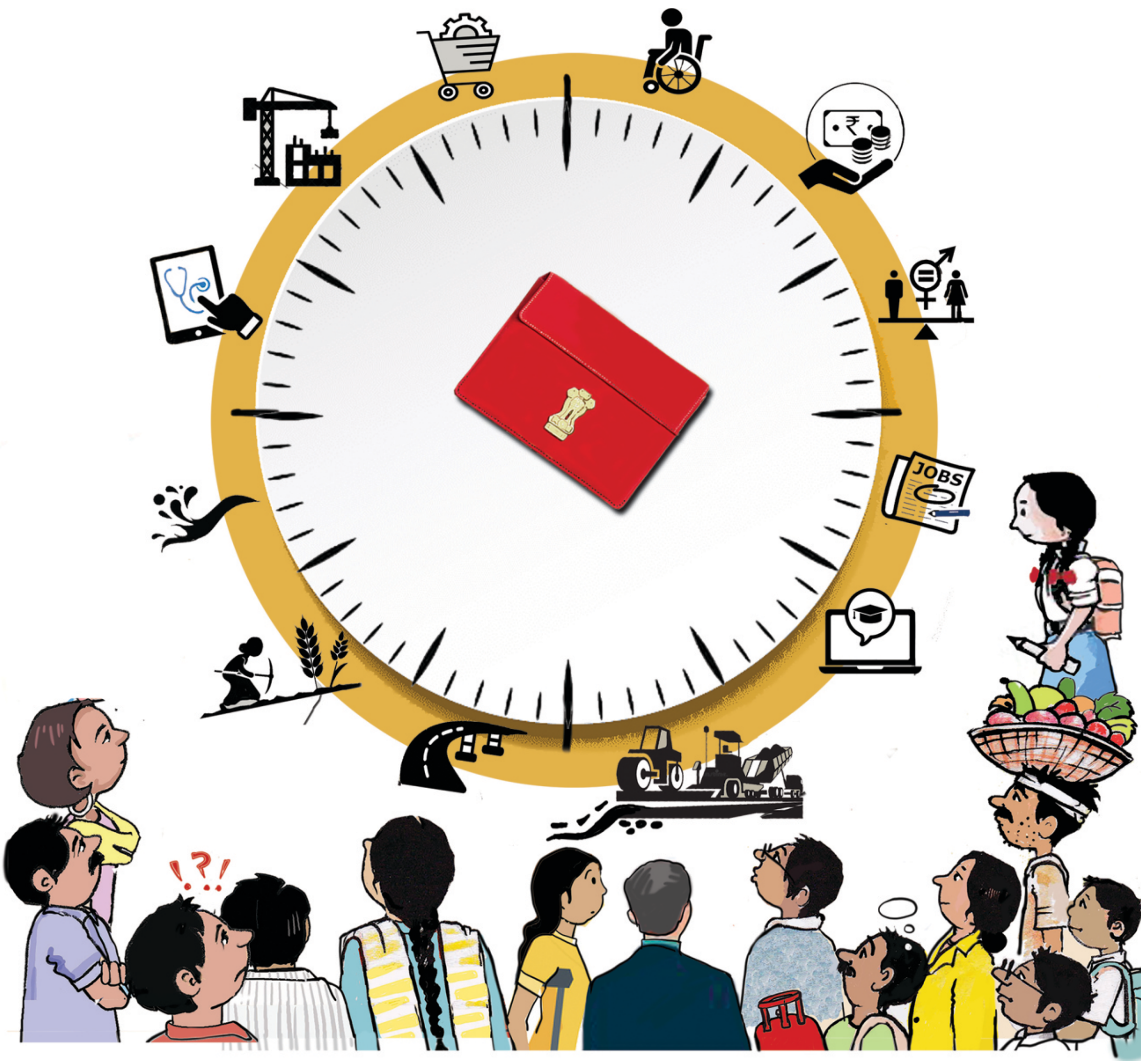
REVISITING THE PRIORITIES

An Analysis of Union Budget 2024-25



CBGA

JULY 2024

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FOREWORD

Every year, the Centre for Budget and Governance Accountability (CBGA) brings out an analysis of the Union Budget soon after its presentation in Parliament. This practice has continued uninterrupted since 2006, even through the Covid -19 pandemic. The objective of this publication is to facilitate an informed discussion on the Budget. It focuses both on the revenue and expenditure aspects of the budget, particularly around the social sector, agriculture, rural and urban economy, climate actions, as well as public provisioning for the marginalised sections of the population.

2024 being the general election year, our Parliament witnessed two Budget Sessions in six months. The Interim Budget was presented on 1st of February this year and the newly elected government has presented the main Union Budget for 2024-25 on 23rd of July. Immediately after the Interim Budget, CBGA had published its comprehensive analysis, titled, "Of Monies and Maters", focusing on social sectors, agriculture, employment, vulnerable sections of the population, and tax progressivity. This publication presents a succinct analysis of the priorities in the (main) Union Budget 2024-25 building on and in continuation with the analysis of the Interim Budget.

To give the readers a single reference for the overall budget during the year, we have maintained most of our review of the interim budget components and added analysis of the newly introduced components and changes. We hope the readers will find it useful. In addition to the analysis of budget provisions, the document also highlights several other important socio-economic development issues that need to be addressed through fiscal interventions. The document has been divided broadly into four chapters and also includes a context and overview.

The first chapter focuses on a host of important aspects on the resource mobilisation front, along with key fiscal indicators. The second chapter examines important trends and priorities in the Union Government's resource provisioning for social sub-sectors such as education, health, nutrition, as well as water, sanitation and hygiene. The third chapter looks at budgetary provisions and policy directions related to certain core areas of the economy, such as agriculture and allied activities, the rural economy, the urban economy, and climate actions. The fourth chapter analyses the responsiveness of the Budget to the rights and development needs of people from marginalised sections, such as, women and transgender persons, unorganised sector workers, children, Scheduled Castes, Scheduled Tribes, religious minorities, and persons with disabilities.

The publication also includes an appendix, which unpacks technical concepts and terms used in budgets, and outlines the process of budget making at the national level. As in previous years, we will be sharing this publication with a number of people from different fields of expertise.

We fervently hope this analysis by CBGA will help deepen the public discourse on the Union Budget and public financing of key development sectors. We will be grateful for your valuable comments, suggestions and critical feedback on this work.

CBGA Team

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CONTEXT AND SUMMARY

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Overview

The Context for the Union Budget 2024-25

Budget 2024-25 was the first budget of the new government after the General elections of 2024. The interim Budget released in February 2024 was overall tempered and prioritised on fiscal consolidation. The Budget 2024-25 which replaces it, retained most of what had been presented in the interim with minor changes and reforms across certain key areas such as taxation. The Finance Minister also announced more than three lakh crore for schemes marked for women and girls. Other announcements included setting up working women's hostels and creches in collaboration with industries to facilitate women's employment, and promoting women-specific skilling programmes and support for women's self-help groups. These are welcome measures. However, given the nuanced socio-economic realities of working women, the nature of formal and informal work in the country, and the urgency of increasing female labour force participation rate, there needs to be more measures to address the gaps that leave women out of the workforce, and thus impact the overall economic picture.

The Budget Speech emphasised on focussing on employment, skilling, MSMEs, and the middle class. It additionally identified nine priority areas that would be the focus areas of the present and the future. These include productivity and resilience in agriculture; employment and skilling; inclusive human resource development and social justice; manufacturing and services; urban development; energy security; infrastructure; innovation and R&D; and next generation reforms.

Resource Mobilisation

In the full budget for 2024-25, tax reforms included encompassing a review of the Income Tax Act 1961, reforms to the tax regime for charities, revisions to the TDS rate structure, enhancements to reassessment and search provisions, reforms in capital gains taxation, adjustments to tax slabs under the new tax regime, sector-specific customs duties adjustments, abolition of angel tax (to bolster the Indian start-up ecosystem), and also digitalisation of GST and most services under Customs and Income Tax.

The forecast for 2024-25 (BE) anticipated a steady rise in gross tax revenue, with total central tax collection expected to reach Rs 38.4 lakh crore. This represents a 10.83 per cent increase over FY 2023-24 (PA) and a 0.24 per cent growth from 2024-2 (I)(BE). The surge in central taxes for 2024-25 (BE) is largely driven by Personal Income Tax (PIT), which shows the most significant increase of 16.11 per cent. This is followed by notable contributions from Corporate Income Tax (CIT) and Goods and Services Tax (GST), each exceeding their 2023-24 (PA) performance, but remaining marginally below 2024-25 (I)(BE).

Direct tax collections have increased in 2024-25 (BE), direct taxes now represent 57.5 per cent of total gross taxes. However, there has been a shift in direct tax composition driven by Personal Income Tax (PIT) over Corporate Income Tax (CIT) since 2022-23, due to enhanced compliance, tax slab adjustments, and technology. Despite a major cut in corporate tax rates in 2019, CIT growth has lagged, trailing behind nominal GDP growth and displaying reduced buoyancy.

GST, a key indirect tax, faced initial design and implementation challenges compounded by COVID-19, leading to lower revenues from FY 2018-19 to FY 2020-21. Post-pandemic, there was a significant rebound in business activities. In FY 2021-22, CGST revenue exceeded annual budget estimates by 11.6 per cent, a trend expected to continue into FY 2022-23 and FY 2023-24 based on Provisional Actuals.

In 2024-25 (BE), the projected CGST collection is Rs 9.10 lakh crore, marking a 12.23 per cent increase from 2023-24 (BE). Despite efforts towards fair tax distribution, the proportion of non-shared tax revenue has varied, peaking at 19.9 per cent in FY 2020-21 due to higher cess and surcharge collections. Following a subsequent increase, there was a reduction in 2023-24 (RE), with 14.6 per cent of central gross tax collections remaining outside the divisible pool. This share is expected to further decrease to 14.1 per cent in 2024-25 (BE).

Fiscal Indicators

In line with fiscal prudence and adherence to the Fiscal Responsibility and Budget Management Act, 2003 (FRBM Act), the budget for 2024-25 (BE) aims to reduce the fiscal deficit to 4.9 per cent of GDP, with a target of reaching 4.5 per cent by FY 2025-26. This demonstrates the government's commitment to fiscal consolidation. The budget speech also emphasised that starting from 2026-27, efforts will be made to ensure that the fiscal deficit is managed in a manner that leads to a declining Central Government debt as a percentage of GDP each year.

This, however, has its effect on the overall fiscal space, which has been persistently declining since FY 2020-21. Despite an uptick in revenue collection and a decline in committed expenditure, the total government spending to GDP is anticipated to decline in 2024-25 (BE). In terms of priorities, capital expenditure is expected at 23.05 per cent of the total budget and accounts for 3.40 per cent of GDP. However, the capital expenditure is primarily driven by three ministries: the Ministry of Railways, Ministry of Road Transport and Highways, and Ministry of Defence, which account for 63 per cent of total capital expenditure in 2024-25(I)(BE). Fiscal consolidation has come not without a cost on social sector spending, where the combined priority for the 16 select social sector ministries has continued to decline. The States' share in central taxes, as a proportion of gross tax revenue, has also declined from the previous year's Provisional Actuals. In 2024-25 (BE), GIA transfers to states and UTs amounts to Rs 10.30 lakh crore.

The Priority of Social Sectors

This Union Budget 2024-25 is the fourth budget after the rollout of the National Education Policy (NEP), 2020 where the education sector has received Rs 120628 crore; same as the allocation in the interim budget 2024-25. While the budgetary allocation has increased in absolute terms, the education budget as a percentage of GDP has decreased to 0.37 compared to the first year of NEP implementation. This might slow down the policy pronouncements like universal education from pre-school to higher secondary level and 50 per cent Gross Enrolment Ratio (GER) in higher education by 2035. The Budget Speech showcased a commitment for developing employability skills in higher education and at work and hence a provision of Rs 1.48 lakh crore has been announced for education, employment and skilling. Underlining the need for employment generation among youth, the budget announced some new initiatives including internship opportunities in 500 top companies to one crore youths in 5 years; financial support for education loans up to Rs 10 lakh to one lakh students every year studying in higher education in domestic institutions. However, a reduction in scholarship schemes of marginalised communities including minorities, students with disabilities, and scheduled caste will impact their participation in education. However, a positive trend is observed in the educational interventions for students from Scheduled Tribe communities.

In the school education front, funding priority is observed in government's model schools like *Kendriya Vidyalaya, Navodaya Vidyalaya* and PM SHRI schools. The budget for *Samagra Shiksha Abhiyan,* which caters more than 10 lakh schools and around 20 crore students has witnessed a meagre Rs 47 crore increase from the previous year's budget estimates. The budget shows an increasing dependence on cess to finance education as almost 75 per cent budget of the Department of School Education and Literacy and 33 per cent budget of the Department of Higher Education will be financed through education cess.

Allocation towards key nutrition programmes is limited. *Saksham Anganwadi* and POSHAN 2.0 saw a 3.14 per cent increase, whereas *Samarthya*, which includes *Pradhan Mantri Matru Vandana Yojana* (PMMVY), a cash transfer scheme for pregnant women, experienced a decline of 2.5 per cent. Mid-Day Meal got a 7.5 per cent increase, while *Jal Jeevan* Mission saw a negligible 0.23 per cent rise, pointing to an uneven budgetary response to initiatives affecting nutritional outcomes. The stagnant Rs 86,000 crore allocation for Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS), despite its crucial role in rural income and employment, is inadequate. In the full budget for 2024-25, there have been no changes in allocations related to nutrition-related schemes, remaining the same as the interim budget, except for the National Health Mission, which saw a marginal increase of less than one per cent.

The Union Interim Budget 2024-25 allocated Rs 98,761 crore to the health sector, a 2.6 per cent increase from the previous budget estimates. The Ministry of Health and Family Welfare received the major share at 92.1 per cent, while the Department of Pharmaceuticals and Ministry of AYUSH were allocated 4.1 per cent and 3.8 per cent, respectively. Despite increased focus on pharmaceutical initiatives like *Jan Aushadhi*, and the Production Linked Incentive (PLI) Scheme, there's a concerning trend of declining health expenditure as a share of the total budget and GDP, falling short of the National Health Policy's 2025 target. While the National Health Mission (NHM) saw a slight increase, other major schemes faced significant cuts. As the issue of high out-of-pocket expenditure persists as a challenge, emphasising the urgent need for greater public investment for also strengthening publicly funded and provided health care services to achieve universal healthcare access and reduce the financial burden on individuals becomes imperative.

In Water, Sanitation and Hygiene (WASH) there is an upward trajectory in funding for the Department of Water, Sanitation and Hygiene (DoDWS), accounting for 1.61 per cent of the total budget, which aligns broadly with the established trend observed over the last five years. The *Jal Jeevan* Mission (JJM) has once again secured a modest allocation in the union budget for 2024-25, albeit with a marginal increase. There was a substantial budgetary escalation (335 per cent) in the FY 2021-22, which until now, has sustained a significant level of investment.

The *Atal Bhujal Yojana* (ABY), an initiative under the Ministry of *Jal Shakti*, emerged as a complementary scheme aimed at enhancing groundwater management and security, through a combination of interventions, particularly in water-stressed regions, covering 7 states. Budgetary allocations for ABY have gone down significantly over years, with Rs 1,778 crore allocated for fiscal year 2024-25, mirroring the revised estimate from the previous year. The budgetary allocation for the *Swachh Bharat* Mission (SBM) has not seen any hike in the budget for fiscal year 2024-25. Despite the significant boost provided to SBM Urban in the 2023-24 budget, which saw a 54 per cent increase in funding, the current year's allocation remained the same as the previous year's budget estimate (BE).

Additionally in the WASH sector, the 2023-24 budget supports mechanical desludging and waste management, aiming to eliminate manual scavenging, yet the practice persists. The introduction of the National Action Plan for Mechanised Ecosystem (NAMASTE) targets the abolition of manual cleaning and supports affected workers. In comparison to the previous year, the budget for this initiative has been hiked by 20 per cent for 2024-25, although a significant gap exists between the initial budget estimates and the revised figures.

The Priority of Economic Sectors

Over the last four years, the rural economy showed resilience to absorb the reverse migration shock caused by the Covid-19 pandemic. It contributes nearly 46 percent of the total GDP of the country and despite the rise in urbanisation more than half of India's population is still projected to be rural by 2050. The budget allocation for the Department of Rural Development (DoRD) remains the same as announced in the Interim Budget (2024-25), though it witnessed a 12 per cent hike in the budgetary allocation to the Department of Rural Development (DoRD) from the previous year. However, its share as a percentage of GDP has been declining continuously.

The budgetary allocation for MGNREGS has been hiked by around 43 per cent from the previous year amidst a much-demanded hike in the interests of unskilled workers. However, the scheme still remains underfunded to support timely wages, clear large arrears and pay delay compensations. This has significantly undermined the capacity of the states to create new wage employment and expand asset creation in the rural areas thus leading to the stagnation of livelihood opportunities in the rural non-farm sector in India.

DAY-NRLM has played a pivotal role in the socio-economic empowerment of rural women. Mobilising nine crore women with around 83.5 lakh women SHGs (as on 21st July 2023) and empowering of around one crore '*Lakhpati Didis*', (as announced by the Finance minister in the Interim Budget) stands testimony to this. Despite this, only a marginal increase in allocation for the scheme may not be adequate to increase and diversify livelihood opportunities for the rural women.

Under the PMAY-G scheme, as on 12th June 2024, a total of 2.94 crore houses have been sanctioned and 2.62 houses have been completed significantly improving the conditions of the rural families. What needs to be addressed are the ground level concerns that have been reported with regard to poor-quality construction and wrongful exclusion and inclusion of beneficiaries under the scheme.

PMGSY is one of the major schemes primarily meant to expand rural infrastructure and considered to be one of the most successful initiatives for the development of rural areas. From its inception until 18th June, 2024, a total of 8,29,409 km of road length has been sanctioned and 7,63,308 km completed under various interventions/verticals of PMGSY at an expenditure of Rs. 3.23 lakh crore. In continuation of this, the government announced the launching of PMGSY Phase-IV to cover 25,000 additional rural habitations with all-weather connectivity roads. However, there has been no change in the allocation under the scheme as announced in the Interim Budget (2024-25). Quality control and adequate utilisation of funds across uncovered habitations remain the key areas of concern under the scheme.

The analysis of fiscal support to major lifeline schemes in the rural sector reveals that they have largely been able to cater to demands, which is evident from the outcomes achieved as envisaged in the Outcome Budget of 2023-24. This implies that the fund allocation has been adequate and commensurate with the proposed targets under the various schemes except for MGNREGS. That said, an effective and efficient implementation mechanism of the schemes is the need of the hour. In this context, the thrust of the Union Budget (2024-25) on primarily increasing rural infrastructure and missing out on the targeted interventions under employment generation and skill development initiatives raises significant concerns towards aiding income diversification opportunities and strengthening rural livelihoods in India.

With enhancing productivity and resilience in agriculture as one of the top priorities, Union Budget 2024-25 allocated Rs 1.4 lakh crore for Agriculture and Allied Sectors (AAS) where AAS only includes budgets for the Department of Agriculture and Farmers Welfare, the Department of Agricultural Research and Education, the Department of Animal Husbandry and Dairying, and the Department of Fisheries of the Union Government. While there is no change in allocation towards PM *Kisan Samman Nidhi Yojana* (PM-KISAN), *Pradhan Mantri Fasal Bima Yojana* (PMFBY), *Pradhan Mantri Kisan Maan-Dhan Yojana* and Modified Interest Subvention Scheme (MISS), 70 percent of the expenditure of AAS is going towards these four "Individual Farmer Centric Intervention" schemes.

Government has announced higher Minimum Support Prices a month ago for all major crops, delivering on the promise of at least a 50 per cent margin over costs and allocation towards the PM-AASHA has revived this year three times compared to 2023-24 (RE). Efforts towards promotion of natural farming, development of digital public infrastructure, enhancing horticulture production and sustainable value chains in the sector have been prioritised.

Regarding the urban economy, the Union Budget for 2024-25 has moderately increased financial support for the Ministry of Housing and Urban Affairs, highlighting housing and transportation as foundational elements for urban growth. Investments are earmarked for flagship urban initiatives like the Pradhan Mantri Awas Yojana-Urban for housing, Metro Projects for transportation, and the Atal Mission for Rejuvenation and Urban Transformation, indicating a strategic approach to improve urban infrastructure and services. Moreover, it attempts to connect financial allocations with the strategy of Transit-Oriented Development (TOD) to foster economic growth and mitigate environmental impacts.

In order to improve urban living standards and infrastructure robustness, substantial allocation has been made towards Smart Cities Mission and the Atal Mission for Rejuvenation and Urban Transformation (AMRUT) scheme. However, the implementation of these schemes faces challenges, indicating the need for improved monitoring mechanisms and the exploration of innovative solutions to tackle urban unemployment. An integrated development strategy is essential, extending beyond infrastructure development to include a focus on social sector schemes in urban governance. Such a strategy aims to enhance service delivery and citizen participation. Currently, while the *Swachh Bharat* Mission (Urban) 2.0 maintains its financial allocation of Rs. 5,000 from last year's budget, funding for urban employment initiatives exhibits a mix of increases and decreases across various schemes, such as DAY-NULM and PM-SVANidhi. Therefore, adopting a holistic approach to urban planning is crucial in addressing the interconnectedness of urban challenges and establishing a blueprint for inclusive urban development that is both ambitious and attainable.

In this year's budget the Government of India has emphasised addressing climate change. To boost the renewable sector, it has significantly increased the Ministry of New and Renewable Energy's allocation from the interim budget in February. A key announcement is the release of a taxonomy on climate finance and a renewed focus on carbon market regulation, with effective implementation being crucial for emission reduction. These steps aim to achieve Net Zero by 2070 and *Viksit Bharat* by 2047.

Responsiveness of Marginalised Sectors

The Child Budget Statement presented this year shows an allocation of Rs 1.1 lakh crore for the welfare of children. However, the allocation as a percentage of the total Union Budget remains stagnant at 2.3 per cent following the declining trend in the past few years. The format of the child budget statement has changed this time; the statement is now divided into three parts. However, no explanation has been provided for what is the basis of reporting expenditures for schemes under Part B and Part C. The Poor learning outcomes of children remains a huge concern, yet early childhood care and education (ECCE) has not been accorded any budgetary priority. With a meagre increase in the budget for *Saksham Anganwadi* and POSHAN 2.0, the Supplementary Nutrition (SN) Programme will continue to face the challenges of quality and coverage. Further, budgetary allocations towards immunisation remain inadequate; this contributes to continued high burden of morbidity and mortality in children from vaccine preventable diseases.

The cases of cybercrimes against children have gone up by 32 per cent in 2022 as compared to 2021. However, the outlay towards Cyber Crime Prevention against Women and Children Schemes has declined by 56 per cent this year as compared to last year's BE. There is a critical need for mental wellness programmes for children, however the budget displays a gap in its commitment to address this critical issue. The allocation for Mission Vatsalya remains stagnant at Rs 1,472 crore. Support is required for rehabilitative measures, and preventive actions to address de-institutionalisation.

The overall gender budget indicated in the Gender Budget Statement (GBS) for 2024-25 (BE) was Rs 3,27,158 crore. This amounts to 6.8 per cent of the total public expenditure estimated this fiscal, which is higher than the proportion in previous years. A positive initiative in this year's GBS is the introduction of the much-awaited Part C, which captures those schemes that account for less than 30 per cent of the allocations benefiting girls and women. This signifies the responsiveness of other ministries towards submitting GBS.

The combined allocation for *Pradhan Mantri Awaas Yojana* (PMAY), and PMAY - *Gramin*, i.e., the urban and rural housing schemes, is Rs 80,670.8 crore, which constitutes 71.8 per cent of the total Part A allocation of Rs 1,12,396.15 crore. This inflates the total gender budget. The target for the *Lakhpati Didi* scheme announced in August 2023, for skilling and training women in Self Help Groups (SHGs) for operating and repairing Agri-drones, has been enhanced from two crore women to three crore women. The allocation for this scheme is estimated at Rs 500 crore in 2024-25 (BE).

The recent increase in female labour force participation (37 per cent in 2022-23) also appears to be driven by an increase in self-employment among rural women, specifically in the categories of unpaid helpers and own account workers. Apart from self-employment initiatives, no new targeted interventions can be ascertained in the union budget to boost women's employment. Tracking applications for individual schemes has been difficult since restructuring of schemes in 2021-22. The overall allocation for Mission Shakti has remained stagnant, compared to 2023-24 (BE). Low applications and underutilisation of funds pose challenges to the implementation of schemes for women's safety.

There is a lack of disaggregated data on persons with disabilities which does not allow us to understand the extent of responsiveness in these focus areas. However, the decreasing trend in allocation to persons with disabilities in comparison to GDP indicates a probable inadequacy in honouring the commitment to inclusive growth, given the extent of marginalisation experienced by persons with disabilities. Disaggregated data on the specific allocations for persons with disabilities could be identified under the Ministry of Health and Family Welfare, Ministry of Rural Development and the Department for the Empowerment of Persons with Disabilities (DEPwD). The budgetary allocation remained unchanged in the Department for the Empowerment of Persons with Disabilities and Department of Rural Development in this budget whereas the allocation has increased (Rs. 89 Crore) in the Department of Health and Family Welfare in the current budget from the previous year's budget.

The number of ministries allocating funds for the Development Action Plan for SCS - DAPSC has, as reported in Statement 10 A, shown a continuous increase. Forty ministries and departments have allocated funds under DAPSC in 2024-25. The absolute allocation for DAPSC has marginally gone up. In this budget, the Post-Matric Scholarship for Scheduled Castes (PMS-SC) got a sizeable share allocation (49 per cent) of the total Department of Social Justice and Empowerment (DoSJE) budget. However, there is no change in the allocation of the current budget from the previous year's budget.

In 2024-25, the allocations under the Development Action Plan for STs - DAPST have been made in proportion to the ST population and 46 ministries, departments and UTs have reported allocations under DAPST. For the inclusive and holistic development of the most-deprived section of the tribal population, the *Pradhan Mantri Janjati Adivasi Nyaya Maha Abhiyan* (PM-JANMAN) has been launched in this budget. Budgetary allocations for PM-JANMAN are reflected in the newly published Budget Statement (STATEMENT 10BB) which is part of the Expenditure Profile 2024-2025. The statement shows that Rs 1,400.23 crore and Rs 7,403.57 crore have been earmarked in 2023-24 RE and 2024-25 BE respectively.

The Ministry of Minority Affairs (MoMA) is one of the main sources of financing for the development needs of minorities. There is a marginal increase in the BE for 2024-25 to Rs 3183.24 crore from Rs 3097.60 crore in the BE of 2023-24. In spite of the low development indicators of minorities, there was a decline of 38 per cent in the previous year's budget (a decrease of Rs 1,913 crore from 2022-23) for the MoMA. This was due to a decrease in allocation for several major schemes. There has been persistent underutilisation of approved funds due to lack of viable proposals and delays from programme implementation agencies.

Unorganised sector workers constitute a substantial 93 per cent of India's total workforce. In the 2024-25 budget, various ministries and departments allocated a total of Rs 4.3 lakh crore towards social security for these workers, a 12 per cent decrease from the 2022-23 (A) budget. Umbrella schemes, such as PMAY, MGNREGS, NRLM, Food Subsidy, and NSAP, and core schemes like PM SVANidhi, PM-SYM, and APY were analysed to understand spending patterns towards the sector. Notably, budgetary allocations for all core schemes have been declining since 2022-23. During her latest Budget Speech, the Finance Minister announced the doubling of the upper limit for Mudra loans to promote entrepreneurship, but there was no substantial increase in the allocation. Similarly, despite plans to develop 100 weekly 'haats' or street food hubs annually over the next five years under the PM SVANidhi scheme, the actual allocation under the scheme has declined compared to the previous year's budget estimates. Major umbrella schemes also witnessed a decline in budgetary allocations in 2024-25 compared to 2022-23 (A), primarily due to reduced allocations towards Food Subsidy and the Mahatma Gandhi National Rural Employment Guarantee Act.

CHAPTER 1

RESOURCE MOBILISATION

Revenue Mobilisation

Key Fiscal Indicators

CHAPTER 1: RESOURCE MOBILISATION

Revenue Mobilisation

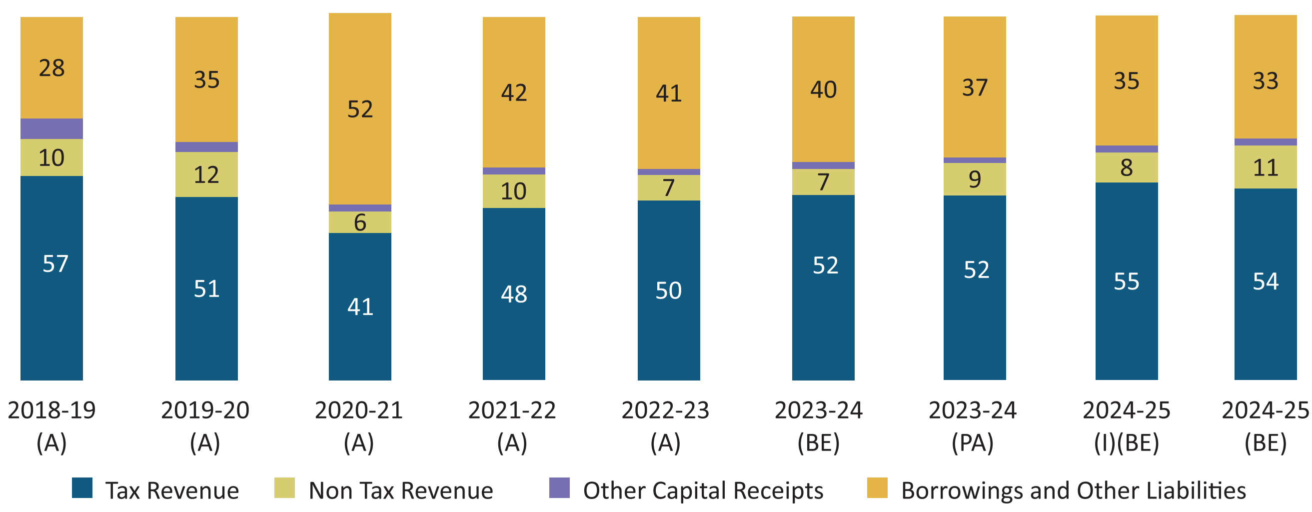
The strategy for revenue mobilisation has been an integral part of the budget making process as the size of the revenue kitty defines the fiscal space for public spending across sectors, including the social sector. The Receipts Budget, a key element of the Union Budget, details the government's income for the fiscal year from various sources, breaking down the revenue by category.

Given the country's federal structure, the Union Government is constitutionally mandated to share a part of its tax receipts with State Governments as per the recommendations of the Finance Commission. The remainder is used by the Union Government. In addition, the Union government collects non-tax revenue under different heads. Capital receipts, including recovery of loans, disinvestment proceeds and public borrowings, form another component of the Union Government's kitty. On July 23, 2024, the full budget for 2024-25 was presented, showing a 1.1 per cent increase, amounting to Rs 54,743 crore in total receipts compared to the interim budget presented in February.

Total receipts (including borrowing and other liabilities) for 2024-25 (BE) are estimated at Rs 48.21 lakh crore. This represents an 8.51 per cent increase from 2023-24 (PA) and a 7.05 per cent increase from 2023-24 (BE). In 2024-25 (BE), revenue receipts are expected to account for 65 per cent of total receipts, which is six percentage points higher than in 2023-24 (BE). Capital receipts for the current year are estimated to be lower.

Historically, tax revenue and public borrowings have been the largest components in the Union government's total receipts. Tax revenue accounted for 52 per cent of total receipts in 2023-24 BE, which is expected to increase to 54 per cent for 2024-25 (BE). In FY 2020-21, on account of the exigencies of the COVID-19 pandemic, additional borrowings resulted in the share of capital receipts ballooning to more than 50 per cent. Since then, it has been declining. For 2024-25 (BE), it is estimated to be lower, at 35 per cent.

Figure 1.1: Distribution of Total Receipts (Net Receipts) Across Different Components (in %)



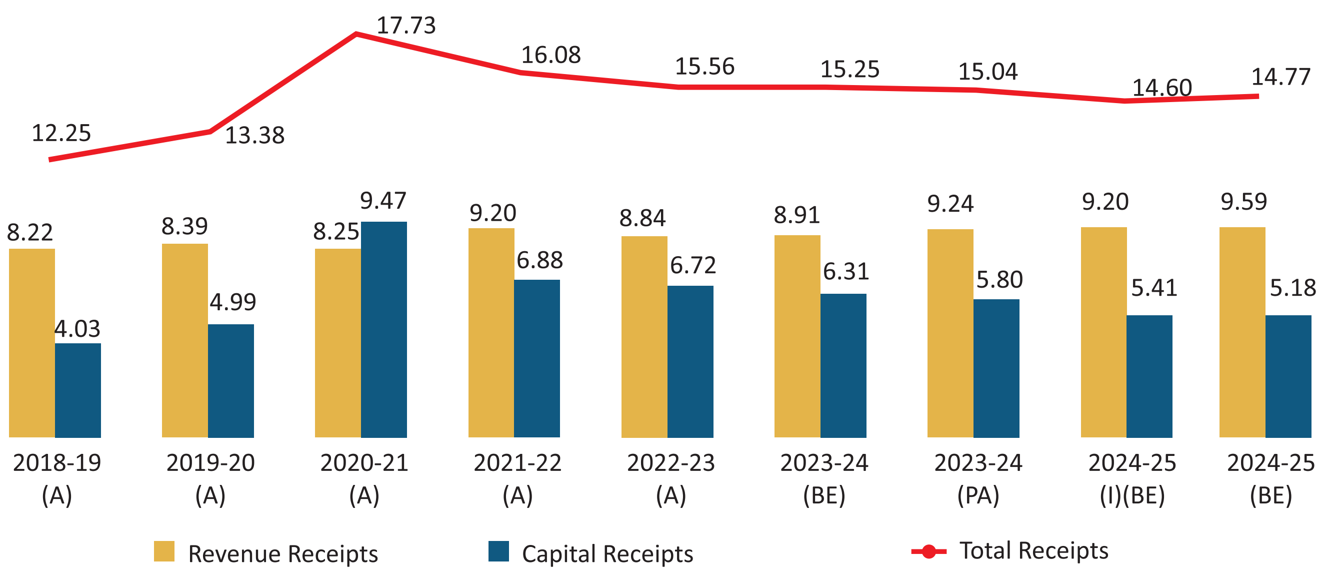
Note: (i) Total Receipts indicate net revenue receipts. They do not include NCCD transferred to the NCCF/NDRF and states' share in central taxes, which is devolved to states. (ii) Other Capital Receipts includes recovery of loans and other receipts.

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

Analysing the government's budget receipts in relation to the economy's size is crucial. In FY 2020-21, the proportion of receipts to GDP reached a peak of 17.7 per cent, largely attributed by an increase in capital receipts, which alone comprised 9.5 per cent of the GDP. This spike was primarily due to extensive resource mobilisation during the pandemic, with a significant portion coming from market borrowings and the issuance of securities against small savings[1].

For the fiscal year 2024-25 (BE), it has been predicted that Union Government receipts will constitute 14.5 per cent of the GDP, marking a slight decrease from the 2023-24 (BE). This decline is primarily attributed to an anticipated 1.15 per cent decrease in capital receipts. However, Revenue Receipts are expected to see a marginal increase, from 8.9 per cent of GDP in 2023-24 (BE) to 9.6 per cent of GDP in 2024-25 (BE), aligning closely with the 30-year average of 9.8 per cent[2].

Figure 1.2: Receipts (Net Receipts) as a % of GDP



Note: Total Receipts indicates net revenue receipts. They do not include NCCD transferred to the NCCF/NDRF and states' share in central taxes, which is devolved to states.

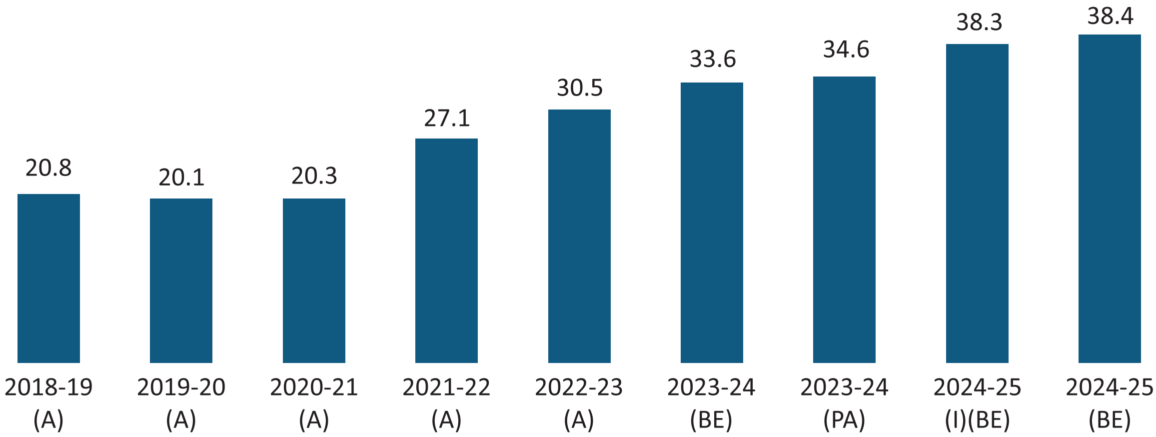
Source: Calculated by CBGA from Union Budget documents for various years.

Improved Gross Tax Collection

It was widely anticipated that the forecast for gross tax revenue would show steady growth. In the past decade, direct tax collections have tripled, and the number of tax return filers has increased by 2.4 times. The introduction of GST has streamlined India's previously fragmented indirect tax system, significantly easing the compliance load for businesses and traders[3].

The following figure indicates that the total central tax collection (i.e., the total amount collected from central taxes, including the share subsequently allocated to States and UTs) for 2024-25 (BE) is expected to be Rs 38.3 lakh crore. Compared to FY 2022-23, the increase is by 25.73 per cent.

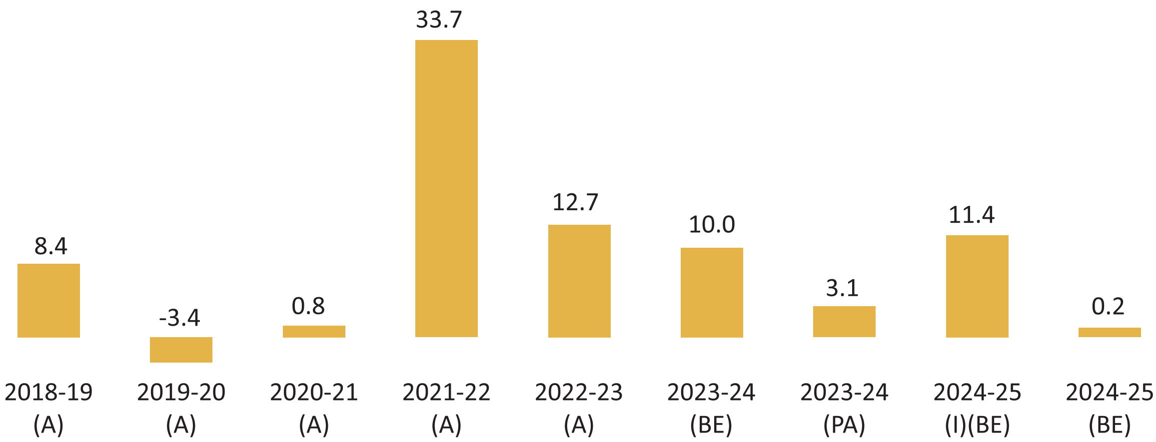
Figure 1.3: Gross Tax Collection (Rs lakh crore)



Source: Calculated by CBGA from Union Budget documents for various years.

One notable aspect of the central tax collection has been its growth over the last three years. For instance, in 2022-23, the gross central tax collection increased by Rs 3.45 lakh crore, or 12.7 per cent, over FY 2021-22. Similarly, for 2023-24 (PA), the total gross tax collection has been revised upward, compared to the 2023-24 (BE), by Rs 1,03,934 crore or 3.1 per cent. In 2024-25 (I)(BE), it was expected to increase by 10.6 per cent, with a further increase of 0.2 per cent expected in 2024-25 (BE).

Figure 1.4: Annual Growth Rate in Gross Tax Collection (in %)



Note: i) Gross Central Tax includes NCCD transferred to the NCCF/NDRF and states' share in central taxes, which is devolved to states.
Source: Calculated by CBGA from 'Budget at a Glance' documents for various years.

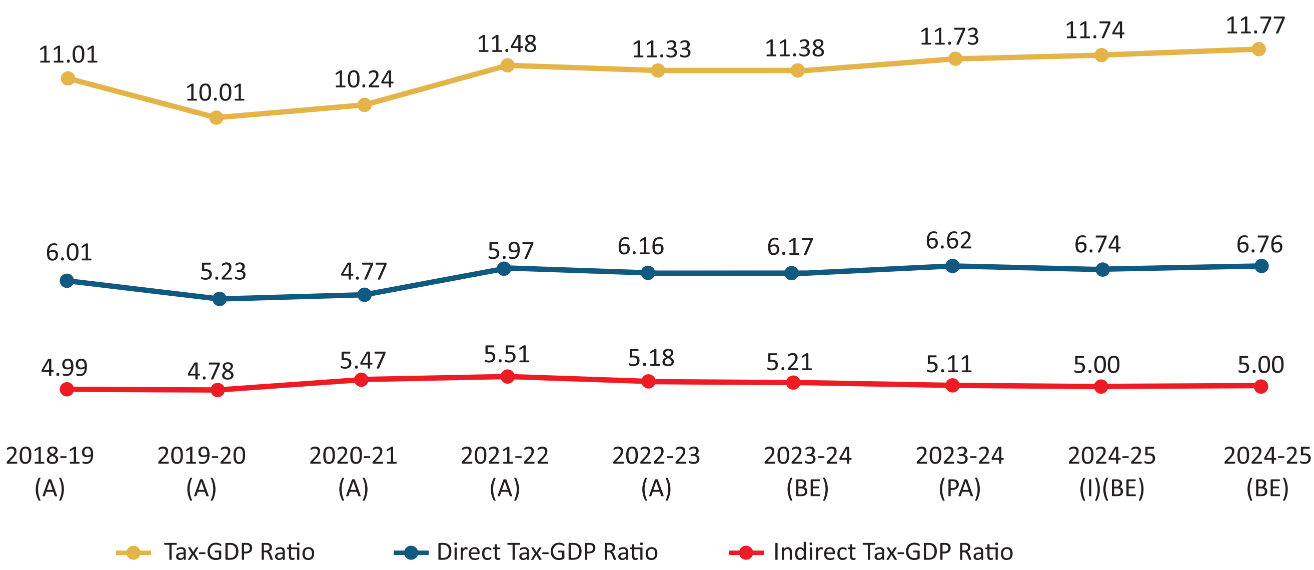
However, the latest available data from the Controller General of Accounts[4] shows that until December 2023, the gross tax collection for FY 2023-24 was 12.6 per cent higher than the same period in FY 2022-23. Additionally, the month-on-month average collection was also higher until December 2023, and the provisional actual collection for FY 2023-24 slightly exceeded the Revised Estimates (RE) presented in the Union Budget for 2024-25. As of December 2023, the Union Government had received Rs 24.82 lakh crore, which is 73.87 per cent of the corresponding BE for 2023-24 of the Total Gross Central Tax.

Tax-GDP Ratio

The Tax-to-GDP ratio reflects the country's effectiveness in garnering resources through taxation as compared to the size of the economy. In FY 2022-23, the central tax-GDP ratio decreased by 0.15 percentage points to 11.33 per cent from FY 2021-22. As per the 2023-24 (PA), the Tax-GDP ratio stood at 11.73 per cent, marginally increasing from the 2023-24 (BE). This increase was driven solely by income tax, contributing an additional 0.45 percentage points. In FY 2024-25 (BE), the tax-GDP ratio is projected to increase slightly to 11.77 per cent, which is slightly higher than the ratio forecasted for 2024-25 (I)(BE).

Figure 1.5 also compares the Tax-to-GDP ratio through Direct and Indirect tax collections, clearly indicating that the Direct Tax ratio has consistently exceeded that of Indirect Tax since FY 2021-22 and is on an upward trend. In 2024-25 (BE), the Direct Tax to GDP ratio is at 6.8 per cent, while the Indirect Tax to GDP ratio is at 5 per cent.

Figure 1.5: Tax-to-GDP Ratio (Gross Central Taxes as % of GDP)



Source: Calculated by CBGA from Union Budget documents for various years.

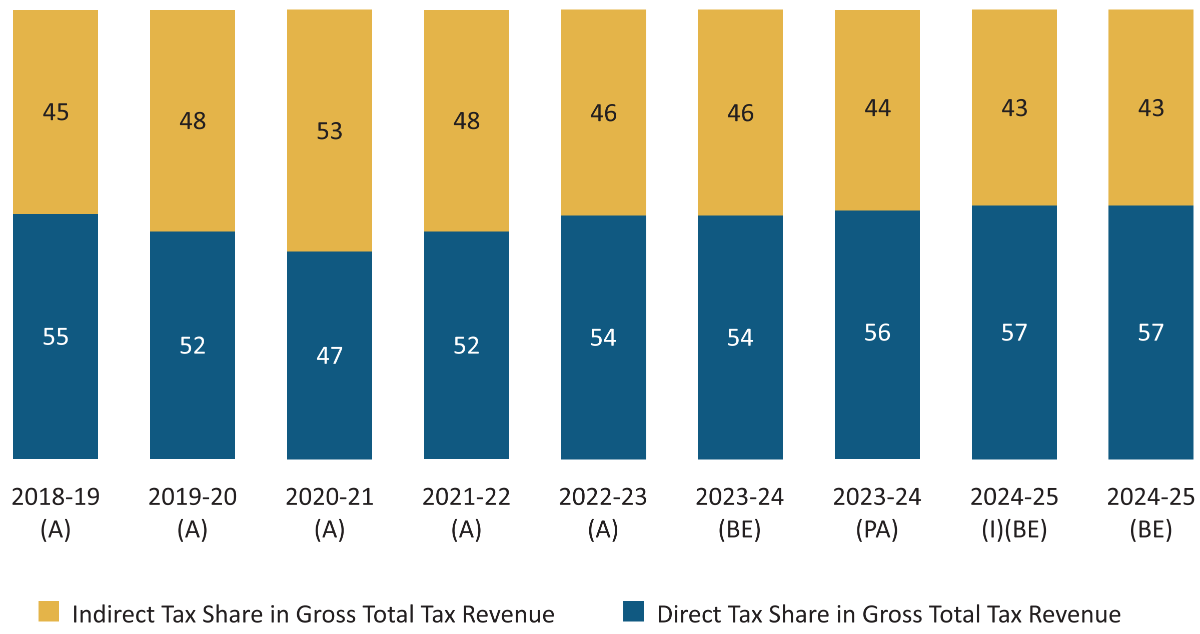
Contribution of Direct and Indirect Taxes in Central Taxes

Improvements in the Central Tax System's progressivity reflect its dual role in revenue generation and wealth redistribution via progressive taxation. A system where a significant portion of tax revenue comes from direct taxes, which are income-based, signifies progressiveness by reallocating wealth from wealthier to less privileged sections of society, unlike indirect taxes paid by all. Thus, a higher proportion of direct tax collection underscores a more equitable and progressive tax framework.

Figure 1.6 shows that in 2024-25 (BE) direct taxes now represent 57.5 per cent of total gross taxes revenue, while indirect taxes accounts for 42.5 per cent. Notably, the proportion of direct taxes in total tax revenue was 54.6 per cent in 2018-19 but fell to 46.6 per cent in 2020-21, owing to the pandemic, which saw a decline in Income and Corporate Tax collections, but rose to 52 per cent in 2021-22 and has kept the momentum since then.

The Reserve Bank of India (RBI) reports that the direct tax collection increased by 24.6 per cent year-on-year from April to November, reflecting increased tax compliance, higher advanced tax collection and widening of the tax base.

Figure 1.6: Contribution of Direct and Indirect Taxes in Central Taxes (in %)



Source: Calculated by CBGA from 'Budget at a Glance' documents for various years.

Although the Union Government's gross tax revenue has shown consistent growth, a closer examination of the combined Direct and Indirect Tax Revenues of the Central and State Governments reveals a different picture. Using RBI's Data and analysis from 2010-11 to 2020-21 indicates that on average, direct taxes constituted 38 per cent of total taxes, whereas indirect taxes made up 62 per cent. This distribution suggests that the tax system is regressive. Furthermore, RBI data for FY 2022-23 confirms this trend, with around 65 per cent of tax revenue stemming from indirect taxes[5].

What Explains the Growth of Tax Collection

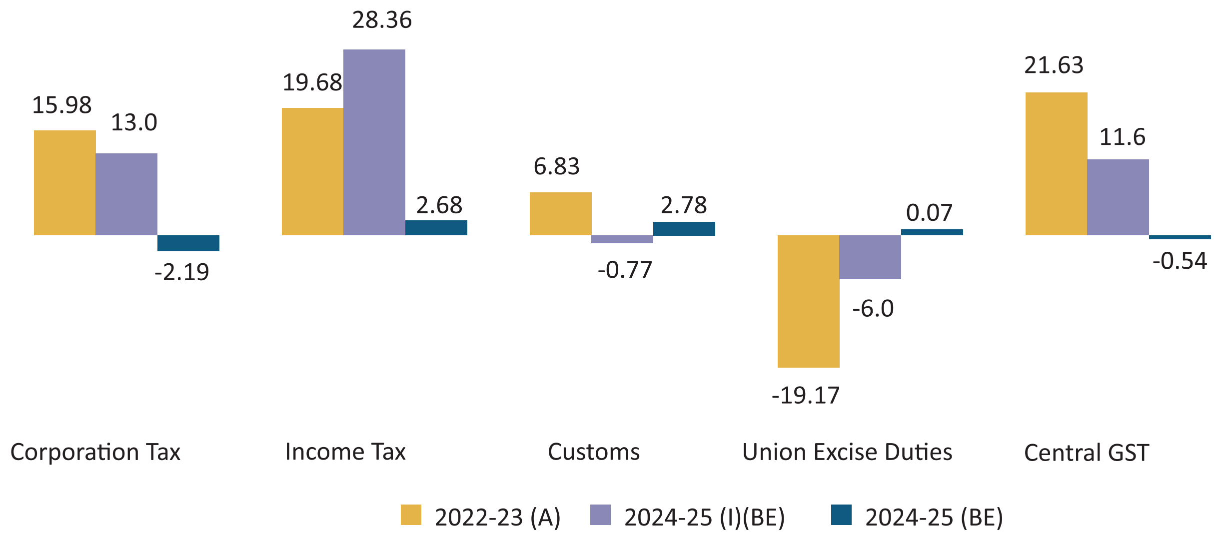
The total central tax revenue is derived from five key sources of direct and indirect taxes: Corporate Income Tax, Personal Income Tax, Central GST, Union Excise Duties, and Customs. In 2022-23, Income Tax and Corporate Income Tax had a growth rate of 19.7 per cent and 16 per cent, while central GST grew by 21.6 per cent (Figure 1.7).

There are several reasons behind the high growth rate in 2022-23. In the case of personal income tax. The COVID-19 pandemic has significantly impacted the personal income tax landscape, introducing structural changes in the workforce. Despite widespread job losses, individuals with specialised skills experienced substantial income growth, and a surge in the financial market further boosted capital income[6]. Enhanced compliance efforts by the Income Tax Department, leveraging data and technology, have also played a crucial role in the notable increase in income tax collections. Recent improvements in compliance, digitisation and wage increases in certain service sectors, alongside the economy's formalisation, improved TDS compliance on salaries and a simplified tax regime since the pandemic's onset, have collectively driven up personal tax revenue[7].

Corporate Income Tax (CIT) saw growth in 2022-23, albeit at a slower pace, with its collections trailing the nominal GDP's growth rate. This means that GDP growth did not translate proportionally into CIT revenue increases. Despite significant tax reductions in 2019 aimed at aligning India's tax rates with other countries, CIT buoyancy—a measure of how tax revenue responds to GDP growth—had already been on the decline. Specifically, in the five years before the 2019 tax cuts, CIT buoyancy fell below 1 in three of those years, indicating a pre-existing trend of diminishing tax efficiency.[8] In 2022-23, the buoyancy was just 1[9].

The growth in Central GST can be attributed to the expansion in the taxpayer base following the introduction of GST. Additionally, the post-pandemic resurgence of business activities and the robustness of India's economy have significantly boosted GST collections[10]. In 2022-23, the decrease in collection of Union excise duties was primarily due to reductions in the tax/duty on petroleum and other petroleum oil lubricants (POL) products, implemented in response to price increases[11]. In 2024-25 (I)(BE), both corporation tax and central GST are estimated to grow by over 10 per cent each, whereas personal income tax is estimated to grow by 28.4 per cent when compared with 2023-24 (BE). For 2024-25 (BE), corporation tax and Central GST are projected to decrease by 2.2 per cent and 0.5 per cent, respectively, compared to 2024-25 (I)(BE), while income tax is expected to grow by 2.7 per cent.

Figure 1.7: Annual Growth Rate of Major Central Taxes (in %)



Source: Calculated by CBGA from 'Budget at a Glance' documents for various years

Review of Union Government GST Collection

Since the implementation of GST in 2017, design and implementation hurdles in the rollout of GST in the initial years which was later exacerbated by COVID-19, has led to lower-than-expected GST revenues between FY 2018-19 to FY 2020-21.

Ever since the recovery of businesses from COVID-19, the GST treasury has seen growth and has far surpassed pre-COVID collections. Even though tax collections were lower, in FY 2021-22, for the first time CGST revenue was 12 per cent more than the BE for the same year. With better compliance and an improved business environment in FY 2022-23, CGST collection peaked to Rs 7.18 lakh crore, with the average monthly collection rising from Rs 38,062 crore in FY 2018-19 to an average of Rs 59,881 in FY 2022-23.

As noted earlier, latest data from the Controller General of Accounts (CGA) show that until December 2023, CGST collection for FY 2023-24 was 13.25 per cent higher than the same period in FY 2022-23. This suggests that CGST collection would improve further, even though Revised Estimates are kept at the same level as Budget Estimates with a slight increase observed in the provisional actuals for 2023-24.

In the post-COVID-19 recovery phase, there was an increase in CGST estimates. For the 2024-25 (I) (BE), the forecasted CGST amount stood at Rs 9.17 lakh crore, which is 13.07 per cent higher than the 2023-24 (BE). However, the amount for 2024-25 (BE) stood at Rs 9.10 lakh crore, which represents a 0.7 per cent decline from the 2024-25 (I)(BE).

Table 1.1: Budget Estimates and Actual of CGST (Rs crore)

Items	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25*	2024-25
CGST (BE)	6,03,900	5,26,000	5,80,000	5,30,000	6,60,000	8,11,600	9,17,650	9,10,890
CGST (A)	4,57,534	4,94,072	4,56,334	5,91,226	7,18,523	8,20,622	NA	NA
Difference	1,46,366	31,928	1,23,666	-61,226	-58,523	-9,022	NA	NA

Note: (1) BE - Budget Estimates, A - Actuals, NA - data not available.
(2) For 2023-24 (A) figures are Provisional Actuals and for 2024-25*, figures are (I)(BE) - Interim Budget Estimates.
Source: Compiled and calculated by CBGA from Union Budget documents, various years.

Following the implementation of GST and the establishment of the GST Council, the Union government committed to compensating States for revenue losses resulting from the transition to the new tax regime for the first five years. It was projected that SGST revenue would increase at an annual rate of 14 per cent, using FY 2015-16 as the baseline. Any shortfall between the anticipated SGST levels and the actual revenue collected is covered by providing GST compensation to the States.

However, it is important to note that there are differences between the figures initially budgeted for and Actuals. As can be seen in Table 1.2, while Actuals for GST Compensation Cess remained higher than the BEs in FY 2018-19 by 6 per cent, in FY 2019-20 and FY 2020-21, they were lower by Rs 13,790 crore (12.6 per cent) and by Rs 25,308 crore (22.9 per cent). For FY 2021-22 and FY 2022-23, GST compensation actuals were 5 per cent higher compared to BEs.

For the 2024-25 (BE), the projected GST compensation amount reached Rs 1.51 lakh crore, marking a 4 per cent increase from 2023-24 (BE) and a 26 per cent rise from 2022-23 (BE). Additionally, it reflects a 1 per cent increase from the 2024-25 (I)(BE). The compensation cess, introduced with GST to offset state revenue losses, was set for a five-year period and concluded in June 2022. Funds accumulated from this cess are now allocated to servicing the principal and interest of loans procured by the Centre during the COVID-19 pandemic[12]. This is evidenced by the substantial increase in allocations between 2022-23 (BE) and 2023-24 (BE).

Table 1.2: Budget Estimates and Actual of GST Compensation Cess (Rs crore)

Items	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25*	2024-25
GST Compensation Cess (BE)	90,000	1,09,343	1,10,500	1,00,000	1,20,000	1,45,000	1,50,000	1,51,009
GST Compensation Cess (A)	95,081	95,553	85,192	1,04,769	1,25,862	1,41,436		
Difference	-5,081	13,790	25,308	-4,769	-5,862	3,564		

Note: (1) BE - Budget Estimates, A - Actuals, NA - data not available.
(2) For 2023-24 (A) figures are Provisional Actuals and for 2024-25*, figures are (I)(BE) - Interim Budget Estimates.
Source: Compiled and calculated by CBGA from Union Budget documents, various years.

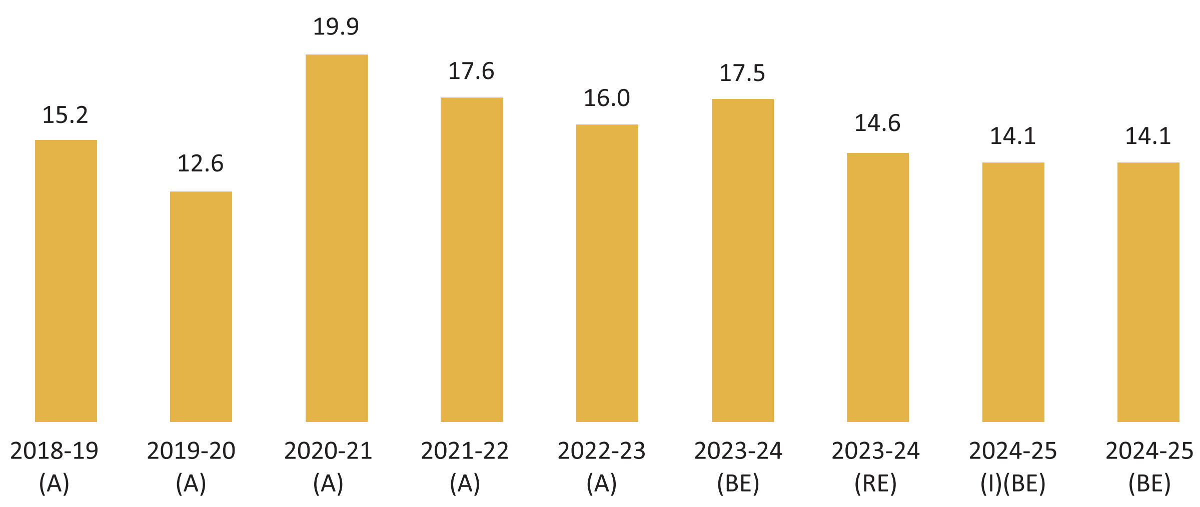
Centralisation of Gross Tax Revenue

The trend towards centralisation of tax revenue in the Union Budget, emphasised post the 14th Finance Commission's recommendation to augment States' share, has led to notable shifts. The Constitution allows the Government of India (GoI) to levy cesses and surcharges for specific purposes, traditionally on a temporary basis. However, their recent transformation into more permanent fixtures in the tax architecture increase the Centre's net tax pool as these revenues are not included in the divisible pool shared with States. This practice, which has surged during the pandemic, has further widened the fiscal gap between the Union and State Governments, despite constitutional mechanisms intended to equitably distribute Union tax collections.

The GoI's unique authority to impose cesses and surcharges—such as the road and infrastructure cess on fuel sales and the health and education cess—supports specific sectors directly. For instance, a significant portion of the GoI's allocations for schemes such as the *Pradhan Mantri Poshan Shakti Nirman* in FY 2022-23 was financed through cess collections[13]. Since these funds are not part of the "divisible pool" of taxes, they remain exclusive to the GoI, underscoring an increasing fiscal centralisation and limiting States' access to potential revenue enhancements. This evolving dynamic reflects a strategic use of tax policy to meet targeted fiscal objectives while navigating the constitutional framework designed to balance financial responsibilities and resources across government levels.

As can be seen from Figure 1.8, in FY 2018-19, the share of tax collection not shared with states accounted for 15.2 per cent of the gross tax revenue. After a dip in 2019-20, this figure reached its peak in FY 2020-21 at 19.9 per cent, primarily due to an increase in cess and surcharge collections (including the Additional Duty of Excise on High-Speed Diesel Oil, Special Additional Duty of Excise on Motor Spirit, and Road and Infrastructure Cess). It declined in FY 2021-22 but remained high at 17.6 per cent and was 16 per cent in FY 2022-23. This increase may be attributed to policy changes implemented by the Union Government, such as the introduction of the Special Additional Duty of Excise on Motor Spirit, Road and Infrastructure Cess in 2020-21, and the Agriculture Infrastructure and Development Cess in 2021-22. Despite the initial increase, the 2023-24 (RE) observed a decline again, with 14.6 per cent of central gross tax collection remaining outside the divisible pool, which is projected to further decrease to 14.1 per cent in the 2024-25 (BE).

Figure 1.8: Trend in Central Tax Collection (Cess and Surcharge) Not Part of Divisible Pool (in %)

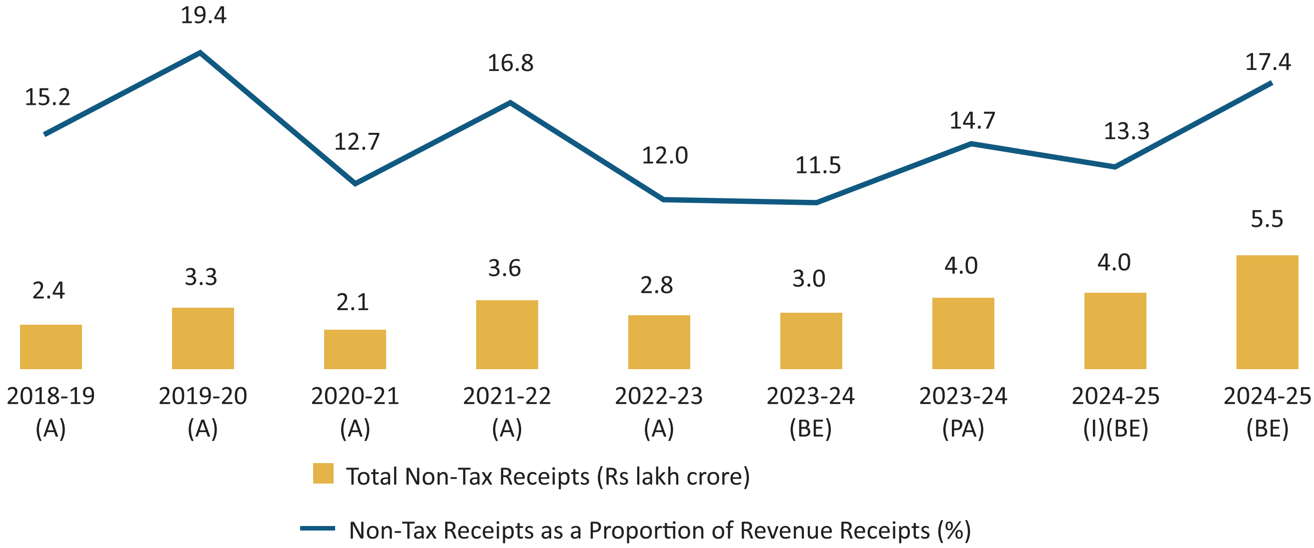


Source: Calculated by CBGA based on Union Budget document for various years.

Trends in Non-Tax Revenue

Looking at figure 1.9, the share of non-tax revenue receipts in total revenue receipts is higher, accounting for 17.4 per cent in 2024-25 (BE), which reflects an increase of 4.1 per cent from 2024-25 (I)(BE). Despite this, non-tax receipts are estimated to be lower than the share in 2019-20, when they accounted for 19.4 per cent of total revenue receipts.

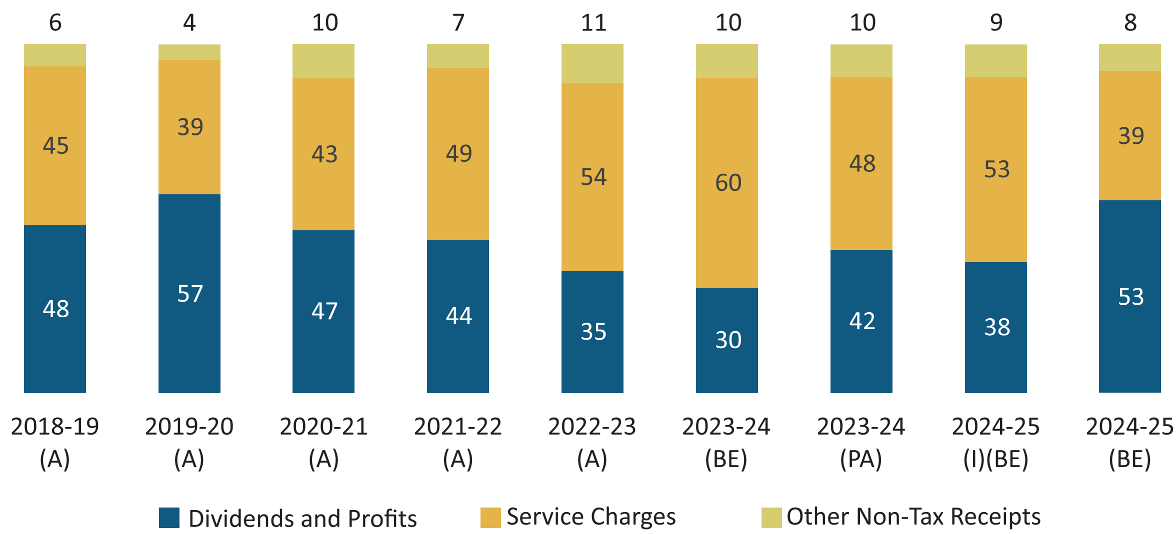
Figure 1.9: Trends in Total Non-Tax Revenue



Source: Calculated by CBGA from Union Budget documents for various years.

The primary elements of non-tax revenue include service charges for government services, dividends from the Reserve Bank of India (RBI) and Public Sector Undertakings (PSUs), interest receipts, grants-in-aid, and various other non-tax sources. Between FY 2018-19 and FY 2020-21, an average of 51 per cent of non-tax receipts came from RBI and PSU dividends. However, over the past four years, service charges have become the most significant contributor, accounting for an average of 51 per cent of non-tax revenue, largely boosted by economic service receipts. These service charges span a range of sectors, including administrative services, petroleum, telecom, and transportation. Although the government has some control over setting these service prices, the total revenue collected from them is also subject to the influence of broader economic conditions. Following this, RBI and PSU dividends constituted an average of 40 per cent. In 2024-25 (BE), there has been a notable shift in trends: dividends and profits now estimated to account for 53 per cent of total non-tax receipts, a significant increase from 38 per cent in 2024-25 (I)(BE). This change was predominantly driven by dividends and surpluses from the Reserve Bank of India, nationalized banks, and financial institutions.

Figure 1.10.: Distribution of Total Non-Tax Revenue Across Major Components (in %)



Source: Calculated by CBGA from Union Budget documents for various years.

Key Takeaways

Although the Union Government's gross tax revenue has consistently grown, with direct taxes outpacing indirect taxes in recent years and positively contributing to GDP, an analysis combining both Union and State tax collections presents a different story. Upon reviewing the aggregate tax revenue, direct taxes constitute less than 40 per cent of the total, suggesting that the tax structure is regressive. This is because direct taxes, which are more equitable, affect poor people and households less than indirect taxes do.

While overall direct tax collections have been on the rise, a notable shift has occurred within its composition, particularly between Corporate Income Tax and Personal Income Tax. Since 2022-23, the share of Personal Income Tax in the direct tax revenue has grown, driven probably by compliance measures, adjustments in tax slabs, and technological innovations. However, despite the significant reduction in corporate tax rates in 2019, the growth of Corporate Income Tax has been sluggish, not only falling behind the nominal GDP growth rate but also showing a decrease in buoyancy. This indicates that the increase in corporate taxes has been outpaced by economic growth, underscoring a concerning trend in tax revenue dynamics.

The introduction of GST faced initial hurdles in design and implementation, further exacerbated by the impact of COVID-19, leading to revenues that did not meet projections from FY 2018-19 to FY 2020-21. However, the end of the pandemic phase saw a resurgence in business activities, significantly boosting GST collections beyond pre-pandemic figures. FY 2021-22 emerged as a pivotal year, with CGST revenues surpassing Budget Estimates, a trend that continued into FY 2022-23. Despite these positive developments and a promising trend in the early months of FY 2023-24, the Revised Estimates have remained aligned with the initial Budget Estimates, indicating a cautious stance towards revenue forecasting. Although there was a marginal increase in 2023-24 (PA), this cautious approach, despite the recovery, suggests an underlying concern about potential under-reporting.

The increasing accrual of cesses and surcharges significantly impacts the spirit of cooperative federalism. By converting cesses and surcharges into more permanent elements of the tax system, the Union Government net tax pool has increased substantially over the years. Since these revenues are excluded from the divisible pool, state governments are not getting the benefits of such additional taxes. Also, allocations for some of the CSS schemes were predominantly funded through cess collections, underscoring a shift towards fiscal centralisation and reducing states' potential for revenue growth.

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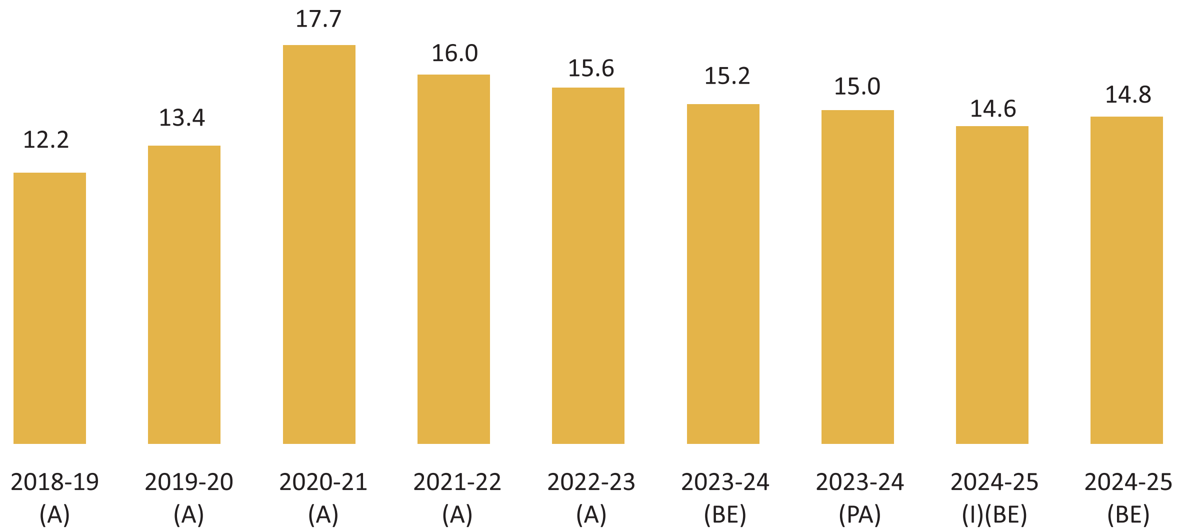
Key Fiscal Indicators

Trends in Union Government Expenditure

The tax revenue forecast for 2024-25 (BE) stands at Rs 25.83 lakh crore, marking a 10.85 per cent increase from 2023-24 (BE). Despite this rise, the Union Government's spending as a proportion of GDP is expected to decrease slightly compared to last year's Provisional Actuals (PA). Meanwhile, capital account receipts are projected to decline by 4 per cent from 2024-25 (I)(BE) and 10 per cent from 2023-24 (BE). Upholding fiscal prudence and aligning with the FRBM Act, the fiscal deficit target is set at 4.9 per cent of GDP, representing a 0.2 percentage point decrease from the interim budget for the ensuing fiscal. As a result, the overall fiscal space—total Union Budget to GDP—has been persistently declining since FY 2020-21. Before the pandemic, the Union Government's spending stood at 13.4 per cent of GDP, as shown in Figure 1.11. FY 2020-21 saw a significant jump in this ratio to 17.7 per cent, primarily due to COVID-19 responses, subsidy payments, development spending through employment, additional ration provisioning etc. Further, there has been greater fiscal transparency[1] through DBT-led public provisioning. Now, with the 2024-25 (BE) spending forecast at 14.8 per cent of GDP, it signals a return to spending patterns observed before the pandemic.

Figure 1.11: Trend in Total Union Budget Expenditure as a Proportion of GDP (in %)



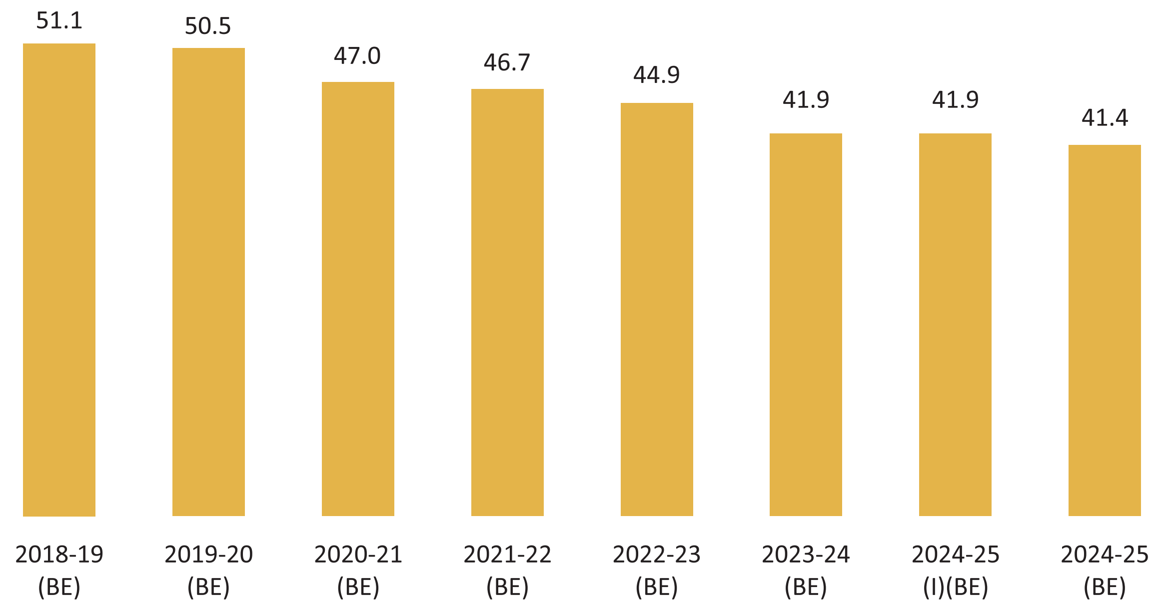
Source: Compiled by CBGA from Union Budget Documents, various years.

The total government expenditure for fiscal year 2024-25 (BE) is forecast at Rs 48.21 lakh crore, marking a 7.3 per cent increase from 2023-24 (RE). Within this total expenditure, revenue expenditure represents the majority, showing a 4.8 per cent rise from the previous year's Revised Estimates (RE). A significant portion of the Union Government's Revenue Budget is accounted for in interest payments, which are estimated to be at 31.25 per cent, up from 29.81 per cent in the 2023-24 (RE).

Declining Trends in Committed Liabilities of Union Government

A significant portion of the budget is allocated to covering committed liabilities, which primarily consist of expenditure such as salaries, pensions, subsidies, and interest payments on debt taken during earlier years. Governments are required to fulfil these obligations regardless of any resource constraints they might encounter.[2] The proportion of the budget dedicated to these committed liabilities directly impacts the fiscal space available for development spending. Figure 1.12 shows that in the 2018-19 (BE), over half of the Union Government's budget was expected to be directed towards these obligations. However, this share has been on a downward trend, and is expected to reduce to 41.4 per cent in 2024-25 (BE).

Figure 1.12: Trends in Committed liabilities of Union Government (in %)



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

Emphasis on Capital Expenditure

The budget has continued its focus on raising capital expenditure as it has a huge multiplier impact on economic growth and employment creation[3]. In 2024-25 (I)(BE), capital expenditure was estimated at Rs 11.11 lakh crore, constituting 3.40 per cent of GDP. This allocation remains unchanged in the full budget for 2024-25 (BE).

Union Budget 2024-25 (BE) forecasts a nearly 17.1 per cent increase in total capital expenditure compared to 2023-24 (PA), continuing the trend of prioritising capital investments to stimulate economic growth across various sectors. This approach, initiated during the pandemic through supply-side reforms to bolster economic infrastructure, has led to a modest rise in total revenue expenditure.

Table 1.3: Capital Expenditure as a Proportion of the Total Union Budget and GDP

Year	Total Expenditure (Rs lakh crore)	Capital Expenditure (Rs lakh crore)	Capital Exp. As % of Total Budget	Capital Exp. As % of GDP
2018-19 (A)	23.15	3.08	13.29	1.63
2019-20 (A)	26.86	3.36	12.50	1.67
2020-21 (A)	35.10	4.26	12.15	2.15
2021-22(A)	37.94	5.93	15.63	2.51
2022-23 (A)	41.93	7.40	17.65	2.75
2023-24(BE)	45.03	10.01	22.23	3.39
2023-24(PA)	44.43	9.49	21.35	3.21
2024-25 (I)(BE)	47.66	11.11	23.31	3.40
2024-25 (BE)	48.21	11.11	23.05	3.40

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

This increase in capital expenditure is primarily for three ministries: the Ministry of Railways, Ministry of Road Transport and Highways and Ministry of Defence, which account for 63 per cent of total capital expenditure in 2024-25(I)(BE). Compared to 2023-24 (RE) this is a decline of 7 percentage points. The capital expenditure for the above-mentioned ministries has remained unchanged for 2024-25 (BE) compared to 2024-25 (I)(BE).

Table 1.4: Key Ministries Appropriating Capital Outlays* (Rs Crore)

Year	Ministry of Defence	Ministry of Railways	Ministry of Road Transport and Highways	Total of Three Ministries Capital Expenditure	Total Capital Expenditure in the Union Budget	Share of Three Ministries in Total Capital Expenditure (%)
2018-19 (A)	97,351	52,838	67,646	2,17,835	3,07,714	71
2019-20 (A)	1,13,441	67,842	68,374	2,49,656	3,35,726	74
2020-21 (A)	1,37,409	1,09,324	89,195	3,35,928	4,26,317	79
2021-22(A)	1,41,468	1,17,271	1,13,312	3,72,050	5,92,874	63
2022-23 (A)	1,47,450	1,59,256	2,05,986	5,12,692	7,40,025	69
2023-24 (BE)	1,67,600	2,40,000	2,58,601	6,66,201	10,00,961	67
2023-24 (RE)	1,63,728	2,40,000	2,64,523	6,68,252	9,50,246	70
2024-25 (I)(BE)	1,78,500	2,52,000	2,72,238	7,02,738	11,11,111	63
2024-25 (BE)	1,78,500	2,52,000	2,72,238	7,02,738	11,11,111	63

Note: For 2023-24, Provisional Actuals (PA) were not available; instead, Revised Estimates (RE) are used for analysis.

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

Pruning the Fiscal Deficit

In line with the fiscal consolidation roadmap announced in FY 2021-22 to reduce the fiscal deficit below 4.5 per cent by FY 2025-26, the fiscal deficit for 2024-25 is estimated at 4.9 per cent of GDP. High fiscal deficits can escalate national debt and debt servicing costs, potentially undermining economic stability, devaluing the currency, and impeding private investment. The Union Government's commitment to a fiscal glide path underscores its dedication to maintaining sustainable debt levels, ensuring macroeconomic stability, and providing space for private sector investment in capacity expansion[4]. With the fiscal deficit projected to decrease from 5.9 per cent and 5.6 per cent in the previous year's BE and PA, respectively, to 4.9 per cent in FY 2024-25 (BE), the government is firmly following the path to achieve its fiscal consolidation goals.

Table 1.5: Trends in Revenue Deficit and Fiscal Deficit (Rs lakh crore)

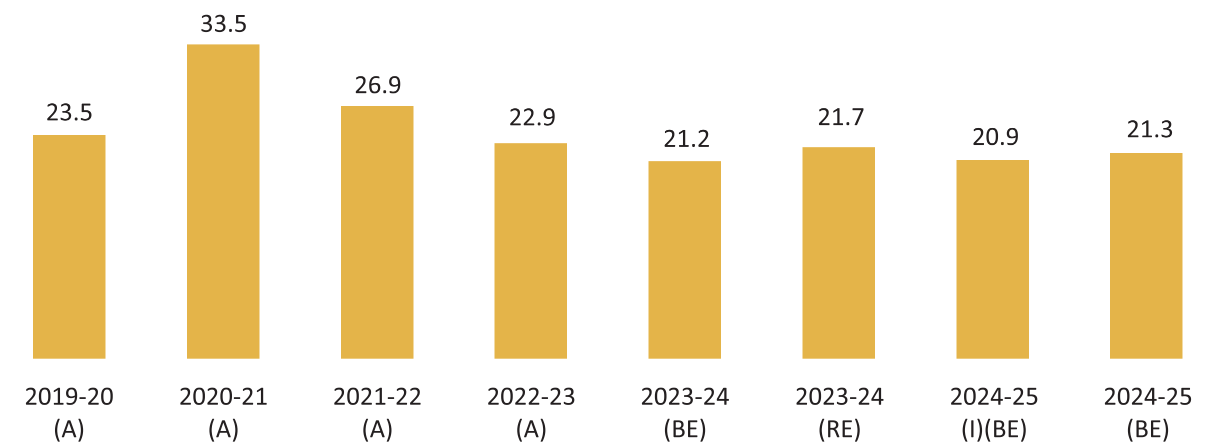
Items	2019-20 (A)	2020-21 (A)	2021-22 (A)	2022-23 (A)	2023-24 (BE)	2023-24 (PA)	2024-25 (I)(BE)	2024-25 (BE)
Revenue Deficit	6.66 (3.3)	14.49 (7.3)	10.31 (4.4)	10.69(4.0)	8.69(2.9)	7.65(2.6)	6.53 (2.0)	5.80(1.8)
Fiscal Deficit	9.33 (4.6)	18.18 (9.2)	15.84 (6.7)	17.37(6.4)	17.86(5.9)	16.53(5.6)	16.85 (5.1)	16.13(4.9)

Note: Figures in parenthesis are as a percentage of GDP.

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

Fiscal consolidation has come at the cost of mostly stagnant or reduced magnitudes of budgetary outlays for most social sector ministries. Figure 1.13 presents the combined budgetary priority for 16 Union ministries, which can broadly be referred to as the social sector ministries. The combined priority for this group of 16 ministries had risen sharply to 33.5 per cent of the total Union Budget in FY 2020-21, mainly due to the policy response of the government to the pandemic, which included higher spending on food subsidies, the rural employment guarantee, and health, among a few other sectors. This combined priority for the select ministries has declined in the four subsequent Union Budgets, reaching 21.3 per cent in 2024-25 (BE). In 2023-24 (RE), key ministries' share in the Union Budget accounted for 21.7 per cent. This share is estimated to decline by 0.4 percentage points in 2024-25 (BE). This declining trend is quite similar to the pattern observed in the case of the share of the total Union Budget to GDP. Hence, it is clear that in any decline in the share of the Union Budget to GDP, it is the social sector ministries that are affected the most.

Figure 1.13: Combined Share of 16 Social Sector Ministries* in the Union Budget (in %)



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

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

Cutback in Subsidies from 2023-24 (RE)

Compared to 2023-24 (RE), the projected Union Budget outlays in 2024-25 (BE) for both the food and fertiliser subsidy have been reduced. In 2024-25 (BE), subsidies accounted for 8.9 per cent of the total expenditure and 11.5 per cent of revenue expenditure, marking a slight increase from 2024-25 (I)(BE).

The Union Government estimates the food subsidy bill for 2024-25 (BE) to be Rs 2.05 lakh crore, down from Rs 2.12 lakh crore for 2023-24 (RE). Food subsidy forms the largest chunk of the overall expenditure by the Department of Food and Public Distribution[5], with 96 per cent allotted towards the *Pradhan Mantri Garib Kalyan Anna Yojana* (PMGKAY) in 2024-25 (BE). The government has allocated Rs 1.64 lakh crore for fertiliser subsidies in the 2024-25 (BE), marking a 13.2 per cent decrease from the 2023-24 (RE). There has been no change in allocation for these two subsidies compared to 2024-25 (I)(BE). This adjustment follows a year when the subsidy burden escalated due to surging global prices[6]. However, it is important to underscore the fact that these subsidies are crucial for the upliftment and wellbeing of marginalised communities, including farmers, who constitute the majority of our population.

Table 1.6: Important Subsidies in the Union Budget (Rs crore)

Item	2021-22 (A)	2022-23 (A)	2023-24 (BE)	2023-24 (RE)	2024-25 (I)(BE)	2024-25 (BE)
Food subsidy	288969	272802	197350	212332	205250	205250
Fertiliser subsidy	153758	251339	175100	188894	164000	164000
Petroleum subsidy	3423	6817	2257	12240	11925	11925
Other subsidies	57758	46957	28377	27070	28548	47248
Total Subsidy	503907	577916	403084	440536	409723	428423

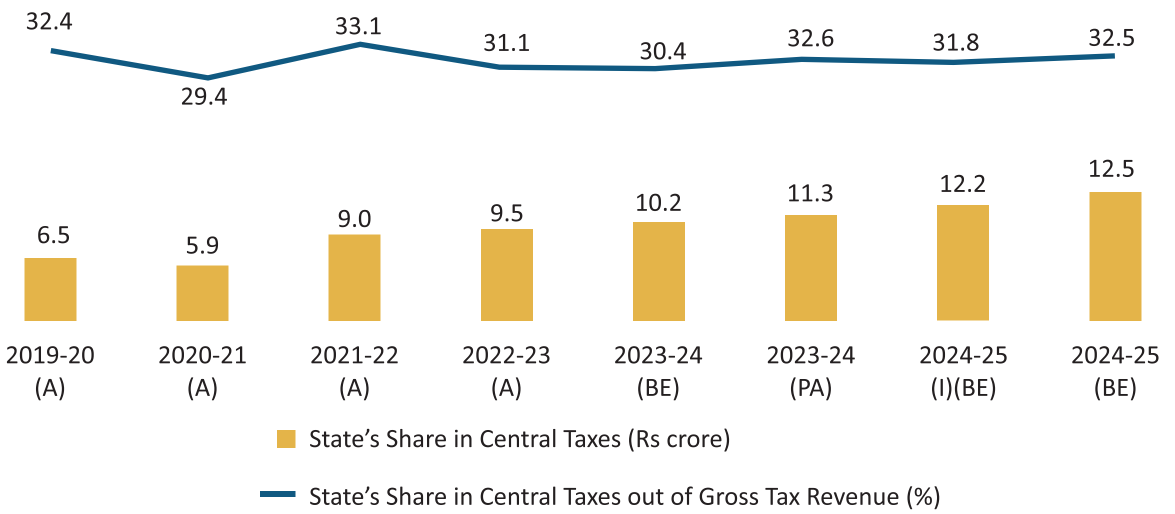
Note: For 2023-24, Provisional Actuals (PA) were not available; instead, Revised Estimates (RE) are used for analysis.

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

Transfer of Resources to States through Tax Devolution

States' share in central taxes rose by 45.7 per cent between FY 2019-20 and FY 2022-23, yet there was no real term increase in their share of the gross tax revenue during this period. In 2024-25 (BE), the states' share in central taxes is projected to reach an all-time high of Rs 12.47 lakh crore, which is 10.5 per cent more than the share in 2023-24 (PA). However, as a proportion of gross tax revenue, the states' share has marginally declined from the previous year's Provisional Actuals.

Figure 1.14: Trends in Tax Devolution to States (in %)



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

Transfer of Resources to States and UTs through Grants in Aid

In 2024-25 (I)(BE), GIA transfers to states and UTs amounted to Rs 10.30 lakh crore, with 49 per cent allocated to Centrally Sponsored Schemes (CSS), 38 per cent to Other Transfers and 13 per cent as Finance Commission Transfers. A significant component of Other Transfers is the GST compensation cess to states. Although the compensation cess was introduced alongside GST to mitigate state revenue losses for five years up to June 2022, the accumulated funds are now being used to service the principal and interest of loans that the Centre acquired during the COVID-19 pandemic. This re-routing of funds explains why Other Transfers account for a larger proportion. For 2024-25 (BE), GIA transfers to states were five per cent higher compared to 2024-25 (I)(BE). This increase was primarily due to a 12 per cent rise in other transfers.

Table 1.7: Grant-in-Aid Transfers to States & UTs (Rs lakh crore)

Items	2019-20 (A)	2020-21 (A)	2021-22 (A)	2022-23 (A)	2023-24 (BE)	2023-24 (RE)	2024-25 (I)(BE)	2024-25 (BE)
Finance Commission Transfers	1.24	1.84	2.07	1.73	1.65	1.40	1.32	1.32
Centrally Sponsored Schemes	3.10	3.84	4.54	4.38	4.76	4.61	5.02	5.06
Other Transfers	1.99	1.92	2.18	3.18	3.48	3.32	3.50	3.92
GIA transfers to States and Uts	6.33	7.6	8.79	9.28	9.89	9.33	9.84	10.30

Note: For 2023-24, Provisional Actuals (PA) were not available; instead, Revised Estimates (RE) are used for analysis.

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

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CHAPTER 2

SOCIAL SECTORS

Education

Health

Nutrition

WASH

CHAPTER 2: SOCIAL SECTORS

Education

More than 26.5 crore students in 15 lakh schools and 4.3 crore students in 59000 higher education institutions make India one of the largest education systems in the world. Notwithstanding this, 33 percent of 15-29 age group youth in India are not in education, employment and training (NEET). Job creation was among the key concerns during the last tenure of this government. After being re-elected, the government has showcased the commitment to boosting education, employment, and skill-building as is reflected in the Union Budget Speech 2024-25. A provision of Rs 1.48 lakh crore has been announced for the same. The election manifesto of Bhartiya Janta Party, which is leading the present coalition government had also promised to prepare students for a 'future ready youth' under 'Quality Education'.

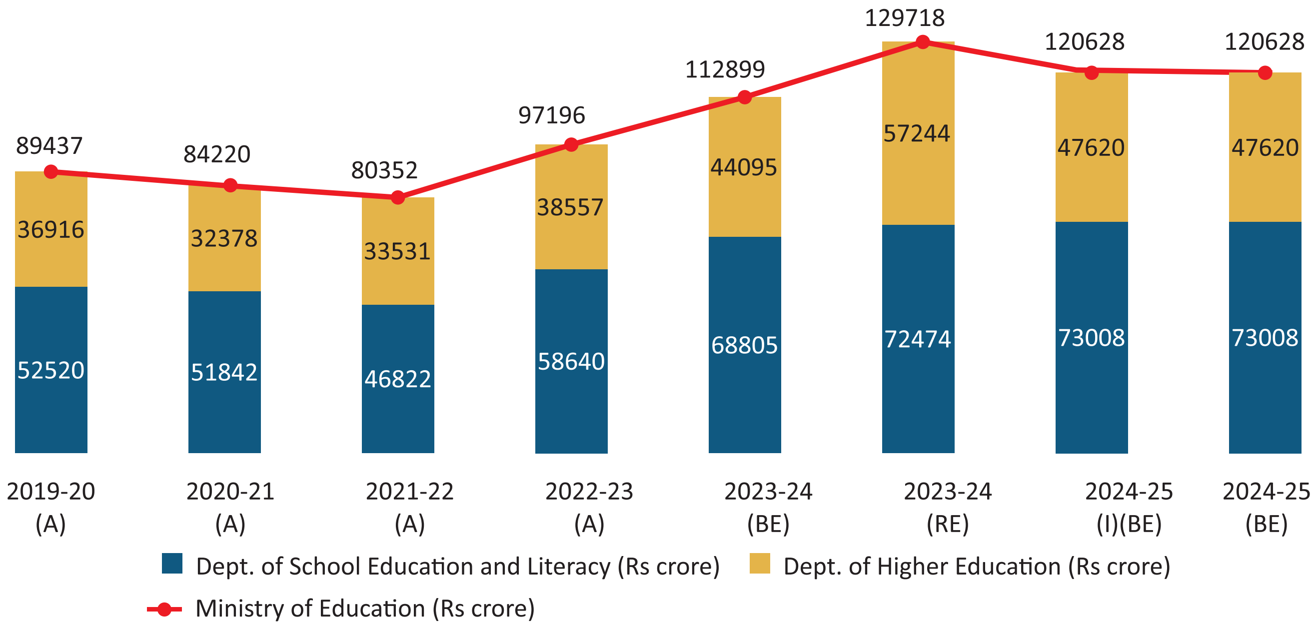
NITI Aayog has reported improvement in achieving SDG 4 in SDG India Index 2023-24. However, it has also indicated slow progress in key indicators like gross enrolment ratio in secondary and higher education, pupil-teacher ratio, educational attainment of persons with disabilities and digital and basic infrastructure in schools.

Thus, the government has a critical and significant role in carrying out educational reforms in the most equitable and inclusive manner and the budget is one of the key strategies to achieve the desired outcomes.

Four Years of National Education Policy

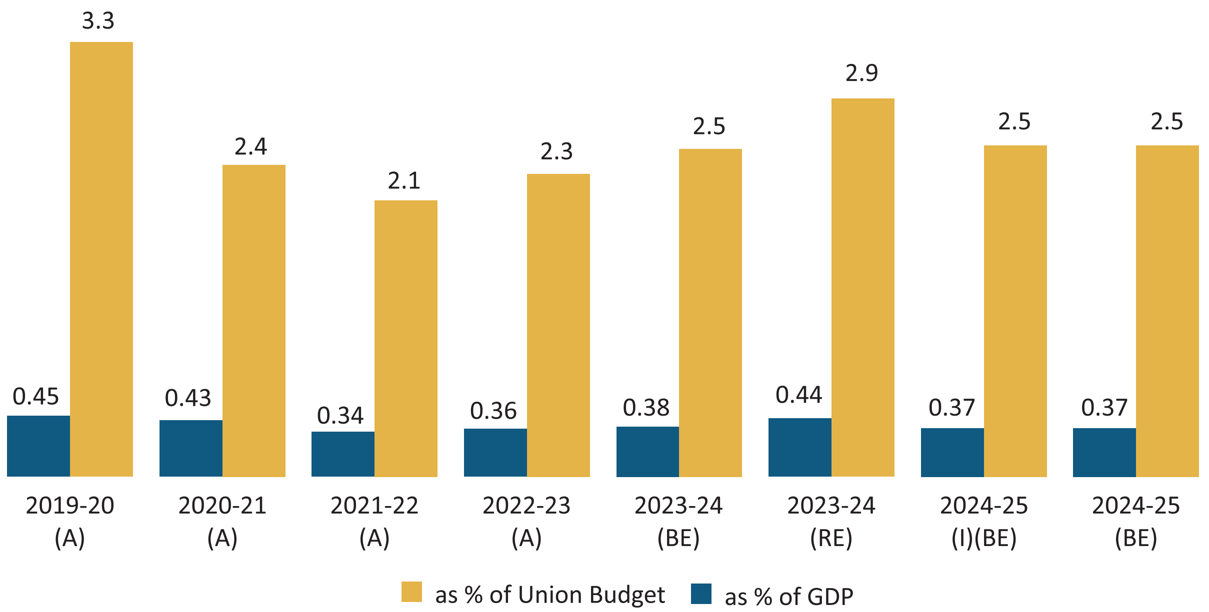
The National Education Policy 2020 (NEP, 2020) was implemented in 2020. The policy is a key document providing direction to the education sector in the coming years, which caters to almost 50 per cent of India's population. Executing the NEP recommendations requires substantial government expenditure on education in a phased manner. The Union Budget 2024-25 is the fourth budget after the rollout of the NEP 2020, where the education sector has received Rs 1,20,628 crore (Figure 2.1). This is equivalent to 0.37 per cent of the country's GDP. During the first year of NEP implementation, the share was 0.43 per cent. (See Figure 2.2). As the NEP aspired to achieve six per cent of GDP for education, there is a need for higher financial commitments for the sector from the Union as well as state governments.

Figure 2.1: Union Government Spending on Education (Rs crore)



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

Figure 2.2: Trends in Education Spending by Ministry of Education (%)



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

A closer look at how this year's budget has been designed reveals that 75 per cent of the budget of the Department of School Education & Literacy (DSEL) will be financed through an education cess, of which 59 per cent will be met through a primary education cess and 16 per cent through a secondary and higher secondary education cess. Similarly, 33 per cent of the Department of Higher Education (DOHE)'s budget would be financed through an education cess. A further disaggregated figure shows that 99.9 per cent of the budget of both *Samagra Shiksha Abhiyan* (SmSA) and *Pradhan Mantri Poshan Shakti Nirman* (PM-POSHAN) will be financed from the education cess. The cess was perceived to supplement the additional resource requirements for universalising school education. However, over time, it has become the primary source of financing school education.

Table 2.1: Allocation for Select Schemes of Ministry of Education (Rs crore)

Schemes	2019-20 (A)	2020 -21 (A)	2021-22 (A)	2022-23 (A)	2023-24 (BE)	2023-24 (RE)	2024-25 (I)(BE)	2024-25 (BE)
Samagra Shiksha Abhiyan	32377	27835	25061	32515	37453	33000	37500	37500
Mid-Day Meal*	9699	12878	10231	12681	11600	10000	12467	12467
Kendriya Vidyalaya Sangathan	6331	6436	6800	7461	8364	8500	9303	9303
Navodaya Vidyalaya Samiti	3388	3479	3740	4920	5487	5470	5800	5800
PM SHRI				-	4000	2800	6050	6050
RUSA**	1278	165	242	360	1500	500	1815	1815
World class institutions	224		1046	977	1500	1300	1800	1800
Indian Institutes of Technology	6596	6455	7852	8990	9661	10384	10324	10324
Indian Institutes of Management	481	465	651	594	300	231	212	212
University Grants Commission	4436	3809	4613	5092	5360	6409	2500	2500

Notes: * Mid-day Meal has been renamed as *Pradhan Mantri Poshan Shakti Nirman* (PM - POSHAN).
**RUSA has been renamed as PM-USHA; (I) represents Interim Budget

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

In the last few years, budgetary priorities have shown another change. *Kendriya Vidyalaya, Navodaya Vidyalaya* and PM-SHRI schools, which are considered as 'exemplar schools' of the Union Government, are getting relatively higher allocations than the other government-run schools catering to the larger student population of the country. In the last six years, i.e., between 2019-20(A) and 2024-25 (BE), the share of these model schools in the total DSEL budget has increased from 19 per cent to 29 per cent, while the share of SmSA has gone down from 62 per cent to 51 per cent. This trend is also visible in DOHE's spending pattern. In this period, the budget for world-class institutions rose by more than 700 per cent, while the budget for the University Grants Commission (UGC) was reduced by 44 per cent (See Table 2.1).

Equity and Inclusivity: Approaches and Concerns

Due to the skewed distribution of resources, certain groups are grossly underrepresented in the educational systems. Acknowledging the inequity, NEP has clubbed gender identities, sociocultural identities, geographical identities, disabilities, and socioeconomic conditions to create a new social group called 'Socio-Economically Disadvantaged Groups'. The policy recommends a series of policies and schemes such as a gender-inclusion fund, interventions to address context-specific barriers to female and transgender children's access to education, targeted scholarships, conditional cash transfers to incentivise parents to send their children to school, and providing bicycles to enable more representation. However, the policy recommendations are not backed by adequate budgetary support.

Budget shows that pre-matric scholarships for the Scheduled Castes, other backward classes, minorities and students with disabilities have either witnessed a cut or have been continued with the same allocation as in the last year.

However, as an exception, both pre-matric and post-matric scholarships for STs have witnessed increased allocation. In the interim budget, a new scheme called PM-JANMAN *Yojana*[1] was introduced for the most vulnerable tribal groups; Rs 489 crore has been allocated under SmSA for PM-JANMAN. The allocation for the *Eklavya* Residential Model Schools also increased from Rs 5,943 crore to Rs 6399 crore between 2023-24(BE) and 2024-25(BE).

While scholarship, to a large extent, has improved the participation of marginalised children in the school system, a large number of children and youth still remain out of educational institutions. As per UDISE+ 2021-22[2], the Gross Enrolment Ratio (GER) of Students belonging to the SC community in primary grades was 113 per cent, while for higher secondary, it was 61 per cent; the GER of Students belonging to the ST community in the primary grades was 106.5 per cent, while for higher secondary it was 52 per cent. These numbers are more alarming for students with disabilities as enrolment at the primary level was 11.31 lakh, while the number was 0.49 lakh at the higher secondary level. The decline in enrolment in higher education is even steeper. Arresting the drop-out rate and mainstreaming the out-of-school children needs targeted budgetary interventions.

Building on Foundational Literacy and Numeracy

The Sustainable Development Goals (SDGs) 2030 highlighted the need for immediate action towards inclusive and equitable education to all by 2030. The SDG 2023 Report stated that 84 million children and youth will be out of school and 300 million will lack basic numeracy and literacy skills if no additional measures are taken by 2030[3]. The NEP echoes a similar need to ensure equitable education and places special emphasis on Foundational Learning and Numeracy (FLN) skills. The NEP envisages universal FLN in primary schools by 2025 with the goal that every student will attain FLN by Grade 3.

The National Initiative for Provisional Reading with Understanding and Numeracy (NIPUN) Bharat Mission under SmSA aims to attain the NEP set goal of universal FLN by 2025-26. To this end, the mission focuses on primary school enrolment, teacher vacancies in primary grades, teacher training and children's proficiency. While there is an increase in enrolment rates and a decline in dropout rates at the primary levels, it is important to note the students' reading and numeracy levels have not improved for all education levels[4]. A weaker foundation also affects the learning levels at the secondary stage. The ASER 2023 report[5] highlighted that 25 per cent of the rural youth (14-18 years of age) cannot read a standard II text fluently in their regional language. Close to 43.3 per cent of the respondents struggle with division problems. The inability of the students to cope with the curriculum of higher grades leads to loss of interest in learning. With a loss of interest in learning coupled with RTE entitlements not extending after standard VIII, a higher number of adolescents drop out of schools. The gaps in foundational literacy highlight the urgent need for adequate resources.

Reaffirming Teachers' Role

Completion of 12 years of schooling and quality learning cannot be achieved without adequate professionally qualified teachers. However, there are teacher vacancies at all education levels[6]. Of the sanctioned 62,71,380 posts at the state level, 9.9 lakh vacancies remain, of which 7.5 lakh posts are vacant at the primary level, 15 per cent vacancy at the secondary level and 19 per cent at the higher secondary level. The expenditure incurred under SmSA towards teacher training through NISHTHA[7] in FY 2022-23 was Rs 96 crore which is the least amount spent in the last five years[8]. Autonomous institutions like NCERT, CBSE, NCTE, AICTE and UGC[9] have a significant role in designing the curriculum, training, inspection and setting the benchmarks. However, budgetary support for these institutions was reduced in the Interim Budget, with allocation for UGC being slashed by 53.3 per cent and by 1.6 per cent for the NCERT. The allocation made in the interim budget has been retained in the 2024-25 full budget.

The Strengthening Teaching-Learning and Results for States (STARS), a Centrally Sponsored Scheme supported by the World Bank, aims to strengthen early childhood education, teacher performance, and improve service delivery. The scheme is aligned with SmSA and came into effect in 2021 for a period of five years up to FY 2024-25. The scheme received an allocation of Rs 1,250 crore in 2024-25 (BE) as compared to Rs 800 crore in 2023-24 (BE). While the increase in allocation is a positive move, the department spent Rs 473 crore in 2022-23 (A) against the budgetary allocation of Rs 550 crore in 2022-23 (BE).

Bridging the Digital Divide

The pandemic-induced lockdown necessitated the switch to online learning and paved the way for the digitisation of education; the alternate mode remains one of the critical mediums of learning for several students in the post-pandemic years as well. The MoE has introduced several initiatives under the ICT component to support digital education. However, it is vital to examine if the growing use of technology addresses equity concerns. While the NEP emphasises the need to optimise and expand the existing digital platforms and ICT-based educational initiatives, it also underlines the importance of curbing the digital divide through the availability of functional digital resources, enabling suitable training for teachers and creating public digital infrastructure[10].

However, a closer look at the Budget 2024-25 reveals that no significant allocations have been made towards fostering and strengthening digital education in school education. For instance, vital digital initiatives like PM *e-Vidya* introduced to unify online learning through the DIKSHA platform and enable multi-mode access to education do not have any line item in the budget head. Similarly, The Indian Economy: A Review 2024 indicates that activities through MOOC (Massive Open Online Courses) and *Swayam Prabha* were undertaken to expand digital education in 2023[11]. However, the scheme does not have any budgetary support or line item in the budget head this year.

SmSA has covered 1.23 lakh schools under its ICT and Digital Initiatives component, including Smart Schools from 2018-19 to 2023-24[12]. The Parliamentary Standing Committee recommended setting up of infrastructure to hold online classes to ensure education for all, and arrest the dropout rates, thus fulfilling the RTE 2009 criteria[13]. There is a pertinent digital divide that students and teachers must overcome to facilitate online learning. In rural areas, only 42.1 per cent of schools have computer availability, and nearly 30 per cent have internet access. These numbers are slightly higher in the urban areas, with 73.5 per cent of total schools having computer availability and 58 per cent having internet access. It must be noted that around 86.6 per cent of the schools have functional electricity connections across the country[14]; access to digital infrastructure also needs to be improved. As per a report, only four per cent of SC as well as ST students have access to digital infrastructure[15].

While online learning has been discontinued after the pandemic, and classes are being run as they were before COVID-19, the learning loss incurred during online learning, resulted in several students' inability to cope with the curriculum. The ASER 2023 report noted that while close to 90 per cent of all rural youth (14-18 years) have a smartphone and know how to use it, the ability to do digital tasks increases with reading proficiency levels. As per the report's findings, females were less likely to know how to use a computer or a smartphone than males[16].

Recently, the Civil 20 Summit, an official engagement group of the G20, shed light on educational and digital transformation and committed to increasing digitalisation in education[17]. However, the recent budget estimates are not indicative of the same. The *'Amrit Kaal'* Union budget 2023-24 promised to set up a National Digital Library for children and adolescents to facilitate book availability. While no budget allocation has been made for this initiative in 2024-25(BE), the DSEL reported that a draft version of the National Digital Library app has been developed. However, the idea of public universities and institutions' collaborating as a network of hub-spokes to improve personalised ICT based learning through the National Digital University has got budgetary support of Rs 100 crore.

In higher education, one of the key Central Schemes, namely, the Centres of Excellence in Artificial Intelligence (AI), received an allocation of Rs 255 crore in 2024-25 (BE) as a nod to the previous year's announcement of setting up of three Centres of Excellence for AI to provide impetus for research and innovation. On the digital initiatives front, under the Digital India e-learning component, National Mission in Education through ICT, a Central Schemes aimed at learning from higher education institutions through e-learning portals and Home TV Channels, has seen an increase of 20 per cent in allocation in 2024-25 (BE) as compared to the previous year. However, the pedagogy shift enabled by digital initiatives requires trained teachers to facilitate effective learning. A report highlighting the disruptions in higher education after the pandemic revealed that 30 per cent of the teachers still need to be highly proficient with digital tools, and only 14.9 per cent of the teachers can manage Virtual Labs. While 50 per cent of the respondents reported that their institutes were providing training to them, almost 75 per cent of the teachers agreed that students lose interest in online classes. According to the report, 50 per cent of the students have limited access to the internet, making online learning difficult[18].

Way Forward: From Learning Recovery to Education Transformation

Equitable education financing is critical to strengthening education systems so that every learner is included. As equitable and inclusive education is a dynamic process, responsive and specific actions are needed to ensure education resources reach every learner, especially the poorest and most marginalised. It is now essential to have a financial roadmap for the NEP implementation plan.

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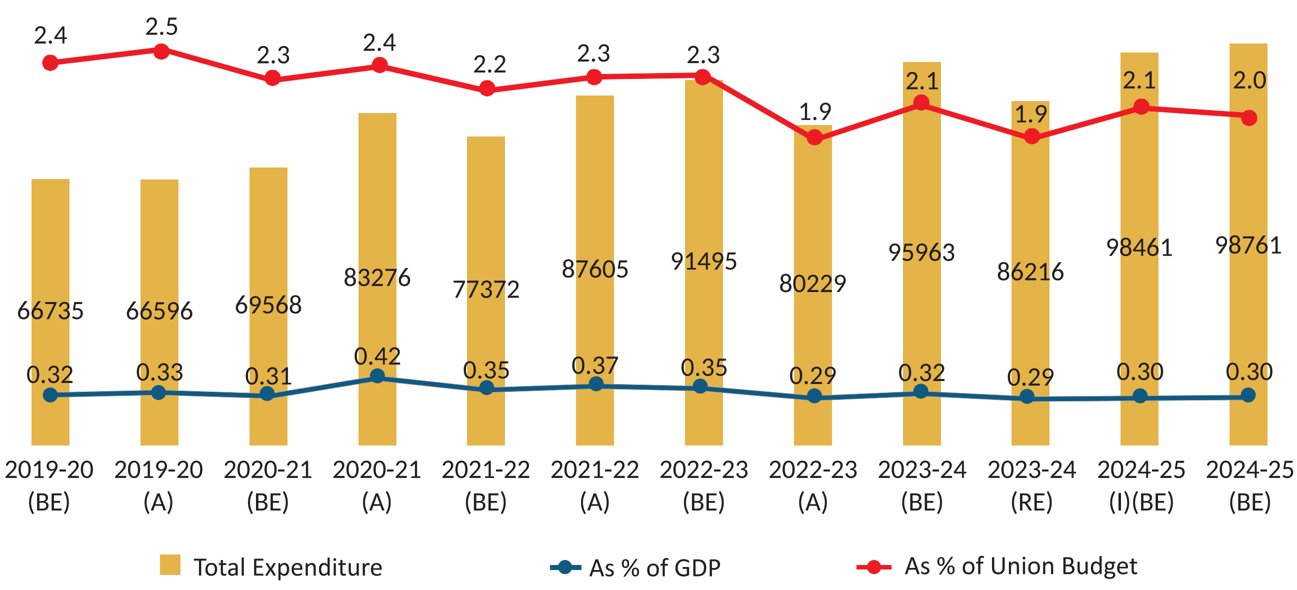
Health

With the impact of the COVID-19 pandemic underlining the need to focus on universal healthcare, the budget once again provided the Union government an opportunity to focus on the health and wellbeing of the country's most vulnerable groups: the poor, women, youth and farmers. Expectations were high that the budget would address some of the persistent challenges before the health sector. And so, it was anticipated that the budget would increase allocations towards building infrastructure, especially in rural areas, address the mental health crisis, usher in health insurance reforms, develop allied sectors such as pharmaceuticals, and focus on research and development. As India approaches the target set by the National Health Policy (NHP) - 2017 to increase its health expenditure to 2.5 per cent of GDP by 2025, the budget was expected to bridge the existing gap in public health financing and take a step towards attaining UN Sustainable Development Goal 3, which resolves to "ensure healthy lives and promote well-being for all at all ages".

Insights into Health Sector Budget Trends

The Union Budget for 2024-25 has allocated Rs 98,761 crore to the health sector, which is a marginal increase of 2.9 per cent from 2023-24 (BE) and a 14.6 per cent increase from the revised estimates of the previous FY. The allocation to the Ministry of Health and Family Welfare (MoHFW) stood at 92.1 per cent of total expenditure, while the Ministry of AYUSH's share was at 3.8 per cent. The share of the Department for Pharmaceuticals, under the Ministry of Chemicals and Fertilisers, in total health expenditure increased from 0.83 per cent in 2019-20 (BE) to 4.1 per cent in FY 2024-25. This is primarily due to the increased impetus given to schemes such as *Jan Aushadhi*, which aims to provide quality generic medicines at affordable prices to the masses, and the Production Linked Incentive (PLI) Scheme, which aims to promote India's manufacturing capabilities in the pharmaceutical sector.

Figure 2.3: Share of the Health Budget (Rs crore) in the Total Union Budget (%) and GDP (%)



Note: The Total Health Budget includes allocations/expenditure by the MoHFW, the Ministry of AYUSH and the Department of Pharmaceuticals under the Ministry of Chemicals and Fertilisers.

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

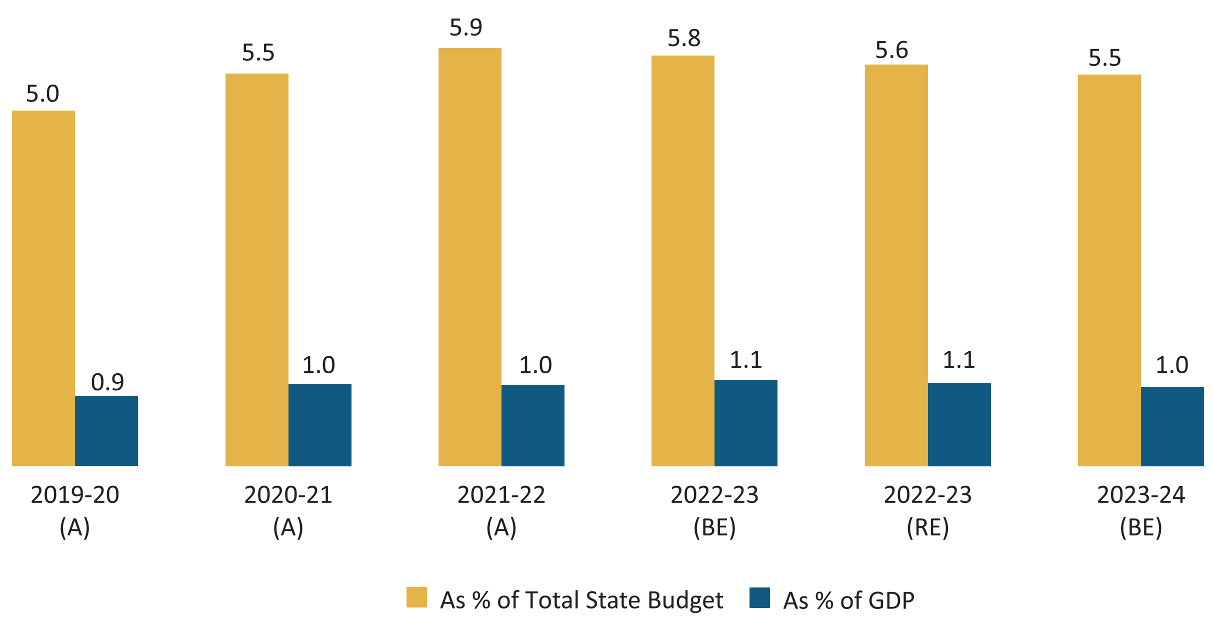
While there is a marginal increase in the total health sector budget, the sector's share in the total Union Budget has declined over the years. A similar trend can be observed when the total health expenditure of the Union government is calculated as a percentage of GDP. The 143rd report of the Parliamentary Standing Committee notes that such trends of budgetary allocations do not align with the targets set by the NHP – 2017, which is 2.5% of the GDP, and highlights the need to assign adequate priority to the health sector. The Committee further noted that innovation in health is crucial to establish an affordable and accessible healthcare delivery system.

Assessing Health Sector Budgets: Are States Making It a Priority?

While the Union government plays a significant role in shaping health policies, providing financial support to states and coordinating national health programmes, the states are responsible for the delivery of healthcare, as per the Seventh Schedule of the Constitution of India. According to the RBI report State Finances: A Study of Budgets of 2023-24, Delhi leads all States and UTs with a legislature in terms of the annual average spending on healthcare between 2019-20 and 2023-24 (BE), with 12.7 per cent of its aggregate expenditure going to Medical and Public Health and Family Welfare. Among the major states, the annual average spending during the same period by Rajasthan and Odisha was the highest at 6.3 per cent, while Punjab expended the least, at 3.2 per cent of its aggregate expenditure. Among the northeastern States, most spent above 6 per cent, apart from Meghalaya, which spent the second highest overall at 8.5 per cent. In 2023-24, the Centre and all States together allocated Rs 3,68,190 crore towards health, which is 1.24 per cent of the GDP[1].

In the case of states, the State health budgets as a percentage of GDP steadily increased until 2021-22 (A), which could be attributed to the additional expenditure incurred during COVID-19 (Figure 2.4). However, in 2023-24 (BE), both the share of state health budgets in total state budgets and as a percentage of GDP dropped when compared to the previous budget estimates. This indicates that along with the Union Government, states have also lagged in prioritising the health sector.

Figure 2.4: Share of Health in Total State Budget and GDP (%)



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

Source: Compiled by CBGA from the Open Budgets India Portal, based on state budget documents.

Decoding the Budget for Key Health Sector Schemes

The climate crisis has significant implications for global health, affecting various aspects of well-being. According to the World Health Organization, the crisis acts as a health-risk multiplier, impacting vulnerable populations such as women, children, the elderly, ethnic minorities, and those living in poverty. It intensifies illnesses and death from extreme weather events, disrupts food systems and alters infectious disease transmission patterns. Hence, in order to tackle these challenges, it is crucial to develop strategies that prioritise investing in climate resilient and sustainable health infrastructure and research. Despite these looming challenges, the scheme meant to establish and strengthen National Centre for Disease Control (NCDC) branches to prevent and control communicable/infectious diseases of public health importance was allocated Rs 52 crore, 6.4 per cent less than in 2023-24 (BE). However, outlays under the Flexible Pool, which allocates funds for the control of Vector Borne Diseases, TB, Leprosy, etc., and also addresses the needs of the urban population, especially the vulnerable sections, through transfers to states, was increased by 30 per cent. Further, with the aim of improving the socio-economic and health conditions of the Particularly Vulnerable Tribal Groups (PVTGs) in India, the *Pradhan Mantri Janjati Adivasi Nyaya Maha Abhiyan* (PM-JANMAN) was allocated Rs 141.71 crore in the flexible pool. This scheme was introduced in November 2023 and aims to provide essential amenities such as secure housing, clean drinking water, sanitation, and improved access to education, health, and nutrition. It also seeks to ensure enhanced road and telecom connectivity, and provide sustainable livelihood opportunities to PVTG households and habitats.

Table 2.2: Major Schemes under the Health Sector

Schemes	2019-20 (A)	2020 -21 (A)	2021-22 (A)	2022-23 (A)	2023-24 (BE)	2023-24 (RE)	2024-25 (I)(BE)	2024-25 (BE)
National Health Mission (NHM)#	35155	45850	33780	34239	37490	34415	38880	39119
Ayushman Bharat - Pradhan Mantri Jan Arogya Yojana (PMJAY)	3200	2680	3116	6186	7200	6800	7500	7300
Pardhan Mantri Swasthya Suraksha Yojana (PMSSY)	4683	6840	9270	7518	3365	1900	2400	2200
PM *Ayushman Bharat* Health Infrastructure Mission (PMABHIM)	0	0	877	1668	5170	2625	4788	3969
National Digital Health Mission		30	28	84	341	200	250	200
National AIDS and STD Control Programme*	2813	2815	2126	2143	3080	2421	3049	2892
Family Welfare Schemes	489	462	300	445	517	640	695	695

Notes: : (i) #NHM here includes NHM in AYUSH, NHM in Health and Family Welfare, Strengthening of State Drug Regulatory System, Tertiary Care Programme, Human Resources for Health and Medical Education, Senior Citizen Health Insurance Scheme, National Rural Health Mission (NRHM) in COVID-19 Emergency Response and Health System Preparedness Package - EAC, COVID-19 vaccination for healthcare workers and frontline workers and the National Digital Health Mission.

(ii) *The National AIDS and STD Control Programme has included NACO, Blood Transfusion Service, and National/State Blood Transfusion Council in the budget documents of 2023-24.

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

In the previous Union Budget, i.e. for FY 2023-24, a few announcements were made for the health sector. Among them, the major announcement was the mission to eliminate sickle cell anaemia by 2047. This was a particularly important announcement for the tribal community, where Sickle Cell Disease (SCD) is widespread and affects one in 86 births. Over three years, from 2023-24 to 2025-26, the programme targets screening approximately seven crore people in order to ensure early diagnosis and intervention. The programme is designed to be executed under the National Health Mission (NHM). However, despite such ambitious goals, the overall allocations for the National Health Mission (NHM) stood at Rs 39,119 crore, 4.3 per cent higher than the 2023-24 (BE) outlay. Further, under NHM, there are also variations in the amount proposed, approved, released and expended[2], wherein there is a huge gap between the proposed and expended amount, indicating constraints around programme delivery. Disappearance of National Health Mission from the flagship scheme list is a surprise too, although the NHM has budgets allocated as part of this budget. Given the vital role it plays in the health systems strengthening, It is important that the NHM is remaining as part of the flagship schemes.

During the interim budget speech, the Finance Minister had stated that a committee would be set up to make recommendations on building medical colleges using existing hospital infrastructure led by Public Sector Units under different departments, encouraging vaccination for girls between ages Nine to 14 for the prevention of cervical cancer, and using the newly designed U-WIN platform to manage immunisation. These require adequate budget allocations, which are not available even after the full budget was announced. In the full Budget Speech, there were two major announcements made towards the health sector. First was related to the exemption of three of the cancer medicines from custom duties. Second was related to proposed modifications for the basic customs duty (BCD) on x-ray tubes and flat panel detectors used in medical x-ray machines. While this change is part of the Phased Manufacturing Programme and is intended to support local manufacturing, the success would depend on how local manufacturing is supported rigorously .

Among other important schemes, the National Tele Mental Health Programme, a component of the National Mental Health Programme (NMHP), has received Rs 90 crore for 2024-25 (BE), which is 37 per cent lower than 2023-24 (BE). Although the public discourse on the mental health crisis has been growing, especially since the COVID-19 pandemic, without adequate budget outlays, universal access to mental health facilities cannot be achieved.

In terms of infrastructure development, the allocation for PMSSY, which envisages creation of tertiary healthcare capacity, and for PMABHIM, which focuses on developing primary, secondary and tertiary health infrastructure, was reduced from the previous budget estimates by 35 per cent and 23 per cent, respectively. This trend needs to be seen with the challenging condition of health facilities in both rural and urban areas. Keeping the Indian Public Health Standards (IPHS) as reference, Rural Health Statistics (RHS) (2021-22) reported that the extent of shortfall of Sub Centres (SCs) is to the tune of 25 per cent, shortfalls of PHCs are 31 per cent, and shortfall in CHCs are 36 per cent. Similarly, in the case of urban areas, the shortfall of PHCs was reported to be 39.7 per cent.

In order to address these shortfalls and strengthen the health infrastructure in both rural and urban India, the 15th Finance Commission (FC) recommended the provision of Rs 70,051 crore in health grants for the period from 2021-22 to 2025-26. However, after four years, only Rs 25,564.87 crore has been released, which is 36.5 per cent of the total recommended provision. How the budget has treated comprehensive primary health care needs and the goal of reducing non-communicable diseases needs to be seen in the light of the minimal provisions made for health and wellness centres and the requirements therein.

Health Financing and the Question of Equity in the Way Forward

Universal healthcare can be achieved in two ways, through a universal care approach, by strengthening public provisioning for health, or through a universal coverage approach, by reducing the financial burden of accessing healthcare. While the budgetary trend in public provisioning for health shows stagnation in FY 2024-25, Out-of-Pocket (OOP) expenditure continues to remain high, with a minimally declining trend. According to the Economic Survey of 2023-24, OOP expenditure in 2019-20 was 47.1 per cent of the total expenditure on health, which is 17 percentage points below 2013-14. However, as per the National Accounts Statistics (2023), Private Final Consumption Expenditure (PFCE at constant prices 2011-12) has increased by 128 per cent between 2011-12 and 2021-22 (almost 13 per cent per annum in real terms, which will be much higher, if calculated by current prices). As a percentage of the total PFCE, the expenditure on health steadily increased until 2021-22, when it was at 4.8 per cent. This reflects the need for better public provisioning of the healthcare system to deliver universal healthcare, which has significant impact on the well-being of the most vulnerable sections of the population.

In order to ensure healthcare for all, the current discourse places significant emphasis on a public-private partnership model or an insurance model for healthcare. Over the year, a similar trend can be observed in the Union government's policies and budgetary outlays towards strengthening insurance schemes such a PM-JAY and the private sector's role in health care. In December, 2023, according to the Indian Express[3], the Finance Ministry had discussions with insurers on setting up a healthcare sector regulator to organise, standardise and regulate hospitals under the insurance programme and to expedite “insurance for all”. To truly achieve universal healthcare, such efforts must be complemented by robust public investment in healthcare infrastructure, human resources and services, so that areas and populations that are not covered well by the private sector do not suffer. The NHP - 2017 mandated a share of 40 per cent to this end in the total health expenditure of the Union government. Further, our analysis reveals that the larger burden of expenditure continues to be borne by the states. Such a strain on states can result in inadequate funding for essential healthcare services, infrastructure, and programmes aimed at benefiting Scheduled Tribes (STs) and other vulnerable groups. Therefore, there is a need to focus on developing sustainable and accessible health systems that are publicly funded, by way of dedicating at least the mandated 2.5% of GDP towards public expenditure on health. Overall, there were greater expectations about this budget investing more to the health sector, with focus on strengthening publicly funded and provided health care systems and services. However, the budget figures, compared to the interim budget in February 2024, remain almost unchanged.

[1] Reserve Bank of India. (2023). State Finances: A Study of Budgets.
https://rbidocs.rbi.org.in/rdocs/Publications/PDFs/27_STATEMENT111220237D632259A3EA46D7966201E9F5A613D1.PDF

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

[3] Mathew, G. (2023). Indian Express. https://indianexpress.com/article/business/insurance-for-all-finmin-pushes-for-health-regulator-9078235/

Nutrition

The budget outlines sustained efforts across nine key priorities aimed at creating ample opportunities for all. One of the priorities being productivity and resilience in Agriculture, which has direct bearing on nutrition for all especially children and pregnant women.

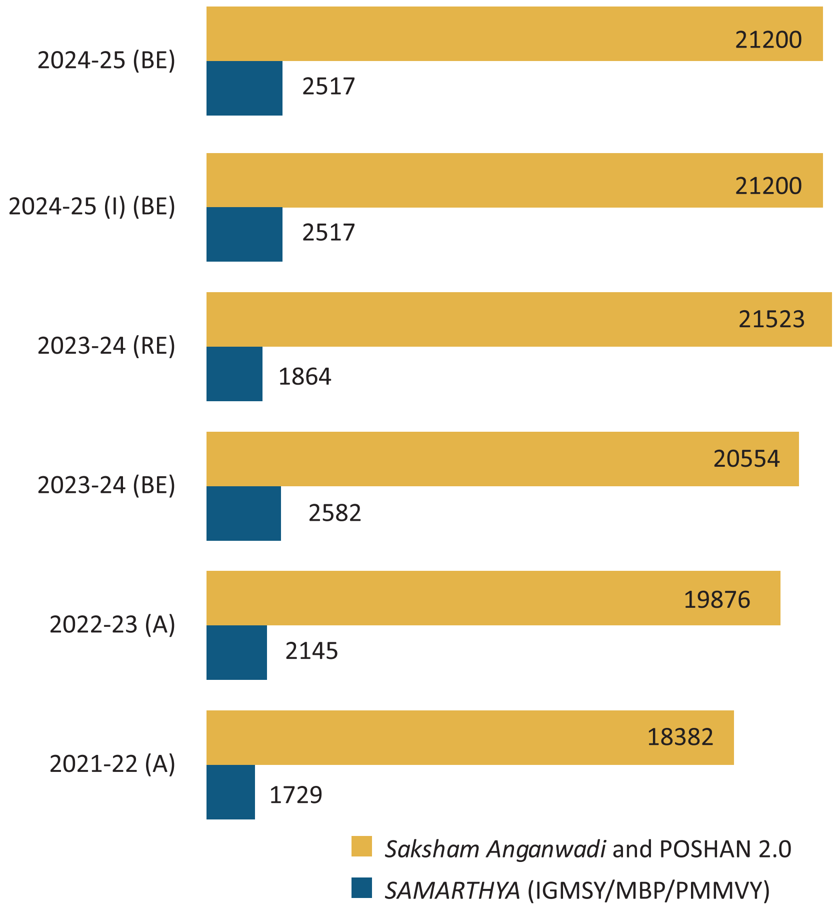
Despite the progress recorded under the National Family Health Survey (NFHS-5, 2019-21)[1] as compared to NFHS-4 on crucial nutrition indicators, this vital sector is still lagging behind on several counts in India. 35.5 per cent experiencing stunted growth, 32.1 per cent of children under five years of age being underweight, and 19.3 per cent wasted. Moreover, the high prevalence of anaemia, is affecting 57 per cent of women (aged 15-49 years) and 67 per cent of children (aged 6-59 months). A recent report by the Food and Agricultural Organisation (FAO)[2], on the region-wise progress towards meeting Sustainable Development Goals and global nutrition targets, draws attention to the effectiveness of efforts for tackling the hunger and malnutrition situation in the country. The FAO report (2023) also highlights that 74.1 per cent of Indians were unable to afford a healthy diet in 2021. Amidst these challenges is a positive note – there has been an improvement in 'exclusive breastfeeding for infants aged 0–5 months, surpassing the global average.

The situation underscores the need to prioritise substantial efforts to address malnutrition and close these gaps through focused and comprehensive programmes. This section examines the resource support provided in the Budget 2024-25[3] to gauge the government's commitment to these programmes.

How have nutritional initiatives been funded?

Saksham Anganwadi and POSHAN 2.0[4] have been operating in mission mode in India, marking a strategic shift in the past few years. The flagship government programme adopts a life cycle approach offering a continuum of services through specific health and nutritional interventions across the cycle. Dedicated to providing supplementary nutrition to children (0-6 years), pregnant women, lactating mothers, and adolescent girls, these initiatives constitute 80 per cent of the Ministry of Women and Child Development's total budget.

Figure 2.5: Trend in Union Budget Allocation for *Saksham Anganwadi* and Mission POSHAN 2.0 and *Samarthya* (Rs crore)



Notes:

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

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

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

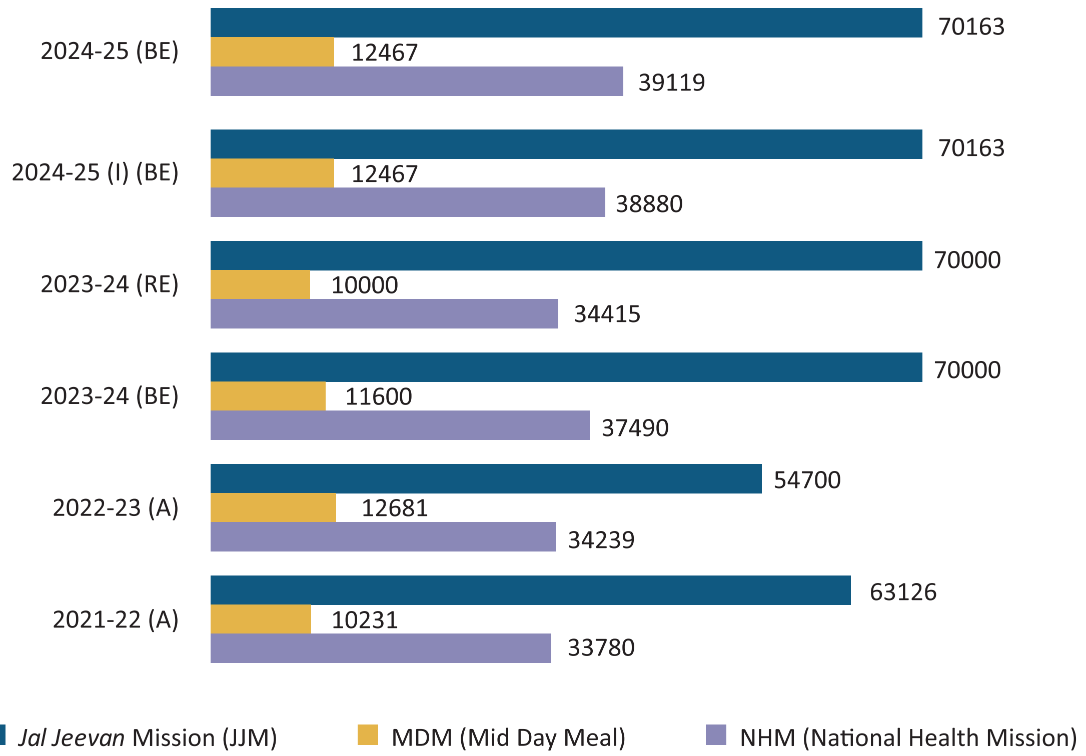
The *Saksham Anganwadi* and POSHAN 2.0 programmes saw a 3.14 per cent increase in funding in 2024-25(BE) compared to 2023-24 (BE). In contrast, the *Samarthya* programme experienced a 2.5 per cent decrease in funding compared to 2023-24 (BE). There were no changes in funding between the interim and full budgets for these schemes. The slight increase in allocation for *Saksham Anganwadi* and POSHAN 2.0 compared to previous budget may not adequately address the previously highlighted concerns. Meanwhile, the dip in *Samarthya* funding underscores a missed opportunity to enhance support for women's issues using public funds.

The aforementioned Parliamentary Standing Committee report[5] also observed a noteworthy variance between the allocated budget and the MWCD's projected demand. In the fiscal year 2023-24 allocation was only 92.5 per cent of the projected demand set by the ministry. The report emphasises the Union budget's responsibility to address requirements of state governments and improve the effectiveness of *Anganwadi* Centres. This highlights the necessity of extra funds than a mere nominal raise.

Outlays for Other Key Interventions Contributing to Improve Nutritional Outcomes

Various factors, such as the availability of nutritious food, feeding and care practices, and optimal household environments, including limited access to water and sanitation, impact people's nutritional status. A comprehensive approach across multiple sectors addressing both nutrition-specific interventions and broader initiatives aimed at supporting these sectors is essential for combating malnutrition.

Figure 2.6: Schemes Observing Allocation in Union Budget 2024-25 (Rs. crore)



Notes: * The Mid-day Meal scheme has been renamed *Pradhan Mantri Poshan Shakti Nirman* (PM POSHAN) and NHM as PM *Samagra Swasthya Mission*

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

In the 2024-25 (BE), the Mid-Day Meal/PM Poshan programme projected a increase of 7.5 per cent, while the National Health Mission (NHM) saw a 4.3 per cent rise from 2023-24(BE). The *Jal Jeevan* Mission (JJM), another key initiative, experienced a marginal increase of just 0.23 per cent compared to 2023-24 (BE).

MGNREGS continues to be indispensable, especially in ensuring income and employment security for the rural population, fostering rural livelihoods and essential infrastructure development such as the construction of *Anganwadis*. The Rs 86,000 crore allocation persists at the same level as the revised estimate from the previous year, an amount that is far from adequate. It is crucial to highlight that this allocation falls significantly short of meeting the actual requirements, evident from the stark contrast with the actuals of 2021-22, amounting to Rs 98,467 crore. Despite the anticipated surge in demand for employment under this demand-driven scheme, the consistent decline in allocations raises critical concerns about the government's commitment to addressing pressing issues.

Similarly, the National Social Assistance Programme (NSAP), another crucial scheme providing income security to vulnerable groups such as the elderly, widows, persons with disabilities in the below poverty line (BPL) category, has consistently faced the issue of limited funding. The meagre 0.16 per cent increase in the allocations to NSAP in the current budget is in line with prolonged recurring pattern.

Unmet Demand for Honorarium Increases among *Anganwadi* Workers and Helpers

Anganwadi Workers (AWWs) have served as the backbone of the *Saksham Anganwadi* programme fulfilling the crucial role of providing nutrition services, since its inception almost five decades ago and play a crucial role in various other community welfare programmes. They are given a fixed amount as honorarium (Rs 4,500) per month under the scheme. The current rate was revised last in October 2018, and is inadequate for the heavily burdened workforce. The Union Budget falls short particularly considering the periodic protests across various states for an increase in the honorarium. Some states[6] provide significantly higher fund support from their own sources over and above the amount given by the Union Government, such as Andhra Pradesh (Rs 7,000), Madhya Pradesh (Rs 7,000), Goa (Rs 5,500-13,500), Karnataka (Rs 6,500-7,000) and Tamil Nadu (Rs 3,200 to 9,700). The range of honorarium payment per month to AWWs noted here are based on qualification and years of experience. These economically strong states can afford to provide the support but the weaker states lack the financial capacity to support adequately, resulting in lower wages for them in economically weaker states.

Instead of directly addressing the long-standing demand for an increase in honorarium, the budget has unveiled the extension of health insurance coverage under *Ayushman Bharat Jan Arogya Yojana* for AWWs, helpers, and ASHA workers. The government's decision to introduce a health insurance cover introduces its own challenges, particularly when implemented through a public-private partnership.

Resource Absorption Challenges

The 2022-23 annual report[7] of MWCD shows a noticeable trend of declining expenditure over the last few years. Until 2017-18[8], it maintained a level of 99 per cent. However, since then, a downward trend in expenditure has been noted, coinciding with a drastic change in the staffing pattern introduced in centrally sponsored schemes[9]. The reduction in resource absorption correlates with a decline in the technical capacity available at various levels, impacting the effective implementation of Integrated Child Development Services (ICDS).

Table 2.3: Budget Allocation and Expenditure for Anganwadi Services (Rs crore)

Years	Budget Estimates (BE)	Revised Estimates (RE)	Actual Expenditure	Percentage of Actual Expenditure w.r.t. RE (%)
2017-18	15245	15245	15155	99.41
2018-19	16335	17879	16812	94.03
2019-20	19834	17705	16892	95.41
2020-21	20532	17252	15785	91.49
2021-22	20105	20000	18209	90.56
2022-23	20263	20263	14878*	73.42

Note: Data as on 30.01.2023.

Source: Annual Report 2022-23, Women and Child Development, Government of India.

The aforementioned Parliamentary Standing Committee Report (2023) has also expressed concern over the several vacant positions at various levels. The insufficient availability of *Anganwadi* staff hampers programme implementation and the efficient use of resources. Sanctions and financial support for staff positions at the state, district, and project levels is crucial to ensure proper fund utilisation and the effective implementation of the ICDS.

Need to Improve Dietary Diversity, and Tackle Root Causes of Poor Diets

The government is currently integrating mandatory rice fortification into its programmes, with a total allocation of Rs 4,978 crore spread across three phases for countrywide fortification . Compulsory fortified food in rural areas faces resistance, yet residents accept it to keep vital subsidies. However, instead of focusing solely on fortification, there is a critical need to address the root causes of inadequate diets, and other fundamental issues that contribute to poor dietary habits.

Another notable concern that ICDS has been grappling with is regarding the quality of its supplementary nutrition programme. Millet has gained substantial focus as a diet quality improvement strategy, with efforts in this direction intensifying over the last two years. The government says it has adopted a multi-stakeholder approach to enhance millet production, strengthen the value chain, addressing concerns around lack of awareness regarding millet recipes and cooking methods to prevent nutrient loss. While there have been recurring budget announcements over the last two years, the realisation of tangible results is yet to be observed. It is hoped that a people-centric approach is applied within the millet value chain including decentralised storage, processing, and value-addition to the block- and district-level.

Overall, the nutrition sector required much more investments not only for all the ongoing initiatives, but for newer focus areas such as improving nutrition of the most crucial segment of under 3 children, building on the initiatives like community run rural and tribal daycare creches for kids of mothers who go for daily wages work that some states have already initiated and so on, especially since the flagship mission is operational with specific and time-bound goals.

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[1] International Institute for Population Sciences (IIPS) and ICF. (2021). National Family Health Survey (NFHS-5), 2019-21: India: Volume I. Mumbai. https://main.mohfw.gov.in/sites/default/files/NFHS-5_Phase-II_0.pdf

[2] FAO, IFAD, UNICEF, WFP and WHO. 2023. The State of Food Security and Nutrition in the World 2023. Urbanization, agrifood systems transformation and healthy diets across the rural–urban continuum. Rome, FAO.

https://www.fao.org/3/cc3017en/cc3017en.pdf

[3] Budget 2024-25. Government of India.

[4] Government of India, Ministry of Women and Child Development. Scheme Guidelines for Mission Saksham Anganwadi and Mission 2.0. https://wcd.nic.in/sites/default/files/Final_Saksham_Anganwadi_and_Mission_2.0_guidelines_July_29_2022.pdf

[5] Parliament of India. Rajya Sabha. (2023, December 13). Department Related Parliamentary Standing Committee on Education, Women, Children, Youth and Sports. Three Hundred and Fifty-Nine Report.

https://sansad.in/getFile/rsnew/Committee_site/Committee_File/ReportFile/16/189/359_2023_12_12.pdf?source=rajyasabha

[6] Parliament of India (2023): Unstarred question no-2187, Lok Sabha, Government of India.

https://sansad.in/getFile/loksabhaquestions/annex/1714/AU2187.pdf?source=pqals

[7] Government of India, Ministry of Women and Child Development, Annual Report (2022-23).

https://wcd.nic.in/sites/default/files/ar-2-211E_merged.pdf

[8] Government of India, Ministry of Women and Child Development, Annual Report (2017-18). https://wcd.nic.in/sites/default/files/AR-2017-18%20Chapter%201%20%26amp%3B%202.pdf

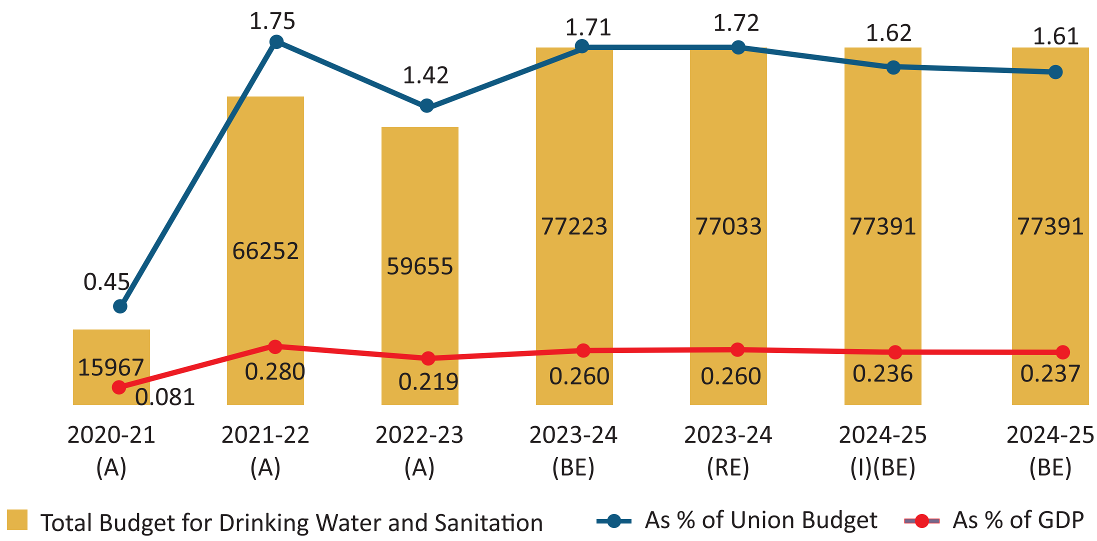
[9] Yadav, A. (2023, November 24). Who did the Union Govt's Food, Policy Help? India's Anaemic, or Vitamin Business and Big NGOs? The Wire. https://thewire.in/rights/who-did-the-union-govts-food-policy-help-indias-anaemic-or-vitamin-businesses-and-big-ngos

WASH

The Ministry of *Jal Shakti*, which has been entrusted with the pivotal role of overseeing the development and management of India's water resources, serves as the bedrock for the Water, Sanitation, and Hygiene (WASH) sector, through flagship initiatives such as the *Jal Jeevan* Mission (JJM) and the *Swachh Bharat* Mission (SBM). Within this framework, the Department of Drinking Water and Sanitation (DoDWS) and the Ministry of Housing and Urban Affairs (MoHUA) have advanced the agenda of extending access to safe drinking water and enhancing sanitation infrastructure in both rural and urban communities substantially, across the nation.

An analysis of budgetary allocations reveals a steady upward trajectory in funding for the DoDWS, accounting for 1.61 per cent of the total budget, which aligns broadly with the established trend observed over the last five years (Figure 2.7). This consistency underscores the ongoing challenge of scaling financial commitments to match the growing demands of the WASH sector, where the allocation for water and sanitation as a proportion of the Gross Domestic Product (GDP) has remained relatively unchanged. It remains to be seen if this trend will continue, even after the even after the targets for JJM are achieved within the stipulated time frame.

Figure 2.7: Allocations for the Department of Drinking Water and Sanitation (Rs crore) as a Proportion of Total Union Budget and GDP



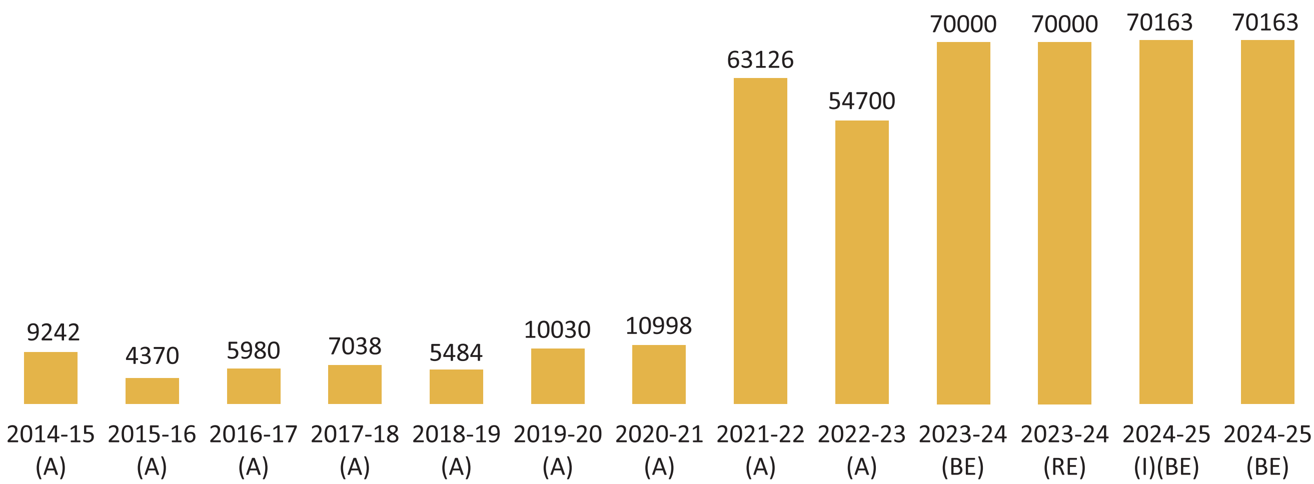
Source: Compiled by CBGA from Union Budget documents, various years.

Access to Clean Water: Continued Budgetary Commitment to *Jal Jeevan* Mission (JJM)

In a span of four years since its inception in 2019, the JJM has embarked on an ambitious journey to ensure functional household tap connections (FHTCs) for every rural[1] domicile, embodying the mission of *'Har Ghar Jal'*—water for every home. The concept of FHTC under JJM not only seeks to bridge the gap in access to potable water in India's rural areas but also emphasises the critical aspects of water quality and the sustainability of water sources. As per the latest MIS report of the DoDWS, the coverage of FHTCs from 323.62 lakh in August 2019 to 1,396.98 lakh as of December 2023[2]. The achievement of 100 per cent coverage in Goa, Gujarat, Haryana, Himachal Pradesh, Punjab, Telangana and Union Territories, including Dadra and Nagar Haveli, Puducherry, and the Andaman & Nicobar Islands, is the highlight in this regard. Conversely, states such as Jharkhand, Rajasthan and West Bengal have reported lower coverage rates, with national coverage standing at 72.5 per cent[3]. Significantly, this marks an increase of 67 per cent in rural households with tap water connections since JJM's launch, suggesting that nearly 13.97 crore households nationwide are now enjoying the convenience of in-premise tap water access.

Reflecting its ongoing priority, the JJM has once again secured a modest allocation in the Union budget for 2024-25, albeit with a marginal increase (Figure 2.8). The decade-long trend underscores a substantial budgetary escalation (335 per cent) in the fiscal year 2021-22, sustaining a heightened level of investment that underscores the mission's progress towards achieving universal tap-water connectivity. While the majority of the investments have been directed towards building infrastructure for household piped-water supply, the crucial issue is how current and future funding will ensure continuous access, availability, and safety of the promised amount of piped drinking water.

Figure 2.8: Union Government Expenditure on *Jal Jeevan* Mission (Rs crore)



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

As observed by the Standing Committee Report on Water Resources - 2022-23, there has been underutilisation of funds allocated to the JJM[4], which highlights a significant discrepancy between budget estimates, revised estimates, and actual expenditure, and the physical performance of the initiative. This issue is further complicated by state-wise variations in fund utilisation[5], which can be attributed to differing infrastructural and institutional capabilities across regions. Addressing these gaps is critical to ensure that the substantial investments in the drinking water sector translate into tangible improvements in access to clean water and sanitation facilities nationwide, particularly for the most needy populations.

Beyond Tap Connections: Integrating Sustainability and Community Participation in the *Jal Jeevan* Mission and *Atal Bhujal Yojana*

While JJM is pivotal to achieving the United Nations' Sustainable Development Goal 6, which aims to ensure universal access to safe drinking water and sanitation, JJM's objectives extend beyond merely facilitating household tap connections. A critical aspect of JJM's approach is its major reliance on groundwater to supply tap water, bringing water quality and groundwater management to the forefront of its agenda. This underscores the importance of community engagement in water usage and management, highlighting that water security is paramount in the latter phases of the mission. Thus, JJM's scope is broadened to encompass not only the provision of tap water connections but also the sustainable management of water resources, particularly in regions facing water scarcity, wherein integration with schemes such as *Atal Bhujal Yojana* becomes vital.

Addressing these concerns involves a comprehensive strategy encompassing the integration of data for water-usage management, metering of water consumption, addressing the debate on pricing for usage beyond entitled limits, and empowering local stakeholders through capacity building and social mobilisation for sustainable water resource management. The engagement of Village Water and Sanitation Committees (VWSCs) and community resource persons, such as taking into account the *Anurakshaks* in Bihar, the *Surakshas* in Maharashtra, water volunteers in Meghalaya, and *Jal Sahiyyas* in Jharkhand, exemplifies effective community participation in water management[6].

As mentioned, the *Atal Bhujal Yojana* (ABY), an initiative under the Ministry of Jal Shakti, emerges as a complementary scheme aimed at enhancing groundwater management and security. With an initial outlay of Rs 6,000 crore upon its launch in 2020, ABY focuses on improving groundwater management through a combination of supply and demand interventions, particularly in water-stressed regions of the country, covering 7 states. Despite its ambitious goals, budgetary allocations for ABY have gone down significantly over years, with Rs 1,778 crore allocated for 2024-25 (BE), mirroring the revised estimate from the previous year exactly. The State-wise variations in fund distribution, release, and expenditure are also reflective of the institutional constraints around the financial processes at all levels (Table 2.3). This underscores the need for a nuanced approach to address the complex challenges of water and groundwater source management across diverse geographic and socio-economic landscapes, indicating the need for a much higher allocation (to have nationwide coverage) and strengthened technical, administrative, and financial capacities

Table 2.3: Fund Allocation, Release and Expenditure on *Atal Bhujal Yojana* (in Rs Crore)

State	Funds Allocated 2023-24	Funds Released 2023-24	Expenditure 2023-24	Funds Allocated 2024-25
Gujarat	334.92	285.89	191.68	286.3
Haryana	307.98	489.66	272.03	163.52
Karnataka	251.01	406.88	489.73	234.5
Madhya Pradesh	137.88	58.92	81.31	143.45
Maharashtra	355.87	242.66	304.2	302.16
Rajasthan	473.33	144.64	176.89	563.43
Uttar Pradesh	302.43	92.66	71.47	397.37

Source: Atal Bhujal Yojana Dashboard, accessed on July 23, 2024.

Efficient monitoring of water supply necessitates precise measurement and robust data. The absence of detailed information regarding water availability and quality presents significant challenges for water utilities. Data derived from the e*JalShakti* dashboard reveal an average water supply exceeding 250 litres per capita, per day (LPCD), a figure that is quintuple the JJM programme's recommended standard of 55 LPCD[7]. This imbalance not only underscores the critical need for rigorous data collection and analysis, but also brings to light concerns surrounding the management and protection of water as a precious resource, including metering and tariffing of water.

The issue of water tariffs to reduce overuse or wastage of this precious resource has emerged as a pivotal factor in its effective management, suggesting a need for a nuanced approach to ensure sustainability. Additionally, the Standing Committee on Water Resources (2022) has shed light on the practice of providing subsidies for electricity and fertilisers, which incentivises farmers to cultivate water-intensive crops, even in regions grappling with water scarcity. This practice is a potential area for policy attention and careful intervention. Such measures should not only contribute to more sustainable water use but also align with broader environmental conservation efforts, highlighting the intricate connections between agricultural practices, water management, and sustainable development, as well as finding alternatives to meet the needs of farmers.

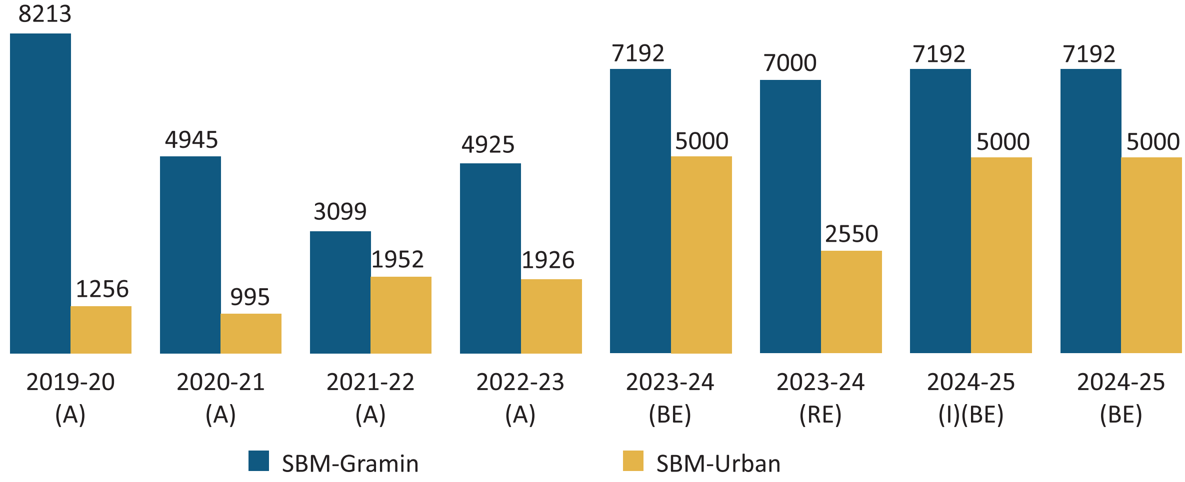
Advancing Sanitation and Hygiene: The Situation and Challenges of the *Swachh Bharat* Mission

Launched in 2014, the *Swachh Bharat* Mission (SBM) has emerged as the cornerstone of initiatives aimed at transforming the sanitation and hygiene landscape of India. The journey from constructing toilets to ensuring their sustained use, functionality, safety, and environmental sustainability, has led to the evolution of this mission into its second phase, SBM 2.0. Initiated in 2020, Phase II of the scheme is dedicated to maintaining the Open Defecation Free (ODF) status secured during the mission's first phase, while extending its ambit to encompass comprehensive solid and liquid waste management across all villages. The allocation of a substantial budget is deemed essential for navigating this complex sanitation scenario, continuing the country's progression towards sustaining and enhancing its ODF status. The SBM dashboard highlights that there remain 442,574 villages yet to break into the ODF Plus category, underscoring the significant financial investment required not only for infrastructure development but also for maintaining community toilets. This financial commitment is vital for the enduring success of the mission's objectives, ensuring that the infrastructure put in place is effectively utilised and maintained over the long term.

The budgetary allocation for the SBM has not seen any hike in the Union budget for fiscal year 2024-25. Despite the significant boost provided to SBM-Urban in the 2023-24 budget, which saw a 54 per cent increase in funding, the current year's allocation has not been changed from the previous year's budget estimate (BE) (Figure 2.9). This static funding situation emerges at a time when SBM Phase II is strategically focused on Solid and Liquid Waste Management (SLWM). The Budget Speech mentions that the government plans to promote water supply, sewage treatment, and solid waste management projects in 100 bankable towns, jointly with states and multilateral banks. The bankability clause can sideline most of the small and medium towns though. Funding allocated to the SBM-Gramin has been reduced, plummeting by over 50 per cent between fiscal years 2016-17 and 2022-23. Furthermore, since 2018-19, the actual spending on the scheme has consistently fallen short of the budgeted estimates, highlighting a gap between planned financial commitments and their execution.

The lack of increase in the budgetary allocation for this phase can also signal a potential de-prioritisation to actual implementation. Given the ambitious goals of SBM II to comprehensively address grey water, solid waste, and faecal waste management challenges across urban and rural settings, a higher budget allocation was important. Despite suggestions for gap funding from central finance commission funds and other local fund sources, States face functional challenges, particularly in Scheduled areas, wherein the ability of nodal government departments to convince the scheduled area institutions is minimal. This highlights the need for a realignment of funding strategies to ensure that the mission's critical objectives are adequately supported and achieved, especially those related to waste management. Additionally, the budget was expected to address financial gaps in providing sanitation facilities at individual and household levels, as indicated by the studies and surveys done by various government agencies.

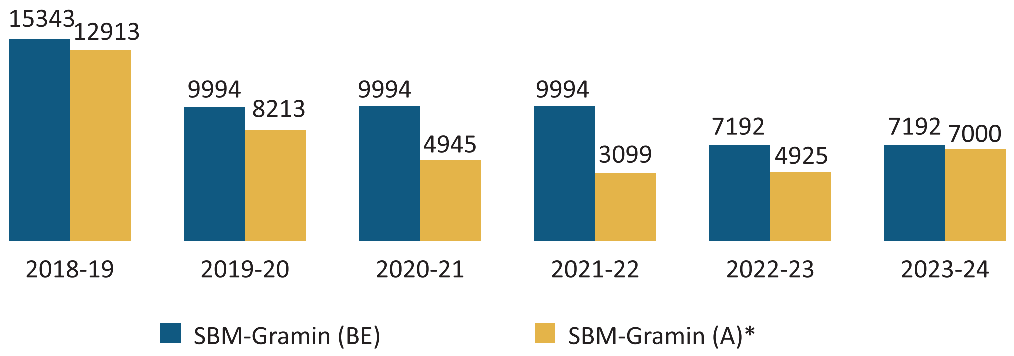
Figure 2.9: Budgetary Allocation/Expenditure for
Swachh Bharat Mission (Rural & Urban) (Rs crore)



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

SBM has consistently exhibited variation between its initial budget estimates and subsequent budget allocations (Figure 2.10), signalling a pressing need for enhanced planning and forecasting measures. This trend has been compounded by a pattern of persistent[8] underutilisation of funds allocated to SBM, which underscores the necessity of refining operational strategies to ensure that the mission's ambitious objectives are met. The situation calls for a comprehensive review and adjustment of the planning and execution processes within the scheme, aiming to bridge the gap between budgeted intentions and their realisation, thereby optimising the impact of the mission towards achieving its sanitation and hygiene goals.

Figure 2.10: SBM (Rural)- Actuals vs Budget Estimates



Note: *For the year 2023-24, Revised Estimate (RE) has been taken into consideration.

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

The implementation of SBM Phase II has been beset by an array of challenges. Key among these is the lack of robust awareness within the user community, and capacity building and training for local implementing bodies, which undermines the efficiency and effectiveness of the mission's rollout. The synergy between various departments, crucial for the mission's success, remains suboptimal despite the 15th Finance Commission's recommendations for balanced fund allocation between water and sanitation initiatives.

Cultural barriers, deeply rooted in societal norms and taboos, particularly around menstrual hygiene and toilet usage, significantly hinder behavioural change and the acceptance of sanitation practices. Overcoming these barriers requires not just infrastructure development but also sustained community engagement and education campaigns to shift perceptions and habits, with menstrual hygiene as a key focus. Since the pandemic, the importance of different other aspects of hygiene needs, such as hand hygiene, are yet to be recognised and acted upon by budget processes. Geographical challenges further complicate SBM-II's implementation, especially in providing consistent water supply in hilly and remote areas, which is essential for maintaining sanitation standards and facilities. This issue is accentuated in urban contexts, where the urban poor are disproportionately affected by inadequate sanitation coverage as well as water supply.

Moreover, the urban sanitation dilemma is exacerbated by the disparity in service delivery between formal settlements and informal slum areas, where reliance on inconsistent water tanker supplies undermines the sustainability of sanitation efforts. This situation underscores the broader challenges of urban planning, infrastructure development, and service delivery in expanding urban landscapes.

In SBM-R Phase II, challenges stem from implementing new Solid and Liquid Waste Management (SLWM) interventions, notably in capacity building and inter-departmental coordination, as funds are divided equally between water and sanitation. The 2023-24 budget supports mechanical desludging and waste management, aiming to eliminate manual scavenging, yet the practice persists. The introduction of the National Action Plan for Mechanised Ecosystem (NAMASTE) targets the abolition of manual cleaning and supports affected workers. In comparison to the previous year, the budget for this initiative has been hiked by 20 per cent for 2024-25, although a significant gap exists between the initial budget estimates and the revised figures.

Here, it is crucial to note that funding for the Self-Employment Scheme for Rehabilitation of Manual Scavengers (SRMS) was discontinued last year, which is a significant setback for the rehabilitation of marginalised sanitation workers in both rural and urban settings. Despite the poor implementation of the scheme, its presence was vital in supporting one of the country's most vulnerable communities. This contrasts with initiatives such as Odisha's Garima Scheme, which effectively categorised core sanitation tasks as highly skilled professional work, leading to skill enhancement and wage improvement for workers.

Effective water resource management and the success of the Phase II of SBM and its hygiene agenda heavily depend on a unified WASH strategy and financing, acknowledging India's geographical diversity and the need for 'geographical inclusivity'. This strategy necessitates substantial investments in water management infrastructure, community training, and water treatment and testing facilities to ensure quality, prevent pollution, and rehabilitate water bodies. Additionally, overcoming the challenges requires enhancing capabilities, encouraging cross-departmental collaboration, fostering cultural sensitivity, and tailoring interventions to address specific geographic and socio-economic needs. Central to these efforts is the empowerment of local communities and local governments, whose active engagement is critical to achieving the overarching goals of sustainable water management, improved sanitation, and hygiene across India.

[1] The 15th Finance Commission allocated Rs 2.36 lakh crore to rural local bodies to improve water supply and sanitation. 60% of the fund (Rs 1.42 lakh crore) is to be used exclusively for drinking water, rainwater harvesting, and sanitation facilities. (PRS, 2023). Retrieved from https://prsindia.org/budgets/parliament/demand-for-grants-2023-24-analysis-jal-shakti

[2] Jal Jeevan Sambad, December, 2023

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

[4] Standing Committee on Water Resources (2022-23), 19th Report, 2022-23, 17th Lok Sabha, Department of Drinking Water and Sanitation, Ministry of Jal Shakti, GoI.

[5] Open Budget India, Schemes Dashboard, Jal Jeevan Mission.

[6] Jal Jeevan Sambad, December, 2023

[7] Jal Jeevan Sambad, December Edition, 2023.

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

CHAPTER 3

ECONOMIC SECTORS

Agriculture

Rural Economy

Urban Economy

Climate Actions

CHAPTER 3: ECONOMIC SECTORS

Agriculture and Allied Sectors

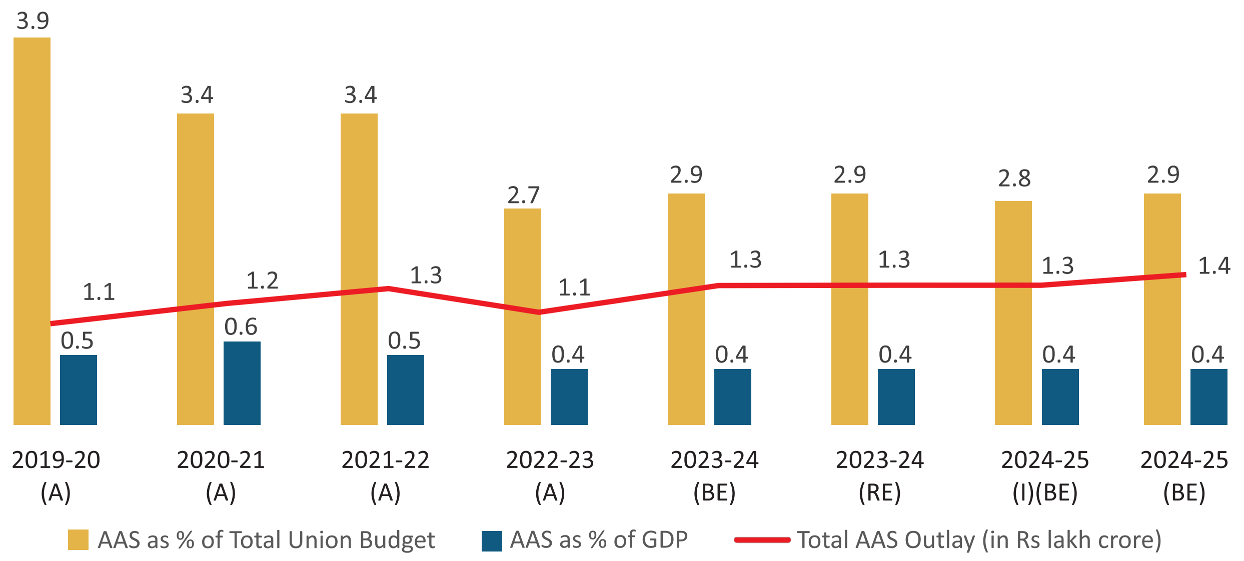
Agriculture is one of the most important sectors of India's economy as it provides employment to almost 46 per cent of the population[1] and contributes to about 18 per cent of the country's Gross Value Added (GVA) (at current prices)[2]. Moreover, both employment in agriculture and the contribution of agriculture in the country's GVA has increased sharply since 2018-19. During COVID-19, this sector has shown its resilience by embracing the reverse migrants and shown positive growth, when all the other sectors of the economy were derailed due to lockdown. According to MoSPI's Annual and Quarterly Estimates of GDP at Constant Prices, 2011-12, the growth performance of this sector has always been volatile in nature, ranging from 0.6 per cent in 2015-16 to four per cent in 2022-23. The performance of the agriculture sector has a direct impact on farmers' income and livelihood. It is widely believed that an increase in public expenditure in agriculture can rejuvenate the sector and make agriculture a viable livelihood option, particularly benefiting small and marginal farmers[3].

It is imperative to understand the composition and trends in budgetary allocations and their utilisation across various components of Agricultural and Allied Sectors (AAS) over the years. Further, given the change in macro fiscal policy, it is crucial to reflect on and document the flow of public expenditure in addressing the complementarities of various dimensions within the sector including the allied sectors which includes animal husbandry, dairying and fisheries.

Budgetary Support to Agriculture and Allied Sectors

Total allocation towards AAS is Rs. 1.4 lakh crore in 2024-25 (BE) which is six per cent higher than the 2023-24 (BE and 25 per cent higher than 2022-23 (A). Inspite of the absolute increase in budgetary spending towards AAS, total expenditure in terms of percentage of the Union Budget and percentage of GDP has declined over time (2019-20 (A) to 2024-25 (BE)).

Figure 3.1: Union Government's Budget Outlay for Agriculture and Allied Sectors (AAS) (%)



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

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

Among the major departments[4] within the AAS, the Department of Agriculture and Farmers Welfare accounts for a major share of the allocations (on an average 89 per cent of the total AAS budget) over the period 2019-20 to 2024-25. This increase in department's share is majorly because of two schemes i.e. PM *Kisan Samman Nidhi Yojana* (PM-KISAN), and the *Pradhan Mantri Fasal Bima Yojana* (PMFBY), taking the allocations from Rs. 0.94 lakh crore in 2019-20 (A) to Rs. 1.23 lakh crore in 2024-25 (BE).

Table 3.1: Union Budget Outlays for the Ministry of Agriculture and Farmers Welfare and the Ministry of Fisheries, Animal Husbandry and Dairying (Rs crore)

Department	Scheme	2019-20 (A)	2020 -21 (A)	2021-22 (A)	2022-23 (A)	2023-24 (BE)	2023-24 (RE)	2024-25 (I)(BE)	2024-25 (BE)
Department of Agriculture and Farmers Welfare	*Pradhan Mantri Fasal Bima Yojana* (PMFBY)	12639	14162	13549	10296	13625	15000	14600	14600
	Interest Subsidy for Short Term Credit to Farmers/Modified Interest Subvention Scheme (MISS)	16219	17790	21477	17998	23000	18500	22600	22600
	Pradhan Mantri Kisan Samman Nidhi (PM-KISAN)	48714	60990	66825	58254	60000	60000	60000	60000
	Pradhan Mantri Kisan Maan-Dhan Yojana (PM-KMY)	125	110	40	13	100	138	100	100
	Other Expenditure (excluding PMFBY, MISS, PM-KISAN, PM-KMY)	16555	15222	12577	13317	18807	23151	20229	25229
Department of Agricultural Research and Education		7523	7554	8368	8400	9504	9877	9941	9941
Department of Animal Husbandry and Dairying		2712	2464	2585	2316	4328	3914	4521	4521
Department of Fisheries		651	883	1359	1294	2249	1701	2585	2616
Total - Agriculture and Allied Sectors		105138	119173	126779	111887	131612	132280	134576	139608

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

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

First among the nine priorities enlisted by the Finance Minister in Union Budget 2024-25 is achieving productivity and resilience in agriculture. To address the issues of distress sales and to provide remunerative prices for pulses, oilseeds and horticultural produce the Department of Agriculture and Farmers Welfare has implemented PM-AASHA and Market Intervention Scheme and Price Support Scheme (MIS-PSS). While the allocation for the MIS-PSS have been declining since 2022-23, the allocation towards the *Pradhan Mantri Annadata Aay Sanrakshan Yojana* (PM-AASHA) scheme nearly tripled as compared to 2023-24 (RE). Minimum support prices for all the crops were increased to fifty per cent margin over costs in the past months. Furthering the initiative, the Union Budget aims to increase the coverage of farmers under the scheme to ensure remunerative prices for their produce. Also, with a vision to boost private sector, Private Procurement and Stockiest Scheme shall run in a pilot mode in select districts/APMCs.

Since 2022-23, the Department of Agriculture and Farmers Welfare has initiated a major revamping of Centrally Sponsored Schemes (CSS) and all the schemes have been subsumed under either of the three umbrella schemes of *Rashtriya Krishi Vikas Yojana*, National Mission on Natural Farming and *Krishionnati Yojana* (See Appendix Table A2). The budgetary allocations for these Centrally Sponsored Schemes have increased since 2019-20, however, the utilisation rates vary from 49.1 per cent in 2021-22 to 86.1 per cent in 2023-24.

Table 3.2: Utilisation of budgetary allocation on Centrally Sponsored Schemes of The Department of Agriculture and Farmers Welfare

Allocation/Utilisation	2019-20	2020-21	2021-22	2022-23	2023-24
Budget Estimate (Rs crore)	16061	17320	17407	17616	14676
Actual Expenditure (Rs crore)	12595	12310	8543	9963	12629
Utilisation (%)	78.4	71.1	49.1	56.6	86.1

Note: Actual Expenditure for 2023-24 is the Revised Estimate for 2023-24.
Source: Compiled by CBGA from Union Budget documents, various years.

One of the ways to improve the extent and quality of fund utilisation in core agriculture sector schemes is the strengthening of agricultural research institutions. Along with this, keeping in mind the changing nature of challenges faced by the Agriculture and Allied Sectors, investment in agricultural research and education becomes all the more important as any allocation towards it has a multiplier effect.[5]

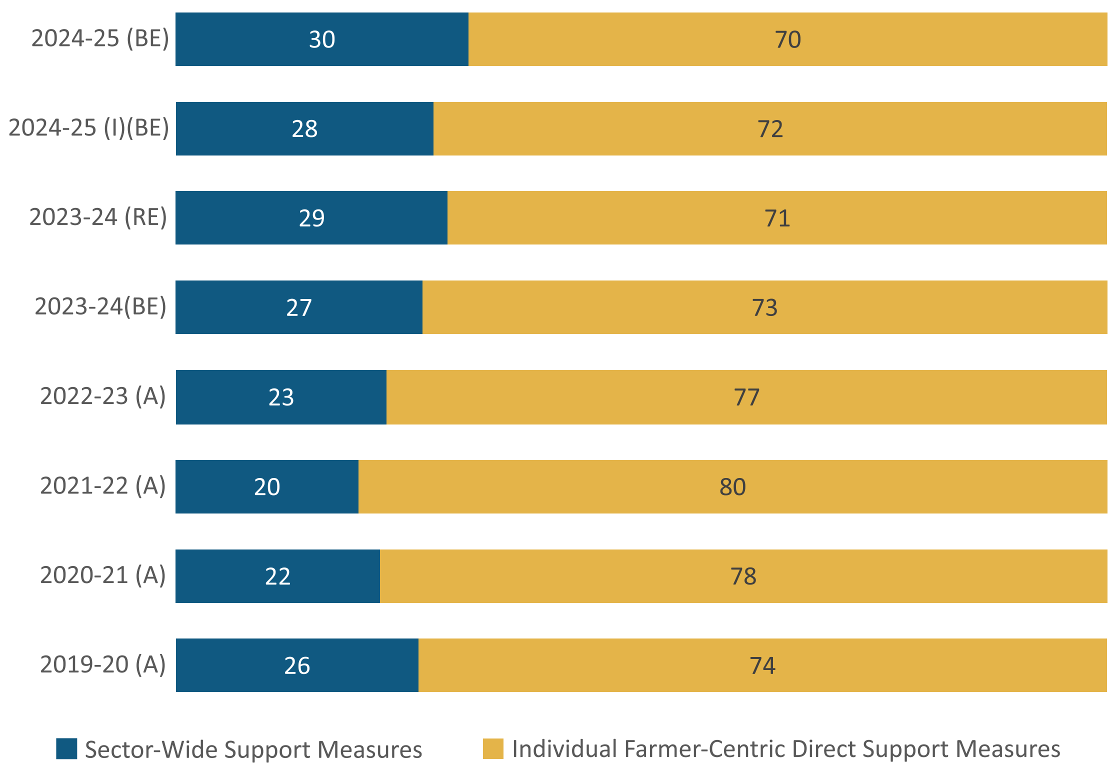
Towards this, the Union Government has increased its budgetary allocation to the Department of Agricultural Research and Education (DARE) by around 32 per cent over the period 2019-20 - 2024-25. However, the allocations have been lower than the budget estimates proposed by the department. In this regard, concerns were expressed by the Parliamentary Standing Committee that the decline in grant-in-aid by the Ministry of Finance has adversely affected the ongoing research and development activities of the department[6]. Within this department there is a reduction in spending towards the schemes by 40 per cent in real terms whereas the non-schematic budget has increased significantly because of the doubling of allocation towards the three Central Agricultural Universities. The budget for other state agricultural institutions has been reduced to half since 2018-19, which have a greater role in addressing diverse challenges faced by the AAS. In order to promote effective uptake of the research output, the role of *Krishi Vigyan Kendras* (KVKs) is noteworthy as they provide the last mile dissemination of information and adaptation of suitable technology by the farmers. But as of now, there are 128 districts without a KVK along with 3,499 vacancies in the country[7]. The Budget (2024-25) has revamped the extension component into focussed investment towards strengthening of the KVK. However, the budgetary allocation has been reduced by 28 per cent compared to the last year.

Compositional Shift in Agriculture and Allied Sectors Budget

The overall public expenditure for AAS can be classified into two categories - sector-wide support expenditure and individual farmer centric direct support expenditure. The allocations for them have been analysed to understand the ratio of fund allocation for such budgetary supports for the AAS as a whole. Individual farmer-centric direct support includes expenditure on direct income support to the farmers. Whereas, those delivering public goods that enhance the overall capacity of the sector such as research and extension, quality inputs, mechanisation, post-harvest management, institutional support and more are considered as sector-wide support expenditure.

Three schemes (PM KISAN, PMFBY, Modified Interest Subvention Scheme) along with PM *Kisan Maan-Dhan Yojana* are considered as individual farmer centric support for the AAS and among these PM KISAN continues to hold the largest share in the AAS budget. The allocation for this single flagship scheme is three times the total allocation provided to the three Departments namely Agricultural Research and Education, Animal Husbandry and dairying, and Fisheries taken together. Since 2019-20, the component of individual farmer centric support has gained importance as a share of total AAS budget starting from 74 per cent in 2019-20 to around 80 per cent in 2021-22. While such direct support is vital given the challenges faced by the farmers, it raises concerns if it comes at the expense of broader sectoral enhancement. In this year's budget as well, individual farmer centric direct support measures constitute around 70 per cent of the total agriculture and allied sector budget.

Figure 3.2: Composition of Union Government's Budgetary Expenditure on Agriculture and Allied Sectors (%)



Note: "Individual farmer-centric direct support measures" includes PM-KISAN, MISS, PM-KMY and PMFBY. "Sector-wide support measures" includes all other expenditure on AAS.

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

Among the individual farmer centric support measures, expenditure was the highest for the PM-KISAN scheme and as on November 15, 2023, more than eight crore farmers received the instalment of Rs 2,000 and 34 lakh more farmers were added to the list of beneficiaries who will receive the next instalment before the end of Financial Year (FY) 2023-24[8]. Additionally, allocation towards the Modified Interest Subvention Scheme (MISS) has reduced by two per cent compared to last year's budget. Furthermore, there has been a seven per cent rise in allocation for PMFBY in the Union Budget over the previous year.

In recent years, the Union Government has started allocating a huge amount of government money for financing PM-KISAN, PMFBY etc. which is a direct income support but the fund allocation is routed through banks and insurance companies. Since the implementation of these schemes are through these institutions, it is beyond the purview of the ministry. So, there has been an increased sense of urgency and requirement in terms of addressing the ground realities for inclusive and need sensitive budgetary allocations.

Climate Resilient Agriculture through Budgetary Lens

As per the climate change impact assessment carried out by the Department of Agriculture and Farmers Welfare, climate change reduces crop yields and lower nutrition quality of produce. Extreme events like droughts affect food and nutrient consumption, and adversely impacts the livelihoods of farmers[9]. The Government of India has formulated schemes to make agriculture more resilient to climate change. Aggregating the allocation for the schemes aiming for climate resilient and sustainable agriculture[10] shows that its share in the total AAS budget has reduced from 29 per cent in 2018-19 to 13 per cent in 2021-22. The consolidation and revamping of schemes in recent years has resulted in opaqueness and made it difficult to track the changes in the budgetary allocations towards such initiatives.

In the last year's budget, a dedicated mission on natural farming was formulated and public investment towards National Innovations on Climate Resilient Agriculture (NICRA) has revived in the Union Budget (2024-25). The recent launch of Framework for Voluntary Carbon Market in Agriculture Sector and Accreditation Protocol of Agroforestry Nurseries is a welcome step towards this initiative.

Specific initiatives towards climate resilient agriculture have been initiated. New high yielding and climate resilient varieties of field and horticulture crops will be released for cultivation. 10,000 need based bio-input resource centres will be established.

Complementarity of Allied Sectors

The Economic Survey 2023-24 has noted that the animal husbandry, dairying and fisheries sectors are increasingly recognised as emerging sectors in terms of performance relative to the core agriculture sector. As the per capita availability of land is reducing over the years along with the increase in fragmentation of landholding, horizontal growth in agriculture has very limited scope.[11] Additionally, there is a high degree of uncertainty in income from crop farming while animal husbandry and fisheries need much less space and provide a relatively stable income.

However, the expenditure of the Department of Animal Husbandry and Dairying has declined over the period 2019-20 to 2022-23, with increase in allocations in recent years. It must be noted the proposed budget estimate by the Department has reduced to half since 2019-20 due to the cabinet's approval to an outlay of Rs 9,800 crore for revising and realigning various components of its existing schemes against the Department's proposed allocation of Rs 26,223 crore for the five years starting from 2021-22. This reduction in budget allocations tends to reflect in the lower levels of outcomes achieved by the departments.

In the interim budget of 2023-24 the two schemes, namely, *Rashtriya Gokul* Mission and Dairy Development Scheme were categorised as central sector scheme as against earlier representation under centrally sponsored schemes.[12] The budget of 2024-25 continues with the reclassification. So, in order to match the previous level of spending in these schemes there was a need for an increase in the budgetary allocation for them. However, the fund allocation for these in the Union Budget has reduced by 13 per cent over the last year's revised estimates. Due to this change in the nature of the scheme, the funds shall not be complemented with the state allocation and, given the absolute decline in the spending by the Union Government, the effective implementation of these schemes is questionable.

Earlier this year cabinet approved central sector sub scheme of PM- *Matsya Kisan Samridhi Sah-Yojana*, envisaging an investment of over Rs. 6000 crores over the next four years[13]. Among its various components, Union Budget 2024-25 targets the coverage of around 15000 lakh acres under aquaculture insurance scheme[14]. In the Union Budget 2024-25, the Finance Minister has outlined significant initiatives with a focus on boosting shrimp production and aquaculture insurance. She envisages to establish a network of breeding centres for shrimp broodstocks and facilitating the financing of shrimp farming, processing and export through NABARD.

Challenges for Effective Utilisation of Funds

From the planning stage to the actual utilisation of the available funds, variation in the allocation and release of funds has been observed at each level of budget review across all the departments in AAS. Across the four departments, the budget allocations (BE) are 16-25 percent lower than the figures proposed by the departments (budget demanded by the departments) itself and for the Department of Animal Husbandry and Dairying, this gap even goes to 50 percent in 2021-22 (See Appendix Figure 3.3C). There is a further decline when the budget estimates are revised as (RE) and actual expenditure is incurred and reported in the budget documents.

There could be multiple reasons for this underutilisation. One probable reason could be the guidelines of Centrally Sponsored Schemes (CSS) in releasing funds (especially after the introduction of Single Nodal Account/ Agency). This change of fund flow since 2021-22, which emphasised that the states should provide their matching contribution within 30 days for each of the instalments they would receive in any CSS. They have to submit the statement of utilisation (SOE) of at least 75 per cent of total funds available under SNA, after which only subsequent instalments would be released by the Union Government. But, due to the poor fiscal position of many states, they couldn't afford to make their part of the contribution, leading to the underutilisation of the budgeted amount. Other likely reasons behind underutilisation could be delays in release of funds, inefficiencies in scheme implementation, lack of scrutiny of projects, etc[15].

The Parliamentary Standing Committee also proposed that that the release of funds for CSSs should be in two instalments (50 percent each for two cropping seasons) as was being done in the past years instead of the present scheme of releasing it in four equal instalments of 25 percent each[16].

Other Sectoral Priorities and Initiatives

In the Union Budget 2024-25, digital infrastructure in agriculture has been placed as a priority, reflecting the government's commitment to leveraging technology to transform the agricultural sector. Key initiatives include conducting digital crop survey for Kharif using digital public infrastructre and including the details of six crore farmers and their lands into the farmers and land registries in three years. Jan Samarth based Kisan Credit Card will be enabled in five states.

Appendix

Table A1: Union Budget Outlays on Major Schemes in Agriculture and Allied Sectors (Rs crore)

Major Schemes	2019-20 (A)	2020 -21 (A)	2021-22 (A)	2022-23 (A)	2023-24 (BE)	2023-24 (RE)	2024-25 (I)(BE)	2024-25 (BE)
Pradhan Mantri Kisan Samman Nidhi (PM-KISAN)	48714	60990	66825	58254	60000	60000	60000	60000
Pradhan Mantri Fasal Bima Yojana (PMFBY)	12639	14161	13549	10296	13625	15000	14600	14600
Modified Interest Subvention Scheme (MISS)	16219	17790	21477	17998	23000	18500	22600	22600
Market Intervention Scheme and Price Support Scheme (MIS-PSS)	2005	1358	2288	4007	0	40	0	0
Pradhan Mantri Annadata Aay Sanrakshan Yojana (PM-AASHA)	313	-	-	-	0	2200	1738	438
Distribution of Pulses to State / Union Territories for Welfare Schemes	734	537	50	166	800	446	0	300
Formation and Promotion of 10,000 FPOs	-	241	427	124	955	450	582	582
Blended Capital Support to finance Startups for Agriculture and Rural Enterprise Relevant for Farm Produce Value Chain	-	-	-	-	-	-	63	63
NAMO DRONE DIDI	-	-	-	-	-	-	500	500
Livestock Health and Disease Control Programme	341	249	911	805	2350	1500	2465	2465
Pradhan Mantri Matsya Sampada Yojana (PMMSY)		700	1169	1168	2000	1500	2352	2352
*Rashtriya Gokul Mission**	270	400	663	600	600	870	700	700

Note: Rashtriya Gokul Mission was classified as centrally sponsored scheme till FY 2023-24

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

Table A2: Union Budget Outlays for the Centrally Sponsored Schemes of Department of Agriculture and Farmers Welfare (Rs crore)

Centrally Sponsored Schemes	2019-20 (A)	2020 -21 (A)	2021-22 (A)	2022-23 (A)	2023-24 (BE)	2023-24 (RE)	2024-25 (I)(BE)	2024-25 (BE)
Pradhan Mantri Krishi Sinchai Yojana (PMKSY) - Per Drop More Crop	2700	2562	1796	-	-	-	-	
Rashtriya Krishi Vikas Yojana (RKVY)	3085	2561	1729	-	-	-	-	
National Project on Soil Health and Fertility	159	200	9	-	-	-	-	
Rainfed Area Development and Climate Change	187	128	77	-	-	-	-	
Paramparagat Krishi Vikas Yojana (PKVY)	284	381	89	-	-	-	-	

Centrally Sponsored Schemes		2019-20 (A)	2020 -21 (A)	2021-22 (A)	2022-23 (A)	2023-24 (BE)	2023-24 (RE)	2024-25 (I)(BE)	2024-25 (BE)
Sub-Mission on Agriculture Mechanization		965	1000	817	-	-	-	-	
National Project on Agro-Forestry		28	27	8	-	-	-	-	
National Project on Organic Farming		0	1	0	-	-	-	-	
Sub-Mission on Plant Protection and Plant Quarantine		30	34	25	-	-	-	-	
Integrated Scheme on Agricultural Cooperation		144	374	342	-	-	-	-	
Krishionnati Yojana	National Bamboo Mission	85	75	21	-	-	-	-	
	National Food Security Mission	1769	1675	995	842	-	-	-	
	National Mission on Oil Seed and Oil Palm	-	-	-	431	-	-	-	
	Organic Value Chain Development for North-East Region	104	137	133	144	-	-	-	
	Mission for Integrated Development of Horticulture	1331	1423	995	1190	-	-	-	
	Sub-Mission on Seed and Planting Material	284	257	141	192	-	-	-	
	Sub-Mission on Agriculture Extension	932	886	821	741	-	-	-	
	Digital Agriculture	36	43	40	21	-	-	-	
	Integrated Scheme on Agriculture Census and Statistics	200	307	267	288	-	-	-	
	Integrated Scheme on Agriculture Marketing	273	238	238	867	-	-	-	
Total - *Krishionnati Yojana*		5012	5041	3651	4716	7066	6378	7447	7447
Rashtriya Krishi Vikas Yojana (Revamped)		-	-	-	5247	7150	6150	7553	7553
National Mission on Natural Farming		-	-	-	-	459	100	366	366
Total - Centrally Sponsored Schemes		12595	12310	8543	9963	14676	12629	15366	15366

Notes: i) RKVY has been restructured in 2022-23 (BE) and a number of erstwhile schemes (viz. PMKSY-Per Drop More Crop, *Paramparagat Krishi Vikas Yojana,* National Project on Soil and Health Fertility, Rainfed Area Development and Climate Change, Sub-Mission on Agricultural Mechanisation, including Management of Crop Residue, etc.) have been merged with it; ii) *Krishionnati Yojana*: As mentioned in the table, 10 schemes have been merged into *Krishionnati Yojana*; National Mission on Oilseeds and Oil Palm includes both Edible Oil-Oil Palm and Edible Oil-Oil Seed schemes

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

Figure 3.3: Department-wise Budgetary Allocations towards Agriculture and Allied Sectors (Rs thousand crore)

Figure 3.3 A: Department of Agriculture and Farmers Welfare

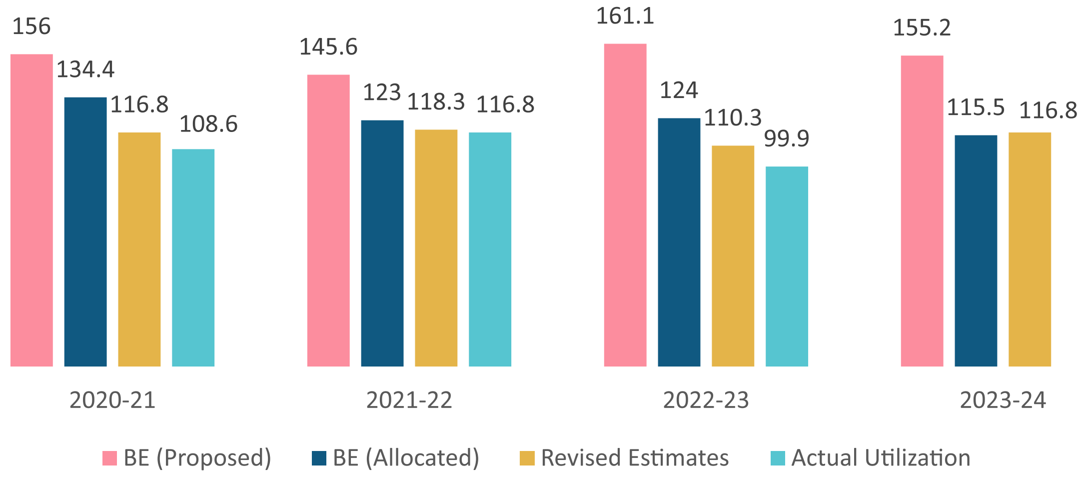


Figure 3.3 B: Department of Agricultural Research and Education

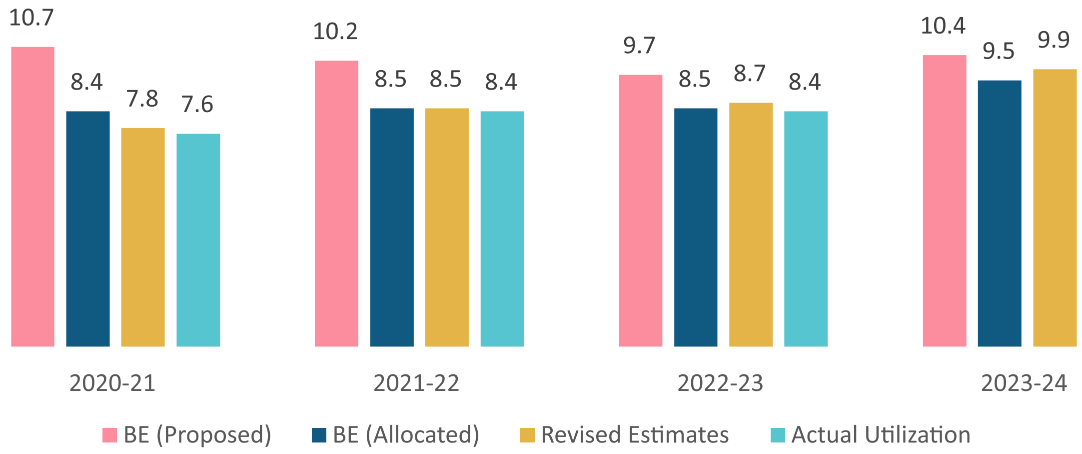


Figure 3.3 C: Department of Animal Husbandry and Dairying

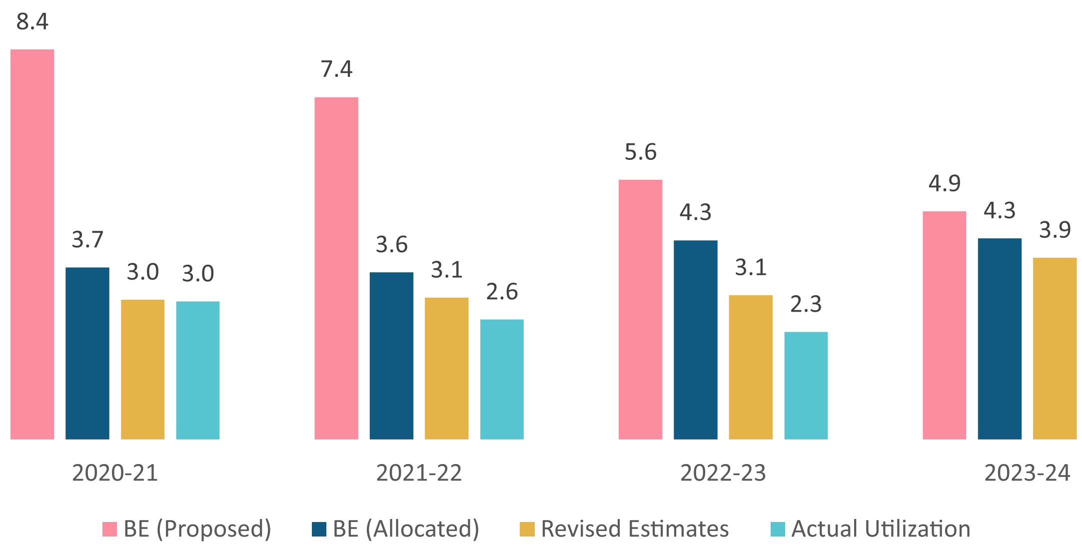
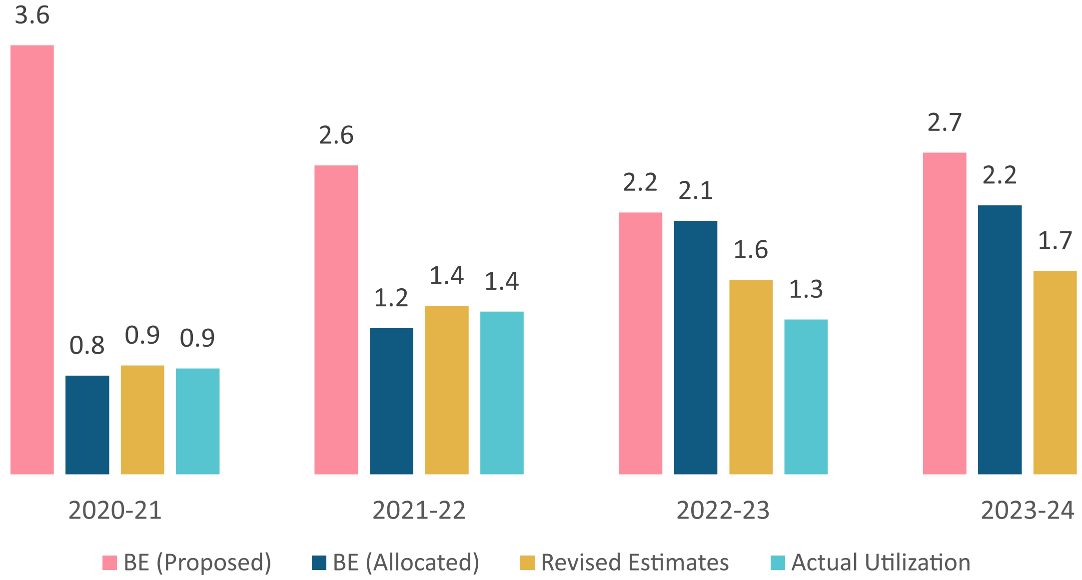


Figure 3.3 D: Department of Fisheries



Note: Actual Utilization for 2021-22 and 2022-23 and revised Estimate for 2023-24 has been compiled by CBGA from Union Budget documents.

Source: i) Fifty First Report of the Standing Committee on Agriculture, Animal Husbandry and Food Processing (17th Lok Sabha) on the Demands for Grants (2023-2024) of the Ministry of Agriculture and Farmers Welfare (Department of Agriculture and Farmers Welfare); ii) Fifty-Second Report of the Standing Committee on Agriculture, Animal Husbandry and Food Processing (17th Lok Sabha) on the Demands for Grants (2023-24) of the Ministry of Agriculture and Farmers Welfare (Department of Agricultural Research and Education); iii) Fifty Fourth Report of the Standing Committee on Agriculture, Animal Husbandry and Food Processing (17th Lok Sabha) on the Demands for Grants (2023-2024) of the Ministry of Fisheries, Animal Husbandry and Dairying (Department of Animal Husbandry and Dairying); iv) Fifty-Third Report of the Standing Committee on Agriculture, Animal Husbandry and Food Processing (17th Lok Sabha) on the Demands for Grants (2023-24) of the Ministry of Fisheries, Animal Husbandry and Dairying (Department of Fisheries).

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[1] Government of India, Ministry of Statistics and Programme Implementation, National Statistical Office. Annual Report - Periodic Labour Force Survey (July 2022 - June 2023).

https://dge.gov.in/dge/sites/default/files/2023-10/Annual_Report_PLFS_2022-23.pdf

[2] Invest India – National Investment Promotion & Facilitation Agency https://www.investindia.gov.in/sector/agriculture-allied-sector

[3] Singh, G. & Das, S. (January 31st, 2023) How could Budget 2023-'24 help boost the agriculture sector? Scroll https://scroll.in/article/1042916/states-are-replicating-the-centres-farmer-centric-agriculture-budget-and-that-is-not-good

[4] Four departments namely Department of Agriculture and Farmers Welfare, Department of Agricultural Education and Research, Department of Animal Husbandry and Dairying and the Department of Fisheries are considered together to define the Agriculture and Allied Sectors (AAS).

[5] Standing Committee on Agriculture, Animal Husbandry and Food Processing (2023, March 13). Fifty Second Report: 'Demand for Grants (2023-24)'. Ministry of Agriculture and Farmers Welfare. Parliament of India: Lok Sabha. Retrieved on January 30, 2024 from https://eparlib.nic.in/bitstream/123456789/1470700/1/17_Agriculture_Animal_Husbandry_and_Food_Processing_52.pdf

[6] Standing Committee on Agriculture, Animal Husbandry and Food Processing (2023, March 13). Fifty Second Report: 'Demand for Grants (2023-24)'. Ministry of Agriculture and Farmers Welfare. Parliament of India: Lok Sabha. Retrieved on January 30, 2024 from https://eparlib.nic.in/bitstream/123456789/1470700/1/17_Agriculture_Animal_Husbandry_and_Food_Processing_52.pdf

[7] Standing Committee on Agriculture, Animal Husbandry and Food Processing (2023, March 13). Fifty Second Report: 'Demand for Grants (2023-24)'. Ministry of Agriculture and Farmers Welfare. Parliament of India: Lok Sabha. Retrieved on January 30, 2024 from https://eparlib.nic.in/bitstream/123456789/1470700/1/17_Agriculture_Animal_Husbandry_and_Food_Processing_52.pdf

[8] Sharma, H. (December 28th, 2023) PM-Kisan beneficiaries dwindling, Govt adds 34 lakh in special drive. The Indian Express https://indianexpress.com/article/india/pm-kisan-beneficiaries-dwindling-govt-adds-34-lakh-in-special-drive-9085597/

[9] Ministry of Agriculture & Farmers Welfare (2023, March 21st) Impact of Climate Change on Agriculture [Press Release]. Government of India. https://pib.gov.in/PressReleaseIframePage.aspx?PRID=1909206

[10] Schemes promoting climate resilient and sustainable agriculture include Pradhan Mantri Fasal Bima Yojana, Promotion of Agricultural Mechanization for in-situ Management of Crop Residue, Pradhan Mantri Krishi Sinchai Yojana – Per drop more crop, National Project on Organic Farming, National Project on Soil Health and Fertility, Rainfed Area Development and Climate Change, Paramparagat Krishi Vikas Yojana, National Project on Agro-Forestry, National Bamboo Mission, National Mission on Natural Farming, Natural Resource Management Institutes Agro Forestry Initiative, Climate Resilient Agriculture Initiative

[11] Indian Agricultural Research Institute (2013). Vision 2050 vision-2050.pdf (iari.res.in)

[12] Under the centrally sponsored schemes, share of Union government spending is matched by the contribution from the state government at a pre-decided percentage (60:40) and the total spending for the scheme is the summation of union and state government's share. On the contrary, the central sector schemes are fully funded by the union government only.

[13] https://www.pmindia.gov.in/en/news_updates/cabinet-approves-pradhan-mantri-matsya-kisan-samridhi-sah-yojana-pm-mkssy-a-central-sector-sub-scheme-under-the-pradhan-mantri-matsya-sampada-for-the-fisheries-sector-micro-and-small-enterprises/

[14] https://www.indiabudget.gov.in/doc/OutcomeBudgetE2024_2025.pdf

[15] Government of India (2015). Report of the Comptroller and Auditor General of India. https://cag.gov.in/uploads/download_audit_report/2015/Union_Performance_Civil_RKVY_Ministry_Agriculture_11_2015.pdf

[16] Standing Committee on Agriculture, Animal Husbandry and Food Processing (2023, March 13). Fifty First Report: 'Demand for Grants (2023-24)'. Ministry of Agriculture and Farmers Welfare. Parliament of India: Lok Sabha. Retrieved on January 30, 2024 from https://eparlib.nic.in/bitstream/123456789/1470699/1/17_Agriculture_Animal_Husbandry_and_Food_Processing_51.pdf

Rural Economy

The rural economy contributes nearly 46 percent of the total GDP of the country and despite the rise in urbanisation more than half of India's population is still projected to be rural by 2050. As per the Economic Survey (2023-24), rural poverty has declined substantially over the past six years. Around 135 million people emerged out of multi-dimensional poverty between 2015-16 to 2019-21 due to some of the major flagships programmes of the government. However, concerns do remain relating to the consistent growth, employment generation and quality implementation of such programmes in the rural areas. In this context, it is imperative to understand the fiscal priorities of the Union Government for the major schemes that have generated employment and livelihood opportunities, and led to expansion of infrastructure and connectivity as well as provision of housing amenities in rural areas particularly in the rural non-farm sector. The major flagship programmes of the Union Government towards upliftment of the rural economy are: *Mahatma Gandhi* National Rural Employment Guarantee Scheme (MGNREGS), *Deen Dayal Upadhayay*-National Rural Livelihoods Mission (DAY-NRLM), *Pradhan Mantri Awaas Yojana-Grameen* (PMAY-G) and *Pradhan Mantri Gram Sadak Yojana* (PMGSY).

Major announcements in the Union Budget 2024-25 to promote Rural Development

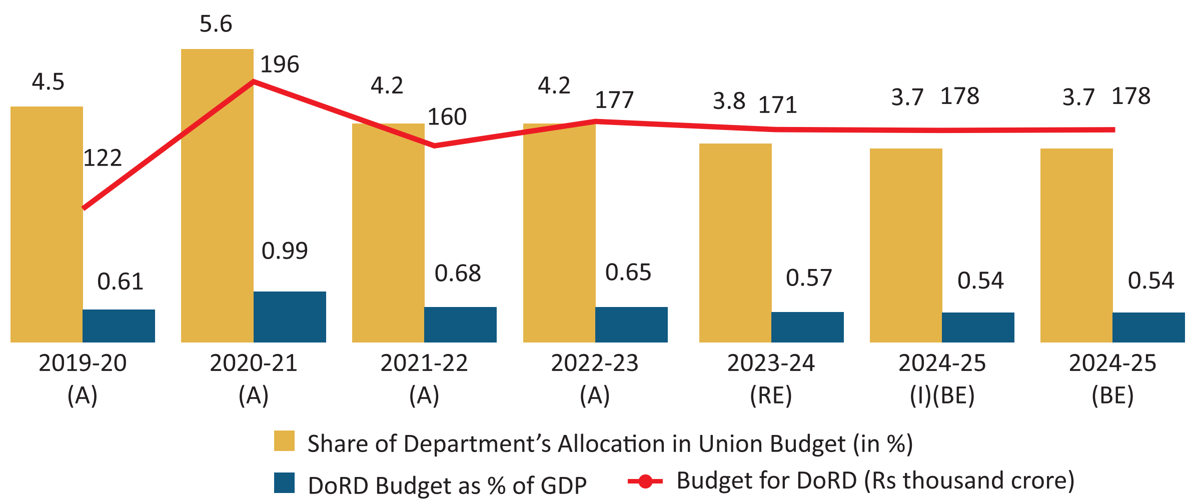
1. Budgetary Allocation of Rs. 2.66 lakh crore announced for rural development including rural infrastructure.
2. PMGSY Phase-IV to be launched covering 25000 additional rural habitations with all-weather connectivity roads.
3. Despite 43% hike in allocation for MGNREGS from the previous year, the scheme consistently remains underfunded during the last four years.

Source: Compiled by CBGA from Budget Speech-2024-25, Government of India.

Budgetary Support for the Rural Economy

Figure 3.4 shows that that the budget allocation for the Department of Rural Development (DoRD) remains same as announced in the Interim Budget (2024-25), though it witnessed a 12% hike from the previous year. However its share as a percentage of GDP has been declining continuously. In the last six years, the highest budgetary allocation to the DoRD was made in 2020-21, to contain the immediate shock caused by the Covid-19 pandemic. However, in subsequent years, it has largely remained stagnant, signifying the constrained avenues available for developmental activities in rural areas.

Figure 3.4: Budgetary Support to Promote Rural Development in India



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

How Sufficient is the Allocation Towards MGNREGS?

Among the four schemes mentioned above, MGNREGS has had the highest budgetary allocation over time. The scheme's outlay was substantially increased in 2020-21 due to the sudden increase in demand for work in rural areas owing to the reverse migration caused by Covid-19. Also, the share of women in total person days has increased from around 54 per cent in FY 2019-20 to 59 per cent in FY 2023-24, indicating that the scheme has benefited female labourers to a large extent over a period of time. The number of works[2] done under MGNREGS has steadily increased over the years, with 85 lakh completed works in FY22 and 70.6 lakh completed works (as on 9 January 2023).

Though the achievements under the scheme have been remarkable, there have been issues with consistent low wages and large arrears due to be released to some of the prominent states in India. This has significantly undermined their capacity to create new wage employment and expand asset creation in the rural areas thus leading to the stagnation of livelihood opportunities in the rural non-farm sector in India. Amidst this scenario, even a 43% hike in the budgetary allocation for the scheme from the previous year seems to be highly inadequate to support timely wages, clear large arrears and pay delay compensations.

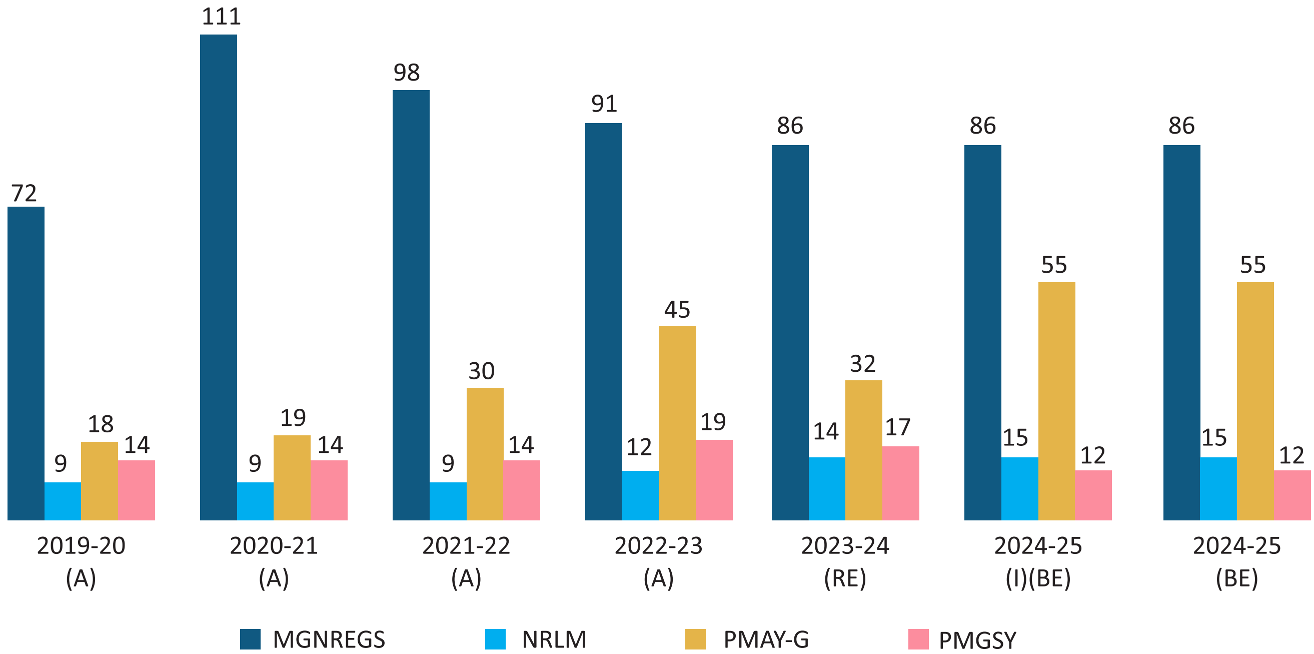
Augmenting Women's Empowerment through DAY-NRLM[3]

According to the Economic Survey (2023-24), the Female Labour Force Participation Rate (LFPR) significantly increased from 23.3 per cent in 2017-18 to 37 per cent in FY 2022-23 majorly driven by female employment in the rural areas. This has been particularly possible due to the pivotal role played by the DAY-NRLM[4]. Rural women constitute the core of the program, which is extensively focused on their socio-economic empowerment. As per the Economic Survey (2022-23), India has around 88 per cent all-women SHGs, which are transforming the rural socio-economic landscape in innovative, as well as socially and ecologically responsible ways, majorly functioning through collateral free loans[5]. The empowering of around one crore *'Lakhpati Didis'*, as announced by the Finance Minister in the Interim Budget (2024-25), stands testimony to this.

Furthermore, the initiative actively supports rural livelihoods through sub-schemes such as Start-up Village Entrepreneurship Programme (SVEP), *Aajeevika Grameen Express Yojana* (AGEY), *Mahila Kisan Sashaktikaran Pariyojana* (MKSP), *Deen Dayal Upadhyaya Grameen Kaushalya Yojana* (DDUGKY), Rural Self Employment Training Institutes (RSETI) and National Rural Economic Transformation Project (NRETP).

Despite the fact that the scheme has successfully connected nearly nine crore women with around 83.5 lakh women SHGs (as on 21st July 2023), there has been only a marginal increase in allocation for the scheme from the previous year. Though the thrust given to the increased access to the market under the scheme and skill development initiatives in the Budget (2024-25) do reflect government's commitment towards furthering women empowerment in the rural areas.

Figure 3.5: Budgetary Allocations to Some of the Flagship Rural Development Schemes (Rs thousand crore)



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

Priority to Rural Housing Continues Through Enhanced Allocation Under PMAY-G

PMAY-G aimed to achieve 'Housing for All' by 2022 by providing a pucca house with basic amenities to all houseless households and those living in kutcha and dilapidated houses in rural areas. As on June 12, 2024 a total of 2.94 crore houses have been sanctioned and 2.62 houses have been completed significantly improving the conditions of the rural families.

The enhancement of funds under the PMAY-G in the last two fiscal years (2021 and 2022) reflects that the government is not just targeting "Housing for All", but also enhancing the capacity of productive consumption, which may have a higher multiplier effect in raising the levels of rural employment and incomes. This is due to the fact that under this programme, beneficiaries are entitled to 90/95 person-days of unskilled labour from MGNREGS. This has opened greater avenues for employment generation and infrastructure expansion apart from benefiting the larger ambit of the eligible beneficiaries. However, some concerns that have been reported with regard to this scheme are poor-quality construction and wrongful exclusion and inclusion of beneficiaries. Audit reports showed that in some cases, the *Awaas*Soft portal showed completion of construction, whereas this was not the case on the ground when a physical inspection was carried out[6].

Rural Infrastructure and Connectivity Needs To be Prioritised through PMGSY[7]

PMGSY is one of the major schemes primarily meant to expand rural infrastructure and considered to be one of the most successful initiatives for the development of rural areas. From its inception until 6th January, 2024, a total of 8,15,072 km of road length has been sanctioned and 7,51,163 km completed under various interventions/verticals of PMGSY[8]. From its inception until 18th June, 2024, a total of 8,29,409 km of road length has been sanctioned and 7,63,308 km completed under various interventions/verticals of PMGSY at an expenditure of Rs. 3.23 lakh crore. In continuation of this, the government announced launching of PMGSY Phase-IV to cover 25,000 additional rural habitations with all-weather connectivity roads. However, there has been no change in the allocation under the scheme as announced in the Interim Budget (2024-25).

Currently, the priority under the scheme is quality control and adequate utilisation of funds across uncovered habitations, as has been noted in the 36th Report[9] of the Standing Committee on Rural Development and Panchayati Raj. The committee has drawn attention to critical issues such as delays in completing the mandated targets[10], compromised quality of road construction due to the usage of subpar materials, and the absence of a robust quality control process and monitoring mechanism. There have also been concerns related to the inadequate utilisation of funds (for instance, the unspent balance as on 8th April 2023 was to the tune of Rs 12,971.7 crore[11]), thereby impeding employment opportunities in rural areas.

Table 3.3: Extent of Fund Utilisation under PMAY-G and PMGSY at the State Level

Major Development Schemes	Performance of the States
PMAY-G (average of 2019-2021)	Highest rates of fund utilisation under the developed states raises the concern whether actual beneficiaries are benefited under the scheme.
Low Utilisation States (Below 50%)	Karnataka, Andhra Pradesh, Arunachal Pradesh, Sikkim, Nagaland, Uttarakhand, Kerala.
High Utilisation States (more than 70%)	Assam, Meghalaya, Maharashtra, Madhya Pradesh, Tamil Nadu, Jharkhand, Gujarat, Himachal Pradesh, Odisha, Chhattisgarh, Bihar, Tripura, West Bengal, Rajasthan, Uttar Pradesh and Punjab
PMGSY (average of 2018-2020)	The focus over the past three years has been to develop the rough and hilly terrain of North Eastern States showing its commitment towards the development North Eastern Region. However, the infrastructure development in backward states such as Bihar, Odisha and Jharkhand also require enhanced allocations under the scheme.
Low Utilisation States (Below 50%)	Haryana, Karnataka, Maharashtra, Gujarat, Tripura, Bihar, Jharkhand, Odisha and Tamil Nadu.
High Utilisation States (more than 70%)	Meghalaya, Jammu & Kashmir, Manipur, Mizoram, Arunachal Pradesh and Nagaland.

Source: Compiled by CBGA from the 'Schemes Dashboard' on the Open Budgets India (OBI) Portal; available at: https://schemes.openbudgetsindia.org/

The Way Forward

The focus of the government to promote the rural economy has remained imperative over the years, which is evident from it launching flagship schemes to promote infrastructure development and improve the overall standard of living in rural areas. Our analysis of fiscal support to major lifeline schemes reveals that they have largely been able to cater to demands as per the outcomes laid out in the Outcome Budget (2023-24). This means that fund allocation has been adequate and commensurate with the proposed targets under the various schemes except for MGNREGS.

However, an effective and efficient implementation mechanism to further achieve the targets mandated under the various schemes is the need of the hour. This will not only help compensate losses incurred in the last few years due to the widespread and adverse effects of the Covid-19 pandemic but also help sustain the growth momentum by generating diversified income opportunities and building resilient livelihoods in rural areas.

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[1] *Note:* The objective of the Act is to enhance the livelihood security of the people in rural areas by generating wage employment through works that develop the infrastructure base of that area.

[2] There are 262 works permissible under MGNREGS, of which 182 works are related to Natural Resource Management (NRM). Of the 182 NRM works, 85 are water related. Out of the total works, 164 relate to agriculture and allied activities.

[3] The scheme has been implemented on a mission mode. It aims to organise poor and vulnerable women into Self Help Groups (SHGs) and enable them to come out of abject poverty. The scheme seeks to achieve its objective by investing in four core components viz., (a) social mobilisation and promotion and strengthening of self-managed and financially sustainable community institutions of rural poor women; (b) financial inclusion; (c) sustainable livelihoods; and (d) social inclusion, social development and access to entitlements through convergence.

[4] The transformative impact of DAY-NRLM on the lives of rural poor, particularly women, has also been substantiated by a third-party evaluation conducted by the International Initiative for Impact Assessment, in 2019.

[5] There were around 67 lakh SHGs with collateral-free loans outstanding of Rs 1,51,051.3 crore (as on 31 March 2022) and their bank repayment rate has been more than 96 per cent, underscoring their credit discipline and reliability. PIB Report 31st July 2023.

[6] Mohanty, D. (2021). Central team finds irregularities in implementation of rural housing scheme in Odisha, June 12, available at: https://www.hindustantimes.com/cities/others/central-team-finds-irregularities-in-implementation-of-rural-housing-scheme-in-odisha-101623495450638.html

[7] Launched in 2000, PMGSY aims to provide all-weather road connectivity to all eligible habitations of a designated population size (500 plus in plain areas, 250 plus in NE, Hills, Tribal and Desert Areas, 100-239 population size in LWE areas, as per Census 2001)

[8] In addition, since its inception, till 30th September, 2023, of the total 178,184 eligible habitations of 250-plus and 500-plus population size identified for coverage under the scheme, 1,72,603 habitations have already been connected, including 16,086 habitations connected by states using their own resources; 4,867 habitations have been dropped or found not feasible and only 714 habitations remain to be connected. In the 100-249 population category of habitations in the LWE areas, 6,016 habitations have been connected out of a total sanction of 6,245 habitations and only 226 habitations remained to be connected as on 6th January, 2024.

[9] 36th Report, Standing Committee on Rural Development and Panchayati Raj (2023-24)

[10] PMGSY-I was initially targeted for completion by March 2019; PMGSY-II and Road Connectivity Project for Left Wing Extremism Areas (RCPLWEA) by March 2020. However, these verticals could not be completed within the targeted timeline due to various reasons, such as land issues, forest clearance issues, law and order issues, particularly in the LWE areas, the contracting capacity of states, adverse climate conditions and difficult terrain in some states such as the NE and Hill states. Due to this, the timeline for these verticals has been extended to March 2024.

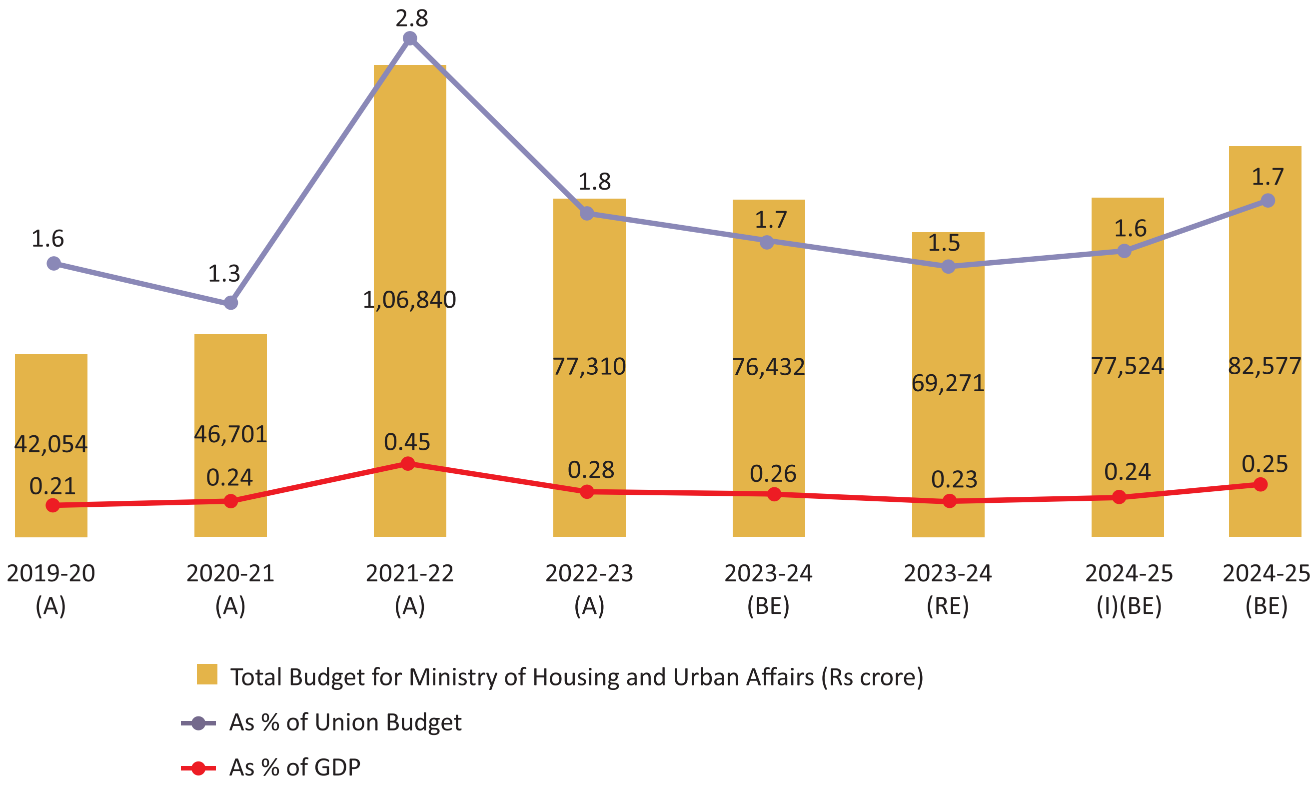
[11] Lok Sabha Unstarred Question No. 3032, Answered on August 8, 2023

Urban Economy

The global conversation on urban development, spurred by G20 Summits and the Urban20 (U20) group, underscores cities' crucial role in global progress. The 'Financing Cities of Tomorrow' initiative, led by the G20's India Presidency, focuses on sustainable finance to foster inclusive, resilient, urban areas, aligning with the UN Sustainable Development Goal 11's vision for sustainable cities. The Union Budget for 2024-25 continues to prioritise urban infrastructure, notably housing and transportation, reflecting a strategic commitment to transit-oriented urban development. In the Budget Speech, 'urban development' was specifically prioritised under the '*Viksit Bharat*' initiative. Emphasis was placed on cities as growth hubs, with plans for creative city redevelopment, digitising urban land records, and establishing an IT-based system for property and tax administration to improve the financial health of urban local bodies.

The budget allocation for the Housing and Urban Affairs Ministry in fiscal year 2024-25 has risen to Rs 82,577 crore, a 8 per cent increase from the previous year's allocation of Rs 76,431 crore. However, the share of total urban development expenditure in the total Union Government expenditure and Gross Domestic Product (GDP) has experienced a gradual decline (Figure 3.6).

Figure 3.6: Share of the Ministry of Housing and Urban Affairs Expenditure (Rs crore) in the Total Union Budget (%) and GDP (%)



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

In terms of the allocation of funds for urban development initiatives, the government has earmarked substantial resources for key urban schemes, with the *Pradhan Mantri Awas Yojana*-Urban (PMAY-U) receiving the largest share at 36.5 per cent. This is followed by significant allocations for Metro Projects, the Atal Mission for Rejuvenation and Urban Transformation (AMRUT), and the *Swachh Bharat* Mission-Urban (SBM-Urban), underscoring the government's focused investment in improving urban infrastructure and services (Table 3.4).

Table 3.4: Union Budget Support for Major Urban Development Schemes (Rs crore)

Selected Schemes for MoHUA	2020-21 (A)	2021-22 (A)	2022-23 (A)	2023-24 (BE)	2023-24 (RE)	2024-25 (I)(BE)	2024-25 (BE)	% share of Total Ministry Budget 2024-25 (I)(BE)	% share of Total Ministry Budget 2024-25 (BE)
PMAY-Urban	20991	59963	28653	25103	22103	26171	30171	33.8	36.5
Metro Projects	8573	23262	18831	23175	19508	21336	21336	27.5	25.8
AMRUT*	6448	7280	6500	8000	5200	8000	8000	10.3	9.7
SBM - Urban	995	1952	1926	5000	2550	5000	5000	6.4	6.1
Smart Cities Mission	3305	6588	8653	8000	8000	2400	2400	3.1	2.9
PM SVANidhi**	114	298	406	468	468	326	326	0.4	0.4
DAY-NULM***	817	794	547	0	523	0.02	300	0.0	0.4
Total Budget for MoHUA						77524	82577	100	100

Notes: *Atal Mission for Rejuvenation and Urban Transformation;

**Prime Minister's Street Vendors' *Atmanirbhar Nidhi*;

*** *Deendayal Antyodaya Yojana*-National Urban Livelihood Mission.

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

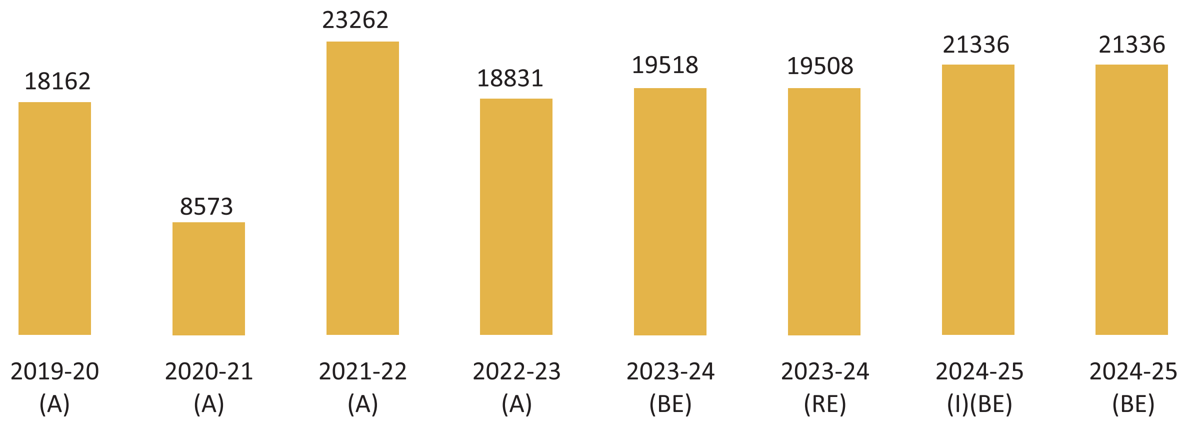
Continued Focus on Transport-Oriented Urban Development

The National Urban Transport Policy[1], initiated in 2006 and revised in 2014, sets forth an ambitious vision to "transform" the landscape of rapidly urbanising Indian cities through the adoption of city-wide, eco-friendly, citizen-friendly, seamless, and user-friendly modes of public transport. Following this, substantial investments have been channelled into various Mass Rapid Transit (MRT) technologies across cities, necessitating the establishment of a dedicated Metro Rail Policy in 2017. This policy aims to streamline the selection of MRT technology, along with the planning, implementation, and operation of metro railways across urban centres. As a testament to this strategic focus, the operational Metro Rail network expanded impressively to 862.16 km by 2023, covering 22 cities, from 405 km in 2018-19[2], marking a significant technological and infrastructural leap.

In fiscal year 2022-23, the MoHUA dedicated approximately 33 per cent of its budget to metro rail projects, a figure that has been adjusted to 25.8 per cent this year (Table 3.4). Despite a slight decrease to 28 per cent the following year, the funding for Mass Rapid Transit (MRT) projects overall has seen a substantial increase of about 50 per cent over the past six years.

However, investing in metro projects demands a holistic approach that goes beyond construction, and an integration with broader urban development strategies to maximise the value and impact of such infrastructure. Careful planning is needed to ensure that metro rail systems are aligned with overall urban development goals, including connecting key areas within a city to boost accessibility, supporting economic growth, and improving the quality of life of residents. The 2024-25 budget's focus on electric vehicle (EV) infrastructure and public transport promotion through increased EV and e-bus adoption reflects a shift towards sustainable development. Transit-Oriented Development can increase public transport usage further, reduce traffic congestion, and lower pollution levels while fostering economic growth around transit hubs through mixed-use developments.

Figure 3.7: Union Government's Budget Outlay for Metro/MRTS Projects (Rs crore)



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

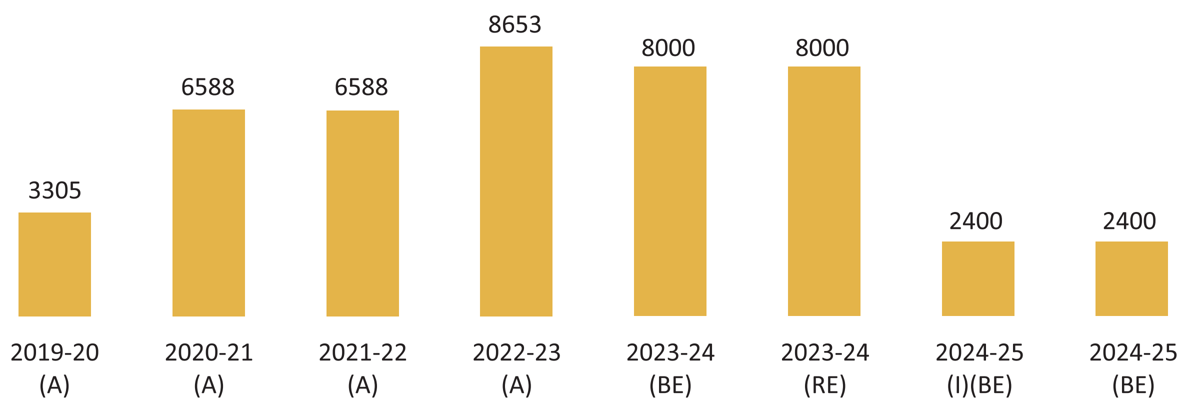
Reflecting this strategic focus, this year's Budget Speech has emphasised on Transit-Oriented Development Plans (TOD) for 14 large cities with a population above 30 lakh. It has potential to yield positive environmental and socio-economic benefits for the urban fabric. With successful TOD implementations in cities such as Mumbai and Ahmedabad, the focus now shifts to evaluating its applicability and impact within the emerging framework of Regional Rapid Transit Systems.

Infrastructure Boost to Urban Economy: Budgetary Allocation for Smart Cities and AMRUT Mission

Launched in 2015, the Smart Cities Mission (SCM) aims to foster the development of 100 smart cities across India, supported by both Central and State governments. The mission's goals[3] are to enhance urban infrastructure, ensuring a high quality of life for residents, and to promote a clean, sustainable environment through innovative 'Smart' solutions. Emphasising sustainable and inclusive growth, the initiative seeks to establish compact, replicable models that serve as benchmarks for urban development nationwide.

Budgetary allocations for the SCM between 2019-20 (A) and 2024-25 (BE) show a strategic financial path, with 2023-24's revised estimates at Rs 8,000 crore and a significant 70 per cent cut to Rs 2,400 crores for 2024-25. This reduction hints at a realignment of funding priorities towards more efficient project completion. By August 2023, 90 per cent of SCM funds (Rs 66,203 crores) were spent[4], suggesting many projects are nearing completion, justifying tighter budgeting in the final phase.

Figure 3.8: Union Government's Budget Outlay for Smart Cities Mission (Rs crore)

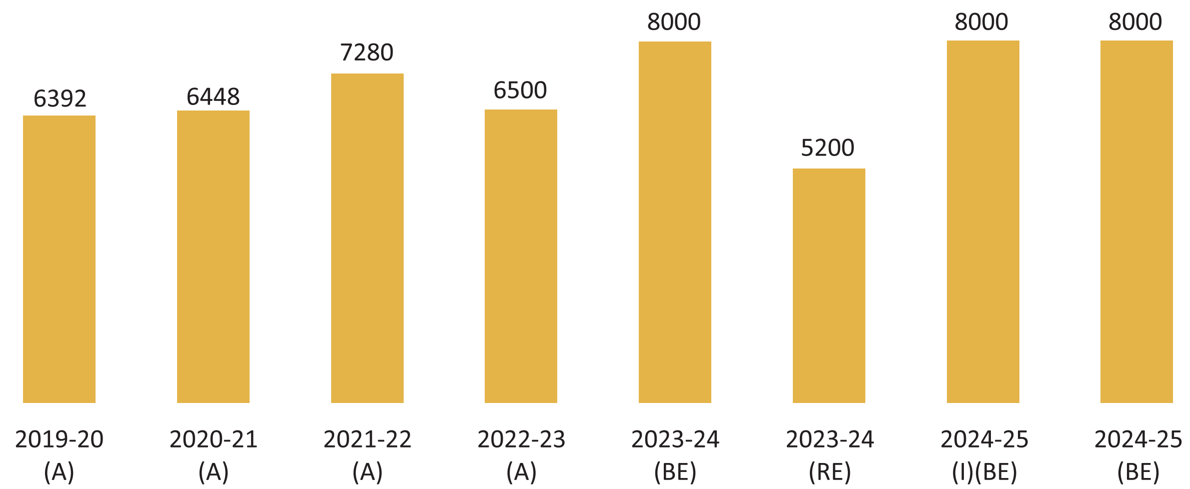


Source: Compiled by CBGA from Union Budget documents, various years.

As of July 2023, the Smart Cities Mission had allocated Rs 73,454 crore, achieving a 90 per cent utilisation rate, with Rs 66,023 crore expended across States and Union Territories. Leading the way in both funding receipt and utilisation are Andhra Pradesh, Tamil Nadu, Maharashtra, Gujarat, and Uttar Pradesh. The mission has initiated 7,978 projects worth Rs 1,79,228 crore in total, with 74 per cent (5,909 projects valued at Rs 1,08,417 crore) completed, and 2,069 projects amounting to Rs 70,811 crore currently underway. Notably, Tamil Nadu, Karnataka, Madhya Pradesh, Rajasthan and Uttar Pradesh are recognised for the highest number of projects, whereas Maharashtra, Tamil Nadu, Uttar Pradesh, Madhya Pradesh and Karnataka are in the forefront in terms of project values.

Launched alongside the Smart Cities Mission in fiscal year 2015-16, AMRUT has emerged as a flagship initiative of the Union government, focusing on vital urban development areas such as water supply, sewerage and septage management, stormwater drainage, non-motorised urban transport, and the creation of green spaces and parks. Designed as a centrally sponsored scheme, AMRUT's next phase, AMRUT 2.0, was introduced for a five-year period up to 2025-26, boasting a comprehensive outlay of Rs 2,99,000 crore, with the Union government's contribution amounting to Rs 76,760 crore. AMRUT 2.0 aims to achieve universal water supply and sewerage connections, promote a circular economy with the City Water Balance Plan, rejuvenate water bodies, recycle treated wastewater, and safeguard freshwater resources. The scheme's budget for 2024-25 is set at Rs 8,000 crore, marking a significant 53 per cent increase from the revised estimates of the previous year.

Figure 3.9: Union Government's Budget Outlay for AMRUT Scheme (Rs crore)



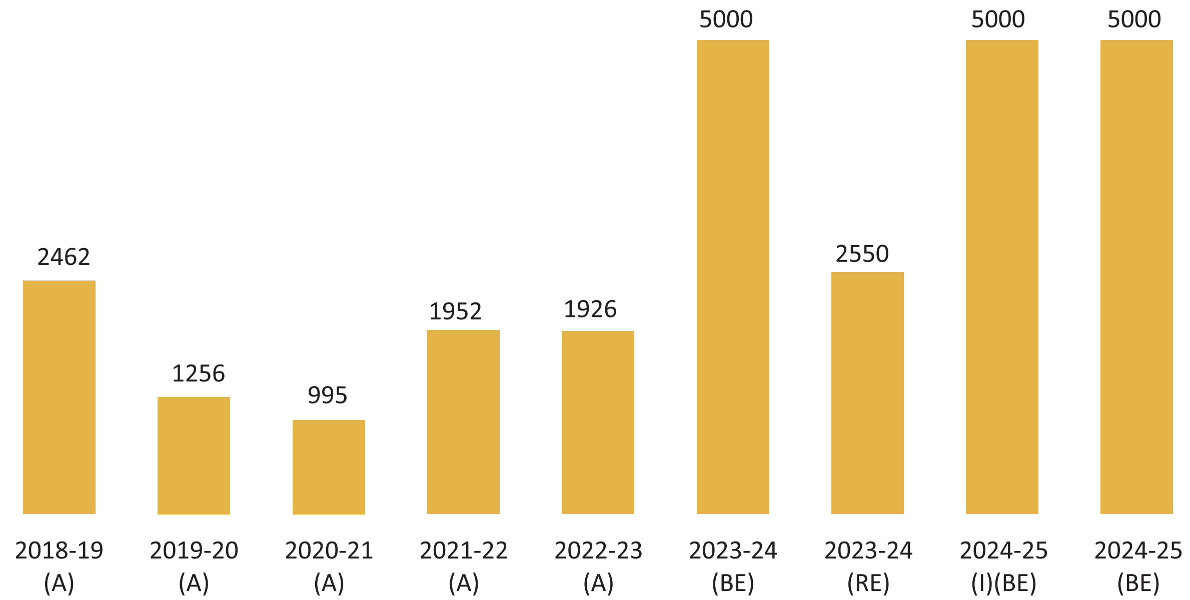
Source: Compiled by CBGA from Union Budget documents, various years.

However, the Standing Committee on Housing and Urban Affairs for 2022-23 has reported[5] that several AMRUT 1.0 projects remain incomplete, with an expected completion timeline extending 6 to 12 months beyond the original deadline. This delay has been attributed primarily to the impacts of the COVID-19 pandemic and prolonged processes to obtain approvals and No Objection Certificates (NOCs) from the relevant authorities. The committee has urged for an acceleration in the completion of AMRUT 1.0 initiatives and stressed the importance of adhering to the scheduled completion of AMRUT 2.0 projects by 2025-26.

Stagnant Budgetary Commitments for *Swachh Bharat* Mission - Urban

The *Swachh Bharat* Mission (Urban), initially launched with the objective of creating open defecation-free urban areas through public toilets and promoting behavioural change, has evolved into SBM-Urban 2.0, with the ambitious aim of rendering all cities garbage-free. In 2023-24 (BE), the budget allocation for this mission saw a significant increase to Rs 5,000 crore from Rs 1,926 crore in 2022-23 (A). However, the revised estimates for 2023-24 witnessed a reduction of 49 per cent, bringing the allocation down to Rs 2,550 crore. The funding for 2024-25 (BE) has been maintained at the 2023-24 (BE) level, suggesting implementation of concrete plans to expand the mission's reach and enhance fund utilisation compared to the previous year.

Figure 3.10: Union Government's Budget Outlay for *Swachh Bharat* MIssion (Urban) (Rs crore)



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

In a significant development, the Asian Development Bank has sanctioned a substantial USD 200 million loan[6] to bolster SBM (U) 2.0. With the urban component of the mission extended until 2026 through SBM-U 2.0, it aims to transform all cities into 'Garbage Free' zones and address legacy dumpsites. Despite the continued effort, only three cities (Surat, Indore, and Navi Mumbai) so far have secured a coveted seven-star rating among the 4,320 participating in *Swachh Survekshan* 2023[7].

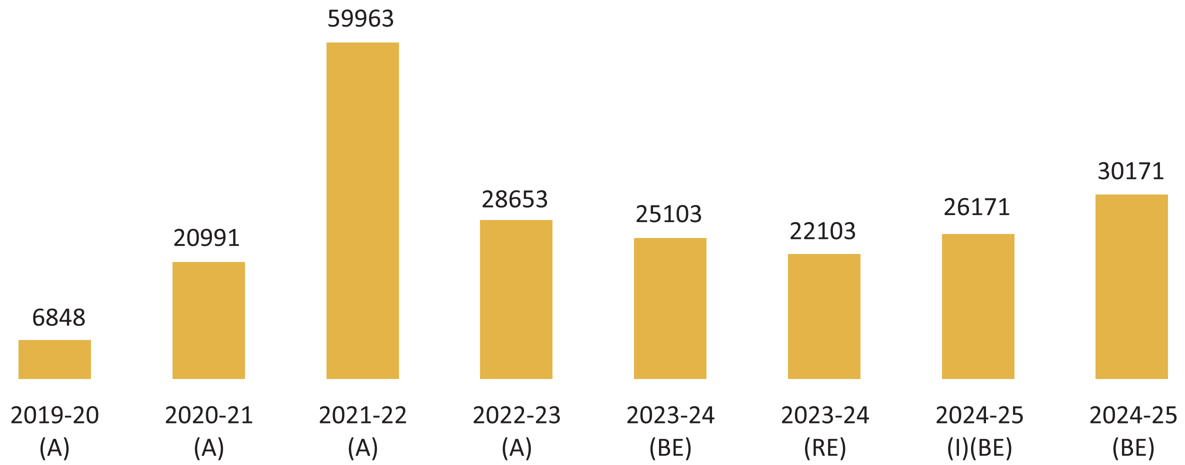
With urban India generating over 1,50,000 tonnes of municipal solid waste daily and only about 83 per cent collected and a mere 28 per cent processed[8], SBM-Urban has to grapple with challenges that persist across states in terms of its expenditure prioritisation and implementation. For the 2021-22 fiscal year, SBM fund utilisation rates fluctuated widely, from a complete lack of use in some states to more than 90 per cent in Tamil Nadu, while Maharashtra reported 15 per cent usage. Major States such as Uttar Pradesh, Bihar and West Bengal utilised only a small portion of their funds[9]. Furthermore, the achievement in Individual Household Latrine (IHHL) construction has fallen short of the set targets, pointing to the fact that the current norms, financial provisions and technical designs are insufficient to address the constraints of space .and lack of sufficient documentation. This underlines financial needs for appropriate technologies for the urban poor and homeless segments. While SBM-Urban has notably increased the share of door-to-door waste collection across states[10], not all regions with 100 per cent collection coverage have successfully implemented waste segregation at source, although there have been overall improvements in waste management practices.

The budget speech mentioned a joint initiative of Government of India, State Government and Multilateral Banks, that will provide loans for addressing waste management challenges of 100 bankable towns. This will advance the agenda of cleanliness and sanitation in urban areas overall. However, there was a need to provide special allocations for the small and medium towns, which might find it difficult to fulfill the criterion of becoming 'bankable'. Further, we don't know about the eligibility of census towns for such initiatives. While we don't have the actual numbers of such areas in absence of the decennial census figures, their needs are to be addressed from the very beginning for putting them in the right direction. An added challenge is that currently these fall under the rural development department, though with urban characteristics.

Increase in Budgetary Allocation for *Pradhan Mantri Awas Yojana* - Urban

The significance of the *Pradhan Mantri Awas Yojana* - Urban (PMAY-U) lies in its commitment to providing affordable housing to urban populations, specifically targeting Economically Weaker Sections (EWS), Low-Income Groups (LIG), and Middle-Income Groups (MIG). It aims to improve living standards through sustainable construction and emphasises women's empowerment by prioritising property rights. With components like In-situ Slum Redevelopment, a Credit-Linked Subsidy Scheme, Affordable Housing in Partnership, and Beneficiary-Led House Construction, PMAY-U addresses diverse urban housing challenges. Furthermore, the Budget Speech addressed the housing needs of one crore urban poor and middle-class families with an investment of Rs 10 lakh crore, including Rs 2.2 lakh crore in central assistance over the next five years. It also proposed an interest subsidy to facilitate affordable loans

Figure 3.11: Union Government's Budget Outlay for *Pradhan Mantri Awas Yojana* (Urban) (Rs crore)



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

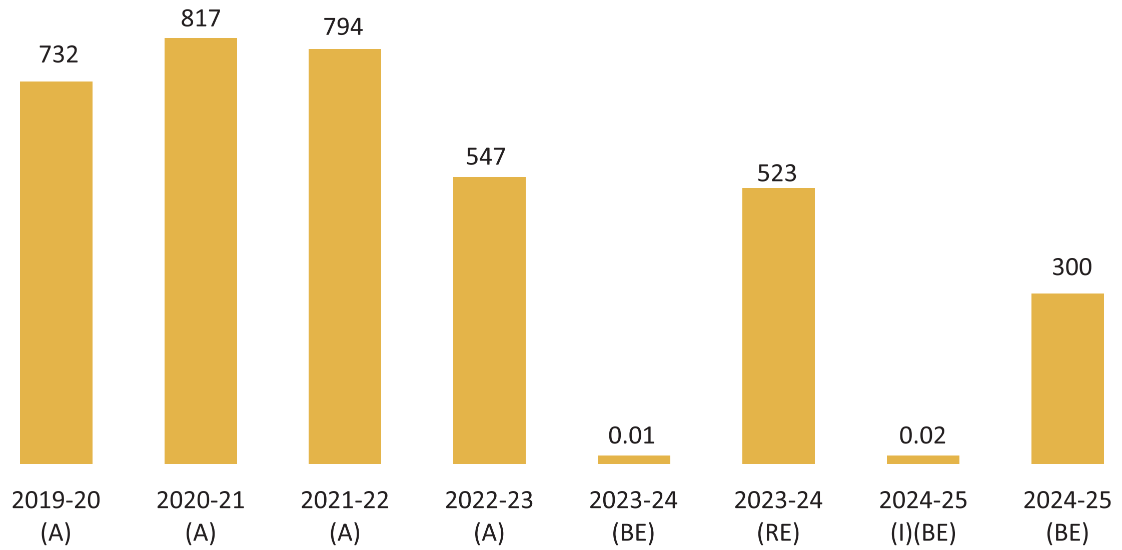
In the Union Budget for 2024-25, PMAY-U constitutes over 35 per cent of the expenditure under the MoHUA, exhibiting notable fluctuations in budgetary allocation. There was a marked increase in funding from 2019-20 (A) to 2021-22 (A), which was subsequently followed by a decline in the years thereafter (Figure 3.11). The higher financial allocation in 2024-25 (BE) are indicative of the continued effort to fulfil the objectives of the initiative in making affordable housing accessible to the urban poor and driving the scheme's overall progression. However, discrepancies highlighted in state-wise progress reports, specifically the gap between the commencement and completion of housing projects, signal a call for improved monitoring mechanisms at the local level.

Allocations for Employment Initiatives: Bridging Opportunities or Falling Short for the Urban Poor

The *Deendayal Antyodaya Yojana*-National Urban Livelihoods Mission (DAY-NULM), led by the MoHUA, addresses multidimensional urban poverty and unemployment through diverse initiatives such as skill training, self-employment, urban shelters, street vendor support, and women's SHGs. As of February 28, 2023, the mission had trained 13,75,623 individuals, with over 50 per cent (7,17,319) securing employment[11]. However, a significant proportion of trained participants remain jobless, highlighting the necessity for an employment guarantee scheme akin to MGNREGS to ensure job placements for these candidates.

NULM's goal to provide shelter to the vulnerable urban homeless also faces challenges due to insufficient facilities. By March 2023, there were 1,815 operational shelters accommodating 1,03,426 individuals, a number far short of the demand, as identified by a third-party survey, which found 2,46,463 homeless in need of shelter[12]. The discrepancy is more pronounced in gender-specific shelters, with 272 for males and only 88 for females, capable of housing 14,176 and 3,832 individuals, respectively. Despite these needs, the programme's budget has seen a consistent decline from 2020-21, dropping to Rs 300 crore in the 2024-25 union budget from Rs 523 crore in the revised estimate for 2023-24 (Figure 3.12).

Figure 3.12: Union Government's Budget Outlay for *Deendayala Antyodaya Yojana*-National Urban Livelihood Mission (Rs crore)



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

On the other hand, the PM Street Vendor's *Atmanirbhar Nidhi* Scheme (PM SVANidhi), initiated amid the COVID-19 pandemic, offers eligible street vendors collateral-free loans in incremental tranches, with amounts extending up to Rs 50,000. Since its inception in 2020-21, the scheme has seen a gradual increase in funds allocated, up to 2023-24. However, there is a slight decrease in the budgetary allocation for 2024-25 (BE) at Rs 326.32 crore, as compared to Rs 468 crore in 2023-24 (RE). As per the PM SVANidhi dashboard, there are around 5.9 lakh borrowers in six mega cities and 7.8 lakh borrowers from the largest cities with populations exceeding 10 million[13]. In a study conducted by State Bank of India, the performance of the scheme was appreciated, stating that 43 per cent of the beneficiaries are women street vendors. The scheme was highlighted in the 2024-25 Union Budget Speech, underscoring its role in providing credit assistance to 78 lakh street vendors.

The Prime Minister's Employment Generation Programme (PMEGP), launched in 2008 by merging two existing schemes, aims to create employment opportunities in both rural and urban areas through non-farm micro-enterprises. It is administered by the Ministry of Micro, Small, and Medium Enterprises (MoMSME). The scheme received a budget allocation of Rs 2,700 crore in 2023-24 (BE), which was subsequently increased to Rs 2,958 crore in 2023-24 (RE). However, the scheme has seen a reduction in allocation with Rs 2,300 crore in 2024-25(BE). Although the scheme encourages both rural and urban youth, under the scheme around 80 per cent of the total units supported are in rural areas[14].

PM *Vishwakarma Yojana* is a new Central Sector Scheme launched in September 2023 with a financial outlay of Rs 13,000 crore for a period of five years. The scheme is implemented by the MoMSME. It aims to support traditional artisans and craftspeople engaged in 18 trades. The budget allocation for the scheme was Rs 989.52 crore in 2023-24 (RE), and this increased 387.5 per cent to Rs 4,824 crore in 2024-25 (BE). This scheme aims to offer comprehensive assistance to individuals engaged in traditional crafts and arts. As on December 18, 2023, as per the PM *Vishwakarma* Portal, 57,815 applications have been registered to avail of the benefits of the scheme[15].

The Periodic Labour Force Survey (PLFS) for 2022-23 reveals a notable disparity in unemployment rates, at 5.4 per cent in urban areas and 2.4 per cent in rural areas[16]. As the challenge of unemployment persists, examples can be taken from states such as West Bengal, Rajasthan, Kerala, and Odisha, which have pioneered state employment guarantee schemes, yielding multifaceted benefits. For example, the West Bengal Urban Employment Scheme, launched in 2011, not only fosters job creation, but also concurrently contributes to the creation, maintenance, and sustainable expansion of civic infrastructure and assets. Additionally, these initiatives strengthen the functions of Urban Local Bodies (ULBs), which are instrumental in driving the development of a vibrant urban economy.

The Union Budget for 2024-25 has a strategic focus on urban housing and transportation. However, challenges persist in ensuring effective implementation of schemes such as AMRUT and SBM-Urban, which necessitate refined monitoring and evaluation mechanisms. Moreover, addressing the persistent higher unemployment and the challenges faced by the urban poor and homeless calls for innovative solutions, leveraging insights from successful state-level interventions, while also considering the expansion of support through social sector schemes to improve the livelihoods of those on the margins.

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Climate Actions

In line with the strategy set out in the interim budget and aligning with the Sustainable Development Goals, the Union Budget 2024-25 also envisages efforts on energy security through low-carbon development pathways, under its nine priority areas. The Economic Survey document recognizes clean energy addition as a strategy for '*Viksit Bharat*' by 2047 as well. It also highlighted the need to increase adaptation finance flows to India to ease the resource constraints and enable economic growth. The budget has also made an announcement of the government preparing a policy document on appropriate energy transition pathways that will balance the imperatives of employment, growth, and environmental sustainability. Several measures like a host of schemes, regulatory measures and subsidies have also been announced, such as the rooftop solarisation scheme, shifting MSMEs clusters towards clean energy, development of newer clean technologies, and regulations for the Indian Carbon Market. The following key announcements mark its alignment to various policies and commitments:

- Critical Mineral Mission will be launched to enhance domestic production, recycling, and overseas acquisition of critical minerals necessary for strategic sectors including electric mobility
- Promoting pumped storage projects would be brought out for electricity storage and facilitating smooth integration of the growing share of renewable energy,
- Setting up full scale 800 MW commercial thermal power plants using indigenously developed advanced Ultra Super Critical technology (AUSC).
- Launch of PM *Surya Ghar Muft Bijli Yojana* to install rooftop solar plants to enable 1 crore households obtain free electricity up to 300 units every month.
- Introduction of research and development for small and medium-sized nuclear reactors and newer technologies for nuclear energy.
- Provision of financial aid for energy audits and cleaner energy transitions in 60 clusters of traditional micro and small industries.
- Introduction of appropriate regulations for transition of industries from the current 'Perform, Achieve and Trade' mode to 'Indian Carbon Market' mode will be put in place.
- Exemption of custom duty on critical and rare metals that are essential for the nuclear and renewable energy.
- Developing a taxonomy for climate finance to enhance availability of capital for climate adaptation and mitigation.

While some of these measures are welcome, there are debatable issues around a few of the priorities set by the budget. Nuclear energy and thermal energy are finding prominence in the budget priorities compared to renewable energy is another notable shift, and one has to see how are these going to be operationalised and how climate friendly these moves will be, for building a sustainable future. Another arguable area is about the R&D priorities on climate change while this is the time when the research and development should have been focussed more on the expansion of renewable and low carbon energy network, including for covering the remotest areas of the country, the R&D priorities expressed by the budget is around medium sized nuclear reactors. Another critical priority, which is missing here, is the support for generating making available data on different aspects of climate. Without allocating resources for building and updating and maintaining ecosystems for reliable information pool on various aspects of the climate change, any advanced measures can find it difficult to be deployed well, and to deliver the intended results.

Renewable Energy in the Budget

India's move towards a low-carbon economy is notable in its renewable energy landscape as of June 2024. Solar power, now at 45.2 per cent of total capacity with 85.4 GW, leads the way. Hydro and wind power contribute significantly at 24.8 per cent and 24.6 per cent respectively, while bio power adds a sustainable touch with a 5.4 per cent share. Despite these gains, non-fossil fuel generation capacity is still at 20.95 per cent, while thermal power dominates at 76.32 per cent. The budget has brought some more focus on nuclear and thermal energy, as discussed earlier. Nevertheless, a well-rounded total renewable energy capacity of 195 GW[1] could be seen as a promising trend.

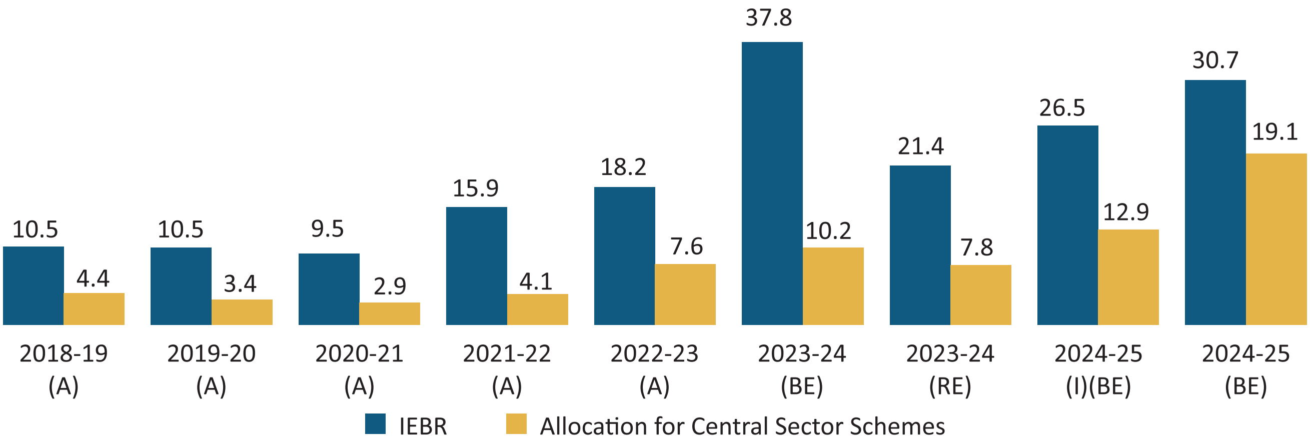
Table 3.5: Renewable Energy Capacity Addition for 2023 and 2024

RE Sources	Hydro Power	Wind Power	Bio Power Total	Solar Power Total	Total Capacity
Renewable Energy Capacity Added till December 2023 (GW)	51.9	44.7	10.3	73.3	180.2
Renewable Energy Capacity Added till June 2024 (GW)	46.9	46.5	10.3	85.4	189.1
Increase in the capacity addition (%) 2023 -2024	-10.65%	3.79%	0.37%	14.17%	
Share in Total Renewable Energy Capacity (%) in 2024	24.8%	24.6%	5.4%	45.2%	

Source: CEA installed capacity report https://cea.nic.in/installed-capacity-report/?lang=en

The Budget sustains increased allocations for the Ministry of New and Renewable Energy (MNRE), reflecting the government's commitment to clean energy initiatives. The government in Union Budget 2024 allocated Rs 19,100 crore through Gross Budgetary Support (GBS) to the Ministry of New and Renewable Energy, against Rs 12,850 crore allocated in the Interim Budget in February. Besides boosting GBS, financial backing is also extended through Internal and Extra Budgetary Resources (IEBR), sourced from Public Sector Undertakings (PSUs). Notably, there's enhanced IEBR support for the Indian Renewable Energy Development Agency (IREDA), a key PSU collaborating with MNRE. The 2024-25(BE) IEBR is Rs 30,715 crore, up from the revised estimate of Rs 21,355 crore in 2023-24(RE). While this could be seen as the priority of the government to strengthen clean energy initiatives and Central Sector Schemes, and emphasis on resource mobilisation for sustainable development, the details around the distribution of these resources will further establish this.

Figure 3.13: Budgetary Allocations for the Ministry of New and Renewable Energy (Rs thousand crore)



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.

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

In recent years, Central Sector Schemes and IEBR allocations have seen fluctuations, reflecting the government's adaptive approach. This strategy is supported by climate finance mechanisms such as Sovereign Green Bonds, utilised to provide budgetary support to MNRE programmes, including *Pradhan Mantri Kisan Urja Suraksha evam Utthaan Mahabhiyan* (PM-KUSUM)'s solar off-grid, National Green Hydrogen Mission, and Grid-connected solar and wind Power.

The Budget and Interventions Related to Clean Energy

The budget allocations for key schemes related to renewable energy will showcase the government's targeted approach to specific initiatives. The financing of the National Green Hydrogen Mission with an allocation of Rs 600 crore in the 2024-25(BE) signifies a strategic emphasis on advancing green hydrogen technologies. If implemented well provided with a reliable R&D ecosystem, these initiatives can build sustainable alternatives in the energy sector, fostering innovation and environmental sustainability in the pursuit of cleaner energy sources.

Table 3.6: Budget Allocation for Renewable Energy (Rs crore)

Key Schemes of MNRE	2018-19 (A)	2019-20 (A)	2020 -21 (A)	2021-22 (A)	2022-23 (A)	2023-24 (BE)	2023-24 (RE)	2024-25 (I)(BE)	2024-25 (BE)
Solar Power Grid connected	1904	1535	1050	2042	4280	4970	4757	8500	8500
Solar Power Off-Grid	621	460	149	160	57	362	60	20	24.01
Wind Power Grid connected	950	1026	1059	1100	1413	1214	916	800	800
Green Energy Corridors	500	53	160	135	250	500	434	600	600
Bio Energy Grid connected	7	5	6	53	52	159	5	80	80
Bio Energy Off-Grid	3.5	0.97	12	36	11	128	20	125	125
Kisan Urja Suraksha evam Utthaan Mahabhiyan (KUSUM) Off-grid	...	...	...	406	1325	1996	1100	1496	1496
PM *Surya Ghar Muft Bijli Yojana*	...	...	...	...	...	...	...	...	6250
Research, Development, and International Cooperation	25	15	37	27	40	70	4	50	46
National Green Hydrogen Mission	...	...	...	0	0.02	297	100	600	600
Human Resources Development and Training	57	62	19	20	9	47	25	47	47

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

In recent years, Central Sector Schemes are partly supported by climate finance mechanisms like Sovereign Green Bonds, utilized to provide budgetary support to MNRE programs. These programs include PM-KUSUM (solar off-grid), National Green Hydrogen Mission, and Grid-connected Solar and Wind Power. Increased resource mobilisation through Green Bonds across various green schemes in Budget estimates by 35 per cent from 2023-24 (BE) could be seen as an encouraging trend.

Table 3.7: Distribution of Green Bonds across various Green Schemes including renewable energy schemes (Rs Crore)

Schemes and Programmes	2022-23 (A)	2023-24 (BE)	2023-24 (RE)	2024-25 (I)(BE)	2024-25 (BE)
Green India Mission (MOEF &CC)	57	169	120	170	170
Metro Project (MoH & UA)	3203	3609	3609	3365	3365
PM – KUSUM (off-grid Solar)	801	1996	1100	1996	1996
National Green Hydrogen Mission	-	297	100	600	600
Grid Connected Solar Power	1256	4000	4000	10000	10000
Grid Connected Wind Power	1267	1214	916	930	930
Railways	10239	12479	12479	15000	15000
Grand Total	16823	23764	22324	32061	32061

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

The Budget prioritises renewable energy schemes with increased allocations, particularly emphasising decentralised usage in the agricultural and residential sectors. Notable initiatives include the KUSUM Off-Grid Scheme for solarising agricultural pumps and the PM *Surya Ghar Muft Bijli Yojana* promoting solar rooftop energy for households. The allocation of Rs 1,496 crore for the KUSUM Off-Grid Scheme in 2024-25 (BE) could be seen as a significant commitment to rural electrification and agricultural energy security using renewable energy. However, the scheme's progress varies, with standalone solar pumps under component B showing a 29 per cent increase, while components A - meant for solar capacity and Component C - meant for individual solar pumps, exhibit slower progress at 3.2 per cent and 1.6 per cent respectively.[2] Feeder-level solar components under D category, record the lowest progress at 0.3 per cent, necessitating a comprehensive review for effective implementation, addressing various bottlenecks around the same, so that farmers and others beneficiaries can truly benefit from such schemes, not just technology and equipment vendors.

The budget introduces a solar rooftop scheme benefitting one crore households with up to 300 units of free monthly electricity through rooftop solarisation. PM *Surya Ghar Muft Bijli Yojana* aims for substantial annual savings while enabling households to sell surplus solar electricity, promoting sustainability. The Rooftop Solar programme is extended by four years, targeting a capacity addition of 4000 MW by March 2026, showcasing the government's commitment to solar energy targets and adaptive strategies in the renewable energy sector. Again, the success of such allocations needs to be seen from their proper implementation and usefulness to the actual beneficiaries.

Budget and the Electric Vehicle Ecosystem

The commitment to bolster the electric vehicle (e-vehicle) ecosystem in the Budget is reflected by the increased allocations for schemes that enhance manufacturing in electric mobility. This includes the Production Linked Incentive (PLI) schemes for the automobile and auto component sectors, along with advanced chemistry cell (ACC) battery storage introduced in 2022[3]. This ongoing emphasis on manufacturing schemes is crucial for accelerating the growth of electric mobility. However, it is equally important to see how much of such support are translating into advanced electric energy-based mobility on the ground, deployed by both the public and private sector, as the growth in manufacturing alone cannot be seen as the outcome of such large-scale investments.

Table 3.8: Budget Allocation for Major Electric Mobility Programmes (Rs crore)

Schemes	2019-20 (A)	2020 -21 (A)	2021-22 (A)	2022-23 (A)	2023-24 (BE)	2023-24 (RE)	2024-25 (I)(BE)	2024-25 (BE)
FAME India scheme for Electric Vehicles under the Ministry of Heavy Industries	500	318	800	24031	5172	4807	2671	2671
Production Linked Incentive (PLI) Scheme for Automobiles and Auto Components	...	...	0	6	604	484	3500	3500
Production Linked Incentive (PLI) Scheme for National Programme on Advanced Chemistry Cell (ACC) Battery Storage	...	...	0	2	1	12	250	250

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

Incentives provided to electric vehicle (EV) buyers under the FAME-II scheme have yielded positive results, with 16,71,604 EVs incentivised as of June 30, 2024.[4] There is a noticeable decrease in the budget estimates for the FAME-II scheme, which appears to be a notable shift from the policy. These changes in budgetary focus and announcement of critical mineral mission also indicates potential shifts in priorities towards developing manufacturing ecosystem than EV promotion through subsidies. Support infrastructure for EVs such as charging stations have been promoted but institutional mechanisms for supporting and ensuring operations, maintenance and sustainable functioning is an important component without which such infrastructure would not provide the intended outcomes.

Need to Include Adaptation, Not Just Mitigation

Government commitment for climate change adaptation is vital, as private investors have yet to explore adaptation financing. This year's budget announcement for bringing out a taxonomy on climate finance, might improve the investment flows for adaptation. However, this should be adequately supported by a data ecosystem, which is absent at this point. Another challenge of the dispersed adaptation public funding across ministries necessitates a more dedicated and coordinated approach for effective climate response.

Table 3.9: Adaptation Specific Schemes across Various Ministries in the Union Budgets (Rs crore)

Ministry	Schemes	2019-20 (A)	2020-21 (A)	2021-22 (A)	2022-23 (A)	2023-24 (BE)	2023-24 (RE)	2024-25 (I) (BE)	2024-25 (BE)
MOEFCC	National Coastal Management Programme	91	68	28	16	13	43	50	50
	National Mission for Green India	240	191	254	217	220	160	220	220
	Conservation of Natural Resources and Ecosystems	54	42	46	21	47	25	44	44
MOA & FW	*Rashtriya Krishi Vikas Yojana*	3085	2561	1729	5247	7150	6150	7553	7553
	National Mission on Natural Farming	NA	NA	NA	NA	459	100	366	366

Ministry	Schemes	2019-20 (A)	2020-21 (A)	2021-22 (A)	2022-23 (A)	2023-24 (BE)	2023-24 (RE)	2024-25 (I) (BE)	2024-25 (BE)
MOE	Atmosphere and Climate Research - Modelling Observing Systems and Services (ACROSS)	355	218	247	306	680	550	500	500
MORD	Watershed Development Component-*Pradhan Mantri Krishi Sinchai Yojana* or Integrated Watershed Development Program	1467	938	938	743	2200	1750	2501	2501

Note: This is not an exhaustive list, these are a few of the specific schemes from the four departments which are directly correlated with climate adaptation with continuation in allocation in current budget.

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

The exhaustive spread of ministries dealing with adaptation schemes also points to the need for building an exclusive national adaptation strategy with clear roles, responsibility and outcome indicators for each of the participant ministries, which should be linked to budgetary processes, to provide a clear mandate for designing and imparting schemes for adaptation that are objective and outcome oriented.

Loss and Damage Response Financing Needs to be Augmented in the Budgetary Process

The 28th edition of the United Nations Climate Change Conference (COP 28) saw the operationalisation of Global Loss and Damage Fund (GLD)[5] . This has created a global affirmation towards financing the compensation of the losses and damages of vulnerable developing countries such as India who have historically been least responsible for climate change but remain one of the most impacted. India already has budgetary allocations through transfers and finance commission grants towards disaster management and mitigation. The National Disaster Mitigation Fund[6] has also been constituted, which follows a new methodology of fund devolution towards State Disaster Mitigation Funds and the allocations for the said funds show increasing trends, indicating that there is a growing need for disaster responsiveness. Given the growing need for loss and damage financing, especially for climate change induced disasters like floods this budget announced a financial assistance of estimated cost of Rs 11,500 crore for flood mitigation, barrages and river pollution in the states of Assam, Himachal Pradesh, Uttarakhand, Bihar and Sikkim. There should be a mechanism and methodology for assessing the potential loss and damage for each of the states in an objective manner, so that the state that incurs most losses could be compensated more, and such funds are only compensating climate induced disaster situations and losses, and not becoming a tool for supporting based on other priorities.

Table 3.10: Budgetary Allocations for Disaster Response and Mitigation Fund (Rs crore)

Item of Expenditure		2019-20 (A)	2020-21 (A)	2021-22 (A)	2022-23 (A)	2023-24 (BE)	2023-24 (RE)	2024-25 (I)(BE)	2024-25 (BE)
Some Important Items of Transfer	Assistance to States in NDRF	18889	8257	7671	1666	..	7000	11474	11474
Finance Commission Grants	Grants-in-Aid for SDRF	10938	22262	17747	16393	19573	19573	20550	20550
	Disaster Mitigation Fund	..	..	2525	3500	4893	4893	5138	5138

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

Time to Include Climate-Responsive Budgeting Statement to Maximise Co-Benefits

The current budget making process also has missed an opportunity to introduce climate tagging in the national budget making framework, which could have added a fiscal transparency element in the climate financing processes. India's climate actions are dispersed across various sectors within existing programmes and lacks a dedicated statement on climate budget. Public finance holds a 41 per cent share in climate finance and is often under-reported due to lack of understanding on its relevance as climate actions[7]. The National Action Plan on Climate Change (NAPCC) and the state action plans guides climate actions, with missions in solar energy, habitat sustainability, water, agriculture, and more. While these missions receive annual budgetary allocations, a dedicated national climate budget could enhance transparency, track progress, and align programmes with climate goals. Some states, such as Assam, Bihar, Odisha, and Gujarat, publish climate budget statements, but a cohesive national strategy and budget statement is needed to integrate subnational actions with climate targets and expenditures.

The Way Forward

In its first budget since the recent elections, the Government of India is showing a policy continuum while addressing the pressing issue of climate change. A substantial increase in the budget of Ministry of Renewable Energy over the interim budget, the announcement on the taxonomy release on climate finance are welcome steps, with the caveats as discussed above. The government reiterated its thrust for placing the carbon market regulation. But the carbon market's effectiveness in emission reduction in India will depend on its robust implementation. Essential steps are indeed taken towards achieving Net Zero by 2070 and *Viksit Bharat* by 2047. It remains to be seen how the availability, affordability, and accessibility of financial resources will be sustained to drive the climate actions; and, these actions are driven from whose perspectives.

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CHAPTER 4

MARGINALISED SECTIONS

Gender

Children

Scheduled Castes

Scheduled Tribes

Religious Minorities

Persons with Disabilities

Social Security for Unorganised Sector Workers

CHAPTER 4: MARGINALISED SECTIONS

Gender

India made public commitments to 'women-led development' during its G20 presidency in 2023, and passed the Women's Reservation Bill in the same year. Women's empowerment and gender equality continue to figure prominently in policy discourses. The Economic Survey 2023-24 has also lauded the rising women-centric Government initiatives, reflecting an increase in the share of Gender Budget in the total Union Budget 2024-25 (BE) to 6.5 per cent since the introduction of Gender Budget Statement in 2005-06. In this context, it remains as important as ever to review the extent to which various policy declarations and goals on gender equality are translated into budgetary commitments.

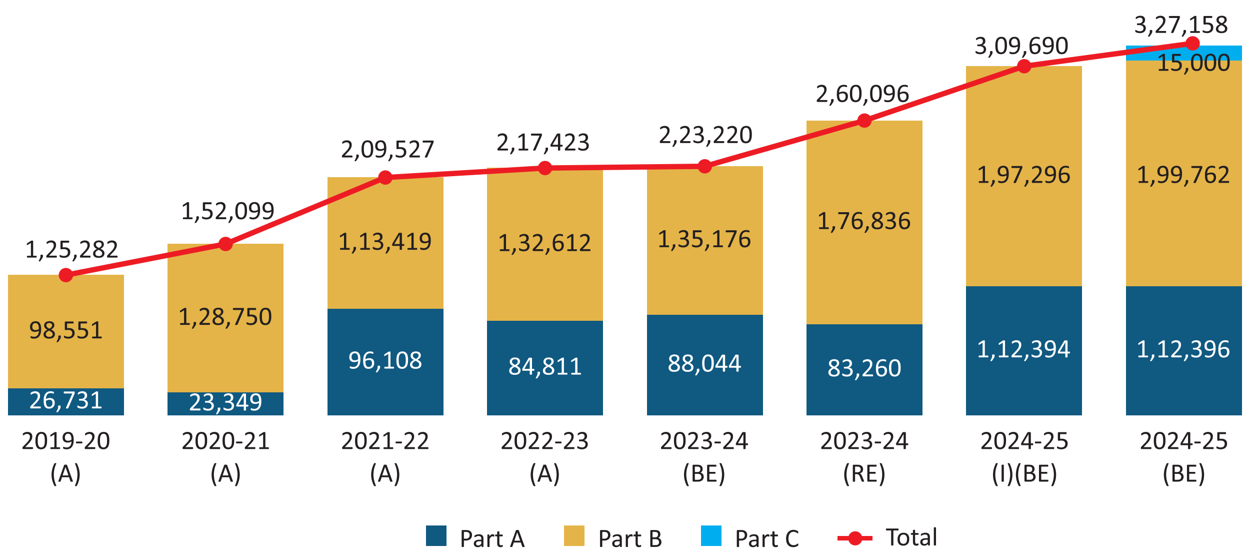
Need for strengthening gender responsive budgeting processes

It has been nearly two decades since the maiden publication of a Gender Budget Statement (GBS) by the Government of India in 2005-06. The GBS, published alongside other Union Budget documents, has become a key tool to make visible and track the government's budgetary commitments towards gender equality. However, some gaps persist in terms of comprehensiveness and the rationale for inclusion of certain schemes, thus warranting a closer examination of the reported 'gender budget'.

The GBS is generally divided into two parts. Part A consists of schemes with their entire allocation earmarked for girls and women. On the other hand, Part B consists of schemes with anywhere between 30 to 99 per cent of their allocations benefiting girls and women. 'Notably, this year's GBS also includes Part C for the first time, which captures schemes where less than 30% of the allocations benefit girls and women. This widens the scope of schemes that can be reported in the GBS, and potentially results in a more comprehensive assessment of the 'gender budget.''

The overall gender budget indicated in the GBS for 2024-25 (BE) was Rs 3,27,158 crore. This amounts to nearly 6.8 per cent of the total public expenditure estimated this fiscal, which is higher than the proportion in previous years.

Figure 4.1: Union Budget Outlay Reported in the GBS from 2019-20 (A) to 2024-25 (I)(BE) (Rs crore)



Note: 1. Part C has been introduced in the GBS in this Union Budget.

2. Year-wise data reported under GBS are not comparable; 3. Figures have been rounded off.

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

Figure 4.1 indicates an upward trend in the overall gender budget since 2019-20 (A). While a marked increase of approximately 38.7 per cent can be observed over 2023-24 (BE) when the total gender budget was Rs 2,23,220 crore (FIgure 4.1). A closer examination of both parts of the GBS is required to understand whether these trends reflect meaningful increases in public spending towards gender equality goals.

Nearly half of the total allocation for Part A in 2024-25 (BE) is meant for the rural housing scheme, the *Pradhan Mantri Awaas Yojana - Gramin* (PMAY-G) alone. The combined allocation for the rural and urban housing schemes is Rs 80,670.6 crore, which constitutes 71.8 per cent of the total Part A allocation of Rs 1,12,396.15 crore. As of July 2023, nearly 69.1 per cent of the houses allotted under PMAY-G were owned by women either solely or jointly.[1] However, the inclusion of the entire budget for the housing scheme in the GBS is questionable, as the benefits clearly do not accrue only to women. Such reporting inflates the gender budget.

The LPG connection scheme to households had no allocations for 2023-24 (BE), but revised estimates were Rs 8,500 crore. This has been raised to Rs 9,094 crore in 2024-25 (BE).

Jal Jeevan Mission has been reported in the GBS for the first time, under Part B. The inclusion of the scheme is welcome, as access to clean water has important implications for women's time use and well-being. Of the total scheme budget, 48.7 per cent (amounting to Rs 34,162 crore) has been reported in the GBS. In the absence of explanatory notes, it is unclear how this proportion has been determined. Further, the inclusion of this amount has hiked the Part B tally of the GBS, and appears as a large increase over last year's gender budget. It is important to note that this is simply a change in the configuration of the gender budget, and does not reflect new spending.

As of November 2023, women comprised about 69 per cent of beneficiaries under *Pradhan Mantri* MUDRA *Yojana*, which provides collateral-free loans to small and micro enterprises.[2] Women also comprised 84 per cent of beneficiaries under Stand Up India, which promotes entrepreneurship among women and people from marginalised communities.[3] Both schemes are suitable for inclusion in Part B, but do not find a mention in the GBS.

The Support for Marginalised Individuals for Livelihood and Enterprise (SMILE) scheme is an umbrella scheme under the Department of Social Justice and Empowerment for the welfare of transgender persons and those engaged in begging. A portion of the scheme allocation towards persons engaged in begging is reported in the GBS; it would be desirable to also include the component allocated for transgender persons, to expand the purview of the statement beyond the gender binary, to a more holistic framework of gender.

Given the persistence of some of the gaps flagged above, the potential of the GBS as a tool for deepening gender responsive budgeting remains limited. The Budget Circular 2024-25 requires all ministries to strengthen their Gender and Child Budget Cells and appoint a Nodal Officer to ensure gender concerns are brought into greater focus. Effective implementation of these mechanisms can help develop gender responsive budgeting as a holistic strategy, beyond just reporting in the GBS. All ministries/departments should build capacity to collect sex-disaggregated data, actively monitor gender indicators in their respective domains, and use this data to inform the design of their programmes.

Policy push is on self-employment; support services and care infrastructure also essential

The recent increase in female labour force participation (37 per cent in 2022-23) appears to be driven by an increase in self-employment among rural women, specifically in the categories of unpaid helpers and own account workers.[4] Average monthly earnings for these women declined between 2017-18 and 2022-23, while those for men in the same category increased.[5] During the same period, the proportion of women working in regular salaried jobs, both in rural and urban areas, has fallen slightly.[6] This suggests that while more women are taking up self-employment, the quality of work available for them overall, in terms of remuneration and security, remains in question.

The focus of policy appears to be on facilitating more opportunities for self-employment, primarily through the platform of Self-Help Groups (SHGs). The National Rural Livelihood Mission (NRLM) is the flagship scheme that aims to support SHGs and associated networks, through a wide range of interventions. Allocations for NRLM have seen an increasing trend over the last five years, even as actual expenditure lags behind. In 2024-25 (I)(BE), the scheme has been allocated Rs 15,047 crore, which marks an increase of 6.4 per cent over the previous year's allocation.

The *Lakhpati Didi* scheme was announced in August 2023, for skilling and training women in SHGs for operating and repairing agri-drones. As declared in the interim budget speech for 2024-25, the target for this initiative has been enhanced from two crore women to three crore women. The allocation for this intervention is Rs. 500 crore in 2024-25 (BE). A study of NRLM in nine states found that only 19 per cent of SHG loans were used for productive purposes, suggesting that there may be persisting barriers for women to start and grow their enterprises.[7] Beyond access to inputs and skilling, more resources may be needed to hand-hold women entrepreneurs and help them connect to markets and networks.

Access to credit has been another prominent policy direction for strengthening women's economic empowerment. Credit schemes like MUDRA and Stand Up India, both hailed in the budget speech, are availed of by a majority of women. However, women do not appear to have equitable access to larger loans. For instance, in 2022-23, women made up 76 per cent of borrowers for MUDRA loans of up to Rs 50,000 (*'Shishu'* category), but only around 12 per cent of borrowers for loans between Rs 5 lakh to 10 lakh (*'Tarun'* category)[8]. This again points towards the need for targeted public investment to support women entrepreneurs on a larger scale.

Apart from self-employment initiatives, no new targeted interventions can be ascertained in the Union Budget to boost women's employment. The schemes for creche facilities and working women's hostels (now subsumed under the umbrella scheme, *Samarthya*) continue to receive low budgetary priority.

Need for more resources to extend gender responsive social protection to all

Most women workers in India are in the informal sector, where access to insurance, maternity benefits, pensions and other forms of social protection is not guaranteed. An important announcement in the budget speech was the extension of health insurance coverage under the *Ayushman Bharat* to all Accredited Social Health Activists (ASHAs), *Anganwadi* workers and helpers. This is a welcome development; however, the Union Government has not increased honoraria for *Anganwadi* workers since 2018, and the onus has shifted to state governments, many of which have recently seen prolonged strikes by frontline workers.[9]

Women in rural areas avail of guaranteed wage employment under MGNREGS in large numbers. The allocation for the scheme in 2024-25 (BE) is unchanged from the revised estimates of 2023-24, at Rs 86,000 crore. In the last few years, the scheme has seen a cycle of under-allocation, followed by supplementary budgets being approved around December when funds dry up.[10] Higher allocations would be required to accommodate demand, as well as to ensure timely payment of wages.

The number of women receiving maternity benefits under *Pradhan Mantri Matru Vandana Yojana* (PMMVY) was 61 lakh in 2021-22, registering a fall of almost 40 per cent over the previous two years, and estimated to account for only a third of all births.[11] While eligibility under the scheme was recently expanded to cover the birth of a second child (if it is a girl), the coverage numbers suggest that a large number of women are not able to access benefits. Allocations for the umbrella scheme *Samarthya*, under which PMMVY is subsumed, have been low, and have seen a slight cut in 2024-25 (BE) compared to 2023-24 (BE).

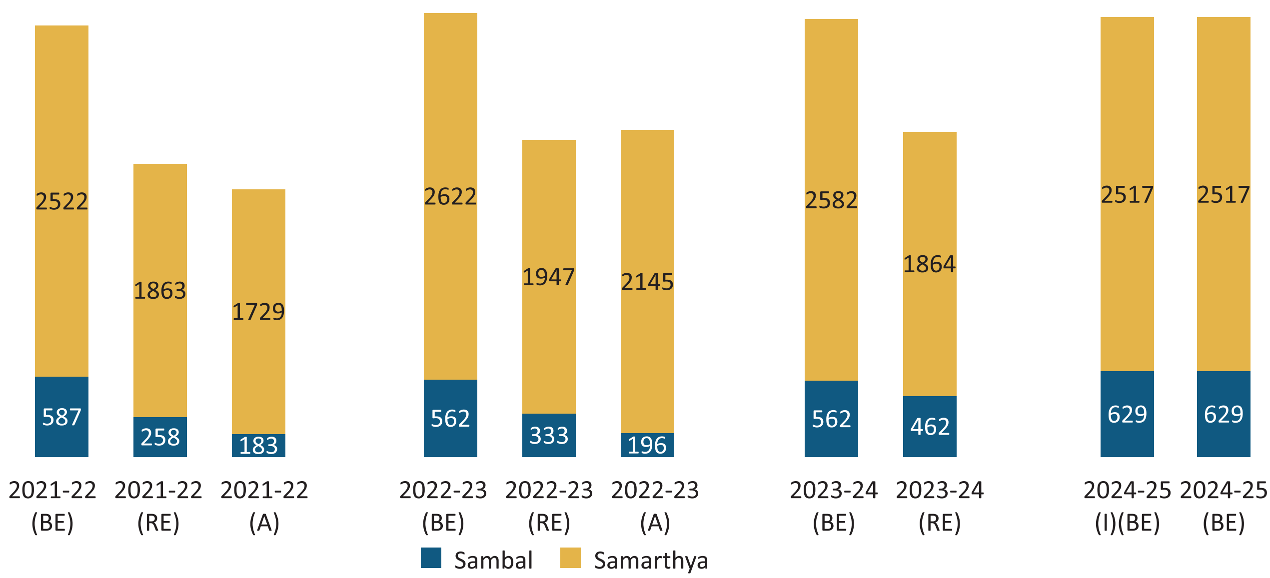
The SMILE scheme has several components aimed to secure entitlements and enhance the welfare of transgender persons, such as provision of certificates and identity cards, *Garima Grehs* (shelter homes), scholarships, skills training, and insurance coverage.[12] Its allocation earmarked for transgender persons has been stepped up from Rs 52.9 crore in 2023-24 (BE) to Rs 68.4 crore in 2024-25 (BE). Reports suggest that the *Garima Greh* homes have been operating without funds for months, consequently having to avail of loans or donations, and residents having to be moved several times and facing threats of eviction.[13, 14] This suggests the need for continued increase in allocations to SMILE, as well as timely disbursal of funds.

Addressing sexual and gender-based violence needs a holistic approach

Data released by the National Crime Records Bureau for 2022 reveal a four per cent surge in crimes against women compared to 2021, with one crime being committed every 51 minutes on average.[15] While these numbers may indicate improvements in reporting, most sources point to a high prevalence of gender-based violence. Over the years, cruelty by husband and/or his relatives has remained the most prevalent form of violence. Nearly 31.4 per cent of the cases out of 4,45,256 reported cases were of this category.[16]

Tracking allocations for individual schemes has been difficult following the restructuring of schemes for women under Mission Shakti and its two components, *Sambal* and *Samarthya* since 2021-22. Schemes for addressing sexual and gender-based violence (SGBV) have been split across both components. For instance, One Stop Centres, Women's Helpline and *Mahila* Police Volunteer are included under *Sambal*, whereas *Shakti Sadan* comprising the erstwhile *Swadhar Greh* and *Ujjawala* schemes constitute *Samarthya.*

Figure 4.2: Trend in Allocation and Expenditure for *Sambal* and *Samarthya* (Rs crore)



Source: Compiled by CBGA from Union Budget documents, various years.
Note: Figures have been rounded off.

Figure 4.2 shows an 12 per cent rise in the allocation for *Sambal* but a slight decline for *Samarthya* in 2024-25 (BE). Moreover, the overall allocation for Mission *Shakti* has remained largely stagnant this year compared to 2023-24 (BE). In addition to low allocations, underutilisation of funds is a challenge affecting the implementation of schemes for women's safety. Patterns of utilisation vary across states. Unspent balances at the end of the previous year tend to shrink allocations for the ensuing year.

The *Nirbhaya* Fund has also seen patterns of underutilisation as well as skewed distribution of funds. In December 2023, the Ministry of Women and Child Development stated that only about 70 per cent of Rs 7,212.9 crore allocated for *Nirbhaya* Fund up to 2023-24 had been released and utilised.[17] For 12 of 42 appraised projects, the allocations were found to be nil on the *Nirbhaya* project dashboard as of April 2023.[18] An analysis by CBGA observed that funds were prioritised for surveillance-oriented projects such as installation of CCTV cameras, emergency response mechanisms or vehicle tracking.[19] The Safe Cities Project in eight cities accounts for the highest proportion of resources appraised under the *Nirbhaya* Fund. However, projects are also needed for interventions such as community awareness aimed at prevention of violence, mental health and counselling mechanisms for survivors of violence, training and sensitisation of police, government, legal and other functionaries, among others. Successful models for engaging men and boys for social transformation by CSOs and NGOs can be emulated and scaled up, using this fund.

India has several legal provisions to address SGBV such as the Protection of Women from Domestic Violence Act, 2005; Protection of Children from Sexual Offenses Act, 2012; Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013; and the Transgender Persons (Protection of Rights) Act, 2019. However, effective implementation requires budgetary support, not only for providing resources mandated under the Acts, but also for monitoring implementation to ensure timely compliance.

Various forms of violence are perpetrated against women and girls, particularly those who face intersectional disadvantages stemming from their social identities. It must also be emphasised that acts of violence occur at various sites ranging from the household and the workplace, to digital spaces involving the misuse of technology. The present policy framework for addressing violence targets specific forms of sexual and gender-based violence, and that too in public spaces. A more holistic, survivor-centric approach is needed which takes various forms of violence into account, and focuses on prevention and community awareness rather than redressal alone.

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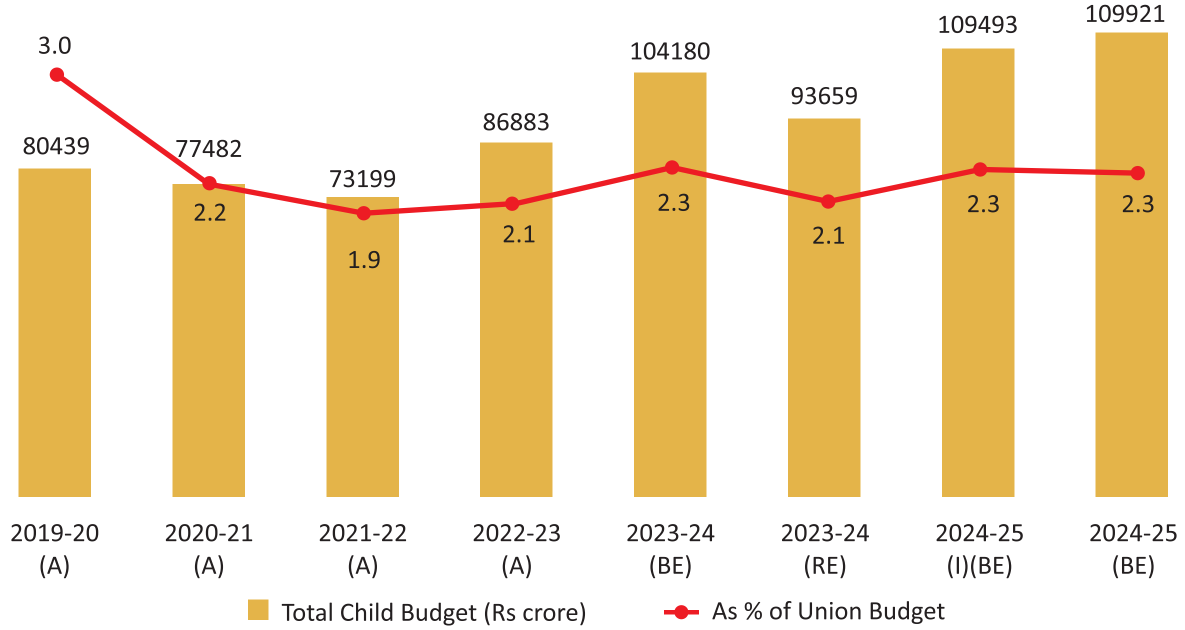
Children

India is home to the world's largest child population constituting 40 per cent of its total population. To ensure a bright future for the country, it is crucial to invest adequately in children. It is pertinent to ensure that not only is every child protected but also has access to equal opportunities to survive, develop and participate in society without any discrimination.

Budget outlay towards welfare of children in the Union Budget 2024-25

The total budget for children in the Union Budget for 2024-25 is Rs 1,09,921 crore as reported in Statement 12: Allocations for the Welfare of Children, an increase of 5.51 per cent from 2023-24 Budget Estimates (BE) and an increase of 0.3 per cent from the Interim (I) Budget 2024-25 (BE). However, as a percentage of the total Union Budget, the allocations for the welfare of children this year is stagnant at 2.3 per cent following the declining trend in the past few years (see Figure 4.3).

Figure 4.3: Total Budgetary Allocations and Expenditure towards Welfare of Children



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

The format of the child budget statement has changed this time. The statement is now divided into three parts, namely:

1) Part A: Schemes with 100 per cent provision for children

2) Part B: Schemes with at least 30 per cent of provision for children

3) Part C: Schemes with less than 30 per cent of provision for children

This kind of division is a good practice to ensure the accurate reporting of allocations towards the welfare of children. However, the methodology used by the departments while furnishing the details in the Statement is not clear as no explanation has been provided in the Statement. Of the total child budget, Part A constitutes 76 per cent, Part B constitutes 20 per cent and Part C has 4 per cent share.

26 different ministries /departments have reported their budget allocations for child specific interventions in the child budget statement. The top three contributors are the Department of School Education and Literacy,

Ministry of Women and Child Development (MWCD), and the Ministry of Tribal Affairs. Together, these three constitute 90 per cent of the total child budget for the financial year (FY) 2024-25.

Holistic approach towards important aspects related to the welfare of children

Children, being one of the most vulnerable and voiceless population groups, are often exposed to many challenges related to their survival, development, and protection. In order to ensure a sound future for children, efforts should be made towards their holistic development covering their physical, emotional, mental, social, moral, and financial health. This requires the following broad interventions:

Quality education for children

The National Education Policy (NEP) 2020 has laid emphasis on providing 'high-quality educational opportunities' to children in order 'to support and foster learning, so that all of the critical targets and goals (SDGs) of the 2030 Agenda for Sustainable Development can be achieved'.

However, poor learning outcomes of children especially in government and government-aided schools is the biggest concern. The recently conducted ASER survey[1] shows that while around 87 per cent children of 14-18 years are enrolled in educational institutions, one-fourth of them cannot read a Class II level text fluently in their regional languages. A weak foundation is among the key reasons for poor learning outcomes. The National Education Policy 2020 has laid importance on the universalisation of Early Childhood Care and Education (ECCE) with a 2030 target to ensure that all students entering Grade I are school ready. However, this Budget does not reflect any priority for ECCE. *Samagra Shiksha Abhiyan* (SmSA), the key centrally sponsored scheme to implement ECCE has been allocated Rs 37,500 crore, a Rs 47 crore increase from 2023-24 (BE). *Saksham Anganwadi* and POSHAN 2.0, the umbrella programme of the MWCD, responsible for implementing ECCE through *anganwadi* centres also witnessed a decline in budget from Rs 21,523 crore in 2023-24 (RE) to Rs 21,200 crore in 2024-25 (BE).

The challenge of quality education, compounded during COVID-19, has caused a huge learning loss; measures towards bridging the learning gaps after reopening of schools were inadequate. The challenges were more prominent at the secondary level. As per UDISE+ more than 3.5 million students have dropped out after class X in the academic year 2021-22. The incidence of dropouts is more among students from marginalised communities.

Scholarships play an enabling role in retaining these children in the education system. However, the budget for pre-matric scholarship for Schedule Castes, Other Backward Classes, students from minority backgrounds and students with disabilities either remained stagnant or witnessed a budget cut from last year's budget estimates. The only exception is the pre-matric scholarship for Scheduled Tribes children which shows an increase of Rs 29 crore from the last year. While the NEP 2020 talks about reaching a 100 per cent gross enrolment ratio (GER) of students in schools from the pre-school to secondary level by the year 2030, the school education budget does not adequately back the NEP statement.

Increased focus towards child nutrition

As per the National Family Health Survey (NFHS)-5, around 35.5 per cent of children under the age of five are stunted, 19.3 per cent are wasted, and 32.1 per cent are underweight. The number of children (between 6 months and 59 months) suffering from anaemia have increased from 59 per cent in NFHS-4 to 67 per cent in NFHS-5.

Saksham Anganwadi and POSHAN 2.0, is the key intervention to maximise nutritional outcomes in children. Under this, the government has launched the POSHAN Tracker for ensuring real-time monitoring of supplementary nutrition and providing information for prompt supervision and management of services. As of June 2024, 10.04 crore beneficiaries (pregnant women, lactating mothers and children up to 6 years) have registered under the POSHAN Tracker. Moreover, 22.4 lakh adolescent girls (14-18 years) from the aspirational districts and north-east region have also registered as part of the Scheme for Adolescent Girls[2]. For ensuring continuous progress under the scheme towards its desired outcomes, adequate budgetary support is essential. However, the allocation towards *Saksham Anganwadi* and POSHAN 2.0 in 2024-25, has witnessed a meagre increase of 3 per cent as compared to 2023-24 (BE). In comparison with the Revised Estimates for 2023-24, the allocation this year has declined by 1.5 per cent. The Interim budget speech mentioned expediting the upgradation of *anganwadi* centres under *Saksham Anganwadi* and POSHAN 2.0 for improved nutrition delivery, early childhood care and development. However, the budgetary allocations in the full budget 2024-25 do not seem to be in line with the expected outcomes.

In November 2023, MWCD released a protocol for *anganwadi* workers to screen and include children with disabilities. Under this protocol, all children will be assessed for delays in their developmental milestones and screened for early signs and symptoms. These children will be supported and encouraged to do new activities that stimulate all their senses and help them grow. This is a much-needed initiative.

The allocation for the *Pradhan Mantri Poshan Shakti Nirman* (PM - POSHAN) earlier known as the National Programme of Mid-Day Meals in Schools has increased this year to Rs 12,467 crore from Rs 11,600 crore in 2023-24 (BE). However, if compared with the actual expenditure in FY 2022-23, the allocation this year has declined by 1.6 per cent. The scheme focusses on improving the nutritional status of children studying in classes I-VIII in eligible schools; any inadequacy in allocation could impact enrolment.

Improved healthcare provisions for children

India's immunisation programme has been operational for almost 40 years now. Despite this, 24 per cent children in the 12-23 months age group are not fully vaccinated, and 20 per cent children have not received three doses of the polio vaccine (NFHS-5). Between 2019 and 2021, the number of 'zero-dose' children rose from 13 million to 18 million globally. Around 2.5 million children in India fall under this category[3].

Intensified Mission *Indradhanush* (IMI), a flagship programme of the Ministry of Health and Family Welfare, had targeted to achieve full immunisation coverage for children in the country to at least 90 per cent by 2020. However, only 76 per cent of children (12-23 months age group) have been fully vaccinated (NHFS-5). It is noteworthy that in 2023, for the first time the IMI 5.0 campaign is being conducted across all the districts in the country and includes children up to 5 years of age (previous campaigns included children up to 2 years of age)[4]. It is not clear how much funds have been allocated towards the Mission for 2024-25.

The allocation towards manufacturing of BCG vaccines has increased from Rs 109.9 crore in 2023-24 (BE) to Rs 125 crore in 2024-25 (BE). However, if compared with the actual expenditure in 2022-23, the allocation has declined by 18.5 per cent. Inadequate budgetary allocations towards immunisation contributes to continued high burden of morbidity and mortality in children from vaccine preventable diseases.

The allocation for the 'Flexible Pool for Reproductive and Child Health (RCH) and Health System Strengthening, National Health Programme and National Urban Health Mission' has seen an increase from Rs 3,187 crore in 2023-24 (BE) to Rs 3,571 crore in 2024-25 (I)(BE); the allocation has further increased to Rs 4154 crore in 2024-25 (BE). When compared with the actual expenditure in 2022-23, the allocation this year shows an increase of 19 per cent.

Mental health issues have been a matter of concern with regards to children and adolescents. As per the National Mental Health Survey, prevalence of mental disorders in the age group 13-17 years was 7.3 per cent[5]. It further states that “nearly 9.8 million of young Indians aged between 13-17 years are in need of active interventions”. The National Tele Mental Health Programme was launched in October 2022 with an objective to provide universal access to mental health care through 24x7 tele-mental health counselling services. As of December 2023, 34 States/ UTs have set up 46 Tele MANAS Cells and have started mental health services and more than 5,00,000 calls have been handled on the helpline[6]. However, the allocation for the programme has declined this year from Rs 134 crore in 2023-24 (BE) to Rs 90 crore in 2024-25 (BE).

With prolonged exposure of children to screens like mobile phones, TVs, and computers a new health condition called 'virtual autism' has emerged in children from 0 to 3 years of age. This has intensified during COVID-19. The increased requirement for mental wellness initiatives complemented with new-age diseases demands greater financial commitment from the government towards healthcare initiatives focussing on children. However, the share of health in this year's child budget is just 4.1 per cent[7].

Safeguarding children against cybercrimes

Increased exposure of children to smartphones and other similar devices has made them more vulnerable to cybercrimes such as cyber-harassment (including sexual harassment), child pornography, cyberstalking, cyberbullying, identity theft, defamation, online child trafficking and hacking, among others.

In India, 1,823 cases of cybercrimes against children were recorded in 2022 (1,376 cases in 2021); of the total cases reported, 1,171 cases have been reported for 'Publishing or Transmitting of material depicting children in sexually explicit act'[8]. Further, online sexual harassment continues to be a threat to children with 1 in every 3 children in the country facing the same. Cyberbullying including the threats of physical harm is also very high in India with 1 in every 5 children facing this possibility[9].

The Protection of Children from Sexual Offences (POCSO) Act, 2012 identifies the crimes of sexual harassment and assault, cyberbullying and harassment, and child pornography. The budget allocation for setting up of Fast Track Special Courts for expeditious trial and disposal of cases pending under rape and the POCSO Act has remained stagnant at Rs 200 crore since FY 2022-23.

Further, the outlay towards 'Cyber Crime Prevention against Women and Children and Miscellaneous Schemes', by the Ministry of Home Affairs, has declined by 56 per cent this year as compared to last year's BE. The allocation this year has declined by 14.4 per cent compared with the actual expenditure of Rs 62 crore in 2022-23. There is no clear explanation for this decline amid the growing need for such interventions.

The Ministry of Electronics and Information Technology has increased the budgetary allocations towards cyber security under CERT-In and various other cyber security projects and initiatives this year. A detailed listing of the interventions for children under each of these projects/initiatives in the child budget statement would help in getting a better understanding of the initiatives and their budgets towards safeguarding children from cybercrimes.

Measures to support children in need of care and protection

The number of children in need of care and protection (CNCP) is huge and increasing in the country. India is home to around 30 million orphaned and abandoned children[10]. As of 2023, only 50,525 children are in Child Care Institutions[11] and 62,675 children[12] are covered under the family-based alternative care, together constituting only 0.4 per cent of this vulnerable population. Hence, a large number of CNCP are out of the ambit of any government programmes for protection.

The Juvenile Justice Act, 2015 provides the legal basis for preferring alternative care over institutional care for CNCP. Mission *Vatsalya*, a key centrally sponsored scheme for child protection, also promotes and strengthens non-institutional family-based child protection options, for the 'best interest of children' in need of care and protection and also for children who are in conflict with the law. However, given the cumulative needs over the years, the scheme needs a substantial increase in its allocation.

The allocation under the scheme is Rs 1,472 crore in 2024-25, as was the case for 2022-23 and 2023-24. In the last five years the allocation as well as expenditure under the scheme has improved. In 2022-23, 71 per cent fund utilisation was reported. However, as per the Standing Committee report, till February 27, 2023, the actual expenditure under Mission *Vatsalya* was Rs. 538 crore i.e. 36 per cent. The doubling of expenditure within one month raises questions about the quality of spending.

Due to COVID-19, over nine million additional children globally are at risk of being pushed into child labour by the end of 2022 and inadequate social protection coverage could increase the number to 46 million[13]. The online portal PENCIL[14] by the Ministry of Labour and Employment shows that around 1.4 lakh child labourers have been rescued / withdrawn from work, rehabilitated, and mainstreamed in the last five years under the National Child Labour Project (NCLP) Scheme. The scheme was subsumed under the *Samagara Shiksha Abhiyan* in 2021. During the financial year 2022-23, Rs. 16 crore was spent under the scheme. However, the fund utilisation was only Rs 6 crore in 2023-24 (RE) against an allocation of Rs 20 crore in 2023-24 (BE). This could be because of discontinuation of service of 36,000 teachers in Special Training Centres from 272 NCLP districts after the merger of the scheme[15].

The role of institutions and statutory bodies including the National Commission for Protection of Child Rights (NCPCR), National Institute of Public Cooperation and Child Development (NIPCCD), and Central Adoption Resource Authority (CARA) is immense in protecting the child rights and effective implementation of the schemes. This year, there is an increase in allocation for all the institutions in comparison to last year's budget estimates (see Table 4.1).

Table 4.1: Union Government's Allocations for/Expenditure on Select Schemes and Institutions for Child Protection (in Rs crore)

	2019-20 (A)	2020 -21 (A)	2021-22 (A)	2022-23 (A)	2023-24 (BE)	2023-24 (RE)	2024-25 (I)(BE)	2024-25 (BE)
Mission Vatsalya	866	847	761	1043	1472	1272	1472	1472
NCLP	77	43	22	16	20	6	-	-
CARA	9	8	7	7	9	10	11	11
NCPCR	16	15	17	22	21	29	25	25
NIPCCD	55	50	44	47	56	74	89	89

Note: (I) represents Interim Budget

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

The increased vulnerability of children highlights the increasing demands on the child protection system. While budgetary support for rehabilitative measures is important, ensuring preventive measures to arrest de-institutionalisation as well as family strengthening support are critical to ensure a decent life for children.

Way Forward

The budget for children needs a substantial increase to ensure their holistic development. Child budgeting is an important strategy that scrutinises and promotes responsiveness of the government budget to the rights and specific needs of children. Hence, it should be comprehensive and meaningful by adding details like objectives of every scheme/intervention along with the expected outcomes and targeted beneficiaries. All relevant schemes/programmes for the welfare of children should be identified and reported under the child budget statement. To strengthen the commitment towards and implementation of child responsive budgeting in the country, the budget circular[16] directs all ministries/departments to form a Gender and Child Budget Cell and appoint a nodal officer for this purpose. Though Gender Budget Cells have been institutionalised to a large extent, Child Budget Cells find no mention.

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Budgeting for Scheduled Castes and Scheduled Tribes

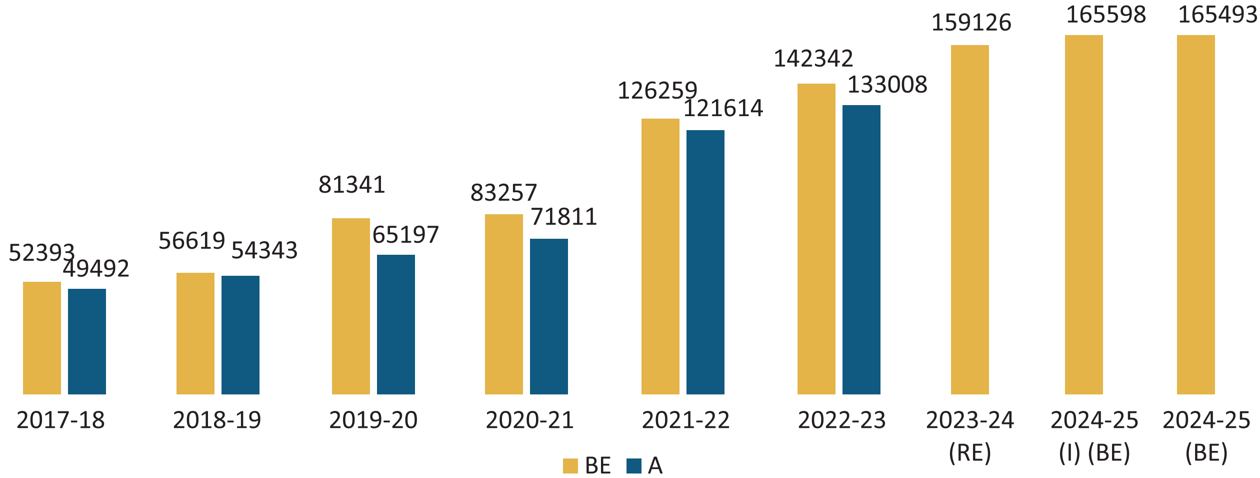
Since 1974 several policy strategies have been introduced to channelise a proportionate share of plan benefits and outlays to the Scheduled Castes (SC) and Scheduled Tribe (ST) communities to address the historic discrimination and development deprivation they have faced. The policy framework meant for them aimed to be achieved in both, physical and financial terms, by dedicated policy driven strategies, which include the Tribal Sub Plan (TSP) and the Scheduled Castes Sub Plan (SCSP).

Since 2017-18 TSP and SCSP have been known as the Development Action Plan for SCs and STs (DAPSC & DAPST) respectively. However, there are many shortcomings in the policy design, including inadequate resource allocation, poor implementation and monitoring. As per the revised NITI Aayog guidelines of 2017, DAPSC and DAPST focus on specific schemes to ensure relevant budgeting and non-diversion of funds meant for the SCs and STs. The percentage of earmarking has to be calculated against overall allocation for specific schemes (CSSs and CSs) and not against the total budget of the concerned ministries/departments. It also suggested the creation of a "non-lapsable central pool of SCSP and TSP Funds" for unutilised funds and outcome based monitoring. The fund is to be used for implementing exclusive and need based schemes for the development of the SC and ST communities and to provide incentives to state governments for effective implementation of SCSP and TSP. A large amount of the budgetary allocation made by general sector schemes towards DAPSC and DAPST continues to be notional[1] in terms of reporting. The allocation in general schemes tend to be notional since they allocate funds without formulating any methodology/scientific criteria. Such allocations are high in the 2024-25 (BE), such as in the case of the Department of Fertilisers and Department of Agriculture and Farmers Welfare. These allocations do not have any real impact on the SC and ST community and inflate the total quantum of DAPSC and DAPST budget allocation.

A) Scheduled Castes

The number of ministries allocating funds for DAPSC has, as reported in Statement 10 A, shown a continuous increase. Forty ministries and departments have allocated funds under DAPSC in 2024-25. The absolute allocation has marginally gone up to Rs 1,65,492.72 crore in 2024-25 (BE) from Rs 1,59,147.79 crore in 2023-24 (BE). This is a small increase. The share of DAPSC allocation has not been in tune with the proportion of SC population to total population since 2021-22. This has been consistently lower than the 16.2 per cent prescribed by the NITI Aayog. Over the years, the total allocation for the welfare of SCs has not been not fully spent and part of it has been surrendered by the ministries/departments. This is due to the limited coverage of departments and ministries under the DAPSC in terms of earmarking funds. While the erstwhile Planning Commission did not consider making the allocation non-lapsable, the NITI Aayog examined the issue of under and non-utilisation of the SCSP, and suggested that these funds be pooled and allocated to the Ministry of Social Justice and Empowerment, the nodal ministry for the welfare of SCs. However, this is still not being implemented. Research shows that the outlays from schemes/programmes do not reach the grassroots because of the lack of an effective decentralised planning process[2]. Schemes/programmes addressing priority sectors such as education, health, vocational training for SCs, and so on, were not planned according to the needs of the community due to weak decentralised planning. Additionally, development schemes/programmes relating to roads, major irrigation projects, mega power and electricity projects did not offer any direct immediate benefits to SCs.

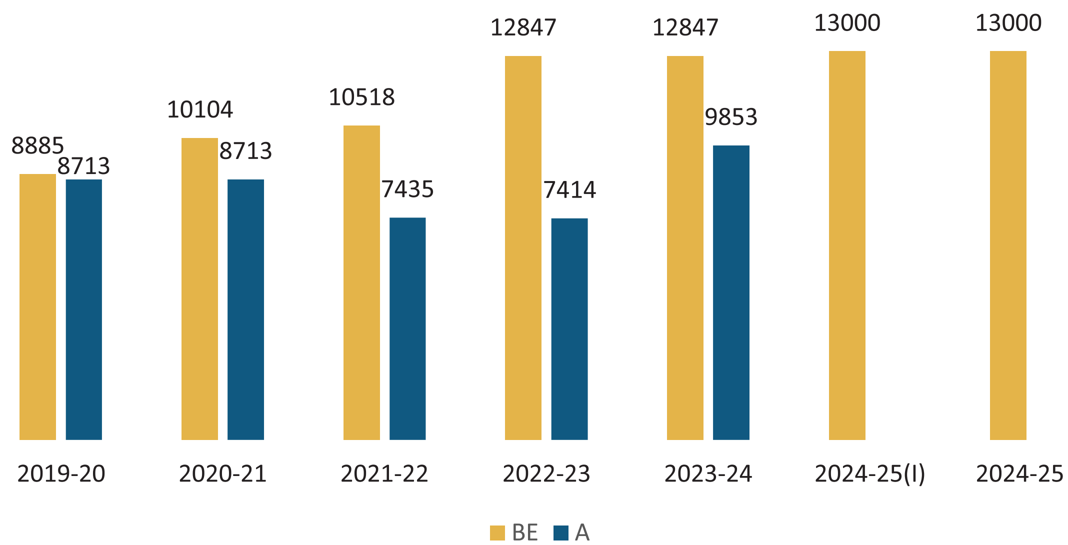
Figure 4.4: Total Fund Allocation and Expenditure Made under DAPSC (Rs crore)



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

In the Union Budget 2024-25, the total allocation reported for the Department of Social Justice and Empowerment (DoSJE) is Rs 13,000 crore, which is an increase of Rs 163 crore from Rs 12,847 crore in 2023-24 (BE). Further, allocation has been reduced to Rs. 9,853.32 in the RE for 2023-24. The DoSJE, the nodal Department for SC welfare has not seen any significant increase in this budget, only has a share of seven per cent in the total DAPSC which is directly benefiting the SC community. Despite the low share of allocation of the DoSJE in the total DAPSC, there has been an inadequate utilisation of funds by the Department over the years as can be seen from the following chart. The Single Nodal Agency (SNA) system being used for monitoring the Centrally Sponsored Schemes of the department has mandated that the states' share has to be released first and inspection of NGOs done before release of grant and the new system of SNA has slowed down the pace of fund release from the Centre when states/UTs are not in a position to release their share on time due to a variety of reasons. Delay in fund release has affected the timely disbursement of scholarship to the students.

Figure 4.5:Budget Allocation and Utilisation under DoSJE (In Rs crore)



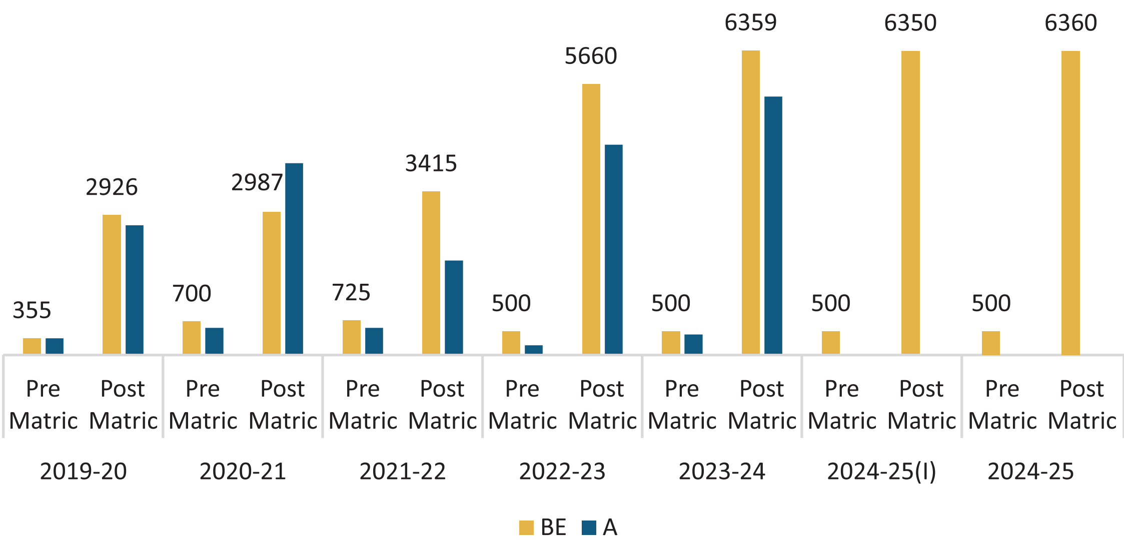
Source: Compiled by CBGA from Union Budget documents, various years.

Pre- and Post-Matric Scholarship Schemes for SC Students

In this budget, the Post-Matric Scholarship for Scheduled Castes (PMS-SC) got a sizeable share allocation (49 per cent) of the total DoSJE budget. However, there is no change in the allocation of current budget from the previous year's budget. While Rs 6,359 crore was budgeted in 2023-24 (BE), allocation has been reduced Rs 5,400 crore in the RE for the same year. After undergoing a revision in the PMS in December 2020, it was announced that the PMS would be provided with Rs 35,219 crore until 2025-26. Considering this, the amount of only Rs 1,978 crore and Rs 4,392.5 that have been utilised for 2021-22 and 2022-23 respectively were below expectations to meet the target of fund absorption of Rs 35,219 crore until 2025-26. In 2022-23, the release of 60 per cent central share has commenced only after the states released their 40 per cent share as per the PMS guidelines. The process of verification/sanction of applications in the states/UTs has been slow. Since, not many states have released their 40 per cent share on time, the release of the 60 per cent Central share was delayed to the students.

The current scholarship amount under the maintenance/academic category is not sufficient to meet the actual needs of students even after an increase in allocation in 2020-21. The parental/family income-ceiling eligibility for the scheme has not been revised for eight years, and therefore, does not factor in inflation. After being revised from Rs 1 lakh per annum to Rs 2 lakh per annum in 2010, and then 2.5 lakh per annum in 2013-14, the family income criteria has not changed. To address the impact of inflation, a proposal to increase the academic allowance of scholarship under the scheme by the department was sent to the Finance Ministry. However, the same was not approved by the Finance Ministry.

Figure 4.6: Budget Allocation and Utilisation under Pre Matric and Post Matric Scholarship (In Rs crore)



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

SRMS and NAMASTE

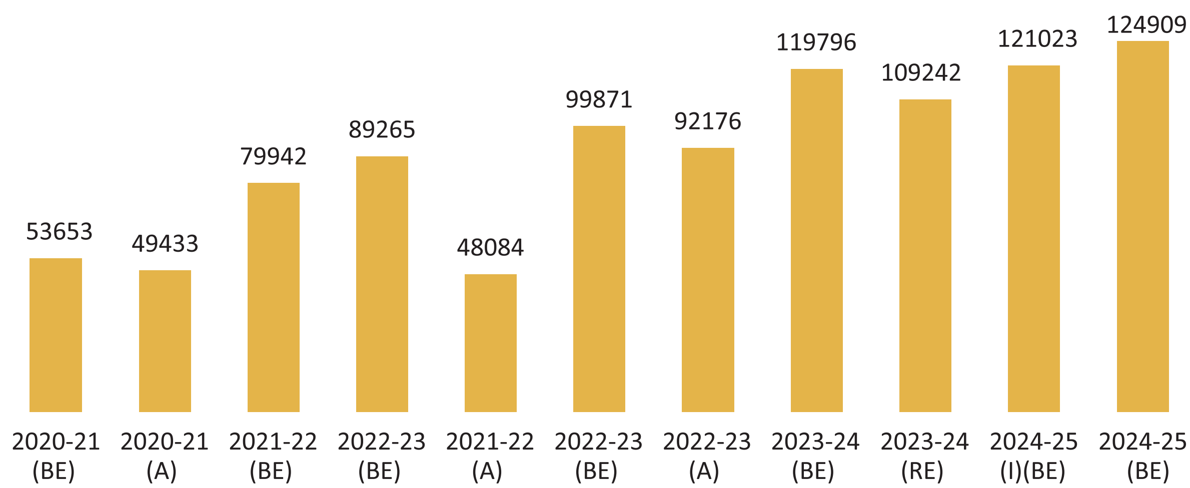
The Self-Employment Scheme for Rehabilitation of Manual Scavengers (SRMS) has been replaced by the National Action For Mechanised Sanitation Ecosystem (NAMASTE) from 2023-24 with a Rs 97.41 crore allocation. Around 4,800 Urban Local Bodies are to be covered to benefit about one lakh sewers and septic tank[3] workers with the budgetary outlay of Rs 350 crore during the next three years up to 2025-26. NAMASTE received an allocation of Rs 97.41 crore in 2023-24 BE, but the allocation has been reduced to Rs 30.06 crore in the RE. The allocation of Rs 116.94 crore has been made in 2024-25 BE. NAMASTE, however, has limited coverage in some parts of cities and towns that depend upon septic tanks[3] and do not have sewer lines. The new scheme also does not have any provision of direct cash assistance that was given under the previous scheme. The discontinuation of SRMS also comes at a time when there has been much debate in the country regarding the difference between manual scavengers and those who clean sewers and septic tanks. While the Union Government maintains that there are no deaths in the country due to manual scavenging, but only while cleaning sewers and septic tanks[4], activists argue that both are the same[5].

The Government has stopped the implementation of SRMS despite the existence of manual scavengers in the country. In 2018, a survey was conducted in 194 districts throughout the country and 58,098 manual scavengers were identified. Civil society groups associated with MoSJE found that manual scavenging existed in 170 districts in 2020. Over 6,000 such cases of manual scavenging were reported through the *Swachhata* App. So far, this data is not verified by the state governmentsfor further policy action.

B) Scheduled Tribes

In 2024-25, the allocations under DAPST have been made in proportion to the ST population and 46 ministries, departments and UTs have reported allocations under DAPST. However, the funds under DAPST across many ministries/departments are largely for the general sector programmes that are reported notionally with regard to benefits for STs, instead of being allocated based on the actual needs of the community, with its active participation. In terms of implementation challenges, DAPST is facing problems similar to the DAPSC including low fund utilisation, poor policy design, planning and monitoring.

Figure 4.7: Budget Allocation and Utilisation under DAPST (In Rs crore)



Source: Compiled by CBGA from Statement 10B (Allocation For Welfare Of Schedule Tribes) from General Expenditure Profile.
Note: DAPST- Development Action Plan for Scheduled Tribes.

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

Table 4.2: Allocation and Expenditure in Select Scheme under Ministry Tribal Affairs (Rs crore)

Major Schemes	2020-21 (A)	2021-22 (A)	2022-23 (A)	2023-24 (BE)	2023-24 (RE)	2024-25 (I) (BE)	2024-25 (BE)
Special Central Assistance to Tribal Sub Plan	799	785	1354	1485	300	1000	1000
Scheme under proviso to Article 275(1) of the Constitution	800	923	977	1472	1172	1600	1541
Umbrella Scheme for Development of STs: *Vanbandhu Kalyan Yojana*	234	284	3825	4295	3286	4241	4300
Pre-Matric Scholarship	249	394	357	412	412	440	440
Post-Matric Scholarship	1830	2258	1965	1971	2371	2374	2433
MOTA Budget	5495	6174	7274	12462	7605	13000	1300

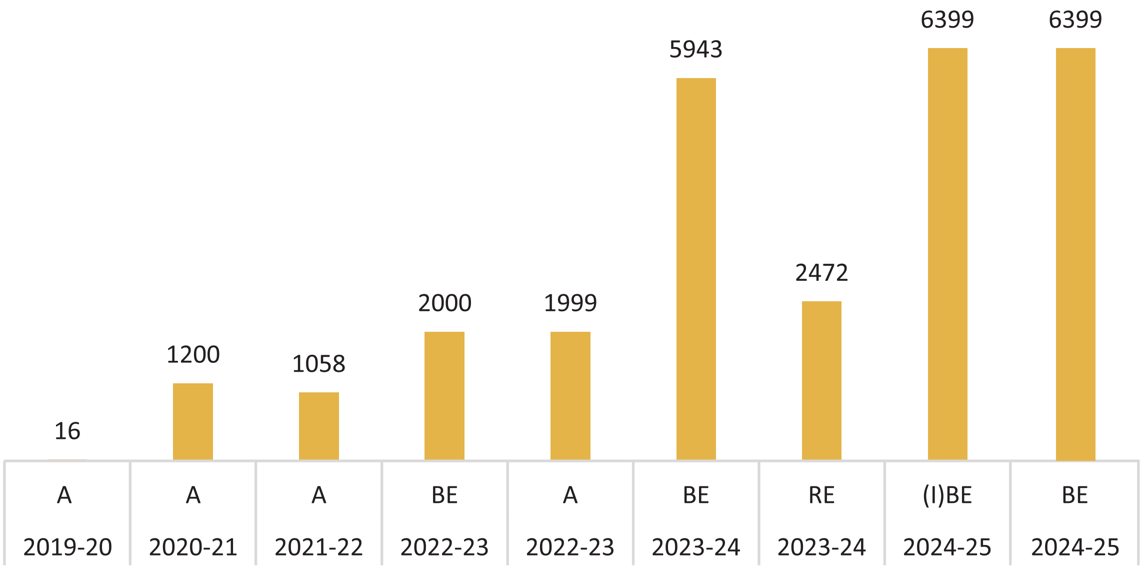
Notes: *Umbrella Scheme for Education of ST children includes Pre-Matric Scholarship, Post-Matric Scholarship, Ashram School, Boys and Girls Hostel, National fellowship and Scholarship for higher education of ST students.

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

The total budget allocation of the Ministry of Tribal Affairs (MoTA) accounts for nine per cent of the total allocation under DAPST in this budget. There is an increase of Rs 538 crore in 2024-25 (BE) when compared with the previous years' budget for the ministry. This increase is mainly due to higher allocation (Rs 6,399 crore) for the *Eklavya* Model Residential Schools (EMRS). The allocation for the *Pradhan Mantri Adi Adarsh Gram* (PMADG) is reduced by Rs 1,000 crore in 2024-25 (BE) from Rs 1,485 crore in 2023-24 (BE). Further, the allocation has been reduced by/to Rs 300 crore in 2024-25 (I)(BE). The PMADG has been introduced in place of the Special Central Assistance to Tribal Sub Plan in 2022. The PMADG has been revamped, and is aimed at transforming villages with a significant tribal population, into model villages. Before the merger, MoTA had not been able to spend the entire budgetary allocation during 2020-21 and 2021-22 under the Special Central Assistance to Tribal Sub-Plan. The funds were not provided to the state governments to bridge development gaps in sectors such as education, health and agriculture. MoTA has cited many reasons for the non-release of funds to states, including non-fulfilment of schematic norms, delay in submission of utilisation certificates (UC) and physical progress reports (PPR). PMADG envisages covering 36,428 villages which have at least a 50 per cent tribal population. The development sectors which are a part of the scheme are health, education, connectivity and livelihood. The seven main areas are road connectivity, telecom connectivity, *Anganwadi* centres, health sub centre, drinking water facility, drainage and solid waste management. A sum of Rs 20.38 lakh per village as 'gap-filling' has been provisioned for approved activities.

EMRS is one of the largest schemes for promoting school education for the tribal community, implemented by MoTA, which has got a slightly higher allocation of Rs 6,399.00 crore in 2024-25 (BE) from Rs 5,943.00 crore in 2023-24 (BE).

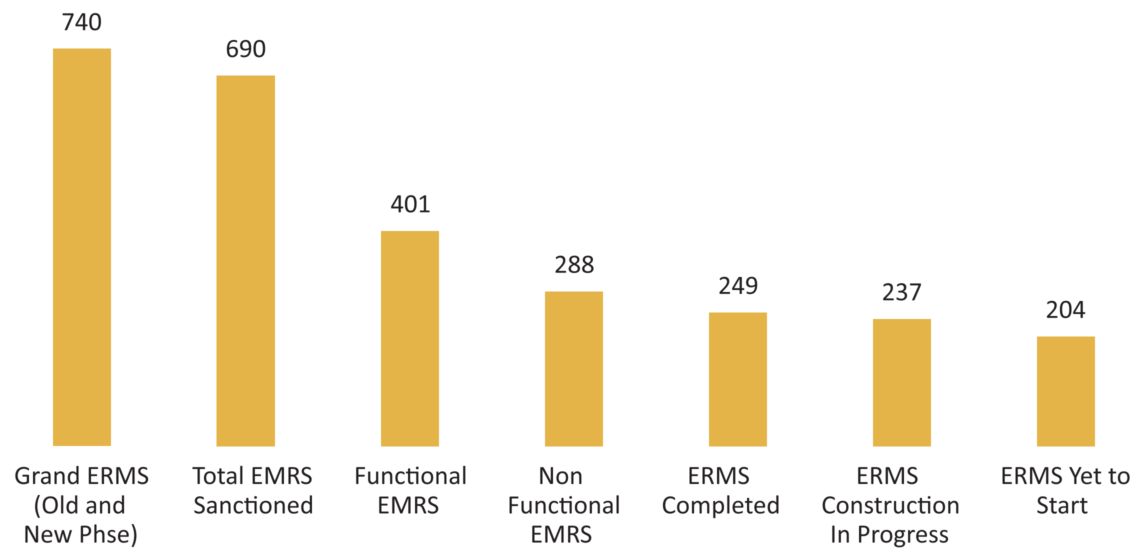
Figure 4.8: Budget Allocation and Utilisation under *Eklavya* Model Residential Schools (In Rs crore)



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

In terms of physical progress of the ERMS, of the 740 schools proposed, 690 schools have been sanctioned, of which 401 are functional. The Standing Committee Report on Social Justice of 2021-22 raised the concern in terms of delay in the operationalisation of school projects. It is found that there are routine issues relating to delays in the tendering process, land transfer and finalisation of the construction agency. Due to inordinate delays in implementation, the completion date has been revised and extended to 2025.

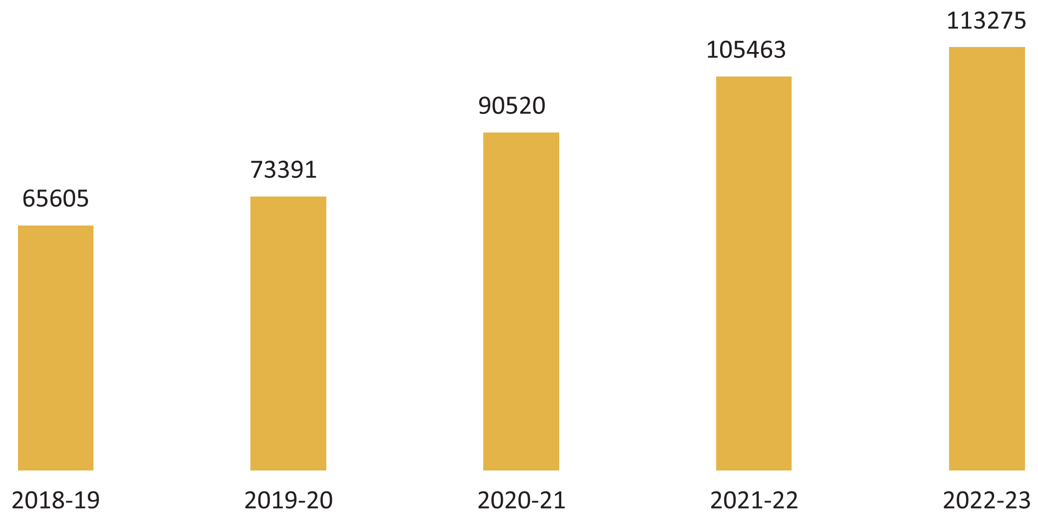
Figure 4.9: Physical Progress in ERMS since Inceptions



Source: Standing Committee Report on Social Justice of 2023-24, Ministry of Tribal Affairs.

The ERMS was introduced in 1997-98. As per the 2011 census, there are 564 sub-districts across the country i.e. blocks/taluks/tehsils having more than 50 per cent ST population. Figure 4.10 shows that the number of children enrolled in ERMS has increased over the years in 401 functional schools. But our calculation shows that only 284 children are enrolled per school. The number should have been at least 480 students as per norms. As per the revised guideline of EMRS, 2018, every block with more than 50 per cent ST population and at least 20,000 tribal persons should have had a school by the year 2022.

Figure 4.10: Number of Children Enrolled in ERMS



Source: Standing Committee Report on Social Justice of 2023-24, Ministry of Tribal Affairs.

***Pradhan Mantri Janjatiya Adivasi Nyaya Maha Abhiyan* (PM-JANMAN)**

For the inclusive and holistic development of the most-deprived section of the tribal population, the *Pradhan Mantri Janjati Adivasi Nyaya Maha Abhiyan* (PM-JANMAN) was launched for the socio-economic welfare of the Particularly Vulnerable Tribal Groups (PVTGs). The scheme was announced on November 15, 2023, on Janjatiya Gaurav Diwas, with a budget of approximately Rs 24,000 crores. The scheme would focuses on 11 critical interventions through nine ministries/ departments and it is aimed to improve the socio-economic conditions of the PVTGs by saturating their households and habitations with several basic facilities. It includes safe housing, clean drinking water and sanitation, improved access to education, health and nutrition, electricity, road and telecom connectivity, and sustainable livelihood opportunities. Additionally, the government intends to saturate the schemes like the *Pradhan Mantri Jan Arogya Yojana* (PMJAY), Sickle Cell Disease Elimination, TB Elimination, full immunisation, PM *Poshan*, PM *Jan Dhan Yojana*, etc for the greater benefits of PVTGs. In this budget speech, the Finance Minister mentioned that the "PM-*JANMAN Yojana* reaches out to the particularly vulnerable tribal groups, who have remained outside the realm of development so far". Budgetary allocations for PM-JANMAN are reflecting in the newly published Budget Statement (STATEMENT 10BB) which is part of the Expenditure Profile 2024-2025. The statement shows that Rs 1,400.23 crore and Rs 7,403.57 crore have been earmarked in 2023-24 (RE) and 2024-25 (BE) respectively. It also shows current allocation falling short of what the government had promised last year (Rs 24,000 crores) for this scheme. Further, of the 11 critical interventions through nine ministries for budget allocation have been reported in this budget. It appears that PM-JANMAN is a sub plan of the DAPST.

Table 4.3: Outlay for Welfare of Scheduled Tribes under
Pradhan Mantri Janjatiya Adivasi Nyaya Maha Abhiyan - PM-JANMAN (Rs crore)

	Revised Estimates 2023-2024	Budget Estimates 2024-2025
Compensation to Service Providers for creation and augmentation of telecom infrastructure Compensation to Telecom Service Providers	100	217.15
Support to Samagra Shiksha (SS)	146.11	489.17
Flexible Pool for RCH & Health System Strengthening, National Health Programme and National Urban Health Mission Gross Budgetary Support (GBS)	36.84	141.71
Infrastructure Maintenance Gross Budgetary Support (GBS)	12.28	47.23
Jal Jeevan Mission (JJM) / National Rural Drinking Water Mission *Jal Jeevan* Mission/National Rural Drinking Water Programme - Programme Component	105.95	344.35
Solar Power (Off-Grid)	20	20
Reform Linked Distribution Scheme	50	225
Pradhan Mantri Gram Sadak Yojna PMGSY-Programme Component	63	2000
Pradhan Mantri Awas Yojna (PMAY)- Rural PMAY-Programme Component	630.05	3434.96
Programme for Development of Scheduled Tribes (PM *Vanbandhu Kalyan Yojna*) *Pradhan Mantri Janjati Adivasi Nyaya Maha Abhiyan* (PM JANMAN)"	100	240
National Tribal Welfare Program *Pradhan Mantri Janjati Adivasi Nyaya Maha Abhiyan* (PM JANMAN)	10	25
Saksham Anganwadi and POSHAN 2.0 (Umbrella ICDS - Anganwadi Services, Poshan Abhiyan, Scheme for Adolescent Girls)	126	120
Grand Total	1400.23	7304.57

Source: Expenditure Profile 2024-2025, Budget Statement (STATEMENT 10BB).

Notional reporting of allocations should be checked under the DAPSC and DAPST. The general sector schemes/programmes should prepared the exclusive and need based projects for SCs and STs earmaked under DAPSC and ST and expenditure should not be reported without proper targeting of the needs of the community. The delay in utilisation of fund in ERMS needs to be addressed to ensure that the targeted numbers of schools are constructed in a timely manner under this scheme. Fund allocation meant for scholarship should be disbursed to the students on time.

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[1] Notional reporting of allocations are those budgetary allocations under DAPSC and DAPST for which schemes/programmes do not prepared the exclusive projects and expenditure are reported without targeting the needs of the community and outcome data

[2] Khan, J.A., Tasneem, R., Assessing Status of Implementation of Development Action Plan for SCs in the Union and State Budgets, Centre for Budget and Governance Accountability

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

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

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

Religious Minorities

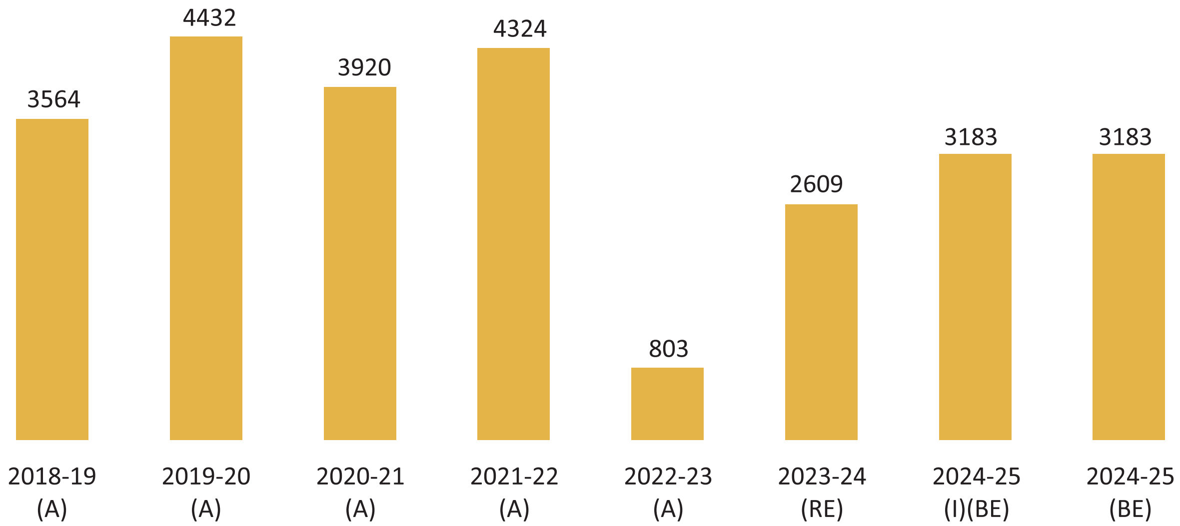
As per the 2011 Census, religious minorities make up 23.39 crore of India's total population of 121.09 crore (i.e. 19.28 per cent of the total population). Despite many policy initiatives over the last 18 years, however, large sections of Muslims and other religious minorities remain at the bottom on several development indicators, such as education, gender equality and workforce participation (The Strategy Document of NITI Aayog policy). The Prime Minister's New 15 Point Programme for the welfare of minorities and the Multi Sectoral Development Programme (MSDP)/*Pradhan Mantri Jan Vikas Karyakaram* (PMJVK), are two important policy strategies for the development of religious minorities, introduced in 2006 and 2008, respectively. Except for 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. As per the provisions under the 15 Point Programme guidelines, 15 per cent of the funds should be allocated for the development of minorities in development programmes of general ministries, wherever possible.

A perusal of the website of the MoMA indicates that the financial resource allocation benefiting minorities has not been completely and timely reported under the schemes run by select general ministries and departments under the 15 Point Programme for the last 10 years. Further, the revised guidelines of renamed or new Central Schemes over the last ten years lack specific provisions for minorities. Therefore, disaggregated data on minorities with regard to their share in public sector employment, credit facilities and development outcomes by line ministries and departments has not been reported under the 15 Point Programme.

Currently, MoMA is one of the main sources of financing for the development need of minorities. There is a marginal increase in the BE for 2024-25 to Rs 3183.24 crore from Rs 3097.60 crore in the BE of 2023-24. In spite of the low development indicators of minorities, there was a drastic decline of 38 per cent in the previous year's budget (a decrease of Rs 1,913 crore from 2022-23) for the MoMA. For the last few years, MoMA has not been able to utilise funds against the BE. MoMA spent Rs 3,998.57 crore out of the BE of Rs 5,029.10 crore and Rs 4,325.24 crore out of Rs 4,810.77 crore in 2020-21 and 2021-22, respectively. Actual expenditure of Rs 802.69 crore was incurred out of the Rs 5,020.50 crore outlay in 2022-23. The reasons for MoMA not being able to spend the allocated amount include delays in release of the matching share by states and, subsequently, non-release from the Union Government in Centrally Sponsored Schemes such as PMJVK and *Pradhan Mantri Virasat Ka Samvardhan* (PM VIKAS).

It also appears that Union Budget outlays have not been provided in accordance with the demands for funds made by the MoMA. For 2022-23, Rs 5,020.50 crore was allocated against demands made for Rs 8,152 crore. In fact, the total budget of the MoMA as a proportion of the total Union Budget has declined to 0.06 per cent in 2024-25 (BE) from 0.12 percent in 2022-23 (BE). This year's total allocation for the MoMA is almost equal to the amount allocated in 2012-13.

Figure 4.11:Total Budget Allocation and Utilisation under Ministry of Minority Affairs (Rs crore)



Source: Note on Demand for Grants, MoMA.

The major reason behind the decline in the allocation of MoMA has been discontinuation of several schemes/institutions such as *Maulana Azad* National Fellowship for Minority students, interest subsidy on educational loans for overseas students, free coaching schemes, *Maulana Azad* Education Foundation (MAEF)/*Begum Hazrat Mahal* Scholarship Scheme, and the Scheme for *Madrasas* and Minorities. The coverage of the Pre Matric Scholarship for classes 9-10 is being shrunk. There has also been a decline in allocations for many major schemes, such as Merit Cum Means, Pre Matric Scheme, Free Coaching and allied schemes, Education Scheme for *Madrasas* and Minorities, and the *Pradhan Mantri Jan Vikas Karyakram* (PMJVK). The decline in the central share in the Education Scheme for *Madrasas* and Minorities, and subsequent discontinuation of the scheme has affected the education of children in *Madrasas* due to non-payment of honoraria to more than 30,000 teachers in Uttar Pradesh for many years. The scheme aimed to provide financial assistance to introduce modern subjects in *Madrasas*, support teachers' training, and augment school infrastructure in minority institutions to improve the quality of education of poor students.

In 2023-24, a new scheme called PM VIKAS was announced for the skilling, entrepreneurship and leadership of minorities. The new scheme, with allocation of Rs 540 crore in 2023-24, sought to benefit approximately nine lakh candidates by 2025-26. However, its budgetary allocation has been reduced to Rs 325.86 crore in 2023-24 (RE) and Rs 500 crore in 2024-25 (BE). The earlier schemes, known as USTTAD and *Hamari Dharohar, Seekho aur Kamao* and *Nai Roshni*, have been subsumed in PM VIKAS. However, the beneficiary data of these schemes was not available on regular basis in the public domain before they were subsumed. As per the Departmental Standing Committee on Social Justice – 2023-24, the modalities of scheme implementation and the process of empanelment of the Project Implementation Schemes (PIAs) is yet to be finalised. However, MoMA has issued a Request for Proposal (RFP) for selection and empanelment of the PIAs. It has been proposed that the PIAs will be selected based on technical and financial strengths, including parameters such as average annual turnover, number of accredited training centres, experience in conducting similar skill development/livelihood generation initiatives, past performance in terms of training conducted and beneficiaries placed in jobs, etc. It is mandatory for the PIAs to be registered on NITI Aayog's NGO *Darpan* portal.

The Post-Matric Scholarship has seen an increase in allocation from the previous year's budget in the budget for

2024-25, while several other schemes have seen a decline. Despite the large geographical coverage of PMJVK, it has only a marginal increase in allocation in this year's budget (Rs 910.9 crore) from last year (Rs 600 crore), and reduction of the budget to Rs 500 crore at the RE level is going to impact the scheme in achieving its objectives. The objective of the PMJVK is to develop socio-economic infrastructure and basic amenities in identified Minority Concentration Areas to improve the quality of life of people in these areas and reduce imbalances as compared to the national average. On the basis of Census 2011 data, 870 Minority Concentration Blocks (MCBs), 321 Minority Concentration Towns (MCTs) and 109 Minority Concentration Districts HQs (MCD HQs) in 33 States/UTs have been identified.

Table 4.4: Budget Allocation and Utilisation in Major Schemes under the Ministry of Minority Affairs (Rs crore)

Schemes	2019-20 (A)	2020-21 (A)	2021-22 (A)	2022-23 (BE)	2022-23 (A)	2023-24 (BE)	2023-24 (RE)	2024-25 (I) (BE)	2024-25 (BE)
Maulana Azad Education Foundation (MAEF)	38	71	76	0	0	0	0	0	0
Merit Cum Means Scholarships	286	396	346	365	35	44	25	34	34
"Free Coaching and allied schemes for Minorities"	14	18	37	79	25	30	14	10	10
Pre-Matric Scholarship for Minorities	1325	1326	1351	1425	44	433	400	326	326
Post-Matric Scholarship for Minorities	429	513	412	515	29	1065	1000	1145	1145
Maulana Azad Fellowship	100	74	74	99	99	96	54	45	45
Grants and Equity to SCAs/NMDFC*	162	111	102	161	161	64	64	3	3
Pradhan Mantri Jan Vikas Karyakaram MSDP/PMJVK**	1698	1092	1267	1650	223	600	550	911	911

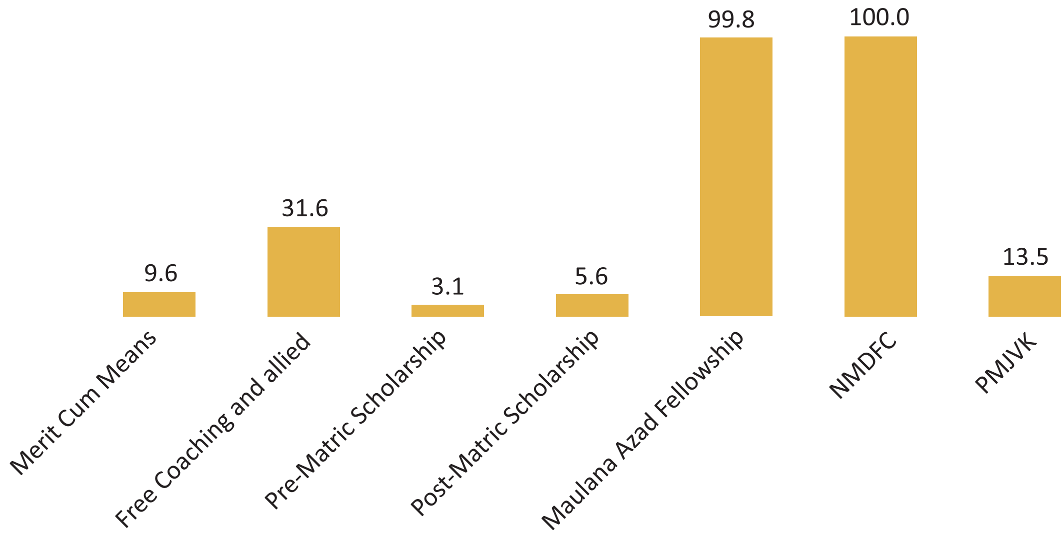
Note: *NMDFC- National Minorities Development Finance Corporation; ** *Pradhan Mantri Jan Vikas Karyakaram.*

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

As highlighted by the Department Related Standing Committee on Social Justice – 2023-24, the scholarship schemes face several implementation issues with poor utilisation of funds, inadequate coverage of beneficiaries due to the quota system, low unit costs due to inadequate allocations of funds, and also scrapping of some of the schemes. The amounts given to students as scholarships are not adequate to meet their educational expenses. The unit cost for scholarships in Pre-Matric, Post-Matric and Merit-cum-Means schemes for minorities has not been revised since the inception of the schemes (in 2007-08).

It can be seen from that there was a huge unspent balance in financial year 2022-23. Utilisation stood at 3.1 percent, 5.6 percent, 9.6 percent and 31.6 percent in the Pre Matric, Post Matric, Merit Cum Means and free coaching schemes, respectively. The first three scholarship schemes of the MoMA are implemented through the National Scholarship Portal (NSP). But there is an inherent issue in the structure of the implementation of these Schemes, as disbursement of the scholarships starts only in the last quarter of the fiscal year and goes on until the end of first quarter of the subsequent financial year. The process of payment gets delayed due to late opening of the window for registration of applications by the NSP, and verification of applications at the institution, District and State level. It was also found that most states do not have a dedicated Department of Minority Welfare at the district level, aside from which there is an acute shortage of staff in general.

Figure 4.12: Fund Utilisation in Select Schemes of Ministry of Minority Affairs in 2022-23 (%)



Source: Note on Demand for Grants, MoMA.

Table 4.5 shows the community-wise break-up of students who availed of the scholarship from 2007-08 to 2021-22. It indicates that Muslim students availed 84 percent of the total scholarship awarded and that there is a huge demand for scholarship schemes from the community. Despite that, however, the quota has not increased since 2007-08.

Table 4.5: Religion-wise breakup of the number of scholarships awarded (2007-08 to 2021-22)

Scheme	Buddhist	Christian	Muslim	Sikh	Parsis	Jain	Total Scholarships
Pre-matric Scholarship	2309225	8313595	54542661	5137351	12217	458771	68464595
Post-matric Scholarship	60212	1074005	7075333	806268	1378	122370	9139566
Merit-cum-Means Scholarship	6105	208164	62624732	6024681	13742	31346	68908770
Total Scholarships	66317	9595764	124242726	11968300	27337	612487	146512931
Religion Wise Share in Total Scholarships(%)	0.05	6.55	84.80	8.17	0.02	0.42	100

Source: Department Related Standing Committee on Social Justice, 2023-24 (Demand for Grants by the Ministry of Minority Affairs).

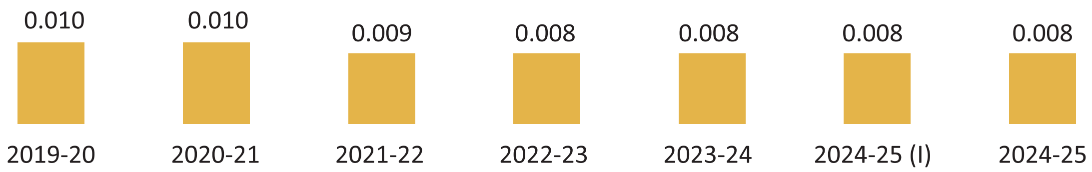
The total budget allocation for MoMA should be increased significantly given the level of deprivation in the educational attainment of minorities. All scholarship schemes should be made demand driven, and additional financial resources should be provided to enhance unit costs along with a revision in the eligibility criterion related to parental income. Schemes that have been discontinued should be revived. Under the 15 Point Programme, resource allocation should be made in line with the diverse needs of minority communities across different sectors.

Persons with Disabilities

There is no mention of persons with disabilities (*Divyang*) in the Budget Speech this time, though the interim Budget Speech[1] had a reference saying "The schemes for empowerment of *Divyangs* and Transgender persons reflects firm resolve of our government to leave no one behind".

The commitment of the government to inclusive growth (*sab ka vikas*) has created an expectation that all initiatives under the focus areas of *'Garib', 'Mahilayen', 'Yuva'* and *'Annadata'* would respond to the specific needs and rights of persons with disabilities. The lack of disaggregated data on persons with disabilities does not allow us to understand the extent of responsiveness in these focus areas. However, the decreasing trend in allocation to persons with disabilities in comparison to GDP indicates a probable inadequacy in honouring the commitment to inclusive growth, given the extent of marginalisation experienced by persons with disabilities.

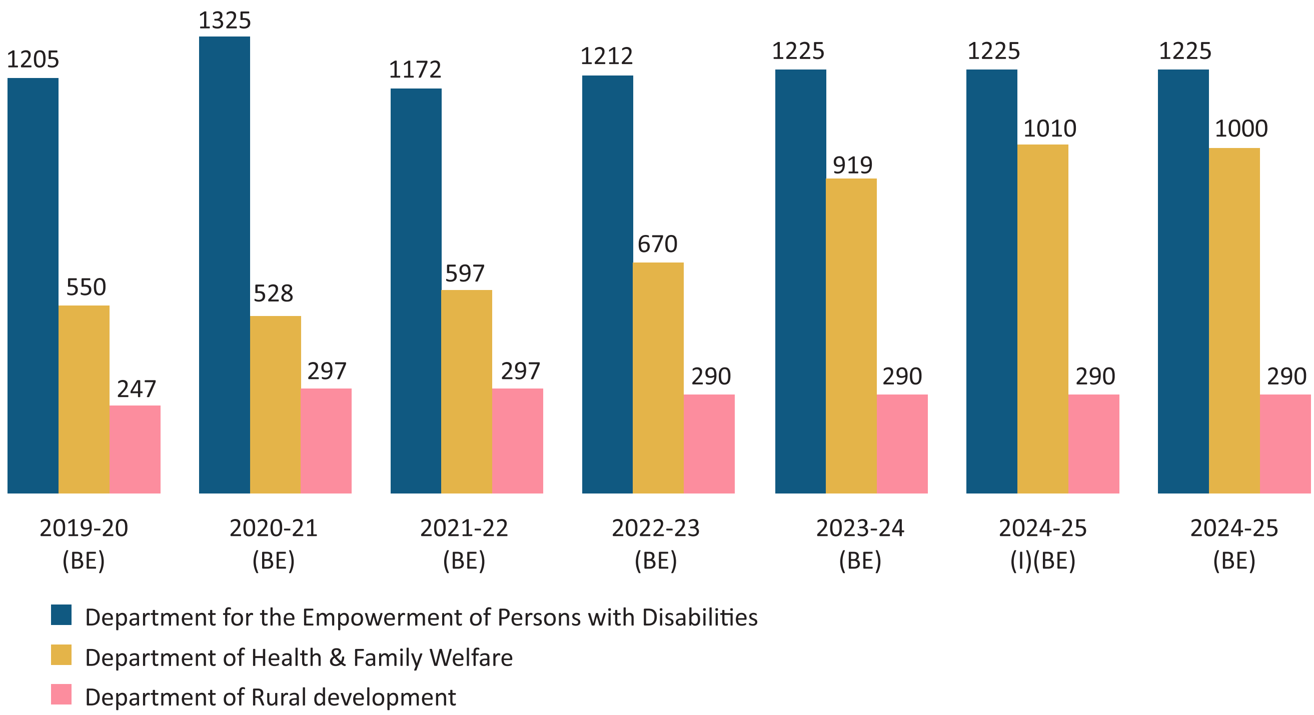
Figure 4.13: Specific Allocations to Persons with Disabilities as % of GDP



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

Disaggregated data on the specific allocations for persons with disabilities could be identified under the Ministry of Health and Family Welfare, Ministry of Rural Development and the Department for the Empowerment of Persons with Disabilities (DEPwD). The budgetary allocation remained unchanged for the Department for the Empowerment of Persons with Disabilities and Department of Rural Development in this budget whereas the allocation has increased (Rs. 89 Crore) in the Department of Health and Family Welfare in current budget from the previous years budget.

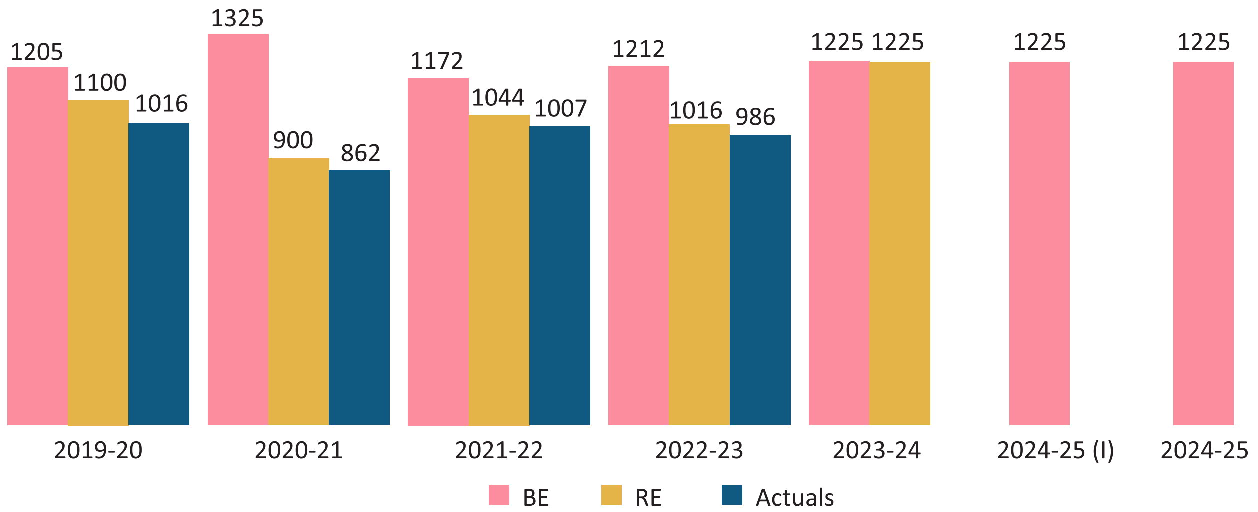
Figure 4.14: Department wise Allocation for Persons with Disabilities (Rs crore)



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

Allocations for DEPwD, the nodal agency for ensuring the rights of persons with disabilities, saw a meagre increment of Rs 0.26 crore compared to 2023-24 (RE) and Rs 0.12 crore in 2023-24 (BE). In effect, the schemes for the empowerment of persons with disabilities have increased only by 0.02 per cent in 2024-25 (BE) compared to the previous financial year.

Figure 4.15: Allocation for the Department for the Empowerment of Persons with Disabilities (Rs crore)



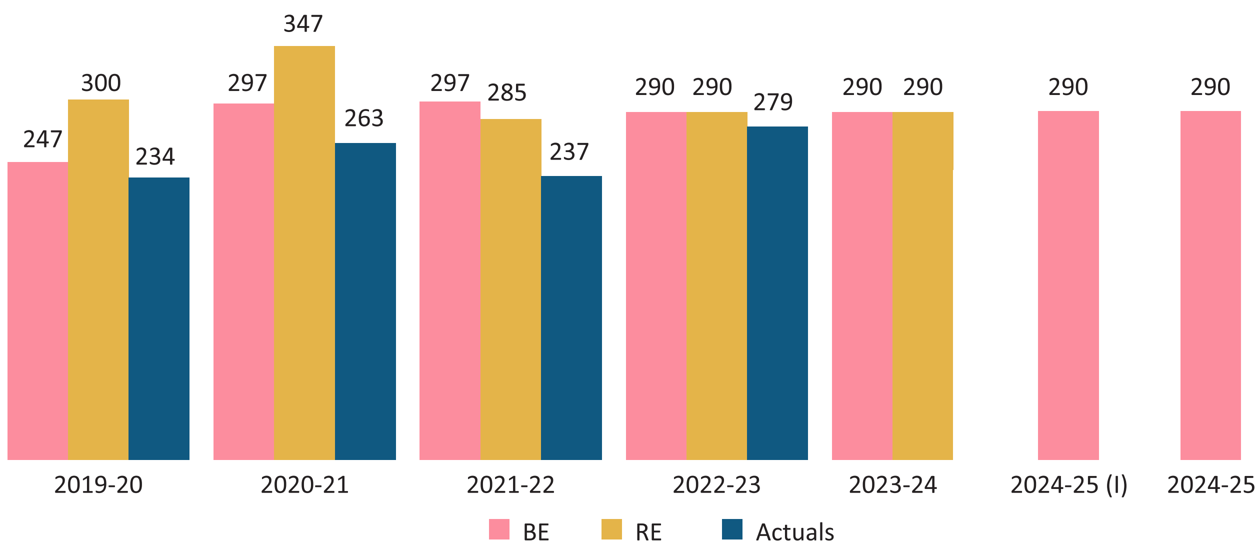
Note: BE stands for Budget Estimates, except for 2024-25, where it stands for Interim Budget Estimates, and RE stands for Revised Estimates.
Source: Compiled by CBGA from Union Budget documents, various years.

Key Policy Recommendations[2]:

1. Enhance allocation to the Indira Gandhi National Disability Pension (IGNDP) in line with the basic international poverty line of USD 1.90/ day / person. This programme is one of the initiatives that could ensure an adequate standard of living by compensating the income gap among families of persons with disabilities due to
   a. disability related costs
   b. income loss due to the systemic marginalisation experienced by persons with disabilities.

However, no change in allocation is visible.

Figure 4.16: Allocation to IGNDP and Comparison with RE and Actuals (Rs crore)

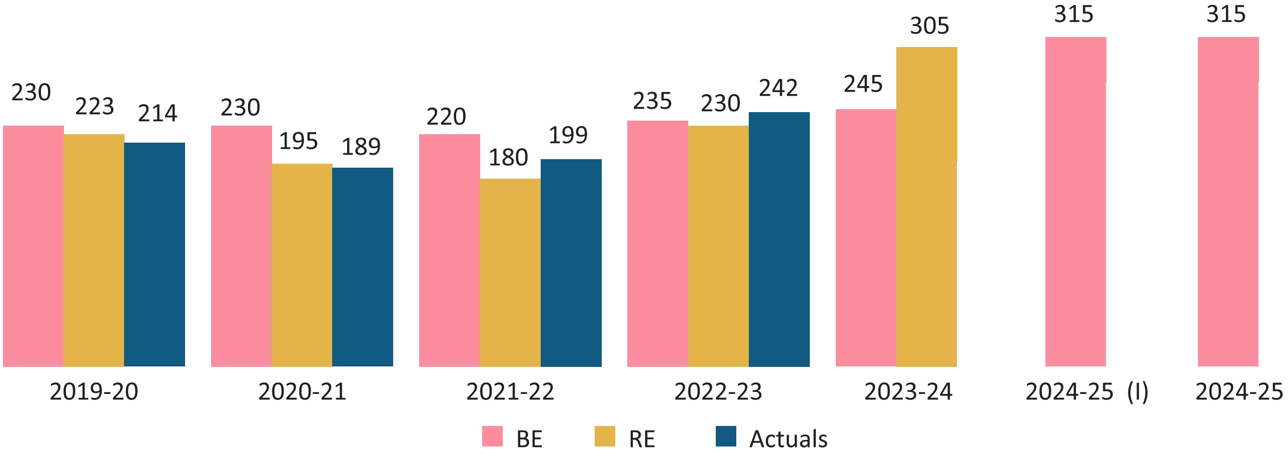


Note: BE stands for Budget Estimates, except for 2024-25, where it stands for Interim Budget Estimates, and RE stands for Revised Estimates.
Source: Compiled by CBGA from Union Budget documents, various years.

2. Reform all poverty alleviation programmes in order to make them responsive to the specific needs of persons with disabilities and adhere to the Rights of Persons with Disabilities Act (RPDA), 2016 mandate of 25 per cent increment in benefits for persons with disabilities. Lack of data prevents understanding the progress in implementing this mandate of RPDA, 2016.

3. Update the list of assistive devices to the World Health Organization's (WHO) recommended priority list of assistive products[3] and ensure ease of access to the Scheme of Assistance to Disabled Persons for Purchase, Fitting of Aids/ Appliances (ADIP)[4]. It could be observed that the scheme covers approximately half of the list suggested by the WHO. The programme also has to be reformed to remove the income ceiling for all persons with disabilities, allowing for scaling up of its outreach. While there has been an increase in allocation to the programme, it is inadequate to cater to the diverse needs of persons with disabilities and to cover the WHO priority list.

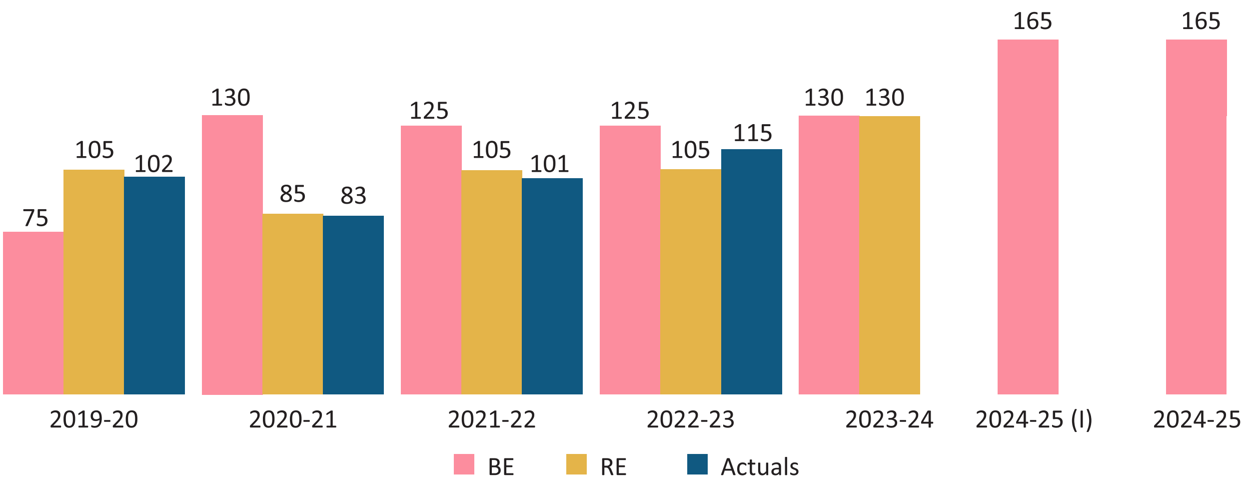
Figure 4.17: Allocation to ADIP Scheme (Rs crore)



Note: BE stands for Budget Estimates, except for 2024-25, where it stands for Interim Budget Estimates, and RE stands for Revised Estimates.
Source: Compiled by CBGA from Union Budget documents, various years.

4. A robust healthcare system that covers the general and specific healthcare requirements of all persons with disabilities, including rehabilitation and assistive devices. The existing health insurance programme does not include the specific healthcare requirements of persons with disabilities, including medicines, paramedical support, assistive devices and community-based rehabilitation support services.

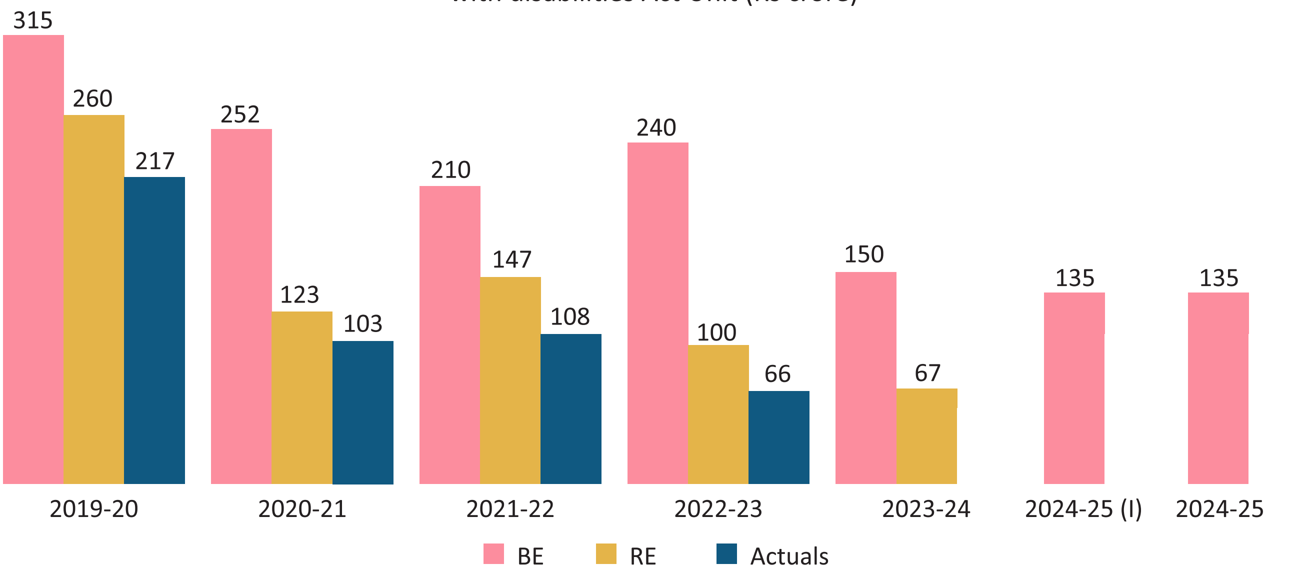
Figure 4.18: Allocation to *Deendayal* Disabled Rehabilitation Scheme (Rs crore)



Note: BE stands for Budget Estimates, except for 2024-25, where it stands for Interim Budget Estimates, and RE stands for Revised Estimates. *Source:* Compiled by CBGA from Union Budget documents, various years.

This scheme, for the implementation of Persons with Disability Act, is one of the key programmes of DEPwD. It aims to ensure accessibility and provide rehabilitation services such as District Disability Rehabilitation Centres (DDRCs) and Composite Regional Centre for Skill Development, Rehabilitation and Empowerment of Persons (CRCs). The allocation to this programme has also been decreased significantly compared to the previous financial year.

Figure 4.19: Allocation to the scheme for the implementation of persons with disabilities Act Unit (Rs crore)



Note: BE stands for Budget Estimates, except for 2024-25, where it stands for Interim Budget Estimates, and RE stands for Revised Estimates.
Source: Compiled by CBGA from Union Budget documents, various years.

5. Policy development ensuring support services such as personal assistants and care services for persons with disabilities. There is no significant effort in terms of policies and programmes to ensure this.

6. Development of a system of data and statistics on persons with disabilities, as recommended by the Committee on the Rights of Persons with Disabilities (CRPD). Various surveys conducted by the government have not included questions on disability (for example, Washington group disability survey questions). Further, administrative data does not disaggregate data on persons with disabilities and their intersectional identities.

[1] Budget Speech 2024-25 - https://www.indiabudget.gov.in/doc/Budget_Speech.pdf

[2] Center for Inclusive Policy - https://inclusive-policy.org/wp-content/uploads/2021/11/CIP-COVID-report-India.pdf - accessed on 01.02.2024

[3] Priority Assistive Products List Handbook - https://www.who.int/publications/i/item/priority-assistive-products-list

[4] https://adip.disabilityaffairs.gov.in/files/ADIP_English.pdf

Social Security for Unorganised Sector Workers

Unorganised workers form 93 per cent of the total workforce in India and as per the Economic Survey, 2021-22, the total number of people working in the unorganised sector was around 43.99 crores during 2019-20[1] and as on 24.07.2024, around 29.8 crore workers have been registered under the eShram portal. The National Commission for Enterprises in the Unorganised Sector (NCEUS) first brought out a comprehensive report on the unorganised sector workers in 2007. The NCEUS report[2] highlighted that the workers engaged in the unorganised sector do not enjoy various types of social protection such as employment security (protection against arbitrary dismissal), work security (protection against accident and health risks at the workplace) and social security (health benefits, pensions, and maternity benefits). In line with the recommendation of the NCEUS report, the Union Government then passed the Unorganised Workers Social Security Act in 2008 and more recently, the Code on Social Security (2020) which includes nine central legislations within its ambit of which the Unorganised Workers Social Security Act of 2008 also forms a part[3]. The Code has recognised and covered unorganised sector workers and brought uniformity in providing social security benefits to the employees. However so far, only 18 states have pre-published draft rules on this[4]. The latest Annual Survey of Unincorporated Sector Enterprises (ASUSE) shows that the number of USEs increased from 5.77 crore in 2010-11 to 6.34 crore in 2015-16, but then to only 6.5 crore in 2022-23 (with a dip to 5.97 crore in 2021-22 affected by the COVID-19 pandemic).

In India, economists[5] have long been debating the desirability of introducing Universal Basic Income (UBI) as an instrument of poverty alleviation. The Economic Survey (2016-17)[6] also engaged in this discussion. Similarly, there has also been a long standing demand for implementing a minimum monthly pension and the need to reform the existing pension schemes[7].

Regardless of the discourse, the current social security measures for safeguarding the unorganised sector workers remain limited with very few schemes exclusively addressing the issues of the sector, such as the *Pradhan Mantri* Street Vendor's *Atma Nirbhar Nidhi* (PM SVANidhi), *Pradhan Mantri Shram Yogi Maan-dhan Yojana* (PM-SYM) and the *Atal Pension Yojana* (APY). Further, various micro studies during the COVID-19 pandemic highlighted that the loss in earnings coupled with inadequate social security and low savings forced many workers engaged in the unorganised sector to take up informal loans or resort to distress sale of assets to make ends meet, which they are yet to recover from[8]. Against this backdrop, there was a huge expectation that the Union Budget 2024-25 will address the present needs of income, employment, livelihood, health and social security for the large population in the unorganised sector and raise the minimum monthly pension amount. In this budget, some of the initiatives for the unorganised sector workers are enhancement of loans limit under PM Mudra Yojana to ₹20 lakh under the Tarun category; three crore new houses under the PM Awas Yojana across rural and urban areas and increased allocation towards PM Vishwakarma scheme.

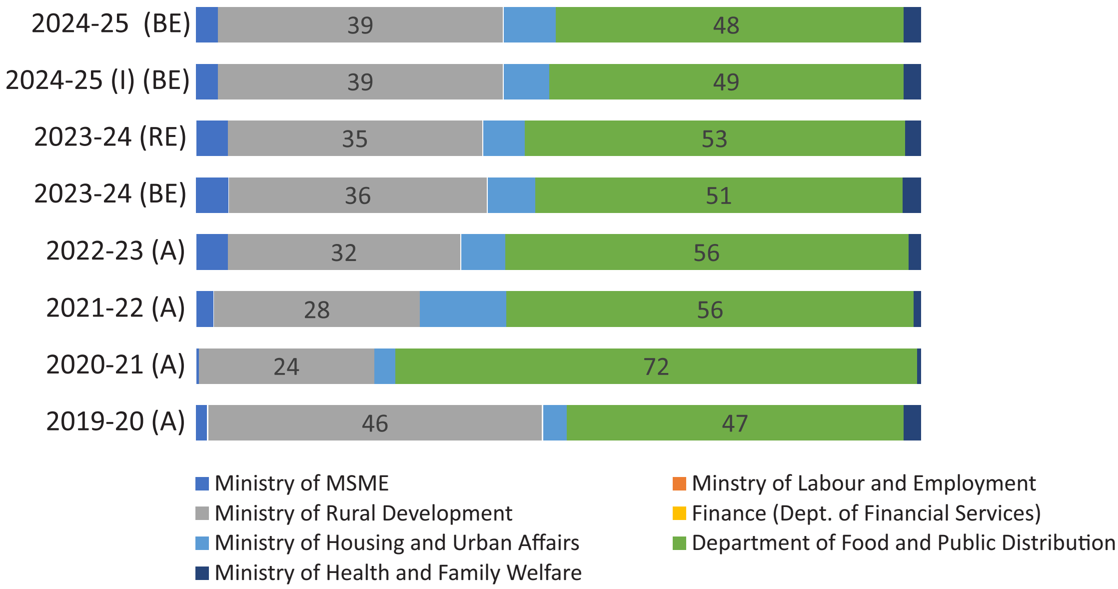
Budgetary Support towards the Social Security of Unorganised Sector

Several ministries/departments, namely the Ministry of Rural Development, the Department of Food and Public Distribution, the Ministry of Housing and Urban Affairs, the Ministry of Micro, Small and Medium Enterprise (MSME), the Ministry of Labour and Employment, the Ministry of Health and Family Welfare and Finance (Dept. of Financial Services) made budgetary allocations towards the social security of unorganised sector workers. The total allocation by these ministries/ departments for the unorganised sector in 2024-25 (BE) was Rs 4.3 lakh crore, which is 10 per cent higher than the previous year's budget estimates but 12 per cent lower compared to 2022-23 (A). Among the various ministries/departments, the Ministry of Rural Development (MoRD) and the Department of Food and Public Distribution (DFPD) have contributed nearly 88 percent of the total budget for the unorganised sector between 2019-20 to 2024-25. In 2020-21, 72 per cent of the total expenditure for the unorganised sector was financed by the DFPD as the department expended more resources via the *Pradhan Mantri Garib Kalyan Anna Yojana* (PMGKAY)[9], providing additional foodgrains as a COVID response measure to protect the fundamental Right to Food, especially for unorganised sector workers who were left without work.

MoRD's expenditure towards social security for the unorganised sector was Rs 1.1 lakh crore in 2019-20 which then increased by 54 percent to Rs 1.7 lakh crore in 2024-25. The schemes under MoRD primarily contributing to social security for the unorganised sector are the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS), *Pradhan Mantri Awaas Yojana - Grameen* (PMAY-G), the National Social Assistance Programme (NSAP) and the National Rural Livelihoods Mission (NRLM). Compared to the previous budget, MoRD's outlay for the unorganised sector increased by 19 per cent in FY 2024-25 because of the 43 percent rise in allocations towards MGNREGS.

The Ministry of Micro, Medium and Small Enterprises (MSME) allocated 77 per cent of its budget for the unorganised sector in 2024-25. Under the Ministry, the Prime Minister Employment Generation Programme (PMEGP) and other credit support schemes[10] spent more than Rs 16,000 crore in 2024-25. However, the actual allocation has declined compared to last year's budget. Since the programme was launched to provide financial assistance to self-employment ventures and generate sustainable employment opportunities for unemployed youth and traditional artisans, the decline in its outlay could hamper the programme's effectiveness. So far, it has assisted a total of 4.5 lakh micro enterprises and an estimated 37.32 lakh candidates (as on 30.11.2017)[11]. The government has allocated Rs 4,824 crore for the PM Vishwakarma scheme. This initiative aims to support economic activities undertaken by craftsmen and artisans through a saturation approach, ensuring widespread coverage and impact within these communities. According to PIB release, under the PM Vishwakarma Scheme, as of July 15, 2024, a total of 5,03,161 candidates have been certified after receiving basic training across India.

Figure 4.20: Ministry Wise Expenditure towards Social Security of Unorganised Sector Workers (in %)



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

The Ministry of Housing and Urban Affairs spent 37 per cent of its budget in 2024-25 under the *Pradhan Mantri Awas Yojana* Urban (PMAY-U). For the FY 2024-25, PMAY-U has allocated Rs 30,171 crore, which is a 20 per cent growth relative to last year's budget. Since PMAY-U targets the urban poor and the unorganised sector encompasses a significant portion of the urban population, including individuals engaged in low-income informal occupations such as construction workers, domestic workers, continued impetus to the scheme is crucial for the sector.

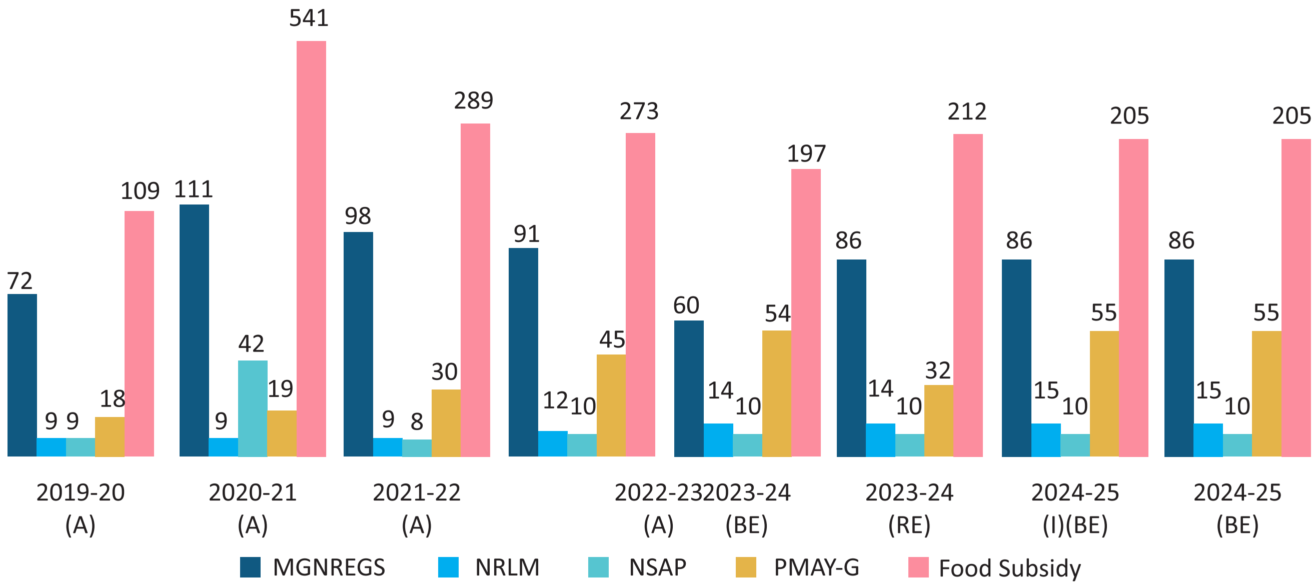
Trend Analysis of Major Schemes

Five major schemes, namely MGNREGS, NRLM, NSAP, PMAY-G and Food Subsidy are considered here which reported more than 80 per cent of the total budget towards social security for the unorganised sector. Among the five schemes, Food Subsidy has the highest proportion of budgetary distribution, followed by MGNREGS and PMAY-G in 2024-25.

Under the DFPD, food subsidy utilised only 59 per cent of its budget in 2019-20 while Rs 75,532 crore remained unspent. But it witnessed a massive increase in budgetary spending in the next year. This was due to the additional spending under PMGKAY during the pandemic. Further, in May 2020, the Government of India extended the benefits of the PMGKAY scheme to migrants (who were not eligible for the benefits otherwise) for a period of two months under the *Aatmanirbhar Bharat* Economic Package[12]. Again, in December 2022, the Union Cabinet decided to provide foodgrains to 81.35 crore beneficiaries for five years and for the scheme, the Union Government committed to spend Rs 11.8 lakh crore in the next five years under the scheme for 81.35 crore persons[13].

It is worthwhile to mention here that MGNREGS is one of the major schemes ensuring social security for the unorganised sector workers. As the demands for jobs increased from 61.6 million in 2019-20 to 87.5 million in 2020-21, there was additional allocation of Rs 40,000 crore to help mitigate the impact of the COVID-19 pandemic. As on January 30, 2024, 5.4 crore households demanded employment and 4.9 crore households were offered jobs under MGNREGS. However, only 6.5 lakh households completed 100 days of guaranteed work and the number of person-days created under MGNREGS was not only significantly lower than the norm of 100 days per household but has also declined compared to 2019-20. In spite of the fact that the MGNREGS wage continues to be 40-50 per cent lower than the minimum wages paid to unskilled agricultural workers, demand for work under MGNREGS still prevails. Hence, increased allocation towards MGNREGS can create a multiplier effect in increasing demand in the rural economy. An analysis of the Union Budget shows that the utilisation levels for MGNREGS stands at over 100 per cent across years. However, despite the high level of jobs demanded and excess utilisation of funds, the budgetary allocation towards the scheme has declined as the union budget (2024-25) allocated five per cent less than in 2022-23 (A).

Figure 4.21: Budgetary Allocations to Some of the Major Schemes for Unorganised Sector Workers (Rs thousand crore)



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

PMAY-G is a flagship mission of the Union Government and addresses the rural housing shortage and bridges the housing deficit in rural areas of India, thereby contributing pointedly to the mission of "Housing for All" by 2022. But owing to the COVID-19 pandemic and delay in fund flow[14], PMAY-G was extended for another two years, i.e. till 31st March 2024. As of 27th September 2022, two crore houses have been constructed out of the total target of 2.72 crores. Between 2019-20 and 2024-25, the allocations under the scheme increased by 201 per cent.

NSAP also experienced a massive increase (388 per cent) in budgetary spending in 2020-21. The increase in NSAP was due to a 45 per cent increase in spending under the Indira Gandhi National Old Age Pension Scheme (IGNOAPS) from the previous year and the implementation of Direct Benefit Transfer provided to Women Account Holders under PM *Jan Dhan Yojna* (PMJDY). Nearly 2.95 crore beneficiaries have been registered under the scheme[15]. Apart from central share, states/ UTs are also stimulated to offer top up amounts over and above the Central share and at present, states/UTs are adding top up amounts ranging from Rs 50 to Rs 3,200 per month per beneficiary. However, there has been no revision of the amounts since 2011, which impacts the effectiveness of the scheme in the face of inflation[16].

Insights into Schemes Exclusively Addressing the Needs of the Unorganised Sector

While several larger umbrella schemes address the issues of the unorganised sector, the number of schemes exclusively meant for the unorganised sectors are limited.

1. *Pradhan Mantri* Street Vendor's *AtmaNirbhar Nidhi* (PM SVANidhi) was launched in June 2020 to provide affordable working capital loans to street vendors who were affected by the COVID-19 pandemic. Among the schemes exclusively meant for social security for the unorganised sector, the highest allocation in Financial Year (FY) 2024-25 was under the PM SVANidhi of Rs 326.32 crore. However, the allocation in 2024-25 (BE) is 30 per cent lower than the BE and RE of the previous year. The Finance Minister announced the success of the scheme and an expansion of the same to develop 100 weekly 'haats' or street food hubs in select cities is also mentioned but the same is not reflected in the budget. According to the PIB, as on July 17, 2024, the government has disbursed more than 86 lakh loans totaling over Rs 11,680 crores to nearly 65 lakh street vendors across India.

2. The *Pradhan Mantri Shram Yogi Maan-dhan Yojana* (PM-SYM) is a voluntary and contributory pension scheme designed for unorganised workers with an entry age ranging from 18 to 40 years. Under this scheme, subscribers make monthly contributions, and the government provides a matching contribution. The scheme is aimed at providing old age protection and social security to workers in the unorganised sector. In 2024-25 (BE), the outlay for the scheme stood at 177.24 crore, which is 49 per cent lower than 2023-24 (BE).

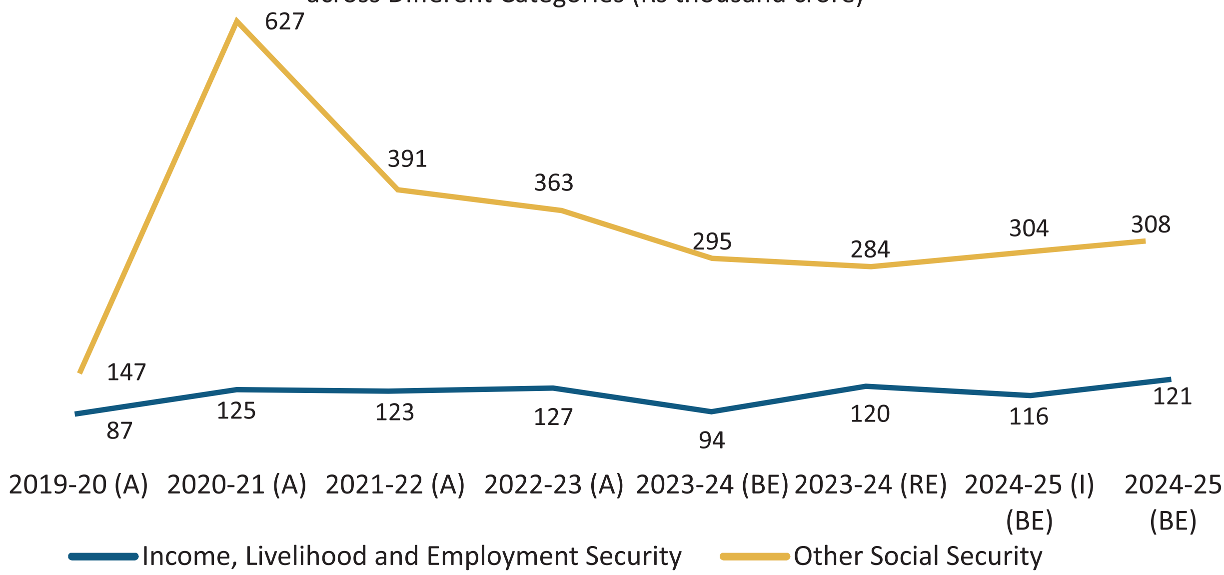
3. *Atal Pension Yojana* (APY) is a government-backed pension scheme in India, primarily targeted at the unorganised sector. It was launched in 2015 and was formerly known as *Swavalamban Yojana*. The scheme is focused on providing a guaranteed minimum pension to subscribers, with a monthly income range between Rs 1,000 and Rs 5,000. In 2024-25, the allocation under the scheme stood at Rs 521 crore which is exactly the same as the previous year. According to the Economic Survey 2023-24, the number of subscribers under *Atal Pension Yojana*, (including its earlier version NPS Lite), increased from 501.2 lakh in March 2023 to 588.4 lakh in March 2024. Despite the growth in pension subscriber base in India under APY, the predominance (92 per cent) of Rs 1,000 per month pension accounts highlights the ongoing challenges in promoting savings and retirement planning among low-income households. Furthermore, the gender wise disaggregated data for APY subscribers indicates a positive trend with female subscriber share rising from 37.2 per cent in FY 17-18 to 48.5 per cent in FY 23-24.

Overall, among the few select schemes meant to exclusively address issues of the unorganised sector, the budgetary trend in 2024-25 remained either stagnant or lower than the previous year.

Thematic Distribution of the Schemes for Social Security of Unorganised Sector

All the schemes across several ministries are classified into two categories for the purpose of analysis, these are a) Income, employment and livelihood security and b) 'Other social security'. This has been done keeping in mind the scheme's objectives of final disbursement. It is observed that since Food Subsidy, which is for a larger section of the population is considered within social security, the value of the trend line titled 'Other Social Security' became higher than Income, Livelihood and Employment security. While the categorisation of schemes into these two broad categories is only an indicative figure and does not truly reveal the overall spending towards the unorganised sector, it can still highlight the priority given to the most vulnerable sections of the population that the unorganised sector workers are a part of.

Figure 4.22: Social Security for the Unorganised Sector Workers across Different Categories (Rs thousand crore)



Note: Other Social Security includes Food Subsidy, Health Insurance, Life Insurance and Pension support.

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

Way Forward

India's nominal per capita income more than doubled from 2013-14 to 2022-23, yet this doesn't necessarily mean real income rose too[17]. The data from the government's *eShram* portal highlights that 94 per cent of unorganised sector workers earn below Rs 10,000 monthly, leaving little room for savings[18]. Therefore, access to social security for the unorganised sector workers becomes essential for maintaining their dignity and a decent standard of living.

In the Union Budget 2024-25, three schemes for 'Employment-Linked Incentives' were announced as part of the Prime Minister's package to incentivize both employers and employees. However, they are all based on enrolment in the Employees' Provident Fund Organisation (EPFO), which only includes the formal sector. For a long time there has been a pressing demand for a minimum basic income, suggested at 50 per cent of the minimum wage, to address the income disparity. Additionally, there has been demand for creating public employment opportunities by extending schemes like MGNREGS to urban areas, as some states have also begun[19], which could alleviate urban poverty and recognise the vital contribution of unorganised workers to the economy. Similar creative and alternative solutions could also have been considered in the budget. It is crucial that we discuss the potential of such approaches in the way forward as they would not only offer immediate relief but also promote long-term sustainable development and social equity, marking a critical opportunity for the government to show its commitment to the unorganised sector's well-being.

[1] Economic Survey, 2021-22, Chapter-10-Social Infrastructure and Employment, Table-8, Page-372, Available at: https://www.indiabudget.gov.in/budget2022-23/economicsurvey/doc/eschapter/echap10.pdf

[2] Report on conditions of work and promotion of livelihood in the unorganised sector, National Commission for Enterprises in the Unorganised Sector, New Delhi, August, 2007, Available at: ttps://msme.gov.in/sites/default/files/Condition_of_workers_sep_2007.pdf

[3] https://vvgnli.gov.in/en/code-social-security-2020

[4] https://economictimes.indiatimes.com/news/economy/policy/4-labour-codes-likely-to-be-implemented-by-fy23-as-many-states-ready-draft-rules/articleshow/88368893.cms?from=mdr

[5] Bardhan, P. (2017). Universal Basic Income – Its Special Case for India. Indian Journal of Human Development, 11(2), 141-143, Available at: https://doi.org/10.1177/0973703017734719

[6] Economic Survey, 2016-17, Chapter-09-Universal Basic Income: A Conversation with and within the Mahatma, Available at: https://www.indiabudget.gov.in/budget2017-2018/es2016-17/echapter.pdf

[7] https://www.youtube.com/watch?v=kNtIPI68Phw

[8] Nath, P., Mandela, S.N. & Gawali, A. Loss, Recovery and the Long Road Ahead: Tracking India's Informal Workers Through the Pandemic. Ind. J. Labour Econ. 66, 329–354 (2023), Available at: https://doi.org/10.1007/s41027-022-00418-1

[9] PMGKAY scheme was announced in March 2020 as a part of the COVID-19 relief package for the poor and under this five kg of wheat or rice and one kg of pulses were provided for free every month to persons during the period April-November 2020. All beneficiaries under the National Food Security Act, 2013 were eligible for these benefits in addition to their existing foodgrain entitlements.

[10] Here, the other credit support schemes includes Credit Support Programme, Distressed Assets Fund and Guarantee Emergency Credit Line (GECL) facility to eligible MSME borrowers.

[11] Rajya Sabha Starred Question No.*179, Answered on January 3, 2018

[12] https://pib.gov.in/PressReleasePage.aspx?PRID=1625313

[13]https://pib.gov.in/PressReleaseIframePage.aspx?PRID=1980689#:~:text=The%20Cabinet%20led%20by%20Prime,from%201%20st%20January%2C%202024.

[14] Rajya Sabha Unstarred Question No. 2503, Answered on March 22, 2023

[15] https://nsap.nic.in/nationalleveldashboardNew.do?methodName=nationalLevelInitial&val=temp&schemeCategory=ALL

[16] The total approved budget outlay of NSAP for its implementation for five years during 15th Finance Commission cycle (i.e. from 2021-22 to 2025-26) is Rs.47,808.31 crore (including Rs.32,528.56 crore under IGNOAPS). The budget allocation for NSAP for FY 2023-24 is Rs. 9636.32 crore (including Rs. 6634.32 crore for IGNOAPS) as answered on December 6, 2023 in Rajya Sabha Unstarred Question No. 429

[17] https://www.deccanherald.com/business/indias-per-capita-income-doubled-since-modi-became-pm-says-data-1197422.html

[18] https://theleaflet.in/rising-national-income-but-declining-welfare-of-people/

[19] On the line of MGNREGS, Indira Gandhi Shahri Rozgar Guarantee Yojana, Mukhyamantri Yuva Swabhiman Yojana, Mukhya Mantri Shahri Ajeevika Guarantee Yojna, Unnati and Mukhyamantri Shramik Yojana has launched by Rajasthan, Madhya Pradesh, Himachal Pradesh, Odisha and Jharkhand governments respectively in urban areas as employment guarantee schemes.

ANNEXURES

Understanding Budget Concepts

Navigating the Union Budget Documents

Budget Cycle of the Union Government

ANNEXURES

Understanding Budget Concepts

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

Figure A1: Classification of Government Receipts

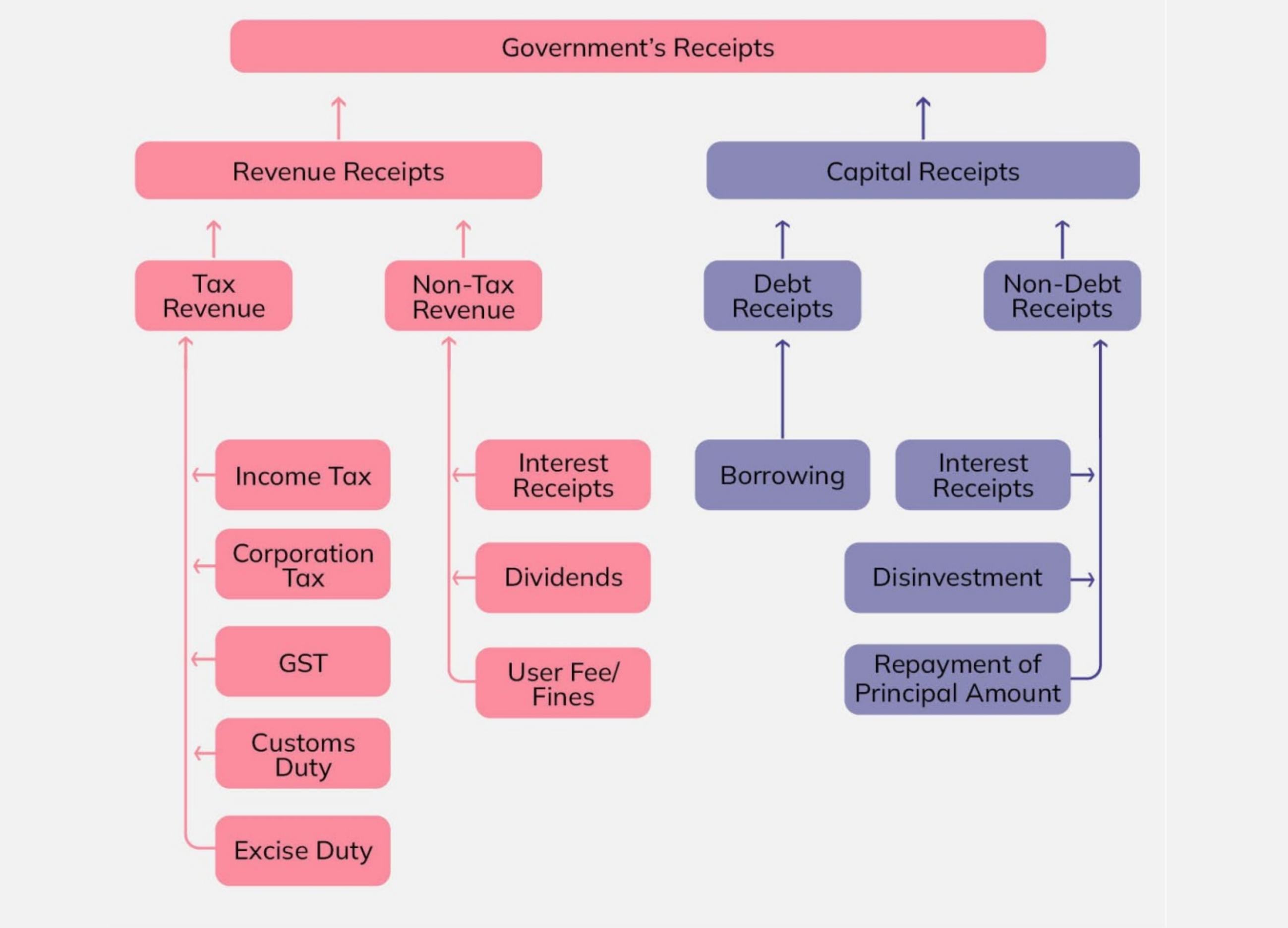
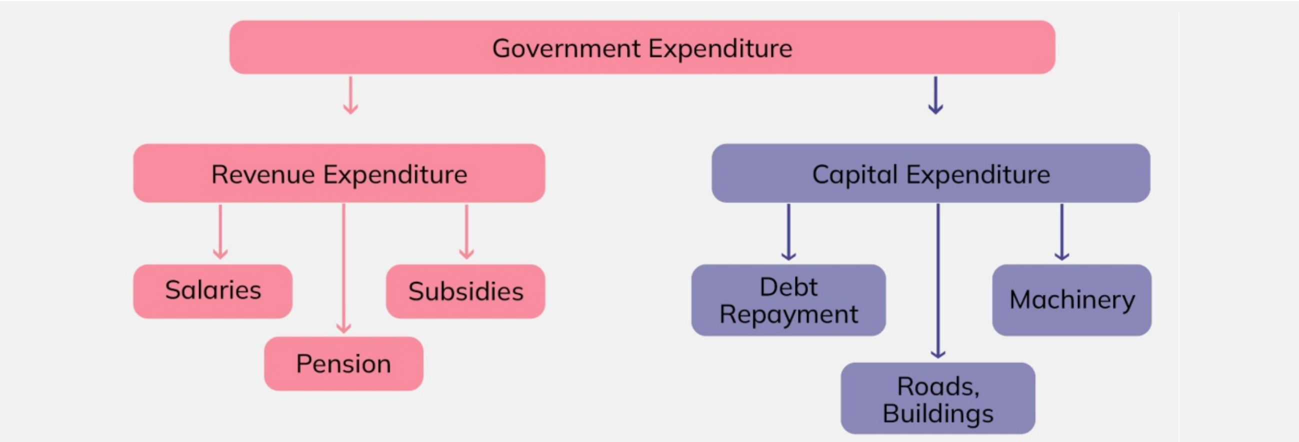


Figure A2: Classification of Government Expenditure



Classification of Government Schemes

All schemes have some defining features based on who designs them, how they are designed, how they are funded, who are the beneficiaries, how are the benefits delivered/how the scheme is implemented, among others.

Based on who designs and funds, there are three different types of schemes:

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

Deficit and Debt

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

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

Budget Estimates, Revised Estimates and Actuals

Budget Estimates	Revised Estimates	Actuals
The estimates presented in a budget for the approaching fiscal year are Budget Estimates (BE).	The estimates presented for the ongoing fiscal year based on the performance in the first six months of the fiscal year are Revised Estimates (RE).	The amounts actually spent by the government in the previous financial year, which have been audited and certified by the office of CAG of India.

Taxation: Concepts and Trends

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

1. Tax Revenue and Non-Tax Revenue

Tax Revenue	Non-Tax Revenue
Tax Revenue refers to those receipts that a government raises through the means of taxation. Taxation refers to the payments imposed by legislation. The government has the unique capacity to raise receipts through taxation.	Non-Tax Revenue refers to revenue raised by the government through instruments other than taxes such as fees / user charges, dividends and profits of PSUs, interest receipts, penalties and fines.

2. Direct and Indirect Tax

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

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

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

3. Division of Taxation Powers between Centre and States

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

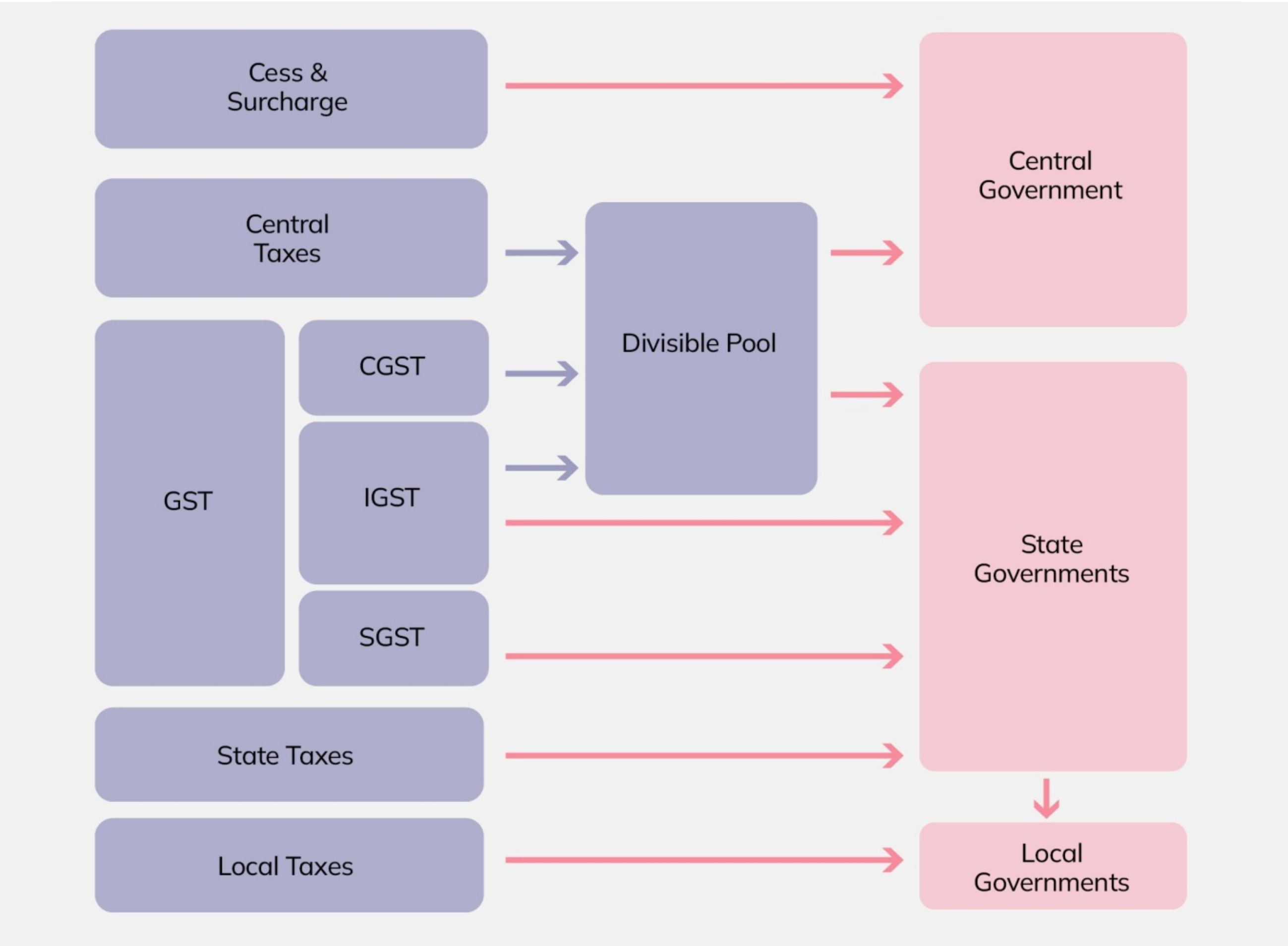
Figure A3: Distribution of Power for Major Taxes

From the figure above, it can be seen that some of the major taxes were replaced by GST. They are: Service tax, Union excise duty, Sales tax and Value Added Tax (VAT). Currently, four bodies - three Governments and the GST Council - administer the raising of tax revenues.

4. Distribution of Revenue collected in the Central Tax System

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

Figure A4: Sharing of Tax Revenue between Governments in India



5. Tax-GDP Ratio

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

Definitions of some important taxes

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

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

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

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

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

To know more about government budgets in India, visit Budget Basics section on the Open Budgets India (OBI) portal. Budget Basics is designed to help understand government budgets in an easy and accessible way. It has twelve sections covering all aspects of the budget.

Navigating the Union Budget Documents

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

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

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

More details about government budget documents can be accessed here:
https://budgetbasics.openbudgetsindia.org/budget-documents

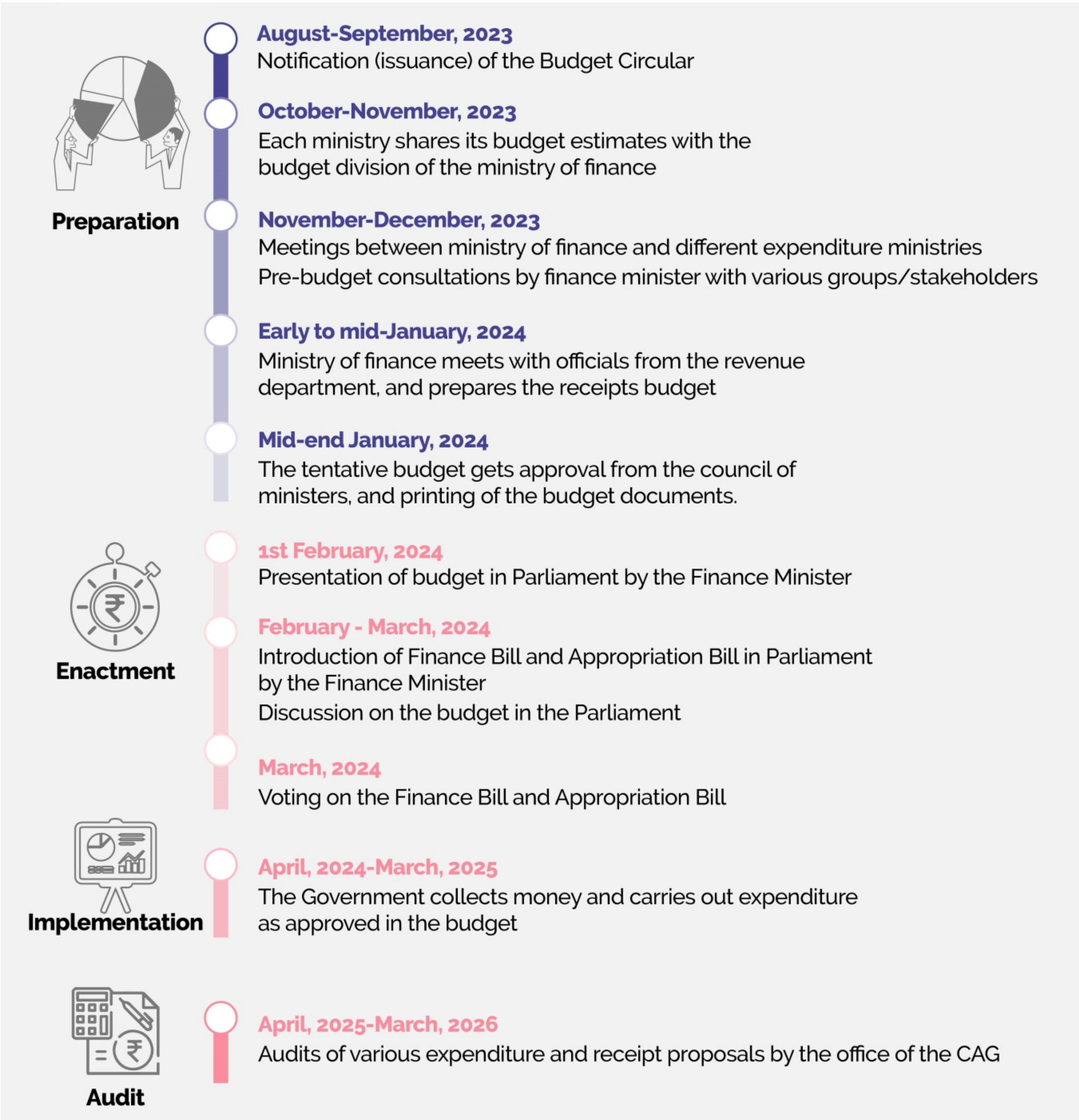
Budget Cycle of the Union Government

There are four stages of a budget cycle.

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

The below figure captures the various processes involved in an annual Union budget. While it shows processes of Union Budget 2024-25, in parallel, the implementation of Union Budget 2023-24 is ongoing and the audit of Union Budget 2022- 23 is being undertaken.

Figure A5: Different Stages of Union Budget 2024-25



More details about government budget related processes can be accessed here:
https://budgetbasics.openbudgetsindia.org/budget-process

About CBGA

Centre for Budget and Governance Accountability (CBGA), an independent not-for-profit based in Delhi, analyses public policies and budgets in India and advocates greater transparency, accountability and scope for participation in budgets. For further information about CBGA's work, please visit www.cbgaindia.org or write to us at: info@cbgaindia.org.

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

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Special thanks for contributing towards this publication to:

Meenakshi Balasubramanian, Sangeeta Kanwar, Shiney Chakraborty and Shruti Ambast.

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