

Social Sector Largesse Does Not Tell the Whole Story

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While there has been a big jump in allocations to health overall, there is no indication that it will be sustained and will mark a trend.

The *Economic Survey 2016-17* is a huge disappointment. First the review of the economy for 2016-17 was conspicuous by its absence. This departure in the structure of the *Economic Survey* is a deceit. The review supported by the data tables would tell us the story from the ground as to what was happening in each sector. The *Economic Survey* begins by telling us that this evidence from the ground would be given later. How can you project ahead without the evidence from the ground? Now we understand why the Planning Commission was abolished. A sinister design has been finally exposed!

Even in terms of future projections and trajectories the *Economic Survey* is a disaster as one does not see any clear priorities of economic and social development. It praises the demonetization initiative, promotes cashless transactions, cash transfers and of course their 'newly' discovered Universal Basic Income (UBI). It completely ignores not only the social sectors like health, education, social security, PDS, ICDS etc. but also the traditional economic sectors of industry, agriculture, infrastructure etc.. So it is clearly a huge shift in perspective and understanding of the ground reality and where we want to move ahead in terms of clear priorities. The only consistent thinking in the *Economic Survey* is about UBI and cash transfers in lieu of public service delivery; and towards the end when discussing natural resources and opening up this sector for full exploitation by private agencies in areas where people have been resisting such exploitation of community resources which affect their livelihoods, the *Survey* even suggests using the district mineral funds for various cash transfers, including UBI. That's all the *Survey* is about and nothing more.

Does the above link up with the budget? Finance Minister Jaitley's speech only picks up the demonetization bit and defends it but the individual ministry budget estimates do not reflect any of the discussion from the *Economic Survey*. Thank goodness! So what story does the budget tell us?

The overall fiscal envelope has only increased by a paltry 8 per cent from Rs. 1978060 crore to Rs. 2146735 crore. Nothing much to talk about as it clearly reflects expenditure compression to tame that animal called fiscal deficit. This despite a 17.24 per cent increase in gross tax revenues the driver for which is increases in personal income tax (25 per cent) and union excise duties (28 per cent) with the dampner coming from corporate taxes (9 per cent) and customs duties (6.5 per cent) with both of the latter benefitting from liberal concessions. The taxes not realised and revenues forgone together for 2015-16 continue to be high accounting for 7.77 per cent of GDP.

But then there are always surprises. Health and Family Welfare allocations have received a jump of 28 per cent from Rs. 37061.55 crore in 2016-17 BE to Rs. 47352.51 crore for 2017-18 BE, definitely something to write home about. Similarly ICDS has seen an increase of 27 per cent, rural development 22 per cent, MGNREGA 25 per cent, urban housing 19 per cent, and rural housing 53 per cent. On the flip side school education with 6.4 per cent and SSA even less at 4 per cent, food subsidy with 7.7 per cent and minorities with 10 per cent have been ignored.

So what is the story that this budget tells us. This is an election year and last year civil society protests highlighted the budget cuts for ICDS, Health and MGNREGA which got high media attention too. So this year the Finance Minister has shown a greater largesse towards these sectors hoping that this will turn the tide in favour of the ruling party. He surprisingly did not highlight this in his budget speech, except a passing reference to MGNREGA and upgrading of district hospitals. Perhaps he did not want the Election Commission chasing him for announcing goodies.

So overall nothing very much to talk about the budget because of the continued constrained fiscal space that does not allow for any structural changes. Yes a few positive indications can be seen but there is no guarantee that they will become trends.

Let's look at the health budget as a case in point. Of the total HFW budget of Rs 47352.51 crore National Health Mission (NHM) gets a share of 56 per cent or Rs. 26690.70 crore and this was 31 per cent more than the previous years budget estimate. Within NHM the largest share goes to National Rural Health Mission (NRHM) of Rs. 21188.65 crore but only Rs.725 crore for National Urban Health Mission (NUHM) and the latter saw a decline of 24 per cent from the previous fiscal year. The upgradation of district hospitals as teaching hospitals gets a huge increase from Rs 445 crore in 2016-17 to Rs 3300 crore in 2017-18. Similarly the allocation for new AIIMS in states gets a 62 per cent jump from Rs. 2450 crore in 2016-17 to Rs. 3975 crore in 2017-18.

So these are the highlights of the Union health budget but overall the Centre's contribution is a mere 0.28 per cent of GDP and this is certainly not adequate for moving towards universal access to healthcare. The HLEG and 12th Plan had envisaged a minimum of 2.5 per cent of GDP for health with at least 50 per cent or 1.25 per cent of GDP coming from the Centre, a clear shortfall of 1 per cent of GDP. So while we can feel good about the 28 per cent jump we should not forget the stark reality of the huge underinvestment in public health. Indeed miles to go for universal health care for all.