



## Modi Era Budget : Implications for the Social Sector

### KEYWORDS

Budget; NDA (National Democratic Alliance); Social Sector etc.

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**ABSTRACT** *In almost last ten years hardly such attention was given to union budgets in India, what we are seeing with the present 2015-16 budget. Not only domestically, but internationally many people are looking at it with curiosity, regarding how the new NDA II government will boost the economy of the country, which is showing some decline for past few years. However, for common man budget is not only about how economy will grow. Instead for him/her, the big question will be how the union government is going to spend in the social sectors. The present paper going to discuss about 2015-16 budget implications for the social sector. Also highlighting some important recommendations of 14th Finance Commission which is going to implement from (2015-16 to 2019-20) and which will have some impact on the social sector programmes from the current financial year (2015-16).*

The person belongs to various streams of the society in any country in the world, hardly very keen and excited about the budget of their government. As we see, in the case of people in India. In our country, every year when the budget going to be present in the Parliament by the Finance Minister, there exist a buzz around the country among the people, especially among the middle class. Who always glue to the television on 28<sup>th</sup> February (budget day) to look for any favours done to them by the finance minister. The finance minister (Government of India) tables many documents on the budget day, but one document which is very important amongst the all, is the Annual Financial Statement. The article 112 of Indian Constitution talks about Annual Financial Statement, which is basically, means a statement of estimated receipts and expenditure in respect of every financial year starting from 1<sup>st</sup> April to 31<sup>st</sup> march.

### THE BUDGET 2015-16 IS VERY SIGNIFICANT FOR VARIOUS REASONS:

Firstly, it is a first full- fledged budget of the NDA(National Democratic Alliance) II government after coming to power, the last budget was presented in the month of July 2014, and thus technically it cannot cover 12 months period. Also, there was not enough time for the NDA II government to prepare the budget, which was presented within the 45 days of the formation of the government.

Secondly, the present NDA II government led by BJP which came to power last year (2014) in the month of May is the first government in last 30 years, which has got majority of seats on its own, without any support from other parties i.e. no pressure of coalition politics. This verdict of the common people was in favour of bringing stable and strong government at the centre.

Thirdly, the present budget (2015-16) can be called as third generation reform budget. The first generation reform budget was present in the year 1991-92 by the Congress government. The second generation reform budget in the year 2001-02 by the BJP led NDA I government and the present budget (2015-16) was the third generation reform budget. The reason for being called the present budget, as a third generation reform budget because,

after the policy paralysis and stagnant in economy, especially during the UPA II government. The Indian economy needed some push especially in the field of infrastructure and manufacturing sector. Also the feelings and aspirations of the citizens of this country, who are not happy with the previous UPA II government at the Centre and the reasons, are known to everyone. The people are having greater expectations from the present government, that can bring improvement and progress in their lives, and more importantly taking the country towards the path of development.

Fourthly, the budget 2015-16 is prepared for the first time in the history of India, without the help, assistance, suggestions etc, from the Planning Commission, which was abandoned and new institution was created called NITI (National Institution for Transforming India) Aayog. The Planning Commission which came into existence, by the resolution of the Government of India in March 1950 and then onwards, it gives suggestions relating to the: the magnitude of funds as Central Assistance from the Union budget for State and UT plans to different States and Union Territories; and the magnitude of funds to be given to Central government ministries/ departments for plan expenditure on the Central Sector Schemes (Parvati, Pooja. 2013) But the present budget is totally prepared by the Ministry of Finance and to some extent, we can say that Prime Minister Office (PMO) is also involved in it.

### IMPLICATIONS FOR THE SOCIAL SECTOR

The Ministry/Department which are seen reduction in their budget for 2015-16 was (see the table no.1.1): ministry of drinking water and sanitation from 12107 crore in 2014-15 to 6244 crore in 2015-16 Budget estimate (BE), i.e., almost (50%) reduction in the field. This was also, the lowest allocation in the last five years. The ministry of human resource development budget also reduce from 70505 crore in 2014-15 to 69075 crore in 2015-16BE. Since, from the budget 2013-14, not much increase has been seen in this ministry. Thus, this will create handicap in the way of achieving the Gross Enrolment Ratio (GER) of (30%) in the field of higher education and also the improvement in the field of secondary education in the country. As more focus are given to the primary education only. The ministry of minority affairs saw a meagre increase from 3165 crore in 2014-15 to 3738 crore in 2015-16BE. The ministry of

women and child development budget also reduce from 18588 crore in 2014-15 to 10382 crore in 2015-16BE. This ministry saw increase in the budget from 2011-12 till 2014-15 budget, but this year allocation is more or less same, what was allocated in the year 2010-11 budget with 10688 crore. For the rural areas, the most neglected field in the 2015-16 budget is Panchayati Raj. According to the 2014-15 BE, the amount of 7001 crore was allocated, which was revised to 3401 crore for 2014-15 RE. But drastic reduction was seen in the present budget with meagre allocation of 95 crore. Overall, the share of social sector expenditure (including food subsidy) as percentage of GDP is going down from 3.40% in 2010-11; 3.12% in 2011-12; 2.85% in 2012-13; 2.74% in 2013-14; 2.84% in 2014-15; and 2.57% in 2015-16 BE.

**Table no.1.1: Social Sector Expenditures by Union Government (in Rs. Crore)**

Ministries/Departments	2010-11	2011-12	2012-13	2013-14	2014-15(RE)	2015-16(BE)
Ministry of Culture	1322	1309	1388	1989	2159	2169
Ministry of Drinking Water and Sanitation	10570	9998	12969	11941	12107	6244
Ministry of Health and Family Welfare (including AYUSH)	24450	27199	27885	30135	31965	33282
Ministry of Housing and Urban Poverty Alleviation	828	957	933	1084	3413	5634
Ministry of Human Resource Development	51904	60146	66055	71322	70505	69075
Ministry of Labour and Employment	2806	3318	3645	4233	4311	5361
Ministry of Minority Affairs	2020	2298	2174	3027	3165	3738
Ministry of Social Justice and Empowerment	4245	5029	4940	5515	5893	7162
Ministry of Tribal Affairs	3152	3625	3073	3839	3872	4819
Deptt. of Urban Development	6572	6858	6541	7297	11013	16832
Ministry of Women and Child Development	10688	15671	17036	18037	18588	10382

Ministry of Youth Affairs and Sports	2841	970	871	1123	1157	1541
Deptt. of Rural Development	72109	64263	50187	58666	68204	71695
Total Expenditure under Social Sector						
Ministries/Deptts. (Excluding Food Subsidy)						
Ministry of Consumer Affairs, Food and Public Distribution (Food Subsidy)	71472	74277	86677	93317		
Share of Social Sector Expenditure (Excluding Food Subsidy) as % of GDP	2.49	2.28	1.98	1.92	1.86	1.68
Share of Social Sector Expenditure (Including Food Subsidy) as % of GDP	3.40	3.12	2.85	2.74	2.84	2.57

Note: Budget Estimate (BE) and Revised Estimate (RE). Source from-“Of Bold Strokes and Fine Prints- Analysis of Union Budget 2015-16”, Centre for budget and governance accountability(CBGA), March 2015, New Delhi, PP.8-9.

With the recommendations of 14<sup>th</sup> Finance Commission going to implement from (2015-16 to 2019-20), the number of schemes are going to be transferred to the State government, which is said to be 24 schemes, on the pretext of higher tax devolutions to the States from the centre and 31 schemes will be with the Central government like Sarva Shiksha Abhiyan and Mid-Day Meal etc., and 8 schemes are already abolished (see the table no.1.5). Already many important social sector programmes or schemes are transferred to the states and in coming years we will see more responsibility to the States in this front. But the questions remains to be answered are states ready to do it, especially, how to enhanced their resources. No doubt, the share of States in Central Taxes would go up from Rs 3.37 lakh crore in 2014-15 to Rs 5.23 lakh crore in 2015-16 BE and Non Plan Grants and Loans to States would increase from Rs 80338 crore in 2014- 15 to Rs 1.08 lakh in 2015-16 BE, the overall magnitude of Central Assistance to States and UTs for Plan Spending is going to

decline sharply from Rs 2.7 lakh crore in 2014-15 to Rs 1.95 lakh crore in 2015-16 BE( see the below table no.1.2) . This is because, the Centre is not only going to discontinue most forms of untied assistance for Plan spending by States, starting from the financial year 2015-16, the Central government will also not going to cover the revenue expenditure for 24 plan schemes like Indira Awas Yojana; National Rural Livelihoods Mission; National Rural Drinking Water Programme; Rashtriya Krishi Vikas Yojana; National Health Mission etc. The Centre will only cover capital expenditure which was very miniscule for many programmes listed in the ( table no.1.3 ), for example, assets or infrastructure creation and not on the salary of staff which is revenue expenditure which will be a major component shared by the State governments (Centre for Budget and Governance Accountability. 2015).

**Table no.1.2: Transfer to States (Rs. Crore)**

Years	States share of Taxes and Duties	Non-Plan Grants and Loans	Central assistance for State & UT(with legislature) Plans	Assistance for Central and Centrally Sponsored Schemes
2010-11	219303	49875	89403	30606
2011-12	250522	51595	96266	40047
2012-13	291547	51402	101825	41289
2013-14	318230	60631	105252	44111
2014-15	337808	80338	270269	4586
2015-16	523958	108630	195778	23869

Source from- Rukmini, S. "Budget 2015-16 in eight charts", the hindu, 1<sup>st</sup> march, Sunday, 2015. Available on: <http://www.thehindu.com/business/budget/budget-201516-in-seven-charts/article6948182.ece>, accessed on 3<sup>rd</sup> march 2015.

**Table no.1.3: Schemes with changed pattern of sharing between Centre and States (Centre to bear only Capital Expenditure)**

1 Cattle Development
2 Mission for Integrated Development of Horticulture
3 Rashtriya Krishi Vikas Yojana
4 National Livestock Mission
5 National Mission on Sustainable Agriculture
6 Dairy Vikas Abhiyaan
7 Veterinary Services and Animal Health
8 National Rural Drinking Water Programme
9 Swaccha Bharat Abhiyaan (Rural and Urban)
10 National Afforestation Programme
11 National Plan for Conservation of Aquatic Eco-Systems (NPCA)
12 National AIDS and STD Control programme
13 National Health Mission
14 National Urban Livelihoods Mission (NULM)
15 Rashtriya Madhyamik Shiksha Abhiyaan (RMSA)
16 Strategic Assistance for State Higher Education - Rashtriya Uchcha Shiksha Abhiyan (RUSA)
17 For Development of Infrastructure Facilities for Judiciary
18 National Land Records Modernisation Programme
19 National Rural Livelihood Mission (NRLM)
20 Rural Housing- Housing for All (IAY)
21 Integrated Child Development Service
22 Rajiv Gandhi Khel Abhiyan (RGKA) (erstwhile Panchayat Yuva Krida aur Khel Abhiyan (PYKKA)

23 PMKSY(including Watershed programme and Micro irrigation)
24 Impact Assessment Studies of AIBFMP

Source from-"Of Bold Strokes and Fine Prints- Analysis of Union Budget 2015-16", Centre for budget and governance accountability(CBGA), March 2015, New Delhi, pp.7-8.

**Table no:1.4: Schemes that continue to be fully supported by Union Government**

1 Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGA)
2 Multi Sectoral Development Programme for Minorities (MSDP)
3 Pre-Matric Scholarship for children of those engaged in unclean occupation
4 Scholarship schemes (Post and Pre Matric) for SC, ST and OBCs
5 Support for Machinery for implementation of Protection of Civil Rights Act, 1955 and Prevention of Atrocities Act 1989
6 National Programme for persons with Disabilities
7 Scheme for providing Education to Minorities
8 Umbrella scheme for education of ST Children
9 Indira Gandhi Matritva Sahyog Yojna (IGMSY)
10 Integrated Child Protection Scheme (ICPS)
11 Rajiv Gandhi Scheme for Empowerment of Adolescent Girls (RGSEAG)- SABLA
12 National Nutrition Mission (NNM)
13 Scheme for protection and development of women
14 Assistance for schemes under proviso(i) to Article 275(1) of the Constitution
15 Special Central Assistance to Tribal Sub-Plan
16 Sarva Shiksha Abhiyaan (Financed from Education Cess)
17 Mid-Day Meal
18 Schemes of North Eastern Council
19 Special Package for Bodoland Territorial Council
20 National Social Assistance Programme (NSAP) including Annapurna
21 Grants from Central Pool of Resources for North Eastern Region and Sikkim
22 Social Security for Unorganized Workers Scheme
23 Support to Educational Development including Teacher Training and Adult Education
24 Border Area Development Programme
25 Member of Parliament Local Area Development Scheme (MPLADS)
26 Cess backed allocation for Pradhan Mantri Gram Sadak Yojna (PMGSY)
27 Roads and Bridges financed from Central Road Fund
28 Project Tiger
29 Project Elephant
30 Additional Central Assistance for Externally Aided Projects (Loan Portion)
31 Additional Central Assistance for Externally Aided Projects (Grant Portion)

Source from-"Of Bold Strokes and Fine Prints- Analysis of Union Budget 2015-16", Centre for budget and governance accountability(CBGA), March 2015, New Delhi, pp.6-7.

**Schemes delinked from support from the Centre:**

There are total of eight schemes which are delinked from support from the Centre in this budget. Although, this is not new in India, in the past also the Central government done this. But here, the schemes which are delinked are very important one (see the table no.1.5) like National e-Governance Plan; Backward Regions Grant Funds; Modernization of Police Forces; Rajiv Gandhi Panchayat Sashaktikaran Abhiyaan (RGPSA). The argument that, the Central government is giving, because now with the imple-

mentation of recommendations of the 14th Finance Commission, the State resources are going to increase. Thus, it is up to the State government to continue or not with these schemes. This argument is totally illogical, for example in the case of National e-Governance Plan, which was implemented through the country since the year 2006 in the Mission Mode Projects. The e-governance initiatives at the State level were first of all taken by the government of undivided Andhra Pradesh in 1980s and then many State governments followed. But the problem with e-governance initiatives, before the introduction of National e-Governance Plan was, that only few States had taken initiatives by their own, and not many States are coming forward to implement e-governance initiatives at their State. As a result, the benefits and advantages which e-governance deliver to the people in one State, is not available to the people living in other States, where there is no or lack of e-Governance initiatives taken by the particular State government. Especially, we can see the difference between south Indian States, where many e-governance initiatives started before National e-Governance Plan on the one hand, and the north Indian States on the other hand, which is still far behind. Thus, if Central government leaves it to the State government for taking initiatives on the above mentioned schemes, which are very much national importance, will be ignore by some State government and the main reason will be lack of adequate resources, like what we see in the field of e-governance.

**Table no. 1.5: Schemes to be discontinued by the Centre**

1 National e-Governance Plan
2 Backward Regions Grant Funds
3 Modernization of Police Forces
4 Rajiv Gandhi Panchayat Sashaktikaran Abhiyaan (RGPSA)
5 Scheme for Central Assistance to the States for developing export infrastructure
6 Scheme for setting up of 6000 Model Schools
7 National Mission on Food Processing
8 Tourist Infrastructure

Source from-"Of Bold Strokes and Fine Prints- Analysis of Union Budget 2015-16", Centre for budget and governance accountability(CBGA), March 2015, New Delhi, p.7.

## CONCLUSION

Thus, to bring the country on the path of development, progress and fulfilling the growing demands and aspirations of the citizens, a financial document called budget is an important one in the right direction. But, unless, the social sector in the budget is given much importance, there cannot be any development of the country in true sense. Even, the slogan of "Sab ka Saath Sab ka Vikas", will be incomplete, without taking into account the problems or hurdles faced by the vital social sector in the country like; education; health; rural development; disadvantaged groups like women; Scheduled castes; Scheduled tribes; minority groups etc.

## REFERENCE

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