

## Welfare Expenditure

### Why in news?

The Union Budget 2023 was criticised over a decline in allocations for welfare schemes in real terms, at a time of post-COVID-19 recovery.

### What is welfare expenditure?

- Welfare expenditure is expenditure on social welfare programmes that provide a social safety net to citizens and ensure basic rights, including livelihoods, health, nutrition and education.
- The budget 2023 indicates that it is the first time since 2009, that social sector spending is less than 20% of total government expenditure.
- The reduction in welfare expenditure is mainly due to increased capital expenditure spending.

### What is the trend of welfare expenditure?

#### Hunger and malnutrition

- **Saksham Anganwadi and Poshan 2.0** - Aims to address child malnutrition and hunger.
- The expenditure on Saksham Anganwadi and Poshan 2.0 went down from 0.13% of GDP in 2014-15 to 0.07% in 2023-24.
- **Mid-day meal (MDM) scheme** - For improvement in class attendance, learning as well as nutritional outcomes and reduced stunting in children.
- The Budget allocation for mid-day meal scheme decreased by 50% as a share of GDP compared to 2014-15.
- **National Food Security Act (NFSA)** - Provides subsidised grains to over 80 crore people.
- For NFSA, expenditure as a share of GDP went to 0.65% this year from 0.94% in 2014-15.

*According to National Family Health Survey (NFHS)-5, the percentage of anaemic is 67%, underweight is 32% and stunted children is 36% in India.*

#### Healthcare

- The share of central health expenditure in GDP went up from 0.25% in 2014-15 to 0.30% this year but it is too little in a post-COVID world.
- **PM Matru Vandana Yojana (PMMVY)**- Provides maternity benefits as a conditional

cash transfer of Rs. 5,000 to women in the unorganised sector

- The PMMVY Budget is yet to cross Rs 3,000 crore against the need of Rs 14,000 crore.
- **Out-of-pocket expenditure** - India's out-of-pocket expenditure on health remains much higher than the global average, pushing millions into poverty each year.

*According to State of the World's Children report by UNICEF, India has the lowest vaccination rates in South Asia.*

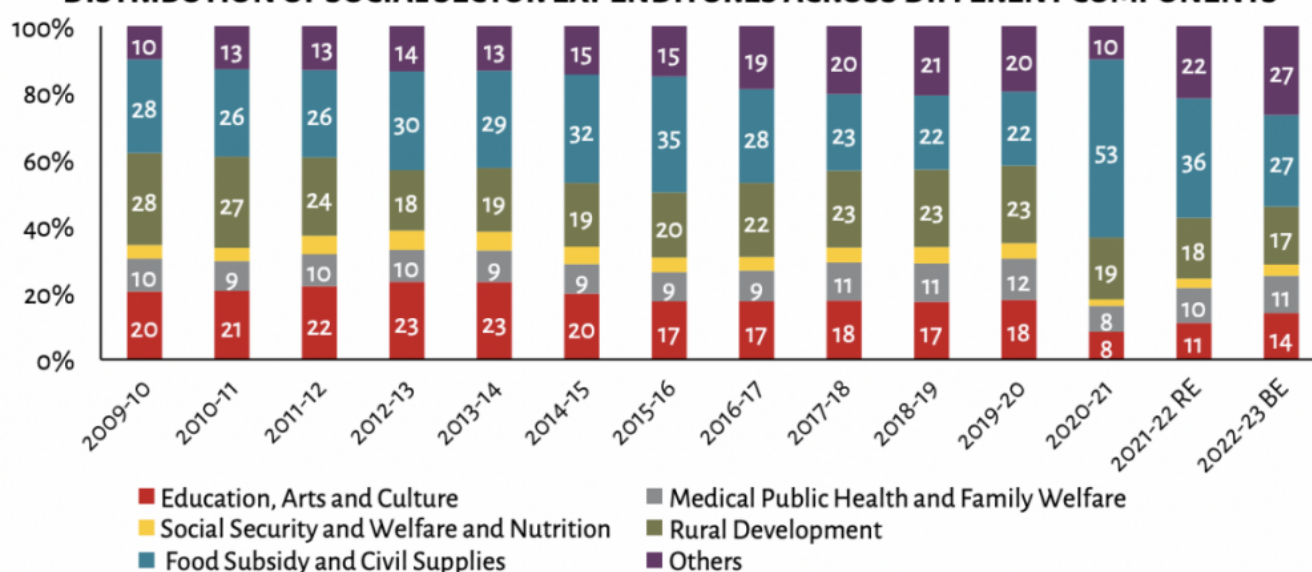
## Education

- **School education** - As a share of GDP, central expenditure on school education (primary and secondary) has steadily declined from 0.37% in 2014-15 to 0.23% 2023-24.

## Working class

- **Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA)** - Guarantees 100 days of employment to every rural household
- Expenditure of MGNREGA as share of GDP went from 0.26% in 2014-15 to 0.20% in 2023-24.
- However, since 2020-21, NFSA and MGNREGA allocations have declined rapidly as a share of GDP.
- **National Social Assistance Programme (NSAP)**- Provides pensions to elderly, widows, and disabled individuals below the poverty line and monetary assistance to families that have lost a breadwinner.
- Expenditure on NSAP as a share of GDP went down from 0.06% in 2014-15 to 0.03% in 2023-24.
- **Real wages** - Real wages of casual workers grew at less than 1% per year from 2014-15 to 2021-22 according to RBI data.

**DISTRIBUTION OF SOCIAL SECTOR EXPENDITURES ACROSS DIFFERENT COMPONENTS**



## What are the impacts of reduced welfare expenditure?

- **Major effects of reduced welfare expenditure includes**
  - Lower economic growth
  - Lower rate of people coming out of poverty
  - Low human development index
  - Reduced economic activities
- Its result can be clearly seen in India's stagnant [Human Development Index](#) rank at 132 and rising malnutrition levels.

## References

1. [The Hindu|Welfare Expenditure](#)
2. [The Wire|Trends Of Welfare Expenditure](#)

