

# Public Expenditure on Children – An Analysis of Pre and Post Covid period across 14 Indian States

SHORT REPORT<sup>1</sup>  
JANUARY 17, 2022

*This report is based on the [first](#) of the five-webinar series conducted by Centre for Budget and Policy Studies on Impact of Covid 19 on children, livelihoods, economy and education including the response mechanisms adopted for the same.*



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This paper can be quoted in part, with the full citation.  
Suggested citation: Rao, B.V. M., Susmitha, M.V., Sundar, S. (2022).  
Public Expenditure on Children – An Analysis of Pre and Post Covid period across 14 Indian States.  
Centre for Budget and Policy Studies, Bangalore, India.

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## Acknowledgements

Although this study is self-funded by CBPS, we would like to thank UNICEF for initiating the study on Public Expenditure on Children across 16 states which provided us an opportunity to deep dive into the dimensions of the public expenditure on children and also became the precursor for this dip stick study. We would like to thank participants who raised questions, provided comments and responses when this study was presented during the webinar and that helped us to improvise our report. We would also express our gratitude to Dr Soumen Bagchi, Public Finance and Social Policy Specialist, UNICEF New Delhi who was chair for the webinar and provided very useful comments and suggestions apart from conducting it successfully. We would also express our heartfelt gratitude to the CBPS colleagues who reviewed the webinar presentation.

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## List of Abbreviations

AE	Actual Expenditure
APL	Above Poverty Line
BE	Budget Estimate
BPL	Below Poverty Line
BRICS	Brazil Russia India China South Africa
CBPS	Centre for Budget and Policy Studies
CDI	Child Development Index
CRC	Convention on the Rights of the Child
CSS	Centrally Sponsored Schemes
FY	Financial Year
GDP	Gross Domestic Product
GOI	Government of India
GST	Goods and Service Tax
ICDS	Integrated Child Development Services
IMF	International Monetary Fund
MoSPI	Ministry of Statistics and Programme Implementation
OECD	Organisation for Economic Co-operation and Development
PF4C	Public Expenditure for Children
PDS	Public Distribution System
RE	Revised Estimate
ROI	Return on Investment
SDG	Sustainable Development Goal
UN	United Nations
UNICEF	United Nations Children's Fund

# Public Expenditure on Children – An Analysis of Pre and Post Covid period across 14 Indian States

## 1.0. Socio-economic impact of COVID-19

The Covid-19 pandemic presented one of the greatest tests the world has ever seen. It highlighted the chronically neglected public healthcare systems particularly affecting people living in poverty and marginalised communities. Studies from several countries show that COVID-19 infection and mortality rates have a clear social gradient (Berkhout et.al.,2021). Since the health outcomes are strongly determined by pre-existing social and economic inequalities the poorest are the worst affected. Weakly funded public health systems lack the capacity to test, track, trace and quarantine individuals and to provide appropriate and timely healthcare for everyone who needs it (Berkhout et.al.,2021). In terms of share of government expenditure, India has the world's fourth lowest health budget, and out of pocket expenditure is more than 70% resulting in increased risk of death during the pandemic (Martin et.al.,2020). Amongst the BRICS nations-Brazil, Russia, India, China and South Africa, India spent the least on healthcare in 2018. However, in the current scenario as well, more than 80% of India's population still does not have any significant health insurance coverage and nearly 68% have limited or no access to essential medicines<sup>2</sup>. Low testing rates has been a serious drawback in India's response to the pandemic. Scenes of hospitals running out of beds, and people searching desperately for life-saving oxygen or critical medical supplies for their loved ones have hogged international headlines (Bala,2021). Decades of low allocations to health care and lack of political will are reported to be some of the potential reasons for the impending public health crisis.

The health crisis has loomed into an economic crisis with massive aggregate shocks at the household and individual levels. This economic shock is said to be significantly larger than anything seen since the financial crisis of 2008-09 (Al-Samarrai et.al.,2020). The downward trend of GDP projections across most regions and countries have led to large increases in unemployment and underemployment rates (Loayza & Pennings,2020). In an era of extreme inequality, the COVID-19

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<sup>2</sup> [https://www.fitchsolutions.com/pharma-healthcare/resurgence-covid-19-infections-will-take-toll-indian-healthcare-system-15-04-2021?fSWebArticleValidation=true&mkt\\_tok=NzMyLUNLSC03NjcAAAF\\_F0OvMdeqvjLvvvnL8vVg0-10SrPINAq\\_vcUKTFojUXARE2Jc7K2zO0NrWh0en1dE1r1\\_fGCmOVhBO1Y29CnyxeYguTzOOE3co4j4r1K3ovkK3BCU](https://www.fitchsolutions.com/pharma-healthcare/resurgence-covid-19-infections-will-take-toll-indian-healthcare-system-15-04-2021?fSWebArticleValidation=true&mkt_tok=NzMyLUNLSC03NjcAAAF_F0OvMdeqvjLvvvnL8vVg0-10SrPINAq_vcUKTFojUXARE2Jc7K2zO0NrWh0en1dE1r1_fGCmOVhBO1Y29CnyxeYguTzOOE3co4j4r1K3ovkK3BCU)



pandemic can be categorised as a fundamentally disequalizing impact across countries (United Nations,2020). In the recent epidemics as well (H1N1 and Zika virus) the inequality levels have risen by 1.3% in the affected countries as estimated by the IMF (Berkhout et.al.,2021). Economic and financial institutions like the World Bank, IMF, OECD, Credit Suisse etc. have predicted that the impact of the pandemic will be far greater, because of the widespread restrictions it has necessitated (Furceri et.al,2020; OECD,2020; Credit Suisse,2020). For the first time since 1870, per capita incomes are expected to decline in all regions (World Bank,2020). The global poverty rates are expected to rise for the first time since the Asian financial crisis of 1998 (Al-Samarrai et.al.,2021).

The Indian economy that has been undergoing a prolonged slowdown witnessed the severe contraction since Independence where the GDP growth rate fell by 7.3% in constant prices in the FY 2020-21 (MoSPI,2021). The other macroeconomic indicator which is unemployment peaked at 20% during 2020-21 and peaked again in May 2021 at 12%<sup>3</sup>. As estimated by Santosh Mehrotra, a labour economist, 18 million jobs were lost 2020-21 and the trend continues to the next fiscal year wherein 3 million jobs were again lost in 2021 (Surabhi, 2021). From 2011-12 to 2019-20, there has been a 70 million (Mehrotra &Parida,2020) increase in the number of absolute poor. In an existing unequal world, it is estimated that the pandemic has the potential to spike the number which will have a profound and long-term impact on poverty levels.

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<sup>3</sup> <https://unemploymentinindia.cmie.com/>

## 2.0. The Pandemic and Children

Economic downturns have a significant effect on child poverty as it is associated with parental employment status (OECD,2020). A loss of income for a period of time can restrain the ability of poor households to invest in education of children, nutrition and health thus negatively impacting the long-term outcomes of children (World Bank,2020). As the harmful effects of the pandemic are not distributed equally, it is expected to be the most damaging for children as they are already disadvantaged and in vulnerable situations.

In India, the child population<sup>4</sup> is close to 550 million which constitute about 40% of the total population. India accounts for 5.9 lakh neonatal deaths annually amounting to 23% of the global burden. Similarly, the 9.6 lakh Under 5 deaths annually in the country account for 17% of the global burden and 27% global burden for stunting of under 5 children. Regarding the government initiatives that reach to the welfare of children, supplementary nutrition reaches to about 100 million children below age of 6 years through Anganwadi centres while mid-day meal covers 120 million children for 220 days of a year. Apart from this, Public Distribution System which covers 800 million APL and BPL population together also provide food for children. The global burden and the government programs in the country indicate the scale of problem as well as the expansive reach for the welfare of the children.

Yasmin Ali Haque, UNICEF India Representative said, “The pandemic has clearly emerged as a child rights crisis, aggravating the risk of child labour as many more families are likely to have fallen into extreme poverty. Children in poor and disadvantaged households in India are now at a greater risk of negative coping mechanisms such as dropping out of school and being forced into labour, marriage, and even falling victim to trafficking. We are also seeing children lose parents and caregivers to the virus - leaving them destitute, without parental care. These children are at extremely vulnerable to neglect, abuse and exploitation.” The progress that has been made against the Sustainable Development Goals (SDGs) for children is at the brink of disruption, or even lost as the impact of the pandemic will be catastrophic (Edward & Jess,2020).

Since the emergence of the pandemic, the lockdown and associated restrictions imposed to contain the spread of the virus has affected the health and well-being, learning, economic and social security of children and adolescents. With the closure of schools and digitisation of education, access to basic education became one of the

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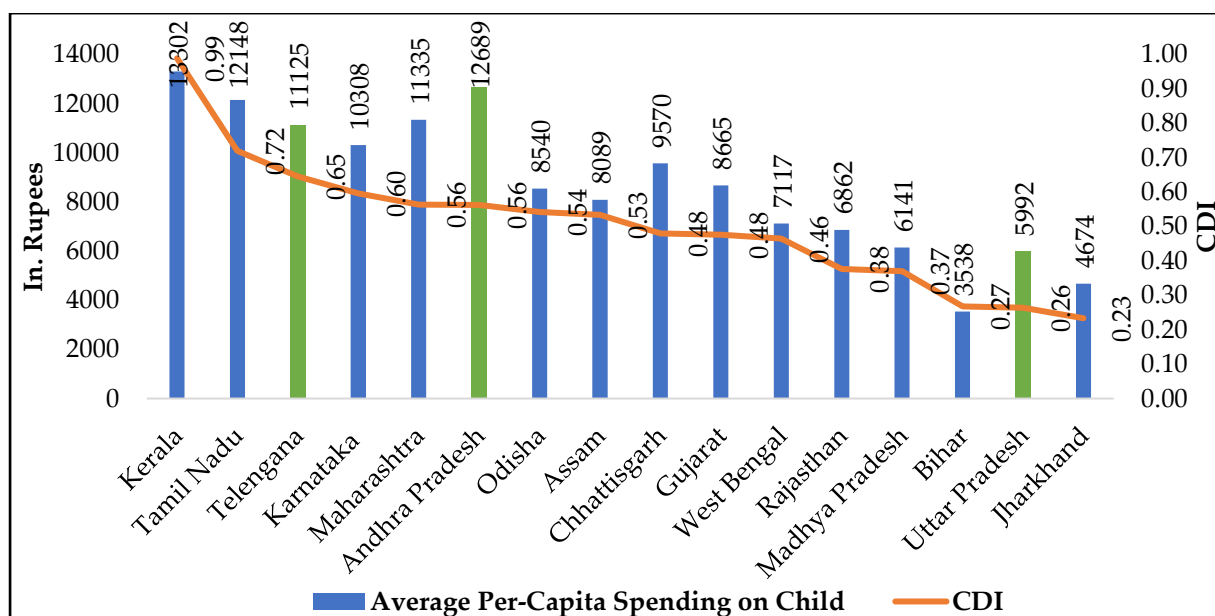
<sup>4</sup> 0-18 years age group

grave challenges for children especially the disadvantaged. Few reasons for this education-gap (OECD, 2020) were unavailability of smart phones and computers, unreliable internet connection, lack of technology skills (Jena,2020) and lack of electricity (United Nations,2020). The vulnerable households were forced to adopt coping mechanisms and one of it was an increase in child marriages. In Madhya Pradesh, the recorded number of child marriages jumped from 46 cases between November 2019 and March 2020, to 117 cases in the shorter period of April to June 2020. Similarly, 18 cases of child marriages were reported in Chhattisgarh in the five months before the COVID-19 lockdown, but during the first three months of the lockdown, the number increased to 58 cases (Banerjee,2020). A study conducted in three states (Bihar, Rajasthan and Uttar Pradesh), showed that 42 percent of 15–24-year-olds experienced an increase in their domestic workload. The pattern has been clearer among adolescent girls (52 percent) than boys (22 percent) (“Impact of covid-19,”2020). Such deprivations have had repercussions on the child’s mental health and well-being due to limited socialisation and lack of physical activity. Evidence suggests that in times of emergencies and crises, there is higher likelihood of children migrating to cities and entering the labour force (Ramaswamy & Seshadri,2020). Indeed, as India began lifting lockdown restrictions, cases of child labour showed a steady rise in June 2020 as compared to the previous months (Tyagi,2020). As an effect of this health crisis, children are bearing the brunt of poor diet. The vulnerability would be higher as child nutrition is dependent on government programmes like Integrated Child Development Scheme (ICDS) and mid-day meal programme (Rajpal et.al.,2020) and such disruptions can only exacerbate food insecurity (Alvi & Gupta,2020).

### 3.0. Criticality of Public investment on children

The international commitments such as SDGs, Convention on the Rights of the Child (CRC) by the United Nations in late 1980s and the country’s constitutional rights, make it necessary for India to invest in the well-being of children. Based on James J. Heckman’s equation, investing in early childhood development yields the highest rate of returns. “The best investment is in quality early childhood development from birth to five for disadvantaged children and their families.” A comprehensive study conducted to understand the public expenditure on children by Centre for Budget and Policy Studies, shows that higher child development has been observed in the states with higher per child expenditure.<sup>5</sup>

**Figure 1: Per child expenditure vs CDI**



**Source:** CBPS paper on public expenditure for children across 16 states

There is strong evidence suggesting that higher public investment is desirable for development of children that will have long term economic gains. During the times of crisis and distress, it becomes all the more crucial to protect the child rights and ensure the development made so far is not impeded and additional care is given.

While there is such an overwhelming need, the experience so far shows that there have been budgetary cuts in public investment especially in education. For example, during the Ebola pandemic in Sierra Leone, public education spending fell sharply from 15 to 12 percent of total government spending between 2014 and 2017 (Al-Samarrai et.al.,2020). While studies show that globally, the education spending has

<sup>5</sup> <http://cbps.in/wp-content/uploads/Public-Finance-for-Children-PF4C-across-16-Indian-States.pdf>

been continuously increasing on real terms, there are signs that this pandemic may interrupt this trend. With the onset of pandemic, education budgets have declined in 65 percent of low- and lower middle- income countries compared to only 33 percent of high- and upper-middle-income countries. (Al- Samarrai et.al.,2021). The Government of India's budgetary allocations has seen decline in child related departments from the FY 2020-21 to FY 2021-22. The Union Ministry of Women and Child Development has seen a decline from Rs. 30,007.1 crores to Rs. 24,435 crores. The budget for the Department of Education and Literacy has slashed to Rs 53,600 crore from 59,370 crore. The budgetary allocation for child protection was cut down by 40 per cent from Rs 1,500 crores to Rs 900 crores (Jain,2021).

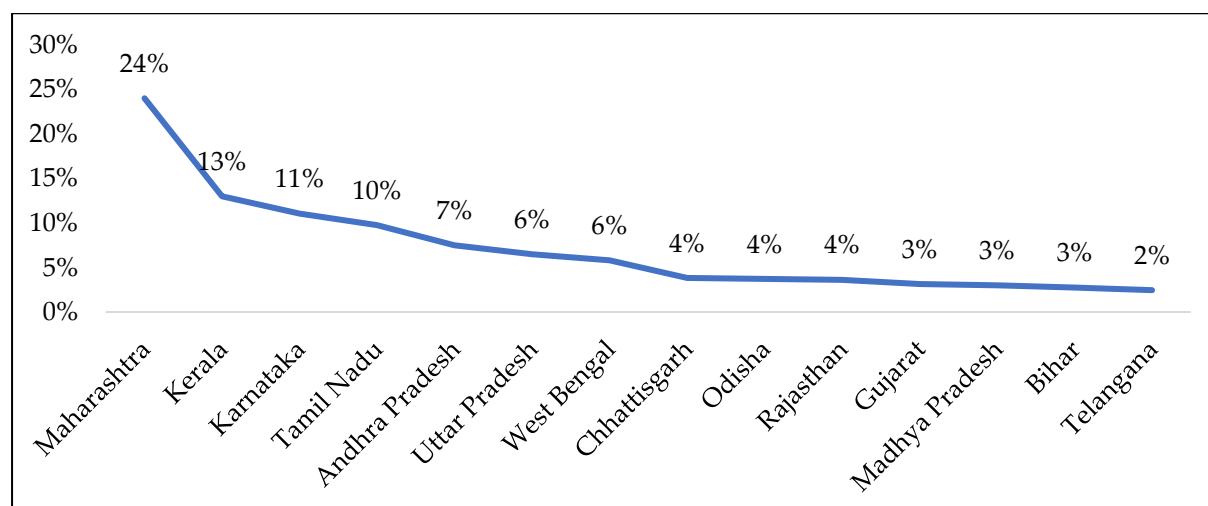
## 4.0. Public Expenditure on Children: pre and post COVID-19 analysis

In order to understand how some of the major Indian states have fared in terms of public expenditure on children, a comparative analysis of pre and post covid period has been undertaken. The budget data has been collected for Actual Expenditures of 2018-19 and 2019-20, Revised Estimates of 2020-21 and Budget Estimates of 2021-22 across 14<sup>6</sup> Indian states. It covers all expenditures and allocations for children belonging to the age group of 0-18 across sectors of education, health, nutrition and social protection.

This study serves as a dip test to understand the prioritization of expenditure on children during covid times (reduced inflow of funds to state exchequer) only based on budget. This helps in understanding how the states have tried to respond to children's welfare amidst the pandemic. The expenditures which are exclusively for children based on the head of account or by description are considered as child expenditure. A distinguishing factor of this study is that it includes the expenditures directed towards administration and maintenance along with program expenditure.

The covid-19 pandemic has impacted each state differently. The states like Maharashtra, Kerala, Karnataka and Tamil Nadu have suffered a higher pandemic load of 24%-10% in comparison to states like Madhya Pradesh, Bihar and Telangana which have had a pandemic load of only 2%-3% (Figure 2).

**Figure 2: Share of Covid-19 (Pandemic load) across 14 states**



Source: [www.prsindia.org](http://www.prsindia.org). Monthly cases from March 2020 to August 2021

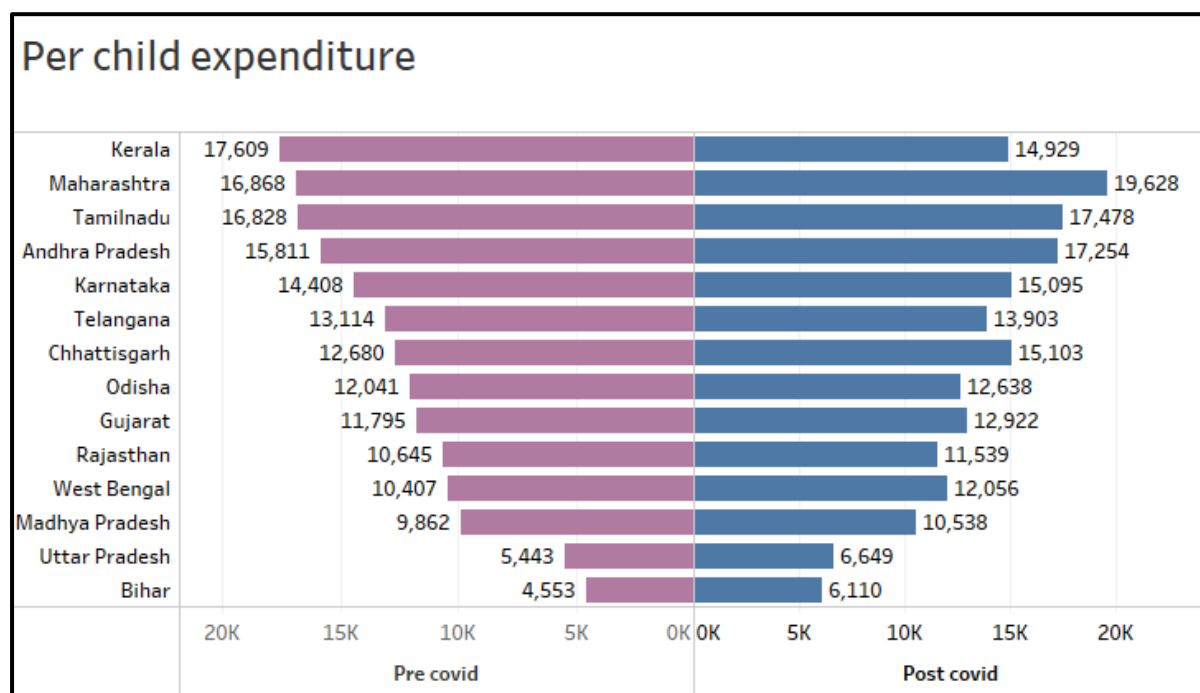
<sup>6</sup> Andhra Pradesh, Bihar, Chhattisgarh, Gujarat, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Odisha, Rajasthan, Tamilnadu, Telangana, Uttar Pradesh, West Bengal.

## 4.1. Pre and post covid comparison of Per Child Expenditure

In allegiance with the pandemic load of the states, it becomes imperative to understand the per child expenditure that states have incurred on children in the pre pandemic period and how it has changed with the emergence of the pandemic. There has not been a significant change in the prioritisation of states with respect to child spending (Figure 3).

The states which have been spending the highest remain to be the same such as Kerala, Maharashtra, Tamil Nadu, Andhra Pradesh and Karnataka whereas the states which have been historically spending low such as West Bengal, Madhya Pradesh, Uttar Pradesh and Bihar have continued to not prioritise child expenditure. However, in the post-covid period, in nominal terms, there has been a marginal increase in per child expenditure for nearly all states except for Kerala. Amongst all the states, Maharashtra and Chhattisgarh have seen a considerable increase in the per child expenditure in the post covid period.

**Figure 3: Per child expenditure in the pre and post covid period across 14 states (In Rupees)**



**Source:** State budget documents

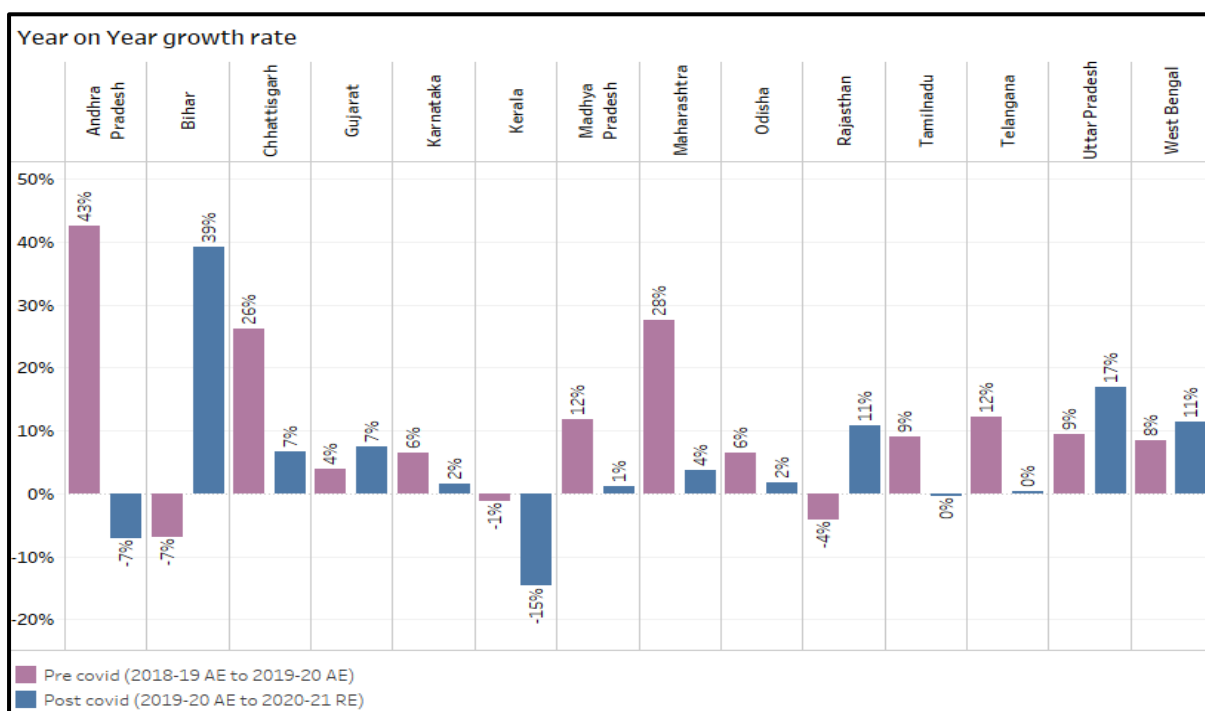
**Note:** Pre covid- Average child expenditure of 2018-19 AE and 2019-20 AE, Post covid- Child expenditure of 2020-21 RE

Though there has been a nominal increase for all the states, a year-on-year growth rate gives a better understanding of the rate at which per child expenditure has increased in comparison to the pre-covid growth. There is a clear decline in the

growth rate of per child expenditure except for the states of Bihar, Gujarat, Rajasthan, Uttar Pradesh and West Bengal (Figure 4). In the post covid period; Kerala, Tamil Nadu, Telangana and Andhra Pradesh have observed severe contractions in the growth of per child expenditure.

The states which have been consistently performing well on Child Development Index (CDI) such as Kerala, Maharashtra, Andhra Pradesh and Telangana have seen a deviation from child expenditure and the potential reason could be that these states already have enabling factors with sustained investments made for child development due to which there has been a lapse in spending in the covid year. These are also the states which have had a high pandemic load leading to a shift in focus from child expenditure to healthcare facilities.

**Figure 4: Annual Growth rate of Per Child Expenditure**



**Source:** State budget documents

To dwell further into understanding the per child expenditure, the states have been grouped into three categories:

- 1) The states which have a high decline in per child expenditure,
- 2) The states which have a marginal or no decline in per child expenditure and
- 3) The states which have a lesser decline in per child expenditure.

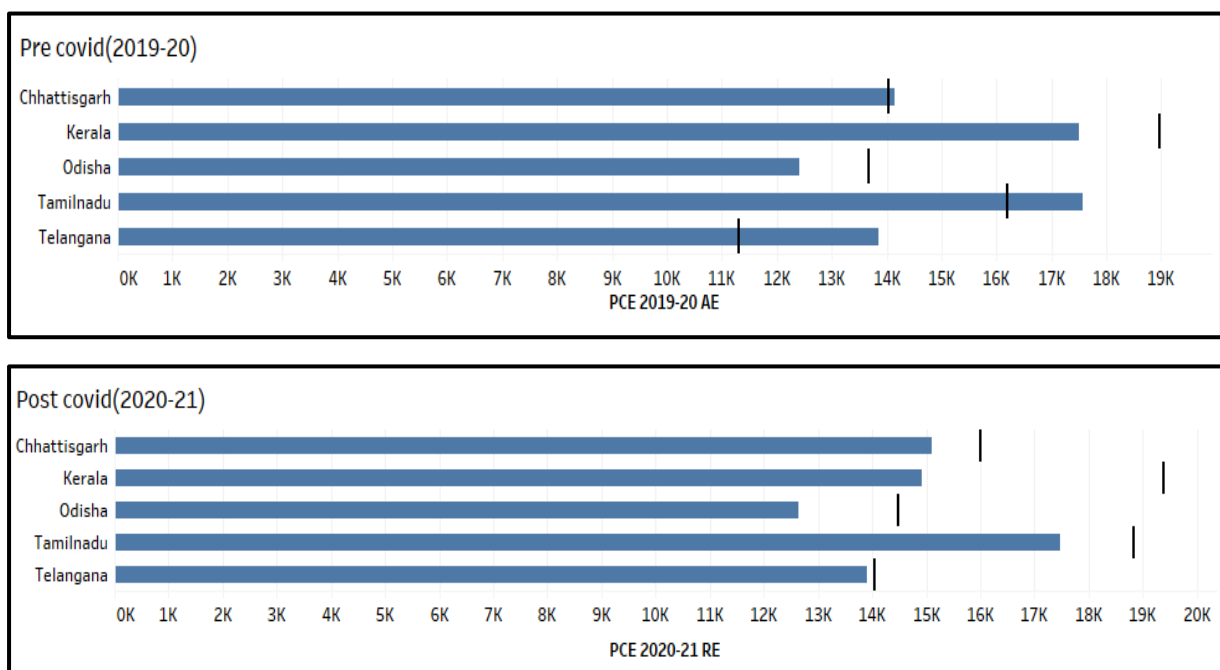


The three graphs provide a comparison between Budget estimates and Actual expenditures in the pre covid year – 2019-20 and a comparison between Budget estimates and Revised estimates in the post covid year -2020-21.

#### 4.2. States with a high decline in per child expenditure

Chhattisgarh, Kerala, Odisha, Tamil Nadu and Telangana have a higher decline in the post covid period as the difference between their actual expenditure and budget estimates is higher than the difference between their actual expenditure and budget estimates in the pre-covid period (Figure 5). Kerala and Tamil Nadu have made sustained investments for children. Thus, a cut in expenditure for one year might not adversely impact the welfare of children in these two states. However, Chhattisgarh for example, which has been grappling with high under-5 mortality rate, stunting and wasting rates was not able to prioritise child expenditure in the post covid year in spite of its fiscal prudence.

**Figure 5: Per Child Expenditure in Rupees- Budget Estimates vs Actual Expenditure/ Revised Estimates- High decline**



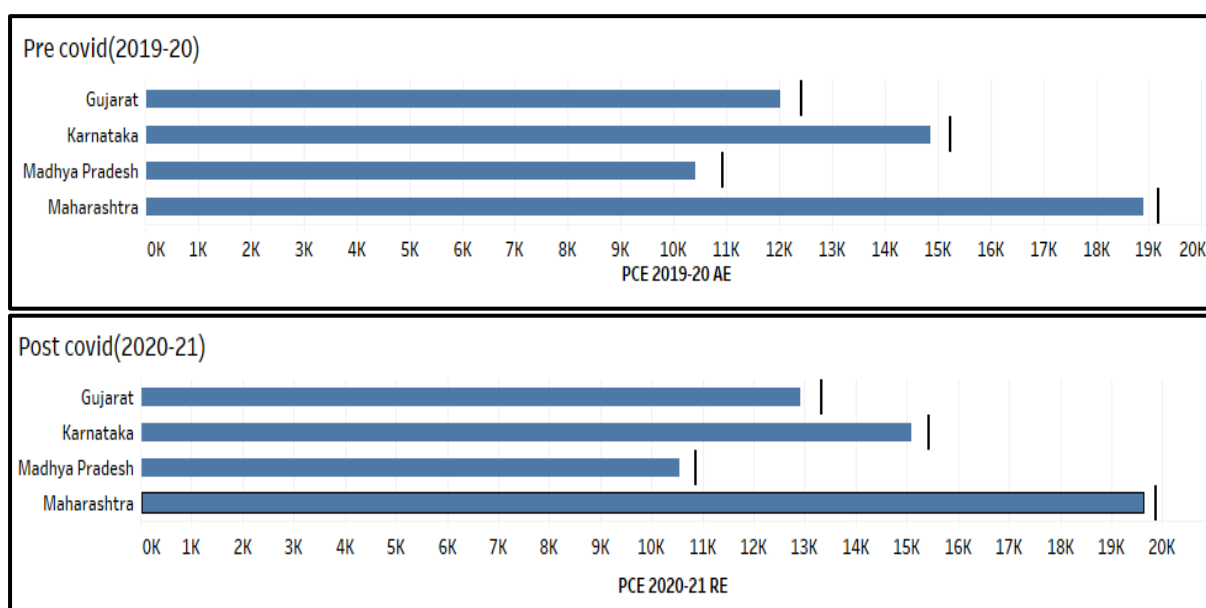
Source: State budget documents

#### 4.3. States with a marginal or no decline in per child expenditure

Gujarat, Karnataka, Madhya Pradesh and Maharashtra did not observe a significant change in comparison to pre and post covid period. In the financial year 2020-21, these four states have experienced negative growth in their revenue receipts and yet the prioritisation of child expenditure seems to be maintained (Figure 6). Madhya

Pradesh seems to be a point of concern as the state has performed poorly on child development indicators especially in attendance ratios. It has also performed low on all health and nutrition indicators, where under 5 mortality is 65%, 42% of children under the age of 5 are stunted and about 55% of women are anaemic. With covid exacerbating such issues, the need for public investment for such states becomes even more critical.

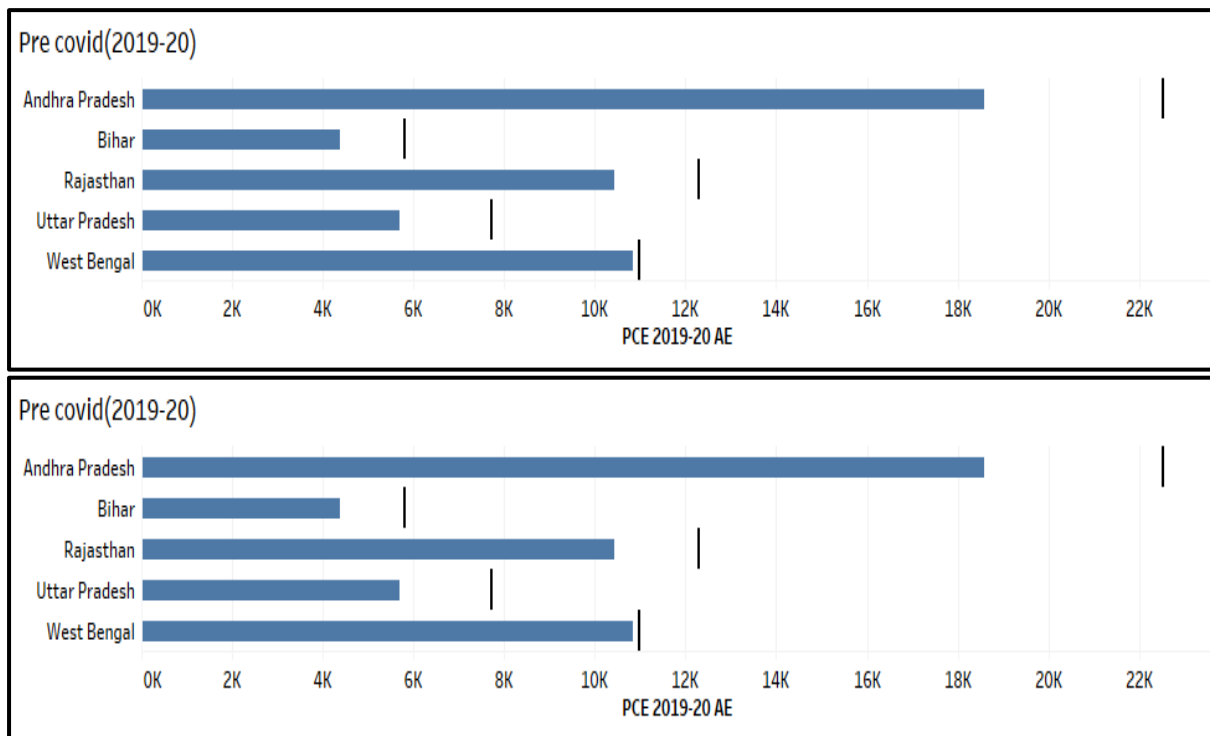
**Figure 6: Per Child Expenditure in Rupees- Budget Estimates vs Actual Expenditure/ Revised Estimates- No/ marginal decline**



**Source:** State budget documents

Andhra Pradesh, Bihar, Rajasthan, Uttar Pradesh and West Bengal have observed less decline in the difference between Budget estimates and revised estimates in the post-covid period compared to the pre covid period ( Figure 7). However, it is to be noted that the revised estimates of Bihar cannot be reliable as the revised estimates are not closer to the actual expenditure but rather closer to budget estimates. All four states except for Andhra Pradesh, are states with critical child issues as they perform poor on child development index. These states require alternate approaches to improve the status of children given covid can make the children more vulnerable. Rajasthan, West Bengal and Uttar Pradesh have high incidence of child marriages. Uttar Pradesh and Bihar also have high incidence of under 5 mortality and stunting. Bihar is also one of the states to have a higher percentage of anaemic pregnant women.

**Figure 7: Per Child Expenditure in Rupees- Budget Estimates vs Actual Expenditure/ Revised Estimates- Less decline**

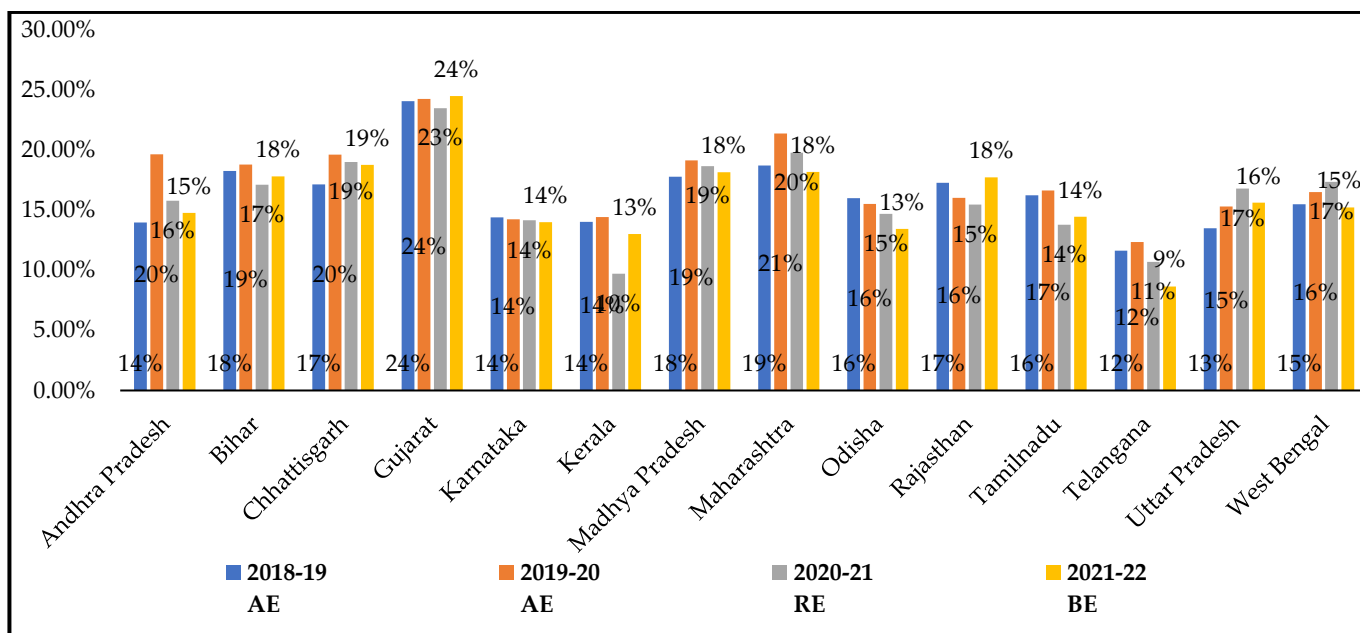


**Source:** State budget documents

In order to determine how states have prioritised their expenditure on children, the expenditures are analysed in relation to the total expenditure of the state. In the pre-covid period i.e., in the year 2018-19 to the year 2019-20, all states have shown an increase in the child expenditure as a relation to the total state expenditure and in the post-covid period (2020-21), all states have shown an increase in the expenditure except for states like Uttar Pradesh and West Bengal which have estimated a decline in child spending (Figure 8).

Amongst all the states, Karnataka is one state which has neither shown an increase or decline in the child expenditure in the pre and post covid period. One of the reasons for the same is that Karnataka is the only state in the country which has full time salaried employees and the expenditure on teacher salary cannot be deducted.

**Figure 8: Prioritisation of child expenditure in terms of total state expenditure**

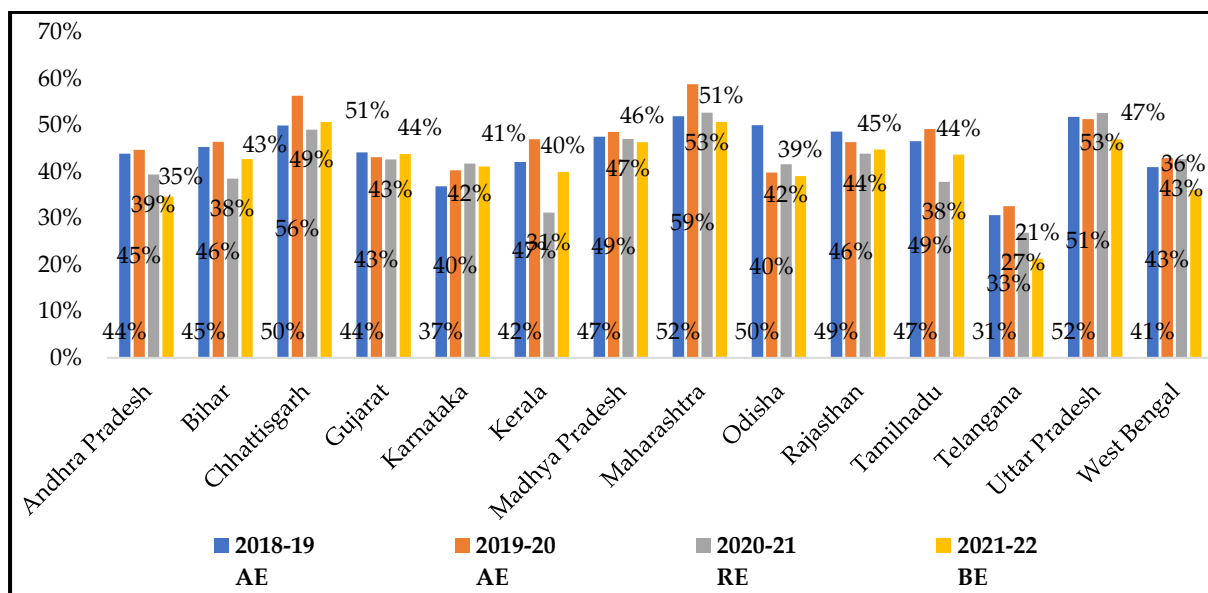


**Source:** State annual reports

It is also important to understand the expenditure on children in relation to the social service expenditure of the state. In allegiance to the previous graph, all the states have shown an increase in child expenditure in the pre-covid period as well as in the post covid period except for states like Karnataka, Odisha and Uttar Pradesh which have shown a marginal decline in child expenditure in the post covid period (Figure 9).

Consequently, in both the graphs, one state that is standing out is Rajasthan which has shown a decline in child spending in the pre-covid period itself. This particularly is worrying as Rajasthan is one state which has a low attendance ratio in secondary education, low sex-ratio and a high incidence of child marriage. However, the decline in child expenditure is also potentially due to the decline in reimbursement of fees under the Right to Education Act. This decline in reimbursement has been consistent for the past two years resulting in the decline of child expenditure.

**Figure 9: Prioritisation of child expenditure in terms of social service expenditure**



Source: State annual reports

#### 4.4. Sectoral and Age group analysis

A sectoral analysis across four different sectors of education, health, nutrition and child protection enables in understanding the focus of spending on children across sectors. Looking at all the sectors across all the sectors, Kerala's prioritisation has declined in all the sectors and as mentioned earlier, Kerala and Tamil Nadu which are relatively better developed have some enabling factors and also, considering the pandemic load of these states is high (13% and 10%), it appears that these states have not prioritised child expenditure as much (Table 1).

However, looking at West Bengal-which has not prioritised child protection and for a state, which has 40% cases of child marriage (higher than the national average), it is even more imperative to increase spending as covid has also exposed child vulnerabilities in different forms. Even though in absolute terms, it may seem that West Bengal is spending a lot on child protection, keeping in mind the magnitude of the problem, the amount seems to be miniscule.

**Table 1: Prioritisation of child expenditure across sectors in 14 states**

	Prioritised	Not Prioritised
<b>Education</b>	Bihar, Chhattisgarh, Gujarat, Karnataka, Madhya Pradesh, Maharashtra, Odisha, Rajasthan, Uttar Pradesh, West Bengal	Andhra Pradesh, Kerala, Telangana, Tamil Nadu
<b>Health and Nutrition</b>	Andhra Pradesh, Bihar, Chhattisgarh, Gujarat, Karnataka, Madhya Pradesh, Maharashtra, Rajasthan, Telangana, Uttar Pradesh, West Bengal	Kerala, Odisha, Tamil Nadu
<b>Protection</b>	Bihar, Chhattisgarh, Gujarat, Madhya Pradesh, Maharashtra, Odisha, Rajasthan, Tamil Nadu, Uttar Pradesh	Andhra Pradesh, Karnataka, Kerala, Telangana, West Bengal

**Source:** Authors' analysis

**Note:** Prioritized states: Positive growth rate in child expenditure from 2019-20 AE to 2020-21 RE.

Not Prioritized states: Zero and negative growth rate in child expenditure from 2019-20 AE to 2020-21 RE

Four age groups have been taken into consideration for analysis i.e., 0-6, 6-14, 14-18 and multiple age category- which is across different age groups covering programs catering to multiple age groups. On looking into age-group analysis of 6-14, it is seen that spending has reduced for age group category of 6-14 and no age group is prioritised for Kerala and Tamil Nadu could only prioritise the age group of 6-14 compared to the pre-covid period (Table 2).

**Table 2: Prioritisation of child expenditure across age groups in 14 states**

	Prioritised	Not Prioritised
<b>0-6</b>	Andhra Pradesh, Bihar, Chhattisgarh, Gujarat, Karnataka, Madhya Pradesh, Maharashtra, Odisha, Rajasthan, Telangana, Uttar Pradesh	Kerala, Tamil Nadu, West Bengal
<b>6-14</b>	Bihar, Chhattisgarh, Gujarat, Karnataka, Maharashtra, Odisha, Rajasthan, Tamil Nadu, Uttar Pradesh, West Bengal	Andhra Pradesh, Kerala, Madhya Pradesh, Telangana
<b>14-18</b>	Andhra Pradesh, Bihar, Chhattisgarh, Gujarat, Karnataka, Madhya Pradesh, Maharashtra, Odisha, Rajasthan, Uttar Pradesh, West Bengal	Kerala, Tamil Nadu, Telangana
<b>Multiple</b>	Bihar, Chhattisgarh, Kerala, Maharashtra, Odisha, Rajasthan, Telangana, Uttar Pradesh, West Bengal	Andhra Pradesh, Gujarat, Karnataka, Madhya Pradesh, Tamil Nadu

**Source:** Authors' Analysis

#### 4.5. The Pandemic Loss and Child Expenditure

A comparison of the states with the covid-19 pandemic load (number of cases) was done to understand the focus on the child expenditure by looking into growth of Child expenditure in 2020-21 compared to 2019-20 from their respective previous years given the scale of problem at hand. It is very clear that the states which had high pandemic load could not increase the child expenditure (None in green box) while they were able to maintain or record a low growth in the expenditure during 2020-21 compared to that of the pre-covid period. However, the states of Chhattisgarh, Gujarat, Rajasthan, Uttar Pradesh and West Bengal which had a relatively lower pandemic load share (less than 10%) were able to record relatively higher growth of child expenditure.

However, states like Andhra Pradesh, Telangana, Madhya Pradesh and Odisha, in spite of having a low pandemic load have not prioritised child expenditure is a matter of concern. Considering the fact that Andhra Pradesh has not prioritised in both age and sector, also endorsed by the fact that Andhra Pradesh's education sector has seen a consistent fall in resources from 16.44% of total expenditure in 2015-16, to 13.08% in 2018-19 (pre-pandemic period). Given the economic slump induced by the lockdown, the resources allocated by this budget could fall further or fail to pick up. Similarly in Madhya Pradesh, the spending on nutrition sector has declined where there has been an increase in malnutrition with nearly 45% of children being stunted.

Considering all the sectors are interconnected with each other and the impact that the pandemic has had on each of these sectors, it makes it more important for states to start spending on education which is most important one since dropouts have increased and enrolments have seen a fall while also keeping other sectors in mind.

**Table 3: Total child expenditure in relation to the pandemic load of 14 states**

<b>Growth in the Total Child Expenditure in 2020-21 as compared to 2019-20</b>	High	Bihar, Chhattisgarh, Gujarat, Rajasthan, Uttar Pradesh, West Bengal	
	Low	Andhra Pradesh, Telangana, Madhya Pradesh, Odisha	Kerala, Tamil Nadu, Karnataka, Maharashtra
		Low	High
	Pandemic Load		
<b>Legend:</b>			
<div style="display: flex; flex-direction: column; gap: 5px;"> <div style="display: flex; align-items: center;"> <div style="width: 15px; height: 15px; background-color: #A9A9A9; margin-right: 5px;"></div> <span>High Child Expenditure and Low Pandemic Load</span> </div> <div style="display: flex; align-items: center;"> <div style="width: 15px; height: 15px; background-color: #90EE90; margin-right: 5px;"></div> <span>High Child Expenditure and High Pandemic Load</span> </div> <div style="display: flex; align-items: center;"> <div style="width: 15px; height: 15px; background-color: #FF0000; margin-right: 5px;"></div> <span>Low Child Expenditure and Low Pandemic Load</span> </div> <div style="display: flex; align-items: center;"> <div style="width: 15px; height: 15px; background-color: #FFD700; margin-right: 5px;"></div> <span>Low Child Expenditure and High Pandemic Load</span> </div> </div>			
Bihar – an exception which indicated RE=BE			

**Source:** Authors' Analysis

**Note:** High pandemic: >10% of covid-19 cases of 14 states.

High total child expenditure: >5% of growth rate witnessed from 2019-20 AE to 2020-21 RE.



## 5.0. Key takeaways from the study

With the expertise and the experience of analysis of public expenditure on children in 16 states during the year 2018-19, it became very logical for the CBPS to understand the implications of covid-19 on the public expenditure focusing on children.

What also came across during the study was the effect of demonetization and implementation of Goods and Service Tax which had an effect on pan India scale. While the demonetization had dealt a big blow to the informal sectors which largely worked on cash, it also had a negative impact on the growth of small and medium industries at least in the short and medium term. The Goods and Service Tax though a very well thought out one which would have removed the cascading effect of taxes failed to realise the objective in the short run owing to its lack of preparedness across states. This also had an effect on the sovereign powers of taxation for the state which granted by constitution and resulted in losing it in favour of GST council. This also meant that given the rates are fixed by the council, the only way for states was to improve the base and efficiency in order to mop up the tax collections. These twin shocks reduced the tax collections both at the state and union levels, lowered the shared of taxes and grants in aid to states beginning from 2017-18. There is a need for us to understand the public expenditure on children in this background as well. States which have been successful to upkeep their expenditure and prioritize expenditure on children need to be lauded for their efforts while it becomes imperative for the states which have been faring low in terms of child development indicators and also have higher population burden ( such as Uttar Pradesh, Madhya Pradesh, Rajasthan)needs greater level of support than before to mitigate the effect of pandemic on children.

One of the important takeaways was that the states have had good levels of improvement in terms of child development indicators such as Kerala and Tamil Nadu chose to fuel the economic activity in the state rather than focusing on enhancing the expenditure on children. States such as Maharashtra (lowest fiscal deficit) and Karnataka which were fiscally very prudent and have had capacity to expand the expenditure on children focused on maintaining the expenditure levels. States with lower child development index, have higher population burden, lower fiscal capacity and got affected severely due to the decreased expenditure owing to lower grant-in aid from GOI through schemes. This also calls for a differentiated approach of handholding from the Government of India towards these states while helping them to become fiscally stronger without ignoring the focus on enhancing

the public expenditure on children which has a high Return on Investment (ROI). While ensuring public expenditure on children is enhanced and maintained the approach needs to be child centred.

## 6.0. Suggestions for the Future Budgets

Given the pandemic has been with us over almost two years, there is a need to acknowledge the unprecedented disruption in the lives of children – their wellbeing, health, nutrition, development, learning and protection. With the pre-post Covid19 expenditure analysis indicating an adverse impact on the prioritization of public expenditure on children across the states, it is important to deliberate on few pointers to mitigate the effect on children.

1. The struggles and challenges faced by individuals, communities, firms, organisations and Governments have also led to learnings and innovations to mitigate disruptions in the form of loss of lives, livelihoods, income apart from widening the inequalities in the society. This also has laid bare the deficiencies of the delivery systems especially that of the public health and education. This also can be viewed as an opportunity to undertake the required course correction in provisioning of public health and education services.
2. One of the important lessons that comes out of the analysis is the consistency of expenditure and the need for incremental expenditure over a period to achieve the improvement in indicators. Disruptions in expenditure can dent the progress severely and states cannot afford to ignore the same. The expenditure on children especially where unit costs are involved should be subject to automatic increase to adjust for inflation every year and increase in order to achieve the development goals. Increased expenditure leading to timely delivery of services is a must.
3. While the expenditure on schemes relating to development of children are critical, the expenditure on personnel and infrastructure (physical and systems) become very important and the states need to spend higher amounts consistently to address the challenges of the pandemic. The lack of personnel has severely affected the reach of education, health and nutrition services for children owing to their involvement in Covid duties while their work was put on back burner.
4. Higher scheme expenditure (especially of Centrally sponsored schemes) with an objective of achieving the desired improvement in the child development indicators can prove to be ineffective if the funds are not made available for higher personnel (systems and infrastructure included) expenditure. This can prove to be detrimental especially for states with lower fiscal prowess and higher burden in terms of child population and child development indicators. The lower scheme expenditure (of CSS) leading to lower releases can further affect the development. There is a need to ensure a consistent funding for a period of at

least five years with a condition that the states would complement the expenditure by way of increasing the recruitment and personnel expenditure and this could help in progressing towards achieving the development goals. Government of India has a higher role to play in this matter by helping states by way of special grants.

5. The technology led learning systems have failed to reach all the sections of the child population necessitating the need for a hybrid approach. The importance of schools and anganwadi centres as an important platform for provisioning of services and achieving integrated development has become very evident during the pandemic. Efforts to use these platforms effectively to undertake course corrections in health, nutrition and education of children is very important.
6. Local solutions, local checks and balances along with local participation and cooperation are critical for the success of delivery of services. This became more evident during Covid19 and can be effectively incorporated to the delivery of services to children and to enhance local accountability.

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