Sattva Knowledge Institute SKI update

BUDGET 2024 AND THE SOCIAL SECTOR

February 2024

Acknowledgements

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All data in this report has been sourced from documents and speeches pertaining to the current Budget report 2024-25, historical Budget reports or can be found in central government data. Any other references have been linked in directly.

About Sattva Knowledge Institute

Sattva Knowledge Institute (SKI), established in 2022, is our official knowledge platform at **Sattva**. The **SKI** platform aims to guide investment decisions for impact, shedding light on urgent problems and high potential solutions, so that stakeholders can build greater awareness and a bias towards concerted action. Our focus is on offering solutions over symptoms, carefully curating strong evidence-based research, and engaging decision-makers actively with our insights. Overall, **SKI aims to shift intent and action toward greater impact by influencing leaders with knowledge.** All of our content proactively leverages the capabilities, experience and proprietary data from across **Sattva**.

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Continuing Focus on the Long-term Vision, Even in an Election Year

It was just an Interim Budget, yet the government's focus on social progress continues. Given that this is an election year and this Budget was just an interim one, the government could have been tempted to include populist elements in the Budget announcements. However, it has opted for a balanced approach keeping in mind its long-term vision of *Viksit Bharat@2047*. A vision which imagines India as a developed nation in 2047 with not just economic growth, but also social progress, environmental sustainability, and good governance. In our view, that was the single biggest positive outcome for the social sector from this year's announcements.

There were several positives to take away from the announcements. The finance minister continues to emphasise the focus on the farmer and "annadata" (provider of food) underlining the importance of the **agriculture** sector, which includes key elements such as Farmer Producer Organisations (FPO), micro-enterprises, post-harvest processing, and water conservation. Sovereign green bond issuances, while still a very small portion of the government's total market borrowings, continue to rise as a source of **capital**. Our **digital public infrastructure** has few parallels anywhere in the world and continues to be a game-changer in ensuring equity. The Budget highlights the government's continuing commitment to it, in areas from financial inclusion to small businesses, education, healthcare, and agriculture. Initiatives in **education** continue to be inclusive with special allocations for tribal students. India's continuing focus on having a separate **gender** Budget is commendable, although we wish for a holistic integration of gender-related budgeting across departments and ministries. A targeted focus on women, maternal and child health and incorporating digital infrastructure for the **health** sector is encouraging. The mention of an INR 1 lakh crore corpus offering 50-year interest-free loans bodes well for technology innovation and Indian **youth**. The details of this scheme's implementation, however, are unclear at this stage.

Yet there is still scope for more. While individual state budgets incorporate substantial spending plans on social causes, and central budgetary allocations form only part of the overall spending pie, there were some disappointments relative to pre-budget expectations. The lack of emphasis on sustainability in **agriculture**, with little mention of natural farming and similar measures, was one particularly disappointing omission. This is especially so in light of sustainability being a key pillar of the Viksit Bharat vision, and of this being a focus area for the sector in the previous budget. While **digitalisation** is becoming an extremely important tool in India's march towards becoming a developed nation, the lack of any concrete announcement on stringent data privacy measures is disappointing. **Education** spending of under 3% of GDP is still well below the targeted 6%. While **health** has received 13% higher allocations versus the revised estimates for last year, these comprise less than 2% of the country's overall budget expenditure and we feel that a greater priority needs to be accorded to this sector. Health has seen a pattern of consistently lower revised estimates each year vis-a-vis budgeted allocations, indicating underutilisation. There also still seems to be a lack of sufficient focus on gig workers, who continue to form a larger portion of our **workforce**.

We do recognise that our country's social sector requirements are vast and given the government's fiscal constraints, there are bound to be gaps in spending and disappointments in some areas. In that context, the government's intent to ensure social progress prominently in our efforts towards becoming a developed nation is encouraging. In past years, actual spending has fallen short of budgetary estimates in some areas and we do hope that the intent to spend translates to targeted and efficient execution.

Agriculture

Agriculture

While the Interim Budget 2024 delivered on some *pre-budget expectations* for the agricultural sector, it also presented some surprising shifts in focus. Compared to last year's budget estimates, **the allocation to the Agriculture and Allied sector increased marginally by 2%, or INR 1,997 crores** in the interim budget presented by Finance Minister Nirmala Sitharaman on 1st February 2024.

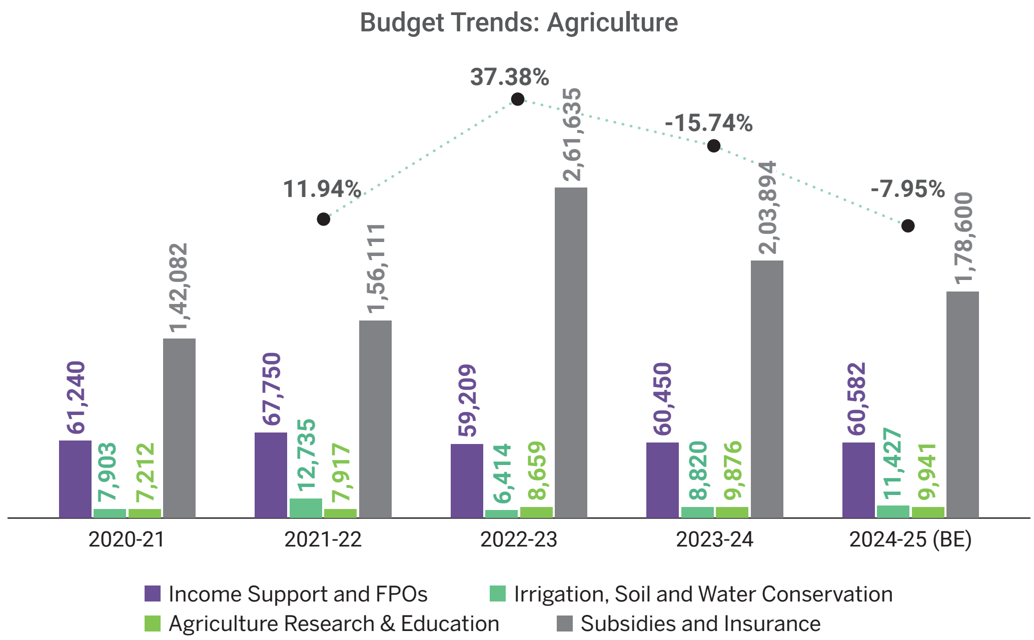
The budget speech highlighted the impact of major schemes on farmers, emphasising the focus on "the poor, women, youth and farmers/*annadata*" and their needs, aspirations and welfare. Over 11.8 crore farmers receive direct income support through the PM-KISAN scheme, while 4 crore will benefit from the crop insurance scheme Pradhan Mantri Fasal Bima Yojana (PMFBY). The e-NAM, with its 1,361 integrated mandis empowers 1.8 crore farmers.

The Finance Minister focussed particularly on **post-harvest processing**, emphasising accelerated efforts in value addition to boost farmers' income. The Pradhan Mantri Kisan Sampada Yojana, aimed at incentivising the agro-processing industry, has benefited 38 lakh farmers and created 10 lakh jobs. Furthermore, the Pradhan Mantri Formalization of Micro Food Processing Enterprises (PM-FME) scheme has assisted 2.4 lakh Self-Help Groups (SHGs) and 60,000 individuals through credit linkages.

There is a clear emphasis on **promoting micro-enterprises,** evident in the increased allocation for the PM-FME budget, raised to INR 880 crores from last year's revised estimates of INR 800 crores. This also represents a significant jump from the budgeted estimate of INR 639 crores for 2023-24. However, the PM Kisan Sampada scheme has not received a higher allocation this year - with its budget reduced to INR 729 crores from last year's INR 745 crore (RE). Additionally, the Modified Interest Subvention Scheme (MISS) has an allocation of INR 22,600 crores, higher than last year's (RE) INR 18,500 crores.

While the budget for **the Formation and Promotion of 10,000 Farmer Producer Organization (FPO) scheme** has been raised to INR 582 crores from last year's revised estimates of INR 450 crores, it is noteworthy that this is still a considerable decrease from the previous budget estimate of INR 955 crores. Similarly, allocations for **income support schemes** like PM-KISAN have either remained unchanged, or experienced a reduction, as seen in the case of PM-AASHA, which decreased from INR 2,200 crores (RE) last year to INR 1,738 crores (BE) this year.

The FM outlined a strategic initiative for Atma Nirbharta or self-sufficiency, focusing on **boosting oilseed production,** including varieties like mustard, groundnut, sesame, soybean, and sunflower. The comprehensive approach includes research for high-yielding varieties, the adoption of modern farming techniques, market linkages, procurement, value addition, and crop insurance to promote the nation's self-reliance in oilseed production.



- The YoY growth has been calculated by comparing the cumulative total of 4 categories (the schemes have been noted below).
- The categories include the following schemes; 1. Income Support and FPOs - i) PM- KISAN and ii) Formation and Promotion of 10,000 FPOs, 2. Irrigation, Soil and Water Conservation - i) Soil and Water conservation, ii) PM Krishi Sinchayee Yojana, 3. Subsidies and Insurance - i) Crop Insurance Scheme, ii) Urea Subsidy, iii) Nutrient Based Subsidy, and 4. Agriculture Research & Education

Although sustainability did not take a central position in this year's interim budget presentation, there was a sharper **focus on water conservation.** The allocation for the Pradhan Mantri Krishi Sinchayi scheme – which aims to enhance water use efficiency across Indian farms – was increased to INR 11,391 crores from the previous year's (RE) allocation of INR 8,781 crores.

The FM also unveiled plans to enhance **milk and dairy production in India,** recognising the country's status as the world's largest milk producer, with an increase of 4% to 230.58 million tonnes in 2022-23. Emphasising the need to address low productivity in milch animals, she announced a comprehensive programme for supporting dairy farmers, incorporating successful initiatives like the Rashtriya Gokul Mission, the National Livestock Mission, and Infrastructure Development Funds for dairy processing and animal husbandry. She also highlighted the government's commitment to **the fisheries sector,** boosted by an additional allocation of INR 852 crores for the Blue Revolution in 2024-25, raising the total to INR 2,352 crores, compared to the revised estimate of INR 1,500 crores from the previous year.

Key Positives

- The budget places a clear emphasis on **promoting micro-enterprises and processing,** evident in the increased allocation for the PM-FME budget, as well as noting the impact of the Pradhan Mantri Kisan Sampada Yojana in boosting farmers' livelihoods.

- The strategic initiative for achieving self-sufficiency by boosting **oilseed production** through various measures, including R&D, modern techniques, market linkages, and crop insurance.

- There is a sharper focus on **water conservation**, as reflected in the increased allocation for the Pradhan Mantri Krishi Sinchayi scheme, aimed at enhancing water-use efficiency.

- Plans to enhance milk and **dairy production,** along with a commitment to the **fisheries sector,** are highlighted, showcasing efforts to strengthen these allied sectors within agriculture.

Missed Opportunities

- While the budget emphasises stability with a 2% increase for the agricultural sector, it follows a 5% jump in the previous year, leading to concerns about a potential slowdown in addressing critical national needs.

- Some key schemes, such as PM Kisan Sampada, PM-Aasha and MISS, **allocations have slightly been lowered** compared to their allocation in the previous year.

- The budget **lacks emphasis on sustainability,** with minimal mentions of natural farming or other sustainability-focused schemes, indicating a potential area for improvement. This displays a dissonance from the previous year's budget where this was a major focus area.

- Similarly, **Minimum Support Prices** for farmers was also largely absent from the budget.

Capital for Impact

Capital for Impact

The Interim Budget for 2024-25 highlighted provisions for research and innovation, coupled with tax relaxation initiatives aimed at supporting startups.

Key Takeaways from Budget 2024

Interest-Free Funding for Research and Innovation Initiatives in Sunrise Sectors: The budget emphasises the importance of research and innovation for sustainable growth. A corpus of INR 1 lakh crores has been allocated, offering 50-year interest-free loans with extended tenors and minimal interest rates. This initiative specifically targets sunrise industries such as coal, IT, automation, and deeptech with net-zero implications. The allocation aims to advance the 'Jai Anusandhaan (Research)' addition to the 'Jai Jawan, Jai Kisan, Jai Vigyan' mantra. With this favourable ecosystem and policy support in place, both private and corporate philanthropy can strategically direct their investments towards supporting these endeavours.

Boost for Deeptech in Defence: A focus on domestic deeptech technologies for defence is evident through the INR 1 lakh crore corpus allocation. This move is expected to provide a significant boost to India's drone tech ecosystem, enabling easier access to defence bids and fostering public-private partnerships for deeptech technologies in defence. The emphasis on deeptech in defence aligns with the government's efforts to strengthen national security and technological capabilities.

Tax Benefits Extension for Startups: The government aims to fortify the startup ecosystem by proposing an extension of tax incentives until 31st March 2025, ensuring continuity for startups and investments facilitated by sovereign wealth or pension funds.

Despite the mission to prioritise research, **funding allocated to the Ministry of Science and Technology has remained stagnant over the years, experiencing only a marginal 1.48% growth over 2023-24 allocations.** A positive aspect is that over 40% of these funds are directed towards the Department of Science and Technology, contributing to the capacity building of academic institutes and facilitating research endeavours.

Allocation to the Ministry of Science and Technology

Timeline	2020-21	2021-22	2022-23	2023-24		2024-25
				BE	RE	BE
In INR (crores)	11,351	13,499	14,217	16,361	12,706	16,603

In 2022-23, **the government initiated the issuance of Sovereign Green Bonds as part of its market borrowings, which have been on the rise year after year.** These bonds aim to raise funds for green infrastructure, supporting public sector projects and demonstrating the government's intent to reduce the economy's carbon intensity.

Funds Raised through Sovereign Green Bonds

Timeline	2022-23	2023-24		2024-25
		BE	RE	BE
In INR (Crores)	16,293	23,764.46	22,324.30	32,060.51

Key Positives

- **Focus on Sunrise Sector:** Prioritising the sunrise sector not only enhances global positioning, but also lays the foundation for sustainable economic growth, aligning with the evolving global landscape.

- **Increase in Youth and Private Sector Participation:** The corpus can boost youth participation and private sector engagement in R&D, establishing a financial foundation for transformative projects.

- **Long-term Loans for Financial Planning:** Offering long-term loans is a strategic move. It supports startups in effective long-term financial planning and breaks the cycle of frequent fundraising, providing stability and fostering sustained growth.

Missed Opportunities

- Although the Finance Minister expressed readiness to assist states in aspirational district development and acknowledged the commitment to developing the eastern region, the interim budget lacks specific plans and substantial execution.

- A national taxonomy for green finance to facilitate investments from banks and other institutions to make green investments for Net-Zero Targets is still missing.

- Despite being the world's third-largest startup ecosystem, India sees a paradoxical scenario: with abundant innovation and entrepreneurial spirit, most startups fail, often within the first year. This highlights a crucial support gap, especially during the critical growth and scaling stage, necessitating a shift in government initiatives towards nurturing ventures beyond their initial stages.

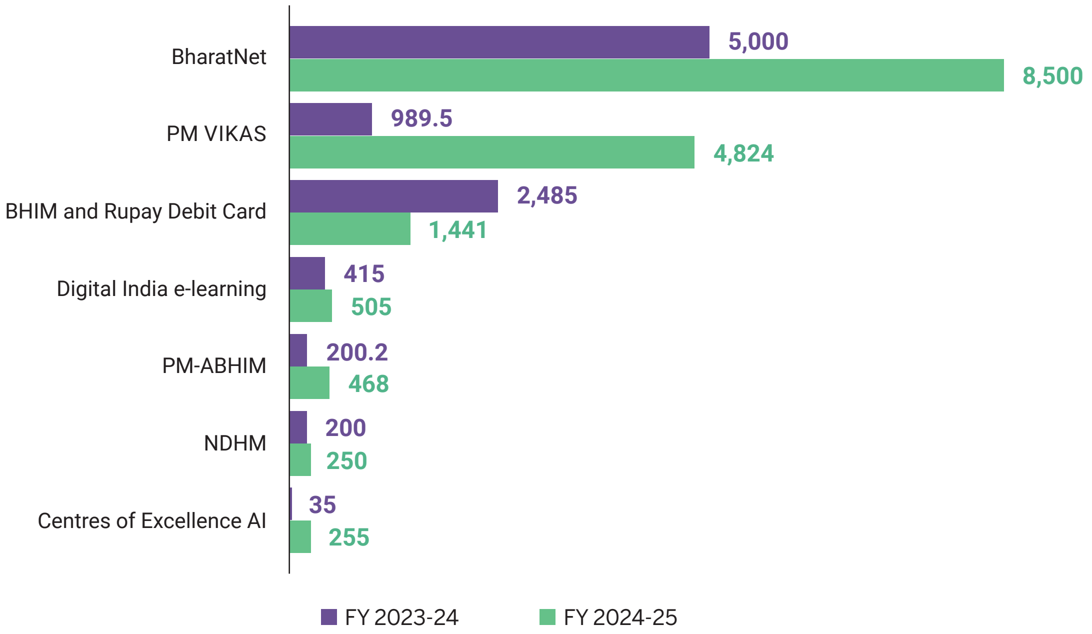
Digital Platforms

Digital Platforms

The interim budget highlights the government's dedication towards establishing a robust digital public infrastructure. It presents encouraging signs for the digital ecosystem, from financial inclusion initiatives to innovative programmes for small businesses, education, healthcare, and agriculture. We have attempted to articulate key highlights from the interim budget for 2024-25.

Key Takeaways from Budget 2024

Change in Allocation for Key Schemes (in INR crores)



Enhancing financial accessibility through DigiLocker: The integration of DigiLocker with various financial institutions — including 14 scheduled private and public sector banks, 19 life insurance companies, and 26 general and health insurance companies — has been a significant step towards enhancing financial accessibility. This integration has made a range of documents, such as Employees Provident Fund Organisation (EPFO) passbooks and MNREGA cards, readily available. The government's focus on fintech innovation underscores its commitment to financial empowerment for all citizens. The incentive scheme for promoting RuPay debit cards and low-value BHIM-UPI transactions (person-to-merchant) has also been extended, but with a 42% reduction in its financial outlay from the revised estimates of 2023-24. The PM Jan Dhan Yojana facilitated the cumulative Direct Benefit Transfer (DBT) of INR 34 lakh crores to Jan Dhan account holders. The DBT model established a direct connection with the beneficiaries, which resulted in substantial savings of INR 2.7 lakh crores.

Ease of doing business for MSMEs realised through digitalisation: With a budgetary outlay of INR 13,000 crores for five years (FY 2023-24 to FY 2027-28) and a 387% increase between 2023-24 RE and 2024-25, the PM Vishwakarma Kaushal Samman (PM VIKAS) intends to help artisans realise greater value through financial assistance, skill training, enhanced knowledge of digital technologies, and marketing solutions. The PM Vishwakarma web portal has 21.37 lakh artisans and craftsmen enrolled as of December 2023, and is set to revitalise India's traditional art and craft industrial landscape.

The National Single Window System (NSWS) has streamlined business registration and operation by mandating PAN as the Single Business ID (SBID). It simplifies identification requirements by providing seamless PAN validation via the NSDL API and Digital Signature Certificates of authorised representatives of the organisation, thus promoting a more business-friendly environment. The budget also announced the development and launch of the Entity DigiLocker for the Digital India Corporation in both web and app versions. The Entity DigiLocker will ensure secure storage and sharing of documents with regulating agencies for MSMEs, large business, and charitable trusts. Udyam registry and PAN-based signup flow will become crucial for the verification of MSME enterprises.

Digital platforms promise big strides in education and skilling: The budget continues to emphasise on the potential of digital platforms for education and skilling. The Skill India Digital Program has been launched as a unified platform to integrate Aadhaar-based eKYC with PAN for organisational verification, along with payment gateway, UPI, and DigiLocker integration. It ensures user authenticity, secure transactions, and smooth onboarding of stakeholders while facilitating easy discovery of various schemes.

Complementing this, the National Mission in Education through Information and Communication Technology under the Digital India e-Learning initiative, aims to harness the potential of e-learning in India. This includes online mentorship, e-laboratories, online testing, and certification. The budget reflects steady support for the programme with a 20% increase in allocation from the previous financial year.

The National Digital University has seen a remarkable increase in its budget, receiving INR 100 crores for the year 2024-25, a substantial jump from the INR 4 crores allocated in the 2023-24 revised estimates. In addition, the National Digital Library (NDL) application, announced in the 2023-24 budget, has been developed, and now hosts educational modules and books from NCERT and the National Institute for Open Schooling (NIOS), further enriching digital learning resources.

Centres of Excellence in Artificial Intelligence witnessed a dramatic increase in budgetary allocation from INR 35 crores in 2023-24 RE to INR 255 crores in 2024-25. These centres are at the forefront of India's vision of 'Make AI in India and Make AI work for India'. The budget approved funding for 100 new 5G application labs to explore opportunities in fields like healthcare and agriculture. These labs, along with 5G workshops, aim to upskill students and startups in the use of cutting-edge technology, bridging the gap between education and market needs.

Digital Initiatives to enhance India's healthcare infrastructure and coverage: The PM Ayushman Bharat Health Infrastructure Mission (PM-ABHIM) has been significantly bolstered with a budget allocation of INR 468 crores – a 134% increase from 2023-24 revised estimates – highlighting the government's commitment to improving health infrastructure. A key aspect of this mission is the implementation of IT-enabled disease surveillance, facilitated through a comprehensive multi-level network of laboratories. This initiative aims to detect infectious diseases early, which is crucial for timely intervention and management.

The National Digital Health Mission has also received a notable boost with a budget allocation of INR 200 crores. This marks a 25% increase over the revised estimates for 2023-24, underscoring the government's focus on digitising health services, and making healthcare more accessible and efficient with technology.

Transforming digital capabilities of the agricultural sector through new registries: The budget announced the creation of a digital public infrastructure in agriculture. The architecture of three essential registries - the Farmer registry, Geo-referencing of village map registry, and Crop Sown registry - has been finalised. An application for the Farmers' Registry has been developed, and is currently being tested on a pilot basis. Geo-referencing has been completed for 75% of the country's villages.

The Digital Crop Survey initiative has been introduced in 12 states starting from Kharif-2023, also on a pilot basis. The development of supporting registries, which includes Crop Registers, Agri Data Exchanges, Consent Managers, Sandboxes, and a Unified Farmer Service Interface (UFSI), is underway.

Key Positives

The Budget 2024 facilitates pathways for a digitally empowered, economically robust, and inclusive India.

- There is greater support towards bridging the digital divide and enhancing rural internet connectivity with a 70% increase in the outlay for Bharatnet. Continued focus on financial inclusion demonstrates emphasis towards a more inclusive digital economy, and the empowerment of small businesses and artisans with technology and skill development.

- In education and health, initiatives like the Skill India Digital Program, National Digital Library, and PM Ayushman Bharat Health Infrastructure Mission indicate a focus on digital solutions.

- The attention to building a digital public infrastructure for agriculture illustrates a significant step towards modernising agriculture and enhancing the livelihoods of farmers through registries.

- The budget reflects a step towards mitigating cyber security threats via an 89% uptick in allocation for cyber security projects. A 41% higher allocation reflects the government's support to R&D on cyber physical systems such as Artificial Intelligence and Internet of Things.

Missed Opportunities

- Lack of support for wider application of digital public infrastructure beyond the realm of financial inclusion, health, and education. As the effects of climate change and frequent environmental disasters increase, it is crucial to employ digital public infrastructure to mitigate the resultant insecurity.

- Continued support towards digital literacy is imperative. While India's PM Gramin Digital Saksharta Abhiyaan has achieved its target, 100% digital literacy requires greater support.

- There is still a lack of direct focus on last-mile adoption and equitable access to digital resources and services driven by participation and contribution of private/civil society actors.

- There is a marked lack of stringent data privacy measures. The National Data Governance Policy remains under preparation while no information has been provided on the possible measures for the same.

Education

Education

While presenting the interim budget, the Government has focused on **skilling youth and school education.** Budgetary allocation for school education has increased in absolute numbers, however, this allocation is low, when considering the percentage share of school education in the total budget.

- The share of the **Samagra Shiksha Abhiyan Scheme** in the total budget fell from **1.61% in 2023** (RE) to **1.53% in 2025** (BE).
- The budgetary allocation for school education saw a slight rise of **0.7%, whereas there was an 18% decline** in allocation to higher education.

Key Takeaways from Budget 2024

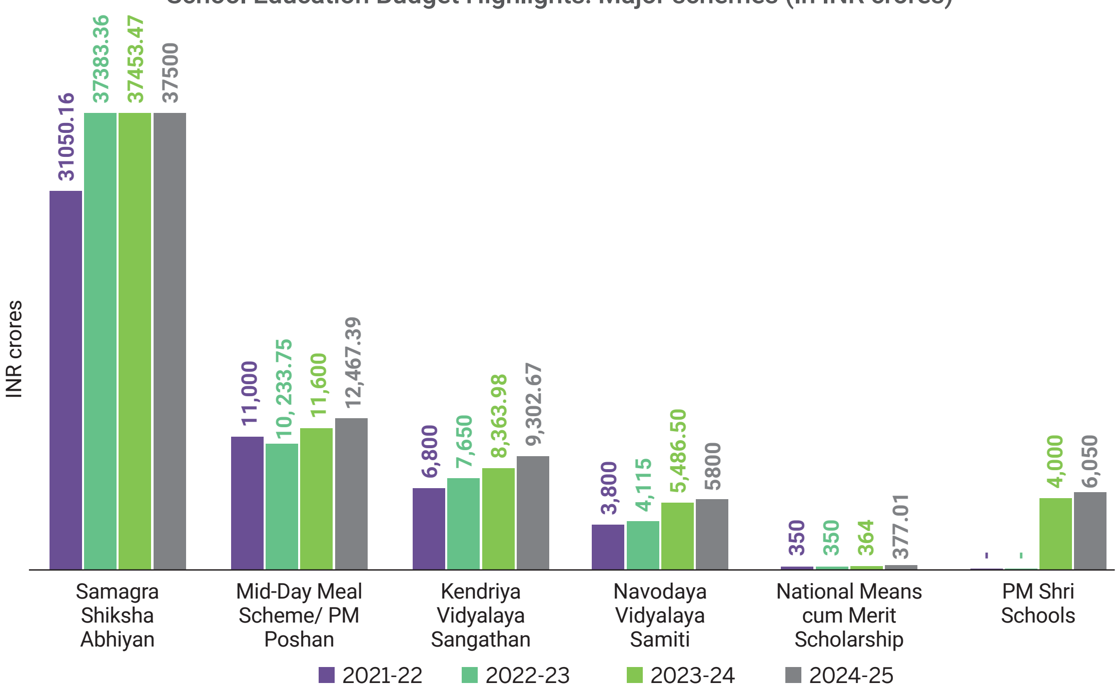
Financial Allocations for Education

The Ministry of Education comprises two departments:

- **The Department of School Education and Literacy,** overseeing schools like Kendriya Vidyalayas and Navodaya Vidyalayas, and funding schemes such as Samagra Shiksha and the National MidDay Meal Programme;
- **The Department of Higher Education,** which supports central universities, IITs, NITs, IISERs, IIMs, and Schools of Planning and Architecture, among others.

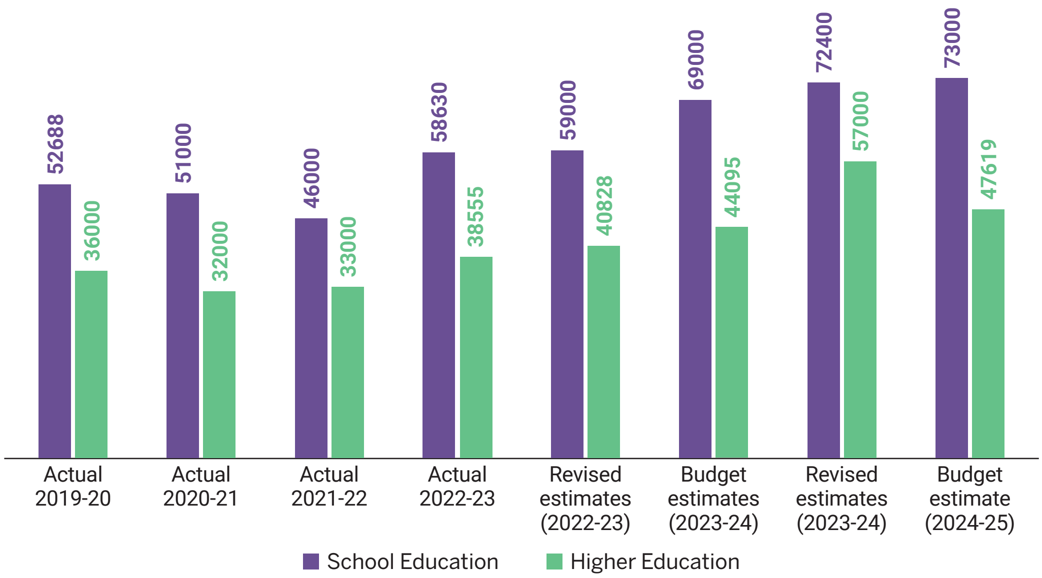
The Budget Allocation for the FY 2024-25 of INR 73,498 crores is the highest ever for the Department of School Education & Literacy.

School Education Budget Highlights: Major schemes (In INR crores)



There has been an overall increase of INR 12,024 crores, or 19.56%, in the Budget allocation for the **Department of School Education and Literacy** in the *FY 2024-25 from RE 2023-24.*

Expenditure of Ministry of Education (In INR crores)



Source: *India Expenditure Profile, Ministry of Finance Budget Division*

Higher Education: A Golden Era for the Youth

- **A corpus for INR 1 lakh crores with a 50-year interest-free loan to encourage technical education and drive the future tech organisations.** The loan-free fund will help support hackathons, meets and technology boot camps, crucial financial support, mentoring, and strategic guidance to early-stage technical subjects students. The corpus will boost research and innovation and foster a culture of entrepreneurship in the education system in India. The All India Council for Technical Education (AICTE) has been **allocated INR 400 crores** against INR 420 crores in the 2023-24 financial year.

- **Digital Public Infrastructure to drive skilling, upskilling and reskilling of youth.** A commitment to building new medical colleges and launching an e-skilling portal as a solution to all the skilling and certification needs of the youth of India is a welcome initiative. Under the **National Mission on Education through ICT**, a digital library with NCERT curriculum and content from national open schools was initiated, thus helping in preparation for competitive exams like NEET and opportunities for learning remotely. An allocation of INR 480 crores has been made in FY 2024-25, which is INR 80 crores more than the BE 2023-24.

- In the scheme **'Multidisciplinary Education and Research Improvement in Technical Education-EAP (MERITE)',** an allocation of **INR 200 crores** has been made, which is a 100% increase over the allocation in 2023-24. In an attempt to acknowledge the increasing role of AI in education, the budget has proposed the establishment of **three Centres of Excellence (CoEs) in Artificial Intelligence (AI)** with a budget allocation of **INR 255 crores.**

School Education: Establishing Institutes of Eminence

- In September 2023, 14,500 schools were designated as PM SHRI schools, receiving a substantial portion of the INR 4,200 crores increase in the education sector. PM SHRI has been allocated INR 6,050 crores in this budget, a significant increase of INR 3,250 crores from the previous year.

- Allocation for 'World Class Institutions' under **Institutions of Eminence (IoE)** has risen to INR 1,800 crores, a 20% increase 2023-24. **More than 20 lakh students will be the direct beneficiaries of the scheme.**

- In the interim budget, special attention has been paid to **Kendriya Vidhlayas (KVS) and Navodaya Vidhlayas (NVS).** Allocation in KVS has increased by INR 802 crores while allocation in NVS has increased by INR 330 crores.

- The **Samagra Shiksha saw an increase of 6.11%** in outlay to school education.

Greater Inclusivity

- Inclusivity also was a focus in the budget, with efforts to **increase the number of years of schooling for tribal students.** This was evident in the allocation to tribal students' schemes increased by up to 50%, except for Tribal Research Institutes.

- To boost post-secondary education for tribal students, there's a **proposed 20% increase** in the allocation for the post-matriculation scholarship scheme.

- Scholarships for minority students have **a minor increase of INR 80 crores,** totalling INR 1,145.38 crores in FY 2024-25. *However, scholarships for minorities and tribal students in other categories experienced a reduction.*

Professional Skilling

- To upgrade Anganwadi centres under the Saksham Anganwadi and Poshan 2.0 and improve nutrition delivery for early childhood care and development, the interim budget provided a **3% boost of INR 21,200 crores.**

Key Positives

- The spending on education has been **around 2.8% of the GDP** in the last seven to eight years, and this spending has mainly gone towards 50% of the students who are in Government schools.

- There are several investments towards the implementation of recommendations made by the National Education Policy (NEP), and several measures towards fulfilling the vision of NEP have been taken.

- Creating Institutes of Excellence in school education and enabling special provisions for developing model schools (PM SHRI) to create exemplary government schools for marginalised students are welcome steps. This will upgrade the existing schools to have state-of-the-art infrastructure and a holistic approach to teaching-learning practices.

- Building a corpus for youth in technical fields to foster a research and innovation culture is a desired step in enabling the culture of research and innovation.

- Investment in the PM Uchchatar Shiksha Protsahan (PM-USP) Yojna has provided due attention to encourage financial assistance to meritorious students from poor families, helping them to meet a part of their day-to-day expenses while pursuing higher studies.

Missed Opportunities

- **Realising a 6% allocation of the total budget to education is yet to materialise.** Could there be a tax benefit option available for making contributions to infrastructure?

- Reduction in funds to the University Grants Commission is a setback, with a decrease from INR 890 crores (BE 2023-24) to INR 450 crores in 2024-25. **With 50% of the youth passing out of these colleges being unemployable,** there needs to be a greater push for improving the quality of education.

- The National Education Policy (NEP) has emphasised the merging of Anganwadis with primary schools. Still, the budget allocation has not factored in an allowance for this initiative, and a significant allocation for early childhood education in the budget post-election will be anticipated. NEP has emphasised their upgradation of Angawadis this year, with a slight increase of INR 640 crores from the previous year to cater for 1.3 million Anganwadis.

- A separate budget for recruiting teachers for Educational Credential Evaluators has yet to be factored in.

- There is an allocation towards bridging the rural-urban digital divide and enhancing rural internet connectivity **with a 70% increase in the outlay for Bharatnet.** However, a lack of funding for initiatives to build rural students' digital skills by allocating more budget for school infrastructure and teacher training is a big miss.

- Special schemes for girls in school to incentivise them to take up technical education in higher secondary grades have yet to be given due attention.

- The previous year's budget had a huge impetus on teacher training and digital libraries, and no continued allocation is mentioned.

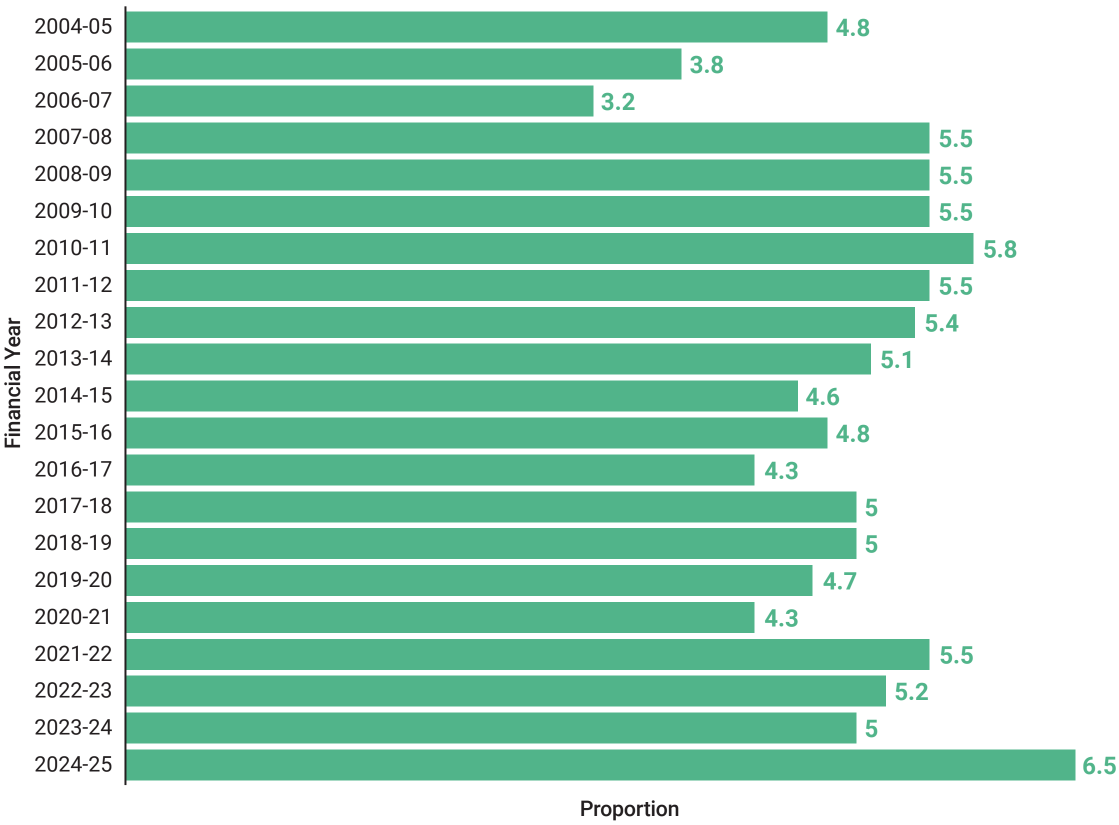
- Vocational education for school students was a miss, as a **gross enrolment ratio of 28% in colleges** highlights that many students passing out of school enter the workforce without being skilled.

Gender

Gender

Gender budgeting is used by the government as a fiscal policy tool for mainstreaming gender-related issues into policy decision making. India introduced a Gender Budget along with the Union Budget in 2005-06. Since its inception, the trajectory of the Gender Budget has reflected a consistent pattern, with its proportion in the total budget oscillating modestly between 4.3% and 5.9%. Notably, in recent years, the allotment has consistently hovered below the 5% mark. This year (FY 2024-25), the total allocation under the gender budget stands at INR 3 lakh crores, which is almost 6.5% of the total expenditure.

Gender Budget as a proportion of overall budget (%)



Source: Union Budget Statements, https://www.indiabudget.gov.in/

For FY 2024-25, the Gender Budget has witnessed a remarkable increase of 38.6%, with reports from 43 ministries and Union Territories (UTs) indicating a cumulative allocation of INR 3.09 lakh crores. Underpinning this surge is the 'Viksit Bharat' initiative, which places women at the forefront of its mission. An impressive **87% of the augmented budget is the**

result of allocations by seven ministries, aimed at bolstering women's entrepreneurship, improving their quality of life, reducing the burden of several tasks, educational advancements, rural development, and enhancing their access to new and renewable energy.

The gender budget in India is divided into two parts. Part A reflects specific schemes to women with 100% allocation for women, for which BE 2024-25 stand at INR 1,12,395 crores. Part B reflects pro-women schemes, with at least 30% of the allocation for women.

Key Positives

The Centre has ambitiously raised its objective for the *Lakhpati Didis* initiative, which empowers women in self-help groups (SHGs), setting a new target to uplift 30 million women, from the previous 20 million. This significant expansion is designed to enhance women's livelihoods and bolster their representation throughout various economic value chains. It is propelled by early achievements of the programme, coupled with the successful disbursement of 30 crore Mudra Yojana loans to women entrepreneurs, demonstrating a tangible stride towards gender equality in the entrepreneurial domain.

A significant part of the increase in budgetary allocations can be attributed to the inclusion of the Jal Jeevan Mission (JJM) in Part B, with 48% of total allocation under the scheme being allocated to women. It is a measure to reduce women's efforts in fetching water, which significantly impacts various aspects of their lives.

Allocations under Part A

The Ministry of Women and Child Development received INR 26,592 crores, a increase of INR 1,000 crores from the last year (INR 25,948 crore), provisioned under part A; with Mission Shakti receiving a strong push with an allocation of INR 3,145, as compared to INR 2,325 crores the last year.

An outlay of INR 9,094 crores to provide LPG connection to poor households marks a jump of INR 500 crores from 2023-24 allocations.

Complementing efforts to enable *Lakhpati Didis,* and value chain enhancements INR 500 crores have been allocated to the Namo Drone Didi scheme, with the aim of transforming agriculture, and empowering rural women to drive technological revolution in agriculture.

Mission Shakti, an institutional mechanism to take care of women's needs on a life cycle continuum basis, saw an INR 800 crore-increase from the last year, INR 3,124 crores allocated in BE 2024-25. The umbrella scheme for women's safety, security and empowerment seeks to bolster enablers to women's participation, and provide support systems such as care, and safety to drive women-led development.

The budget reflects a commitment to addressing gender-specific issues, such as allocation to the Jal Jeevan Mission and increasing the number of *Lakhpati Didis*. Extending health insurance cover to ASHA and Anganwadi workers is a great step to start solving for frontline workers.

Six key schemes account for 61.4% of the total Gender Budget under Part B.	
Scheme/Programme	**Allocation (in INR crores)**
Pradhan Mantri Awaas Yojana (PMAY)	**5,45,000**
Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA)	**29,000**
Jal Jeevan Mission	**34,162**
Saksham Anganwadi and Poshan 2.0	**15,900**
National Health Programme	**15,456**
NRLM - Aajeevika	**15,047**

Areas for Improvement

- The overall size of the budget remains at 1% of the GDP, which is a very low figure. However it is encouraging to note that the public expenditure cut has not influenced gender budgeting.

- A holistic integration of gender-responsive budgeting across all departments and ministries could be a game-changer. Such integration could catalyse India's transformative use of its budget, ensuring that gender considerations are woven into the fabric of all fiscal decisions.

- Expanding successful initiatives like Namo Drone Didi and Lakhpati Didi beyond the agricultural sector to other critical value chains could amplify their impact on women's economic empowerment.

- The current budget falls short in allocating for complementary initiatives that could act as catalysts for change. For instance, the DISHA scheme is allocated INR 133 crores to promote girls' participation in science, yet there is a noticeable gap in accompanying missions or funds in Part A that could leverage these initiatives to create skill development platforms. Such platforms are vital for nurturing a conducive ecosystem where women's access to employment, agency, and overall quality of life can be significantly enhanced.

Health

Health

In the Union Budget for 2024-25, the health sector received a combined total of **INR 90,659 crores,** with INR 87,657 crores allocated to the Department of Health and Family Welfare, and INR 3,002 crores allotted to the Department of Health Research. This signifies a **12.6% increase** from the revised allocated amount of INR 80,517 crores in the preceding fiscal year, closely resembling the 13% increase in the health sector budget for the financial year 2023-24.

Key Takeaways from Budget 2024

- The budget allocation for Ayushman Bharat Pradhan Mantri Jan Arogya Yojana (AB-PMJAY) has been increased by **10.3 %** to a total of INR 7,500 crores. Additionally, **healthcare coverage under AB-PMJAY will be extended to frontline workers** including ASHA workers, Anganwadi Workers and Helpers.

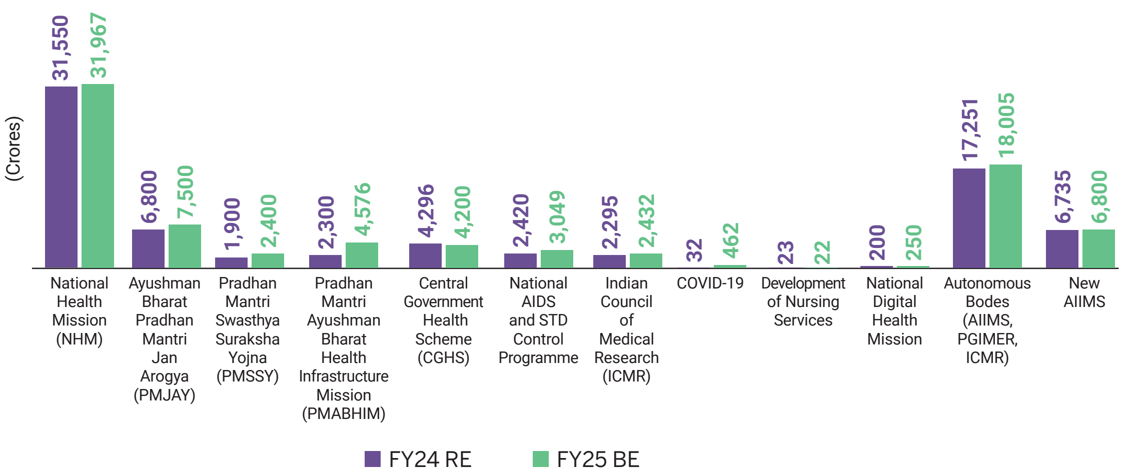
- The government intends to **establish more medical colleges** by utilising the existing hospital infrastructure under various departments. A dedicated committee will be formed for this purpose to investigate related issues and make relevant recommendations.

- **Cervical cancer vaccination** for girls between 9-14 years will be **promoted**.

- **Schemes for maternal and child care will be consolidated into a comprehensive programme** for cohesive implementation. Upgradation of Anganwadi Centres under "Saksham Anganwadi and Poshan 2.0" will be accelerated, with an emphasis on enhancing nutrition delivery and fostering early childhood care and development.

- The **U-WIN platform, newly designed to manage immunisation,** and Mission Indradhanush initiatives will be implemented nationwide.

Budgetary Changes in Key Programmes



Budgetary Changes in Key Programmes							
Programme/ Scheme	Allocations (All figures in INR crores)						
	FY21	FY22	FY23	FY24 BE	FY24 RE	FY25 BE	% YoY of FY25 over FY24 RE
National Health Mission (NHM)	35,144	34,447	28,974	29,085	31,550	31,967	1.3%
Ayushman Bharat: Pradhan Mantri Jan Arogya (PMJAY)	3,100	3,199	6,412	7,200	6,800	7,500	10.3%
Pradhan Mantri Swasthya Suraksha Yojana (PMSSY)	7,517	7,400	8,270	3,365	1,900	2,400	26.3%
Pradhan Mantri Ayushman Bharat Health Infrastructure Mission (PMABHIM)	-	1,040	2,167	4,846	2,300	4,576	98.9%
Central Government Health Scheme (CGHS)	1,539	-	4,640	3,846	4,296	4,200	-2.2%
National AIDS and STD Control Programme	2,900	2,350	2,182	3,080	2,420	3,049	26%
Indian Council of Medical Research (ICMR)	1,697	2,116	2,117	2,360	2,295	2,432	6%
COVID-19	14,217	16,545	228	497	32	462	1344%
Development of Nursing Services	14	13	25	33	23	22	-4.35%
National Digital Health Mission	-	-	140	341	200	250	25%
Autonomous Bodies (AIIMS, PGIMER, ICMR)	9,882	13,979	10,348	17,323	17,251	18,005	4.4%

Note: All % changes in the section below have been calculated against FY24 RE.

Key Positives

Thrust Areas for Action

- Recognition of the **importance of integrated efforts and synergies** across initiatives, possibly also reflecting a renewed focus on increased inter-departmental coordination, which is evident in the announcement of a comprehensive programme for maternal and child health.

- There is a **heightened focus on women's health** overall across age groups, evident through initiatives such as the promotion of cervical cancer vaccinations and the extension of the Pradhan Mantri Jan Arogya Yojana (PMJAY) to ASHA workers.

- The promotion of schemes that actively engage private entities, indicated by the increased allocation to PM-ABHIM, shows a greater focus and **planned impetus to private sector collaboration.**

Collaboration and Digitalisation

- A **98.9% increase in allocation to Pradhan Mantri Ayushman Bharat Health Infrastructure Mission (PMABHIM)** is well-aligned with the national priority to build a strong health infrastructure for the country. It is important to note that the allocated budget is a **5.5% reduction from last year's BE.** This stresses the importance of tracking the utilisation of funds effectively and recognising the inadequate usage reflected in the lower revised estimates.

- A **47%** increase in budget allocation for the establishment and **strengthening of the National Centre for Disease Control (NCDC)** branches is well-aligned with the One Health vision for India.

- A **25%** rise in allocation to the National Digital Health Mission reflects a continued focus on digital health, including the announcement of the U-WIN platform for vaccinations.

- A **53.8%** increase in allocation to the National Tele Mental Health Programme is a welcome focus on the mental health needs of the population.

Medical Research

- The prioritisation of medical research has become more pronounced, exemplified by a **6%** increase in funding for the Indian Council of Medical Research. Additionally, the budget allocated to the Department of Health Research has experienced a **3.76%** increase compared to the previous fiscal year.

Missed Opportunities

Limited Prioritisation of Health

- Allocations to Health formed only **1.9%** of the overall budget expenditure of INR 47,65,786 crores, which continues to remain low, calling for a greater prioritisation of health.

Underutilisation of Budgeted Allocations

- The health sector was allocated a budget of INR 89,155 crores in the previous fiscal year, but revised estimates disclosed a reduced allocation of INR 80,517 crores, a 9.6% underutilisation.

- Revised estimates for FY 2023-24 reveal underutilisation in actual expenditures when juxtaposed with the budget allocations, suggesting a need for more efficient resource utilisation.

Limited Focus on Primary and Secondary Health Systems

- There was a marginal increase in the budget allocated to the National Health Mission (NHM) of merely **1.3%,** which calls for a stronger focus on resources to strengthen implementation.

- While the focus on establishing more medical colleges is critical, the budget could have called out a more targeted focus to strengthen primary and secondary health care. Also, the allocation for the development of nursing services saw a **4.35%** reduction from last year, indicating a lack of concerted effort to address the ongoing challenges caused by the shortage of trained health providers.

Missing Focus on the Growing Disease Burden

- The budget failed to mention a focus on non-communicable diseases, which have a rapidly growing disease burden in India, calling for prioritisation and budget allocation through targeted schemes.

Livelihood

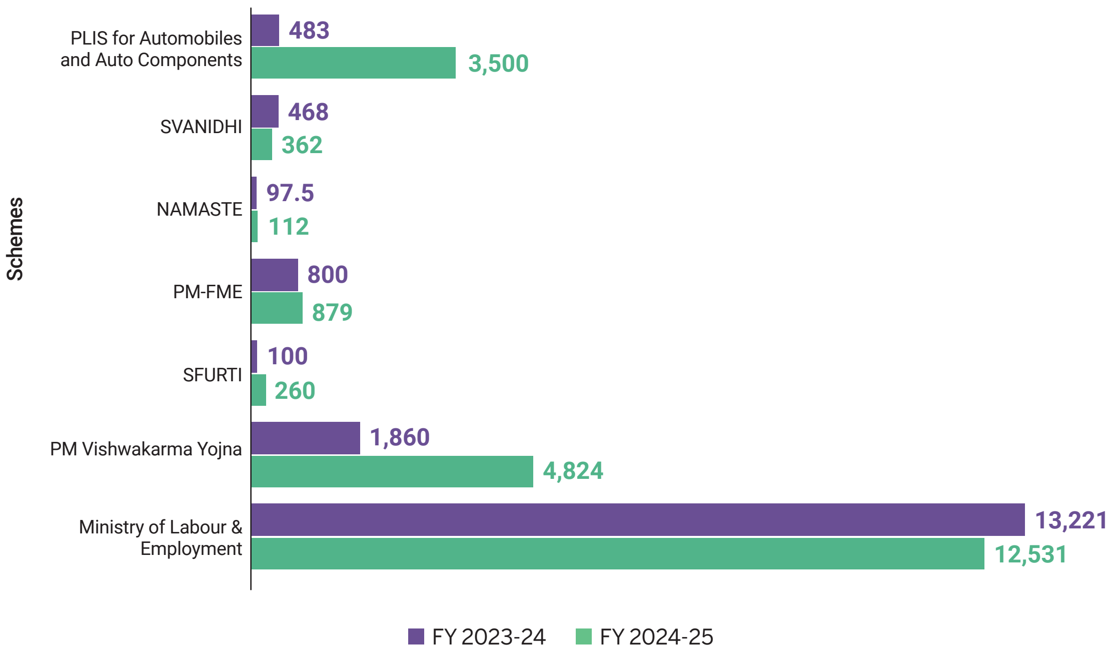
Livelihood

The interim budget highlights investments in infrastructure, promotion of entrepreneurship, innovation, and governments commitment to strengthen institutional mechanisms to improve and diversify livelihoods in the rural areas and marginalised groups.

While there are positive developments in specific schemes aimed at supporting marginalised workers, the broader picture indicates a need for more substantial commitments to the welfare of unorganised sector workers and a comprehensive strategy to address the employment and social security challenges in India.

Key Takeaways from Budget 2024

Changes in allocation for Key Schemes in the 2024-25 (in INR crores)



The 2024-25 interim budget allocates **INR 11.11 lakh crores (about $134 billion) on infrastructure creation, to ensure last-mile connectivity, social and geographical inclusivity.** It compliments the vision of a 'Viksit Bharat' (developed India) by 2047. Besides this physical infrastructure, the focus on **expanding the electric vehicle (EV) charging network continues.** This will also increase opportunities for small vendors for manufacturing, installation and maintenance of EV charging networks. The Production Linked Incentive (PLI) Scheme for Automobiles and Auto Components has seen an eight-fold increase from last year, with the

2024-25 allocation at INR 3,500 crores. This scheme can strengthen the ecosystem for the automotive sector and create more jobs in the industry.

The **PM Street Vendor's Atmanirbhar Nidhi (PM SVANIDHI)** receiving an allocation of INR 362 crore is a positive step towards supporting street vendors, a significant segment of the informal economy. This scheme not only provides credit assistance, but also encourages digital transactions, aiming to improve the financial inclusivity and sustainability of street vendors' businesses.

The doubled allocation for the **NAMASTE scheme (National Action for Mechanised Sanitation Ecosystem)** to INR 112 crores reflects a proactive approach towards improving sanitation workers' conditions. This increase is a commendable effort to continue the Swachh Bharat mission's objectives and to provide dignity and safer working conditions for sanitation workers.

Recognising the opportunity to enable innovations through MSMEs, a substantial corpus of INR 1 lakh crores, providing a 50-year interest-free loan for long-term financing, has been announced to promote innovation, R&D and the start-up ecosystem.

There is a strategic push towards formalisation, especially with the **Prime Minister's Formalisation of Micro Food Processing Enterprises Scheme (PM-FME),** which has seen an allocation leap to INR 879 crores. This initiative targets two lakh micro units in the unorganised segment in the food processing industry, promising a formalisation wave over the next five years. The Scheme for Fund for Regeneration of Traditional Industries (SFURTI) enjoys a significant budget boost to INR 260 crores, a staggering jump from last year's INR 2 crores. This scheme aims to sustain India's traditional industries, offering employment and competitive edge to artisans and producers.

The INR 4,824 crore-allocation to the **PM Vishwakarma Yojana** this year marks a strong move to nurture the traditional skills of artisans. This is set to revolutionise how we perceive and support artisanal craftsmanship, focusing on digital recognition and market access.

The northeastern region, including Sikkim, has received special attention with an allocation of INR 2,191 crores. As the states and centre work proactively to unlock the tourism potential of the region, specialised training programmes are being organised for the owners of the tourism resorts.

The **Khadi, Village, and Coir industries are witnessing a renaissance** with a 50% budget increase, reaching INR 1,400 crores. This is not merely a financial decision, but a nod to the global demand for sustainable fibres and the burgeoning coconut coir market. Such support could spell a new dawn for fashion and sustainability, intertwining to create a greener future.

With initiatives like ASPIRE, which saw its budget quintuple to INR 20 crores, the government is laying the groundwork for **innovation, rural industry, and entrepreneurship to flourish.** This leap from the previous INR 4 crore-allocation signals a clear intent to fuel the competitive edge of MSMEs through infrastructural and ideational support.

The reduction in the total allocation for the Labour Ministry from INR 13,221 crores in the previous budget to INR 12,531 crores reflects a tighter fiscal approach towards labour welfare and social security measures. This reduction raises concerns about the government's commitment to job creation, and addressing the challenges faced by workers, especially those who are most vulnerable.

The budget allocation for the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) remains unchanged at INR 54,000 crores, despite its potential to provide employment to 140 million individuals, indicating a stagnation in financial support for a critical safety net programme. Given the scale of unemployment and underemployment in rural areas, the unchanged allocation, which amounts to roughly 0.25% of the GDP, seems inadequate to meet the demand for work or to significantly impact rural poverty alleviation.

The lack of specific allocation for the Deendayal Antyodaya Yojana-National Urban Livelihoods Mission (DAY-NULM) in the budget is particularly concerning. This omission suggests a gap in addressing the needs of unorganised migrant workers, including construction workers and rickshaw drivers, who are often the most affected. The integration of some aspects of DAY-NULM into the Ministry of Labour and Employment budget might offer some relief, but without clear financial commitments, the effectiveness of such measures remains uncertain.

Key Positives

- The budget shows a continued commitment to the MSME sector, with an estimate of INR 22,138 crores, similar to the allocations made in the last budget. With strategic investments in infrastructure, training, and a targeted approach to elevate rural enterprises, the future looks promising.

- With a substantial increase in infrastructure outlay, the budget encourages multi-modal connectivity by implementing three major economic railway corridors under the PM Gati Shakti programme. These initiatives will go a long way in improving logistics efficiency, improving value chains and increasing job opportunities.

Missed Opportunities

- There is no discussion and allocation to improve working arrangements for gig workers.
- Greening of MSMEs, and green financing are completely missing. It is not clear if the funds from RAMP fund can be leveraged for such transitions to strengthen the MSMEs.
- The allocation of funds to department ministries fail to address the need for skilling and employment creation and enable future-readiness of the workforce.
- There is a need for more substantial commitments to the welfare of unorganised sector workers and a comprehensive strategy to address the employment and social security challenges in India.