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Discussion on Union Budget 2018-19

Social Development Forum

Council for Social Development

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The Social Development Forum (SDF) of Council for Social Development (CSD) organized a day long discussion on the Union Budget 2018-19 on 7th March 2018 at Durgabai Deshmukh Memorial Lecture Hall, CSD, New Delhi. The main objective of this discussion was to analyse the Union Budget from the CSD's perspectives on social sector development.

The Macroeconomic Aspects of the Union Budget 2018-19

Similar to the previous year's budget, the union budget 2018-19 is also a contractionary budget. The size of the union budget as compared to the Gross Domestic Product (GDP) has gradually declined from 13.37 per cent of the GDP in 2014-15 to 12.56 per cent in 2018-19 (BE). In absolute terms, without considering the rate of inflation, there is indeed a slight increase from Rs 21.56 lakh crores in 2017-18 (RE) to Rs 23.52 lakh crores in 2018-19 (BE). This amounts to a 9 per cent increase from the last year's allocation. However, if the inflation is taken into account, the proposed increase in the union budget will not be more than 5 per cent. The budget falls short of the expectations considering the noticeable expansion of the Indian economy in the last two years. The fiscal deficit of the Union Government, as a share of GDP, has declined over the last few years from 3.89 per cent in 2015-16 to 3.33 per cent in 2018-19 (BE). This is also reflected in the declining total Union Budget Expenditure to GDP ratio, as revenue receipts have been stagnant at around 8.7 % of GDP. There is a visible increase in the total Transfer of resources to States and UTs in 2017-18 (RE) and 2018-19 (BE), as compared to the first two years of the fourteenth Finance Commission's recommendation period. This is on account of the provisions made for compensation to States for revenue loss on the rollout of GST.

Looking at sectoral allocations in the budget, only a couple of sectors viz. defense, road transport and highways, and rural development have received large allocations. Allocations to other sectors have remained stagnant or declined in real terms. The government has hailed the budget as a drastic departure towards helping the poor; however, the allocations do not support this statement.

The present budget shows a departure from the earlier budgets in that it includes some protectionist elements. For instance, duty on products like mobile phone, television, and related accessories has been increased. The utter failure of 'Make in India' policy of the government might have prompted it to include these protectionist elements in the budget. Unless domestic production and investment is encouraged and the industry protected by instruments of customs, the ‘Make in India’ initiative is unlikely to succeed.

However, it seems that the real intention of the government is what has been reflected in the Prime Minister’s Davos speech, where he pledged to encourage liberalisation, free trade and gives greater play to free market forces. The appropriate government policy should be what has been said by the Finance Minister in his budget speech in the parliament, and not what the PM declared in Davos. To make ‘Make in India’ successful, the government must use the flexibility permitted by the World Trade Organisation (WTO).

The government’s efforts to control fiscal deficit may have contributed to an increase in the inflow of foreign capital that has taken place in the last few years but the impact of this increase can be judged only by going into its composition. Besides, foreign investment still constitutes a very small part of the total investment in the Indian economy. The rate of investment has declined from 33 per cent of gross fixed capital formation in 2007 to 26 per cent in 2017. Any attempt to reduce fiscal deficit or putting restrictions on it has the effect of reduced resources being made available for investment in the domestic economy, including in the key areas such as education and health. It is also clear that low rate of investment adversely affects creation of employment in the domestic economy.

In order to generate resources to ensure higher allocations to different sectors, tax/ GDP ratio has to be increased. The current tax-GDP ratio in India which includes both Union and State taxes, stands at 17 percent. In this indicator, India ranks low compared to not only developed countries, but also to developing countries such as China, Vietnam, Brazil and South Africa (Economic Survey 2015-16, p 108). There is probably a need to learn from the experiences of countries like Brazil where this ratio increased by 10 percentage points in a period of over 10 years. This has resulted in higher allocations to the social sector and a dramatic decline in poverty. The government recently announced a sharp increase in its tax collections after the implementation of Goods and Services Tax (GST). However, we have to wait and watch the trend over a period of time before arriving at a conclusion. Besides, GST like any other indirect tax is fundamentally regressive as it will redistribute resources from relatively poor to rich people.

EDUCATION

The budgetary allocations to the Education sector in the current Budget is grossly inadequate. The allocation to the Ministry of Human Resource Development (MHRD), the nodal ministry for education, is estimated to increase by 7 per cent from the previous year's allocation (from Rs. 79686 crores in 2017-18 (BE) to Rs. 85010 crores in 2018-19 (BE)). Though the education budget has increased in absolute terms, Union government's expenditure on education, as a proportion of GDP, has declined from 0.55 per cent in 2014-15 to 0.45 per cent in 2018-19 (BE). Similarly, the share of union government's expenditure on education as a percentage of Union Budget declined from 4.1 per cent to 3.6 per cent during this period. This reduced priority to education is also reflected in the Economic Survey 2017-18 which says, 'of the 6.6 percent of GDP on social sector, 2.7 percent went to education in 2017-18, down from 3.1 percent in 2013-14'.

Allocations to the *Sarva Shisksha Abhiyan*, the designated vehicle for implementing the RTE Act, has increased by 11 per cent over the last year (from Rs. 23500 crores in 2017-18 (RE) to Rs. 26127 crores in 2018-19 (BE)). However the increase in real terms is not more than 4-5 per cent. Further, looking at this allocation in respect of the allocations made to *SSA* in 2014-15, increase is merely around 8 per cent in nominal terms. The union government reduced the allocation to the scheme in 2015-16 by more than 20 per cent from the previous year (2014-15). The current allocation has barely reached the level of 2014-15. Allocations to *Rashtriya Madhyamik Shiksha Abhiyan* (RMSA) has increased by around 8 per cent from Rs. 3914 crores in 2017-18 (RE) to Rs. 4213 crores in 2018-19 (BE). This is just about enough to take care of inflation. This meagre allocation for RMSA is a poor reflection on the seriousness of purpose of the government. The question arises, where will the huge number of students who will complete elementary education, go for continuing their education? Given the pitiful amount of allocation for RMSA, there is a genuine apprehension that with the merger of SSA and RMSA, a substantial part of the allocation to SSA may be shifted to secondary education. And this will happen when most of the important provisions of the RTE Act remain unimplemented. To take only one area i.e. infrastructure, less than 10 per cent of the schools out of 1.5 million schools across the country are compliant with RTE norms on infrastructure. There is, therefore, a need for a substantial increase in resources allocated to SSA.

The Budget Speech of the Finance Minister highlights the need for professionally qualified teachers for improving the quality of education. As per government records, out of 66.41 lakh teachers at the elementary level, 11.00 lakh are still untrained. Of this, 5.12 lakh are in Government and Aided Schools, and 5.98 lakh in private schools. In an effort to ensure that all teachers meet the minimum required professional qualification, the government recently amended the Right to Education (RTE) Act by extending the deadline for teachers to acquire the prescribed minimum qualification from 2015 to 2019. So far, the issue of untrained teachers has been addressed through in-service teacher training. But these Centrally Sponsored Schemes only provide running cost for refresher courses. They do not cover the costs for institution building. The immediate need is for building the institutional infrastructure for teacher education to cater to the training need of this large number of professionally under-qualified teachers. The budget has allocated Rs. 550 crores for strengthening teacher training institutions, which is a Rs. 70crores increase from the previous year's Budget estimates.

The Budget Speech has also proposed replacing the existing 3 percent education Cess with a 4 percent 'Health and Education Cess' to take care of both the education and health needs of the poor and rural families. The education cess was originally intended to make additional resources available for financing education. But in the past five years, a larger chunk of the education budget has been financed through education cess. So far as elementary education is concerned, the fund created by collection through the cess is being increasingly used to finance SSA and Mid-Day Meal (MDM) schemes. In the five years, more than 60 percent of the SSA and MDM budgets have been financed through cess. Thus while the collection of cess began as a measure to inject additional amounts to supplement the government's own support, it has grown to be more of a substitute. The Finance Minister said that 1 per cent additional cess will bring Rs. 11000 crores but only an increase of Rs. 3128 crores has been allocated to SSA and MDM.

The budgetary allocation to the Department of Higher Education is Rs. 35,010 crores, which is only five percent higher than that in 2017-18 (BE). An inadequate increase in this allocation is expected to increase the demand for educational loans for higher education. This has been reflected in the Union Budget. While the budget for *Rastriya Uchhatar Shiksha Abhiyan* (RUSA) has been increased by only Rs. 100 crores, that for interest subsidy and contribution for Guarantee Funds for education loan has been increased by Rs. 1950 crores to Rs. 2150 crores.

The government has also announced in the budget its plan to launch a major initiative named 'Revitalising Infrastructure and Systems in Education (RISE) by 2022' with a total investment of Rs.100000 crores in the next four years to step up investments in research and related infrastructure in premier educational institutions. The allocation under Higher Education Financing Agency (HEFA) has been increased from Rs. 250 crores to Rs. 2750 crorescroress. This clearly shows that public investment in higher education has been way lower than required. If the government continues to reduce allocation of resources for direct financing of higher education, it would give a further boost to privatisation of the sector.

An interesting feature of the budget allocations during the last few years has been that every year, new schemes were announced but never followed up. For instance, the Finance Minister in his last year's budget speech announced the formation of an Innovation Fund for secondary education which was neither created nor any fund allocated for it. Similarly, he announced the formation of a National Testing Agency in the last year's budget, so that the CBSE and AECT will be relieved of this burden, but this Agency was never created.

HEALTH

Public health system is in a bad shape and has been so for a long time. It suffers from shortfall in infrastructure, deficiency in human resources and a very high out-of-pocket expenditure of health seekers. As per Rural Health Statistics, the shortfall in infrastructure consists of 19 per cent of sub-centres (SCs), 22 per cent of primary health centres (PHCs), and 30 per cent of community health centres (CHCs) as on March 31, 2017. Besides, the existing infrastructure across states is in a dilapidated condition and requires a thorough overhauling and rejuvenation. Deficiency of personnel is glaring and is across different categories of health providers. There is 82 per cent of shortage of required number of specialists (including Surgeons, Obstetricians & Gynaecologists, Physicians & Paediatricians) at CHCs. Nearly 6370 sub-centres are functioning without Auxilliary Nurses and Midwives (ANMs). Where the posts have been sanctioned, the positions are lying vacant. It was expected that the union budget would provide for sufficient amount towards meeting these deficiencies, particularly because the national health policy of 2017 has recommended that 2.5 per cent of GDP should be spent on health by government (both Centre and States) of which 40 per cent should come from the Centre. The out-of-pocket expenditure as per the recent health statistics is 63 per cent of the total health expenditure which is entirely due to private health care in terms of consultation, diagnostics and medicines. The allocation for the Ministry of Health and Family Welfare (MohFW) (including for AYUSH) has increased from Rs. 50281 crores in 2017-18 (BE) to Rs.56226 crores in 2018-19 (BE) – a 12 percent increase. However, from 2017-18 (RE) the increase is much lower, a mere Rs. 1374 crores, or about 2.5 percent. This is disappointing because even the increase in 2017-18 (RE) budget over the budget of 2016-17 was higher at 27 per cent.

The current year budget contains four major announcements. The most important of them is *Ayushman Bharat* (a health insurance scheme to cover 50 crores beneficiaries, the largest ever in any part of the world). This was declared as a major initiative towards universal health coverage. This will roughly cover 10 crores families per annum. The insurance cover will increase to Rs. 5 lakhs per family. The second major announcement was the conversion of the existing health centres into health and wellness centres by upgrading 1.5 lakh such units for which Rs. 12000 crores has been allocated. The third major announcement was setting up of 24 new government medical colleges and hospitals. They would not be new but existing district hospitals would be upgraded. The fourth announcement was the provision of additional Rs. 600 crores as a nutritional support to TB patients at the rate of Rs. 500 per month during the course of their treatment. As far as the first scheme is concerned, it suffers from many problems. The scheme is not backed by commensurate financial allocation. The sum allocated for this is paltry Rs 2000 crores which is only an increase of Rs. 672 crores over the resources allocated for the earlier insurance scheme announced last year. The amount provided is trivial compared to that required. Even in the existing scheme of *Rashtriya Swasthya Bima Yojana* (RSBY), where the maximum benefit of a family is Rs. 30000, the insurance premium paid for each family is Rs. 1500. On this basis, the premium for coverage of Rs 5 lakh per family would be Rs. 8300 crores. And if 10 crores households have to be covered every year, this would require an allocation of 83000 crores. Considering that the state governments are expected to share expenditure on this premium on the basis of 60:40, the central budget should have provided somewhere around Rs. 50000 crores. The details of the scheme are not available and may take about six months to be worked out. But one thing is certain and it is that the scheme is not likely to be rolled out in the current year in view of the considerable preparatory work required.

The current coverage under government health insurance scheme is around 33 crores persons. This is proposed to be taken to 50 crores persons. But the allocation for RSBY which is the biggest of the available health insurance schemes of the government, could not be spent last year. The expenditure was only Rs. 470.5 crores over the allocation of Rs. 1000 crores. This implies that there are bottlenecks in the implementation of even the existing scheme. Therefore additional coverage of Rs. 10 crores families every year appears very ambitious and even unrealistic.

The insurance schemes both central and the state, cover only hospital care, and selected procedures, while the major part of out-of-pocket expenditure is out patient care. Therefore, even with this insurance scheme, the current level of high out-of-pocket expenditure is unlikely to get significantly reduced. More worrying aspects are the practices of irrational medicines and unnecessary procedures resorted to by private health providers and in some cases, frauds perpetuated by unscrupulous health providers.

The flagship programme of the Ministry of Health is National Health Mission (NHM) which has two components: rural and urban. The budget for NHM has declined from Rs. 31292 crores to Rs. 30634 crores which seems to be surprising. Earlier NHM was confined to only rural areas. The urban areas were added to it the year before the last. The composite budget for both should have seen a substantial increase. This has not happened. Within the NHM budget, the component of urban health has increased, while that of rural health has declined between 2017-18 (RE) and 2018-19 (BE). *Pradhan Mantri Swasthya Suraksha Yojana* (PMSSY) is among the other three schemes. It is for the establishment of AIIMS-type super-specialty institutions and upgrading of state government hospitals. Allocation for it has been increased by Rs 650 crores over 2017-18 (RE). However, RSBY has been provided a substantial increase from Rs. 471 crores in 2017-18 (RE) to Rs. 2050 crores in 2018-19. But considering that the allocation to the scheme was not fully utilized last year, a mere increase in the allocation to the scheme may not improve its coverage or functioning. There is a need to clear the impediments and obstacles that come in the way of utilizing funds that were allocated to RSBY.

Budgetary provisions for the *Jan-Aushadhi* scheme which is to provide generic medicines at low cost, has been marginally increased by Rs. 9 crores. The coverage of the scheme remains very low with only 850 centres in operation across the country as against the target of 3000 centres.

There are many bottlenecks in the operations of the existing centres and the establishment of new centres. That is why, the coverage remains low. The very small increase in the budget indicates that the scheme is unlikely to see a very substantial spread.

Under National Health Mission (NHM), allocation for maternal and child health has an important place. It comprises nearly one-fourth of the total budget on NHM in 2018-19. But allocation for reproductive child health (RCH) component in 2018-19 budget has declined by 33 per cent from the 2017-18 (RE) budget. This is difficult to explain because the problems relating to RCH have not registered such an improvement as to call for a reduction in the budget allocation under this item. Similarly, allocation for maternity benefit scheme has also shown a decrease over 2017-18 RE. This also seems surprising as we still have not been able to meet MDGs relating to maternal and child health, and are very far behind SDG goal number 3 related to it.

The announcement of 24 new medical colleges has not been matched by a rise in resources for it from the level of last year. Rather, the allocation has declined from Rs. 3300 crores in 2017-18 (RE) to Rs. 2888 crores in 2018-19 which works around 12 per cent. Thus the overall approach to the health budget does not provide any assurance about strengthening of public health system. Therefore it is unlikely to lead to improved health outcomes for the poor sections.

SCHEDULED CASTES, SCHEDULED TRIBES. WOMEN, MINORITIES

(1) Scheduled Castes: There is an increase in the allocations for the ministries dealing with the SCs and STs in the range of 5-12 per cent from the last year's (2017-18) allocation. But, this increase is just about enough to take care of inflation. There is no increase in real terms. The Department of Health and Family Welfare, an important ministry for improving the health and nutritional status of SCs, has so far released only 12 percent of its allocated Scheduled Castes Sub Plan (SCSP) funds. Similarly the Department of Agriculture, Cooperation and Farmers' Welfare, which has significantly increased its earmarking under SCSP in 2018-19 (BE) (by over Rs. 1200 crores between 2017-18 (RE) and 2018-19 (BE)), released only 37 percent of its earmarked budget under SCSP in 2017-18. Therefore even though the budget allocation for SCSP has increased by 7 per cent from the last year (from Rs. 52719 crores in 2017-18 (RE) to Rs. 56619 crores in 2018-19 (BE)), this increase carries little significance as it is not known whether any expenditure is being incurred out of it to benefit the target group? In such a situation, the monitoring of the budget allocation alone is a futile exercise. Budget allocation (BA) for Department of Social Justice and Empowerment dealing with SCs increased by 12 per cent, from Rs. 6908 crores in 2017-18 (RE) to Rs. 7750 crores in 2018-19 (BE), but this is an insignificant increase considering the level of underdevelopment of the community . The most glaring deficiency in the budget for Scheduled Castes is the decline of Rs 350 crores (from Rs. 3348 crores in 2017-18 (RE) to Rs. 3000 crores in 2018-19 (BE)) under the scheme of post-matric scholarship for SCs. This is despite the fact that there was already an accumulated arrear of Rs. 8000 crores at the end of 2016-17 and the Department has been asking for one time clearance of this fund, which the Parliamentary Standing Committee for the department has also recommended.

The actual expenditure under the scheme of self-employment for manual scavengers has been zero during the last three years. Even the meagre allocation of Rs. 5 crores in 2017-18 could not be spent. The budget allocation this year has been increased to Rs. 20 crores. However, the most important need is to sort out various bottlenecks in the way of the implementation of the scheme. A major constraint is the identification of manual scavengers whose numbers differ in various surveys.

(2) Scheduled Tribes: The budget allocation for Tribal Sub Plan (TSP) increased by around 20 percent from Rs. 32508 crores in 2017-18 (RE) to Rs. 39135 crores in 2018-19 (BE). The budget for the Ministry of Tribal Affairs (MoTA) has also increased by 13 per cent from Rs. 5329 crores in 2017-18 (RE) to Rs. 6000 crores in 2018-19 (BE). But this increase in Sub plan allocation has little meaning in view of the change in the sub-plan strategy analysed in respect of SCs.

The recognition of the multiple deficits confronting the STs led to the Government of India introducing the strategy of Tribal Sub Plan (TSP) in 1974. The TSP envisaged earmarking funds from plan budget of the government for the welfare of the STs across ministries, at least in proportion to their share in the total population (which is 8.6 percent as per the Census 2011). In addition, a nodal ministry for the welfare of STs, MoTA, was also set up to design and implement schemes exclusively for STs. The budgets for the development of STs were thus, to be routed through these two channels. Despite being the nodal ministry for STs, the purview of the MoTA remains fairly limited to their education, art and culture and livelihoods. All other kinds of development deficits are to be addressed using the TSP funds across sectors.

The Union Government merged the plan and non-plan heads of expenditure from the Union Budget 2017-18. The Union Government, instead of developing a new framework for the implementation of TSP, directed the Union Ministries to report the TSP allocations from their respective schemes' total budgets. Any hope that the Union Government would revise its stand on this and formulate a new roadmap for TSP implementation, was crushed with the Union Budget 2018-19, which continued with the same schematic approach. Revised framework for earmarking funds under TSP has been formulated and ministries continue to report under TSP from scheme allocations. The situation continues to impede need-based planning and budgeting for the Scheduled Tribes. Therefore the expenditure incurred from this sub-plan may carry only incidental benefit from general schemes. There are also concerns with respect to the nature of interventions being reported under the TSP. In fact, some of the benefits claimed under TSP for the tribals may have a detrimental effect, for example, the Ministry of coal has spent TSP fund for the exploration of coal and lignite in tribal areas, which has led to the alienation of the land of the tribals, displacement from their habitat and pollution of their overground resources. Similarly, department of Telecommunications (Dot) has claimed that optical fibre cable based network for defense services benefits tribals. How such interventions address the specific disadvantages faced by STs or promote their specific development is highly questionable.

The Union Budget 2018-19 specifically focuses on promotion of residential schools in tribal areas at par with Navodaya Vidyalayas. Every block with more than 50 per cent of ST population and at least 20,000 persons will have an Ekalavya Model Residential School. The scheme is to be financed from the statutory grants of Special Central Assistance (SCA) under Article 275(1) of the Constitution and hence not separately reported in the budget of MoTA. There has been an increase of Rs. 300 crores in the SCA in the Union Budget 2018-19. Special central assistance (SCA) is a constitutional requirement which the states with tribal population receive. They are required to spend these funds for strengthening administration and welfare activities for tribals. By diverting these funds for residential schools, the states are deprived of the freedom to use this money as per requirement for each specific tribal area. While on one hand there is an increase in budgets for Eklavya model schools, the Ashram schools and Boys and Girls hostels have not been allocated any budget in 2018-19 (BE).

(3) Minorities: Total budgetary allocation for Ministry of Minority Affairs (MoMA) has increased by 12 per cent from Rs. 4195 crores in 2017-18 to Rs. 4700 crores in 2018-19. This has largely gone to multi-sectoral development plan (MSDP) and some scholarship schemes. The share of expenditure of Minorities in total union budget has declined from 1.93 per cent in 2012-13 to 0.49 per cent in 2016-17. The utilisation of fund by Ministry of Minority Affairs (MoMA) was 74 percent in the financial year 2016- 17, reduced from 97.8 percent in the financial year 2015-16. This has affected the implementation of the MSDP and scholarship programmes. The low utilization is primarily in respect of MSDP which is generally infrastructure oriented. There is poor completion rate of schemes sanctioned. Many of the activities under the programme have not even started. But where the demand has increased and utilization is also good, such as pre-matric scholarship and National Minority Development Financial Corporation (NMDFC), there is a decline in the budgetary allocation. Further, the unit cost of scholarship for minorities has not been revised. The current unit cost of Rs. 1000 per annum is insufficient and getting eroded by inflation.

(4) Women: The allocation to Ministry of women and child development hase increased by 2600 crores (from Rs. 22095 crores in 2017-18 (BE) to Rs. 24700 crores in 2018-19 (BE)), which is 10.5 per cent increase over the previous year. The gender budget statement shows an increase of 8 per cent (from Rs. 113311 crores in 2017-18 (BE) to Rs. 121961 crores in 2018-19 (BE)). Also, the government has contributed 550 crores to NIRBHAYA fund. However, there is a decline in the allocation to *Pradhan Mantri Matru Vandana Yojana* (Maternity Benefit Programme) in the budget which is presumably on account of the change in the scheme guidelines restricting the eligibility criteria from two to one child and decrease in the amount paid to women from Rs. 6000 to 5000 per beneficiary. However, this is in contravention to the provisions of the National Food Security Act (NFSA), 2013. The Government of India estimate of 51.7 lakh beneficiaries annually is only a quarter of the total number of children born in India annually (almost 2 crores). This implies the scheme would leave almost three-quarters of pregnant women from availing benefits under the scheme.

The scheme '*Beti Bachao, Beti Padao*', the Union Government's key intervention to address the declining sex ratio in the country, has seen as increase in allocation by Rs. 80 crores (from Rs 200 crores in 2017-18 (RE) to Rs. 280 crores in 2018-19 (BE)). In 2017, the government of India approved expansion of the scheme which would include multi-sectoral interventions in 244 districts in addition to the existing 161 districts. Besides, 235 districts are to be covered for media advocacy and outreach. After including this, the scheme would have a coverage of all the 640 districts. In the context of this expansion of the scheme, the rise of 80 crores is inadequate for achieving any impact. For SABLA (Rajiv Gandhi Scheme for Empowerment of Adolescent Girls) scheme also, allocations have increased by Rs. 40 crores (from RS. 460 crores in 2017-18 (RE) to Rs. 500 crores in 2018-19 (RE). But this amount is too meagre considering that the number of districts to be covered by the scheme has increased from 250 to 300.

With respect to other schemes, the allocation for addressing violence against women like *Ujjwala* (scheme of the Ministry of Petroleum and Natural Gas for providing LPG connections to women from Below Poverty Line), One Stop Centres (OSC, intended to support women affected by violence in private and public spaces), Women's helpline etc. have increased in the current budget. But their coverage is inadequate. It is confined to 186 centres and 50 districts only in respect of OSCs while incidence of violence against women is widespread in the country. Similarly, coverage of '*Swadhar Greh*'(a scheme for catering to the primary need of shelter, food, clothing, medical treatment and care of the women in distress) is confined to 18000 women and the allocation has reduced from Rs. 100 crores in 2017-18 to 95 crores in 2018-19. The allocation to the scheme was already very low considering the magnitude of the problem.

Gender budgeting has shown an increase of 8 per cent. However, total gender budget has declined from 0.69 per cent of the revised GDP of 2017-18 to 0.65 per cent of the projected GDP of 2018-19. There has also been a decline in the proportion of gender budget to the total budget expenditure of central government from 5.2 per cent in 2017-18 (RE) to 4.9 per cent in 2018-19 (BE).

Gender budget has two parts. Part A deals with those schemes which benefit women exclusively. This part of the budget shows a decline by Rs. 2000 crores from the level of the last year due to reduced allocation to the scheme, *Padhan Mantri Awaas Yojana*. Part B of the budget deals with schemes that are not focused on women exclusively but benefit women incidentally. This part of the budget has also seen a decline due to reduced allocations to a few departments/ ministries such as Petroleum and Natural Gas, Labour and Employment, and Department of Empowerment of Persons with Disabilities.

A look at the reporting of schemes by departments/ ministries in Part B of the GBS reflects that no significant revision in the methodology seems to have taken place this year. In the absence of any rationale being provided for the proportion of expenditure under a scheme reported in Part B, it appears that reporting is being done on the basis of the estimates provided by departments/ministries of the proportion of scheme expenditure being incurred on women (based on earmarked funds for women mandated by scheme guidelines or beneficiary data of the respective scheme). This kind of reporting does not facilitate an understanding of the specific measures undertaken by departments to address gender based challenges in their respective sectors, and the budgetary allocations for these gender responsive measures. There is no data in respect of these schemes which shows that benefits have actually accrued to women. Under *Nirbhaya* fund, out of the total 2638 crores corpus, only 499 crores have so far been released.

The budget speech of the finance minister has expressed concerns over a drastic decline in women's share in employment and proposes to increase women's share in employment by supporting micro, small and medium enterprises as well as MGNREGS for building infrastructure. But his proposal is not backed by adequate financial allocations

The allocation for educational schemes for girl child have also shown a decline of Rs. 64.1 crores which is marginally compensated by the paltry increase of Rs. 80 crores for *Beti Bachao, Beti Padao* scheme. A new proposal has been introduced for modernization of 22000 *grameen haats* (markets) through which women self-employment would be encouraged by supporting enterprises run by women self-help groups.

Finance minister has also claimed that job creation of women would be facilitated by measures for incentivisation of employers to employ women in informal sector. The incentives would be provided to such employers in two ways:

1. Extension of paid maternity leave from 12 to 26 weeks. This amendment has already been carried out.

2. The budget has also extra incentives to women workers by announcing a cut in their employee's contribution to EPFOs to 8 percent while keeping the employer's contribution fixed at 12 percent for first three years, in order to enable an increase in takehome wages. The budget claims these to be tools for increasing formal employment.

3. The government would pay a contribution of 8.33 per cent of EPF for new employees for the next three years and a contribution of 12 per cent in textile, leather and footwear sector where women are employed in large numbers.

Neither of these proposals has been backed by financial allocations.

(5) Children: The Integrated Child Development Scheme (ICDS) is a flagship programme of the government for providing facilities for pre-primary education, and tackling malnutrition and ill-health of children below the age of 6 years and their mothers. However, allocation to this scheme over the years shows a lack of seriousness of government for the welfare of millions of children of the country. Allocation to ICDS in 2014-15 was Rs. 18195 crores (BE) which declined drastically to Rs. 8336 crores in 2015-16 (BE), a decline of over 54 per cent. The allocation to the scheme increased to Rs. 14000 crores in 2016-17 (BE) and to Rs. 16745 crores in 2017-18 (BE). This allocation increased by over 15 per cent in 2018-19 (BE) to Rs. 19335 crores. However, this is merely a 5 per cent increase over the allocation in the year 2014-15 (BE). If inflation over this period is taken into account, the allocation in current year is far lower than that in 2014-15.

The Three year Action Agenda of the NITI Aayog has highlighted the absence of credible data for children as the biggest challenge in policy making and implementation of programmes. The NFHS-4 (2015-16) data has been made available after a time lag of ten years. In the Action Agenda, NITI Aayog has also stated the need to digitise all the *anganwadi* centres (AWCs) to get real time data on children. However, there has been no policy announcement regarding this.

The increase in budgetary outlays for core ICDS from Rs. 16195 crores in 2017-18 (RE) to Rs. 19335 crores in 2018-19 (BE) is just an incremental increase and fails to reach the level of allocation in 2014-15 in real terms. This increase is also inadequate to cover the increased cost for supplementary nutrition programme (SNP) declared by the Ministry of Women and Child

Development. For instance, with the revised cost norms for SNP, more than Rs. 25000 crores would be required for implementation of SNP in the current year. There is thus a huge gap in the requirement and outlays.

Aanganwadi Centres (AWCs) are the platform for implementation of six services under ICDS. All these services are critical to child health, nutrition, development and also for the well-being of adolescent, pregnant and lactating mothers. AWCs have huge infrastructural deficiencies. The NITI Aayog's three year action agenda mentions there are 4 lakhs AWCs without building, 1.5 lakhs without water facility, and 2 lakhs without toilets. The Output/Outcome Budget for 2018-19 shows that the toilets in AWCs will be constructed from the budget for *Anganwadi* Services and from the budget for the Multi-Sectoral Development Programme (MSDP) for minorities. However, no disaggregation under the Ministry of Minority Affairs is given for the same. It is clear that without a substantial allocation to AWCs, their working cannot be improved, and the prevailing low morale and motivation of these workers cannot be revived. The victim of such apathy is the children of the country belonging to poorer sections.

(6) Persons with Disability (PWD): The total allocation for the Department of Empowerment of Person with disabilities is Rs. 1070 crores for 2018-19 (BE), which is about a 12 percent increase from 2017-18 (RE). The Three Year Action Agenda by NITI Aayog has committed for disability specific survey and for the implementation of Rights of Persons with Disabilities Act (RPDA) 2016. Moreover, there is no specific allocation for the survey on Persons with Disabilities in the Union Budget 2018-19. The Scheme for Implementation of the Persons with Disabilities Act (SIPDA) has witnessed an increment of 16.7 percent from the revised estimate of the previous financial year. It is to be noted that the entire allocation is spent on 'Access India Campaign', which is only one aspect of the Law and should be the responsibility of all Ministries rather than just the Disability Department.

The allocations for Indira Gandhi disability pension has been increased by a meagre amount of Rs. 2.83 crores. Another announcement in the budget is in regard to PWDs employed in formal sector jobs, who will receive their travel allowance irrespective of standard deduction. The

‘Scholarship for students with disabilities’ was earlier subsumed under the National Programme for the Welfare of Persons with Disabilities and it has increased approximately by Rs. one crore. Ministry of Human Resource Development: Department of School Education & Literacy has programmes such as *Sarva Shiksha Abhiyan* (SSA) and *Rashtriya Madhyamik Shiksha Abhiyan* (RMSA) which have Persons with Disabilities as one of their target groups. However, the Ministry does not provide any disaggregated data for children with disabilities.

The RPDA 2016 mandates availability and accessibility of health services such as sexual and reproductive health care, prevention of secondary impairments, health insurance etc,. It is observed that there is a lack of specific allocations towards implementation of these. The Mental Health Care Act mandates transition from institution to community living for persons with psycho-social disability. However, the analysis of the health budget presents a decreasing trend in allocation for Persons with Disabilities, not adhering to the prescribed norms of this Act. It is also observed that the specific health requirements of some constituencies within Persons with Disabilities, covered under the RPDA (for example persons with thalassemia), finds no mention in the budget document. There is no clarity if the proposed health and wellness centres will be inclusive of the specific medical and rehabilitation requirements of Persons with Disabilities with medically disabling conditions mentioned in the Act.

SOCIAL SECURITY

The union budget for social security continues to remain very low at 0.53 per cent of the total allocations in the Union Budget and 0.07 per cent of the GDP at current prices. The budget for major schemes with social security (NSAP and RSBY), the former has increased by 438 crores which is negligible 5 per cent. But allocation for RSBY has increased. The allocation for NSAP is so small that it will neither increase coverage nor the unit cost which remains at Rs. 200 per month since the inception of the scheme. In real term, the value has substantially declined. There is a high demand for NSAP but the allocations have disappointed those who expected universal coverage and increase unit cost. The RSBY scheme is going to be merged with general insurance scheme in the health sectors; called *Ayushman Bharat*. The allocation for *Aam Aadmi Bima Yojana* has also declined. Similarly, allocation to *Atal Pension Yojana* has declined. Therefore, government's attitude towards Social security continues to remain disappointing and shows a very deep neglect.

AGRICULTURE

There has been a noticeable increase in the allocations towards agricultural development in the union budget 2018-19. Agriculture and allied activities have received around 13 per cent higher allocations than the last year (from Rs. 56589 crores in 2017-18 (RE) to Rs. 63836 crores in 2018-19 (BE)). The allocation for the Ministry of Agriculture and Farmers Welfare has increased from Rs. 50264 crores in 2017-18 (RE) to Rs. 57600 crores in 2017-18 (BE). However, no increase in the allocations to this Ministry as a proportion of total budget and GDP has taken place since 2014-15.

A number of schemes such as *Pradhan Mantri Fasal Bima Yojana*, National Mission on Horticulture, and schemes under White Revolution and Blue Revolution have received priority allocation in the Union Budget 2018-19. The ground water irrigation scheme under Prime Minister *Krishi Sinchai Yojna - Har Khet ko Pani* received an allocation of Rs. 2660 crores in the Budget, up from Rs. 1450 crores in 2017-18 BE. Ninety-six irrigation-deprived districts with less than 30 percent land holdings under assured irrigation will benefit from this allocation. An additional budget support of Rs. 15000 crores to complete 48 priority projects under PMKSY-AIBP would be completed by December 2019.

Allocation for *Rashtriya Krishi Vikas Yojana* registered a decline in the current budget. In the 2017-18 budget, the allocation for the scheme was Rs. 4750 which declined to Rs. 3600 in the current budget. In order to ensure doubling of the farmers' income, the current Budget has assured that MSP for a majority of *rabi* and *kharif* crops would be one-and-a-half times the production cost, which is a welcome step. It is however unclear whether the MSP would be declared or offered much ahead of harvesting time in order to prevent farmers from resorting to distress sale of their produce.

To protect the interests of small and marginal farmers and shield them from being forced to make distress sales, an Agri-Market Infrastructure Fund with a corpus of Rs. 2000 crores is to be set up for developing and upgrading agricultural marketing infrastructure in 22000 *Grameen*

Agricultural Markets (GrAMs). The fund would no doubt help the farmers in getting the actual value of their crop produce by selling directly to buyers without the interference of the middlemen. However the question remains: how does the government plan to roll out such an elaborate process?

With the addition of Rs. 4000 crores to the crop insurance scheme, PMFBY, the proposed outlay for the scheme has gone up to Rs. 13000 crores in the current budget. The aim of the scheme is to protect farmers against crop loss but it has so far been largely benefiting insurance companies with very little benefit reaching the affected farmers mainly due to issues in estimating the magnitude of crop loss. The data from Centre for Budgetary Governance and Accountability (CBGA) also confirms that farmers have not been adequately compensated for their crop loss by insurance companies. The approved claims during *kharif* 2016 were Rs. 9546.55 crores and the amount paid was only Rs. 8902.96 crores. Similarly, in *rabi* 2016-17, the approved claims were Rs. 3701.63 crores but only Rs Rs. 2733.67 crores were paid to farmers. Moreover, the sum insured under the scheme more than doubled from Rs. 69000 crores in *kharif* 2015 to Rs. 14125 crores in *kharif* 2016. So, the amount proposed for PMFBY in the current budget seems inadequate to meet the premium.

One good initiative announced in the budget is setting the target of institutional credit flow to the sector at Rs. 11 lakhs crores for the year 2018-19. There has been a consistent growth of flow of credit to the sector through institutional sources. However, the allocation for interest subvention for providing short-term credit to farmers has not seen any increase from the previous budget of Rs. 15000 crores.

RURAL DEVELOPMENT

The overall budget for the Department of Rural Development (DoRD) has increased marginally in absolute terms (from Rs. 109042 crores in 2017-18 (RE) to Rs. 112404 crores in 2018-19 (BE)), but has declined as a proportion to the total Union Budget from 5.1 percent in 2017-18 (RE) to 4.8 percent in 2018-19 (BE). Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) accounts half of the budget for the Department of Rural Development. There has been no increase in absolute terms in the budget allocation (Rs. 55000 crores) for this scheme in 2018-19 (BE) as compared to the allocation made during 2017-18 (RE). This means that in real terms, the allocations for the scheme would register a decline. This is despite the fact that over the past few years, there has been pending liabilities at the end of the year from the previous year. For the year 2017-18, the liabilities are already around Rs. 5000 crores which will reduce the availability of funds for the scheme for FY 2018-19 to Rs. 50000 crores. The budget allocation to Pradhan Mantri Aawas Yojana-Grameen (PMAY-G) decreased by 9 percent in 2018-19 (BE) from the revised estimates of 2017-18. The Government in March 2016 announced a target for building 1 crore houses by March 2019, with 51 lakh houses each to be built in year 2017-18 and 2018-19. As per the Government's achievement report, 12.6 lakh houses have been constructed so far, which is only 25 percent of previous year's target. According to the government guidelines, the required cost for construction of one crore houses was Rs.130075 crores. Of this, the required Central share is Rs. 81975 crores. During the period 2016-17 (RE) to 2018-19 (BE), the Union Government has allocated only Rs. 60071 crores, which is 27 percent less than the required amount. With this decline in the allocation of Centre's share for the current year, it is doubtful if it will be possible to meet the target of 1 crore houses by March 2019.

Budget allocation to National Rural Livelihood Mission (NRLM) increased by 32 percent from 2017-18 (RE) to 2018-19 (BE). Government has set several targets for rural infrastructure and livelihood. The *Pradhan Mantri Gram Sadak Yoajana* (PMGSY) has also received an increased allocation to the tune of Rs. 5750 crores in 2018-19 (BE), registering a growth of 12 percent over the revised estimates of 2017-18. 'Mission *Antodaya*' was among the major announcements in the previous year's budget for the rural sector. It aimed at bringing one crores households out of poverty and making 50000 *gram panchayats* poverty-free by the year 2019. However, like previous year, there has been no budget allocation for this programme in the budget 2018-19. Also, the allocation to National Social Assistance Programme (NSAP) has been increased by only 5 percent indicating that there would be no increase in its coverage or the amount of monthly pension to be provided.

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