

# THE DISMAL CASE OF SLASHING SCHEMES AND CUTTING FUNDS

Relevant for: Developmental Issues | Topic: Government policies & interventions for development in various Sectors and issues arising out of their design & implementation incl. Housing

'For schemes that exist, there are challenges such as funding cuts, disbursement and utilisation of funds' | Photo Credit: Getty Images

Over the past three years, over 50% of existing central government-sponsored schemes have been discontinued, subsumed, revamped or rationalised into other schemes. The impact has been varied across Ministries. For example, for the Union Ministry of Women and Child Development, there are just three schemes now out of 19 schemes, i.e., [Mission Shakti](#), [Mission Vatsalya](#), [Saksham Anganwadi](#) and [Poshan 2.0](#). [Mission Shakti](#) itself replaced 14 schemes which included the 'Beti Bachao, Beti Padhao' scheme.

In the case of the Ministry of Animal Husbandry and Dairy, just two schemes remain out of 12. Additionally, the Ministry has ended three schemes which include Dairying through Cooperatives, National Dairy Plan-II, etc. For the Ministry of Agriculture and Farmers' Welfare, there are now three out of 20 (Krishonnati Yojana, Integrated Scheme on Agricultural Cooperatives and the [Rashtriya Krishi Vikas Yojana](#)), while there is little information on the National Project on Organic Farming or the National Agroforestry Policy. There may be some who believe that a reduction in government schemes is a notable achievement. But does this lead to better governance, through less government? Are we reducing the state to the bare bones?

For schemes that exist, there are challenges such as funding cuts, disbursement and utilisation of funds. As of June 2022, 1.2 lakh crore of funds meant for central government-sponsored schemes are with banks which earn interest income for the Centre.

The Nirbhaya fund (2013) with its focus on funding projects to improve the public safety of women in public spaces and encourage their participation in economic and social activities is an interesting case; 1,000 crore was allocated to the fund annually (2013-16), and [remained largely unspent](#). As of FY21-22, approximately 6,214 crore was allocated to the fund since its launch, but only 4,138 crore was disbursed. Of this, just 2,922 crore was utilised; 660 crore was disbursed to the Ministry of Women and Child Development, but only 181 crore was utilised as of July 2021. Yet, a variety of women-focused development schemes across States are being turned down or ended. Meanwhile, [women continue to face significant risks](#) while in public spaces.

Farmers have not been spared either with fertilizer subsidies having been in decline over the last few years; actual government spending on fertilizers in FY20-21 reached 1,27,921 crore. In the FY21-22 Budget, the allocation was 79,529 crore (later revised to 1,40,122 crore amidst the COVID-19 pandemic). In the FY22-23 Budget, the allocation was 1,05,222 crore. Allocation for NPK fertilizers (nitrogen, phosphorus, and potassium) was 35% lower than revised estimates in FY21-22. Such budgetary cuts, when fertilizer prices have risen sharply after the [Ukraine war](#), have led to [fertilizer shortages and farmer anguish](#). How will we incentivise farmers to continue agricultural operations?

It is the same story with the rural poor. The [allocation for the Mahatma Gandhi National Rural Employment Guarantee Act \(MGNREGA\) went down](#) by approximately 25% in the FY22-23

Budget earlier this year, with the allocated budget at 73,000 crore when compared to the FY21-22 revised estimates of 98,000 crore. The Economic Survey 2022-23 has highlighted that demand for the scheme was higher than pre-pandemic levels as rural distress continues. Anecdotal cases show that actual funding disbursement for MGNREGA has often been delayed, leading to a decline in confidence in the scheme. The Garib Kalyan Rojgar Abhiyaan (June 2020, for a period of 125 days) sought to provide immediate employment and livelihood opportunities to the rural poor; approximately 50.78 crore person days of employment were provided at an expenditure of approximately 39,293 crore (against an announced budget of 50,000 crore, Ministry for Rural Development). One must also note that the scheme subsumed 15 other schemes. With between 60 million to 100 million migrant workers who seek informal jobs, such a scheme should have been expanded.

Now to [health-care workers](#). For [Accredited Social Health Activists \(ASHA\)](#), who are the first responders, there have been delays in salaries for up to six months. Regularisation of their jobs continues to be a struggle, with wages and honorariums stuck at minimum levels.

There is one more example. Biodiversity has also been ignored. Funding for wildlife habitat development under the Ministry of Environment, Forest and Climate Change has declined: from 165 crore (FY18-19), to 124.5 crore (FY19-20), to 87.6 crore (FY20-21). Allocations for Project Tiger have been slashed — 323 crore (FY18-19) to 194.5 crore (FY20-21). A pertinent question is about meeting climate change obligations in the face of funding cuts.

Rather than downsizing government schemes and cutting funding, one should right size the government. After the Goods and Services Tax reform, the Centre-State relationship has been transformed, with fiscal firepower skewed towards the Centre. Our public services require more doctors, teachers, engineers and fewer data entry clerks. We need to build capacity for an efficient civil service to meet today's challenges, i.e., providing a corruption-free welfare system, running a modern economy and providing better public goods. Rather than having a target of fewer government schemes, we should raise our aspirations towards better public service delivery.

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