1,19,173	1,35,854	1,30,929	1,38,551

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.

A Fillip to Allied Sectors

The policy pronouncements of the Union Government for the sector have implied, over the last few years, an added emphasis on the allied sectors, mainly for their potential role in augmenting farmers' income. The latest Union Budget has shown a step up in the budgetary priority of the allied sectors. Allocations for the fisheries and animal husbandry and dairying sectors have been increased by Rs 1,714 crore (40 per cent) in 2022-23 (BE) as compared to 2021-22 (BE). Allocations for the crop sector, on the other hand, have been reduced by Rs 2,049 crore (4 per cent) over the same period. The fisheries budget, in particular, has seen an increase of 73 per cent. Some concerns, however, have been raised with regard to the overall policy direction of the fisheries sector, with the introduction of the draft National Fisheries Policy, 2020, and The Indian Marine Fisheries Bill, 2021⁴².

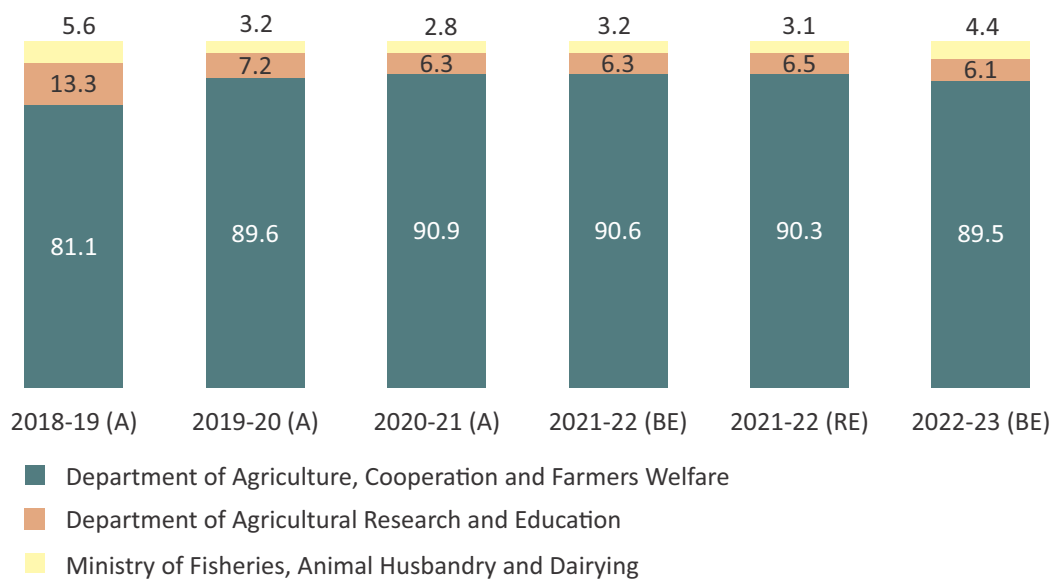
Although the animal husbandry and dairying budget has been increased by 26 per cent, a lot more is needed to address the needs of farmers engaged in rearing livestock. The fall in monthly income of livestock farmers from Rs 763 in 2012-13 to Rs 441 in 2018-19⁴³ needs urgent attention. A sustained and comprehensive stimulus for allied sectors will help small and marginal farmers diversify their income sources and reduce their dependence on crop cultivation, which is becoming increasingly vulnerable to the impacts of climate change.

⁴² Vohra, S. (2020). Draft National Fisheries Policy Seeks Big Growth but Ignores Fishers, Mongabay. Available at: <https://india.mongabay.com/2020/07/draft-national-fisheries-policy-seeks-big-growth-but-ignores-fishers/#:~:text=The%20draft%20National%20Fisheries%20Policy%20released%20in%20February%202020%20aims,Photo%20by%20Kartik%20Chandramouli%2FMongabay.>

⁴³ Government of India (2014). Key Indicators of Situation of Agricultural Households in India, 70th Round. National Sample Survey Office, Ministry of Statistics and Programme Implementation.

- (2021). Situation Assessment of Agricultural Households and Land and Holdings of Households in Rural India, 77th Round. National Sample Survey Office, Ministry of Statistics and Programme Implementation.

Figure 4.2: Composition of Union Budget Allocations for Agriculture and Allied Sectors (in %)



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

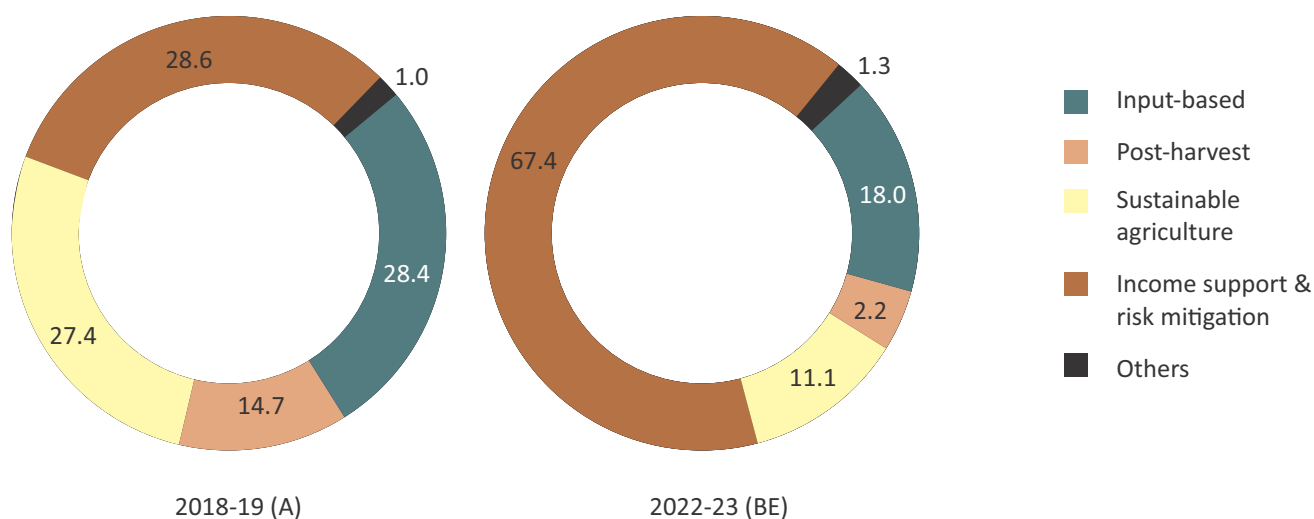
Takeaways from the Union Budget Allocations for Various Schemes

The Budget Speech did not include any major announcement on agriculture schemes. There were a few mentions on increasing the production of millets and oilseeds for the growth of sustainable agriculture and nutritional security, but there has been a decline in the volume of budgetary support provided to schemes related to these. The National Food Security Mission (NFSM) has witnessed a 33 per cent decline in its allocation in 2022-23 (BE) as compared to the previous year's Budget Estimates. Likewise, allocations for the National Horticulture Mission (NHM) and Price Stabilisation Fund have been reduced by 20 per cent and 44 per cent respectively. Given the importance of these schemes in maintaining production and buffer stocks for pulses and other perishable commodities (such as, onions and potatoes) in protecting consumers against price shocks, budgetary support for these should have been raised instead.

However, this time, Blue Revolution, an umbrella scheme comprising the *Pradhan Mantri Matsya Sampada Yojana*, under the Department of Fisheries, has received special attention with an 86 per cent increase in allocation. There is no substantive increase for dairy development programmes under the Department of Animal Husbandry and Dairying. As observed earlier, the allied sectors constitute a small share of the total agriculture budget; a consistent prioritisation of all such allied sectors is required in the coming years.

Figure 4.3 illustrates some of the thematic areas under which budgetary provisions have been made for the Department of Agriculture and Farmers Welfare by the Union Government. It shows that there has been a shift of budgetary provisions towards income support and risk mitigation strategies (PM-KISAN, *Pradhan Mantri Fasal Bima Yojana* (PMFBY)) etc. in recent years. Input-oriented schemes and programmes (relating to credit, seeds, plant protection etc.) have received some attention in terms of budget support. But, budgetary provisions towards sustainable agriculture (*Rashtriya Krishi Vikas Yojana* (RKVY), National Food Security Mission, and National Horticulture Mission etc.) and those for post-harvest schemes (in-situ crop residue management, agriculture marketing, supply chains infrastructure etc.) have not received adequate attention in recent years.

Figure 4.3: Budget Priorities for Various Kinds of Support for Agricultural Operations provided under the Department of Agriculture and Farmers Welfare (in %)



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

Note: This categorisation of the various kinds of support for agricultural operations provided under the Department of Agriculture and Farmers Welfare is based on the categorisation of all schemes presented in Hand Book - Schemes, Programme and Promoting Agricultural Development and Farmers Welfare, Ministry of Agriculture and Farmers Welfare, Government of India (2018) and relevant literature on the sector.

Would the Revamping and Restructuring of Schemes Help Agriculture?

RKVY has been revamped in the 2022-23 Union Budget and the Revamped programme has subsumed (through mergers) a number of other schemes. These are *Pradhan Mantri Krishi Sinchai Yojana* (PMKSY: Per Drop, More Crop), *Paramparagat Krishi Vikas Yojana* (PKVY), National Project on Soil and Health Fertility, Rainfed Area Development and Climate Change, Sub-Mission on Agriculture Mechanization, including Management of Crop Residue, etc.

Table: 4.2: Revamped *Rashtriya Krishi Vikas Yojana* (Rs crore)

Schemes	2018-19 (A)	2019-20 (A)	2020-21 (A)	2021-22 (BE)	2021-22 (RE)	2022-23 (BE)
National Project on Soil Health and Fertility	314	159	200	315	100	-
<i>Pradhan Mantri Krishi Sinchai Yojana</i> (PMKSY)- Per Drop More Crop	2,918	2,700	2,562	4,000	2,000	-
Sub- Mission on Agriculture Mechanisation	1,101	965	1,000	1,050	850	-
Promotion of Agricultural Mechanisation for in-situ Management of Crop Residue	584	594	571	700	700	-
Rainfed Area Development and Climate Change	216	187	128	180	110	-
<i>Paramparagat Krishi Vikas Yojana</i>	329	284	381	450	100	-
<i>Rashtriya Krishi Vikas Yojana</i>	3,370	3,085	2,561	3,712	2,000	-
Revamped RKVY	8,832	7,974	7,404	10,407	5,860	10,433

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

Note: RKVY has been restructured in 2022-23 (BE) and a number of erstwhile schemes (viz. PMKSY-Per Drop More Crop, PKVY, National Project on Soil and Health Fertility, Rainfed Area Development and Climate Change, Sub-Mission on Agriculture Mechanisation, including Management of Crop Residue, etc.) have been merged with it.

The revamp and renaming of schemes has, however, not been accompanied by any stepping up of Union Budget support. As is evident from Table 4.2, the budgetary allocations for the Revamped RKVY, i.e., the umbrella programme, have remained nearly at the same level as the total budget outlays for its constituent schemes in 2021-22 (BE). However, the primary concern with regard to budgetary spending on this basket of important schemes is that only 56 per cent of the budgeted amount is expected to be spent in 2021-22 (as revealed by the reduced level of 2021-22 Revised Estimates).

The RKVY scheme has been trying to promote comprehensive development in the agriculture sector, taking into account diverse agro-climatic conditions across states and also within each state. This scheme was also meant to strengthen states' capacity to design locally suited interventions for agriculture, following a bottom-up planning approach. In the ongoing fiscal year, i.e. 2021-22, only 25 per cent of the Union Budget allocation budgeted for RKVY was released to States as of 31 October 2021 (states such as Jharkhand, Telangana, Andhra Pradesh, Karnataka and Gujarat had received no funds in 2021-22 until the said date)⁴⁴. One of the reasons cited for this is the delay by some states in contributing their matching shares of funds and formulating District and State Action Plans under the scheme⁴⁵. It can be argued, in the context of the slow pace of utilisation of approved budgets for RKVY in 2021-22, that addressing implementation hurdles would require some structural constraints (such as shortage of staff at district and block levels) to be addressed in the agriculture sector apparatus in the States. This, in turn, requires a longer-term public expenditure commitment for the sector by Union as well as State Governments. Hence, at least to an extent, the slow pace of utilisation of the budget for schemes like RKVY seems to be rooted in the absence of longer-term public expenditure commitments for the agriculture sector.

With a view to promote chemical-free farming, the Finance Minister has announced the promotion of Natural Farming, focusing on farmland along the banks of the river *Ganga*. The Revised Estimates for fiscal year 2021-22 for PKVY suggest that only Rs 100 crore will be spent in the ongoing fiscal year as against the total allocation of Rs 450 crore made in the 2021-22 (BE). Since PKVY has been merged with RKVY in this Union Budget, it is not clear at present how much the budget has provided for the PKVY scheme for 2022-23 (it needs to be examined once the Detailed Demands for Grants of the Union Ministries become available in a few weeks). Further, a number of schemes important from smallholders' perspective and meant for sustainable agriculture (such as the National Bamboo Mission, National Project on Agroforestry etc.) seem to have been rolled back in 2022-23 (BE).

This process of restructuring/rationalising schemes relating to climate resilience agriculture (viz. Rainfed Area Development and Climate Change, National Horticulture Mission, *Paramparagat Krishi Vikas Yojana* etc.), is likely to impact the existing institutional framework for alternative agricultural practices (such as rainfed/dryland agriculture).

Overall Direction in the Union Budget Support for the Sector

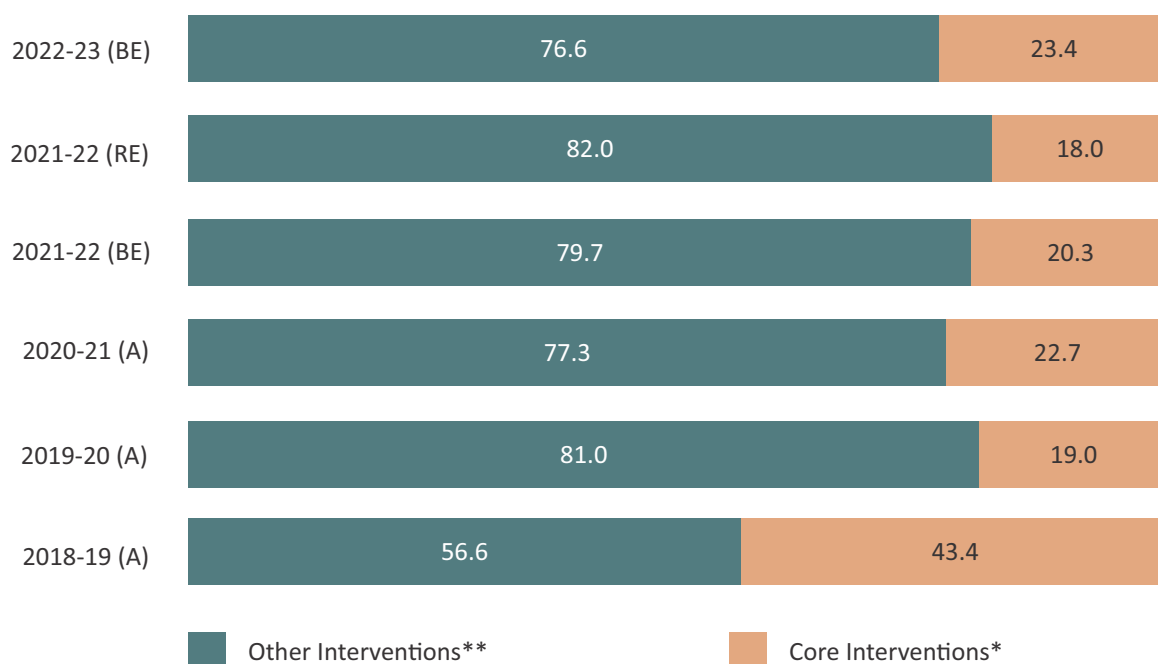
Comprehensive, sector-wide support, including support for agricultural inputs, support for equipment and farm infrastructure, education and extension activities, and support for marketing, among others, are crucial from the point of view of long-term viability of farming as an occupation especially for the large numbers of small and marginal farmers in the country. Schemes such as PMKSY-Per Drop More Crop, RKVY, NFSM and National Horticulture Mission, among others, have been providing such sector-wide support to agriculture; we are referring to such schemes as 'core schemes' in agriculture. The share of these 'core schemes', which provide sector-wide support to agriculture and the farming community as a whole, has fallen from 43.4 per cent of the total Union Budget outlay for agriculture in 2018-19 to 23.4 per cent of the Union Budget outlay for the sector in

⁴⁴ Rajya Sabha Unstarred Question No. 673, December 3, 2021. Available at: <https://pgars.nic.in/annex/255/AU673.pdf>

⁴⁵ Bhatt Y., Chaudhri C., Shekhar CSC. and A. Tripathi (2017). Concurrent Evaluation of RKVY for 2016-17. Institute of Economic Growth. Available at: https://rkvy.nic.in/static/download/pdf/RKVY_Interim_Report_IEG_June_2017.pdf

2022-23 (BE). The increases in the agriculture budget of the Union Government since 2019-20 have mainly been on account of other kinds of schemes, i.e., schemes providing cash-based income support to individual beneficiaries, such as PM-KISAN, the crop insurance scheme (where budget support goes largely towards the payment of premiums charged by insurance companies) and the interest subvention scheme. A major concern with schemes providing direct cash transfers in the sector has been that they often exclude landless and tenant farmers. Women's land rights remain unrealised across States, and both PMFBY and PM-KISAN beneficiaries include only 16 per cent and 25 per cent of women, respectively⁴⁶.

Figure: 4.4 Shares of “Core Schemes providing Sector-wide Interventions” versus “Other Schemes providing support to individual beneficiaries” in the total Union Budget outlay for Agriculture and Allied Sectors (in %)



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

Note: * Core Interventions include schemes meant for crop and non-crop sectors and other systemic interventions in Agriculture and Allied Sectors;

** Other Interventions include PM-KISAN, Crop Insurance, Price Support and Interest Subvention to Farmers.

The budgetary provisions towards agriculture and its allied sectors need to be directed more towards bringing about sector-wide improvement and supporting the country's entire farming community, with greater emphasis on small and marginal farmers. There is also a need for a more inclusive policy paradigm that focuses on alternative agricultural practices (rainfed/dryland) and marginalised sections viz. women farmers, landless farmers, tenant farmers as well as agricultural workers within the farming community. Moreover, there is a need for adequate provisioning of resources not only by the Union Government but also by states from their State Budgets. State Governments' policy and budgetary support for the agriculture sector should be redesigned to complement the kind of support being provided by the Union Government rather than largely replicate what the latter is doing.

⁴⁶ Rajya Sabha Unstarred Question No. 1443, December 10, 2021. Available at: <https://pqars.nic.in/annex/255/AU1443.pdf>

Rural Economy

The importance of the rural sector cannot be overstated, particularly during the on-going COVID-19 pandemic. During the lockdown in the first phase of the COVID-19 surge, the reverse migration shock was largely neutralised by economic activities in the rural sector, especially agriculture and its allied sectors. The wage employment programme Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) was the lifeline for many such reverse migrants. In this context, the fiscal priority for the rural economy in the overall budgetary policy framework of the Union Government assumes much significance. Though Rural Economy is a broad term that includes agriculture and its allied activities, rural development, special area programmes, irrigation and flood control as well as village and small-scale industries⁴⁷, here we have analysed the budgetary priorities of the Union Government for various interventions through the Rural Development Ministry. This section focuses on fiscal priorities and interventions towards rural wage employment, rural infrastructure and connectivity, self-employment programmes and rural housing.

Although lockdown restrictions have been relaxed, the COVID-19 pandemic continues to rage and is still impacting the employment and livelihoods of people. The rural economy continues to bear the burden of reverse migration, which started during the first lockdown. The millions of workers (mostly engaged in urban informal sectors) who returned to rural areas added surplus labour to the already burdened rural economy. The government has made a number of interventions and increased budgetary allocations for on-going wage and self-employment programmes and cash-transfer programmes to address people's employment erosion and income losses of the last two years. But pandemic-induced circumstances continue to increase labour informality.

Despite coming under immense pressure, the rural economy has taken on the additional burden and supported not only rural workers but reverse migrants as well. However, two years on, the rural sector continues to bear the brunt of unemployment⁴⁸. Additional budgetary allocations are required for the rural economy, primarily for two reasons: to compensate losses sustained in 2020-21 and 2021-22, and to bolster it, given the rural sector's importance in reviving the overall economy.

Fiscal Support to the Rural Economy

Generating employment in the rural sector is the biggest task in the pandemic-stressed economy. The years 2020-21 and 2021-22 witnessed an increase in budgetary allocations to the Department of Rural Development (DoRD) to fulfil the rise in demand for work in rural areas. The biggest chunk of this increase was under the MGNREGS, a demand-based rural wage employment scheme. In 2021-22 (BE) and 2021-22 (RE), the overall budgetary allocation to the DoRD in the total budget expenditure of the Union Government stood at 3.84 per cent and 4.11 per cent, respectively. However, in 2022-23 (BE), the same has declined to 3.50 per cent and is the lowest since 2018-19. In proportion to Gross Domestic Product (GDP), the DoRD expenditure in 2022-23 (BE) is 0.54 per cent, which is the lowest since 2018-19.

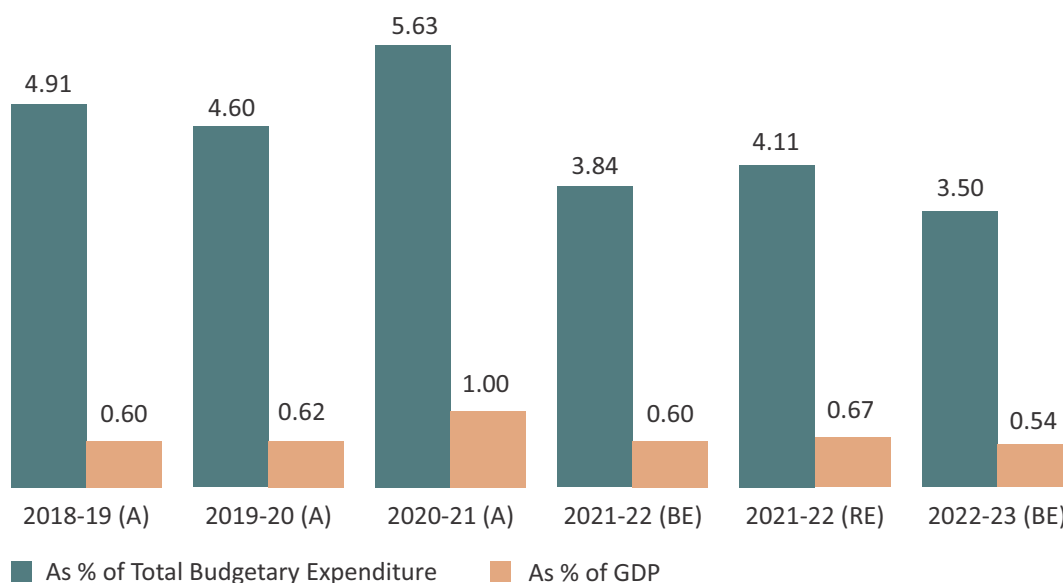
⁴⁷ Jha, P. and N. Acharya (2011). Expenditure on the Rural Economy in India's Budgets since the 1950s: An Assessment, Review of Agrarian Studies, Vol. 1, No. 2, July-December.

⁴⁸ CMIE (2021). Unemployment in India: A Statistical Profile, Centre For Monitoring Indian Economy, September to December, available at <https://unemploymentinindia.cmie.com/>.

Is the allocation under MGNREGS sufficient?

In 2020-21, around 13.32 crore people applied for work under MGNREGS, of which 13.29 crore were given work, and in 2021-22, till the first week of January 2022, close to 11.30 crore people had applied for work of which 11.22 crore had been offered work⁴⁹. Given this trend, by the end of this fiscal year, there will certainly be more people who will demand work under the MGNREGS. Due to the rise in demand, the budgetary allocation under MGNREGS was increased by 25.5 per cent in the 2021-22 RE in comparison with the 2021-22 BE. However, in the 2022-23 BE, the budgetary allocation under MGNREGS has declined by almost 25.5 per cent in comparison with the 2021-22 RE.

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



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

Further, along with the higher demand for work, pending liabilities related to material and administrative components as well as wage arrears of unskilled workers require a larger allocation compared to the budgetary provision. While the scheme guarantees 100 days of work, in reality, an average of 22 days of employment (national average) was provided to registered households on a pan-India basis in 2020-21⁵⁰. The government, however, has reported that on an average, 51.52 days, 48.4 days and 50.88 days of work were provided under the scheme in 2020-21, 2019-20 and 2018-19, respectively. This difference, in the number of days reported, is due to methodological differences. While the former calculation was made on the basis of registered households under MGNREGS, the latter one is on the basis of only those families that obtained at least one day of employment, as a base⁵¹. It reflects the mismatch of demand and supply under the scheme.

⁴⁹ Biswas, P. S. (2022). After highest-ever demand in 2020-21, work demand under MGNREGS sees a dip, Indian Express, January 7, posted: 8:23 pm, web link: <https://indianexpress.com/article/india/after-highest-ever-demand-in-2020-21-work-demand-under-mgnregs-sees-a-dip-7711952/>.

⁵⁰ Bharadwaj, A. and A. Deshpandey (2021). MGNREGA: The Rescue Act in Need of Assistance, Centre for Economic Data Analysis, Ashoka University, September 10, web link: <https://ceda.ashoka.edu.in/mgnrega-the-rescue-act-in-need-of-assistance/#:~:text=2020%2D21%20saw%20only%204.1,of%20work%20in%202020%2D21>.

⁵¹ Ray, S.S. (2021). MGNREGA: 100 days of work? Barely a quarter, September 15, web link: <https://www.financialexpress.com/economy/mgnrega-100-days-of-work-barely-a-quarter/2330328/>.

Although, wage rates were revised for MGNREGS work based on the Consumer Price Index-Agricultural Labourers (CPI-AL) by the Central Government in accordance with the provisions of the scheme, actual wages paid by various States are lower. The legal minimum wages for unskilled workers are found to be much higher than the wage rate under MGNREGS. In 12 major states, the average wage rate under MGNREGS was found to be 50-75 per cent of the legally prescribed minimum wage for unskilled workers⁵². At the current juncture, the average number of work days provided is only half of the number guaranteed.

This clearly indicates that the allocation under MGNREGS for the year 2022-23 (BE) will be insufficient to provide 100 days of work, unless it is supplemented adequately in the forthcoming supplementary budgets for fiscal 2022-23.

Table 4.3: Union Budget Support for Major Rural Development Schemes (Rs crore)

Select Schemes of DoRD	2018-19 (A)	2019-20 (A)	2020-21 (A)	2021-22 (BE)	2021-22 (RE)	2022-23 (BE)
MGNREGS	61,815	71,687	1,11,170	73,000	98,000	73,000
PMGSY	15,414	14,017	13,688	15,000	14,000	19,000
NRLM	5,783	9,022	9,208	13,678	11,710	13,336
PMAY-G	19,308	18,116	19,269	19,500	20,390	20,000

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

Enhanced Priority to Rural Infrastructure

The budget allocation for the *Pradhan Mantri Gram Sadak Yojana* (PMGSY) has gone up from Rs 15,000 crore in 2021-22 (BE) to Rs 19,000 crore in 2022-23 (BE), an increase of almost 27 per cent. It will certainly boost rural connectivity and employment generation in rural areas.

The major concern is with regard to full utilisation of the funds available under the scheme. Many states could not utilise the PMGSY budget made available to them, which hampers the employment scenario in rural areas⁵³. There is evidence that due to delayed procurement of raw material, lack of contractors, and poor weather conditions, fund utilisation under PMGSY has made slow progress⁵⁴. While responding to Unstarred Question Number 370 in the Lok Sabha, the government reported that as of July 15, 2021, under PMGSY Phase I, around 12.25 per cent of the allocation remained unspent⁵⁵; in phase II, 26.5 per cent was unspent; and in phase III, 85.5 per cent remained unspent. If allocated funds are not utilised fully, it is obvious that targets will not be achieved. Consequently, it has been noted that in Phase I, 5.85 per cent, in Phase II, 10.24 per cent, and in Phase III, 78.3 per cent of the sanctioned length of roads under PMGSY are yet to be constructed. The state-wide variation of fund utilisation, across years, under PMGSY raises some concerns. This can be seen from the data presented in the table below.

PMGSY is a rural infrastructure enhancing scheme that provides employment to rural workers. But if work is delayed, it hampers employment and income generation as well as rural connectivity. Though the extent of under-utilisation of funds varies across years and states, it is crucial to note that a big push in public investment under such interventions is crucial to bring the rural economy back on track.

⁵² Bose, M. and S. De Roy (2020). Four Ways that MGNREGA can be Expanded to help India's Rural Economy. The Wire, June 11, 2020. Web link: <https://thewire.in/labour/rs-1-lakh-crore-and-the-mgnrega-gambit-for-boosting-indias-rural-economy>

⁵³ Lok Sabha Starred question No. 228, Answered on December 14, 2021.

⁵⁴ Lok Sabha Starred question No. 245 Answered on December 14, 2021.

⁵⁵ Lok Sabha Unstarred Question No. 370 Answered on July 20, 2021.

Table 4.4: Extent of Fund Utilisation against Total Fund Available under the PMGSY during 2016-17 to 2020-21

Extent of Fund Utilisation in States	States
80% and above	Arunachal Pradesh, Punjab
60 - 79%	Himachal Pradesh, Kerala, Manipur, Meghalaya, Nagaland, Sikkim, Telangana, Uttarakhand, Jammu & Kashmir, Chhattisgarh, Rajasthan
Below 60%	Andhra Pradesh, Assam, Madhya Pradesh, Mizoram, Odisha, Tamil Nadu, Uttar Pradesh, West Bengal, Karnataka, Jharkhand, Tripura, Gujarat, Maharashtra, Bihar, Haryana

Source: Data retrieved from 'Schemes Dashboard', available at <https://schemes.openbudgetsindia.org/scheme/pmgys?indicator=extent-of-funds-utilised-against-total-funds-available>.

Self-Employment under NRLM

The budgetary allocation towards the National Rural Livelihood Mission (NRLM) has declined slightly from Rs 13,678 crore in the 2021-22 BE to Rs 13,336 crore in the 2022-23 BE, though this allocation has increased by around 13.9 per cent in comparison with the 2021-22 RE.

NRLM-*Aajeevika* encourages rural poor women to take up economic activities by bringing them into Self Help Groups (SHGs) to achieve an increase in income. Studies show that NRLM-*Aajeevika* has a strong impact on various indicators related to women's empowerment⁵⁶. But the scheme has been facing challenges, including low productivity and challenges pertaining to adoption of modern technology.

Under NRLM, the government is also implementing a few other schemes, such as the *Deen Dayal Upadhyaya Grameen Kaushalya Yojana* (DDU-GKY), and Rural Self Employment and Training Institutes (RSETIs) etc. It has been reported that a total of 10.63 lakh candidates have been trained and 6.80 lakh candidates placed under the DDU-GKY scheme from its inception (September 2014) till December 2020⁵⁷. However, it has a long way to go in mainstreaming technology adoption as well as providing conducive employment opportunities to rural people.

Rural Housing

Under the *Pradhan Mantri Awas Yojana* (PMAY), a total of 2.95 crore *pucca* houses were targeted for construction in rural India by 2022. However, as of December 2, 2021, with one year left to achieve the target, 1.65 crore houses had been completed⁵⁸. The estimated budget for 2022-23 BE under PMAY-G is Rs 20,000 crore, slightly higher than the 2021-22 BE. Some concerns that have been reported with regard to this scheme include poor-quality construction and wrongful exclusion and inclusion of beneficiaries. Audit reports showed that in some cases, the *AwaasSoft* portal showed completion of construction, but this was not the case on the ground when a physical inspection was carried out⁵⁹. There are also cases of delays in fund transfers to beneficiaries and hence a delay in construction of houses due to unavailability of funds from state governments and union territories⁶⁰.

⁵⁶ Deshpande, A. and S. Khanna (2020). [Can Weak Ties Create Social Capital? Evidence from Self-Help Groups in Rural India, Discussion Paper Series in Economics, DP. No. 23, Ashoka University, November 4, web link: https://dp.ashoka.edu.in/ash/wpaper/paper23_0.pdf](https://dp.ashoka.edu.in/ash/wpaper/paper23_0.pdf)

⁵⁷ Demand No. 87, Expenditure Budget, Ministry of Rural Development 2022-23, Ministry of Finance, Government of India.

⁵⁸ Lok Sabha Unstarred Question No. 1561, Answered on December 07, 2021.

⁵⁹ Mohanty, D. (2021). Central team finds irregularities in implementation of rural housing scheme in Odisha, June 12, web link: <https://www.hindustantimes.com/cities/others/central-team-finds-irregularities-in-implementation-of-rural-housing-scheme-in-odisha-101623495450638.html>.

⁶⁰ Lok Sabha Unstarred Question No. 3813, Answered on December 21, 2021.

The share of the budgetary allocation to the DoRD for 2022-23 (BE) in the overall budget expenditure of the Union Government, and as a percentage of GDP, has declined. The 2022-23 budgetary allocation to its flagship programme MGNREGS has also declined in comparison to the 2021-22 (RE). The decline in the MGNREGS budget will hamper the rural wage employment programme as the average number of person-days is less than half the number guaranteed under the scheme. Allocation under PMGSY has increased, but more efforts are required to ensure that the scheme is able to achieve its targets and the allocated funds get fully utilised across states. Allocations to NRLM and PMAY-G have been increased slightly in the latest budget. In the case of NRLM-*Aajeevika* scheme which encourages women to form SHGs and get involved in economic activities for upward mobility, efforts are required to enable these SHGs to adopt modern technology.

Climate Actions

In India, aligning the policy trajectories for COVID-19 economic recovery with the strategies pertaining to clean energy transition is essential to spur green economic growth. This is not only beneficial for the environment, but can also serve as an economic multiplier as it can lead to the development of clean energy infrastructure and creation of jobs. Concerted efforts to support sustainable financing of climate actions are imperative given the massive resource requirement for India's clean energy transition. Taking this ingrained notion forward, climate action is now among the four priority areas for the government along with *Gati Sakti* infrastructure master plan, inclusive development and energy transition. Budget 2022-23 made several announcements for clean energy and climate actions and recognised the need for a massive transformation of our energy systems, which will be designed for low carbon development of the economy.

Government Support for various Climate Actions

Given the massive requirement of financial support for climate actions in the country and the competing demands for public resources from across sectors, there is a need to complement public climate finance with external finance, including private funding, to meet the burgeoning resource requirement for climate actions. According to a recent study, the aggregate investment support required by India to achieve its 2070 net-zero targets, announced at COP-26, will be \$1.4 trillion at an average of \$28 billion each year⁶¹.

In such a backdrop, we need to take note of the several clean energy and mobility related initiatives announced in the Union Budget for 2022-23, which include:

- An additional allocation of Rs 19,500 crore for production-linked incentives (PLI) for manufacturing of high-efficiency solar modules
- A battery swapping policy will be brought out and interoperability standards will be formulated for the electric vehicles sector
- Energy efficiency and savings promoted for large commercial buildings through the energy service company model, via capacity-building and awareness about energy audits
- Four pilot projects for coal gasification and conversion of coal into chemicals
- Sovereign green bonds to be issued in public sector projects to reduce carbon intensity of the economy
- Blended finance (with the government's share limited to 20 per cent) to be promoted for climate action, agriculture and other clean technology

⁶¹ CEF-CEEW, Investment Sizing India's 2070 Net-Zero Target by Vaibhav Pratap Singh and Gagan Sidhu, Issue Brief, 18 November 2021, Available at : <https://cef.ceew.in/solutions-factory/publications/CEEW-CEF-Investment-Sizing-India%E2%80%99s-2070-Net-Zero-Target.pdf>

- A proposal to co-fire 5-7 per cent biomass pellets in thermal power plants, resulting in estimated carbon dioxide (CO₂) reduction of 38 million tonnes annually; this will ideally provide an income to farmers and reduce stubble burning
- A focus on agroforestry and private forestry; support to farmers belonging to Scheduled Castes / Scheduled Tribes who want to take up agroforestry
- Centralising fund flow for climate action through a kind of special purpose vehicle, from the Gujarat International Finance Tec-City (GIFT) city in Ahmedabad

Various climate-resilient and adaptation strategies implemented in the past year are mentioned in the Economic Survey 2020-21. They include a 3 per cent increase in the forest cover, and a detailed mention of progress made in adaptation-oriented schemes and programmes such as the National Adaptation Fund on Climate Change (NAFCC) and Climate Change Action Planning (CCAP).

Allocations for Nodal Ministries for Climate Actions

While there is no single ministry responsible for moving India towards Net Zero, the Ministry of New and Renewable Energy (MNRE) and the Ministry of Environment, Forests and Climate Change (MoEF&CC) drive India's efforts on climate actions. Budget 2022-23 has allocated Rs 3,030 crore and Rs 6,788 crore to the MoEF&CC and MNRE, respectively, as Gross Budgetary Support (GBS) through Central Sector Schemes and programmes. In January 2022, the government approved an investment of Rs 1,500 crore in the Indian Renewable Energy Development Agency (IREDA) to provide project financing to the Renewable Energy sector. Hence, there is an increase of Rs 16,793 crore in Internal and Extra Budgetary Resources (IEBR) in 2022-23 (BE) in comparison with 2021-22 (BE). Central Sector scheme allocations under MNRE increased 16.8 per cent in comparison with the 2021-22 Budget Estimates. However, the total budget allocation for MNRE is still a fraction of the overall financial requirement of the sector; leveraging financing through appropriate external sources therefore seems necessary.

Table 4.5: Budgetary Allocations for Ministry of New and Renewable Energy (Rs crore)

Year	IEBR	Allocation for Centre 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 (BE)	11,778	5,645
2021-22 (RE)	18,974	4,988
2022-23 (BE)	28,571	6,788

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 (RE), off-grid RE power, Research & Development programmes and Other supporting programmes.

Programme Interventions for Clean Energy

India aims to have 500 Giga-Watts (GW) of installed electricity capacity from non-fossil fuel sources by 2030; we have recently hit the 104 GW mark. The majority of the country's renewable energy comes from solar (46.7 per cent) and wind (38.5 per cent), and India will need to greatly expand these capacities within the next eight years to meet its Renewable Energy targets. Over the coming years, budgetary allocations will need to provide a continued impetus to the sector.

Table 4.6: Renewable Energy Capacity Addition (in GW) till November 2021

RE Sources	Small Hydro Power	Wind Power	Bio Power Total	Solar Power Total	Total Capacity
RE Capacity Added (in GW) till November'2021	4.8	40.0	10.6	48.6	104.0
Per cent Share in Total RE Capacity (%)	4.6	38.5	10.2	46.7	

Source: Compiled by CBGA from Ministry of New and Renewable Energy's Physical Progress Data, accessed on 30 November 2021.

The MNRE's budget includes Rs 3,304 crore set aside for development of grid interactive solar power. Under the National Solar Mission, the government had announced a target of adding 4 GW of rooftop solar capacity in the residential sector by 2019-20, of which only around 1.07 GW has been added. The Budget Estimate in 2022-23 for off-grid solar power is Rs 61 crore, which is less than the previous year's Budget Estimate of Rs 237 crore.

The *Pradhan Mantri Kisan Urja Suraksha evam Utthan Mahabhiyan* (PM-KUSUM) Scheme, launched in 2019, aims to add 30.8 GW of solar power capacity for agriculture through the installation of 2 million standalone off-grid solar water pumps and solarisation of 1.5 million existing grid-connected agriculture pumps by 2022. This scheme is being implemented through three components. As part of the first component, a total of 3,59,000 standalone solar pumps were sanctioned, of which only 75,098 pumps (21 per cent) have been installed. There have been delays in the rollout of the scheme due to the COVID pandemic. The government is prioritising the KUSUM scheme for marginal farmers with a two-fold increase in budgetary allocations for its off-grid component, with outlays of Rs 1,715.9 in 2022-23 (BE). For the first time, the National Mission on Green Hydrogen was also listed in the MNRE budget document with some outlays.

This year's budget presentation gave a concerted push to facilitate domestic manufacturing of 280 GW of installed solar capacity by 2030. An additional allocation of Rs 19,500 crore towards the Production Linked Incentive (PLI) for the manufacture of high-efficiency modules, with priority to fully integrate manufacturing units to Solar Photovoltaic (SPV) modules, was announced. This may also accelerate the accomplishment of targets under the schemes such as KUSUM, off-grid Renewable Energy Addition with mandatory domestic content requirements for SPV. However, budget provisions for this are yet to appear in the ministry's Detailed Demands for Grants (DDG) document.

Table 4.7: Budget Allocation for Major MNRE Programmes (Rs crore)

Key Schemes	2018-19 (A)	2019-20 (A)	2020 -21 (A)	2021-22 (BE)	2021-22 (RE)	2022-23 (BE)
Solar Power Grid connected	1,904	1,535	1,050	2,369	2,475	3,304
Solar Power Off Grid	621	460	49	237	210	62
Wind Power Grid connected	950	1,026	1,059	1,100	1,100	1,050
Green Energy Corridors	500	53	160	300	150	-
Bio Energy Grid connected	7	5	6	120	57	50
Bio Energy Off Grid	4	1	12	70	36	20
<i>Kisan Urja Suraksha Evam Utthaan Mahbhiyan</i> (KUSUM) Grid connected	-	-	-	221	150	-
KUSUM Off-grid	-	-	-	776	540	1,716
Research, Development and International Cooperation	25	15	36	75	28	35
National Green Hydrogen Mission	-	-	-	-	-	0
Human Resources Development and Training	-	-	-	-	-	31
Green Energy Corridors	-	-	-	-	-	300

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

While, India struggles to increase its share of renewable power sources, usage of coal is set to increase further, according to the International Energy Agency's 2021 report⁶². In India, stronger economic growth and increasing electrification are projected to drive growth in coal demand at the rate of 4 per cent per year. Therefore, the government needs to continue its efforts towards clean energy transition in an accelerated manner if Renewable Energy is to outpace fossil fuel-based power generation in the coming years.

Green Job Creation as Integral Part of Clean Energy Transition

It has been argued that India's renewable energy sector could potentially employ around one million people by 2030, which would be ten times more than the sector's existing workforce of an estimated 1.1 lakh (110,000). 78,000 persons have been successfully trained under the *Suryamitra* training programme between 2015 and 2017 to improve the availability of skilled workers for clean energy projects. Human resource development and training schemes in the MNRE budget are meant to build skills among the youth, including women, for job opportunities in the Clean Energy sector. There is a need for inclusion of special skilling courses around green jobs under the National and State Skill Development Missions to harness this potential opportunity.

Electric Mobility in the Fast Lane

The Faster Adoption and Manufacturing of (Hybrid &) Electric Vehicles in India (FAME India) Scheme was launched in 2015 with the aim of reducing dependency on fossil fuels and addressing vehicular emissions. Just over halfway into phase II, by 2 February 2022, the scheme had incentivised 2,31,848 EVs.⁶³ The FAME India

⁶² International Energy Agency, Coal Analysis and forecast to 2024, Available at : <https://iea.blob.core.windows.net/assets/f1d724d4-a753-4336-9f6e-64679fa23bbf/Coal2021.pdf#page=23>

⁶³ Ministry of Heavy Industries, National Automotive Board, FAME India Scheme Portal, Available at : <https://fame2.heavyindustries.gov.in/>

scheme has got a big budgetary boost from Rs. 800 crore in 2021-22 (RE) to Rs 2,908 crore in 2022-23 (BE). In order to improve efficiency in the EV ecosystem, a battery swapping policy with inter-operability standards will be formulated by the government. As of December 2021, the cabinet had approved the National Programme on Advanced Chemistry Cell and the PLI scheme for Automobile and Auto Components to incentivise the setting up of manufacturing facilities in the country. However, the outlays for these interventions under the Ministry of Heavy Industries seem to be meagre.

Table 4.8: Budget Allocation for Major Programmes of Electric Mobility (Rs crore)

Key Schemes	2018-19 (A)	2019-20 (A)	2020 -21 (A)	2021-22 (BE)	2021-22 (RE)	2022-23 (BE)
FAME India scheme for Electric Vehicle under Ministry of Heavy Industries	145	500	318.35	756.66	800	2908.28
Production Linked Incentive (PLI) Scheme for Automobiles and Auto Components	-	-	-	-	3.5	3
Production Linked Incentive (PLI) Scheme for National Programme on Advanced Chemistry Cell (ACC) Battery Storage	-	-	-	-	0.5	3

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

Low Carbon and Sustainable Urban Infrastructure

Building and infrastructure development are carbon intensive sectors, accordingly the budget has laid emphasis on Urban Planning and Town Development for reducing the emissions from these sectors. Budget highlights its endeavour to support the state governments in modernising building bye laws, Town Planning Schemes (TPS) and Transit Orient Development (TOD). It has been mooted to include and leverage schemes like Atal Mission for Rejuvenation and Urban Transformation (AMRUT), Scheme for Financial Assistance to States for Capital Investment under Ministry of Housing and Urban Affairs (MoH&UA) for low emission mass transit projects.

In the areas of construction focusing on reducing emissions has been announced. It ranges from energy efficiency and saving measures through an Energy Services Company (ESCO) business model to facilitate energy audits, performance contracts, verification protocol etc. It may further bring effective energy conservation along with domestic carbon trading mechanisms in the country. Furthermore, it has laid emphasis on issuing Sovereign Green Bonds for mobilizing resources for the inclusion of green aspects in the infrastructure.

However, despite these announced initiatives it remain to be seen that- how cities will be operationalising the framework for their large scale implementation and adhere to key design principles for creating low carbon and sustainable infrastructure.

Table 4.9: Budget Allocation for Sustainable Cities, Energy Efficiency and Air Pollution Control Schemes (Rs crore)

Schemes	2018-19 (A)	2019-20 (A)	2020 -21 (BE)	2020 -21 (A)	2020 -21 (RE)	2021-22 (BE)	2021-22 (RE)	2022-23 (BE)
A. Energy Conservation and Efficiency Bureau of Energy Efficiency Programmes	41	196	213	5.02	93	80	40	60
B. Initiatives for Sustainable Infrastructure in Cities								
City Investment to Innovate, Integrate and Sustain (CITIIS) Scheme under MoH&UD	-	72	314	-	16	332	141.16	334.03
C. Initiatives for Air Pollution Control								
Promotion of Agricultural Mechanisation for in-situ Management of Crop Residue under the Ministry of Agriculture	-	594	600	570.72	600	700	700	-
Control of Pollution under the MOEF & CC	-	409	460	267.41	284	470	390.4	460
Commission for Air Quality Management under the MOEF & CC	-	-	-	-	-	20	20	17

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

Leveraging Climate Financing through Green Bonds and Blended Finance

The Government has announced the issuance of Sovereign Green Bonds to mobilise resources for the development of green infrastructure. These bonds will be part of the government's overall market borrowings in 2022-23. The proceeds will be deployed in public sector projects that help in reducing the carbon intensity of the economy. Blended Finance has been given lot of emphasis in the past. In order to encourage important sunrise sectors such as Climate Action, Climate Tech, Digital Economy and Agri Tech, it has been proposed to have thematic funds for blended finance with the government share being limited to 20 per cent and the funds managed by private fund managers.

Climate Adaptation Needed, Not Just Mitigation

While a number of initiatives have been announced for Climate Change Mitigation, Climate Change Adaptation has not been given much attention. The Budget should have given a balanced thrust to financing both climate change mitigation and adaptation measures. In order to fully address the climate change-induced crisis, more funding should be dedicated to helping people adapt to climate change through climate-resilient actions. This requires a significant financing commitment from governments as private investors are yet to look at adaptation as an investment opportunity. The MoEF&CC has listed implementation of adaptation-oriented programmes such as the National Adaptation Fund on Climate Change, Climate Change Action Plan and Green India Mission. However, their outlay in Budget 2022-23 seems stagnant in comparison to 2021-22 (BE) (Table 4.10).

Table 4.10: Key Schemes for Climate Adaptation from MOEF&CC (Rs crore)

Key Schemes for Adaptation	2021-22 (BE)	2021-22 (RE)	2020-21 (A)	2022-23 (BE)
National Adaptation Fund	60	60	43.8	60
Climate Change Action Plan	30	30	20.4	30
Green India Mission	290	255	190.90	361.69

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

Climate-Responsive Budgeting to maximise 'Co-Benefits' of Public Financing is the need of the hour

Climate-responsive budgeting can help maximise the climate co-benefits of existing public expenditure, thereby reducing the requirement for additional investments in climate actions. It can also nudge long-term private-sector investments in low-carbon technologies and greener processes such as identifying assets to activate sustainable finance mechanisms, including ESG (Environmental, Social and Governance) bonds. There are several development programmes and schemes where addressing climate concerns remain a secondary focus. States like Odisha and Gujarat have started publishing a climate budget statement to track climate-related public expenditure. However, there is a need for a big shift towards a uniform national strategy for climate-responsive budgeting and reporting that can effectively integrate state actions with national expenditure and climate targets.

Conclusion

Sustainable development has been a key goal of the Union Government, and this is reflected in the budget announcements for 2022-23. By mentioning clean energy and electric mobility in list of sunrise sectors and employment generator, Budget 2022-23 has tried to send an important signal to the markets, financial institutions and the workforce. However, the total budgetary allocation to the key ministries is still a fraction of the overall financial requirement of the sector. Hence, leveraging financing through external sources is of immense importance.

CHAPTER 5

MARGINALISED SECTIONS

Gender Issues

Children

Scheduled Castes

Scheduled Tribes

Religious Minorities

Persons with Disabilities

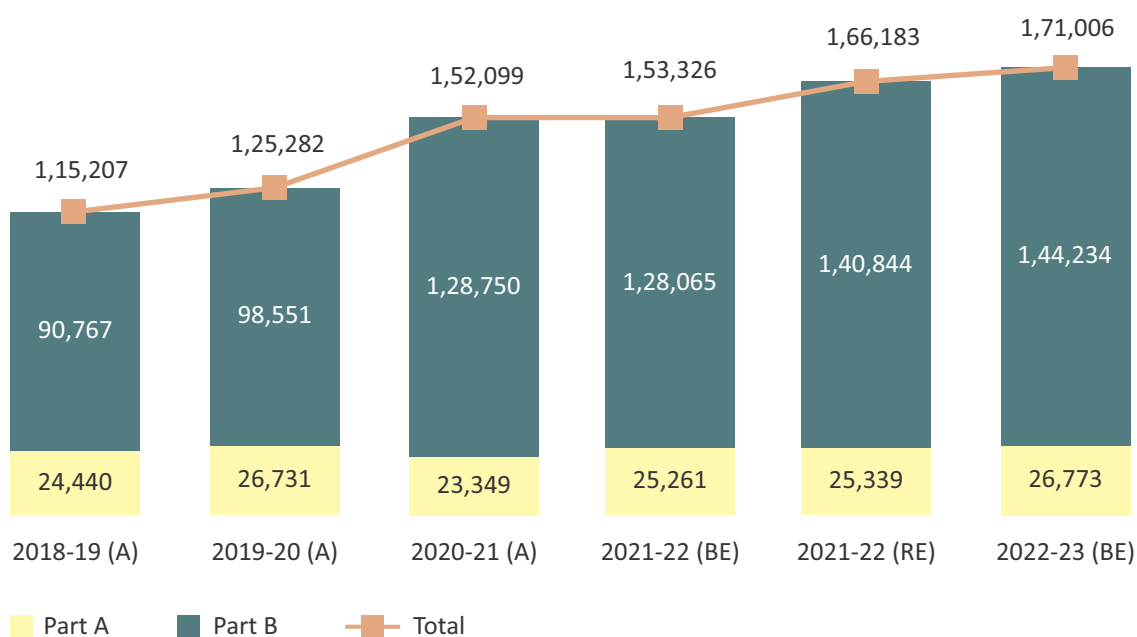
CHAPTER 5: MARGINALISED SECTIONS

Gender Issues

The pandemic and accompanying economic crisis continue to have a disproportionate and differential impact on women across several domains, including employment, social protection, health and risk of violence. The Union Budget is expected to be gender-responsive; i.e., the distribution and utilisation of resources should meet women's needs and address the specific challenges they face. India has multiple mechanisms in place for gender-responsive budgeting, including the annual Gender Budget Statement (GBS). Several limitations and inaccuracies have been observed in the GBS⁶⁴ over the years; yet, it serves an important purpose by capturing the fiscal information reported by various Union Ministries on budgetary spending that could be expected to directly benefit women and girl children (for their respective programmes or schemes).

For 2022-23, the total budget outlay reported in the GBS is 4.3 per cent of the total Union Budget, which marks a decline over the previous year.

Figure 5.1: Union Budget Outlay reported in the Gender Budget Statement from 2018-19 to 2022-23 (Rs crore)



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

Notes: The figures presented above have to be seen in light of the fact that:

- (i) The methodology of reporting in the GBS by some of the Union Ministries has been evolving over time;
- (ii) The problem of arbitrary reporting in Part B of the GBS by a few Union Ministries has persisted.

⁶⁴ Centre for Budget and Governance Accountability (2021): 'Analysis of the Union Government's Gender Budget Statement 2021-22: A Submission to the Union Ministry of Women and Child Development by Centre for Budget and Governance Accountability (CBGA).' Available at: <https://www.cbgaindia.org/wp-content/uploads/2021/08/analysis-of-gender-budget-statement-2021-22-submission-to-MWCD.pdf>

The Union Budget outlay reported in the GBS has increased by 11.5 per cent, from Rs 1,53,326.3 crore in 2021-22 (BE) to Rs 1,71,006.5 crore in 2022-23 (BE). This is largely due to increased allocations for composite expenditure schemes under Part B [mainly *Pradhan Mantri Awas Yojana* (PMAY-Urban)], rather than increased outlays for Part A schemes, which are exclusively targeted at women. The allocations for PMAY-Urban reported in the GBS have been more than trebled to Rs 22,955.06 crore in 2022-23 (BE) compared to 2021-22 (BE).

In the 2022-23 GBS, 22 Demands for Grants were covered in Part A, while 35 were covered in Part B⁶⁵. Part A has registered an overall increase of nearly 6 per cent in allocation in 2022-23 (BE) at Rs 26,772.9 crore vis-à-vis Budget Estimates of Rs 25,260.9 crore in the previous year. This expansion is largely driven by two interventions under the Department of Police, namely Safe City Projects and Emergency Response and Support System. The allocations for schemes under the Ministry of Women and Child Development in 2022-23 (BE) have only seen minor growth over those in 2021-22 (BE). Some of the inaccuracies identified in previous editions of the GBS persist this year as well, suggesting that the GBS might not provide a clear picture of actual spending on women.

There is a need for gender budgeting to move beyond the binary framework of gender, and adopt an intersectional approach that responds to the needs of transgender persons alongside women marginalised because of social and economic factors. The Support for Marginalised Individuals for Livelihood and Enterprise (SMILE) scheme is oriented towards the welfare of transgender persons. However, only one of its two sub-schemes, namely Comprehensive Rehabilitation of Persons Engaged in the Act of Begging, is mentioned in the GBS. The GBS can be made more gender-inclusive if all allocations related to transgender persons are reflected therein.

More Targeted Employment Measures Needed to Bring Women into the Labour Force

The female labour force participation rate (LFPR) in India continues to be among the lowest in the world. Data from the Period Labour Force Survey 2019-20 showed that the female LFPR had increased to 22.8 per cent from 18.6 per cent in the previous year⁶⁶. Further probing revealed that the increase was largely in the category of unpaid family workers and not gainful employment⁶⁷. Recent research suggests that women's employment in India is more affected by economic shocks⁶⁸. An absolute decline has been recorded in the number of women employed in 2021 compared to 2019, and also in those actively looking for work⁶⁹. In contrast, the proportion of men looking for work has gone up.

Given the situation, it was expected that Union Budget 2022-23 would provide a targeted boost to women's employment. However, allocations for major employment schemes show otherwise. The allocation for the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) remains the same as in 2021-22 (BE), at Rs 73,000 crore. It may be noted that the 2021-22 allocation was supplemented to reach Rs 98,000 crore in the Revised Estimates; but this increase has not been retained in the latest budget. The significant cut in funding for MGNREGS for 2022-23 (BE), despite heightened demand for work among rural households during

⁶⁵ Part A enlists schemes meant exclusively for women and girl children, whereas Part B includes composite expenditure schemes in which at least 30 per cent of the expenditure benefits women.

⁶⁶ PIB Delhi. (2021). 'Periodic Labour Force Survey (PLFS) – Annual Report [July, 2019 – June, 2020]'. July 23, Ministry of Statistics and Programme Implementation. Available at: <https://pib.gov.in/PressReleaseIframePage.aspx?PRID=1738163>

⁶⁷ Mohanan, P.C. (2021). 'What's behind the 'improvement' in employment situation in labour force survey report.' August 21, The Print. <https://theprint.in/opinion/what-is-behind-the-improvement-in-employment-situation/719674/>

⁶⁸ Deshpande, A., and Singh, J. (2021): 'Dropping Out, Being Pushed Out or Can't Get in? Decoding Declining Labour Force Participation of Indian Women'. Deshpande, Ashwini and Singh, Jitendra, Dropping Out, Being Pushed Out or Can't Get in? Decoding Declining Labour Force Participation of Indian Women. IZA Discussion Paper No. 14639, Available at <http://dx.doi.org/10.2139/ssrn.3905074>

⁶⁹ Kakodkar, P. (2022). 'Three million fewer women looking for work from 2019 to 2021, shows data.' January 30, Times of India. Available at: <https://timesofindia.indiatimes.com/city/mumbai/3mn-fewer-women-looking-for-work-from-2019-to-2021/articleshow/89212407.cms>

the pandemic, is a matter of concern. More funds were expected given the gap in work demanded and provided; in 2021-22, 11 per cent or 8.2 crore households demanding employment were not provided work⁷⁰. The expectation of an urban employment programme has also gone unmet. The budget for the National Rural Livelihood Mission (NRLM) has seen a slight fall, from Rs 13,677.6 crore in the 2021-22 BE to Rs 13,336.4 crore in 2022-23 (BE). The scheme plays an important role in facilitating employment for rural women through Self Help Groups (SHGs).

Additionally, allocations for credit guarantee schemes targeted at least partially at women have decreased between 2021-22 (BE) and 2022-23 (BE), including the *Pradhan Mantri Mudra Yojana* (from Rs 2,500 crore to Rs 100 crore) and Stand Up India (from Rs 100 crore to Rs 0.01 crore). As of early 2021, women entrepreneurs had availed 68 per cent of loans under the MUDRA scheme⁷¹, and 81 per cent of loans under Stand-Up India⁷². It would, therefore, have been desirable for these schemes to be expanded; instead, the focus appears to be on general credit expansion without any earmarking for women entrepreneurs. For instance, measures have been announced to extend the provision of emergency credit to MSMEs, but these are unlikely to have a significant positive impact on women's employment. Women own only 20.4 per cent of MSMEs in India⁷³. Further, it has been found that institutional credit is less accessible by women entrepreneurs and they tend to rely more on self-financing, owing to a variety of factors such as bias, lack of collateral and insufficient awareness⁷⁴. As such, an expansion in employment guarantee programmes and financial inclusion measures targeted specifically at women would have been more gender-responsive.

Strengthening Social Protection of Women Workers must be Prioritised

The COVID-19 pandemic reinforced the significance of social security measures for women workers who tend to be concentrated in the informal sector, and often lack access to security nets. Allocations to the National Social Assistance Programme (NSAP) have increased by nearly 5 per cent to Rs 9,652.30 crore in 2022-23 (BE) over last year. However, the pension amount being paid remains low; for instance, only Rs 300 per month is paid to widows and persons with disabilities. There is a need to augment budgetary support for this crucial social protection scheme to enable increases in the pension amount for all categories of beneficiaries.

Maternity benefits are provided to pregnant and lactating mothers under the *Pradhan Mantri Matru Vandana Yojana*. However, the exact allocation for the scheme can no longer be ascertained (from the Union Budget documents published by the Ministry of Finance) as it has been subsumed under the *Samarthya* component of the Mission *Shakti* umbrella programme, which poses a gap in accountability.

⁷⁰ Department of Rural Development (n.d.): 'The Mahatma Gandhi National Rural Employment Guarantee Act: R5.1.1 Employment Generated during the year 2021-2022'. Government of India, Ministry of Rural Development. Available at: https://mnregaweb4.nic.in/netnrega/citizen_html/demregister.aspx?lflag=eng&fin_year=2021-2022&source=national&labels=labels&Digest=HNrisV4bhHnb7Gve3mAKYQ

⁷¹ PIB Delhi (2021): 'More than 28.68 crore loans for an amount of Rs 14.96 lakh crore sanctioned by Banks, NBFCs and MFIs since launch of the PMMY, PMMY helped in generation of 1.12 crore net additional employment from 2015 to 2018'. April 07, Government of India, Ministry of Finance. Available at: <https://pib.gov.in/PressReleasePage.aspx?PRID=1709989>

⁷² PIB Delhi (2021): 'More than 81% account holders are Women under Stand Up India Scheme, MUDRA: 68% of loan accounts belong to women entrepreneurs, PMJDY: 23.21 crore accounts out of 41.93 crore accounts belong to women.' March 08, Government of India, Ministry of Finance. Available at: <https://pib.gov.in/PressReleasePage.aspx?PRID=1703083>

⁷³ Government of India, Ministry of Micro, Small and Medium Enterprises (2021): 'Annual Report 2020-21'. Available at: <https://msme.gov.in/sites/default/files/MSME-ANNUAL-REPORT-ENGLISH%202020-21.pdf>

⁷⁴ Vijay, S. and Narasimhan, M. (2021): 'Women's Entrepreneurship in India: Harnessing the Gender Dividend'. IWWAGE, ISST and LEAD. Available at: https://iwwage.org/wp-content/uploads/2021/03/5_Womens-Entrepreneurship-in-India.pdf

An issue that persists is the exclusion of frontline workers such as *Anganwadi* Workers and ASHAs from social security benefits. In October 2021, *Anganwadi* workers and helpers were included as beneficiaries for health insurance offered under the *Pradhan Mantri Garib Kalyan* package⁷⁵. This was projected to benefit over 13.2 lakh *Anganwadi* workers and over 11.7 lakh helpers with a health cover of Rs 50 lakh. The allocation for this scheme has been slashed from Rs 813.6 crore in 2021-22 (RE) to Rs 226 crore in 2022-23 (BE), which would leave these workers unprotected in the coming months.

Mental Health Brought into Discourse; Women's Access to Vaccines and Health Services Needs to be Stepped up

The pandemic has had an adverse impact on women's health as many critical services were disrupted, including antenatal services, tuberculosis medication, delivery services and sexual health services⁷⁶. It has also been noted that COVID-19 vaccination coverage is lower for women. An analysis shows that in select districts, only 62 women got a vaccine dose for every 100 men⁷⁷. Any targeted increase in resources to improve women's access to general health services and vaccination is hard to discern in the budget for health.

Even aside from pandemic-related issues, there is a need to step up investment in women's health. The prevalence of anaemia among women of reproductive age has increased from 53.1 per cent in 2015-16 to 57 per cent in 2019-2021, as revealed by NFHS-5 data⁷⁸. Nutrition and health services for women therefore assume greater significance. However, the allocation for POSHAN 2.0 has increased only marginally. Moreover, there is a lack of clarity about the individual status of schemes that were subsumed under this umbrella programme last year, including the Scheme for Adolescent Girls. Furthermore, a survey of six States revealed a fall in women's mental health and well-being, with 30 per cent of female respondents reporting a worsening of feelings of depression and perception of safety.⁷⁹ In this context, the announcement of a National Tele Mental Health Programme in the Budget Speech is welcome. However, the quantum of resources allocated to this programme needs to be examined, but these details are not readily available in the Union Budget documents.

Need for Greater Resources to Address Increasing Violence Against Women

NFHS-5 data reveal an overall decline in instances of gender-based violence at the all-India level. However, the proportion of ever-married women who faced spousal violence remains high in several states, including Karnataka (44.4 per cent) and Bihar (40 per cent). Similarly, West Bengal, Delhi and Assam reported a rise in the proportion of women aged 18-29 who experienced any form of sexual violence by the age of 18⁸⁰.

Between 2018 and 2020, instances of crime against women have increased in states such as West Bengal, Rajasthan, Odisha, Tamil Nadu and Andhra Pradesh⁸¹. The COVID-19 pandemic reversed many gains with regard

⁷⁵ 'Centre extends health insurance scheme to Anganwadi workers, helpers.' (2021). October 6, The Indian Express. Available at: <https://indianexpress.com/article/cities/delhi/centre-extends-health-insurance-scheme-to-anganwadi-workers-helpers-7554849/>

⁷⁶ Buckshee, D. (2021): 'Dispatches from India: Pandemic Impacts Women's Health.' November 16, Yale School of Public Health. Available at: <https://ysph.yale.edu/news-article/dispatches-from-india-pandemic-impacts-womens-health/>

⁷⁷ Esteves, L.A., and Iqbal, N. (2021): '1 Billion Vaccine Doses, But Women, Tribals Lag'. November 03, IndiaSpend. Available at: <https://www.indiaspend.com/covid-19/1-billion-vaccine-doses-but-women-tribals-lag-785262>

⁷⁸ National Family Health Survey (NFHS)- 5, 2019-20: 'India Fact Sheet'. Available at: http://rchiips.org/nfhs/NFHS-5_FCTS/India.pdf

⁷⁹ Bau, N. et al. (2021): 'Covid and containment worsened women's mental health, increased food insecurity in India.' September 29, The Print. Available at: <https://theprint.in/opinion/indias-covid-containment-policies-worsened-womens-mental-health-increased-food-insecurity/742243/>

⁸⁰ National Family Health Survey (NFHS)-5, 2019-20. Available at: http://rchiips.org/nfhs/NFHS-5_FCTS/COMPENDIUM/NFHS-5%20State%20Factsheet%20Compendium_Phase-I.pdf and [http://rchiips.org/nfhs/NFHS-5_FCTS/Final%20Compendium%20of%20fact%20sheets_India%20and%2014%20States_UTs%20\(Phase-II\).pdf](http://rchiips.org/nfhs/NFHS-5_FCTS/Final%20Compendium%20of%20fact%20sheets_India%20and%2014%20States_UTs%20(Phase-II).pdf)

⁸¹ National Crime Records Bureau (2021): Table 3A.1: Crime against Women (IPC+SLL) 2018-2020. Available at: https://ncrb.gov.in/sites/default/files/crime_in_india_table_additional_table_chapter_reports/TABLE%203A.1.pdf

to the UN SDG 5 – gender equality and women empowerment. The 'shadow pandemic' of rising crimes against women continued unabated in 2021. This was reflected in a sharp spurt of 30 per cent in such complaints registered with the National Commission for Women in 2021 as compared to 2020. Over half of the 30,864 complaints received were from Uttar Pradesh alone⁸².

In spite of the rise in violence, allocations for schemes for the protection and safety of women from violence remain locked in a vicious cycle of underfunding and underutilisation of funds. As of 2021-22, Rs 6,212.9 crore have been allocated to the *Nirbhaya* Fund since its inception, of which Rs 4,138.5 crore have been disbursed and only Rs 2,921.9 crore utilised, indicating that more than half of the total fund remains unutilised. As of July 22, 2021, underutilisation of the *Nirbhaya* fund was reported by every state and union territory⁸³.

Table 5.1: Amounts released and utilised by Union Ministries and Departments under the *Nirbhaya* Fund (Rs crore)

Sr. no.	Ministry/Department	Released (Rs. crore)	Utilised as on 22.07.2021 (Rs. crore)	% of utilisation
1	Ministry of Women and Child Development	660	181	27
2	Ministry of Railways	312	104	33
3	Department of Justice	340	121	36
4	Ministry of Tourism	6.24	0	0
5	Ministry of Road Transport & Highways	338	35	10

Source: Ministry of Women and Child Development, 2021.

The nature of programmes financed through the *Nirbhaya* Fund remains questionable, with general services like the Emergency Response Support System being allocated large amounts from the fund. On the contrary, the allocation for Anti-Human Trafficking Units/Women Help Desks shows a cut, from the revised estimates of 2021-22, to a mere Rs 28 crore. Given the increase in instances of trafficking during the pandemic, such targeted interventions require greater budgetary priority.

Several key schemes addressing violence against women, such as One Stop Centres, Women Helpline, *Swadhar Greh*, *Ujjawala* and Working Women Hostel, were subsumed under the umbrella schemes *Sambal* and *Samarthya* last year. Both the umbrella schemes had seen significant resource cuts. This year, the allocation for *Samarthya* has been marginally increased to Rs 2,622.11 crore, while that for *Sambal* has declined from last year by over 4.2 per cent to Rs 562 crore. More resources need to be made available to address the rise in violence, and enable women's empowerment.

⁸² 'PTI (2022): 'Nearly 31K complaints of crimes against women received in 2021, over half from UP: NCW.' January 1: Indian Express. Available at: <https://indianexpress.com/article/india/nearly-31k-complaints-of-crimes-against-women-received-in-2021-over-half-from-up-ncw-7700996/>

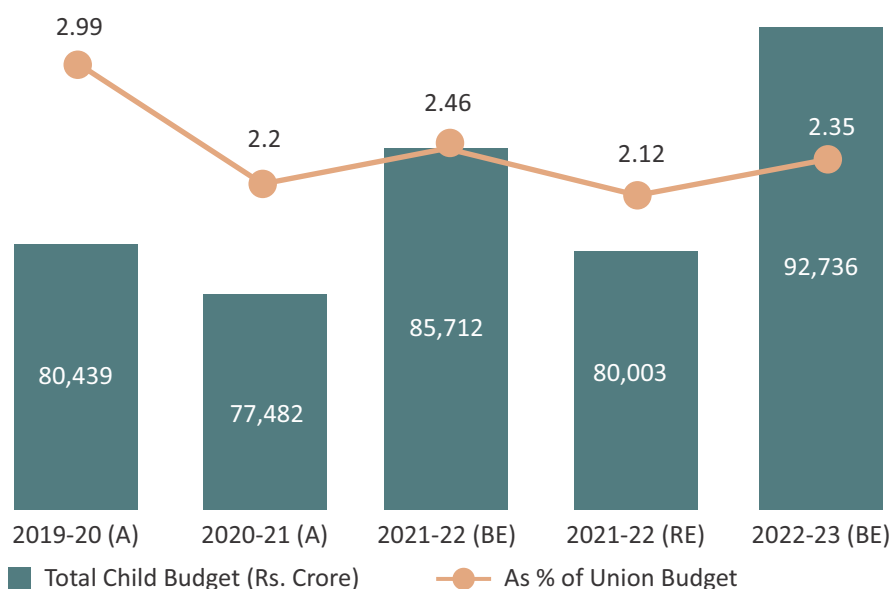
⁸³ PIB Delhi (2021): 'Utilisation of Nirbhaya Fund.' July 22, Government of India, Ministry of Women and Child Development. Available at: <https://pib.gov.in/PressReleasePage.aspx?PRID=1737773>

Budgeting for Children

With over 470 million children, India is one of the youngest nations in the world. As we enter the third year of the COVID-19 pandemic and continue to face the multifaceted disruptions caused by it, the vulnerabilities of this large young population are increasing. Gains made in several areas, such as nutrition, school enrolment, child labour rescue and rehabilitation, and arresting child marriage, among others, have been reversed by the ongoing crisis. Need-based planning, budgeting and action for the welfare of children are the need of the hour.

The total child budget for 2022-23 (BE) is Rs 92,736 crore, as reported in the special statement 'Allocations for the Welfare of Children'. The total outlay for children has increased by 8 per cent in the Budget Estimates of 2022-23 as compared to the 2021-22 (BE). However, as a percentage of the total Union Budget, the reported allocations for children have shown a decline, from 2.46 per cent in 2021-22 (BE) to 2.35 per cent in 2022-23 (BE) (Figure 5.2).

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



Source: Compiled by CBGA from Child Budget Statements of 2021-22 and 2022-23..

Among the different ministries/departments that have reported into the Child Budget Statement of this year, interventions from the Ministry of Women and Child Development have recorded a decline of 7.6 per cent. A similar trend can be observed in the child-focused outlays from the Department of Health and Family Welfare (decrease of 6 per cent). On the other hand, allocations reported from the Ministry of Social Justice and Empowerment have shown a jump of almost 95 per cent, with a substantial rise in allocations for the Post-Matric Scheme in 2022-23 (BE) from the previous year's budget estimates. Allocations for the Department of School Education and Literacy have also increased by 11.6 per cent.

Early Childhood Development

It was announced in the budget speech that two lakh new-generation *Anganwadi* Centres (AWCs) will be created for better Early Childhood Development (ECD) of children aged 0-6 years. The emphasis given to enhancing the quality of ECD provision is a highly desirable social good, but it has not adequately translated into budget outlays. The budget estimate for the composite scheme *Saksham Anganwadi* and POSHAN 2.0 for 2022-23 is Rs 20,261 crore, up from Rs 20,105 crore in 2021-22 (BE). As of March 2021, there are 71,080 vacant *Anganwadi* worker (AWW) posts across states. Currently, there are 13,87,432 AWCs in India and there is a difference of 12,265

between the sanctioned and operational AWCs⁸⁴. This marginal increase of 0.77 per cent in budget outlay is not adequate for the ongoing demands, fulfilling vacancies and new promises of upgradation.

The *anganwadi* ecosystem has been instrumental in supporting the government's COVID relief measures in the country⁸⁵, but AWWs have been protesting across many states for better remuneration and incentives for their ever-increasing basket of services⁸⁶.

Child Health and Nutrition

Notwithstanding the constant health risk posed by the pandemic, the allocations for child health have been reduced by 6.08 per cent⁸⁷. Allocation for the NRHM-RCH (National Rural Health Mission-Reproductive and Child Health) flexi pool, which constitutes the bulk of health-related expenditure on children and includes immunisation, has dropped from Rs 3,459 crore in 2021-22 (BE) to Rs 3,174.57 crore for 2022-23 (BE). This is worrisome in view of the fact that COVID immunisation of children above 15 years has recently been introduced and out-of-pocket expenditure on health in India is among the highest in the world⁸⁸.

India has witnessed an improvement in reducing infant and child mortality rates as well as improving the nutritional status in the National Family Health Survey - NFHS-5 (the infant mortality rate has fallen from 40.7 to 35.2 per 1,000 live births; the under-five mortality rate has improved from 49.7 to 41.9 per 1,000 live births), but the level is still high as per global standards⁸⁹, and anaemia among children has become more prevalent⁹⁰. Reports have shown wide inter-state as well as gendered variations in nutritional indicators⁹¹. In such a context, an 11 per cent fall in the allocation for the *Pradhan Mantri Poshan Shakti Nirman* (PM-POSHAN), which was earlier called the National Programme for Mid-day Meal in Schools scheme from Rs 11,500 crore in 2021-22 (BE) to Rs 10,233.75 for 2022-23 (BE) is a matter of concern.

Education

COVID-19 brought about a hitherto unprecedented magnitude of school closures across the world, including in India⁹². The shifting of classrooms to online mode exposed the extent of inequality prevalent in the country, as millions of children faced the risk of dropout⁹³. Even amongst those who have access to online education, learning outcomes have been reported to be limited.

The allocation for the *Samagra Shiksha Abhiyan* (SmsA) was reduced by 20 per cent, from Rs 38,750.5 crore in 2020-21 (BE) to Rs 31,050.16 crore in 2021-22 (BE) in the previous budget. This has been increased to Rs 37,383 crore for 2022-23 (BE), which is a welcome move. However, the allocation still falls short of the pre-pandemic

⁸⁴ Rajya Sabha Unstarred Question No. 1272 – Sanctioned /Operational Anganwadi Centres in the Country

⁸⁵ KPMG (2020) "Response to COVID-19 by the Anganwadi Ecosystem in India"
<https://assets.kpmg/content/dam/kpmg/in/pdf/2020/06/anganwadi-report-2020.pdf>

⁸⁶ The Print, "Futile to die for duty': Most dead anganwadis' kin haven't got Rs 50L relief UP govt promised"
<https://theprint.in/india/futile-to-die-for-duty-most-dead-anganwadis-kin-havent-got-rs-50l-relief-up-govt-promised/801977/>

⁸⁷ HAQ CRC (2022), "Pushed and Juggled Beyond the Margins: Budget for Children 2022-23".

⁸⁸ The Wire, "Economic Survey Glosses Over 2021 COVID-19 Horror, Key Details on Health Impact"
<https://science.thewire.in/health/economic-survey-glosses-over-2021-covid-19-horror-key-details-on-health-impact/>

⁸⁹ Global Hunger Index – India <https://www.globalhungerindex.org/pdf/en/2021/India.pdf>

⁹⁰ International Institute for Population Sciences, "National Family and Health Survey – 5: 2019-20"

⁹¹ HAQ CRC (2022), "Pushed and Juggled Beyond the Margins: Budget for Children 2022-23".

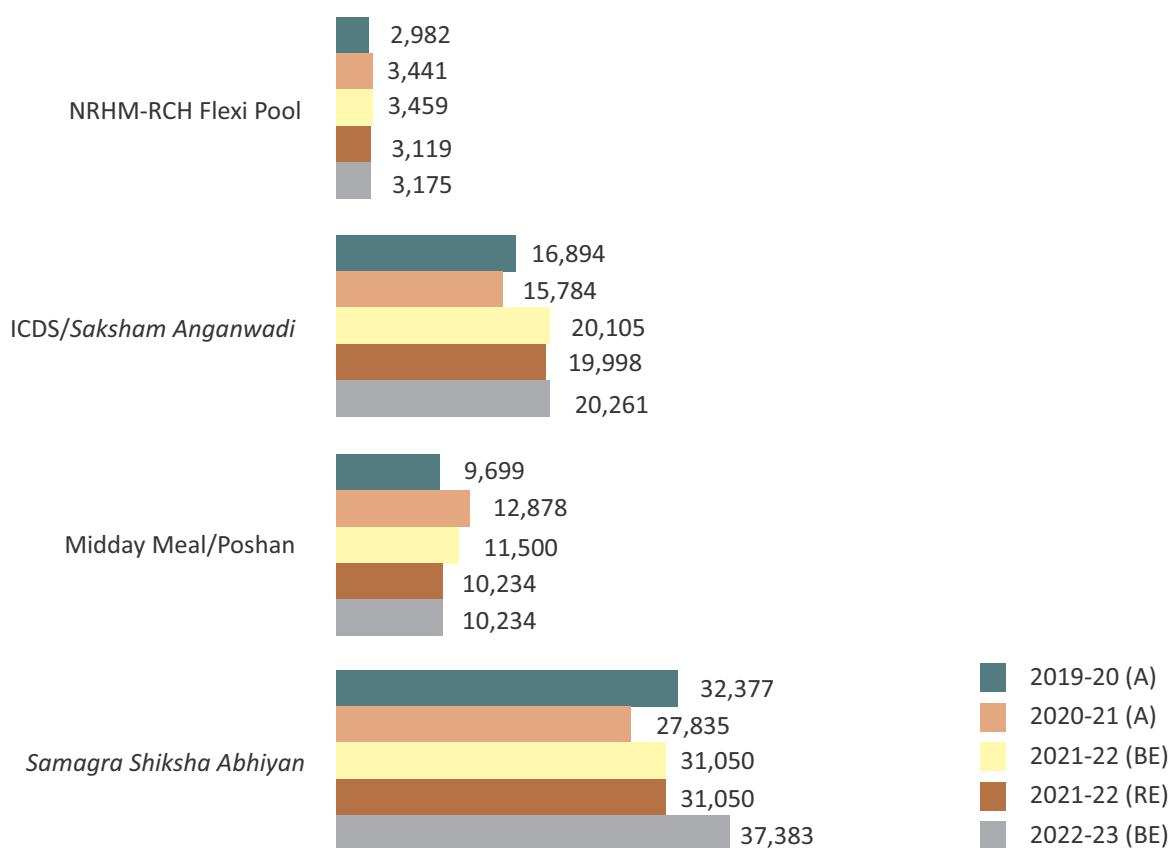
⁹² Statista (2022), "The Longest School Closures due to the Pandemic" <https://www.statista.com/chart/26670/school-closures-covid-19/>

⁹³ UNICEF (2021), "COVID-19: Schools for more than 168 million children globally have been completely closed for almost a full year, says UNICEF" <https://www.unicef.org/india/press-releases/covid-19-schools-more-168-million-children-globally-have-been-completely-closed>

level by almost Rs 1,367 crore. The budget for the National Council of Educational Research and Training (NCERT), which is responsible for designing the curriculum and creating study materials for school education, has been increased by only Rs 10 crore, from Rs 500 crore in 2021-22 (BE) to Rs 510 crore for 2022-23. These allocations may not be enough to finance the 200 e-Vidya television channels promised in the budget speech, in addition to the other demands for enhancing school education⁹⁴.

In terms of scholarships, the biggest hike has been in Post-Matric Scholarships for SCs, which has increased by 294 per cent, from Rs 686 crore in 2021-22 (BE) to Rs 2,716.8 crore for 2022-23, but the Pre-Matric Scholarship has been reduced by 31 per cent to Rs 500 crore. The PM *Yashasvi* Scholarship scheme's outlay has been increased by 38 per cent to Rs 704.6 crore for 2022-23. For children belonging to ST communities, there has been an increase in the allocation for *Eklavya* Model Residential Schools by almost Rs 600 crore. This overall increase in scholarships for children belonging to marginalised sections of the population is a welcome step as it is necessary to bridge the widening inequality gap.

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 Budget Documents over the years.

⁹⁴ United Nations (2020), "Education during COVID-19 and Beyond" https://www.un.org/development/desa/dspd/wp-content/uploads/sites/22/2020/08/sg_policy_brief_covid-19_and_education_august_2020.pdf

Response to Current Challenges Pertaining to Child Protection

As the pandemic continues to rage, issues such as child labour, child marriage, child trafficking, child abuse, cyber crimes against children and losing parents to COVID have persisted. Child protection has remained an underfunded and low budgetary priority area. However, this year, it has witnessed an increase in allocations to the tune of 44.72 per cent in absolute terms⁹⁵.

The single largest increase in allocations for child protection has been towards Mission *Vatsalya*, a composite scheme that combines Child Protection Services and Child Welfare Services. While there has been a growing demand in this area and this is a welcome move, the allocation, which has increased from Rs 900 crore in 2021-22 (BE) to Rs 1,472.17 crore for 2022-23 (BE), still falls short of expectations, considering that the allocation for the Child Protection Services alone was Rs 1,500 crore in 2020-21 (BE).

Moreover, Mission *Vatsalya* guidelines have not been issued even after a year of its launch and it is still functioning as Child Protection Services, the mandate of which is to provide for institutional care (in child care institutes) and non-institutional care (as sponsorship, foster care and aftercare) for children in need of care and protection. In 2020-21, out of the allocation of Rs 846.63 crore, the Union Government released Rs 709 crore for orphanages across states⁹⁶. Even as the pandemic and lockdowns have exposed the limitations of the institutional care mechanism and there is a growing voice in favour of non-institutionalisation of child protection services, there seems to be a lack of prioritisation in this regard.

Across the world, there has been a rapid rise in child labour during the pandemic and, due to loss of livelihoods and school closures, gains made over the years in rescue and rehabilitation of child labour have been reversed⁹⁷. Despite the strong demand for an increase in allocations towards efforts to reduce child labour in India⁹⁸, the National Child Labour Programme (NCLP) has faced a fund cut of 75 per cent, from Rs 120 crore in 2021-22 (BE) to Rs 30 crore for 2022-23.

As children's lives in terms of education and entertainment have shifted to virtual mode, many have unsupervised access to internet. This has greatly increased their vulnerability to cybercrimes. Compared to 2019, there was a 260 per cent spike in cases registered as cybercrimes against children in 2020⁹⁹. As the online mode continues, this issue gains more and more importance. However, the allocation for the Ministry of Home Affairs' Cyber Crime Prevention against Women and Children and Miscellaneous Schemes has been slashed by 76.7 per cent, from Rs 759.6 crore in 2021-22 (BE) to Rs 176.3 crore for 2022-23 (BE).

⁹⁵ HAQ CRC (2022), "Pushed and Juggled Beyond the Margins: Budget for Children 2022-23".

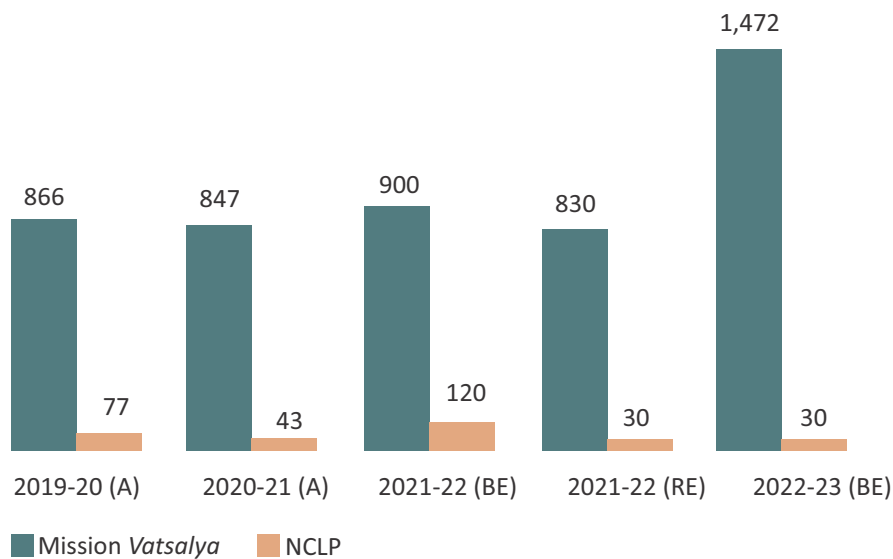
⁹⁶ Rajya Sabha Unstarred Question No. 1274 – Orphanages in Uttar Pradesh

⁹⁷ [COVID-19 and the changing face of child labour \(downtoearth.org.in\)](https://downtoearth.org.in)

⁹⁸ Budget 2022 | Child rights NGOs demand increased allocation for elimination of child labour <https://www.thehindu.com/business/budget/budget-2022-child-rights-ngos-demand-increased-allocation-for-elimination-of-child-labour/article38352452.ece>

⁹⁹ Rajya Sabha Unstarred Question No. 2875 – Child Security in Cyber Space

Figure 5.4: Union Government's Allocations for/Expenditure on Select Schemes for Child Protection (Rs crore)



Source: Compiled by CBGA from Budget Documents over the years.

As many children lost their parents to COVID, the Supreme Court took cognisance and directed the Union and state governments to take action. In addition to sponsorship schemes, there is a growing need to enhance adoption services in the country, as a means of non-institutional rehabilitation of children. The budget allocated to the Central Adoption Resource Authority (CARA), responsible for operationalising adoption, has remained low and stagnant at Rs 10 crore.

The National Commission for Protection of Child Rights (NCPCR), which has been undertaking cyber awareness¹⁰⁰ and other relevant measures for child welfare¹⁰¹ during the pandemic, has witnessed an increase of 17 per cent its budget, from Rs 18 crore in 2021-22 (BE) to Rs 21.09 crore for 2022-23 (BE). The budget for the National Institute of Public Cooperation and Child Development (NIPCCD) has been reduced by 5.3 per cent, from Rs 60 crore in 2021-22 (BE) to Rs 56.8 crore for 2022-23 (BE)]. The allocation to the Central Social Welfare Board, which provides assistance to NGOs and voluntary groups working in rural areas and providing important services, especially during the pandemic, has been slashed by half, from Rs 73 crore in 2021-22 (BE) to Rs 37.74 crore for 2022-23 (BE).

The finance minister announced that India is entering a 25-year period of *Amrit Kaal*, whereby major developmental action will be taken before we reach our 100th year of Independence. However, the children of today, who are the future of the country, are not adequately prioritised and the share of spending on them has been reducing over the years. Child budgeting still remains merely a reporting exercise to a large extent. For a healthier, well-rounded future, there is a need to enhance the responsiveness of public spending towards children in all spheres. Another critical area is Child Participation, which is the fourth pillar of child rights per the UNCRC, but which, so far, has never received any attention.

¹⁰⁰ Rajya Sabha Unstarred Question No. 1276 – Cyber Safety Norms and Children

¹⁰¹ Rajya Sabha Unstarred Question No. 478 – Lack of Child Sensitive Programmes

Budgeting for Scheduled Castes and Scheduled Tribes

With the merger of plan and non-plan expenditures in the budgets and accounts of the Union Government since 2017-18, the five-year planning process was discontinued. Consequently, the Scheduled Castes Sub-Plan (SCSP) and Tribal Sub-Plan (TSP) have been renamed 'Development Action Plan for SCs' (DAPSC) and 'Development Action Plan for STs' (DAPST), respectively. In the changed system of budgeting, instead of a proportionate share of fund allocation vis-à-vis the Scheduled Caste (SC) and Scheduled Tribe (ST) populations in the total plan budget or as a certain percentage of the budget of each Ministry or Department, a new arrangement for earmarking of funds for SCs and STs was made. Since then, the earmarked allocation for SCs and STs is being shown Ministry/Department-wise against the respective Centrally Sponsored Schemes (CSSs) and Central Sector Schemes (CSs) in the Union Budget documents. Currently, 38 Ministries and 46 Departments report into budget statements in terms of funds earmarked for SCs and STs.

Budgeting for Scheduled Castes

In Union Budget 2022-23, the total allocation reported for SCs in statement 10A is Rs 1,42,342.36 crore, which is an increase of over Rs 16,000 crore from Rs 1,26,259 crore in 2021-22 (RE). The total allocation for the Department of Social Justice and Empowerment increased 13 per cent from the previous budget because of a substantial increase in the outlay for the Post-Matric Scholarship for SC (PMS-SC) scheme. However, under CSSs and CSs, the outlays earmarked for SCs (as per statement 10A) account for only 8.8 per cent of the total budgetary allocation.

Table 5.2: Allocation for Welfare of Scheduled Castes (Rs crore)

Scheme	2018-19 (BE)	2018-19 (A)	2019-20 (BE)	2019-20 (A)	2020-21 (BE)	2020-21 (A)	2021-22 (BE)	2021-22 (RE)	2022-23 (BE)
Total Budget for CSS and CS	10,14,451	9,34,524	12,02,404	10,66,644	11,71,720	17,40,793	14,33,008	16,10,428	16,23,865
Allocation for Welfare of Scheduled Castes	56,619	54,343	81,341	65,197	83,257	71,811	1,26,259	1,39,956	1,42,342
Share of Allocation for Welfare of SCs in Total Budget for CSS and CS (%)	5.50	5.80	6.70	6.00	7.00	4.10	8.80	8.70	8.80

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

Pre- and Post-Matric Scholarship for SCs

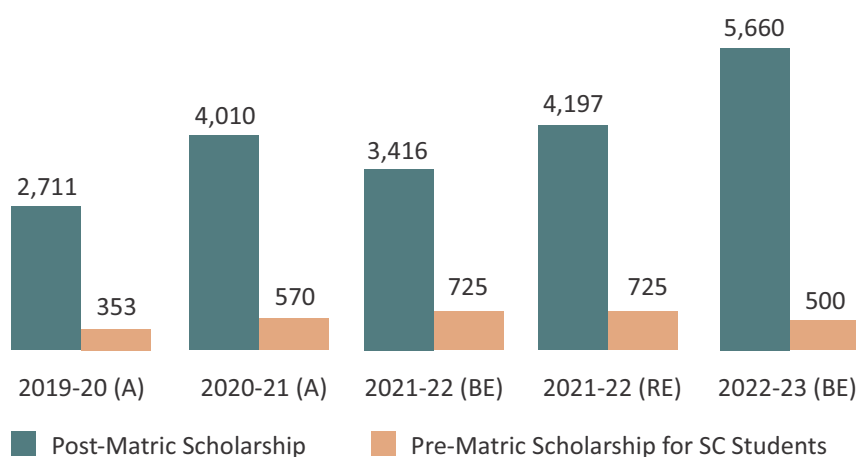
The Post-Matric Scholarship for Scheduled Castes (PMS-SC) scheme is a centrally sponsored demand-driven scheme, under which financial assistance is provided to all eligible applicants studying at the post-matriculation stage. Considering the lower Gross Enrolment Ratio (GER) for SC students at the post-secondary level and higher dropout at the secondary level, the scheme has a key role in achieving educational equity. The higher dropout rate for SC students at the secondary school level is because many of them cannot afford to go to college due to the low-income levels of their families, which leads to them joining the workforce instead.

However, choked of funds, the PMS-SC scheme, which has been operational since 1944, almost came to a halt in 2020, with the Union government provided only about 11 per cent of the total funding, following the system of committed liability of fund sharing. The Union Government has since started fresh efforts to renew the scheme in terms of enhanced funding, and a new fund-sharing system between the states and the centre is in place. New guidelines were issued in 2021 to take corrective measures for the scheme, which has been beset 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.

In Union Budget 2021-22, it was announced that Rs 35,219 crore would be provided for the scheme until 2025-26. While it was expected that there would be a significant annual increase in the outlays, the amount of Rs 3,415.62 crore allocated for 2021-22 was below expectations. However, Rs 4,196.59 crore was budgeted in 2021-22 (RE). In the 2022-23 Budget estimates, Rs 5,660 crore was announced, which was per expectations. 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. It now ranges from Rs 4,000 to Rs 13,500 for 10 months in an academic year for hostellers and Rs 2,500 to Rs 7,000 for day scholars, as compared to the previous range of Rs 3,800 to Rs 12,000 for hostellers and Rs 2,300 to Rs 5,500 for day scholars for 10 months, under the PMS-SC scheme guidelines of 2010. The parental/family income eligibility criteria were revised from Rs 1 lakh per annum to Rs 2 lakh per annum in 2010, and then to Rs 2.5 lakh per annum in 2013-14. The income-ceiling has not been revised since then, and therefore does not factor in inflation.

Until 2021-22, two separate pre-matric scholarship schemes (for SCs and unclean and hazardous occupations, respectively) used to be implemented for students of classes IX and X only, so that dropouts - especially in the transition from elementary to secondary stages - are minimised. These two schemes have now been merged and renamed Pre-Matric Scholarship Scheme for SCs and others. After the merger, the budgetary allocation for this scheme has been reduced from Rs 750 crore in 2021-22 (BE) to Rs 500 crore in 2022-23 (BE).

Figure 5.5: Budgetary Priority for Pre- and Post-Matric Scholarships for SCs (Rs Crore)



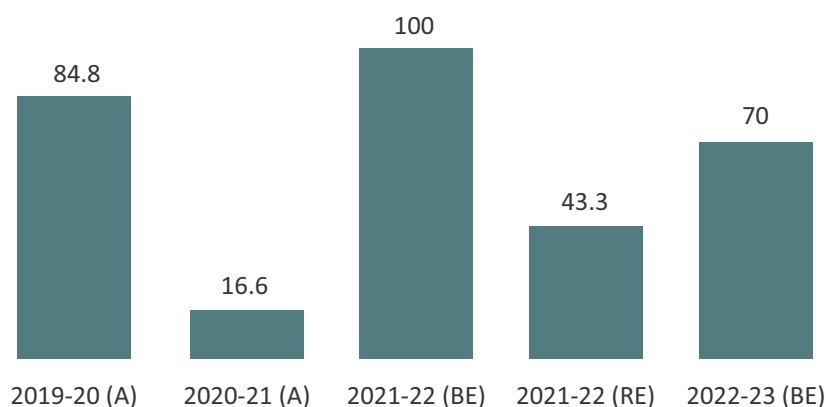
Source: Compiled by CBGA from Union Budget Documents, various years.

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

The Self-Employment Scheme for Rehabilitation of Manual Scavengers (SRMS), a central sector scheme, was revised in November 2013 to align it with the provisions of the Prohibition of Employment as Manual Scavengers and their Rehabilitation Act, 2013 (MS Act, 2013). SRMS provides: (i) one-time cash assistance of Rs 40,000 to the identified manual scavengers, (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 lakh, and (iv) skill development training for up to two years with a stipend of Rs 3,000 per month.

An examination of the trends shows that there was nil utilisation of funds against the allocations from 2014-15 to 2016-17. However, a gradual increase in fund utilisation was observed from 2017-18 to 2019-20. In 2020-21, only Rs 16.6 crore was utilised against the allocation of Rs 110 crore. Further, the allocation declined in 2021-22 (RE) and 2022-23 (BE) compared to the allocation made in 2021-22 (BE). After the National Survey on Manual Scavengers in 2018, the allocation was increased with a low level of utilisation, but it remains inadequate vis-à-vis the number of manual scavengers identified in 2018.

Figure 5.6: Status of Budget Allocation and Fund Utilisation under SRMS (Rs crore)



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

While looking at the physical progress in SRMS, data provided in the Ministry's responses to Parliamentary questions in 2021 show that 58 thousand manual scavengers have been identified from the two surveys up to November 2021. It is also stated that there is no reporting on the practice of manual scavenging in the country today. The lack of complete and credible identification of manual scavengers has been among the biggest challenges for the scheme. Furthermore, there were about 26 lakh unsanitary latrines in the country a decade ago (Census 2011), which suggested the existence of a sizeable number of manual scavengers. As per revised Socio-Economic Caste Census (SECC)-2011 data, there are 1.68 lakh self-declared manual scavengers in rural areas. However, no SECC-2011 data relating to urban areas has been made available. The latest national survey on manual scavengers was conducted in 2018, and identified 42,303 manual scavengers, which is only about 25 per cent compared to data from Registrar General and Census Commissioner of India and SECC.

Further, the Union Ministry of Social Justice and Empowerment has claimed that all the identified manual scavengers have received one-time cash assistance of Rs 40,000 per head. However, it was found that only 2.7 per cent and 31.3 per cent of the total identified manual scavengers received the capital subsidy and skill development training, respectively. This low achievement against the required levels of skill development training and capital subsidy indicates that the long-term objectives of rehabilitation of manual scavengers in terms of sustained livelihoods have not been fulfilled.

Budgeting for Scheduled Tribes

The TSP has for long faced challenges with regard to planning, implementation and monitoring. Under TSP, the expenditure across many ministries is reported 'notionally' instead of being need-based, along with the active participation of the community. There is poor monitoring of the implementation of TSP 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, 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 of the states for inter-departmental coordination and convergence of resources with line departments. Mostly, the head of ITDA/ITDP/TRI is not a dedicated senior officer but someone performing that duty as an additional charge (as per the Union Ministry of Tribal Affairs, Standing Committee on Social Justice and Empowerment – 2018-19).

In Union Budget 2022-23, the allocation reported for STs in statement 10B is Rs 89,265.12 crore. The total allocation for the Ministry of Tribal Affairs has seen an increase of 12 per cent from the previous year's budget. However, the outlays earmarked for STs (as per statement 10B) account for only 5.5 per cent of the total budgetary allocation under CSSs and CSs, which is less than the previous year.

Table 5.3: Allocation for Welfare of Scheduled Tribes (Rs crore)

Scheme	2018-19 (BE)	2018-19 (A)	2019-20 (BE)	2019-20 (A)	2020-21 (BE)	2020-21 (A)	2021-22 (BE)	2021-22 (RE)	2022-23 (BE)
Total Budget for CSS and CS	10,14,451	9,34,524	12,02,404	10,66,644	11,71,720	17,40,793	14,33,008	16,10,428	16,23,865
Allocation for Welfare of Scheduled Tribes	39,135	36,890	52,884	46,911	53,653	49,433	79,942	87,473	89,265
Share of Allocation for Welfare of STs in Total Budget for CSS and CS (%)	3.80	3.90	4.30	4.30	4.50	4.10	5.60	5.40	5.50

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

The planning, implementation and monitoring challenges persisting in TSP need to be addressed urgently. The allocations to the Ministry of Social Justice and Empowerment and the Ministry of Tribal Affairs need to be increased for the economic and educational empowerment of SCs and STs. The current income ceiling and unit cost of the PMS-SC scheme need to be revised taking into account the effect of inflation over the years. There is a need for complete identification of and credible information on all the manual scavengers in the country. The government should make necessary changes in SRMS guidelines to address the bottlenecks constraining utilisation of the budgets allocated. Further, an increase in demand can be created by raising awareness about the scheme among potential beneficiaries as well as within the government apparatus.

Budgeting for Minorities

Despite several minority development initiatives by the government, Muslims and other religious minorities in India have been lagging behind on development indicators pertaining to educational attainment, gender equality and workforce participation. Of the people from the Muslim community employed in urban areas, 15 per cent work as casual labourers, while 50 per cent are self-employed (as per the 68th Round of the National Sample Survey).

Over the last couple of decades, there have primarily been two policy strategies focusing on the development of religious minorities in the country. These are the Prime Minister's New 15 Point Programme (15 Point Programme) for welfare of minorities and the Multi Sectoral Development Programme (MSDP), introduced in 2006 and 2008, respectively. The MSDP was renamed as the *Pradhan Mantri Jan Vikas Karyakram* (PMJVK) in 2018. With regard to the interventions under these policy strategies, the 15 Point Programme for the welfare of minorities focuses on enhancing opportunities for education, an equitable share in economic activities and employment, improving living conditions, and prevention and control of communal riots. Except MSDP/PMJVK, all the schemes run by the Ministry of Minority Affairs (MoMA) are also part of the 15 Point Programme, and meant 100 per cent (in terms of budgetary support) for the development of minorities.

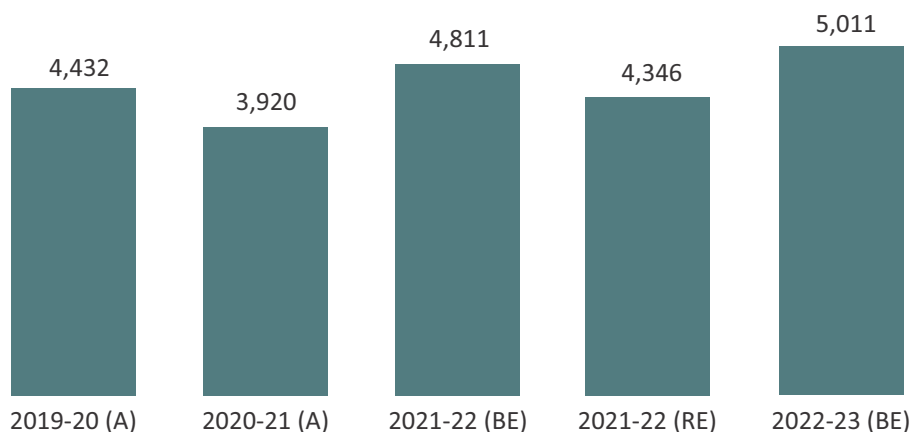
In terms of fund flow towards religious minorities, the 15 Point Programme has certain features similar to those of the Scheduled Castes Sub Plan (SCSP) and Tribal Sub Plan (TSP) strategies. As per the provisions under the 15 Point Programme, 15 per cent of funds should be allocated in development programmes wherever possible (for the development of minorities). However, while allocating funds, the proportional share of minorities in the total population - 21 per cent as per Census 2011 - was not taken into consideration. Largely, the resource allocation made through the 15 Point Programme for minorities has been a mere reporting exercise by select ministries and departments to book some parts of expenditure under their general schemes as expenditure benefiting minorities. Further, Centrally Sponsored Schemes and Central Sector Schemes lack specific provisions for minorities in the guidelines. Since the last few years, disaggregated data on minorities with regard to their share in public sector employment, credit facilities and budgetary allocations 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 as proportions of the total Union Budget expenditure have shown declining trends since 2012-13.

Union Budget Resources allocated for Minorities

In the Budget Speech for 2022-23, no new scheme has been announced for the development of minorities nor have minorities been mentioned. There is a hike of 4 per cent in the Union Budget over the previous year's budget (an increase of Rs 210 crore) for the Union Ministry of Minority Affairs, based on a small increase in allocations for the PMJVK. The total budget of the Ministry as a proportion of the total Union Budget, however, has declined to 0.12 per cent in 2022-23 (BE) from 0.14 per cent in 2021-22 (BE).

The Minority Affairs Ministry's budget has been increased from Rs 4,820 crore in 2021-22 (BE) to Rs 5,010 crore in 2022-23 (BE) (the 2021-22 RE figure stands at Rs 4,246.05 crore). The Ministry utilised Rs 3,920.29 crore in 2020-21 (A) against the BE figure of Rs 5,029 crore for that year. It also seems that the Union Budget outlays have not been provided in accordance with the demands for funds made by the Ministry. For 2019-20 and 2020-21, Rs 4,700 crore and Rs 5,029 crore were allocated against demands from the Ministry for Rs 5,795.26 crore and Rs 6,452 crore, respectively.

Figure 5.7: Union Budget Allocation and Utilisation under the Ministry of Minority Affairs (Rs crore)



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

In this budget, schemes relating to the Post-Matric Scholarship, Merit Cum Means Scholarships and MSDP/PMJVK have seen small increases in allocation from the previous year's budget, while several other schemes (such as skill development and women leadership schemes) have seen declines in allocation. The budget allocation for the Maulana Azad Education Foundation (MAEF) has been reduced to Rs 0.01 crore from Rs 90 crore in 2021-22. 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, which was shifted to the MoMA from the Ministry of Education last year, has received a reduced budget outlay of Rs 160 crore this year (compared to Rs 174 crore in 2021-22). This might affect the education of children in *Madrasas* due to non-payment of honoraria to teachers. The Ministry of Education has reported Rs 310.22 crore for 2020-21 (RE) for this scheme. The scheme provides financial assistance to introduce modern subjects in *Madrasas*, teachers' training and augmenting school infrastructure in minority institutions.

Table 5.4: Budget Allocation and Utilisation of Select Schemes Under the Ministry of Minority Affairs (Rs crore)

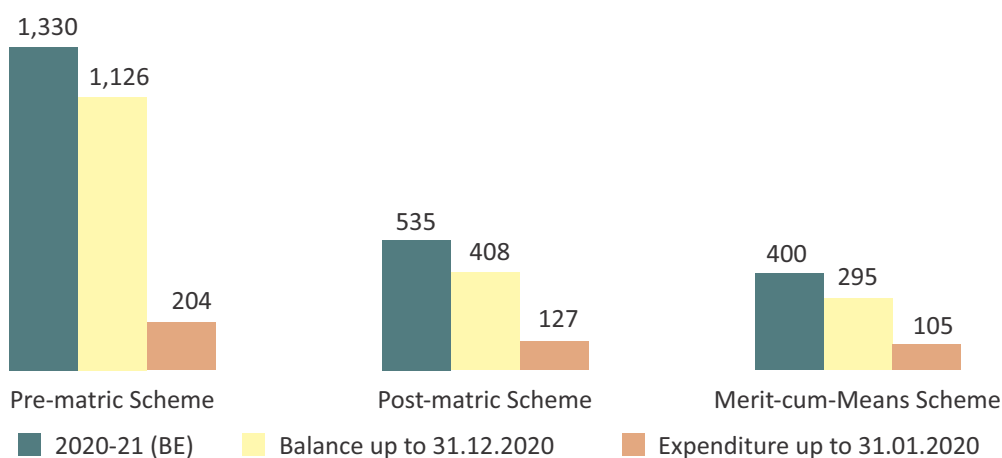
Schemes	2018-19 (A)	2019-20 (A)	2020-21 (BE)	2020-21 (A)	2021-22 (BE)	2021-22 (RE)	2022-23 (BE)
Maulana Azad Education Foundation (MAEF)	36	37.5	82	70.92	90	76	0.01
Merit Cum Means Scholarships	261.17	285.62	400	396.3	325	325	365
Free Coaching and allied schemes	44.61	13.97	50	18.4	79	39.3	79
Pre-Matric Scholarship	1176.2	1324.85	1330	1325.55	1378	1378	1425
Post-Matric Scholarship	354.9	428.77	535	512.81	468	468	515
Maulana Azad Fellowship	97.85	100	175	73.5	99	99	99
Grants and Equity to SCAs/ NMDFC	167	161.92	160	110	155	100	59
MSDP/PMJVK	1156.06	1698.29	1600	1091.4	1390	1199.5	1650
Education Scheme for <i>Madrasas</i> and Minorities					174	174	160

Source: Compiled by CBGA from the Note on Demand for Grants, MoMA.

Implementation Issues in Scholarship Schemes

Religious minorities, particularly Muslims, require special attention in the area of educational and economic empowerment. The Pre-matric, Post-matric and Merit-cum-Means scholarship schemes face implementation issues with poor coverage of beneficiaries and low unit costs due to inadequate allocations of funds. Mostly, utilisation of the budget under the scholarship schemes appears to take place in the last quarter of each financial year; the following table shows that utilisation in the first three quarters of 2020-21 was only 19 per cent (up to December 2020). Thus, beneficiary students may be receiving their scholarships only towards the end of the academic year.

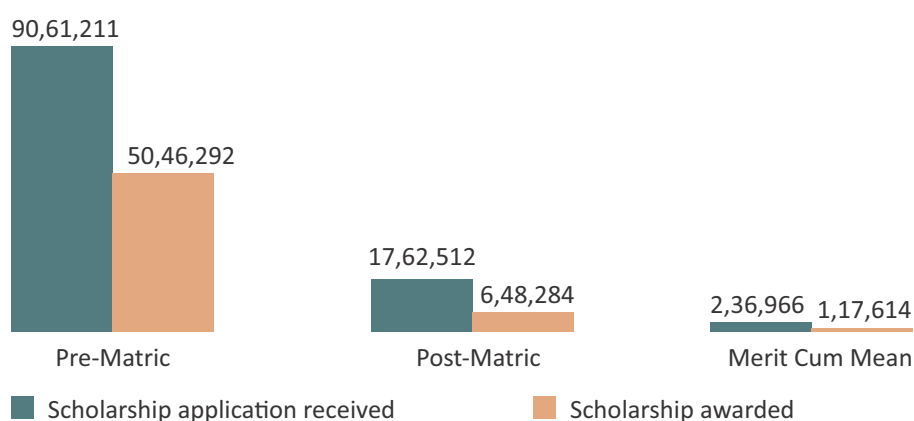
Figure 5.8: Status of Budget Allocation and Utilisation of Select Scholarship Schemes in 2020-21 (Rs crore)



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

The Union Government promised to give one crore scholarships to minorities annually under an umbrella scholarship programme (Pre-matric, Post-matric and Merit-cum-Means scholarship schemes) in 2019. As against this benchmark, only 58 lakh students received the scholarships provided by the MoMA in 2020-21. During the same year, approximately 1.10 crore applications were received for the scholarships. This shows that 47.5 per cent of the total applicants were deprived of scholarship benefits. As for the Post Matric Scholarship scheme, only 36.7 per cent of total applicants received the scholarship that year.

Figure 5.9: Status of Implementation of Scholarship Schemes in 2020-21



Source: Ministry of Minority Affairs -2020-21.

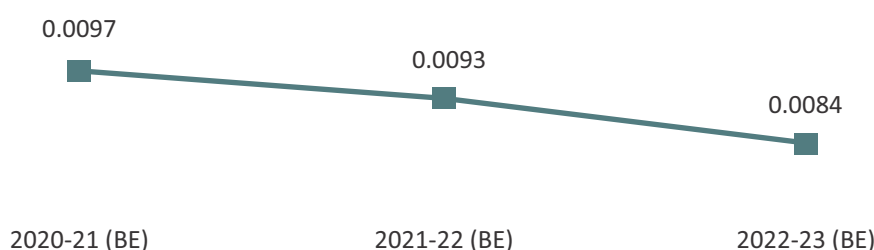
The amounts given to students as scholarships are not adequate to meet their educational expenses. The unit cost for scholarships in Pre-Matric, Post-Matric and Merit-cum-means has not been revised since the inception of the schemes (2007-08). For instance, only Rs 1,000 per annum is provided to day scholars under the Pre-Matric Scholarship Scheme. The scheme for post matric scholarship provides financial support of Rs 7,000 per annum in terms of admission and tuition fee for classes XI and XII and maintenance allowance of Rs 380 per month and Rs 230 per month for hostellers and day scholars, respectively. Only 85 institutes for professional and technical courses have been listed under the Merit Cum Means Scholarship scheme. A course fee of Rs 20,000 per annum is reimbursed to students studying in other institutions. Besides, the amount provided as maintenance allowance is a meagre Rs 500 per month for day scholars and Rs 1,000 per month for hostellers.

It is suggested that the CSS guidelines covered under the 15 Point Programme should allow for appropriate or customised interventions for development of minorities by identifying the development gaps in minority concentrated localities and areas. The design of the 15 Point Programme is not appropriate in terms of comprehensive coverage of the minority population and addressing their development needs until and unless the government initiates/designs some targeted schemes/programmes for minorities. In this respect, instead of the current provision of 15 per cent of funding allocation under the 15 Point Programme, resource allocation should be made as per the diverse needs of minority communities across different sectors. Further, the scholarships should be made demand driven, along with additional financial resources to enhance unit costs. The total budget allocation for the MoMA should be significantly increased, given the level of deprivation in the educational attainment of minorities.

Persons with disabilities

In the backdrop of the persisting pandemic having severely impacted persons with disabilities, the one specific commitment for such persons in Budget 2022-23 is an insurance scheme. The parent or guardian of a differently differently-abled person can avail the insurance scheme for such a person. The scheme allows the payment of annuity and lump sum amounts to the differently abled dependent during the lifetime of the parents/guardians, i.e. on parents/ guardians attaining the age of 60 years¹⁰². The absence of any other specific financial commitment displays the widening gap in the realisation of the rights envisaged in the Rights of Persons with Disabilities Act, 2016 (RPDA 2016). The overall specific allocations for persons with disabilities as a ratio to GDP show a declining trend.

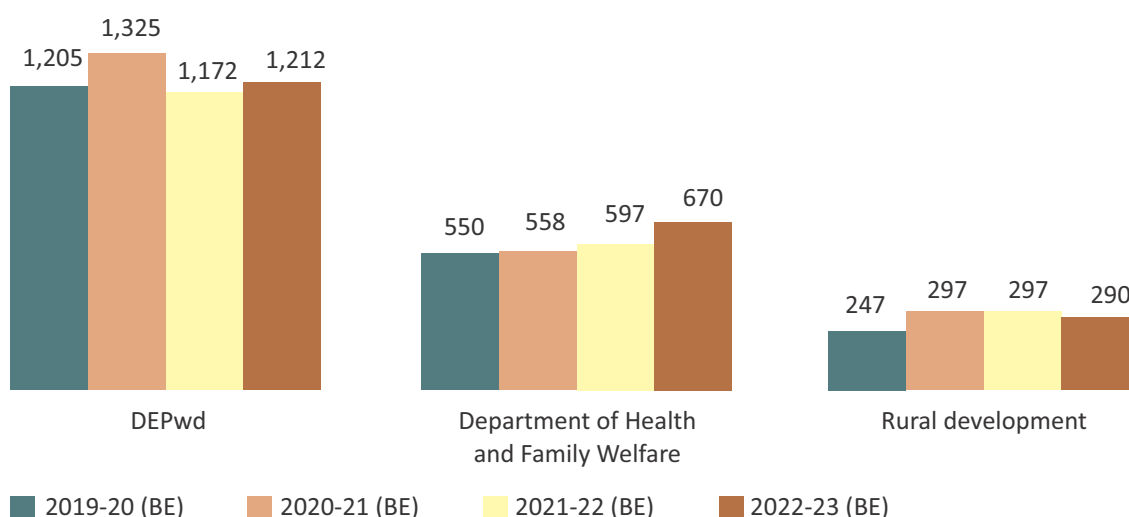
Figure 5.10: Union Budget allocations specific to persons with disabilities as a percentage to GDP



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

Only four departments - including the Departments for the Empowerment of Persons with Disabilities (DEPwD), Health and Family Welfare, and Rural Development - have disaggregated the budget allocations specific to persons with disabilities. The graph below indicates the trend in such allocations.

Figure 5.11: Trend in Union Budget allocations specific to persons with disabilities (Rs crore)



Source: Union Budget and Economic Survey.

¹⁰² Budget Speech 2022-23 - https://www.indiabudget.gov.in/doc/Budget_Speech.pdf

The *Samagra Shiksha Abhiyan* (SmSA) has a specific allocation for the inclusive education of children with disabilities. However, the allocation for persons with disabilities is not disaggregated in the Demands for Grants document of the Ministry of Education. The SmSA Project Approval Board (PAB) minutes reveal that the allocation significantly increased in 2018-19, and the trend continued in 2019-20, but in 2020-21 there was a significant decline.

Table 5.5: Union Budget Allocation for the Inclusive Education Component under SmSA (Rs crore)

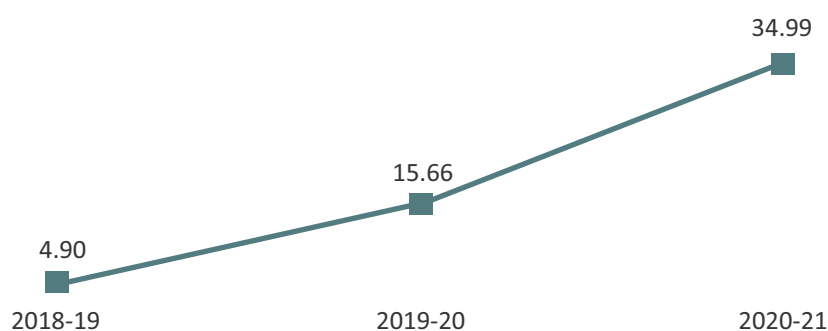
Year	Allocation to the inclusive education component
2016-17	572.8
2017-18	544.8
2018-19	962.9
2019-20	1,066.7
2020-21	707.8

Source: PAB Minutes, SmSA.

The DEPwD is the nodal agency responsible for overseeing the implementation of RPDA 2016 and for implementing specific programmes related to disabilities, such as rehabilitation services, production and supply of assistive devices, and scholarships for students with disabilities. The rehabilitation services are implemented through programmes such as the Deendayal Rehabilitation Scheme (DDRS) and through autonomous bodies such as the National Institutes and the National Trust. All these programmes are critical for the effective inclusion and participation of persons with disabilities across sectors.

Union Budget 2022-23 has offered a marginal 3 per cent increase in the allocation to the department. A closer look reveals that it is an increment from the previous financial year, which saw a decrease of 12 per cent from 2020-21. Apart from this, significant underutilisation of resources to the extent of 35 per cent was observed in 2020-21 and 15 per cent in 2019-20. The figure below highlights the increasing trend in underutilisation of resources.

Figure 5.12: Trend showing unutilised resources against budget allocation (in %)



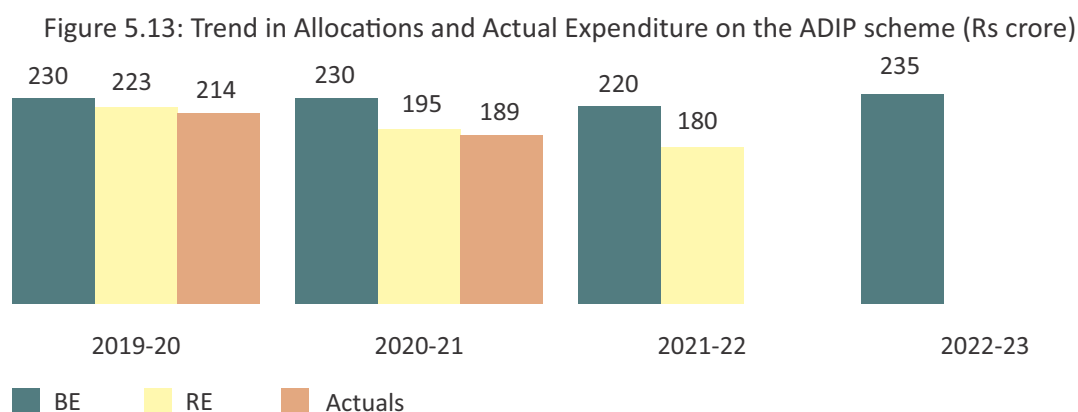
Source: Union Budget and Economic survey.

A deeper look at the programmes of the department reveals that the trend in allocation has been either stagnant or is declining. Also, it reveals that there has been under-utilisation across programmes:

1. Assistance to Disabled Persons for the Purchase/Fitting of Aids and Appliances (ADIP)

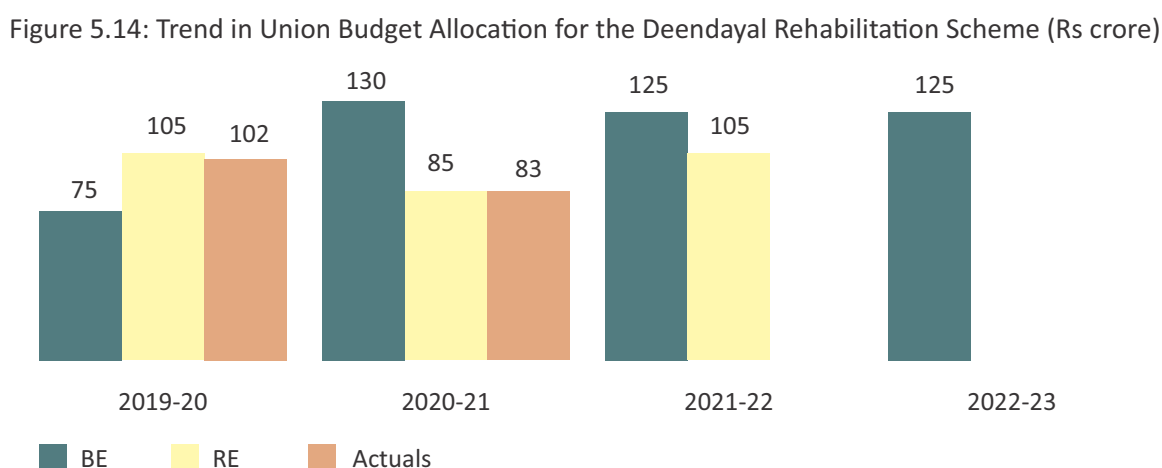
According to the National Sample Survey Organisation (NSSO) Report on Disability 2018¹⁰³, only 23.8 per cent of persons with locomotor disability, 31.5 per cent of persons with visual impairment and 19.1 per cent of persons with hearing impairment, among those who have been advised to have assistive devices, have accessed one. However, among those who have accessed devices, only 5-9 per cent have done so through government programmes.

This is a huge cost on the family and the individual with the disability, given the lack of employment opportunities and social protection. According to the DEPwD Annual Report for 2020-21 there has been a huge disruption in the delivery of assistive devices¹⁰⁴. However, there was no announcement on the efforts taken to enhance the supply of devices to persons with disabilities. The budget documents reveal a marginal increment in allocation for fiscal year 2022-23. The trend pertaining to the gap between allocation and actual utilisation is not very reassuring.



Source: Union Budget and Economic Survey, Department for the Empowerment of Persons with Disabilities.

2. The allocation for the Deendayal Rehabilitation Scheme (DDRS) remains constant at Rs 125 crore. However, there has been a wide gap between budget estimates and actual expenditure since 2020-21.



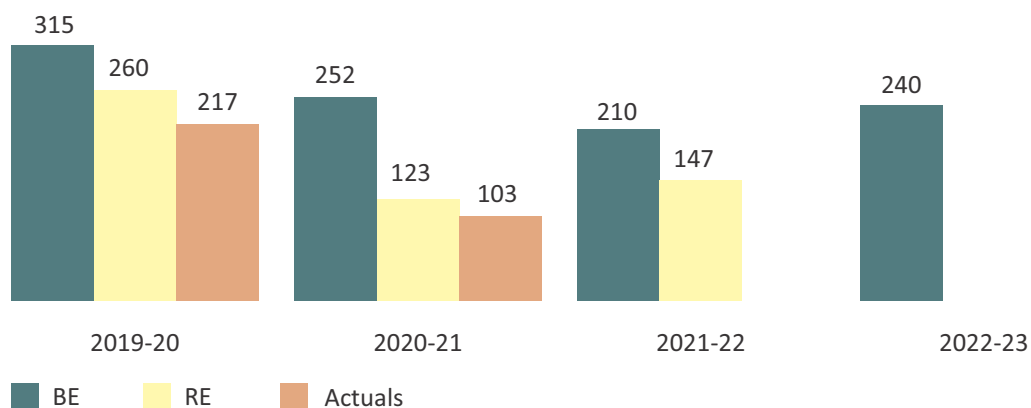
Source: Union Budget and Economic Survey.

¹⁰³ NSS 76th Round “Persons with Disabilities in India”, July to December 2018
https://www.mospi.gov.in/documents/213904/301563//Report_583_Final_01602938954951.pdf/cd793216-6281-c572-8cad-f120e5d6ca9f

¹⁰⁴ Annual Report 2020-21, Department for the Empowerment of Persons with Disabilities

3. Scheme for Implementation of the Rights of Persons with Disabilities Act (SIPDA) - This covers a range of programmes, including skill development, accessibility and rehabilitation initiatives. However, the allocation has drastically declined with heavy under-utilisation in the previous years.

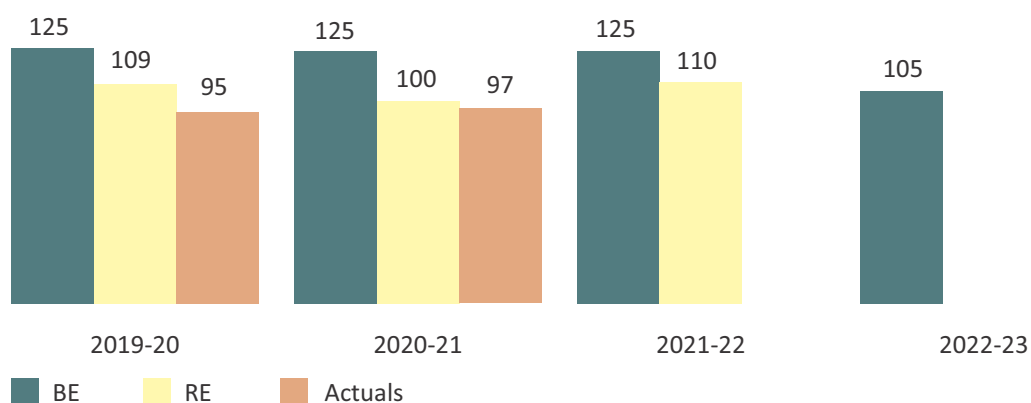
Figure 5.15: Trend showing Union Budget Allocation for SIPDA (Rs crore)



Source: Union Budget and Economic Survey.

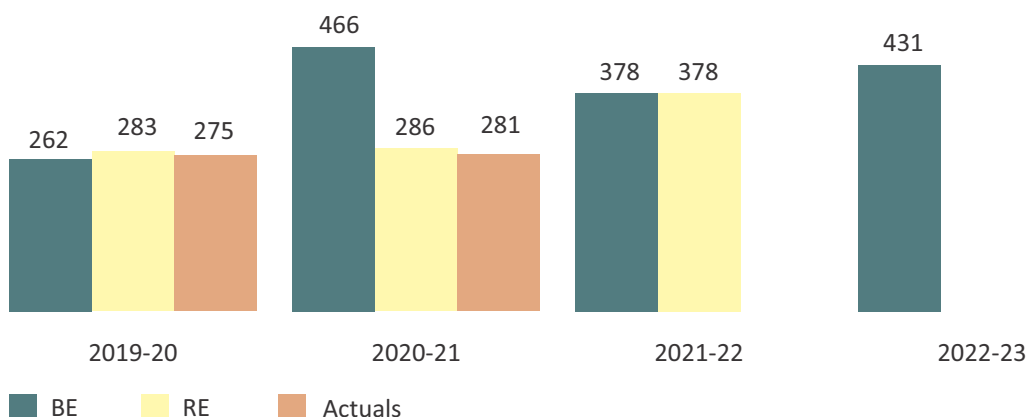
4. Scholarships and allocations to autonomous bodies also follow a similar pattern.

Figure 5.16: Trend in Union Budget Allocation for the Scholarships Programme (Rs crore)



Source: Union Budget and Economic Survey.

Figure 5.17: Trend in Union Budget Allocation for the Support to Autonomous Bodies (Rs crore)



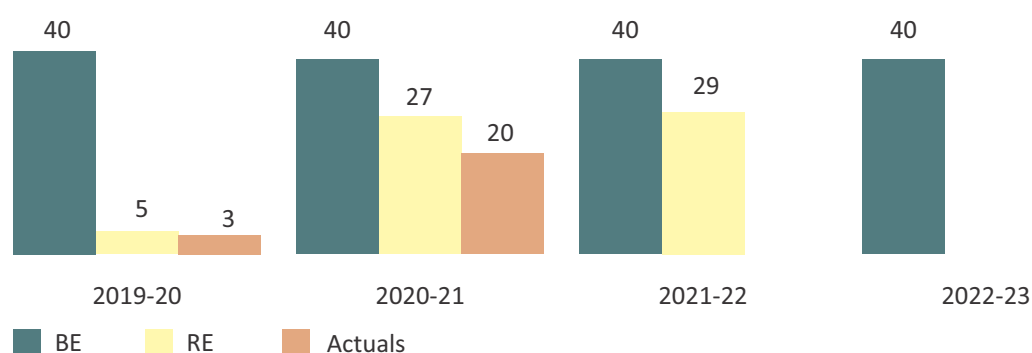
Source: Union Budget and Economic Survey, Department for the Empowerment of Persons with Disabilities.

Department of Health and Family Welfare

Under this Ministry, the majority of the allocation meant specifically for persons with disabilities goes to the National Institute of Mental Health and Neuro Sciences. However, implementation of the Mental Health Care Act, 2017 and the RPDA, 2016 also requires programmes such as community-based rehabilitation, universal health insurance that covers disability-specific extra costs related to health, and the cost of assistive devices. However, such a programme does not exist for all persons with disabilities.

The National Mental Health Programme is a key scheme designed to ensure community living for persons with disabilities. The United Nations Convention on the Rights of Persons with Disabilities (UNCRPD) reaffirms the right of persons with disabilities to live independently and be included in the community. Persons with psychosocial disability, who have historically been institutionalised, expect this programme to provide them with the much-needed transition to community living. However, the allocation has remained stagnant over a period of time, with huge under-utilisation.

Figure 5.18: Allocation for the National Mental Health Programme (Rs crore)



Source: Union Budget and Economic Survey, Department of Health and Family Welfare.

Non-Contributory Social Protection

A universal cash transfer compensating the extra cost of disability has been one of the major demands of persons with disabilities and their representative organisations. Social protection benefits are one of the key sectors that ensure an adequate standard of living and allow for participation on an equal basis with others. However, the Indira Gandhi National Disability Pension (IGNDP) scheme is too little and covers only 7.6 per cent of working-age adults¹⁰⁵. Children are completely left out since it is seen as an income support¹⁰⁶ scheme. There is a need for a combination of income support and compensation to address the extra cost of disability due to pre-existing marginalisation such as lack of accessibility, lack of education, lack of rehabilitation services and lack of employment opportunities.

COVID-19 has exacerbated the marginalisation experienced by persons with disabilities due to complete disruption of services meant specifically for them, and loss of income given that persons with disabilities are mostly engaged in the marginal and unorganised sectors¹⁰⁷. The one-off measure by the Union Government through the *Pradhan Mantri Garib Kalyan Yojana* (PMGKY) - an ex gratia pension for persons with disabilities - worked out to only 0.0006 per cent of the entire package¹⁰⁸. No further measures have been taken to address the inequalities.

For 2022-23, the Government has reduced the allocation for IGNDP as shown in Figure 5.19.

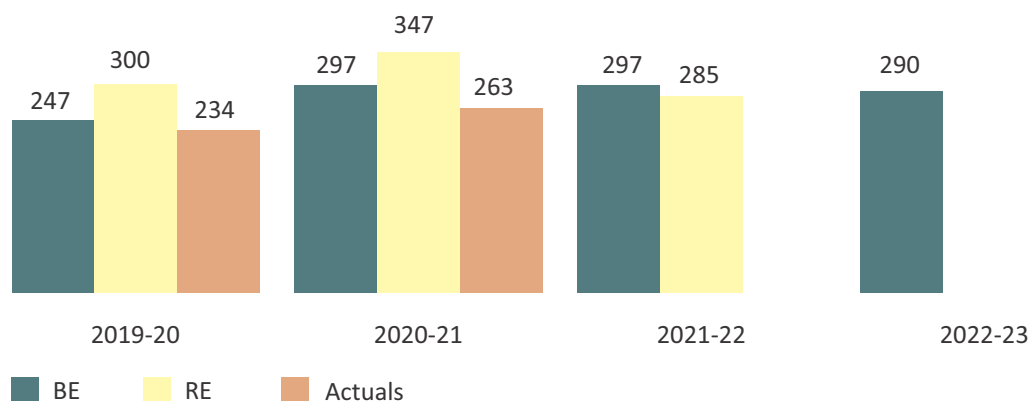
¹⁰⁵ Too Little, Too Few, An Initial Analysis of social Protection response to COVID-19 crisis for persons with disabilities in India May 2020 - https://inclusive-policy.org/wp-content/uploads/2021/05/too-little-too-few_final.pdf

¹⁰⁶ *ibid*

¹⁰⁷ Have we Progressed? A monitoring report of the social protection response to the COVID-19 pandemic for persons with disabilities in India, August 2021 - <https://inclusive-policy.org/wp-content/uploads/2021/11/CIP-COVID-report-India.pdf>

¹⁰⁸ *ibid*

Figure 5.19: Union Budget Allocation for IGNDP (Rs crore)

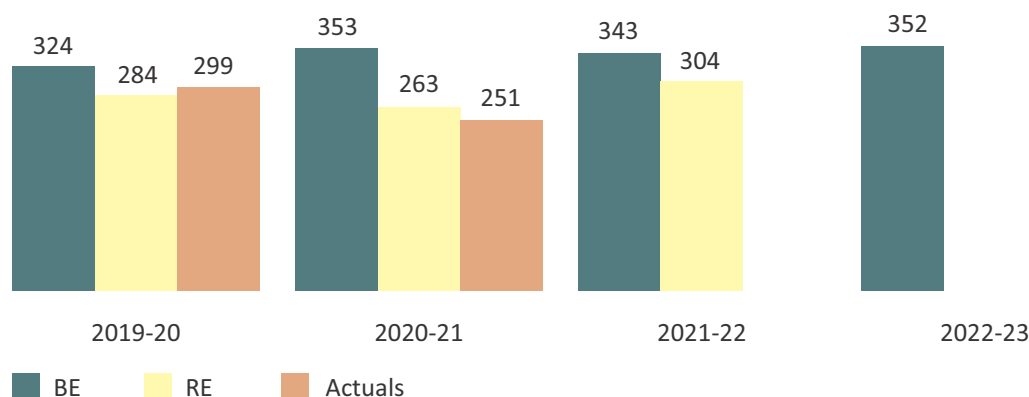


Source: Union Budget and Economic Survey, Department of Rural Development.

Women and Girls with Disabilities

The UNCRPD has recognised the multiple levels of marginalisation experienced by women with disabilities, and has mandated State parties to take specific measures to address the inequalities. However, the gender budget statement reveals that there are no specific programmes for women with disabilities. Part B of the Gender Budget Statement reflects a marginal increment in allocations relevant in this context, for 2022-23. However, there is under-utilisation of allocated budgets during the previous years.

Figure 5.20: Trend in Union Budget allocation for women with disabilities (Rs crore)



Source: Economic Survey 2021-22, and Gender Budget Statement 2022-23, Union Budget.

Wider consultations with persons with disabilities and their representative organisations are vital in the preparatory processes of ministries/departments while formulating the Union Budget. The issues of persons with disabilities need to be recognised as cross-sectoral. In the light of RPDA 2016, the government should have a relook at the design of various existing programmes and align them with the objective of RPDA, 2016 for effectiveness. A life-cycle approach should be adopted in this context. Further, budget allocations should be enhanced for social protection programmes, taking into account the extra costs confronting persons with disabilities, and new programmes (such as personal assistant services and community-based rehabilitation services) should be introduced. Also, the recognition of intersectional marginalisation among persons with disabilities is critical to ensure the effectiveness of various programmes catering to the diversity among persons with disabilities.



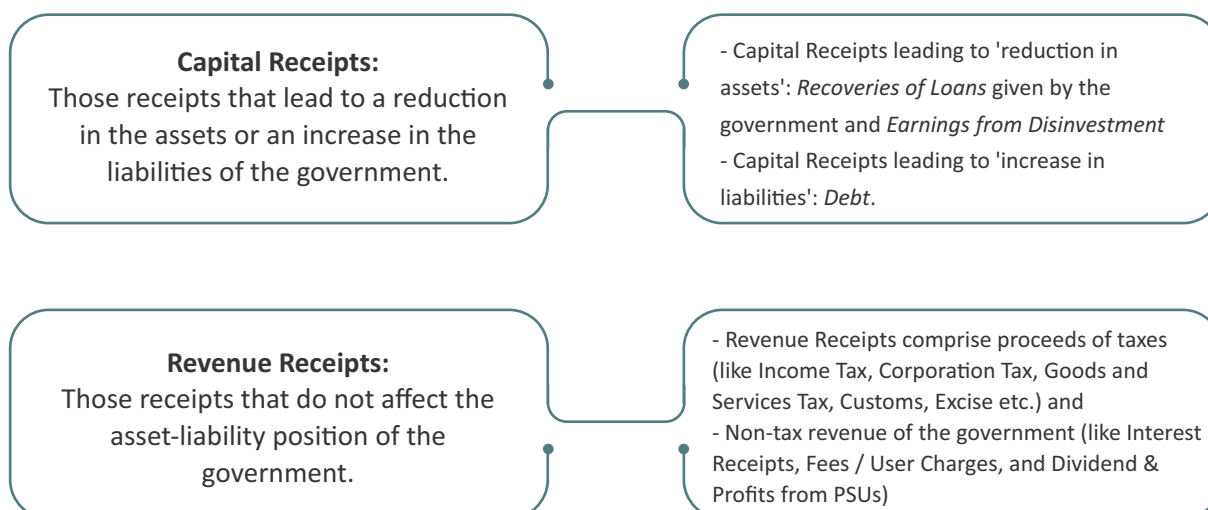
ANNEXURES



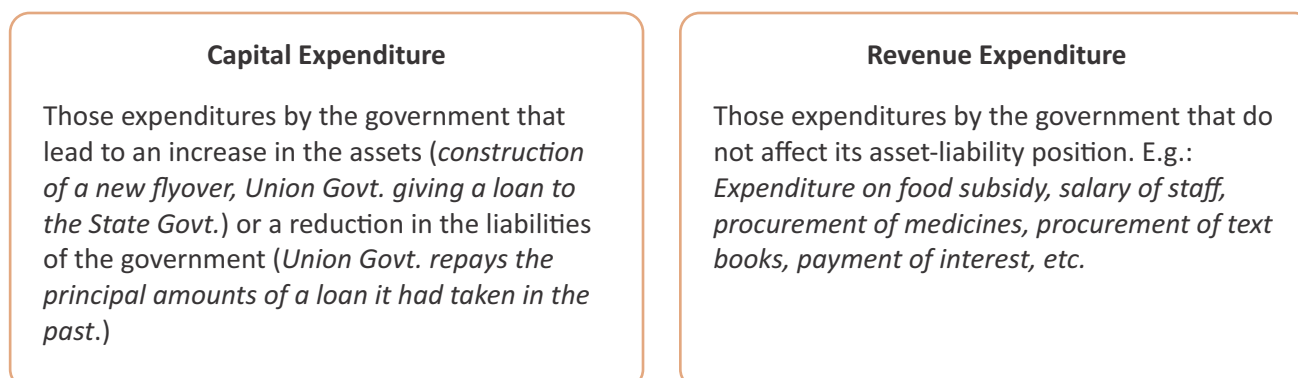
I: Understanding Budget Concepts

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

Classification of Government Receipts



Classification of Government Expenditure



Classification of Government Schemes

State Specific Schemes

Only the State Government provides funds for these, with no direct contribution from the Centre.

Central Sector Schemes

The Central Government provides entire funds for these.

Centrally Sponsored Schemes

Both the Central Government and the State Government provides funds for the scheme. The ratio of their contributions depends on the design of the scheme.

Deficit and Debt

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

Classification of Government Expenditure

Fiscal Deficit

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.

Revenue Deficit

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

Tax Revenue refers to the money collected by the government through payments imposed by legislation.

Non-Tax Revenue

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

2. Direct and Indirect Tax

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

Direct 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.

Indirect Taxes

Those taxes for which the tax burden can be shifted or passed on are called Indirect Taxes.

Any person who directly pays this kind of tax to the government, need not bear the burden of that particular tax; they can ultimately shift the tax burden to other persons later through business transactions of goods or services.

E.g.: Goods and services tax, customs duties, excise duties, etc.

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

3. Division of Taxation Powers between Centre and States

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

Central Government

Personal and Corporate Income Tax, Customs Duties

State Governments

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.

GST Council

The GST Council is a constitutional body that governs the Goods and Services Tax, an indirect tax. The proceeds from Central GST (CGST) go towards the Central Government, proceeds from State GST (SGST) go towards State Governments and proceeds from Integrated GST (IGST) are divided between the Central Government and State Governments.

Local Governments

Tax on property (buildings etc.), Tax on Markets, Tax / User Charges for utilities like water supply, parking, drainage, etc.

4. Distribution of Revenue collected in the Central Tax System

A Finance Commission is set up once every five years to suggest sharing of financial resources between the Centre and the States, a major part of which pertains to the sharing of revenue collected in the Central Government Tax System. At present, the total amount of revenue collected from all Central Taxes – excluding the amount collected from cesses, surcharges and taxes of Union Territories, and an amount equivalent to the cost of collection of central taxes – is considered as shareable / divisible pool of Central tax revenue. In the recommendation period of the 15th 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, etc. other than companies, under the Income Tax Act, 1961. This head also includes other taxes, mainly the Securities Transaction Tax, which is levied on transactions in listed securities undertaken on stock exchanges and in units of mutual funds.

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

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

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

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

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

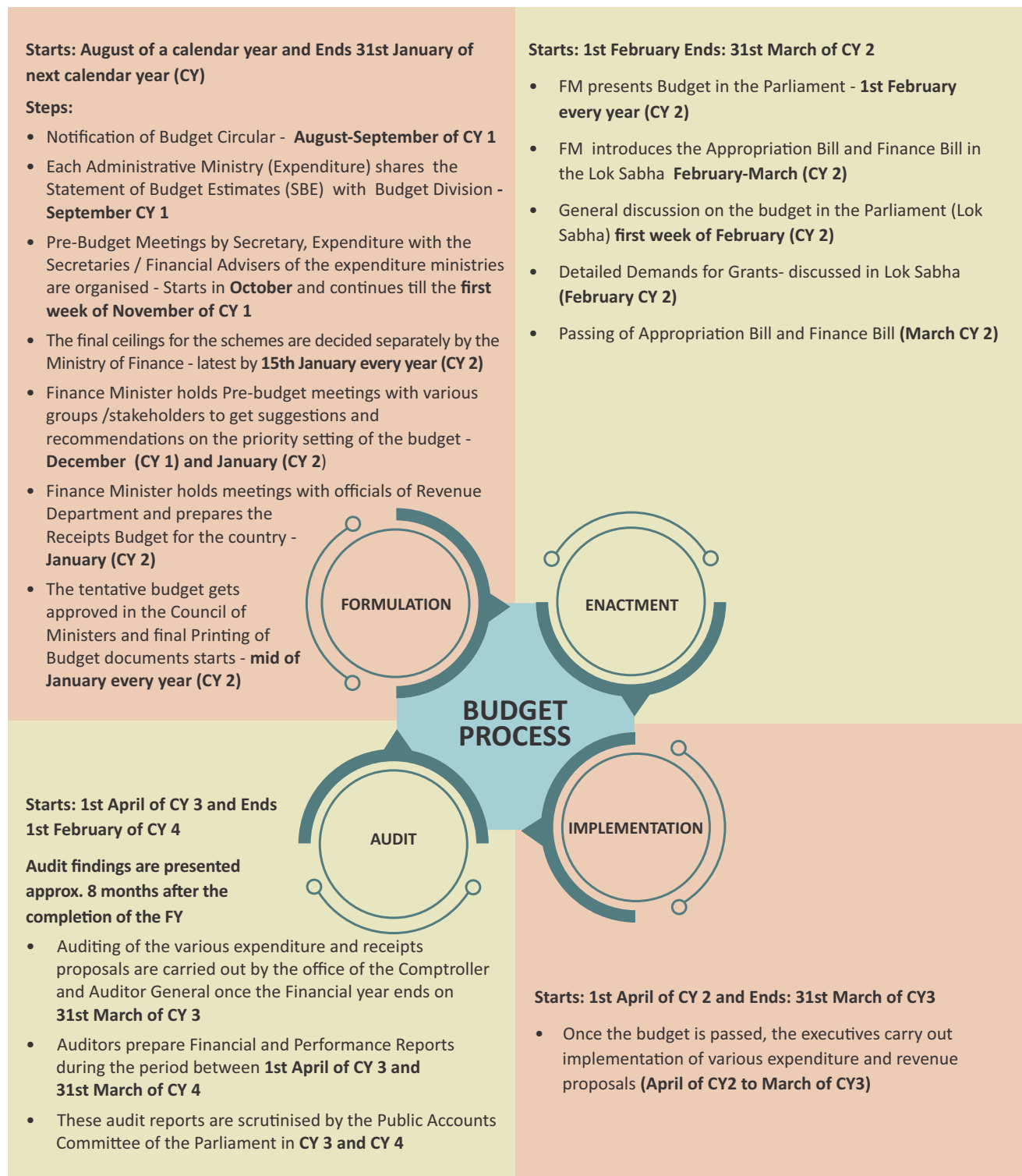
Which of these Union Budget documents are the most useful for analysis of the Budget?

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

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 gets over by months of March-April of calendar year 4.



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 for greater transparency, accountability and scope for participation in budgets. For further information about CBGA's work, please visit www.cbgaindia.org or write to us at: info@cbgaindia.org.

Please visit the open data portal on budgets in India at: www.openbudgetsindia.org.

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