

Will FM's Budget 2023 enable 'Nari Shakti'?

The FM has rolled out a slew of gender-friendly announcements, but a conscious increase in the public expenditure on soft sectors like health, education and gender will give social infrastructure investment a boost

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In Union Budget 2023, gender budgeting is pitched as a powerful fiscal innovation for women's empowerment. In the last Union budget before 2024 elections, Finance Minister Nirmala Sitharaman has emphasised on "nari shakti (the power of women)" as the harbinger of India's bright future. She emphasised on "women-led development", where gender budgeting frameworks can ensure fiscal transparency and accountability on how much India spends on women.

In India, the process of gender budgeting has begun in 2005-06 as a fiscal innovation for tackling gender inequalities. The National Institute of Public Finance and Policy (NIPFP)—the research institute of the ministry of

finance—has been the pioneer to design the analytical matrices, methodology and institutional mechanisms to translate the gender commitments into budgetary commitments. Since 2005-06, mandated by Budget Call Circular, India has started publishing “Gender Budget Statements” by analysing the intensity of gender components in the public expenditure. The specifically targeted programmes for women are collated on Part A of Gender Budget Statement, while Part B narrates the programmes that have an intrinsic gender component, though not exclusively targeted for women.

Gender budgeting, though, a promising framework for ensuring social justice and women’s empowerment, over the years, the size of gender budget has remained sticky at around 4 percent of the total budget. The reason for this stickiness needs to be analysed from a macro-fiscal perspective.

The fiscal rules stipulate that India needs to keep the fiscal deficit- GDP ratio at 3 percent. Only in the times of pandemic that India kept the fiscal policy “accommodative” with high [fiscal deficit](#), however, with a medium-term fiscal consolidation roadmap towards 4.5 percent fiscal deficit –GDP ratio by 2025-26. If the path towards fiscal consolidation is not through revenue mobilisation, but through cutbacks in public spending, it will affect the economic growth recovery process and gender-aware human development. Even in times of episodic expenditure compression, gender budgeting remained at 4-5 percent.

In the post-pandemic fiscal strategy, there is a growing recognition that economic growth per se will not trickle down or translate itself into better human development. In the last Budget prior to 2024 elections, the finance minister has announced that the top-most priority of the government is inclusive development and incorporated “Nari Shakti” as one of the seven guiding principles (“Saptarishis”). She emphasised the success of financial inclusion of women through the formation of 81 lakh self help groups as part of the National Rural Livelihood Mission.

In the Union Budget 2023, she promised to provide an enabling environment for these groups to reach the next level through the formation of larger producer enterprise or collectives. This announcement is indeed welcome, especially when the cost of credit (interest rate) is mounting in India, with policy rates [now touching 6.5 percent, as per the RBI’s Monetary Policy Committee \(MPC\) announcement on February 8, 2023](#). In the cost versus access to credit debates, women always need to be ensured

better access to formal credit. Otherwise, they might engage in “Ponzi finance” with the informal money lenders in the village at exorbitantly high rates of interest to enable their livelihood activities.

Against the backdrop of Azadi Ka Amrit Mahotsav, the finance minister also announced a new small savings scheme—Mahila Samman Savings Certificate—for a period upto March 2025, offering a deposit facility of Rs 2 lakh made either in the name of a woman or a girl for a tenure of two years at a fixed rate of interest at 7.5 percent with partial withdrawal option. This announcement is laudable, especially when inflation is mounting.

The narrative of Union Budget 2023 is to strengthen economic growth recovery through capex, to “crowd in” private investment. Gender budgeting is based on the premise that public infrastructure is not gender neutral. Applying a “gender lens” to capex infrastructure projects is crucial. In Union Budget 2023, there is a significant increase in the allocation towards “Safe City Project”—to provide safety to women in public spaces—from Rs 165.11 crores (2022-23 revised estimates) to Rs 1300.10 crore (2023-24 budget estimates). This is indeed welcome especially when there is lack of “fiscal marksmanship” (fiscal marksmanship is perfect if there is no deviation from what is announced in budget and what is actual spending) in “Nirbhaya” funds, where a huge amount is unspent.

Yet another significant increase in the allocation is for [Pradhan Mantri Awaas Yojana](#)—the rural housing scheme—with Rs 54,487 crore. This is welcome as this aims at strengthening property entitlements of women. The differential tax rates for property registration also helps in strengthening the access of women to land and property.

The reduction in the allocation related to “employer of last resort” policies of government through job guarantees—MGNREGA—is a matter of concern. However, the finance minister has reiterated that she is willing to allocate more funds for this scheme (Rs 25,000 crore in 2023-24 BE) as it is entitlements-driven and based on actual demand for jobs.

In Union Budget 2023, the gender budget is pegged at Rs 2,23,219 crore, which is more than 2 percent higher than the revised estimates (RE) of 2023-24 at Rs 2,18,486 crore. However, when compared to 2022-23 Budget Estimates (BE) of Rs 1,71,006 crore, the gender budgeting allocation has increased by 30.53 percent in Union Budget 2023-24. In terms of GDP, gender budgeting is less than 1 per cent, just as in the case of public expenditure of health to GDP ratio. A conscious increase in the public expenditure on seemingly soft sectors like health, education and

gender requires a paradigm shift in the economic policy making, recognising that social infrastructure investment (viz., education, health and gender) also forms the “commanding heights” of Indian economy, not only just physical infrastructure.

From this perspective, NITI Aayog’s move towards making the Gender Budgeting Act is welcome to make gender budgeting legally mandatory in India. Similar to climate bonds announced in India, announcing “gender bonds” can strengthen fiscal space for gender budgeting.

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