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THE SOCIAL SECTOR HAS BEEN SHORT-CHANGED ONCE AGAIN

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Workers construct stone bunds under the MGNREGS at the Kembanur settlement in Gobichettipalayam taluk in Erode district, Tamil Nadu. | Photo Credit: GOVARTHAN M.

The 2023 Budget did not have any big welfare announcements, which are usually expected from a government's last full Budget before it faces national elections, and especially when there is a general economic slowdown that has particularly affected the poor. Rather, it reiterates the strategic vision of this government in which both economic recovery and job creation rest on increased capital expenditure (capex) by the government, and welfare spending is not a priority. The Budget announced a capex of 10 lakh crore, a 33% increase over last year. Along with grant-in-aid for capital assets, the budget estimate (BE) for effective capex is now 13.7 lakh crore, which is 4.5% of the GDP, up from 3.9% last year. This increase is accompanied by the government remaining on its 'path of fiscal consolidation,' with the fiscal deficit for FY24 projected to be 5.9% of the GDP, a reduction from 6.4% for the current year. The Finance Minister reiterated her commitment to reaching a fiscal deficit below 4.5% by 2025-26. What this has meant is that essential schemes that provide a safety net and contribute to better human development outcomes have been short-changed.

The BE for food subsidy is 1.97 lakh crore compared to the revised estimate (RE) of 2.8 lakh crore for 2022-23. This did not come as a surprise as the government had already announced the withdrawal of additional provision of 5 kg of cereals per person per month through the Pradhan Mantri Garib Kalyan Anna Yojana (PMGKAY), introduced as part of the COVID-19 relief package in 2020. The existing benefits under the National Food Security Act continue and will now be given for free, but this does not compensate for the reduced quantity of grains. The PMGKAY played a critical role in preventing starvation during the pandemic and needed to be continued with the same quantity for longer.

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The Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS), which contributed significantly to livelihoods for many over the last two years, has also seen a massive budget cut. The BE for 2023-24 is 60,000 crore compared to the RE of 89,400 crore for 2022-23. Even with the increase in the work provided, there is a huge unmet demand, which is being discouraged by delayed wage payments and low wage rates. Therefore, an increase in budgetary support was required, along with the removal of barriers to timely and appropriate

payments, such as the app-based attendance monitoring system. MGNREGS wages for a few years have been not only lower than the minimum wages, but also the prevailing market wages for unskilled workers in rural areas.

Programmes that provide nutritional support for women and children have also seen inadequate and lower allocations. The allocation for Saksham Anganwadi, which includes anganwadi services, Poshan Abhiyan and a scheme for adolescent girls, remains almost the same at 20,554 crore compared to the 20,263 crore last year (BE and RE). The school meals scheme, rechristened PM-POSHAN, has been allocated 11,600 crore compared to the RE of 12,800 crore for 2022-23. And Samarthya, which includes the maternity entitlements scheme along with a few other women empowerment schemes, has been allocated 2,582 crore compared to the previous year's allocation of 2,622 crore (BE). Each of these schemes pertains to some of the most vulnerable communities and provides services that are critical to improving nutrition status. A recent report of the Accountability Initiative showed that the budgets for anganwadi services and mid-day meals are over 30% less than in 2011 in real terms. What this means is that the number of beneficiaries is declining, the per beneficiary allocations have not changed for years and contributions towards honorariums for anganwadi workers, helpers and mid-day meal cooks have been stagnant.

Budget 2023 | Funds for minority schemes slashed, allocation reduced 38% than last year

The allocations for old age, widow and disabled pensions under the National Social Assistance Programme have also remained stagnant (around 9,600 crore). The important areas in the social sector — education and health — have also not seen any substantial increase. In nominal terms, the Budget of the Department of School Education has increased by 8.4% and that of the Department of Health and Family Welfare by 3.8%. To achieve the spending goals set by the national policies on education (6% of GDP) and health (2.5% of GDP), the allocations need to be doubled.

Along with the immediate impact that the low investments in these areas have on the lives of people, it must also be recognised that expenditure on these different social sector initiatives contribute in a large way to improving the lives of people in the long term as well as to economic revival. Spending on MGNREGA or the food subsidy or pensions can revive demand. Providing public services in health and education improves human development outcomes, increases productivity, and creates employment opportunities. To what extent capex contributes to job creation, especially for wage workers, needs to be assessed. The increases in capex are to a large extent in highways and railways — areas which use capital-intensive technologies with small wage components. Therefore, the issue is not just about protecting some 'doles' for the poor but on what our vision for *Amrit Kaal* is – it surely can't be one where half the population has to struggle with access to education, health, nutrition and social security.

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Union Budget

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