PUBLIC EXPENDITURE ON CHILDREN IN INDIA :

Trends and Patterns

An analysis of
budgets and expenditure
of the union and
sixteen state governments

2019

Centre for Budget and Policy Studies

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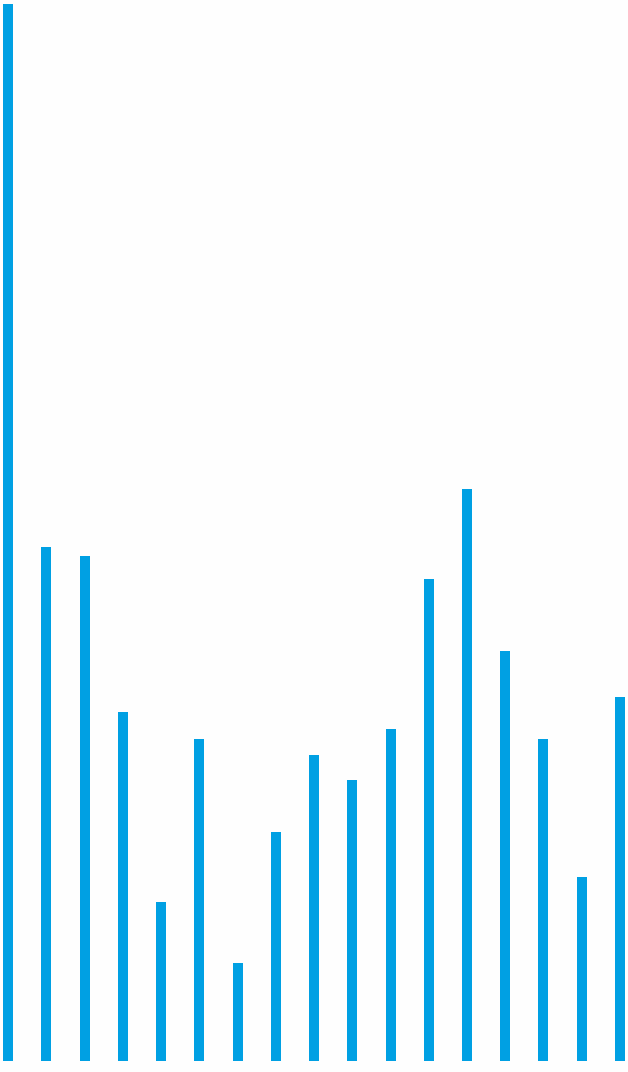

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Preface and acknowledgements

We are extremely happy to present this analysis of public expenditure for children in India, a first of its kind and at this scale. A number of institutions, including us, have analysed either the union budget or the budget of one or few states, but it is for the first time that an analysis of public expenditure includes the union and 16 major states of India, covering a period of seven years. What also distinguishes the report from other efforts so far is the methodology adopted for the analysis. Most other works have limited themselves to analysing the expenditures on the schemes. We have deviated from this and taken the entire expenditure including those on the administration and maintenance of the sectors such as education or early childhood care with an argument that public expenditure on these aspects is as or perhaps even more vital than on schemes to ensure the rights of the child and deliver services effectively. For instance, teachers form the backbone of the education sector, and well-paid regular teachers are considered essential for delivery of quality education. If a state is recruiting well-qualified regular teachers as against temporary, low-paid contract teachers and incurring high expenditure on that component, it is important to take note of that as child rights are better served there.

We firmed up our methodology through our work in Karnataka. In 2014, we used this methodology for the first time to analyse public expenditure on children in Karnataka, and we have since been updating it every year. However, the difference in the present analysis is that it is based on only the budget documents and no consultations, and hence, it covers only those schemes of various departments that are entirely meant for children. In Karnataka, we also apportioned a number of additional schemes and programmes according to their use or relevance for children and included them in our analysis; we intend doing this in the next stage for the other selected states as well. The apportionments are to be based on assumptions, and the assumptions need to be based on consultations with the concerned departments in respective states; this could not be made possible in the limited time of ten months in which we have completed this analysis and report. However, the report provides in-depth insights as it analyses the expenditure across sectors, age-groups, capital-revenue, direct transfers, and a few other parameters. This exercise can be viewed as an ex-post child budget analysis that helps the governments undertake their ex-ante child budget preparation.

The report is organised in two parts: the country report provides a comparative perspective while the state report provides the trends and patterns for respective states. The report has also analysed these trends and patterns against the Child Development Index (CDI), developed especially for this purpose, and also the fiscal position of respective states. The report and the annexures provide the full details of the methods and steps adopted for developing the indices and undertaking the analyses.

Any study of this scale and complexity needs support from several individuals and institutions that we need to acknowledge with gratitude. We remain grateful to UNICEF for supporting us: the Karnataka study was supported by the UNICEF Hyderabad office while this study has been supported by the UNICEF New Delhi Office. We are grateful to the UNICEF New Delhi office for reposing their faith and supporting us to undertake this study that allowed us to extend our methodology to 16 different states. We wish to place on record the co-operation and support provided by Ms Sumita Dawra, Governance Specialist UNICEF, who took high interest in initiating and later coordinating this study with the UNICEF field offices. She remained highly engaged throughout the course of the study while fully appreciating the academic processes and their complexities involved in this kind of analysis.

We also acknowledge the support of the various UNICEF field offices for their efforts in coordinating with their respective state governments to obtain budget and other relevant documents.

This report has been finalised after considering the inputs from the presentations to UNICEF and the Ministry of Women and Child Development, Government of India. We acknowledge the comments and suggestions received on the findings of the study from Ms. Misaki Akasaka Ueda, Ms. Sumita Dawra and Mr. Kanchan Dyuti Maiti of the UNICEF New Delhi office. We also acknowledge the inputs provided by Mr. Ajay Tirkey, Additional Secretary and Ms. Aastha Saxena, Joint Secretary, Ministry of Women and Child Development, Government of India on the preliminary and subsequent findings of the study.

The research was undertaken by a large research team who contributed immensely to this task. In addition, we duly acknowledge the inputs received from our colleagues Mr. Sharad Pandey, Ms. Madhuwanti Mitro, and Mr. Sridhar Prasad. We also acknowledge the contribution of our interns, Ms. Ritambhara Singh, Ms. Karen Alphonso, Ms. Shraddha Jain and Ms. Kavita Bangani, who worked on this project in the initial stages, supported the data processing work, and conducted preliminary checks. We are also grateful to our administration team for their very effective support. We acknowledge Ms. Mrinalika R. Pandit's contribution in helping us edit and design the report.

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List of Abbreviations

AE	Actual Expenditure
AFS	Annual Financial Statement
BPL	Below Poverty Line
BBBP	Beti Bachao Beti Padhao
BE	Budget Estimates
CSS	Centrally Sponsored Schemes
CBGA	Centre for Budget and Governance Accountability
CBPS	Centre for Budget and Policy Studies
CDI	Child Development Index
CDIa	Child Development Index- Adolescent included
CE	Child Expenditure
CAGR	Compounded Annual Growth Rate
CRC	Convention on the Rights of the Child
DDGs	Detailed Demand for Grants
ECCE	Early Childhood Care and Education
E&E	Education and Empowerment
FC	Finance Commission
FRBM	Fiscal Responsibility and Budget Management Act
GoI	Government of India
GDP	Gross Domestic Product
GSDP	Gross State Domestic Product
GSVA	Gross State Value Added
HAQ- CRC	HAQ – Centre for Child Rights
H&N	Health and Nutrition
ICDS	Integrated Child Development Services
ICPS	Integrated Child Protection Scheme
JSY	Janani Suraksha Yojana
MDM	Mid-Day Meals
MoF	Ministry of Finance
MHRD	Ministry of Human Resource Development
MoSPI	Ministry of Statistics and Programme Implementation

WCD	Ministry Women and Child Development
NCS	National Creche scheme
NFHS	National Family Health Survey
NHM	National Health Mission
NNM	National Nutrition Mission
NSSO	National Sample Survey Office
PR	Panchayati Raj
PCE	Per Child Expenditure
PCI	Per Capita Income
PMMVY	Pradhan Mantri Matruvandana Yojana
PF4C	Public Finance for Children
RMSA	Rashtriya Madhyamik Shiksha Abhiyan
RE	Revised Estimates
Rs.	Rupees
SSA	Sarva Shiksha Abhiyan
SC	Scheduled Caste
SCPCR	State Commission for Protection of Child Rights
ST	Scheduled Tribe
SAG	Scheme for Adolescent Girls
SSE	Social Service Expenditure
Sq. km	Square Kilometre
SDP	State Domestic Product
SNP	Supplementary Nutrition Programme
SCDI	Sustainable Children Development Index
SDGs	Sustainable Development Goals
TN	Tamil Nadu
TCE	Total Child Expenditure
TE	Total Expenditure
UN	United Nations
UA	Urban Affairs
UP	Uttar Pradesh

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Executive Summary

Need for Public Expenditure on Children

Children are a very important part of any country's population. The rationale for adequate and well directed public spending for the child's well-being can be drawn from both national and international commitments, and from principles that govern a democratic world committed to people's well-being, freedom and development. Investment in ensuring the realisation of child rights is supported by fundamental economic rationales taking either the narrow perspective of growth or a wider perspective of development that also incorporates the notion of transformation towards a more equitable and cohesive society with wide social opportunities alongside growth.

The Constitution of India recognises the child as a citizen and therefore, children have legal rights. Considering that they need special protection due to their age and the consequent vulnerability, special provisions also exist for that purpose. The emergence of the rights framework in development discourse and practice led to the adoption of the Convention on the Rights of the Child (CRC) by the United Nations in the late 1980s, which is now almost universally ratified and adopted by nation states across the globe. The survival, health and well-being of women, children and adolescents are essential for ending extreme poverty, promoting development and resilience, and achieving the Sustainable Development Goals (SDGs). International commitments such as SDGs and CRC on one hand, and our own constitutional rights on the other, make it imperative for India to ensure that adequate public expenditure is made in the right direction for children's well-being.

The National Policy for Children in 2013 followed by another Plan of Action in 2016, reaffirmed their commitment to children's survival; health and nutrition; education and development; and protection and participation. An analysis of public expenditure on children assumes importance in this context as it allows us to go beyond sectoral analysis by viewing children's needs in a more comprehensive manner. The CRC mandate that States 'carry out adequate budget analysis to determine the portion of public funds spent on children and to ensure that these resources are being used effectively'. The 2013 policy also explicitly highlights the importance of child budgeting exercise by stating that it was important to 'track allocation and utilisation of resources and their impact on outcomes for children with regard to budgets and expenditures on children by all related Ministries and Departments'.

The Study and its Focus

This study focusing on analysis of public expenditure for children (0-18 years of age) in 16 major states and the union i.e. Government of India (GoI) for a period of seven years (2012-13 to 2018-19) has examined the role of public spending on child development and well-being. The 16 major states analysed here are Andhra Pradesh, Assam, Bihar, Chhattisgarh, Gujarat, Jharkhand, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Odisha, Rajasthan, Tamil Nadu, Telangana, Uttar Pradesh, and West Bengal. In specific terms, the analysis attempts to answer the following questions:

1. What is the size of total public expenditure on children and what is the per child expenditure? Have these increased over the years, and if yes, has the increase been in real terms?
2. Is the child a priority for the state as revealed by expenditure patterns? Do we see any particular shifts prior to and after the implementation of the recommendations of the 14th Finance Commission (FC)?
3. What are the shares for capital and revenue, and wage and non-wage components? What proportion is spent on direct transfers to children and allied purposes?

4. Is there an association between the per capita expenditure and the child's well-being or development? If so, what are the constraints that states with adverse indicators for children face in enhancing their expenditure for children? What are the lessons learnt from this analysis with respect to enhancing the size and efficiency of public expenditure for children?

Child Expenditure, its Compilation and the Lens of Analysis

The analysis covers all the expenditures incurred by the state government exclusively for the welfare of children covering ages 0 to 18 years. This exclusiveness identified either by head of account or the description of the expenditure as available in the budget documents was considered for the analysis. Each of the expenditures thus identified was tagged for the following: the sectors of education, health, nutrition and social protection (child)); the age groups 0-6, 6-14, and 14-18; revenue and capital; wage and non-wage; and direct and indirect transfers to child to understand the focus and priorities. The trend in the expenditure on children across the states over the years was examined in both nominal and real terms. The focus of expenditure by age group was also examined in greater detail.

In order to understand the expenditures on children in a better perspective, the Per-Child Expenditure (PCE) was compared with that of the Child Development Index- Adolescent included (CDIa)[1] that was developed to assess the Education and Empowerment (E&E) as well as Health and Nutrition (H&N) of the child using ten indicators. This helped to understand the issues of child development in each of the 16 states and to relate it with the expenditure pattern observed through the budget analysis. The analysis also covered the impact of the implementation of 14th FC on Child Expenditure (CE) across the 16 states by looking into the share of CE in Total Expenditure (TE) of the state as well as that of the Social Sector Expenditure (SSE) in the states during and after the year 2015-16. The child expenditures of the state were also analysed in the context of their finances over a period of last five years. This helped in understanding the possible implication on child expenditures due to dependency on the transfers from GoI in terms of taxes and scheme funds or the revenue and fiscal deficits.

Major Takeaways from the Public Expenditure Analysis

1. **Public spending on children (Per-child expenditure in Rupees/annum) is closely linked with the CDIa status in a state:** The states with higher PCE were also the states that had achieved better status in terms of child development. The PCE and the CDIa show a high correlation (at $r = 0.89$) indicating the need for greater public investment on children for an improved level of child development. This correlation value goes up if we take the three states: Andhra, Telangana and Uttar Pradesh, for which we have data available for less than seven years, out from the analysis.
2. **Economic capacity of the state matters but prioritisation is critical:** States with similar capacity (size of economy) spend differently on children. For governments to spend, the size of the budget, which is dependent on the size of the economy and its growth potentials, matters the most. However, the size of Gross State Domestic Product (GSDP) offers only the necessary condition and that alone is not sufficient. The comparison across the states indicates the importance of

[1] We have constructed a new Child Development Index (CDI) taking indicators that cover the issues of adolescents. In order to make a difference between the commonly used CDI and this, we are referring to it, as Child Development Index- Adolescent included (CDIa).

prioritisation for spending on children to be equally critical. Some states with higher capacity are not necessarily spending relatively higher on children. In fact, this correlation is rather weak (r = 0.39).

3. **Public spending on children is universally rising but patterns vary across states:** High population states spend more but it does necessarily mean that it translates into a high PCE. The states that top the list are the five southern Indian states (Andhra Pradesh, Telangana, Karnataka, Kerala, and Tamil Nadu), and Maharashtra, with Kerala having the first position; Bihar, an eastern state holds the last position. While per-child expenditure (PCE) has shown an increase in all the 16 states during the 7-year period, the states Bihar, Jharkhand and Uttar Pradesh have consistently been the lowest.

4. **Share of public spending on children experienced a decline in a number of states during post 14th FC recommendations phase:** The average Total Child Expenditure (TCE) as a percentage of GSDP of the states have increased steadily from 2.54% in 2012-13 to 2.74% in 2015-16 before dipping to 2.68% in 2016-17. The TCE as a percentage of both TE and as a percentage of SSE of the states, however, has shown a steady decline over the years.

5. **Education covers a higher share, but health and nutrition deserve greater attention:** Majority of the child related expenditure is incurred in education sector (74-93% of TCE) followed by nutrition (5-20%). The health and social protection form very less and together they constitute only about 1-5% of TCE with this percentage being much less in certain states.

6. **The children of age group 0-6 are facing under-investment and deserve higher public spending in all the states, and adolescents also deserve greater attention in a few states.** The highest share of child related public spending goes to 6-14 age group followed by 14-18 age group. The 0-6 age group receives a relatively lower share of TCE and states like West Bengal, Rajasthan, Chhattisgarh, Maharashtra and Andhra Pradesh spend below 5% of TCE on this group despite their population share (within children of 0-18 age group) being much higher (nearly 28%).

7. **Strategic and sustained investments on children is needed, and the states need a differential approach.** The states of Odisha, Assam and Chhattisgarh have managed to strike a balance across sectors and have strategically invested on children to achieve better indices. The analysis of the child development across states by E&E index and H&N index provides a clearer insight of the focus on or lack of focus on a particular sector in a state. The state of Karnataka stands third in E&E index stands ninth in H&N index, clearly revealing the need for greater attention to the latter.

8. **Historical under-investment calls for immediate attention:** The poorer states of Jharkhand, Bihar, Uttar Pradesh, and Madhya Pradesh, despite spending a higher share of GSDP (up to 4%), have a lower PCE. Hence, they also have low CDIa ranks. The relatively richer states of Maharashtra, Karnataka, Gujarat, Telangana, and Tamil Nadu have been spending only about 2-2.2% of GSDP but their PCE is much higher than the poorer states.

9. **States with higher child population have lesser economic capacity, and vice versa:** The states with lower CDIa also have a relatively higher child population, both in absolute and in proportion to total population. These states (such as Bihar and Jharkhand) are also poor in terms of their capacity and exhibit a higher dependency on the receipts from GoI.

10. **Investments in other sectors enable absorption and efficient utilisation:** Apart from direct investments on children, certain other enabling factors also play a critical role in the absorption and efficiency of public expenditure on children. These enabling factors are water supply, sanitation, roads and transport, electricity, and communication. Water and sanitation are critical for nutrition absorption, while road and transport, and electricity access are critical for education and empowerment.

11. **Implications for consideration of 15th Finance Commission:** The analysis clearly reveals that poorer states with historical under-investment in sectors that support child development are also the states with a higher share of child population and lower economic capacities that do not let them enhance their PCE in real terms. They are also the states that are spending a greater share of their GSDPs and TE on children, yet it does not translate into higher PCE because of the small size of their economy. States with lower CDIa that have prioritised the CE need to be incentivised while the states with lower CDIa with low prioritisation have to be monitored more rigorously. States with higher CDIa having prioritised the CE need to be encouraged with rewards for good performance while the states with higher CDIa and low prioritisation could be incentivised for focusing on critical areas of child expenditure (CE).

PART A
INTRODUCTION AND RESEARCH METHODOLOGY

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1.0
Public Spending on Children: Why is it important?

Investing on women and children is 'the most powerful way of global progress'- Ban ki-moon (UN Secretary General in his address during the event: The Future we want-70th Anniversary of the United Nations (2015).

Children are a very important part of any country's population. The rationale for adequate and well-directed public spending for the child's well-being can be drawn from both national and international commitments, and principles that govern a democratic world committed to people's well-being, freedoms and development.

1.1 National and international commitments

In India, the constitution recognises the child as a citizen and therefore, they have legal rights. Considering that they need special protection due to their age and the consequent vulnerability, special provisions also exist for that purpose. A number of provisions (Articles) under Part III (Fundamental Rights) and Part IV (Directive Principles) of the Indian constitution are especially meant to safeguard the rights and interests of children. This includes the right to free and compulsory education for all children in the 6-14 age group (Article 21A) and the right to be protected from any hazardous employment till the age of 14 (Article 24) as justiciable fundamental rights.

A number of other rights flow from the directive principles, which, though not justiciable, are meant to guide the policies and governance.[2] In addition, children, as citizens of India, also enjoy all other rights enshrined under these two sections of the constitution such as the following: right to equality, right against discrimination, right to personal liberty and due process of law, right to be protected from being trafficked and forced into bonded labour, right of minorities for protection of their interests, right of weaker sections of the people to be protected from social injustice and all forms of exploitation, and right to nutrition and standard of living and improved public health. Although the constitution had always recognised the child as citizen, the child rights have also been expanded over a period of time with civil society organisations and the country's Supreme Court having played an important role in this journey.

The child has become a subject of greater attention in the international development discourse as well in recent years. The emergence of the rights framework in development discourse and practice led to the adoption of the Convention on the Rights of the Child (CRC) by the United Nations in the late 1980s, which is now almost universally ratified and adopted by nation states across the globe. The CRC outlines the minimum entitlements and freedoms in terms of standards of health care, education, legal, civil and social services to ensure well-being of children. India has also ratified the CRC in 1992 and has signed and ratified two optional protocols to the CRC in 2004 on Sale of Children, Child Prostitution and Child Pornography and on involvement of Children in Armed Conflict. This has made all countries, including India, and the international community responsible for appropriate legal and policy framework backed by adequate public investment to ensure that child rights are met (CBPS, 2014, p. 1).

All Sustainable Development Goals (SDGs), from eradication of poverty and hunger to

[2] The following rights are included: (i) Right to be protected from being abused and forced by economic necessity to enter occupations unsuited to their age or strength (Article 39(e)), (ii) Right to equal opportunities and facilities to develop in a healthy manner and in conditions of freedom and dignity and guaranteed protection of childhood and youth against exploitation and against moral and material abandonment (Article 39 (f)), and (iii) Right to early childhood care and education to all children until they complete the age of six years (Article 45). Right to Education was also part of the Article 45 till 2009 when it was moved to the section on Fundamental Rights through a constitutional amendment.

attainment of good health, quality education, and gender-equality or to climate action and access to clean air, water and decent work, have serious and direct links with children.[3] SDGs are critical for ensuring CRC commitments. CRC as an extension of human rights specifically for children[4] recognises every child's right to development through access to public services such as education, nutrition, care, health and protection from the risks of abuse, exploitation and violence. Therefore, here comes the importance of public spending on these aspects: **if the state is responsible for ensuring these rights, then the state also needs to spend money and enable institutions for realisation of these rights.** The survival, health and well-being of women, children and adolescents is essential for ending extreme poverty, promoting development and resilience, and achieving the SDGs (Every Woman Every Child, 2015.

1.2 Public spending on children, reducing inequalities and enabling economic growth

Investment in ensuring the realisation of child rights is also supported by fundamental economic rationales taking either the narrow perspective of growth or a wider perspective of development that also incorporates the notion of transformation towards a more equitable and cohesive society with wide social opportunities alongside growth. The instrumental role of investing in children's education, health and nutrition for promoting growth is well-documented in literature. These investments also have the potential of instigating change, at personal, collective and societal levels by raising the capabilities and by enlargement of opportunities for flourishing at later stages of life (CBPS, 2014, p. 1).

Public spending on children assumes greater importance in societies and economies that are characterised with huge structural inequalities of diverse nature and need state interventions to ensure redistribution of income, opportunities and freedoms (Sen, 1992). India has one of the highest levels of inequalities in income. A recent report by Oxfam India has provided shocking facts about increasing economic inequalities in India (Oxfam India, 2018), which can be addressed only if the corrective measures are taken in early years to reverse the impact of birth in poor households is and in less privileged contexts. Considering that close to 30% of India's population is in the age group 0-14 and the working age group 15-59 accounts for 62.5% of India's population, the need for this redistribution is urgent if India wants to reap the full benefits of the so-called demographic dividend.

It is also important to point out that high public spending on children, or in other words, education, health, care and protection of children is not associated with any negative growth on the economy. On the contrary, there is sufficient evidence to suggest that public spending in these sectors leads to growth. In addition to international literature, India specific studies are also available to support this conjecture. For instance, Hong and Ahmad (2009) found a large, positive and significant impact on per capita Gross Domestic Product (GDP) growth as well as significant reduction in poverty based on an analysis of panel data from 14 states to examine how the share of government spending on public goods such as health, education and basic infrastructure affect per capita GDP and poverty. They also concluded that the reallocation of expenditures to increase public good spending could on an average increase per capita GDP growth rate by 2.7 percent points and reduce poverty headcount index by up to 6.6 percentage points. Bagala, et al. (2001) also conducted an empirical analysis for states of India and found that increase in education, health and development expenditures helps reduce poverty.

[3] See the following links for greater discussion on SDGs and Child Rights: https://www.childrightsconnect.org/sustainable-development-goals/ and https://sdg.iisd.org/news/unicef-reviews-sdg-proposal-from-child-rights-perspective/

[4] This implies that these rights of children are inherent (they are born with them), inalienable (these rights cannot be given up or be taken away from children), universal (meant for all), equal (no right is more important than another), and interdependent and indivisible (rights cannot be considered in isolation, some rights are ensured only upon another being ensured).

What emerges clearly from this discussion is the fact that public spending on children is critical for both economic growth and redistribution of opportunities. **International commitments such as SDGs and CRC on one hand, and our own constitutional rights on the other, make it imperative for India to ensure that adequate public expenditure is made in right direction for children's well-being.** During the post independent period, India has been conscious of this responsibility and a number of laws, policies, programmes and schemes have contributed towards this purpose. The National Plan of Action for Children (2005), which was the first such plan after CRC ratification, recognises that children have rights and are an asset to the nation. It stresses on the protection of children from discrimination and disadvantages while recognising the diverse needs of the various age groups. The National Policy for Children in 2013 was in line with the National Plan of Action for Children of 2005, and this was followed by another Plan of Action in 2016, which reaffirmed its commitment to the child's survival; health and nutrition; education and development; and protection and participation (Government of India, 2013).

The National Policy for Children in 2013 also explicitly highlights the importance of child budgeting exercise by stating that it was important to 'track allocation and utilisation of resources and their impact on outcomes for children with regard to budgets and expenditures on children by all related ministries and departments. Even before this commitment, since 2008-09, the Union Government of India started publishing a separate statement (Statement 22, which is now Statement 12) within the Expenditure Budget - Volume I which summarises the Budget Provisions for Schemes for the Welfare of Children across all sectors. All the expenditures within this statement are plan expenditures on schemes that substantially benefit children. Over the years, the percentage of child budget in the Union Budget has decreased significantly from 5.71% (budgeted expenditure in 2008-09) to 3.25% (budgeted expenditure in 2017-18). However, this exercise in any case has two limitations: (i) it does not take non-plan or continuing expenditure into account and there too it does not cover all relevant ministries[5], and (ii) it is not yet mandatory for the state governments to have any such statement at the state level.

India follows a federal political system where law making, policies and budgets are guided by three lists: Union list, State list and Concurrent list. A large number of areas critical for children such as health remain in the state list, implying that the state governments are mainly responsible for framing laws and ensuring adequate provisioning. Education is in the concurrent list i.e. both the union and state governments have a right to and responsibility of making laws and provisions in these sectors. As states are responsible for bearing a greater financial share, especially with respect to salaries and other recurrent items, it becomes important to study public expenditure for children for different states; an understanding of the union budget and expenditure does not reveal the complete picture. (CBPS, 2014, p. 6). Another recent development that has impacted the financial balances between the union and state governments necessitating a comprehensive analysis of public spending on children has been the implementation of the 14th Finance Commission's (FC) recommendations.

India has a statutory mechanism of FC that is constituted every five years to determine the ways and means including the caps and formulae for division of revenue between the union and state governments. This has become necessary because the union government controls most of the power to generate revenue, especially through taxes, cess and public enterprises. The 14th FC, whose recommendations have been enforced since April 2015, increased the states' share from 32% to 42% in the divisible pool while reducing the role of the Centrally Sponsored Schemes (CSS). Most recent analyses suggest that in effect the total size of transfers from the union to states has remained the same

[5] Government of India (2018) in the Budget Circular 2019-20 has made it mandatory for all ministries in GoI to identify and report on child specific schemes.

though some states have received more and some states have received less than what they would have if this change was not introduced (Chakraborty & Gupta, 2016). However, this has meant that the states now have greater freedom to decide where they want to spend more, and could have impacted the social sector expenditures adversely, especially in states that are facing financial crunches. But this conjecture needs to be examined and studied before arriving at any conclusion.

What becomes evident is that given the federal nature of our polity with varying histories, economic capacities and governance processes, it becomes imperative to undertake a more comprehensive and holistic analysis of public sector expenditure on children in India; an analysis that takes all major states in addition to the union government into account, and presents a comparative as well as a longitudinal analysis of the trends and tales that emerge in that process. The present analysis is an effort towards that direction. The objective is not only to present a comparative and longitudinal analysis but also to identify and understand the following: whether public spending is really linked with child's well-being; where particular states are doing better and where do they need to focus greater attention; what determines the size and direction of public spending on children in respective states; and what the most important messages are for public policy and action in this regard. The following section details out the approach, method, process, scope and limitations of this exercise.

2.0
Analysis of Public Expenditure for Children in India: scope, approach and methodology

2.1 Research Questions and scope

It is important to understand that child budgeting is not merely an accounting exercise. The main objective of such an exercise is to ensure adequate expenditure for children so as to address their needs and vulnerabilities in a holistic way. A complete understanding of public expenditure on children would emerge only when one encompasses various sectors and components. Although sectoral based public expenditure review is a more common practice, it does not allow us to get a complete picture. However, the methodology for undertaking a comprehensive analysis of total public spending on children is still emerging and therefore, it remains a challenge. Several organisations such as HAQ Centre for Child Rights (HAQ-CRC), New Delhi; Centre for Budget and Policy Studies (CBPS), Bangalore; Centre for Budget and Governance Accountability (CBGA), New Delhi; and Child Rights Trust, Bangalore, have undertaken some kind of analyses from the perspective of public finance for children (PF4C) for either the union government's budget or specific state's budget or for a group of flagship programmes. However, so far, no analysis of the country as a whole or at least of major states is available[6]. This report attempts to fill that gap by presenting an analysis of public expenditure for children in 16 major states and the GoI for a period of 7 years (2011-12 to 2018-19). It also examines whether public spending really plays any role in child development and well-being. In specific terms, the analysis attempts to answer the following questions for the Government of India and selected 16 states (Andhra Pradesh, Assam, Telangana, Bihar, Chhattisgarh, Gujarat, Jharkhand, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Odisha, Rajasthan, Tamil Nadu, Uttar Pradesh, and West Bengal):

1. What is the size of total public expenditure on children and what is the per child expenditure? Have these increased over the years, and if yes, has the increase been in real terms?
2. Is the child a priority for the state as revealed by expenditure patterns? Does the expenditure pattern reveal any tilt towards a particular sector or age group? Where are the gaps and what could be the reasons? Do we see any particular shifts prior to and after the implementation of the recommendations of the 14th FC?
3. What are the shares for capital and revenue, and wage and non-wage components? What proportion is spent on direct transfers to children and allied purposes? Where is the money coming from and where is it going? What are the shares of union and state governments in providing money for public spending on children?[7]
4. Is there an association between the per capita expenditure and the child's well-being or development? If so, what are the constraints that states with adverse indicators for children face in enhancing their expenditure for children? What are the lessons learnt from this analysis with respect to enhancing the size and efficiency of public expenditure for children?

Here, it is also important to present what this analysis does not cover and the reasons for the same. The analysis has not examined the public spending on children for from the

[6] Please refer to CBPS (2014) for a review of the PF4C related works till then.

[7] This analysis is limited by data constraints as all state budgets do not clearly provide the bifurcation of union and state funding for particular schemes.

perspective of gender, social groups, and children with special needs. This is because of the data constraint. The budget documents do not provide these details and the only way to estimate these could be through small field-based studies that were beyond the scope and timeframe of this study. It was also methodological challenge as it was not possible to tag a majority of the expenditure on particular items for these groups. Using population proportion as a proxy in these cases could be misleading. A few states present gender budget and/or child budget statements but those are not necessarily comprehensive, and their assumptions need further scrutiny. The analysis also could not go into any locational aspects (rural-urban), because the budgets do not make these differentiations. Benefit – Incident Analysis is a good tool for understanding the utilisation of services by location, gender, economic quintiles or social groups. However, that too has not been attempted here for reasons of time and data.[8]

This analysis also does not fully answer the question of how much should a government spend on children and whether this expenditure is adequate to meet all needs of children. But it shows how government spending is distributed and gives pointers to where the needs remain unaddressed. The comparative analysis and presentation undertaken here will help a state to see how much other states are spending and compare those with respective indicators for child development. It is difficult to benchmark, given the diversity of contexts, the difference in the nature and dimensions of problems and economic capacities. Nevertheless, there are enough pointers to establish that there is no alternative than to spend more public money on children to ensure their well-being, and in turn, the state's growth and development.

Under the changed fiscal architecture post 14th FC, a comprehensive analysis of public expenditure on children should also cover those being made by gram panchayats and urban local bodies. In this context, a standardised statement to capture child related outlays and expenditures at the state level and the gram panchayat level could be incorporated within existing budgetary formats of the state and local bodies, in coordination with the departments of finance, Panchayati Raj (PR) and Urban Affairs (UA). However, again, the analysis at this stage does not cover local bodies except what gets transferred from state budgets. The present analysis is entirely based on state and union budget documents.

In order to understand how much a government spends on children, we also needed to define what are the expenditures that constitute expenditure on children, and how do we decide what is included is and what is not. The next section provides these details.

2.2 What constitutes public expenditure on children?

The child here refers to all individuals between the age group of 0-18 years. We have taken the legal definition of children as it is in India and as defined by the CRC. Based on an analysis of relevant literature and discussions with experts and practitioners, we defined what constitutes public spending on children's needs, following largely the approach of the 2014 study by CBPS for Karnataka. Hence, public expenditure on children includes the following components: education, health, nutrition and food security, water and sanitation, and social protection including legal and institutional provisions (CBPS, 2014). However, given the inter-state variability in the budget documents in terms of detailing and ease of analysis, this report confines itself to the expenditures that are exclusive for children, either by the head of account or by the description of expenditure[9]. Hence, what it includes at this stage is:

[8] This study has been completed in a period of eight months: July 2018-March 2019. Accessing budget data, entering those in excel for analysis and carrying out analysis for 16 states and the union government has been an uphill task given he diversity of budget practices in the huge country. CBPS and UNICEF have planned a second phase of the study where a deeper analysis will be carried out for selected states. Benefit incidence analyses would be carried out as part of that phase.

[9] Expenditures which are partly for other age groups as well such as food grains under public distribution system, post matric scholarships which would also cater to undergraduates along with the class XI and XII are not considered in this stage of analysis.

i. **Education:** We have included all schemes and services that ensure access to education from pre-primary to senior secondary level. In addition to schools and related expenditure, this includes spending on sports, hostels, libraries, teacher education, in-kind transfers such as textbooks and any other service that facilitates schooling and education.

ii. **Health:** Health care services include programmes directed directly towards children and also towards mothers and prevention of diseases. This includes health insurance and related schemes. Close linkages between mothers' health and baby's birth weight, and between baby's birth weight and infant or child survival rates made us include expenditures for maternal health, safe motherhood and maternal support services under expenditure for children.(Lechtig et al., 1975) ((Islam, Kamruzzaman, Islam, & Samad, 2013). Women[10] as care-givers are pivotal for the pre-birth and early childhood stages of children's lives and hence, expenditure incurred for reproductive health and maternity care i.e. line items that aid women's ability to give birth to and take care of their child were also included and tagged as a part of the expenditure on the age group 0-6.

iii. **Nutrition:** Food and nutrition is essential for survival and for development. We have included schemes such as midday meal, nutritional support provided through anganwadis (childcare centres) and other schemes/ services.

iv. **Protection:** This includes provisions for orphanage, counselling, support services and related activities. This also includes any support services for more disadvantaged such as the disabled. This also includes institutional provisions such as State Commission for Protection of Child Rights (SCPCR), juvenile justice measures, children's court, child line, child labour assistance and rehabilitation, and sponsorship programme for placing children in the care of families, etc.

Water and sanitation, and elements of food security other than those that are exclusively for children call for greater scrutiny and state-level consultations, and therefore, are not included in the budget document based analysis. Other elements such as parental livelihood security despite playing a very important role in the child's well-being are not included as it covers huge public expenditure made on poverty reduction and employment guarantee schemes. Including these would have inflated the size of the expenditure for children.

Both union and State allocations and expenditures are captured in 100% child related programmes to begin with. These are the programmes and initiatives that are targeted exclusively to children (age group 0-18). The allocations and expenditures include the following: the entire gamut of Early Childhood Care and Education (ECCE), school education (both primary and secondary), the H&N supplement programmes that are targeted to the children, the social welfare component including the residential schools, hostels, fee concession for the children belonging to marginalised communities, the juvenile justice, concessions for travel (e.g., bus pass), and capital expenditure relating to the ECCE and school education. It also includes all relevant

[10] Women were defined as females within the reproductive age group of 19 to 49 years.

CSS, central sector schemes as well as state schemes such as the following: Integrated Child Development Services (ICDS), National Creche Scheme (NCS), National Nutrition Mission (NNM), Beti Bachao Beti Padhao (BBBP), Integrated Child Protection Scheme (ICPS), Janani Suraksha Yojana (JSY), Pradhan Mantri Matruvandana Yojana (PMMVY), Scheme for Adolescent Girls (SAG), Sarva Shiksha Abhiyan (SSA), Mid-Day Meals (MDM), Rashtriya Madhyamik Shiksha Abhiyan (RMSA), and National Health Mission (NHM - maternal and child health wherever the budget heads are clear). The analysis includes all expenditure pertaining to these heads and schemes, including recurrent heads.

2.3 The Analytical Frame and the Process

The study primarily uses public expenditure analysis based mainly but not only on the study of state budget documents. Budgets of many states appear in many volumes. Each of these volumes contain information about detailed estimates of expenditure and revenue and have a range of account heads. The budget books provide the detailed coding and description for the account heads along with the expenditure for each line item. The account heads follow a six-tier hierarchical functional classification with each head broadly signifying the function in the government and the activity on which expenditure was incurred. The table below, used as an example, shows the account code classification for the state of Karnataka. The first three heads comprising of nine digits (4 + 2 + 3) are common for the GoI and states. After the minor head, each state follows a different coding pattern and understanding the same becomes critical for identifying the child expenditure (CE).

Table 2.1: Functional Classification of Budget Account Heads

Major Head	Sub Major Head	Minor Head	Group Head	Sub Head	Object Head
XXXX*	XX	XXX	X	XX	XXX
Function		Programme	Scheme/ Activity		Object level
Denotes the functions (revenue, capital, loans and advances) being discharged.	Describes the sub-functions.	Denotes the objective of the programme.	Whether it is for a scheme or organisation.	Schemes for plan expenditure/ Admin. Set-up for non-plan expenditure.	Provides an economic classification and informs whether scheme expenditure is for salary, loans, investment etc.

Note: *Each X denotes a digit.[11]

Each account head also has an additional column indicating if it's voted or charged —this indicates whether the head of account was voted for in the legislature or if it was charged directly without any approval of the legislature. For each year, a state budget book provides expenditure figures for four years:

- Actual Expenditure (AE) for n-2 year
- Budget Estimates (BE) for n-1 year
- Revised Estimates (RE) for n-1 year
- Budget Estimates for the n-th year

We have taken AE for the period from 2012-13 to 2016-17, RE for 2017-18, and BE for 2018-19 for the present analysis.

[11] The first digit being 0 or 1 denotes that the major head is a receipt head; 2 or 3 denotes revenue expenditure; 4 or 5 denotes capital expenditure; 6 or 7 denotes loan or advance; and 8 denotes public account. The last two digits are the same for the corresponding major heads in all sections.

Once the mapping of child expenditure was complete, public spending on children in each state as well as union budget and expenditure were analysed for the following parameters:

a. Trends over the seven-year period in both nominal and real terms. The relevant deflators were used to convert nominal or monetary figures into real terms. This gives us an idea whether the spending increased or decreased in real terms accounting for inflation, if any.

b. Total public spending as percentage of (i) total Social Service Expenditure (SSE), (ii) Total Expenditure (TE) of the state, and (iii) the state's Gross State Domestic Product (GSDP), were calculated to understand the relative prioritizing of expenditure on children.

c. Total SSE as a proportion of total expenditure was also calculated for each state to gauge if there was any shift during the post-14th FC period.

d. Total public spending on children has been analysed for several markers: (i) sector (e.g., education, health, etc.), (ii) capital-revenue, (iii) wage-non-wage and (iv) age group (0-6, 6-14, 14-18 and multiple age group) to understand the focus and priorities. In most cases, these are not readily available and therefore needs to be tagged accordingly through a manual process.

e. Since both union and state government fund public spending in India, we also tried to understand the respective shares to the extent possible. Since all budget documents were not amenable to this analysis, this could not be carried out for all states.

The public expenditure on children needs to be contextualised for better reflection of the expenditure figures and comparison across the states. This has been done using (i) Child Development Index (CDIa) and (ii) Financial health of the states.

The CDI in respective states provides the status of the child development including that of the adolescents within the 0-18 age group. The next chapter provides the details of the construction of the index, and data sources used for the same. The analysis of the state's financial and fiscal health has been undertaken by analysing their revenue generation and fiscal deficits. We, then, analysed the public spending on children in the context of these two parameters, and this has helped in understanding the trends and tales for states in a comparative manner. This has also helped us in distilling state specific recommendations.

The process of budget analysis is a tedious process, especially considering that most states do not make state budget documents available on a spreadsheet / MS Excel formats in public domain. The task is made further difficult by the fact that different states follow diverse classifications although the accounting codes are the same till minor heads. For instance, the state of Odisha has a four-digit sub-minor head followed by a five-digit detailed head and three-digit object head. The state of Tamil Nadu has two-digit alphabet code after the minor head followed by detailed and sub detailed head which are two digits each. Some states provide the budget documents by Major Heads and this is very easy to understand and compile the expenditures (e.g., Karnataka and Rajasthan) while some states provide budget documents only by demand numbers and in the absence of key to budget documents, it is only by going through all of the Demand for Grants (DDGs) it is possible to arrive at the expenditures for a purpose/major head. The process also demands a rigorous verification of data entries and tagging to avoid any error. The following section presents the steps followed and shares the levels of difficulties faced in the process.

2.4 The Process of Budget Analysis

The process started with collection of budget documents in print or/and electronic (spreadsheet) version wherever possible.[12] While in certain states such as Karnataka, Maharashtra and Tamil Nadu,[13] we could access budget details in the MS Excel format, in most other cases we had to feed the relevant data from the print / PDF versions afresh. Within state budget documents in certain cases, the budget codes for line items kept changing over the years for various reasons (including increasing flexibility required for scheme execution) with old codes being closed / made redundant, or consolidated and new codes being created with many schemes being reassigned to newer codes. This made the analysis even more complicated.

In either case, these have been the steps of the budget analysis:

a. Identification of the schemes/ programmes / expenditure that are entirely for children in the 0-18 years age group.[14] The description of the budget line item or the head of account was used to identify the child exclusive expenditures. Sometimes the description along with details of the head of account, such as sub major head, minor head, sub minor head/sub head were used to identify the expenses for children. All this amounted to manually scanning thousands of unique line items that were identified as being the expenses meant for children using multiple budget documents.

b. Manual feeding of data in case of states where we did not receive the document in MS Excel.

c. Once all the budget line items were identified as being relevant for children and fed, they were tagged for the various levels at which analysis was to be conducted (i.e. sector, age-group, revenue-capital, wage-non-wage, etc.).

d. In order to trace the actual change, nominal figures were converted to real figures using the GSDP convertor with the base year 2011-12. We have used only one source, the State Domestic Product (SDP) and other aggregates, 2011-12 series published by the Ministry of Statistics and Programme Implementation (MoSPI), for conversion of monetary to real number for all states to maintain comparability. We also arrived at per capita figures by using the estimated child population for all children or the relevant age group; Census 2011 figures have been the basis for these extrapolation and estimations.

e. Since the early 1990s, the GoI has been transferring certain amounts of money meant for CSS to the respective societies at the state level and these were not reflected in the state budget. However, this process changed in 2014-15 since when they were routed through state budgets. Schematic details on the transfers to the societies such as SSA, RMSA, and the State Health Society that administers National Heath Mission are provided with limited detailing that only include the state share, additionalities, etc., which makes it difficult to analyse the nature of CE (by its wage and non-wage component etc.).

f. The data entered for a state underwent two rounds of verification: (i) one was peer-review, the one researcher who

[12] We are grateful to the UNICEF New Delhi office and the UNICEF state offices for facilitating this process.

[13] While Karnataka and Maharashtra budget documents were complete the Tamil Nadu budget in MS Excel was incomplete (data across all departments were not tracked). The documents for Maharashtra and Tamil Nadu were facilitated by UNICEF offices while the Karnataka document was obtained by CBPS.

[14] The study team had an orientation on reading the budget documents of different states.

had not entered the data for a particular state in the first place checked that state, and all states went through this process, and (ii) two, random check by the supervisor. The budget heads which were taken in its entirety, e.g., the primary and secondary education, child welfare within social welfare, were checked for their totals as well through pivot tables.

While contributing to the discussion on public spending on children in a particular Indian state in terms of priorities and gaps, this research also explores the methodology that would allow a rigorous analysis of trends and patterns relevant for identification of gaps and priorities for investment in children. The budgetary practices followed in India, and in most other post-colonial countries are not necessarily amenable to such an analysis, and therefore, this has been a huge challenge. In this context, it is also important to mention that the difficultly level varied for different states because of the varying practices followed by states. The following table classifies the states based on the kinds of practices followed and implications for the analysis in terms of difficulty level.

Table 2.2: Ease of analysis for the State Budget Document

Very easy	Easy	Relatively difficult	Very difficult
Karnataka	Maharashtra	Assam	Madhya Pradesh
Rajasthan	Gujarat	Bihar	Chhattisgarh
	Tamil Nadu	Odisha	West Bengal
	Kerala	Uttar Pradesh	
	Andhra Pradesh	Jharkhand	
	Telangana		

Very Easy: The states provide the budget documents both by demand numbers and by major heads, which makes it very easy to compile the expenditures by major heads. The key to budget documents acts as an easy explainer in understanding the demands. Totals are available in budget documents until the minor head level.

Easy: Budget documents are available by demand numbers, and the key to budget documents sufficiently explain the position of various major heads and relevant schemes. Totals are available in budget documents until the minor head level.

Relatively Difficult: Budget documents are available by demand numbers, with insufficient information about the schemes and major heads that feature in a particular demand department. Some key to budget documents and the Annual Financial Statement (AFS) are unavailable in English.

Very Difficult: Budget documents are available by demand numbers but are further split up as separate Schedule Caste (SC) and Schedule Tribe (ST) scheme documents. There is a problem of double-counting and totals of schemes not matching with manual summation of object head details. Key to budget documents and the AFS are unavailable in English (except West Bengal), and this makes the correlation and understanding of documents very difficult.

This also indicates that states can learn from each other too and improve their budget preparation and presentation practices.

2.5 Limitations of the study

Since all states do not provide the union and state government distribution for respective programmes and schemes that are jointly funded, we could not carry out this analysis for all 16 states. As stated earlier, the study does not cover the part cost on children and to that extent the expenditures on children are understated. The analysis also does not include the expenditure from state-level societies (SSA, RMSA and NHM).[15] The classification of CE by state and the centre could undergo minor changes once the detailed information is made available. This could lead to minor changes in the figures. However, none of this changes the trends and patterns, and hence, the main messages both for a single state, and also in relative terms, would remain valid.

2.6 The Report

While the first part of this report (Part A) includes the first chapter that has presented the rationale and need for the study, the second chapter (this chapter) has gone into details of the approach, methodology and scope. The third chapter explains the methodology and analyses for the CDIa that is specifically developed for the purpose of this research.

Thereafter, the report is divided into two parts: (Part B) Country report, and (Part C) State reports. The country report consists of the fourth, fifth, and sixth chapters. The fourth and fifth chapters are meant to give an overview of the country and present a comparative picture of the 16 states[16], alongside the pattern seen for the union budgets. In the fourth chapter, we present the analyses of the union budget and the patterns seen over this period of seven years. In addition to other things, we also try to see if there is any perceptible shift after the introduction of 14th FC's recommendations that altered the principles for distribution of revenue in the divisible pool and therefore also affected the resources available through CSS. The fifth chapter presents the comparative analysis of 16 states. For the sake of comparative analysis, we have taken the average of seven years[17] so that the year to year fluctuation, if any, gets evened out and the comparison remains more robust. Here, the analysis also extends itself to comparing the spending patterns to CDI rankings, and to the sizes of respective economies. The sixth and final chapter presents the major takeaways from the comparative analysis.

The next part (Part C) consists of individual state reports for the 16 states where one can see the state-specific trend over a period of seven years. This also presents the relative positioning of states to provide a comparative picture. This is especially important for individual states as they can see their own trends while also gauge where they are positioned vis-à-vis other states, especially those that are ranked high in CDI. We also try to understand these patterns and trends in view of the fiscal position of the state. This analysis is then used to identify the areas in a state that needs special attention and where higher public spending on children is called for.

[15] From 14-15 onwards, the funds to societies is captured in the state budgets.
[16] UNICEF India is working in these 16 states.
[17] For some states the number of years is less due to non-availability of data

PART B
COUNTRY REPORT

UNICEF/2016/Dhiraj Singh

3.0
Child Development Index

3.1 The need for constructing a new Child Development Index (CDI)

The very rationale of public spending for children evolves from the assumption that higher public investment is desirable for development of children. In order to examine this assumption and also to draw meaningful policy directions, it becomes imperative to see the relative positioning of states in terms of child development. A widely circulated and a globally representative CDI, published in 2006 by Save the Children UK with UNICEF was made up of three indicators: under-five mortality rate (health), percentage of under-fives who are moderately or severely underweight (nutrition) and the percentage of primary school-age children not enrolled in school (education). These CDI indicators cover status of children only up to the age of 10-11 years. A new Sustainable Children Development Index (SCDI) (Chang, Lehmann, Winter, & Finkbeiner, 2018) focusing on Sustainable Development Goals (SDGs), has been developed recently for countries across the globe using 25 indicators covering sectors such as health, education, safety, economic status and environmental aspects. This attempts to cover the status of children below 19 years.

Keeping in view of the latest developments and also the fact that our public expenditure analysis for children in India covers the expenditure since conception till the completion of 18 years, we felt the need for developing a suitable CDI that also includes critical development indicators for all ages including adolescents. We, therefore, constructed a new CDI, taking indicators that cover the issues of adolescents. In order to make a difference between the commonly used CDI and this, we are referring to it, as Child Development Index-Adolescent included (CDIa). The next section provides the details about how we have constructed this CDIa.

3.2 Construction of CDIa

The CDIa is constructed using child-specific indicators covering across aspects of education, protection and empowerment, and health and nutrition. These aspects have been grouped into two sub-indices namely Education and Empowerment (E&E) and Health and Nutrition (H&N). This classification, as we would see later, when combined with the analysis of public expenditure on children, allows for identification of areas that call for greater attention and investment by respective states.

The first four indicators in the E&E category consider participation in education for 6-18 age group using attendance data. Education indicators taken from the National Sample Survey Office (NSSO) Social Consumption survey (71st round) measure the percentage of students attending a school / educational institution of the total population of children of the age-appropriate group in the sample. In that sense, it indicates the proportion of those who are enrolled and attending, rather than just enrolled, and therefore, it is a better indicator than enrolment ratios. The next indicator relates to early marriage of women, reflecting the powerlessness of young women and a lack of control over their own lives when they were children. Marriage at a very young age has severe impact on overall development of the girl child including a lost childhood and curtailment of educational and job opportunities as well as adverse health implications. Child sex ratio, the next indicator, measures the sex ratio at birth (live female birth per 1000 male birth) and reflects the attitude towards the girl child. This reflects the prevalence of preference for the male child, through sex selection or other means.

Table 3.1: Indicators with source of the data for construction of Child Development Index (CDIa)

Sl No	Indicators*	Sub-Indices	Source
1	Net Attendance Ratio – Primary	Education and Empower-ment	NSSO 71st Round – Education in India (2014)
2	Net Attendance Ratio – Upper Primary		
3	Net Attendance Ratio – Secondary		
4	Net Attendance Ratio – Senior/Higher Secondary		
5	Women aged 20-24 years who are married before 18 years of their age ^		National Family Health Survey (2015-16)
6	Sex ratio at birth for children born in the last five years		
7	Under-5 Mortality Rate ^	Health and Nutrition	National Family Health Survey (2015-16)
8	Children under 5 years of age who are stunted (percent) ^		
9	Children under 5 years of age who are wasted (percent) ^		
10	Pregnant women aged 15-49 who are anaemic (percent) ^		

*All indicators carry equal weights; ^Negative indicators are converted as positive before calculation; and all data are for either 2014 or 2015.

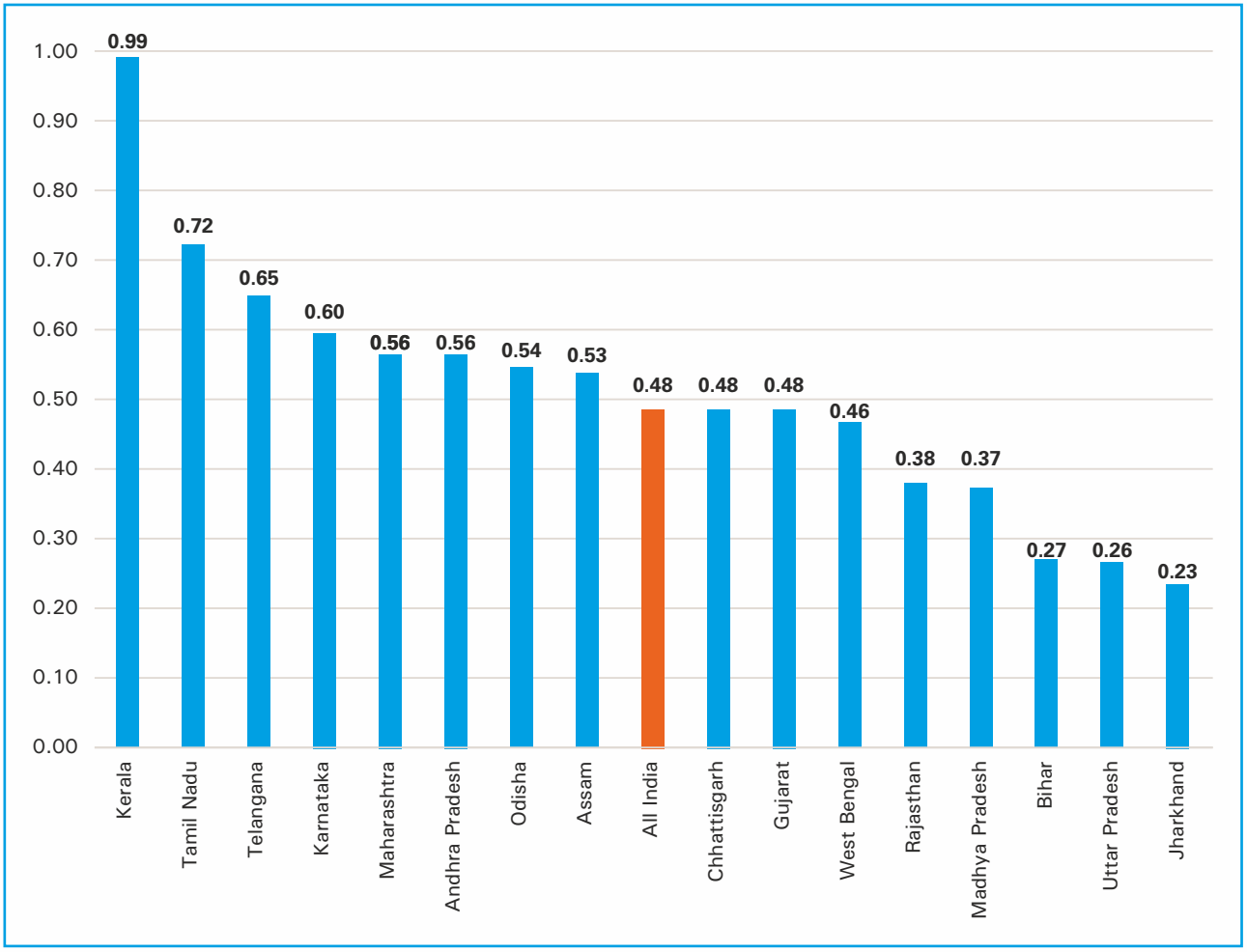
The next set of four indicators relate to child health, maternal health and nutrition status of both the mother and child. Pregnant women aged 15-49 who were anaemic were included into the CDI to emphasise the fact that the cycle of nutrition starts with the pregnancy which has a significant impact on child development. The maternal health care is very critical and has a major impact on the development of children. As stated earlier, we have also included maternal health care related public expenditure in the estimates for public spending on children, and therefore it was important to include these here as well. Under-five mortality rate gauges survival of child through not just neonatal phase, but also the immunisation phase and therefore reflecting the survival of a child through early years. The proportions of stunting (height for age) and wasting (weight for age) among children below five years are critical outcome indicators for antenatal and postnatal health care and nutrition including immunisations and exclusive breastfeeding.

One limitation of the CDIa is that the periodicity of the data-sources used for the construction of CDIa is such that it does not allow for any annual updating. It may be possible to construct the same CDIa using different sources of data, but the data sources used presently are published only once in five to ten years. However, we were more interested in having a robust CDIa which tells us about the present status in a reliable fashion and comparability of data remains unquestioned. This serves that purpose fully as the veracity of these sample surveys is well-established and the quality of the data collection is ensured in all states.

3.3 CDIa Values and Ranking

The inter-state comparison shows the five southern states, and Maharashtra in the top positions of the CDIa, with Kerala on the first position. Tamil Nadu is a distant second in terms of index value followed by Telangana, Karnataka, Maharashtra and Andhra Pradesh, in that order. Odisha, Assam and Chhattisgarh are the next three, and that needs further examination as these have long been considered less-developed states. Gujarat, an economically advanced state, figures low at the tenth rank with 0.48 index value, which is same as the all India average. West Bengal is a little behind Gujarat but the remaining five states of Rajasthan, Madhya Pradesh, Bihar, Uttar Pradesh, and Jharkhand, have a long way to go.

Figure 3.1: Child Development Index (CDIa): 16 states and All India



What is interesting is that the rankings of the states relating to the two sub-indices E&E, and H&N change for all states except for the top two, Kerala and Tamil Nadu. Uttar Pradesh maintains its 15th rank for the sub-indices as well. Karnataka and Maharashtra are ranked high (third and fifth respectively) with high index value for E&E but have lower ranks (ninth and eighth respectively) for H&N. The rankings for the bottom five states have largely remained the same. West Bengal has a high index value and ranking for H&N but the low ranking in E&E pulls its CDIa ranking down. To an extent, the same is true for Assam and Odisha as well (Table 3.2). Later, we would try to see if public spending in these sectors has any association with these values. Although we realise that there is always a lag in terms of investment and outcomes, and therefore, causality cannot be established, we are just looking for simple associations.

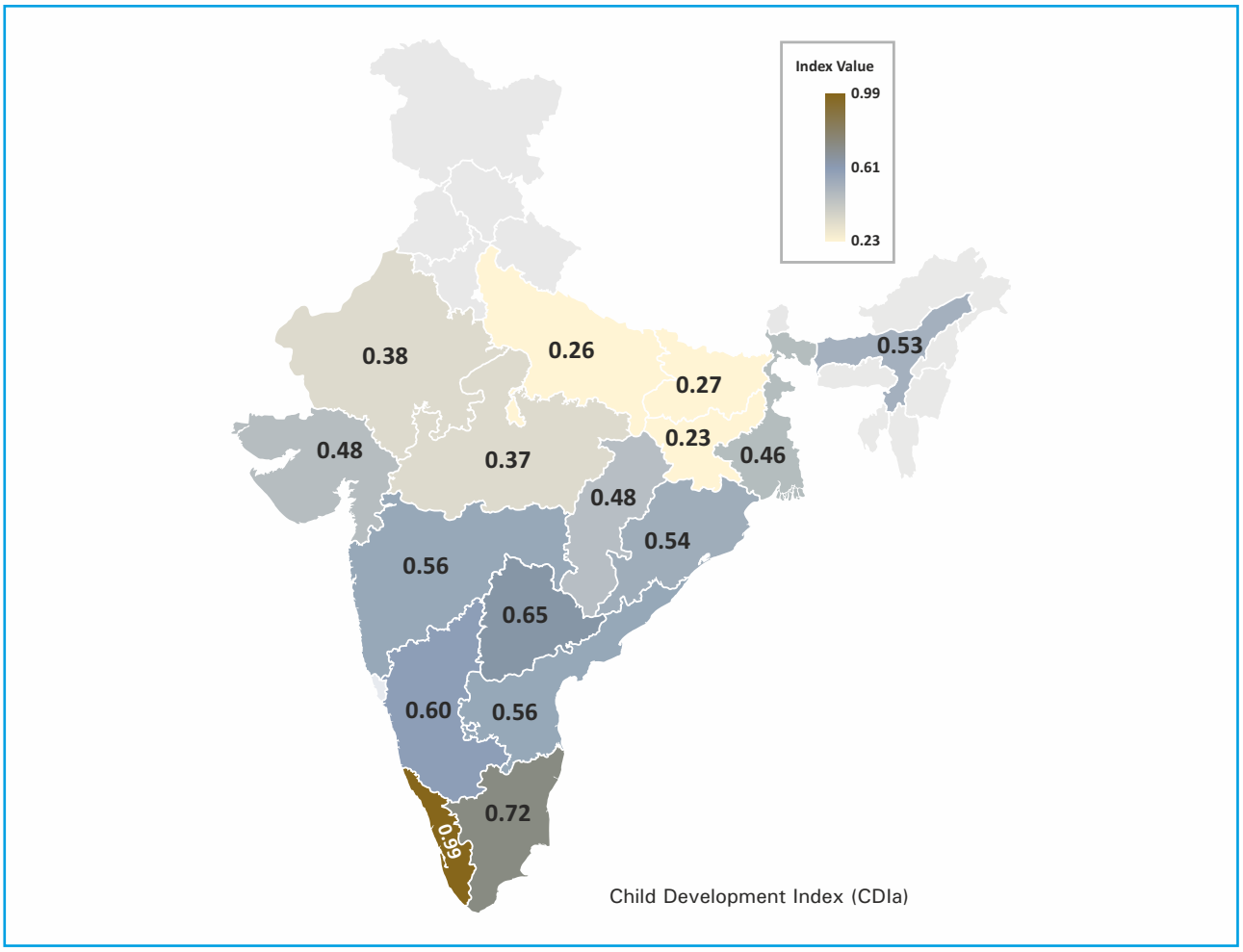
We now move away from CDIa and go the budgets and expenditure. We start with the analysis of union budgets followed by a comparative analysis of the 16 states where we also bring back the CDIa with respect to public spending on children to see if there exists any parallel in the patterns.

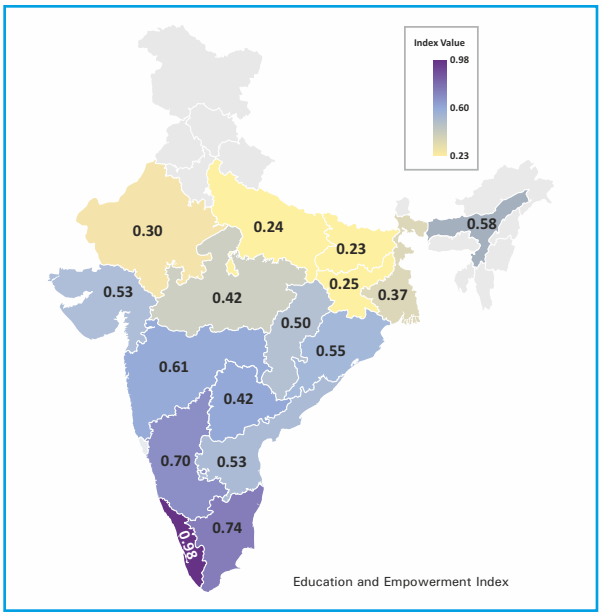
Table 3.2: Child Development Index- Adolescent included (CDIa) and Sub-Indices: All India and 16 states (2014-15)

State	Child Development Index		Education and Empowerment Index		Health and Nutrition Index	
	Index Value	Rank	Index Value	Rank	Index Value	Rank
Kerala	0.989	1	0.978	1	1.000	1
Tamil Nadu	0.720	2	0.737	2	0.702	2
Telangana	0.645	3	0.616	4	0.676	3
Karnataka	0.596	4	0.696	3	0.510	9
Maharashtra	0.564	5	0.615	5	0.517	8
Andhra	0.563	6	0.529	7	0.599	4
Odisha	0.542	7	0.549	6	0.535	7
Assam	0.534	8	0.512	9	0.556	6
Chhattisgarh	0.479	9	0.505	10	0.455	11
Gujarat	0.476	10	0.529	8	0.428	12
West Bengal	0.465	11	0.374	12	0.578	5
Rajasthan	0.377	12	0.297	13	0.478	10
Madhya Pradesh	0.370	13	0.419	11	0.328	13
Bihar	0.267	14	0.229	16	0.313	14
Uttar Pradesh	0.264	15	0.238	15	0.293	15
Jharkhand	0.234	16	0.251	14	0.218	16
All India	0.48		0.48		0.49	

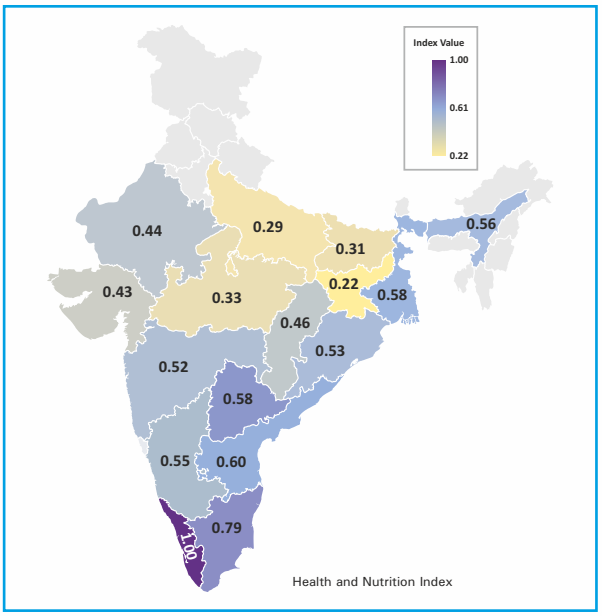
Figure 3.2: Child Development Index and its Sub-Indices

Child Development Index (CDIa)





Education and Empowerment Index



Health and Nutrition Index

4.0
Public Expenditure on Children: Analysis of Union Government's Budgets in India

India is the seventh largest country in the world by area and second in terms of population. India has grown to a two trillion-dollar economy with Gross Domestic Product for the year 2018-19 estimated at Rs. 190 trillion. The share of Indian economy in the world had increased from 2.6% in 2014 to 3.2% in 2017 making it the fastest growing economy (Press Information Bureau, 2018). Per-capita income is Rs. 1,17,427 as of 2016-17. Literates make up for 74% of the total population, while the child population (0-18 years) stands at Rs. 472 million accounting for 39% of the total population.

Table 4.1: Basic Profile of India

Data particulars	Figure	Source (year)
Area (sq. km.)	3,287,240	Census of India (2011)
Population (Billion)	1.21	Census of India (2011)
Density (Population/Area per sq. km.)	382	Census of India (2011)
Population Below Poverty Line (percent)	21.92	Economic Survey (2017-18), Government of India,
Literacy Rate	74.04	Census of India (2011)
Female Literacy Rate	65.46	Census of India (2011)
Life Expectancy	68.3	Economic Survey (2017-18), Government of India,
GDP (in Rs. trillion)	190.54	Ministry of Statistics and Programme Implementation (2018-19 2nd Advanced Estimates)
Per-capita Income (Rs.)	117427	Ministry of Statistics and Programme Implementation (2016-17 National Accounts)

The Constitution of India vests the states and union territories with higher expenditure responsibilities and the union government with buoyant revenue sources. This is made good through the transfers from Government of India (GoI) to states as recommended by the Finance Commission (FC). Funds are transferred to states in the form of tax share and specific purpose transfers (central sector schemes and Centrally Sponsored Schemes (CSS). The CSS and central sector schemes meant for children were listed for the first time in the budget of 2008-09 to provide a glimpse of the allocations to children, and this was presented as Statement 22, which later became Statement 12.

4.1 What is Statement 12/22

Statement 12 (earlier Statement 22) lists out budget allocations on schemes incurred by the Union government that are meant for children. This document is presented along with the budget -Annual Financial Statement (AFS) and the Demand for Grants (DDGs). The statement says 'Recognizing that children under 18 years of age constitute a significant percentage of the Indian population and the Government is committed to their welfare and development. This statement lists provision for expenditure on schemes that are meant substantially for children. These provisions indicate education outlays, provisions for the girl child, health,

provisions for child protection etc.'. The use of word *substantially* also means that few of the budget allocations may not be exclusively for children of 0-18 years such as post-matric scholarships. While the statement 12 does not provide the actual expenditures against the budget estimates, it does provide an indication of the trend in budget provision over different years[18]. However, this child budget statement does not reflect the non-plan expenditure (establishment or operation and maintenance expenditure). Since expenditures on children are incurred by the states and union territories, they get reflected in the state budget except for the expenditures on institutions that are directly administered by centre. The analysis of either the child budget statement or the detailed demand for grants will be of very limited scope unless the allocations across the states are compared with their requirements.

Allocations/expenditures as reflected in the statement 12 also form part of the expenditure on children at the state level (which is reflected in state budgets) except for the institutions that are directly administered by GoI. Thus, the analysis of child budget statement will be of very limited scope unless the analysis goes into the receipts of these allocations by different states and compare with their requirements.

4.2 Government of India's expenditure on children[19]

We undertook two kinds of analyses: the first analysis focuses on the statement 12/22 (for the years 2012-13 to 2018-19), which is similar to the approach of organisations such as Centre for Budget and Governance Accountability (CBGA) and HAQ Centre for Child Rights (HAQ) in their analyses of the child budgets. This basically refers to analysing the schemes that are included in the statement. We have also undertaken an analysis of these schemes for their allocation and actual expenditure, i.e. utilisation rates, and this tells us an interesting story. Next, we analyse the child expenditure using the DDGs, which while including the schemes included in the Statement 12, also includes other expenditure meant for children. We consider the latter a more suitable approach for understanding how much the union government spends on children in India, as it goes beyond the schemes that are considered as substantial spending on children.

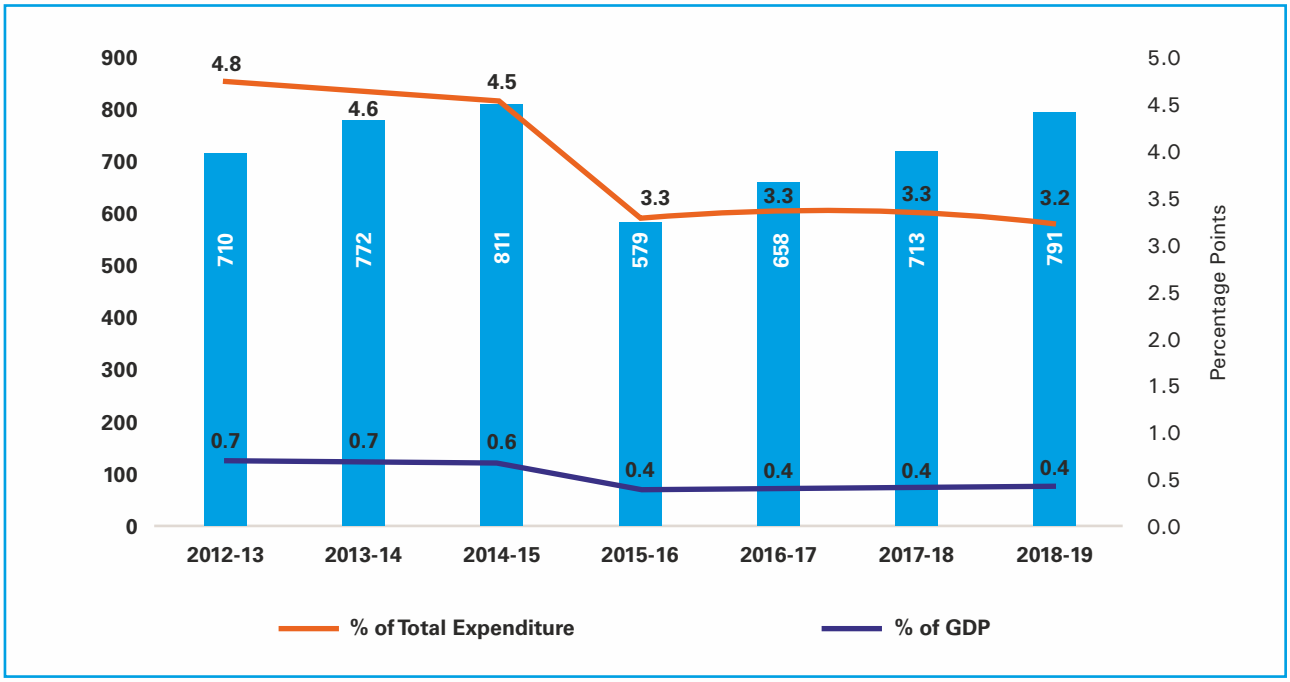
4.2.1 Analysis of Statement 12/22 and the constituent Schemes

The budget allocations increased from Rs. 710 billion in 2012-13 to over Rs. 810 billion in 2014-15, which then dipped to Rs. 579 billion in 2015-16 before reaching Rs. 791 billion in 2018-19. The changes in the fiscal transfers brought out as per the recommendations of 14th FC resulted in the lowering of the central share in the CSS from 2015-16 which gets reflected in the reduced allocations for children as well. The allocations for children as a percentage of the total budgeted allocations decreased from 4.8% in 2012-13 to 3.2% in 2018-19. Similarly, this allocation as a percentage of GDP has also decreased from 0.7% to 0.4% for the same period (Figure 4.1).

[18] For the first time in 2019-20 interim budget the actual expenditures (for 2017-18) was provided in the statement 12

[19] It is important to point out that states' expenditure analysed in the next chapter are inclusive of union government's expenditure to the extent it is reflected in respective state governments' budgets.

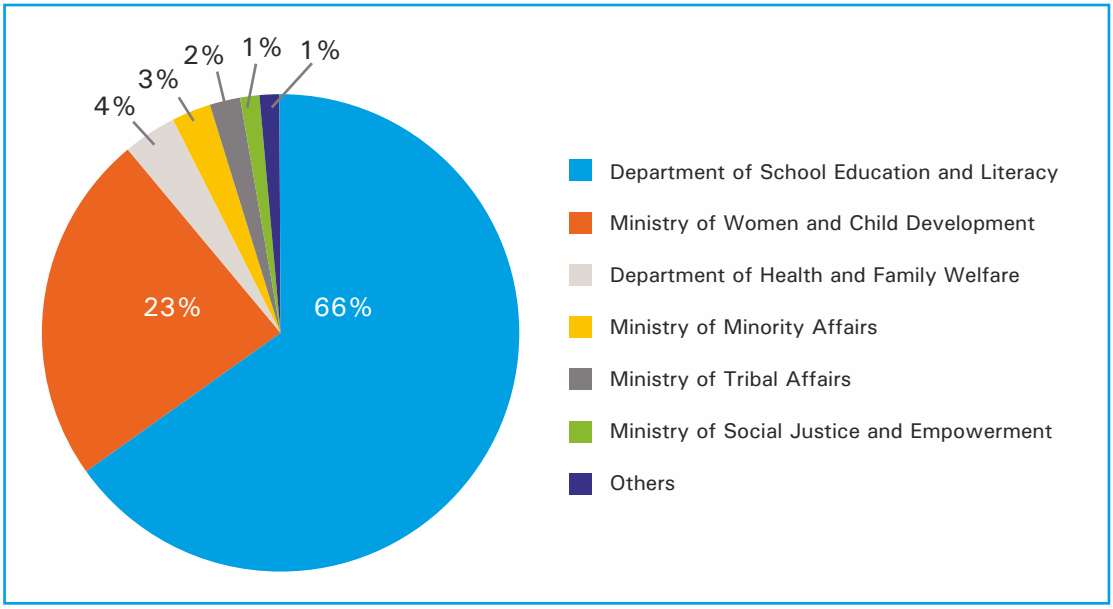
Figure 4.1: Budget allocations of the GoI for children (Rs. in Billion), as shown in Statement 22/12



Source: Statement 12/22, Government of India and analysis by CBPS

If we take the entire allocation under the Statement for the period 2012-13 to 2018-19 and see its distribution, we see that the budget allocations have been the highest for the Department of School Education and Literacy under the Ministry of Human Resource Development (MHRD) at 65.5%, followed by the Ministry of Women and Child Welfare (WCD) at 23.5%(Figure 4.2).

Figure 4.2: Ministry-wise distribution of Budgeted Allocations (Rs. In billions) for Statement 22/12 2012-13 to 2018-19 (percent)



Source: Statement 12/22, Government of India and analysis by CBPS

The analysis of schemes that contribute the Statement 12 shows that the high share of MHRD covers the Sarva Shiksha Abhiyan (SSA) and the Mid-day Meal (MDM) Scheme. This is followed by Integrated Child Development Services (ICDS) under WCD. Surprisingly, the allocations to Rashtriya Madhyamik Shiksha Abhiyan (RMSA), the flagship programme for secondary education has been much lower than that for either SSA or MDM, reflecting somewhat lower prioritisation for that level as compared to the elementary education. However, RMSA along with two other comparable components for education in terms of allocation, Kendriya Vidyalaya Sangathan and Navodaya Vidyalaya Samiti, reported higher utilisation rates as compared to SSA and MDM. The ICDS reported the highest utilisation rate. The World Bank Assisted ICDS Systems Strengthening & Nutrition Improvement Project and the highly advertised Beti Bachao Beti Padhao (BBBP) Campaign have reported lower utilisation rates. Average utilisation rates for these two schemes have been lower than 60%. In the next section, we go beyond Statement 12 and analyse the expenditure based on DDGs.

Table 4.2: Budget Estimates (BE) and Actual Expenditure (AE) of important schemes for children (Rs. in Billion)

Schemes	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	Total
Sarva Shiksha Abhiyan (BE)	255.6	272.6	277.6	220.0	225.0	235.0	1485.7
Sarva Shiksha Abhiyan (AE)	238.7	248.0	240.3	216.6	216.9	234.8	1395.4
Utilisation level (percent)	**93.4**	**91.0**	**86.6**	**98.5**	**96.4**	**99.9**	**93.9**
Mid-Day Meal Scheme (BE)	119.4	132.2	132.2	92.4	97.0	100.0	673.0
Mid-Day Meal Scheme (AE)	107.6	108.3	104.4	91.4	94.8	90.9	597.4
Utilisation level (percent)	**90.1**	**82.0**	**79.0**	**99.0**	**97.7**	**90.9**	**88.8**
Navodaya Vidyalayas Samiti (BE)	17.0	17.5	20.4	20.6	24.7	27.0	127.2
Navodaya Vidyalayas Samiti (AE)	17.2	17.5	20.1	22.9	26.2	31.9	135.7
Utilisation level (percent)	**101.2**	**99.9**	**98.8**	**110.9**	**106.0**	**118.0**	**106.7**
Kendriya Vidyalayas Sangathan (BE)	24.4	26.0	32.9	32.8	38.0	43.0	197.0
Kendriya Vidyalayas Sangathan (AE)	24.5	28.3	32.4	32.8	39.9	50.0	207.9
Utilisation level (percent)	**100.7**	**108.8**	**98.6**	**100.0**	**105.1**	**116.2**	**105.5**
Rashtriya Madhyamik Shiksha Abhiyan (BE)	31.2	39.8	50.0	35.7	37.0	38.3	232.0
Rashtriya Madhyamik Shiksha Abhiyan (AE)	31.7	26.8	33.8	35.6	37.0	40.3	205.2
Utilisation level (percent)	**101.5**	**67.3**	**67.5**	**99.9**	**99.9**	**105.3**	**88.4**
Pre-Matric Scholarship for Minorities (BE)	9.0	9.5	11.0	10.4	9.3	9.5	58.7
Pre-Matric Scholarship for Minorities (AE)	7.8	9.6	11.3	10.2	5.9	11.1	55.8
Utilisation level (percent)	**87.1**	**101.0**	**102.4**	**97.7**	**62.9**	**116.6**	**95.0**

Schemes	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	Total
Post Matric scholarship for Minorities (BE)	5.0	5.5	6.0	5.8	5.5	5.5	33.3
Post Matric scholarship for Minorities (AE)	3.3	5.2	5.0	5.5	2.9	4.8	26.6
Utilisation level (percent)	**65.3**	**94.0**	**83.8**	**95.3**	**52.2**	**87.2**	**80.0**
Integrated Child Development Scheme (BE)	158.5	177.0	182.0	83.4	140.0	152.5	893.3
Integrated Child Development Scheme (AE)	155.3	160.7	165.8	154.3	144.3	151.6	932.1
Utilisation level (percent)	**98.0**	**90.8**	**91.1**	**185.1**	**103.1**	**99.4**	**104.3**
Integrated Child Protection Scheme (BE)	4.0	3.0	4.0	4.0	4.0	6.5	25.5
Integrated Child Protection Scheme (AE)	2.5	3.0	4.3	5.0	5.8	6.4	26.9
Utilisation level (percent)	**61.5**	**99.8**	**107.1**	**123.5**	**145.3**	**98.4**	**105.4**
World Bank Assisted ICDS Systems Strengthening & Nutrition Improvement Project (BE)	1.0	1.5	2.0	1.1	4.5	4.0	14.1
World Bank Assisted ICDS Systems Strengthening & Nutrition Improvement Project (AE)	0.1	1.5	0.8	0.6	2.0	3.7	8.6
Utilisation level (percent)	**7.7**	**100.6**	**41.1**	**49.8**	**44.2**	**93.3**	**61.4**
Beti Bachao Beti Padhao Campaign (BE)				1.0	1.0	2.0	4.0
Beti Bachao Beti Padhao Campaign (AE)				0.6	0.3	1.7	2.6
Utilisation level (percent)				**59.4**	**28.7**	**84.6**	**64.3**

Source: Statement 12/22 and Demand for grants

4.2.2 Analysis using Detailed Demand for Grants (DDGs)

The analysis of DDGs is confined to four years from 2015-16 to 2018-19 since these were not available for all the seven years of the study. The expenditure on children in the union budget has been increasing both in nominal and real terms over the years except for a slight dip in 2016-17 (Figure 4.3).[20]

The Total Child Expenditure (TCE) comes up to 0.39% of GDP in an average of four years (Figure 4.4). While this might look like a pittance at the national level, we must realise this is only the contribution of the union government, and given that majority of the subjects that contribute to the bulk of public spending for children are in the Concurrent or State Lists, with substantial public expenditure coming from states, this may not remain that small. *(Article 246 in the Seventh Schedule of the Constitution of India (1950) provides three lists where the areas and subjects are classified under three heads: Union List, State List and Concurrent List defining which layer of the government – union or state - has exclusive powers to legislate, with both of these sharing the responsibility in the subjects under the Concurrent List . Education was part of the State List which was transferred to Union List after the 42nd constitutional amendment and the state government continues to bear high expenditures there. Health, another major item for the child is in the State List.)* That is why looking at the union budget alone does not provide a full picture of public spending on children in India.

As expected, the total expenditure on children from union budget is mainly on education sector which accounts for a little more than half of the total share. The second biggest share is the nutrition sector accounting for nearly 41% of the Total Expenditure (TE). Social Protection and health sectors have almost insignificant contribution in terms of share (Figure 4.5).

We have tried to see the distribution across age groups of 0-6 years, 6-14 years and 14-18 years[21]. The allocations for all the three age-group children have seen an increase over the years. However, there has been a slight decrease in the share of the 14-18 age group for the year 2018-19 (Table 4.6). The major share of the total expenditure incurred has been on the age group of 6-13 primarily due to SSA and MDM. The age group 0-6 years receives the second highest share of the total expenditure owing to ICDS.

Unlike what we would see later in case of state expenditure, the union government's expenditure on children largely comes from non-wage component, accounting for about 92% of grants provided to the states (table 4.7). The non-wage component entails expenditures incurred on creation of capital assets, scholarships or stipends provided to students under various schemes. The wage component encompasses items like salaries, allowances and wages. These are generally the establishment expenses of the departments which oversee the union territories, directly administered by the union government. The wage component has been persistently below one-tenth of the total expenditure.

[20] Real values are calculated by constructing a GDP deflator with the base year as 2012-13 using GDP data published by the Ministry of Statistics and Programme Implementation

[21] 0-6 age group includes those who have completed five but not yet six. 6-14 age group includes those who have completed 13 but not yet 14. 14-18 age group includes those who have completed 17 but not yet 18.

Figure 4.3: Total Expenditure (TE) incurred by GoI on children (Rs. in Billion)

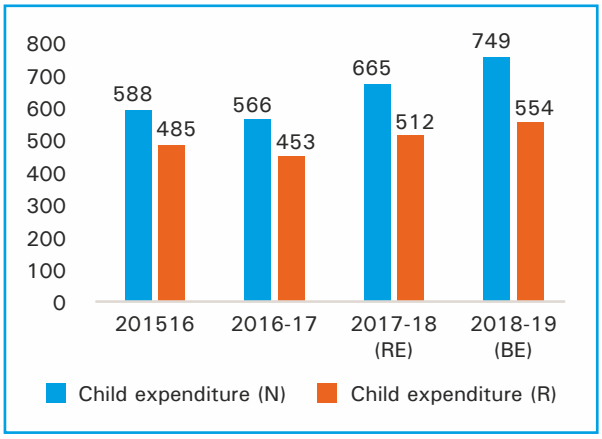


Figure 4.4: Total Child Expenditure (TCE) and TCE as a percentage of GDP

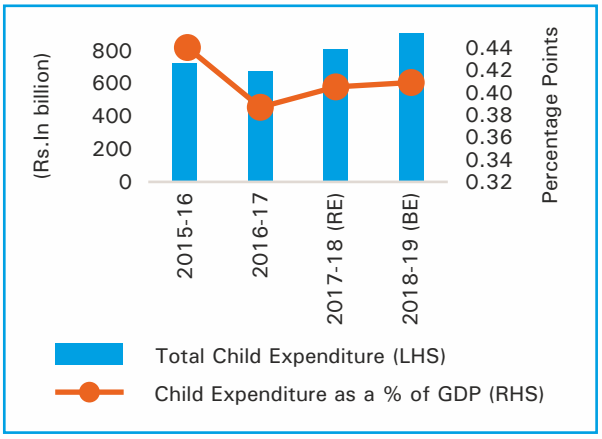


Figure 4.5: Distribution of Total Child Expenditure (TCE) across sectors

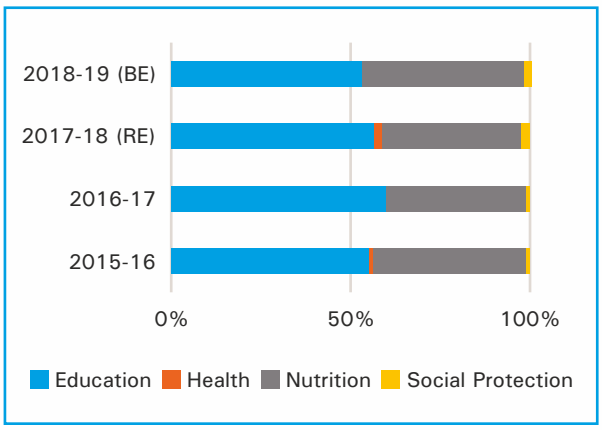


Figure 4.6: Distribution of Total Child Expenditure (TCE) in Wage and non-wage (percent)

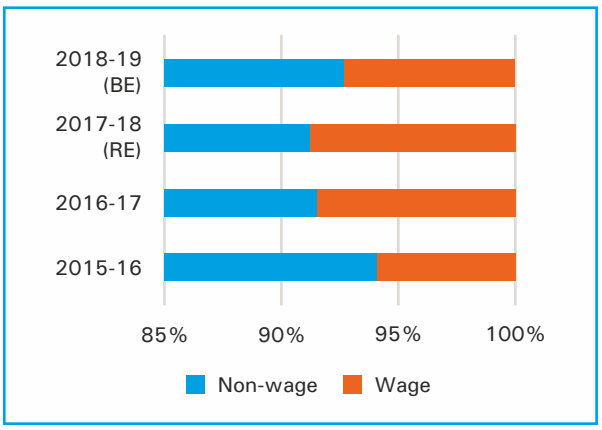


Figure 4.7: Distribution of Total Child Expenditure (TCE) by age Groups (Rs. in Billion)

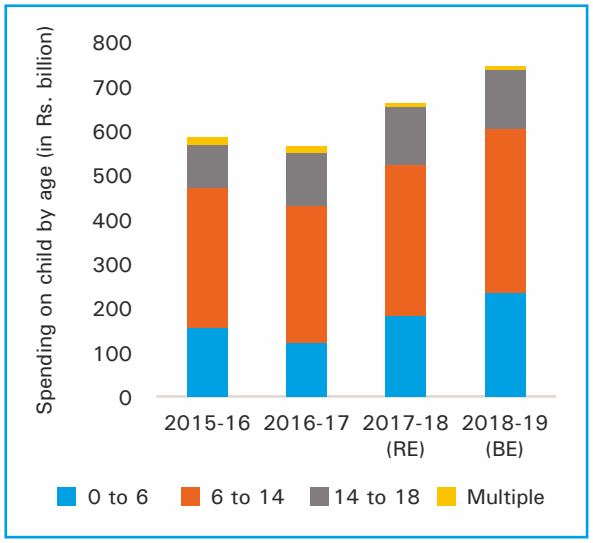
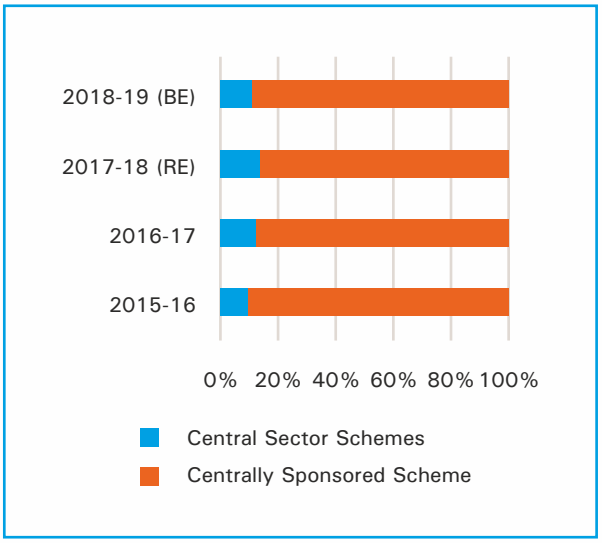


Figure 4.8: Total Child Expenditure (TCE) as a Proportion of Central Sector and Centrally Sponsored Schemes



Source: Demand for grants of Government of India and CBPS analysis

Of the TE incurred, the central sector schemes that are entirely funded by the union government constitute around 10% while the CSS schemes that are funded both by the union and state governments and implemented by the states constituted about 90% (Table 4.8). The sharing pattern in respect of CSS is different for the north eastern states which is 90:10 (GoI: State) unless otherwise defined by the particular scheme, while it is 60:40 for other states. North eastern states enjoy a little higher share of the CSS schemes compared to its population share because of higher costs of delivering the services and lower tax collection capacities because of its geographical conditions.

The analysis of union budget to understand what contributions the union government makes to children reveals that these are largely through transfers to state governments through mega schemes. The analysis of Statement 12, which is presented as the Child Budget Statement alongside the Budget (AFS) and includes mainly the scheme, shows that the expenditure has shown a decline in the size, and also as a share of the GDP after the implementation of the recommendations of the 14th FC since 2015-16. Although it started increasing, it is yet to reach the level of 2014-15, either in its size or as proportions of GDP, and total budget. Elementary education and nutrition are major components, and secondary education does not seem to be receiving much from the union government. Total allocations for children, when expanded to include the entire DDGs (and not only the schemes included under Statement 12), show an increasing trend in the last three years but this is due to direct expenses incurred for union territories. The next chapter provides a comparative analysis of the 16 states where we have taken the total expenditure that are exclusively meant for children coming from both the union and respective governments.

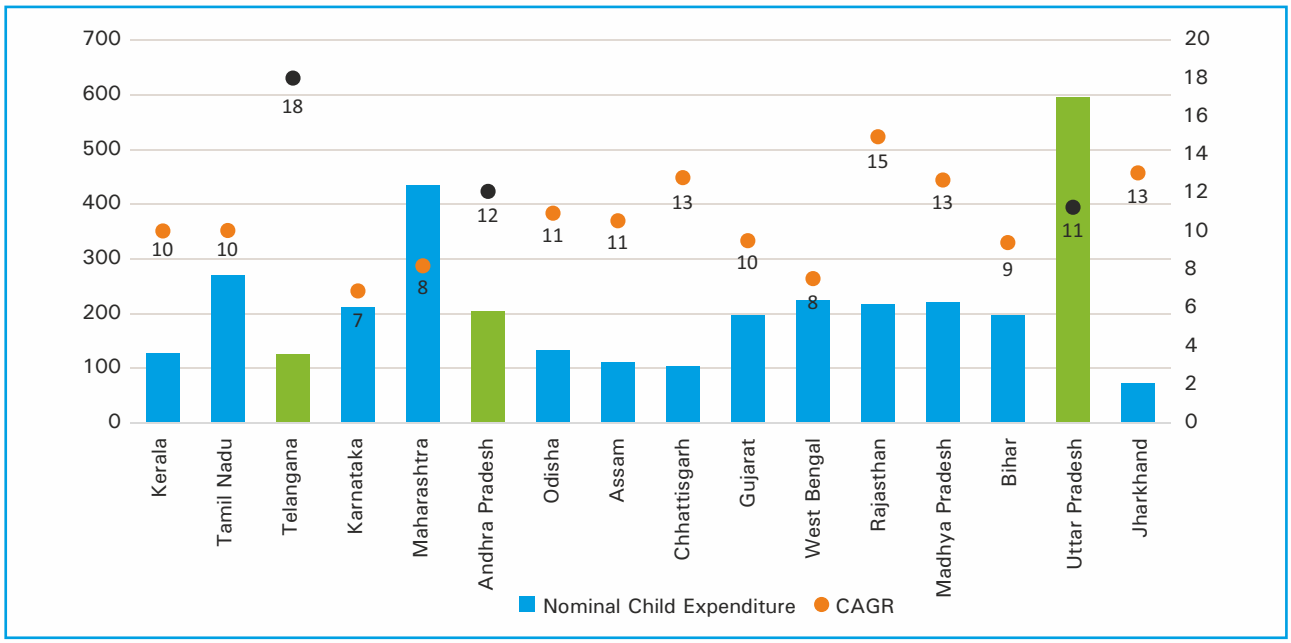
5.0
A Comparative Analysis of States' Public Expenditure on Children in India

In a federal polity, where sub-national levels are unevenly placed in terms of economic development and have had varied histories in terms of focus on education, it matters for a child where they live to determine the size of public expenditure that they have access to. Indian states are very diverse economically with diverse forms of governance in colonial times, and their reminiscences even now. This also gets reflected in their capacity to generate revenue and spend on public services, and in turn in the size of public expenditure on children. In this chapter, we present a comparative picture of the 16 states on various parameters related to public spending on children and show their relationship with both the size of the economy, and the CDI. As stated earlier, we have used the average of seven years, 2012-13 to 2018-19, for all the states to avoid any distortion caused by any annual fluctuation. However, the data for the four states of Andhra Pradesh, Telangana, and Uttar Pradesh need to be interpreted with caution as this was available only for a period of the last four of the seven-year period that we have used for the analysis. While Andhra and Telangana were bifurcated in 2014 and therefore, the states in their current form did not exist earlier, we could access UP's data only for the last years. Further the data was not available for Assam and Gujarat for the years 2012-13 and 2017-18 respectively.[22]

5.1 Total Public Expenditure on Children

The average annual TCE in monetary terms has been the highest in UP, and the lowest in Jharkhand. UP is followed by Maharashtra, Tamil Nadu and West Bengal in that order (Figure 5.1). We also estimated the Compound Annual Growth Rate (CAGR) for total public expenditure on children for this period of seven years. What emerged that the CAGR was 11% or more for the states of Telangana, Rajasthan, Madhya Pradesh, Chhattisgarh, Jharkhand, Andhra Pradesh, Uttar Pradesh, Odisha and Assam, while it was less than 10% for the states of Bihar, West Bengal, Maharashtra and Karnataka (Figure 5.1).

Figure 5.1: Average Annual Expenditure on children (2012-13 to 2018-19) nominal terms

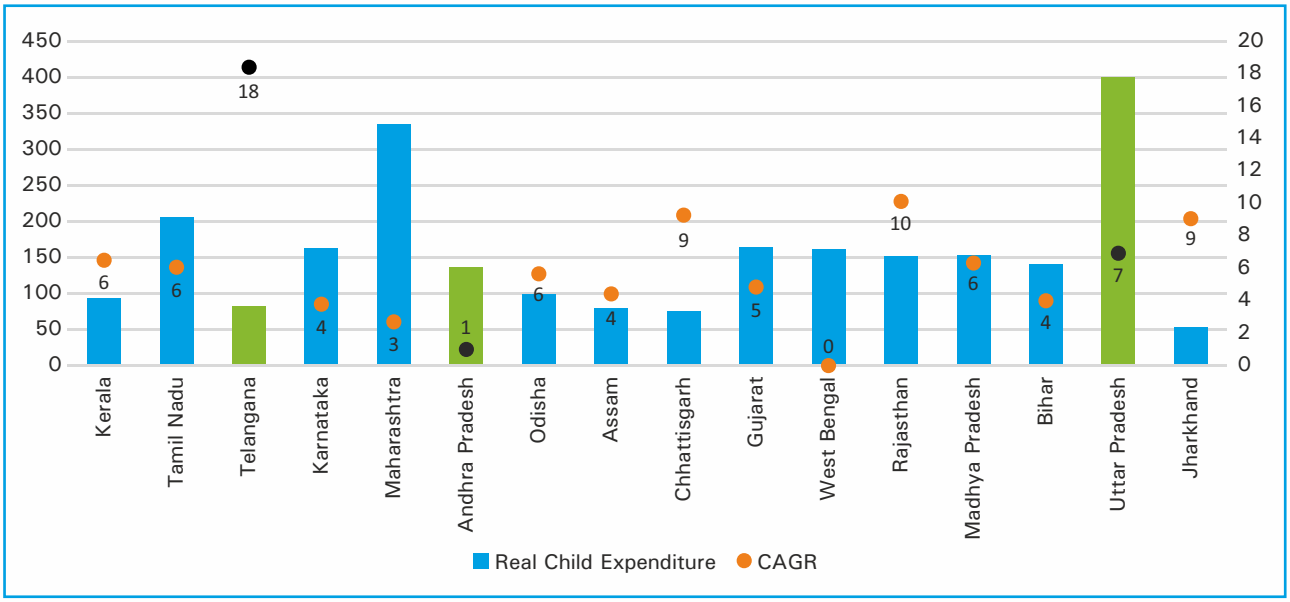


Note: The data for green coloured bars are for four years only

[22] Annexure 1 and Annexure 2 provide some basic demographic details and proportion of child population as well as per capita income of these 16 states.

The average annual expenditure on children in real terms also follows a similar pattern as that of the expenditure in nominal terms (Figure 5.2). The highest expenditure is in the states of Uttar Pradesh followed by Maharashtra, Tamil Nadu, Karnataka, Gujarat and West Bengal. The CAGR of child expenditure in real terms was highest in Telangana followed by Rajasthan, Chhattisgarh and Jharkhand. The CAGR of child expenditure was lower in the states of West Bengal, Andhra Pradesh, Maharashtra, Assam, Bihar and Gujarat and therefore, a cause of concern, as the increase in absolute expenditures may largely be due to the increases in the wage/ salary components rather than programme components for children.

Figure 5.2: Average Annual Expenditure on children (2012-13 to 2016-17) Real terms



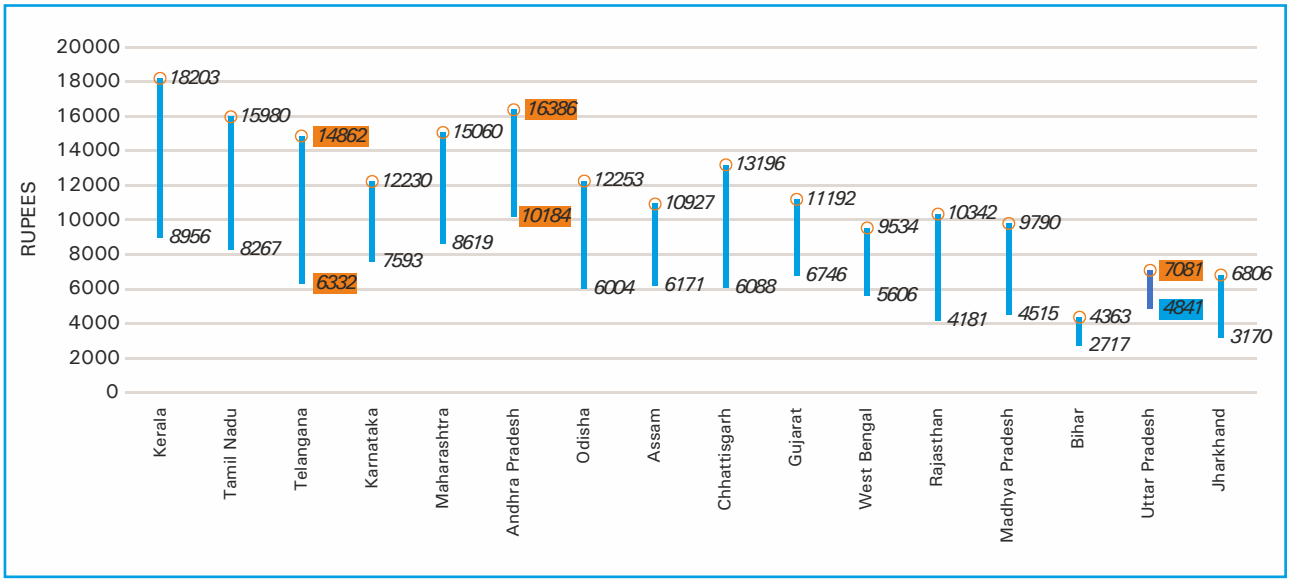
Note: The data for green coloured bars are for 2/3 years only

5.2 Per Child Expenditure (PCE)

The size of total spending on children, however, tells us only half the story. High population states spend more but it does not necessarily mean that it translates itself into a high Per-Child Expenditure (PCE). A comparison of PCE[23] for the same states shows a very different picture. The five southern Indian states (Kerala, Tamil Nadu, Karnataka, Andhra Pradesh and Telangana) and Maharashtra top the list with Kerala having the first position, and Bihar the last. While PCE has shown an increase in all the 16 states during the seven-year period, Bihar, Jharkhand and Uttar Pradesh have consistently been the lowest. Chhattisgarh, West Bengal and Madhya Pradesh reported decline in 2015-16 followed by some recovery in subsequent years. The story is a little different for the top position as Kerala and Tamil Nadu were close to each other till 2015-16, after which Kerala has definitely taken over Tamil Nadu (Figure 5.3).

[23] Per Child Expenditure is derived by dividing total expenditure on children by total estimated child population.

Figure 5.3: Per-child Expenditure across states in 2012-13 (lower point) and 2018-19 (upper point)



Note: The data of red coloured boxes are for four years only

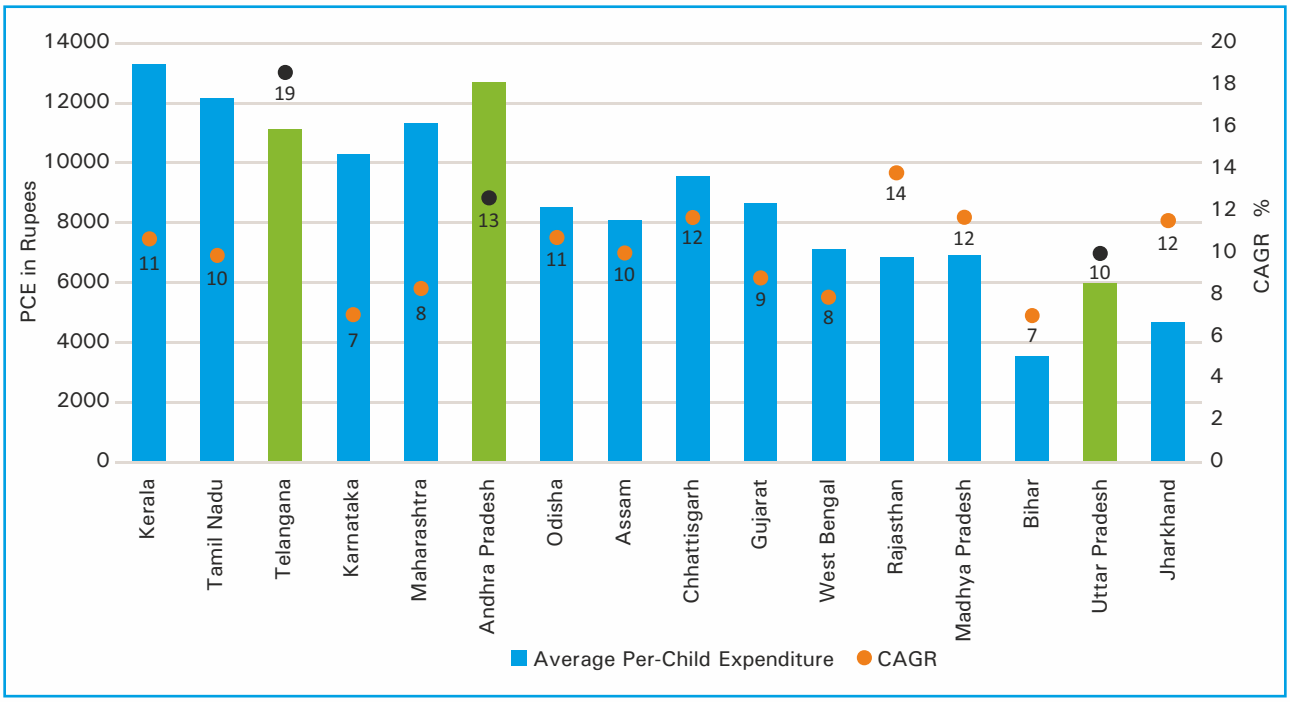
Some low spending states have reported high CAGR for PCE; these are Rajasthan, Jharkhand, and Chhattisgarh where the PCE grew at 14% or more per annum. Telangana, Andhra Pradesh and Uttar Pradesh also reported high growth rates but since their data is for fewer years, one needs caution. The PCE growth rate was lowest in Madhya Pradesh followed by Karnataka, Maharashtra, Bihar and West Bengal (Figure 5.4).

5.3 States' Cumulative Child Expenditure

The Total Child Expenditure (TCE), Social Services expenditure (SSE), Total Expenditure (TE), and Gross State Domestic Product (GSDP) for the 16 states were averaged for each year to understand the broader trend across the 16 states and to that extent for the country as a whole.[24] The average TCE as a percentage of GSDP of the states have increased steadily from 2.54% in 2012-13 to 2.74% in 2015-16 before dipping to 2.68% in 2016-17. TCE as a percentage of both TE and as a percentage of SSE of the states, however, has shown a steady decline over the years, the decline being sharper for the latter (Figure 5.5).

[24] This cannot be called all-India as it does not include the remaining 14 states. But, since it includes 16 major states covering about 90.46% (census 2011) of the country's population, it does provide an idea about the country as a whole. The state expenses here also include what they receive from the union government and spend through their budget.

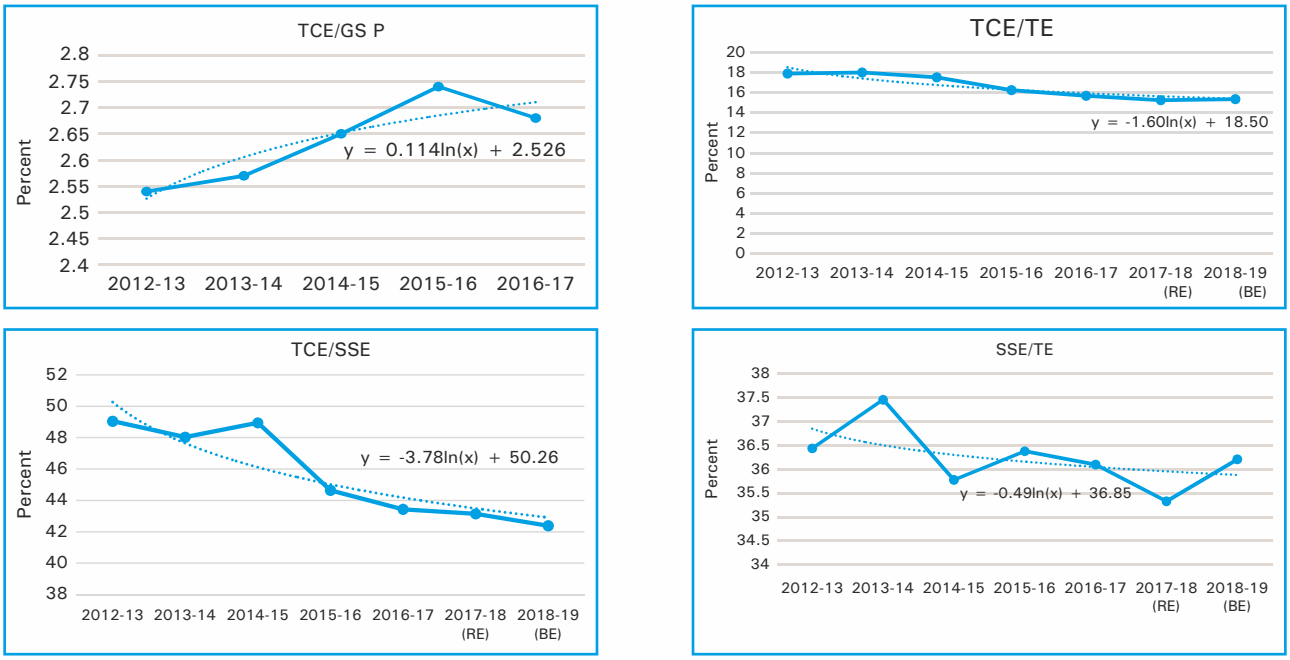
Figure 5.4: Compounded Annual Growth Rate (CAGR) of Per child expenditure of 16 states (2012-13 to 2018-19) nominal terms



Note: The data for green coloured bars are for four years only

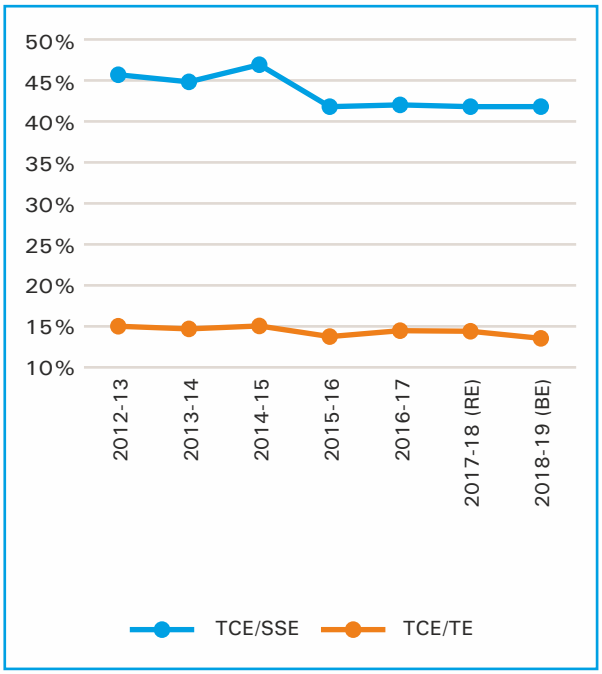
This decline is more pronounced during the post-14th FC period (see individual states diagram spread). This indicates the possibility of a sharper decline in the non-child related social sector expenditure; this is something that we have not explored much in our analysis. The SSE as a percentage of TE of the states together has been static and hovering around 36%. This is despite the receipt of higher untied fund transfers to state in the post-14th FC recommendations period, indicating a low priority for the social services. This also means that states together have barely matched deficit that has resulted from the reduced share of the union government in the CSS.

Figure 5.5: Cumulative child Expenditure for states as proportion of GSDP, Total expenditure and social sector expenditure

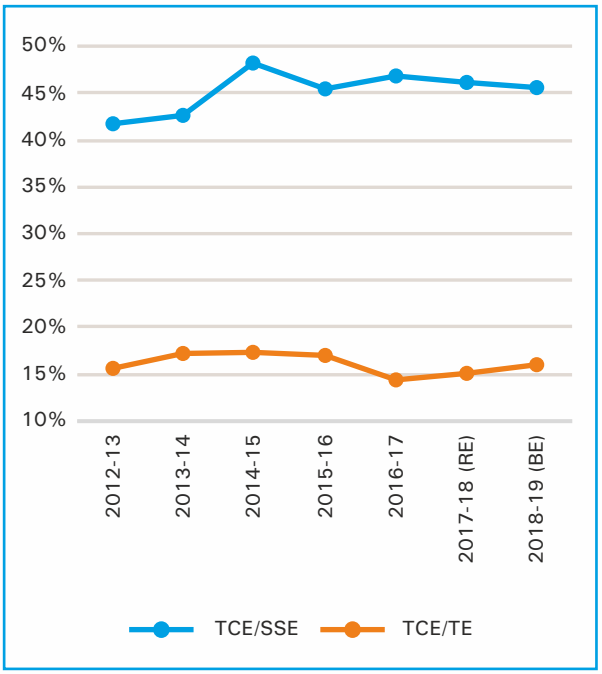


A few state examples provided below in the order of CDIa rankings

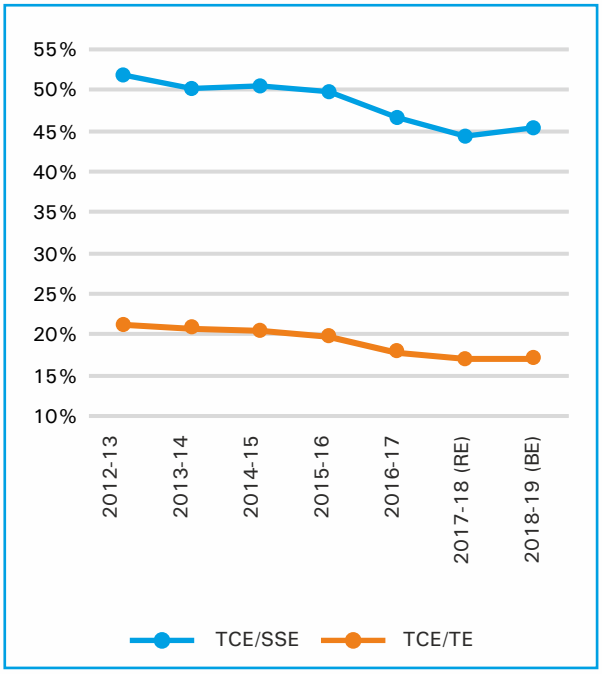
Kerala



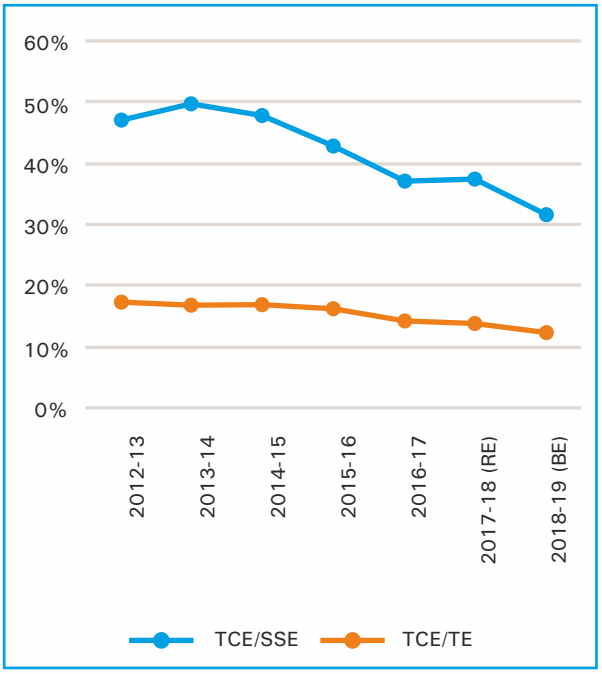
Tamil Nadu



Telangana

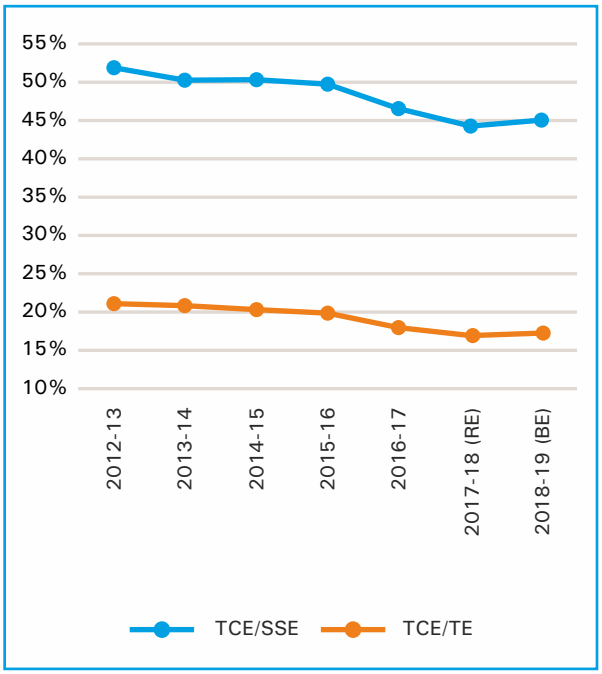


Karnataka

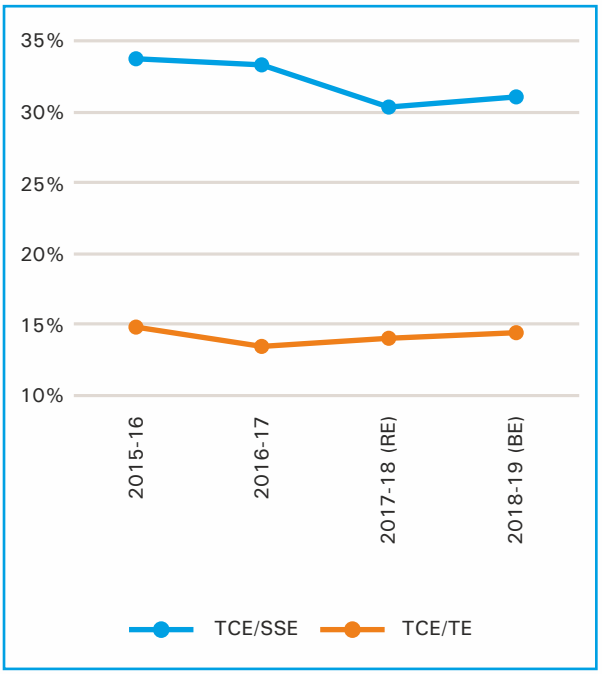


Maharashtra, Andhra Pradesh, Odisha, Assam

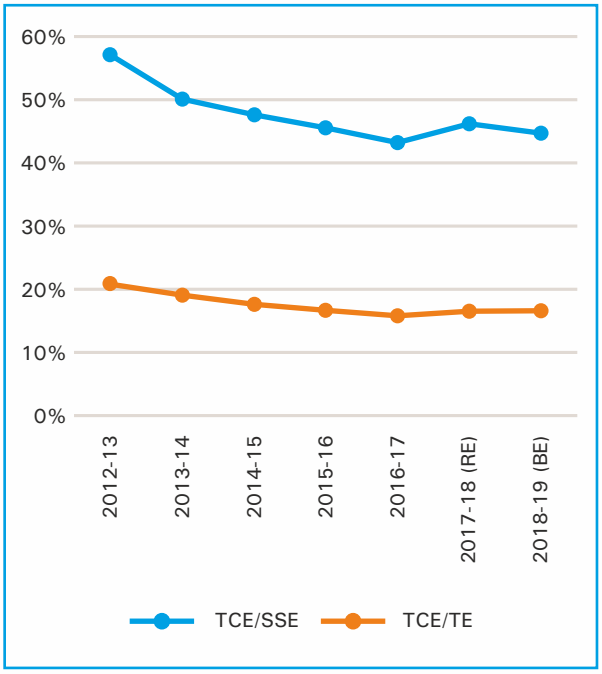
Maharashtra



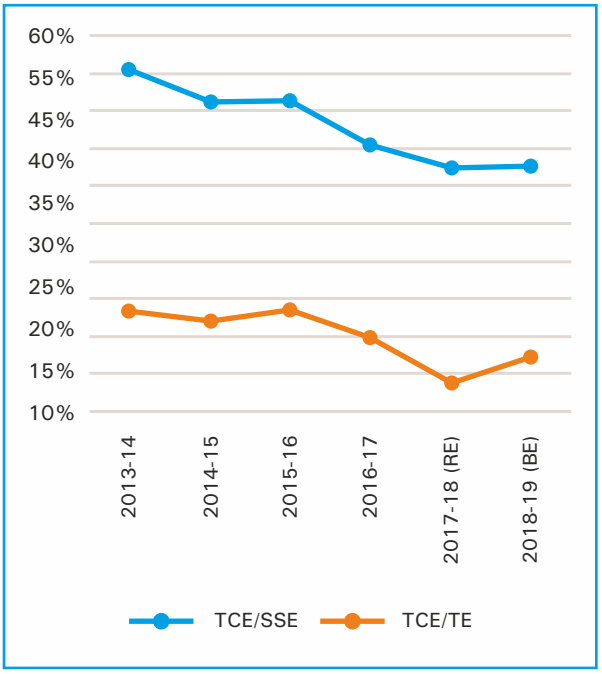
Andhra Pradesh



Odisha

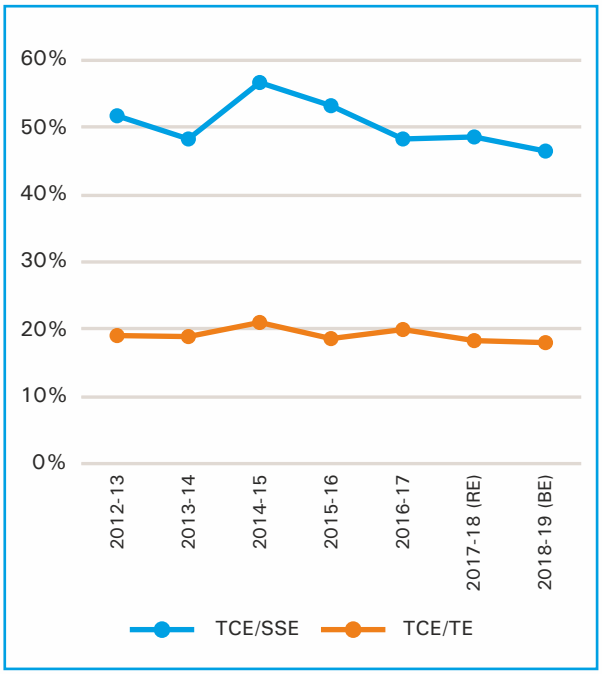


Assam

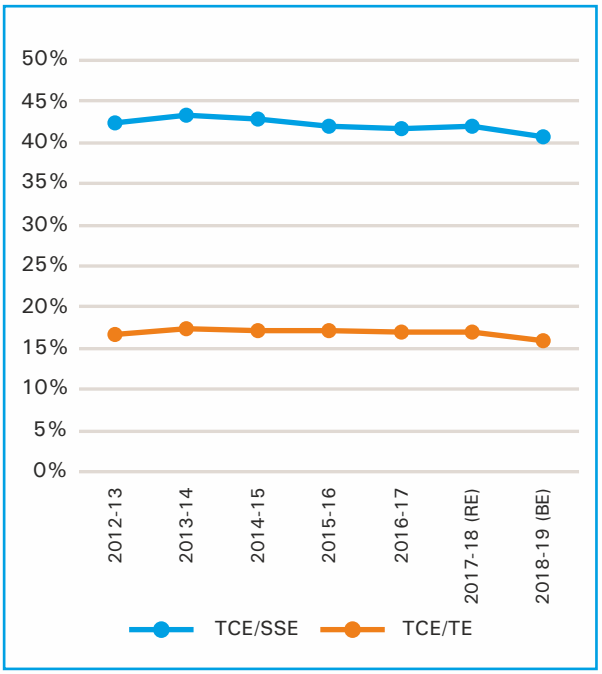


Chhattisgarh, Gujarat, West Bengal, Rajasthan

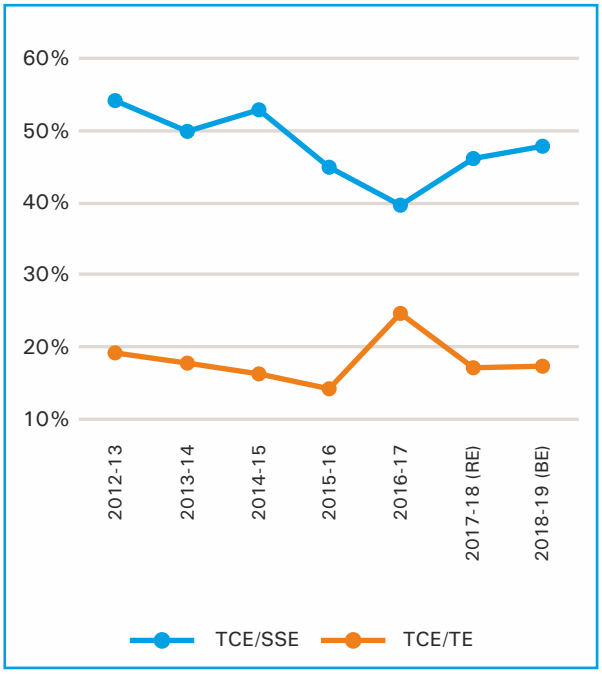
Chhattisgarh



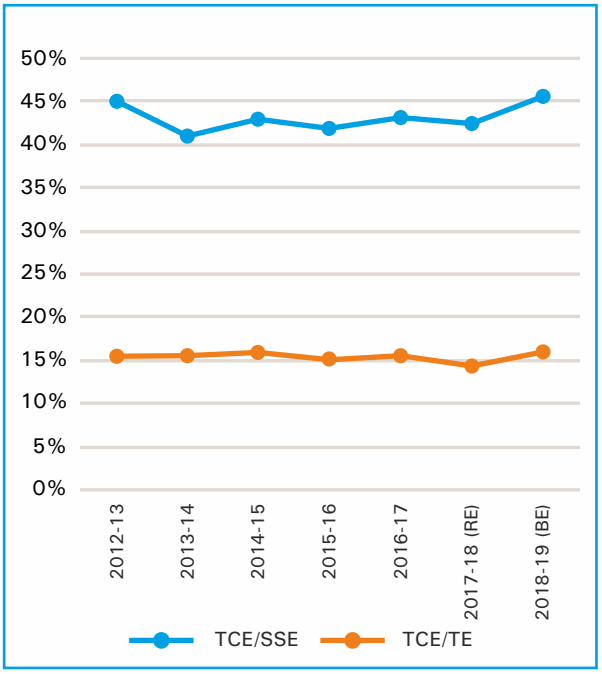
Gujarat



West Bengal

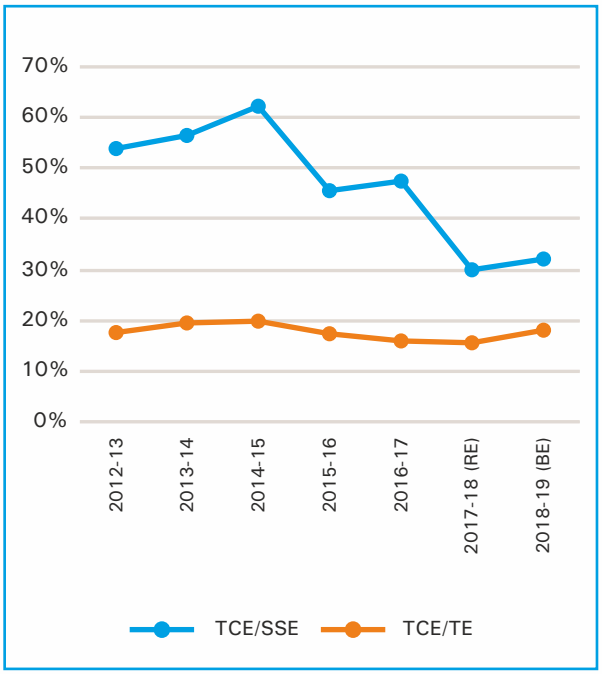


Rajasthan

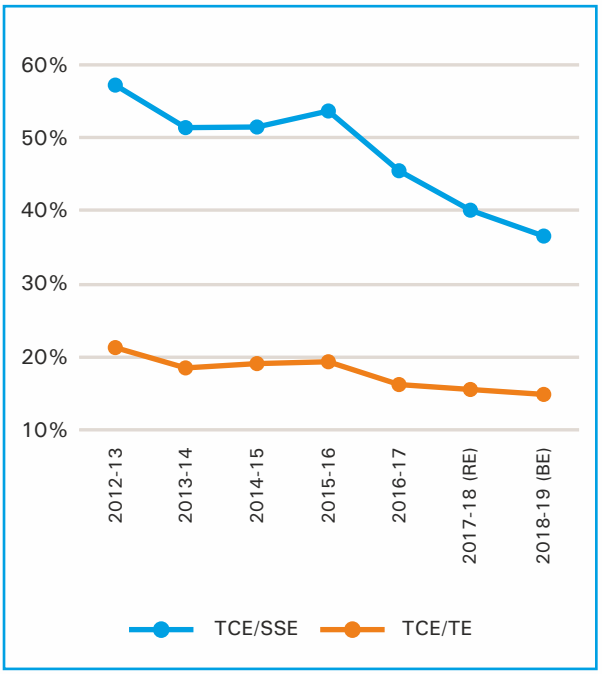


Madhya Pradesh, Bihar, Uttar Pradesh, Jharkhand

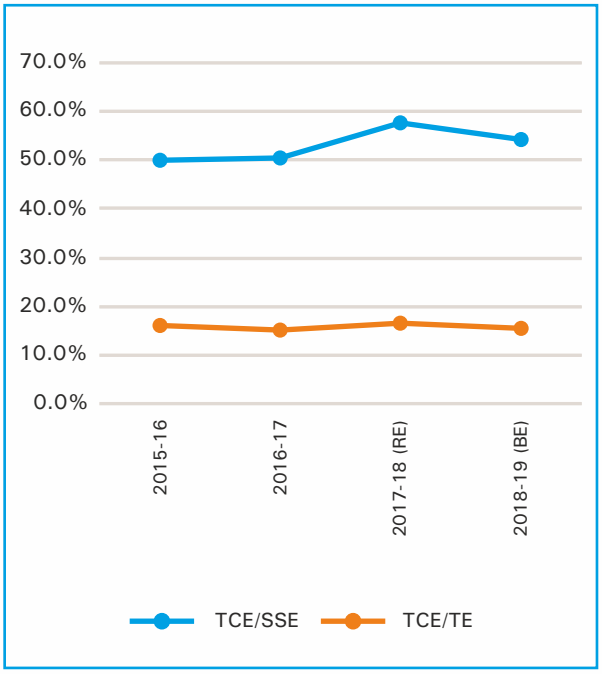
Madhya Pradesh



Bihar



Uttar Pradesh



Jharkhand

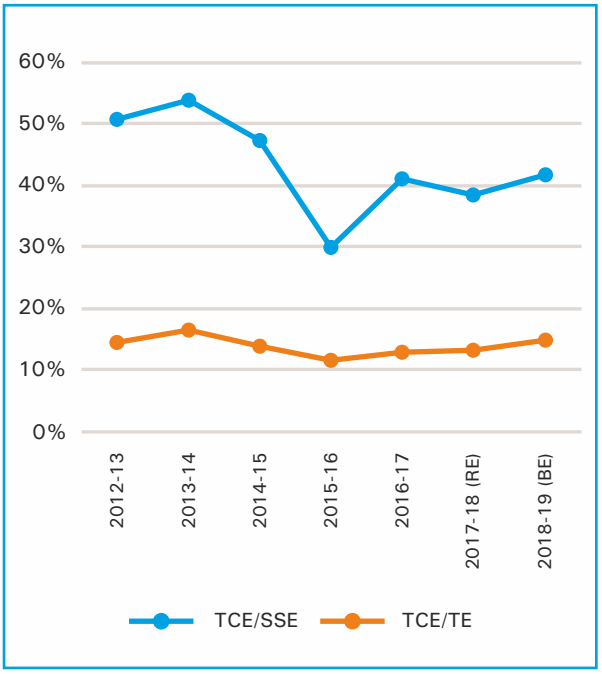
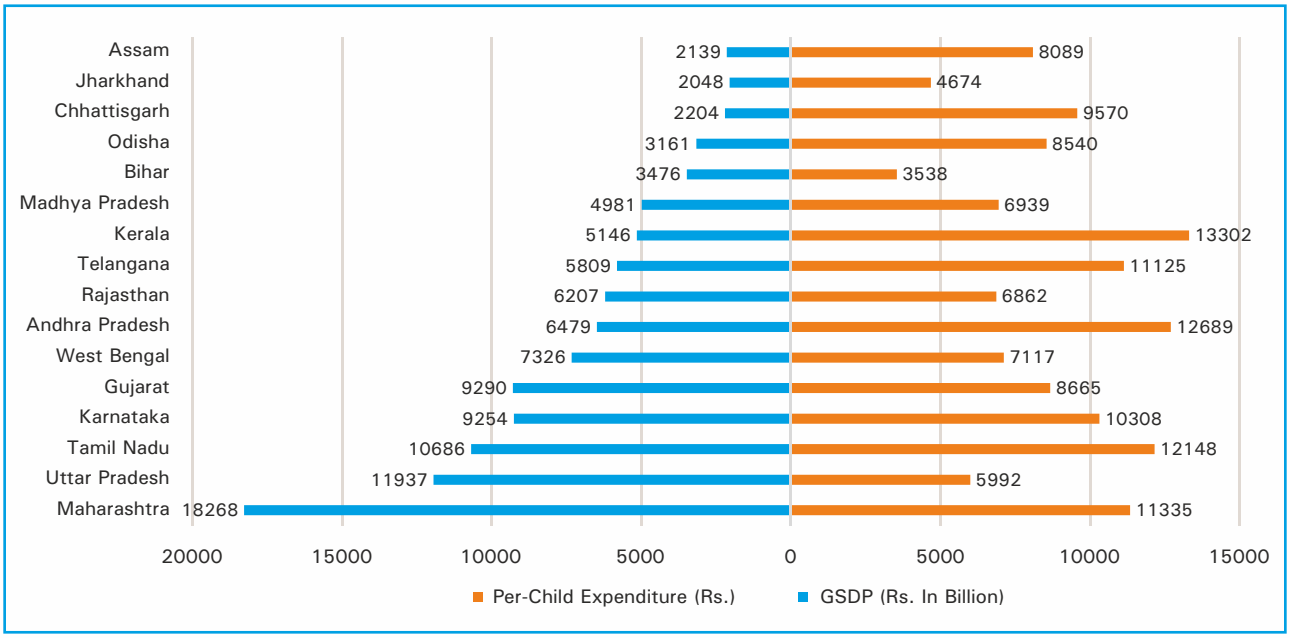


Figure 5.6: GSDP and PCE of 16 states

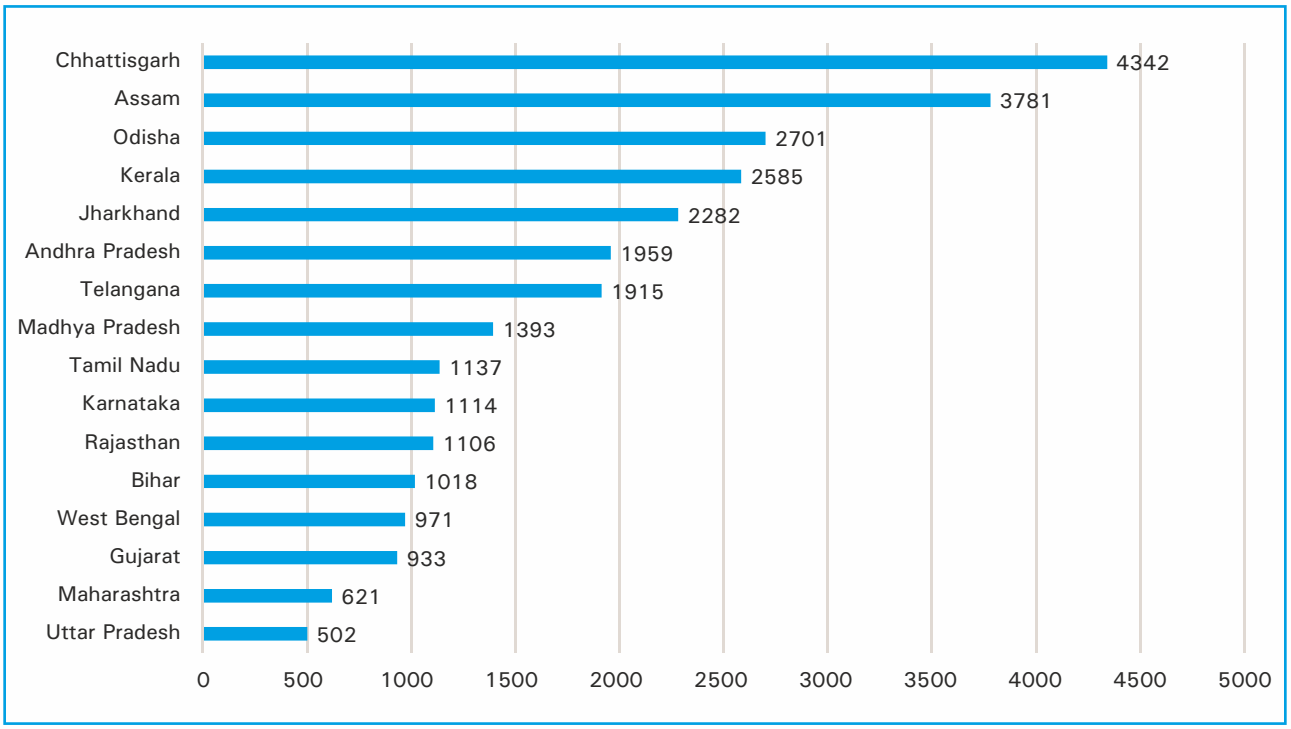


Note:The data for the states of Andhra Pradesh, Telangana, Uttar Pradesh are for four years only

A comparison of the state's PCE with respective GSDP clearly shows that the capacity to spend matters in determining the size of PCE but it also shows that money alone does not matter. Even states with lower GSDP can prioritise to spend more on children resulting into a higher PCE[25] (Figure 5.6). Assam with the lowest GSDP of Rs. 2,139 billion among these 16 states spends Rs. 8,089 per child per annum while Gujarat whose GSDP at Rs. 9,290 billion is more than five times larger spends roughly the same amount (Rs. 8,665) per child per year. Karnataka which is similar in size of the economy as that of Gujarat, has a significantly higher PCE than Gujarat. This obviously shows that public spending on children is not a priority in Gujarat. Similarly, Kerala which has the highest PCE at Rs. 13,302 per child per annum is ranked tenth when it comes to annual GSDP. Maharashtra with more than twice the size of GSDP, in comparison to Kerala, spends much less at Rs. 11,335 per child per annum. Of the two states, Jharkhand and Chhattisgarh, which are of similar size economies, Chhattisgarh spends twice the amount on children than Jharkhand. Similarly, while the size of economy of Odisha is slightly smaller than that of Bihar it manages to spend more than twice the amount of PCE of Bihar.

[25] The GSDP data are for five years from a single source. The average PCE is for seven years except for the 4 states highlighted differently.

Figure 5.7: Per child Expenditure for Rs. 1000 billion of GSDP of 16 states

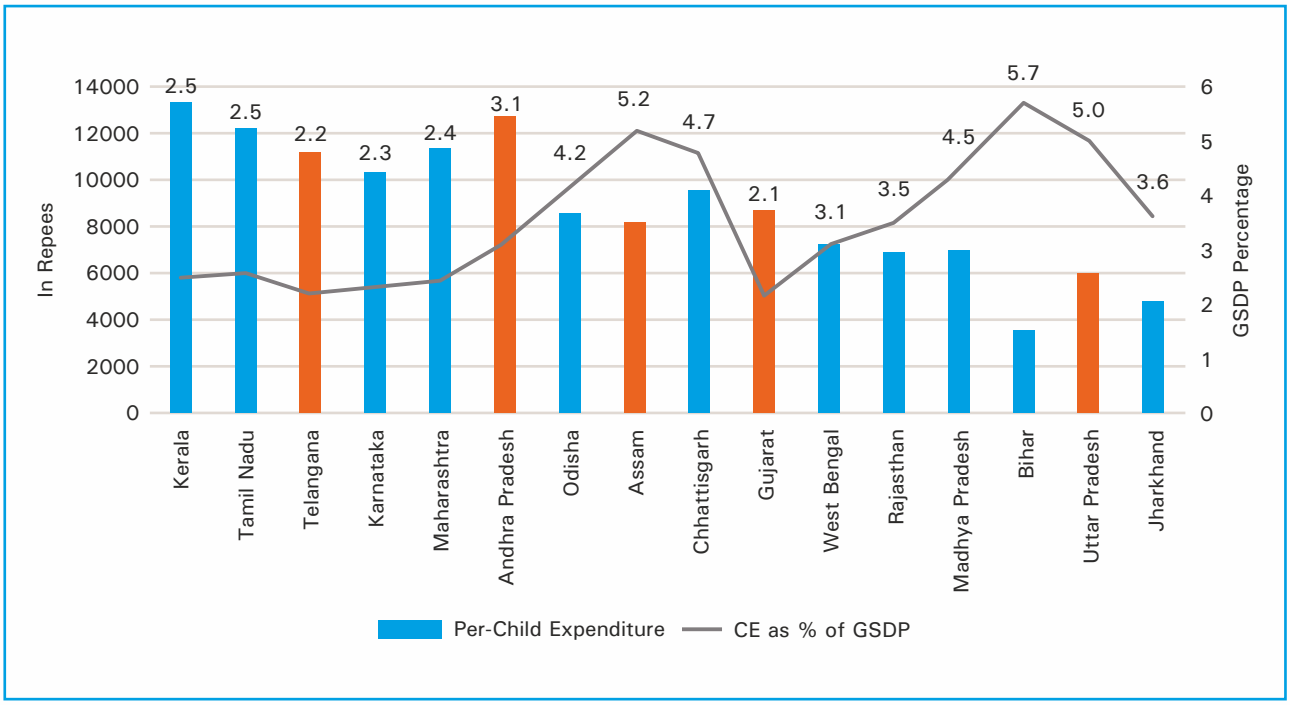


Note:The data for the states of Andhra Pradesh, Telangana, Uttar Pradesh are for four years only

A perusal of the PCE normalised for Rs. 1000 billion GSDP makes it clear which state is prioritising expenditure on children and which is not. States like Chhattisgarh, Assam, Odisha, Kerala, Jharkhand, Andhra Pradesh and Telangana have prioritised child expenditure more than other states. It is interesting to see that the states which are poor and less endowed like Chhattisgarh, Assam, Odisha, Jharkhand are spending more on children while the better endowed states like Gujarat and Maharashtra are spending relatively less on children.

The states with lower GSDPs end up having lower PCEs even if they spend a larger share of their GSDP on the child. For instance, Bihar spends almost 5.7 % of its GSDP on children and yet, it has the lowest PCE. On the other hand, the states with larger size of GSDPs spend a much smaller proportion on children and yet, they have high PCEs (Gujarat at 2.1% followed by Telangana at 2.2%, and Karnataka at 2.3%). It is also important to note that the need to spend more exists in low-income states whereas states like Kerala and Tamil Nadu, that have already made investments in the past need less investments in future. This calls for special intervention from union government for states where PCEs are low despite a substantial proportion of GSDP going towards children.

Figure 5.8: PCE and TCE as proportions of GSDP (percent)



What emerges here, in Figure 5.8, is that both money and prioritisation matter; the states with very low GSDPs are not able to spend much on children but states with high GSDPs are also not necessarily always spending more on children. Hence, the question is whether these are related to the child's development or not, and whether high PCE means higher CDIa or not. Our analysis reveals that it does; there exists a strong correlation between the PCE on children and CDIa with an r-value (correlation coefficient) of 0.89, which is statistically significant at 5% confidence level.

Figure 5.9: Average Per child expenditure (PCE) and CDI-A 16 states

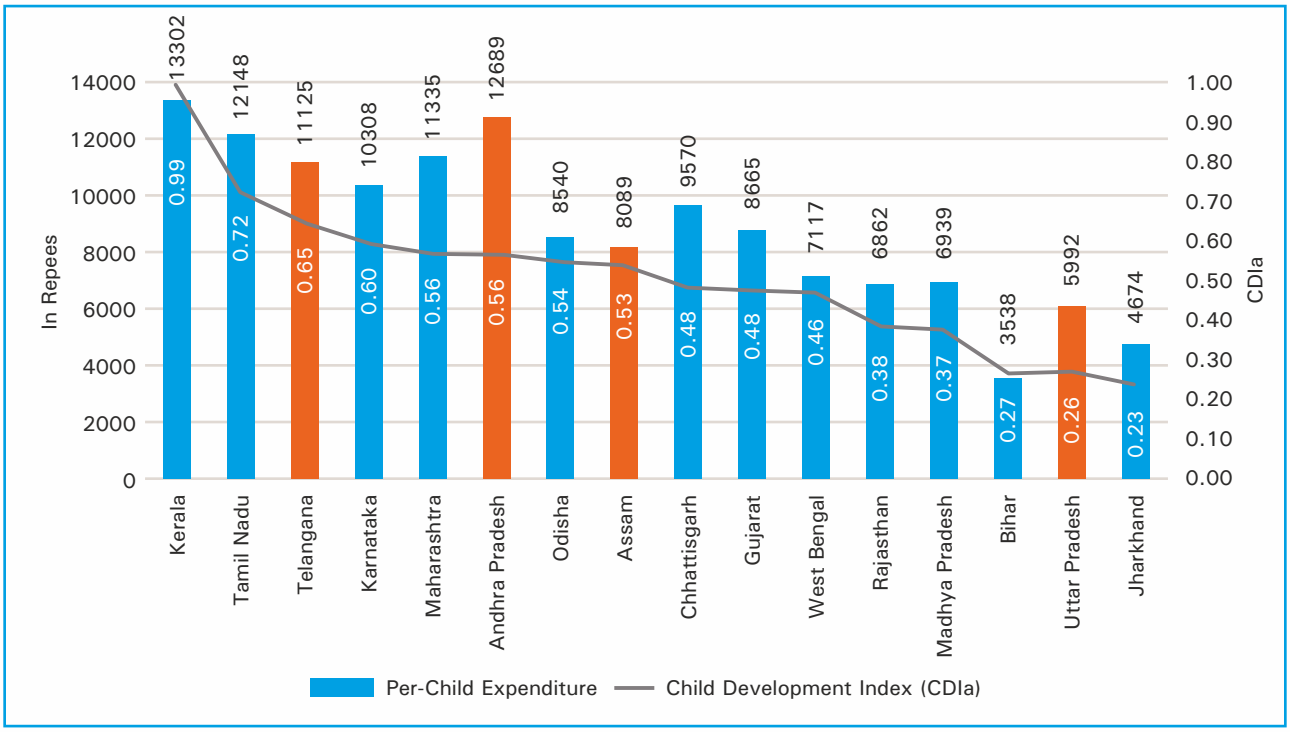


Figure 5.9 shows that Kerala which has an average annual PCE of Rs. 13,302 in the seven-year period tops for both CDIa and PCE, followed by Tamil Nadu, which stands second in both PCE and the CDIa ranking. In general, the association between PCE and CDIa ranking is clearly visible from Figure 5.9, which becomes stronger if one removes the three states for which the data is available for lesser number of years: Andhra, Telangana and Uttar Pradesh. However, there are also outliers such as Chhattisgarh and Bihar. Chhattisgarh has a relatively higher PCE in comparison to the CDIa value, and Bihar has a relatively higher CDIa value as compared to its PCE. These would need further exploration in terms of how money is being spent and what an additional rupee spent leads to or what the marginal returns are. While we are not in a position to undertake such an analysis, the next section provides the analysis of where the money is going, which sector receives the most, what kind of expenditure is being incurred, and so on.

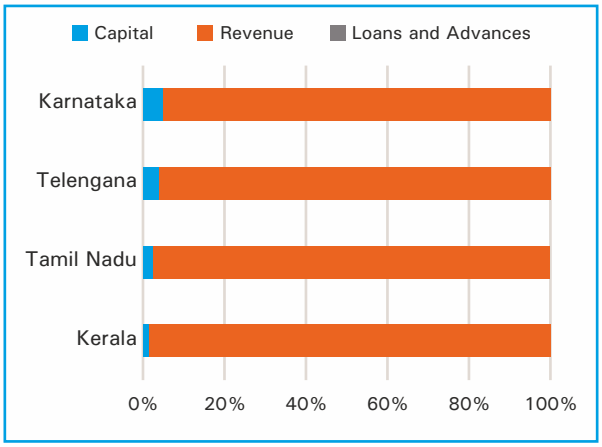
5.4 Where the money goes

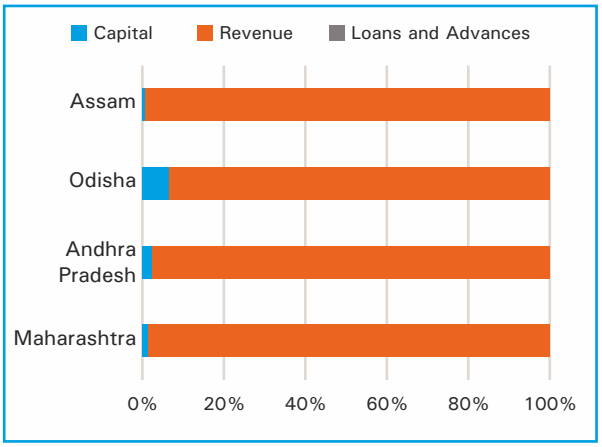
The sectoral analysis reveals that the largest share of spending on children is on education sector for all the 16 states and education covers between 74% to 94% of TCE. Nutrition covers about 5% to 24% of the TCE. Health and protection have a very low share in all the states, and they cover between 0.05% to 4.7% and 0.31% to 4% of the TCE respectively. While Rajasthan, Maharashtra, Kerala, UP and Chhattisgarh have the highest share of spending on education (87% to 93%), Bihar, Jharkhand, Karnataka, West Bengal and Madhya Pradesh spend a little lesser proportion that those (74% to 80%). The states with lower share of education have a higher share of nutrition spending on children ranging from 17.5% to 20%. Madhya Pradesh spends the highest of all the states on protection at 4.86% followed by West Bengal, Karnataka and Chhattisgarh (Figure 5.10). The state schemes like Ladli Lakshmi Yojana, Bhagyalakshmi, and Kanya Shree Prakalp have resulted in a relatively higher spending on social protection in Madhya Pradesh, Karnataka and West Bengal, respectively.

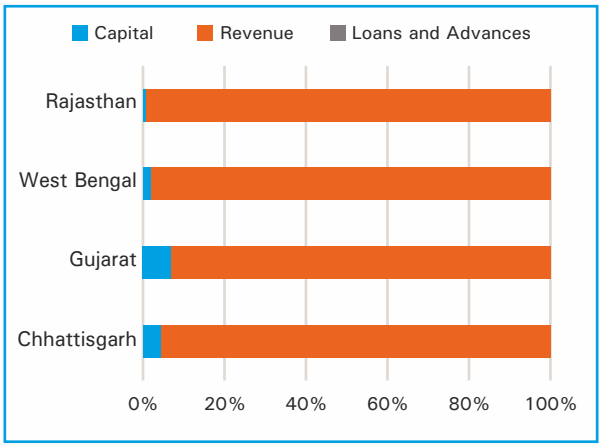
Figure 5.10: Sectoral share of Total child expenditure (TCE)

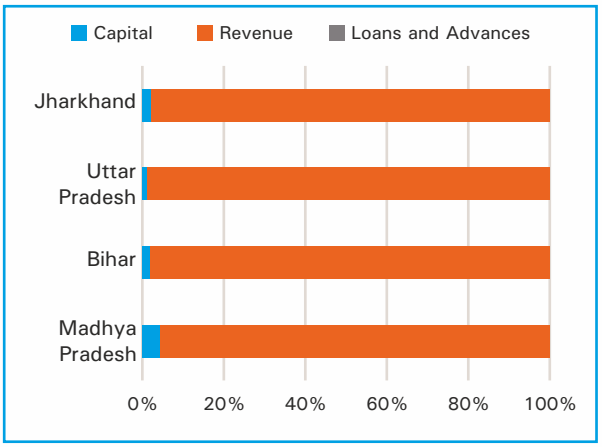
Around 95% of the TCE is revenue expenditure or is recurrent in nature. The share of capital expenditure ranges from 1% in Rajasthan to the highest of around 6% in Odisha and Gujarat. Relatively higher capital expenditures have been incurred in Gujarat under SSA for construction of school classrooms. The states that do not have adequate capital infrastructure in place need a higher attention on the capital front for child development in the form of school buildings, *anganwadi* (child care centre) buildings, maternal and child care centres, playgrounds, sanitary facilities, juvenile homes, orphanages etc. and therefore, they need additional capital investments, which is currently not visible (Figure 5.11). The distribution between wage and non-wage components, analysed next, reinforces this argument.

Figure 5.11: Distribution of TCE across the type of expenditure





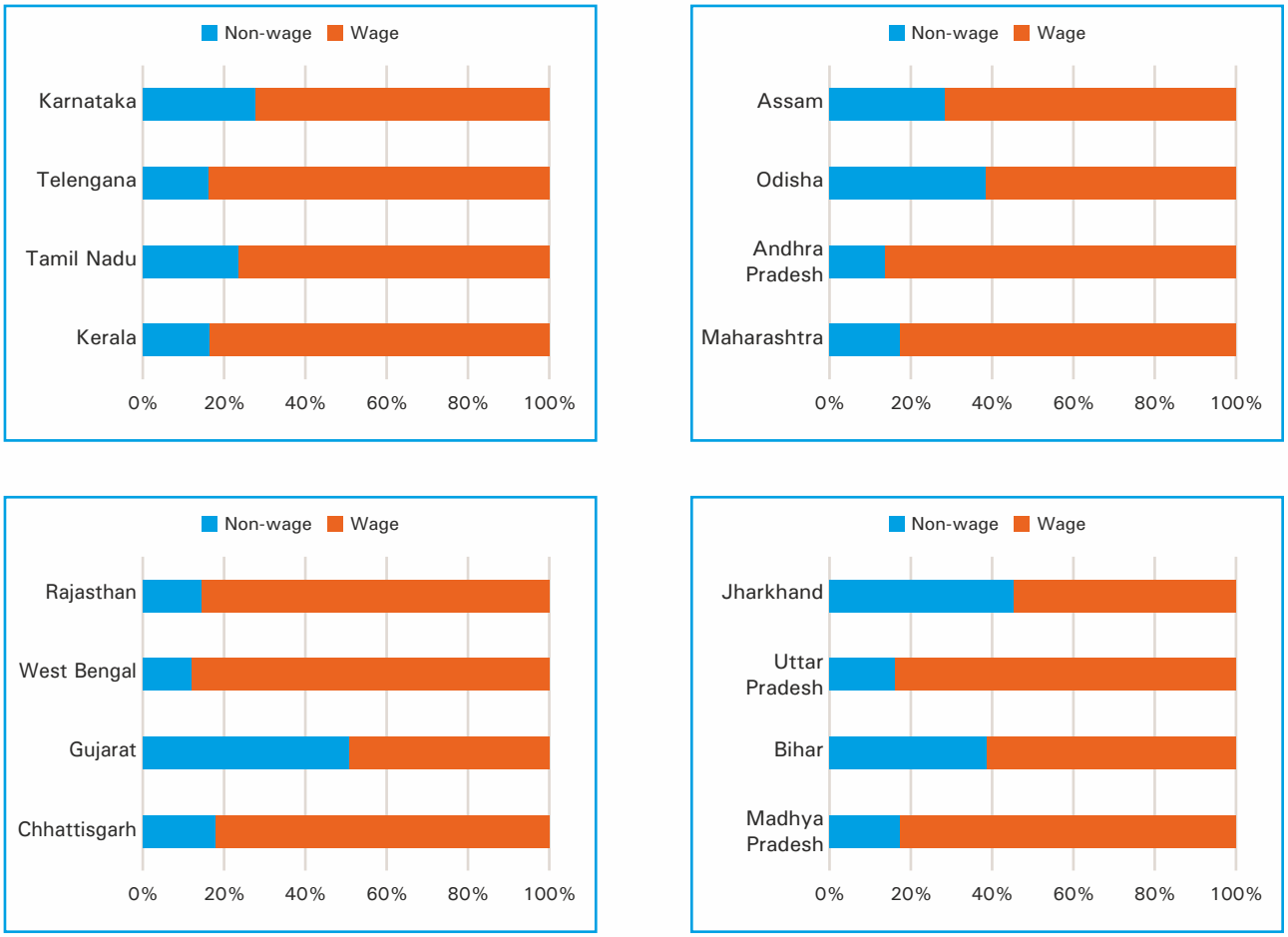




Wage component comprising of salaries, contractual payments to professional services and other forms of wage payments account for more than 80% of TCE in most states, this being as high as 88% in some cases. Non-wage component includes the direct transfers, repairs and maintenance of anganwadis, school buildings and hostels. Gujarat has the highest proportion of CE (51%) being spent on non-wage component followed by Jharkhand, Bihar, Odisha, Karnataka, and Assam. In Gujarat, schemes like scholarships, MDM, and repair and maintenance of hostels buildings account for more of non- wage spending.

Meanwhile SSA, free distribution of school kits, ICDS and MDM added to the higher non-wage component in Jharkhand. Expenditure on nonwage component of other states hovers between 12-23% (Figure 5.12). Since TCE is education sector oriented which is a human resource-oriented service, it is natural for the wage component to be high. However, it is important that while the wage component cannot and need not be lowered, the need for augmenting non-wage components, especially capital investments may remain high in many states.

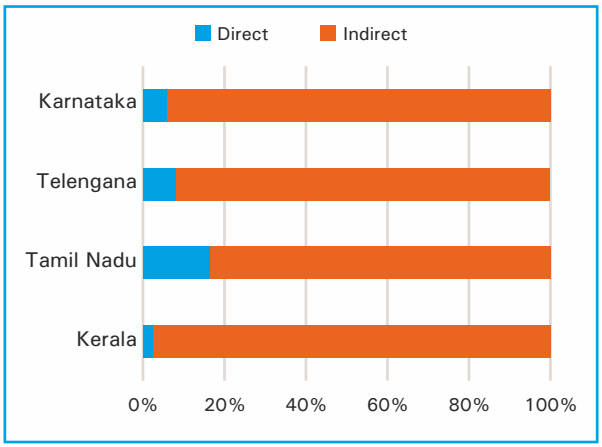
Figure 5.12: Distribution of TCE across Wage and Non- wage Expenditure

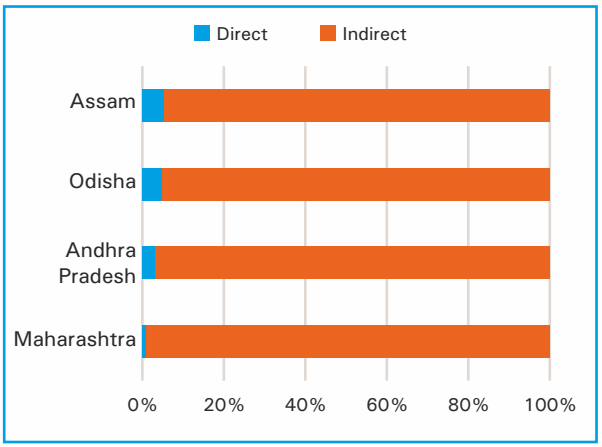


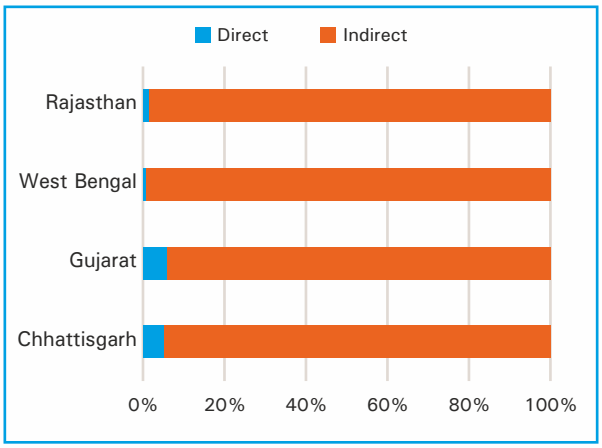
Child protection discourse in recent years has focused a lot on direct transfers. With the apparent success of conditional cash transfer schemes in influencing the educational participation and health care service usage by the poor in South America and certain parts of Africa, the debate regarding the choice between universal public provisioning versus universal coverage through cash transfers where both private and public services could be accessed, has gained momentum. The proportion of public spending on children that goes in as direct transfers across different sectors was observed. The direct transfers constitute scholarships, food, textbooks, nutrition, uniform/clothing and other similar cash or non-cash supplies.

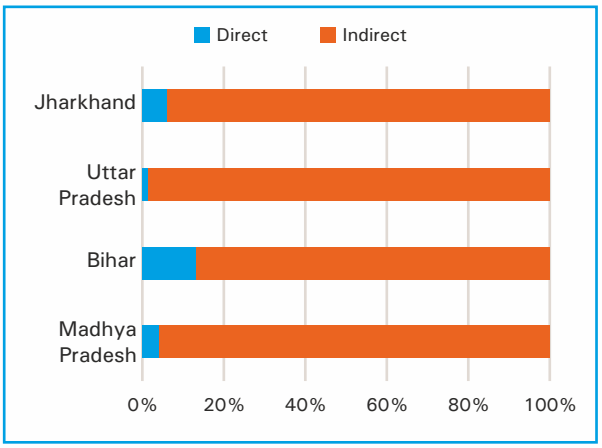
The share of direct transfers as a percentage of total child expenditure varies widely from 0.5% in Maharashtra to as high as 17% in Tamil Nadu. The schemes like Muthu Lakshmi Reddy Maternity Scheme, Tamil Nadu ICDS, Purachithalaivar MGR nutritious meal programme up till class X, free supply of uniforms and incentives to ensure retention in secondary education have resulted in a relatively higher share of direct transfers in Tamil Nadu. Apart from Tamil Nadu and Bihar also have a high share of direct transfers exceeding 10% of total child expenditure while the other states spend less than 10% in the form of direct transfers. Bihar accounts for high direct expenses under schemes such as nutritional support for primary education, scholarships and Chief Minister's Poshak scheme. Education related schemes like free distribution of school kits, high school scholarships and cycle distribution for both boys and girls in Jharkhand (8.46%) account for a higher direct expenditure. Over 90% expenses of child expenditure across the 16 states are indirect in nature (Figure 5.13). It is difficult to comment on the desirability on either side, as that depends on the context and the relevance of a particular policy.

Figure 5.13: Distribution of TCE across Direct transfers and Others









The age-group wise distribution of child expenditure is very critical in understanding the prioritisation that the states have made with respect to different age-groups of children. It is clear that almost all of the states have a higher share of expenditure for the age group of 6-14. The implementation of SSA and MDM schemes apart from the salary of the teachers have pushed the expenditure under this age group. It is also important to note that the states with higher population as well as poorer states have higher expenditure on the age group 6-14 where in the share of GoI also forms fairly larger sums of expenditure. Also, it is important to note that the states, like Kerala and Tamil Nadu, that are spending more on the 14-18 age group are also the states where transition rates for secondary education is also high. The relative allocation for the 0-6 age group is lower in all states.

Figure 5.14: Distribution of TCE across age groups

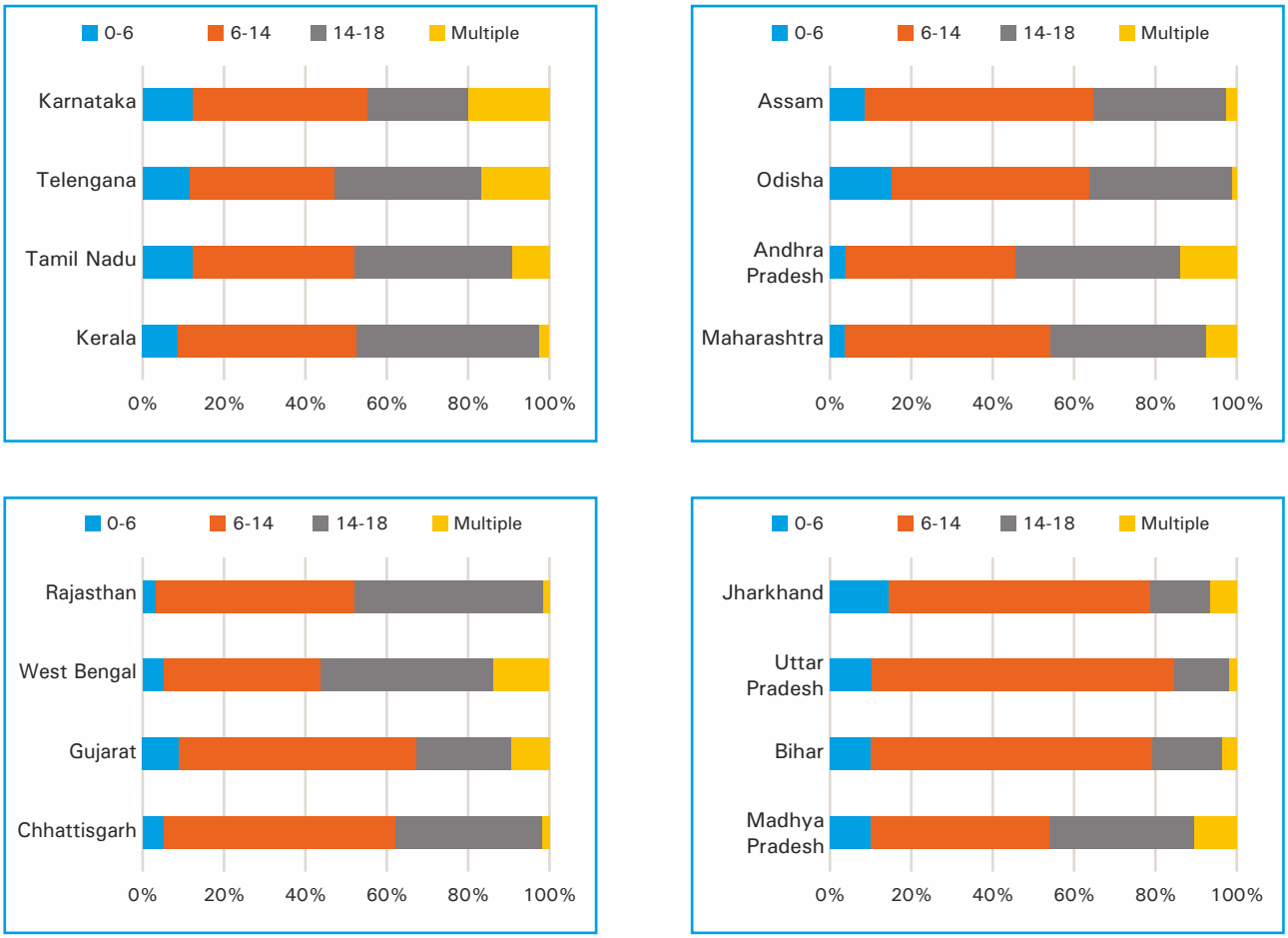


Table 5.1: Age-group wise population versus relative spending (in Percent)

AGE	0-6 years		6-14 years		14-18 years		Multiple age group
States	Population	Expenditure	Population	Expenditure	Population	Expenditure	Expenditure
Kerala	30	7	43	44	27	46	2
Tamil Nadu	29	11	43	41	28	39	9
Telangana	27	10	44	39	29	35	16
Karnataka	30	11	42	44	28	26	19
Maharashtra	30	5	43	48	28	38	8
Andhra Pradesh	27	5	44	43	29	38	14
Odisha	29	16	44	49	27	33	1
Assam	31	10	44	56	25	31	3
Chhattisgarh	30	5	44	59	26	33	3
Gujarat	30	10	43	59	27	23	8
West Bengal	28	5	43	39	29	43	13
Rajasthan	30	4	44	48	26	46	1
Madhya Pradesh	30	11	44	43	26	34	12
Bihar	32	11	47	69	21	17	4
Uttar Pradesh	28	11	45	74	27	13	1
Jharkhand	31	13	45	65	24	15	6

Although not necessarily a very nuanced indicator, the lower share of the expenditure in relation to the population of 0-6 age group somewhat indicates the need for enhancing the investment for the same (Table 5.3). Researches indicate the importance of first 1000 days of growth as critical for both physical and cognitive development. Given that the share of child population for the age group 0-6 is around 30% across states, states spending less than 10% on this group also have performed poor in terms of child mortality rates, stunting and wasting. Odisha, which has ranked higher compared to similar level of GSDP states in health and nutrition index, spends highest share on the 0-6 age group and the state provides uniform for the pre-school children. It has also focused on pre-school education through a state scheme and has also upped the nutrition supplement through eggs.

5.5 Enabling Environment

The comparative analysis of the states' public expenditure on children for the 16 states throws some important pointers towards the need for investment in other aspects of development that can be referred to as enabling investments. While public expenditure on children is important, the prioritisation, scale as well as spending on the complementing factors also appear to be equally important. Although this needs further exploration, here we present some evidence to that effect. For instance, the state of Odisha stands as a good

example of a state which not only has prioritised the expenditure on 0-6 age group by spending more both on nutrition and pre-school education, but it also has focused on spending consistently to improve the access to education, especially that of the girls. It stands much above the states of Gujarat and West Bengal in terms of CDIa despite a relatively lower GSDP and PCE.

It was also observed that in some cases, expenditure by poorer states is as high as 4% to 5%of GSDP and still they rank poor in terms of CDIa. While this is to be explored further, the poor access to enabling environment may be the reason for these states being unable to improve the CDIa despite the higher child expenditure. For instance, water and sanitation are critical for nutrition absorption while road, transport and electricity access are critical for education and empowerment. Access to water and sanitation explains a substantial portion of the difference in infant and child mortality rates experienced by the rich and the poor. Better transportation increases school attendance, and electricity access allows more study time (c). A panel data study on 91 countries indicated the importance of access to electricity, clean drinking water and road network and its positive impact on the Human Development Index values (Sapkota, 2014). Mohanty, Nayak, & Chatterjee (2016) examined spatial disparities in infrastructure facilities and human development across 30 districts of Odisha and inferred that telecommunication, postal services, village electricity, banking, school, pupil-teacher ratio in schools, and drinking water facilities play significant roles.

While we definitely argue for higher public expenditure on children, we also want to indicate that in many cases, that alone may not provide the solution. It is important to know where that investment needs to go – in other words, the efficiency of the expenditure also counts. Identifying the complementarity of services, ensuring provision of services at a scale and in a complete manner is critical than a thin spread of resources through multiple schemes. The problem may be similar across the districts in a state: for example, if the access to secondary school is low, then providing roads and transport may be helpful in some areas while in some areas opening of new schools is needed. If schools are opened without adequate teachers/ facilities, it does not serve the purpose.

5.6 Status of state finances and historical underinvestment

The analysis of state finances for the period 2012-13 to 2016-17 helped to understand the possible scenarios for prioritisation of child expenditure across the study states. Kerala which has highest CDIa also has fiscal deficit higher than the prescribed 3% of GSDP consistently over the last five years and has also recorded revenue deficit in this period. This could have an impact on maintaining the same level of high child expenditure. This means the state needs to look for addition sources of revenue to fund its high child expenditure. Similarly, the state of Tamil Nadu has also recorded revenue deficits in the last four years while its fiscal deficit crossed the limit to touch 4.2% in 2016-17. Though the state ranks second in terms of CDIa next to Kerala, there is a big gap to make up which demands greater child focused expenditure. This means the state needs to prioritise child related expenditure over other expenditures.

The fiscal deficit of Telangana touched 5.35% in 2016-17 indicating the possibility of a lowering/stagnating of child expenditures. Karnataka, on the other hand, has maintained fiscal prudence by having marginal revenue surplus and containing fiscal deficits within the limits of 3%, and it has a greater potential to enhance the much-needed expenditure towards improving the health and nutrition indicators of children in the state. Maharashtra with one of lowest fiscal deficits can focus on enhancing the child expenditure significantly to improve the child development indicators; the state is yet to reach its potential in terms of both child expenditure and child development. The state of Andhra Pradesh has moved towards fiscal prudence path after first reaching a high fiscal deficit of 4.5% in 2016-17, and this could have an impact on the child expenditure as well.

Odisha State had maintained the fiscal deficit within limits till 2014-15 and then it increased to 5.5 % in 2015-16 before reducing to 4.3% in 2016-17. The state has a good revenue surplus, and this could be used effectively to fuel the child expenditure. Assam state has managed fiscal deficits well and even recorded fiscal surplus in 2015-16 (first year of 14th FC period) and again recorded a deficit of 2.5% of GSDP. However, it must be noted that Assam enjoys a special status as a north eastern state, and it has to contribute only 10% of the expenditure on CSS. The state of Chhattisgarh recorded revenue surplus since 2015-16 and has reduced the fiscal deficit to 1.5% of GSDP in 2016-17. The higher dependence on GoI funds and increasing fiscal deficits may pose a threat to child expenditure in Chhattisgarh. Gujarat is another state which has managed its finances well with fiscal deficit reducing from 2.2% in 2012-13 to 1.42% of GSDP in 2016-17. However, this better fiscal management coupled with higher revenue surplus has not enabled higher expenditure on children and the CDIa remains towards the lower side. Gujarat can significantly turn around the situation by enhancing the core child expenditure as its enabling factors (roads, transport, water and sanitation) are already in an advantageous position. West Bengal is a state which is getting into deeper deficit trap having both revenue and fiscal deficits in the past five to six years. It recorded a fiscal deficit of over 4% of GSDP in 2016-17 and this trend may affect the child expenditure adversely. Rajasthan recorded a fiscal deficit of 9% in 2015-16 before getting down to 6% of GSDP in 2016-17. The state is moving towards universal health coverage with schemes like free testing and free medicine schemes, while the growing revenue and fiscal deficit pose a threat to incur adequate child expenditure to improve the child development indicators.

The state of Madhya Pradesh showed very good fiscal prudence and contained fiscal deficit within limits till 2015-16 which suddenly rose to 4% of GSDP in 2016-17. Given the poor CDIa levels the growing deficit may pose a challenge to ensure consistent growth in child expenditure. Bihar has a higher dependency on GoI funds which constitute over 65% of the revenue receipts. The quantum and timings of these funds from GoI has an impact on the expenditure as a whole. The increasing fiscal deficits which rose to over 4.5% of GSDP in 2016-17 added to the problem. Successful implementation of schemes is a challenge in Bihar, the state with the highest proportion of child population (48%), given the dependency and running fiscal deficit. The state of Uttar Pradesh is also highly dependent on GoI funds which account for 56% of revenue receipts. The state has consistently recorded revenue surplus and fiscal deficit over 3.5% of GSDP. Given the lower per child expenditure and poor child development indicators, the need for enhancing the child expenditures is very high. However, the low fiscal space and increased dependency on GoI funds makes it very difficult to enhance the child expenditure. Jharkhand also paints similar picture with 51% of revenue receipts coming from GoI and the increasing trend of the fiscal deficit since 2014-15; this can hinder the state to incur the much-needed child expenditure.

The following matrix shows that while certain states are still maintaining a high growth rate for their expenditure on children despite a high CDI (Kerala, Tamil Nadu, Telangana, Andhra Pradesh, Assam), certain others are making only low progress despite lower CDI rankings and scores (West Bengal, Gujarat, Madhya Pradesh). The fiscal analysis shows that some of these like Gujarat have the capacity to enhance their child expenditure but the same is not true for West Bengal or Madhya Pradesh.

	CDI lower than national average	CDI higher than national average
High progress in Child Expenditure*	Rajasthan, Odisha, Bihar, Chhattisgarh, Uttar Pradesh***, Jharkhand	Kerala, Tamil Nadu, Telangana***, Andhra Pradesh***, Assam
Low progress in Child Expenditure**	West Bengal, Gujarat, Madhya Pradesh	Karnataka, Maharashtra

* States with Child Expenditure growth (CAGR) over 10% in nominal terms
** States with Child Expenditure growth (CAGR) less than 10% in nominal terms
*** Data is available only for three to four years as against seven years for other states

The above analysis also reveals that while fiscal prudence matters in terms of the relative size of the public expenditure on children, historical lack of attention and under-investments also play a role. For instance, states such as Gujarat, Karnataka and Kerala have benefitted from early attention and investments by erstwhile policies adopted by rulers of Baroda, Mysore and Travancore states who made primary education compulsory and spent public money for the purpose. On the other hand, we also have examples of eastern states like Bihar, West Bengal and Odisha whose economies suffered from practices such as a zamindari system under the colonial rule and till today, they are facing the repercussions. Nevertheless, it is also important to recognise that states like Odisha have been able to adopt policies that have helped them transition to better status in terms of child development whereas some other states have lost the early advantage they had. Odisha, which was one of the poorest states with the highest incidence of infant mortality rate two decades ago and used to be often in news for hunger related deaths, has made significant progress by managing the finances better, augmenting the own revenues as well as prioritizing the expenditure on children. Comprehensive insurance schemes, schemes for the pre-school education as well as nutrition, schemes for combating the poverty among rural and landless have been very effectively directed to enhance the efficacy of the child expenditure. The consistent revenue surpluses, together with efforts on improving own revenues and fiscal discipline has worked well for the state of Odisha. The state offers a number of policy and governance lessons that others can pay attention to.

6.0
Major Patterns and Takeaways

This section summarises the major patterns and takeaways emerging from the comparative analysis of the 16This section summarises the major patterns and takeaways emerging from the comparative analysis of the 16 states and the union budget and expenditure.

i. **Public spending on children is closely linked with the child development status in a state**

The states with higher PCE were also the states which have had achieved better status in terms of child development. The PCE and the CDIa show a very high correlation (at r = 0.89) indicating the need for greater public investment on children for improved level of child development. The annual PCE in nominal terms was highest in the state of Kerala at Rs. 13,300 followed by Andhra Pradesh, Tamil Nadu, Maharashtra, Telangana, Karnataka. All these states belong to the southern and western part of India and have an annual PCE of over Rs. 10,000. This also indicates that only a high and consistent public investment over the years helps in improving the child development indicators.

ii. **Economic capacity matters but prioritisation is critical**

For the governments to spend, the size of the budget, which is dependent on the size of the economy and its growth potentials, matter the most. However, the size of GSDP offers only the necessary condition and that alone is not sufficient. The comparison across the states indicates the importance of prioritisation for spending on children to be equally critical. Some states with higher capacity are not necessarily spending relatively higher on children and in fact this correlation is rather weak (r = 0.39). Assam with one of the lowest GSDP of Rs. 1,779 billion among these 16 states spends Rs. 8,089 per child per annum while Gujarat which has a GSDP at Rs. 9290 billion spends roughly the same amount (Rs. 8,665) per child per year. Odisha is a wonderful example of prioritisation for child spending and that leading to significant improvement in the CDI. States like Kerala and Tamil Nadu have not compromised on the child expenditure despite having revenue deficits. Karnataka, which is similar in size of the economy as that of Gujarat, has a significantly higher PCE than Gujarat.

iii. **Historical under-investment calls for attention**

The analysis reveals that poorer states like Jharkhand, Bihar, Uttar Pradesh (UP), and Madhya Pradesh (MP) despite spending higher share of GSDP (up to 4%) have a low PCE, which also means they have low CDIa ranks. The relatively richer states like Maharashtra, Karnataka, Gujarat, Telangana, and Tamil Nadu have been spending only about 2% to 2.2% of GSDP but their PCE is much higher than the poorer states. While this is partly due to the higher population in poorer states, it is also due to strategic investments done by better states over a period of time which has relatively reduced the requirement of investment on children. Historically, states like Bihar, UP and MP, have under-invested in public education and health, starting with pre-independence times, and that gets reflected even now.

iv. **States with higher child population have lesser economic capacity, and vice versa**

The states with lower CDIa also have relatively higher child population both in absolute and in proportion to total population. These states are also poor in terms of their capacity and also exhibit a higher dependency on the receipts from GoI (e.g., Bihar, Jharkhand). These states often depict higher revenue surpluses coupled with high fiscal deficit. The

fiscally better states, on the other hand, have had relatively lesser proportion of child population (e.g., Tamil Nadu, Karnataka) and relatively less dependence on the GoI receipts. These states have reaped the benefits of early investment on education and health, and therefore, they are experiencing a declining birth ratio, while the states with less investment in these sectors are the ones facing the need for higher investment on children.

v. Investment in other sectors enable absorption and efficient utilisation

Apart from direct investments on children, certain other enabling factors also play a critical role in the absorption and efficiency of public expenditure on children. These enabling factors are water supply, sanitation, roads and transport, electricity and communication. Water and sanitation are critical for nutrition absorption, while road, transport, and electricity access are critical for education and empowerment. The poorer states have a lower level of these enabling factors and this has affected the child development indicators and in turn CDIa. These poorer states despite having higher expenditure on children as a percentage of GSDP, are finding it difficult to improve the child development indicators.

vi. Public spending on children universally rising but patterns vary across states

Public expenditure on children is increasing across states over the years. PCE, which was in the range of Rs. 2,700 (Bihar) and Rs. 9,800 (Kerala) in 2012-13, increased to Rs 4,363 in Bihar and to Rs. 18,200 Kerala in 2018-19. What is notable is that while there has been universal growth, the gaps have also widened. The TCE was higher in the highly populated states like Uttar Pradesh, Maharashtra, Tamil Nadu and West Bengal. The CAGR of the TCE in nominal terms was higher than 15% for the states of Telangana, Andhra Pradesh, Chhattisgarh, Uttar Pradesh and Jharkhand. This increased range of PCE is partly explained by prioritising spending on children and partly by the fiscal capacity of the state. The states of West Bengal, Andhra Pradesh, Karnataka, Maharashtra and Gujarat recorded growth rates below 6% which meant that the growth is likely to be driven by the wage component and with very little or no real increases in programme components for children.

vii. Share of public spending on children experienced decline in a number of states during the post 14th FC recommendations phase

The cumulative child expenditure across the 16 states as a share of total GSDP of (16 states) grew from 2.54% in 2012-13 to 2.74% in 2015-16 and dropped to 2.69% in 2016-17. The cumulative child expenditure as a percentage of total expenditure (16 states) has shown a clear decline from 17.88% in 2012-13 to 14.92% in 2017-18 before increasing to 15.03% in 2018-19. This is reflective of two issues. One, the states, if given a choice, would prioritise non child expenditure. Whether this kind of prioritisation is desirable or not depends on state-specific situation. Two, this also implies that in a situation of narrow fiscal space owing to high committed expenditures (over 80-85%), the human development related investments with high gestation period is likely to take a back seat unless it is consciously on the political radar.

viii. Education covers the higher share; health and nutrition deserve greater attention

Majority of the child related expenditure is incurred in education sector (74-93% of TCE), followed by nutrition (5-20%). The health and social protection form very less and together they constitute only about 1-5% of TCE, this percentage being much less in certain states. Most of the expenditure (over 95%) is revenue or recurrent in nature while the rest is capital expenditure. The wage component comprising of salaries, wages to contract workers, fees for professional

services has a larger share of child expenditure at about 80-85% across all 16 states with one or two exceptions.

ix. 0-6 age group deserve higher public spending

The higher share of child related public spending goes to the age group 6-14 followed by the age group 14-18. The 0-6 age group receives a relatively lower share of TCE and states like West Bengal, Rajasthan, Chhattisgarh, Maharashtra and Andhra Pradesh spend below 5% of TCE on this group despite their population share (within children of 0-18 age group) being much higher (nearly 28%). The fact that the returns on investments is highest for the children in this age-group (at 13%) (Heckman, n.d.) and the first 1000 days of child are critical for overall development (both physical and cognitive) of the child, this age group deserve a higher level of attention.

x. Strategic and sustained investments on children needed; states need differential approach

Among the states, the state of Odisha and Assam stand out as a case of good performance despite having relatively lower levels of enabling factors. These two states have succeeded in improving the CDIa by incurring higher levels of expenditure as a percentage of GSDP. While Assam is a Special Status State with a higher proportion of funding from GoI on CSS, Odisha stands out as state which has improved consistently by better fiscal management, focusing on the improving the enabling factors and also prioritizing the investments on children. Gujarat, on the other hand, stands out as an example of poor CDIa despite high GSDP and presence of higher levels of enabling indicators. This implies that the state has not prioritised the expenditures on children. It also indicates that Gujarat can improve the CDIa quickly with increased investments on children as its enabling indicators are better.

The comparative analysis of the child development across states by E&E index and H&N index provide us a clearer insight of the focus or lack of focus on a particular sector in a state. For instance, Karnataka stands third in E&E index while it stands ninth in H&N index, clearly revealing the need for greater attention to the latter. Similarly, the states of Gujarat and Maharashtra also have higher E&E index values but lower H&N index values, implying the need for higher and more strategic public spending in health and nutrition sectors. On the other hand, the states like Andhra Pradesh, West Bengal and Rajasthan are performing relatively better in terms of H&N index values as compared to their E&E index values. They, therefore, need to invest heavily in education and empowerment.

The states like Odisha, Assam and Chhattisgarh have managed to strike a balance and strategically invest on children to achieve better indices which can be examined deeper to be emulated by very poor states. The other group of states which are poor in both sets of indices are also poor in economic capacity to spend (e.g., Bihar, MP, and UP) and therefore, need an external stimulus. The union government may think of a strategy to support these states in certain sustained and strategic investments for children.

xi. Finance Commission (FC) may consider CDIa and high child population linked criteria for fund transfers to states

Considering that the union government in India has a considerable higher control over sources of revenue and the state governments a relatively higher burden of expenditure for children, the Finance Commission (FC), the statutory body to recommend ways and modes of transfer of resources from the union to state governments, may consider including criteria that would enable greater public expenditure on children in states that have high needs and low own resources.

For instance, the 15th FC may consider allocating a certain percentage over and above their normal allocations based on the following combination of principles for making additional funds available. While the low CDIa states can be given funds based on high burden, high need, prior prioritisation, and a presence of a clear commitment and direction, the high CDIa states can be rewarded for their performance and for investment in areas that are in need of greater resources. It will help the resource poor states to break the cycle of poor capacity, poor outcomes, and reap demographic dividends. It will also reward performance and address the needs for specific investment while closing the remaining gaps and improving the efficiency.

xii. High potential for inter-state learning in the Budget Processes

The process of analysis also made it clear that different states are following varied budgeting processes, and there is enough potential for inter-state learning. Karnataka and Rajasthan present the best case and other states can learn from them.

For low CDIa states

- High child population share (proof of high burden)
- Low CDIa scores/ranking (proof of high need)
- High percentage of GSDP / TE already being spent on children (proof of prior prioritisation)
- Presence of a Child Development Plan (CDP) with clear directions (proof of commitment)
- Adherence to investment as per CDP (accountability)

For high CDIa states

- Low ranking in an identified sector (proof of high but specific need
- High CDI, low resources and high percentage of GSDP / TE already being spent on children for sustenance (proof of prior prioritisation and high performance)
- Presence of a Child Development Plan (CDP) with clear directions (proof of commitment)
- Adherence to investment as per CDP (accountability)

PART C
STATE REPORTS

UNICEF/2019/Prashanth Vishwanathan

STATE REPORT
Kerala

UNICEF/2016/Syed Altaf Ahmad

I. PROFILE OF KERALA

Table 1: State Profile of Kerala

Data particulars	Figure	Source (year)
Area (sq. km.)	38863	Census (2011)
Population	33406061	Census (2011)
Density (persons per sq. km)	860	Census (2011)
Population SC (%)	10	Census (2011)
Population ST (%)	1	Census (2011)
Population urban (%)	48	Census (2011)
Population BPL (%)	7	Economic Survey (vol. II, 2017-18)
Literacy Rate	94	Census (2011)
Female Literacy Rate	81	Census (2011)
Life Expectancy	75	Economic Survey (vol. II, 2017-18)
GSDP (in Rs. billion)	6217	MoSPI (2016-17)
Per-capita Income (Rs.)	163475	MoSPI (2016-17)

Kerala is a state situated in the southern part of India, bordering Karnataka and Tamil Nadu. It ranks 22nd in the country, in terms of area and 12th in population. The child population of Kerala accounts for 28% of the overall population. Kerala's literacy rate stands at 94%, which is highest in the country. About 48% of the population resides in urban areas, making Kerala the country's most urbanised state. The state's Gross State Domestic Product (GSDP) in 2016-17 at current prices was at Rs. 6,217 billion and the per-capita income is well above the national average, at Rs. 1,63,475. The Compounded Annual Growth Rate (CAGR) of nominal and real GSDP was 9% and 4% respectively. As of 2015-16, the tertiary sector alone contributes about 64% of the total Gross State Value Added (GSVA). The primary and secondary sectors contributions are 12% and 24%, respectively.

II. CHILD EXPENDITURE: TRENDS

1. Public expenditure on children has increased

The Total Child Expenditure (TCE) has grown steadily in the state, with the growth being steeper from 2016-17 to 2018-19 (Figure 1). The TCE increased from Rs. 88 billion in 2012-13 to Rs. 173 billion in 2018-19 at a CAGR of 10% (nominal terms). The Per-Child Expenditure (PCE) increased more than two-fold from Rs. 8,956 in 2012-13 to Rs. 18,203 in 2018-19 in nominal terms (Figure 2). The real PCE increased from Rs. 8,421 in 2012-13 to Rs. 11,842 in 2016-17. The CAGR of PCE in nominal and real terms was 11% and 7% respectively.

Figure 1: Total Expenditure on children over years

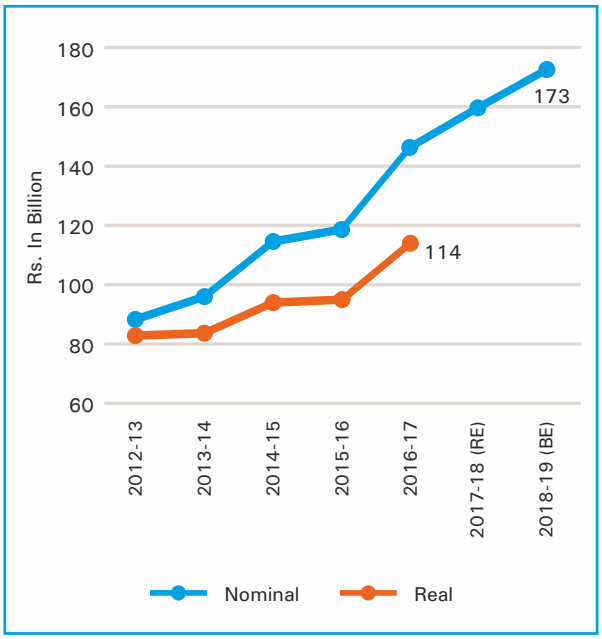
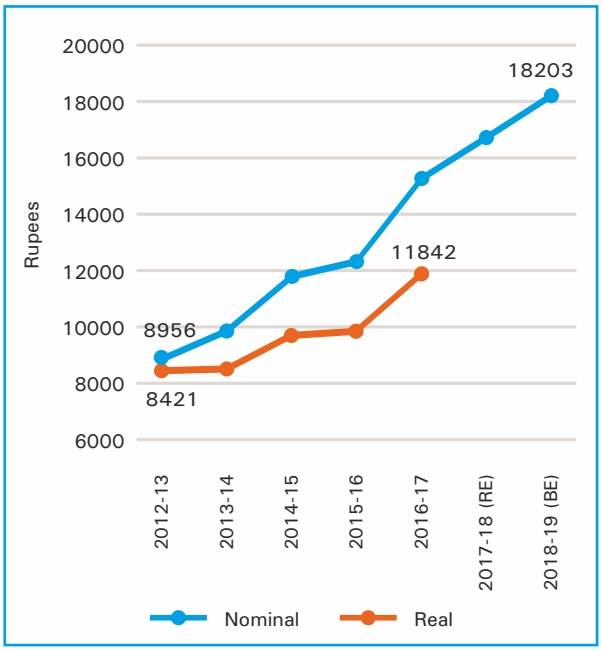


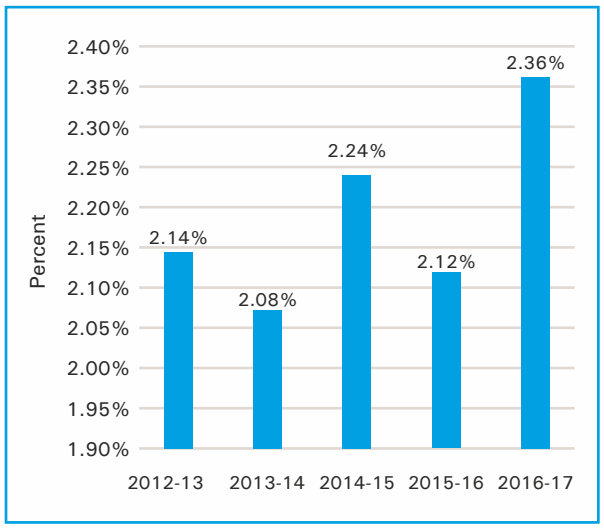
Figure 2: Per child expenditure over years



2. Share of public expenditure on children in GSDP, Total Expenditure (TE) and Social Service Expenditure (SSE)

TCE as a share of GSDP is a fairly robust measure of the child expenditure. The TCE as a percentage of GSDP hovered between 2.14% to 2.36% between the years 2012-13 and 2016-17 (Figure 3).

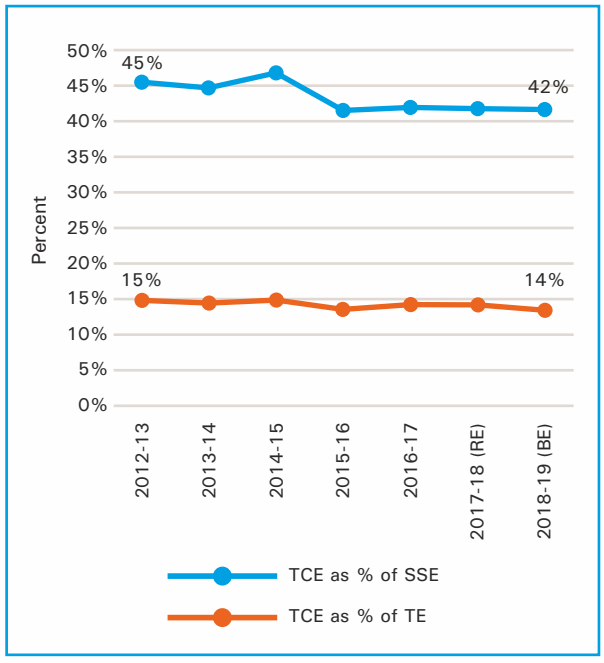
Figure 3: Total Expenditure on Children as a proportion of GSDP



*Note: All values are in nominal prices

The TCE as a percentage of Total Expenditure (TE) and Social Service Expenditure (SSE) were analysed. The TCE as a percentage of TE decreased from 15% to 14% since 2015-16 (Figure 4). Similarly, the TCE as a percentage of SSE decreased from 45% in 2012-13 to 42% in 2015-16. In the year 2014-15, TCE as a percentage of SSE had reached its peak at 47% However, the TCE as a percentage of TE and SSE has remained stagnated in the past four years.

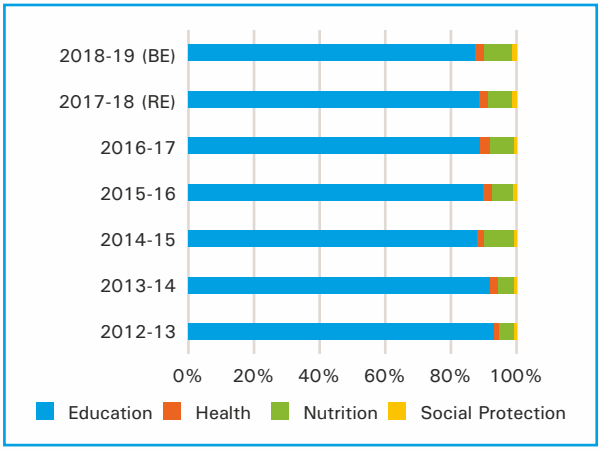
Figure 4: Total Expenditure on Children as a percentage of Total Expenditure and Social Services Expenditure



3. Sectoral share in child spending – Education receives the biggest share

The average share of education sector was more than 85% of the TCE over the years 2012-13 to 2018-19 (Figure 5). Nutrition was the second largest sector accounting for about 7% of TCE. The health sector share hovered around 3% while protection constituted only about 1% of the overall child spending over these years in the State.

Figure 5: Sector-wise percentage distribution of Total Child Expenditure



4. Age-wise expenditure on children – 0-6 age receives lowest share

Of the TCE, major expenditure is incurred for the age group of 6-18 (school-going children) accounting for over 90% (Figure 6). The 0-6 age category which constituted about 30% of the child population received a share of about 7% of TCE (Table 2).

Figure 6: Child expenditure by age groups

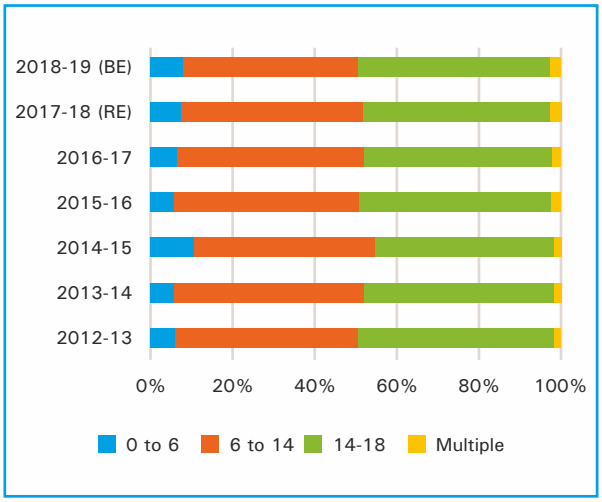


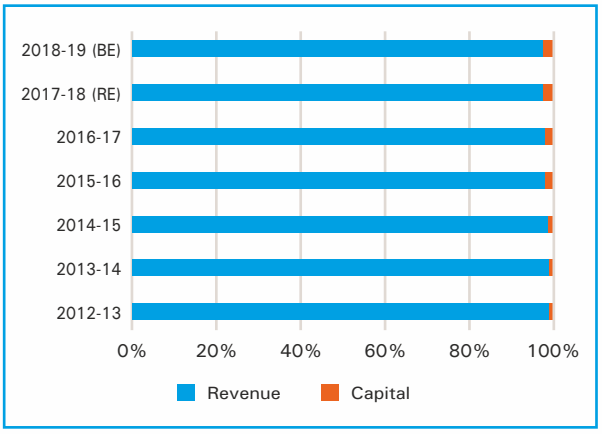
Table 2: Proportional share of child population and age-wise child expenditure in Kerala

Age group %	% share in child population	% share of total expenditure
0-6	30	7
6-14	43	45
14-18	27	46
Multiple		2

5. Child Expenditure by Revenue-Capital, and Wage and Non-Wage share

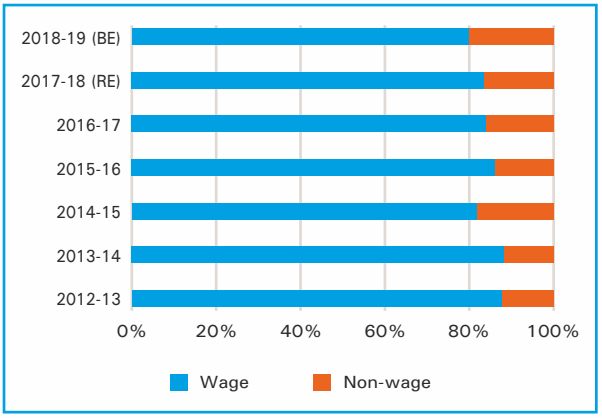
Over 98% of the TCE was revenue expenditure or recurring expenses while the rest 2% accounted for capital expenditure (Figure 7).

Figure 7: Revenue and Capital expenditure as a percentof Child Expenditure



Wage expenses, which include salaries, wage payments, payments for professional services, account for an average 84% of the TCE. The non-wage expenses, which included the social transfers such as books, uniforms, shoes, scholarships and food expenses, accounted for 13% in 2012-13, and increased to 19% in 2018-19.

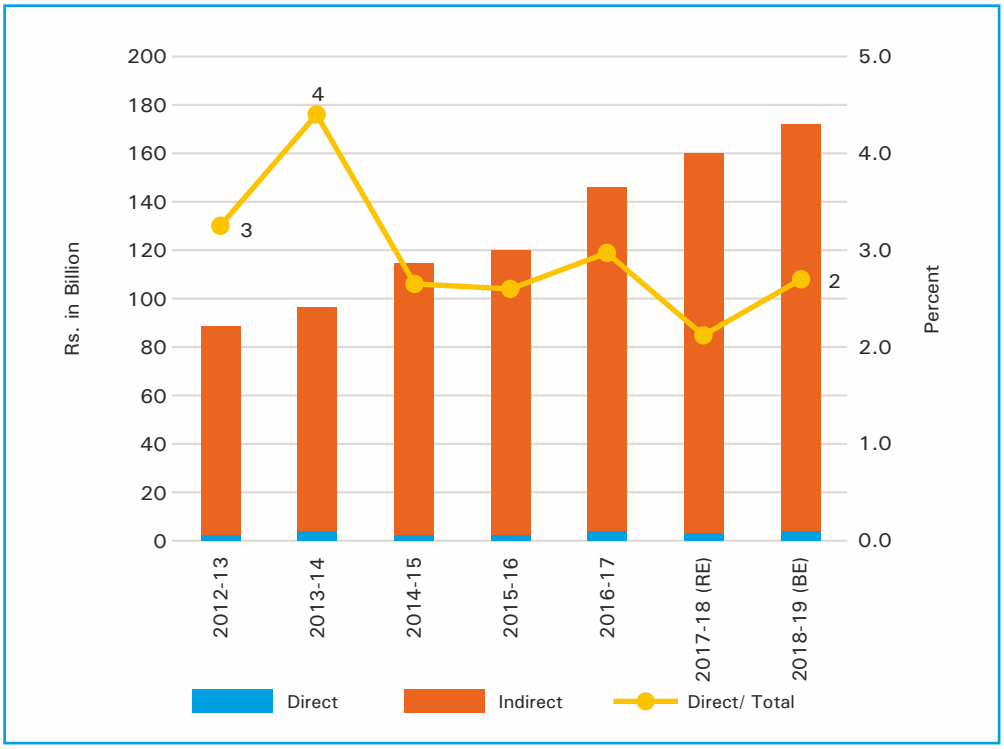
Figure 8: Wage and Non-wage expenditures as a percentage of Child Expenditure



6. Child expenditure by type of transfer to child

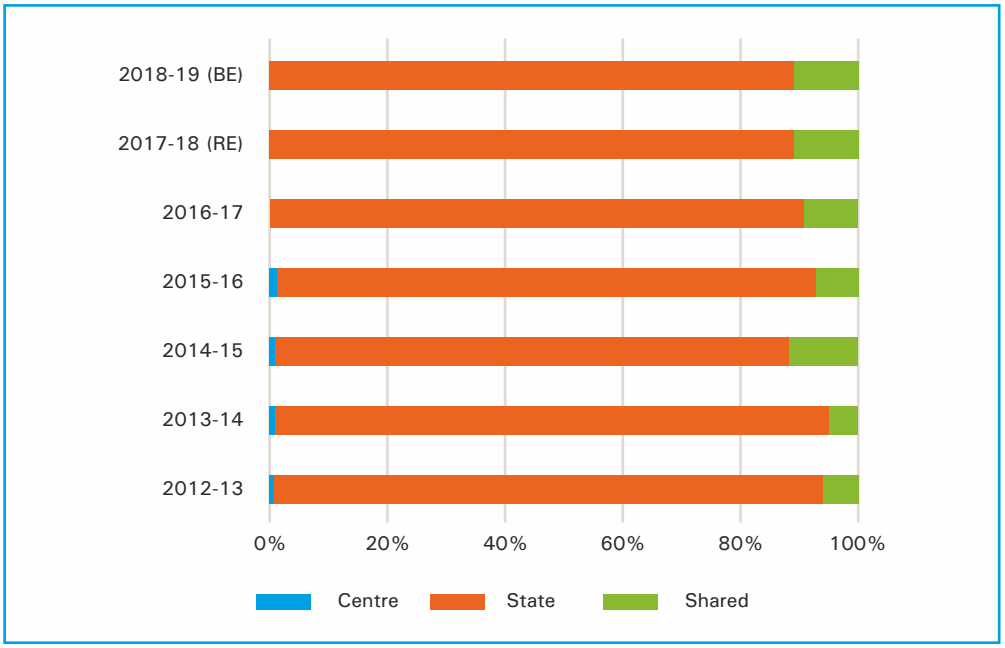
Direct transfer to the child comprises of all those expenditures that cater directly to a child which largely include social transfers. In Kerala, this had touched a maximum of 4% of TCE in 2013-14, followed by a steep fall to 2.4% in 2018-19. Most of the direct transfers cater to specific social classes and tribal communities, while some of the transfers are universal in nature.

Figure 9: Direct and Indirect transfers to children



7. Sharing pattern between State and Centre on Child Expenses

Figure 10: Proportion of Central, state and shared expenditure in the TCE



Bulk of the TCE is incurred by the state accounting for an average share of 91%. The shared (GoI and State) expenditure accounted for about 9% while the central sector schemes (100% central assistance) account for a miniscule 1% (Figure 10).

III. STATUS OF CHILD DEVELOPMENT IN THE STATE

Kerala is the best performing state in the country in terms of child development. While the Child Development Index -Adolescent included (CDIa) value for Kerala stood at 0.99, its Education and Empowerment (E&E) index and Health and Nutrition (H&N) index were at 0.98 and 1 respectively (Table 3).

Table 3: Performance of indices in the measurement of Child Development for Kerala

Indicator	Relative Ranking of Kerala*	Best performing State
CHILD DEVELOPMENT INDEX – 0.99	**1**	**Kerala**
EDUCATION and EMPOWERMENT – 0.98	**1**	**Kerala**
Net Attendance Ratio (Primary)	3	Telangana
Net Attendance Ratio (Upper Primary)	1	Kerala
Net Attendance Ratio (Secondary)	1	Kerala
Net Attendance Ratio (Senior Secondary)	1	Kerala
Sex ratio at birth for children born in the last five years	1	Kerala
Women aged 20-24 years married before age 18 (%)	1	Kerala
HEALTH and NUTRITION – 1	**1**	**Kerala**
Under-5 Mortality Rate	1	Kerala
Children under 5 years who are stunted (%)	1	Kerala
Children under 5 years who are wasted (%)	1	Kerala
Pregnant women aged 15-49 who are anaemic (%)	1	Kerala

Note: *The relative ranking has been assessed among 16 large states in India barring Punjab and Haryana

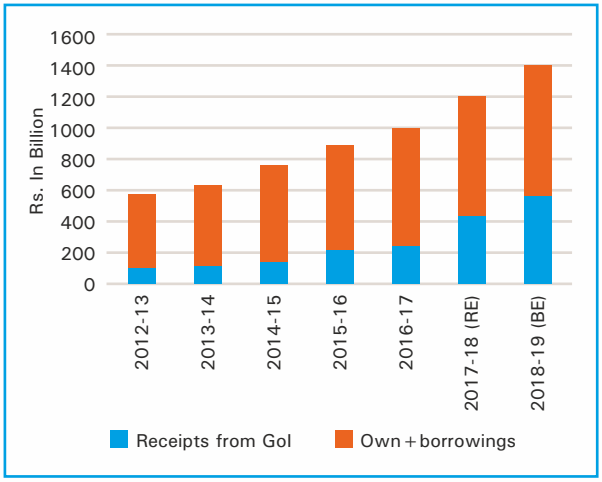
Kerala with strong social infrastructure already in place, the main focus would be to improve the quality of services. The only indicator in which the state loses behind is net attendance ratio in primary classes. The net attendance ratio goes further down at the upper primary and senior secondary levels. However, the state still manages to be the best among all states. Kerala is the only state which reports a single-digit value (7%) when it comes to under-five mortality rate. Although the prevalence of child marriage is very low in comparison to the other states, the state needs to invest further on other facets of child protection. In comparison, this State was the best among the 16 large states studied.

IV. ANALYSIS OF STATE FINANCES

The analysis of state finances does not tell a very encouraging story and therefore, raises questions about the sustainability of the high PCE witnessed there. Considering that the state has done extremely well in terms of prioritising child expenditure, which has also shown results in terms of CDIa, it is important that Kerala also finds suitable policies and ways of using its human resources well to fuel economic growth.

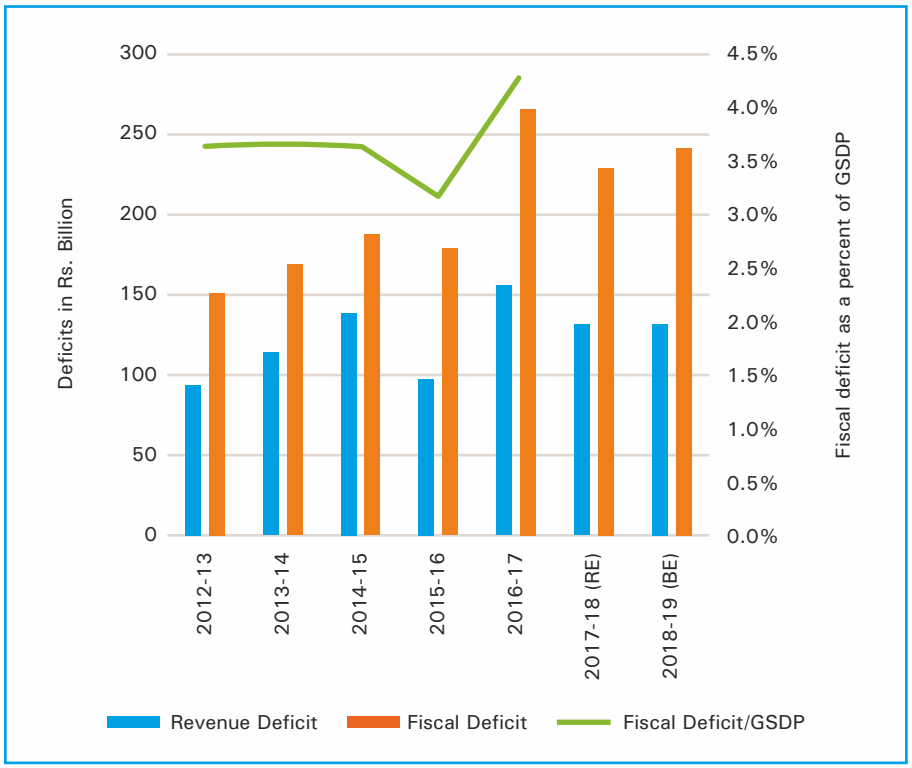
The receipts of the state have grown at a CAGR of 15% and reached Rs. 1.4 trillion in 2018-19 (Figure 11). While the growth of receipts from GoI was at a CAGR of 35%, the own revenue has been growing only at about 5% and own tax is growing at a mere 1% CAGR. The share of the receipts from GoI (grants + tax share) has increased from 22% in 2012-13 to 55% in 2018-19. The buoyancy ratio for the total revenue dipped from 1.22 in 2012-13 to 0.89 in 2013-14 and rose to 1.61 in 2015-16 before decreasing again to 0.84 in 2016-17. The buoyancy ratio for own tax also witnessed similar trend and decreased to 0.72 in 2016-17.

Figure 11: Growth of state finances



Kerala has been reeling in fiscal and revenue deficit over the past few years, with no visible trend in terms of decreasing revenue deficit. While the revenue deficit has been hovering between Rs. 93 billion and Rs. 154 billion over the years, fiscal deficit is rising steeply over the years and for 2018-19, it was Rs. 242 billion. The fiscal deficit ceiling was breached during 2016-17 when it reached 4.3% which was much above the normally acceptable ceiling of 3.5%.

Figure 12: Deficits of the State



V. TALES and TAKEAWAYS

Kerala has always been on top when it comes to human development and the CDIa tells the same story. Right since the late 1950s, the state has adopted welfare-oriented policies and continues to invest substantially on health and education, and the results are for everyone to see. However, there are certain issues that need greater attention.

The state has witnessed a decline in the share of TCE as a proportion of TE and also as a proportion of SSE in 2015-16, which has since then stagnated. However, it is possible that the state has somewhat reached a saturation and hence this may not be a cause of worry. But the state's low expenditure on protection (child) needs attention to see if there is any need to take some steps, especially because of the presence of certain indicators such as the increasing rates of suicides in the state.

Another important point for the state to act on is to improve its financial health to be able to sustain its TCE and PCE. The finances of state are constrained by the increasing share of the committed expenditures, decreasing share of own revenue, increasing revenue and fiscal deficits. Salary, pension and interest (debt repayment) make for more than 60% of the total revenue receipts of the state. A matter of concern for the state is that pension and retirement benefits are greater than revenue expenditure on both medical and public health, and social security and welfare. The state has not implemented the new pension system which could mean even higher expenditures on pension.

STATE REPORT
Tamil Nadu

UNICEF/2017/Ashutosh Sharma

I. PROFILE OF TAMIL NADU

Table 1: State Profile of Tamil Nadu

Data particulars	Figure	Source (year)
Area (sq. km.)	130058	Census (2011)
Population	72138958	Census (2011)
Population Density (persons per sq. km)	555	Census (2011)
Population SC (%)	19	Census (2011)
Population ST (%)	1	Census (2011)
Population BPL (%)	11	Economic Survey Vol II, 2017-18
Population Urban (%)	48	Census (2011)
Literacy Rate	80	Census (2011)
Female Literacy Rate	74	Census (2011)
Life Expectancy	71	Economic Survey Vol II, 2017-18
GSDP (in Rs. billion)	1270	MoSPI (2016-17)
Per-capita Income (Rs.)	150036	MoSPI (2016-17)

Tamil Nadu is a state in the southern part of India, bordering Andhra Pradesh, Karnataka and Kerala. Its capital is Chennai, which is also the largest city in the state in terms of population. It is the 11th largest state in India, in terms of geographical area, and the 7th largest by population. The child population of Tamil Nadu contributes to 29% of the overall population. It is one of the highest literate states in India and its literacy rate has risen from 74% in 2001 to 80% in 2011. Tamil Nadu is the most urbanised state in the country, at 48%, and its Below Poverty Line (BPL) population is fourth-least, lagging behind only Kerala, Telangana and Andhra Pradesh.

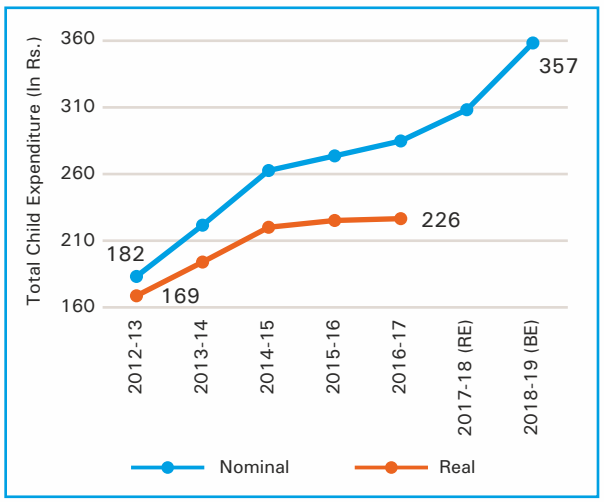
The state's Gross State Domestic Product (GSDP) in 2016-17 at current prices was at Rs. 1,270 billion, and its per-capita income at Rs. 1,50,036 is one of the highest amongst the Indian states. The Compounded Annual Growth Rate (CAGR) of the GSDP for the period 2012-13 to 2016-17 stands at 8% and 5% in nominal and real terms respectively. The tertiary sector alone contributed to 57% of this, amounting to Rs. 675 billion. Over the past five years, the contribution of tertiary sector has increased while the secondary sector has seen a fall in its contribution to GSDP from 37% in 2012-13 to 32% in 2016-17.

II. CHILD EXPENDITURE – TRENDS

1. Public expenditure on children has increased gradually

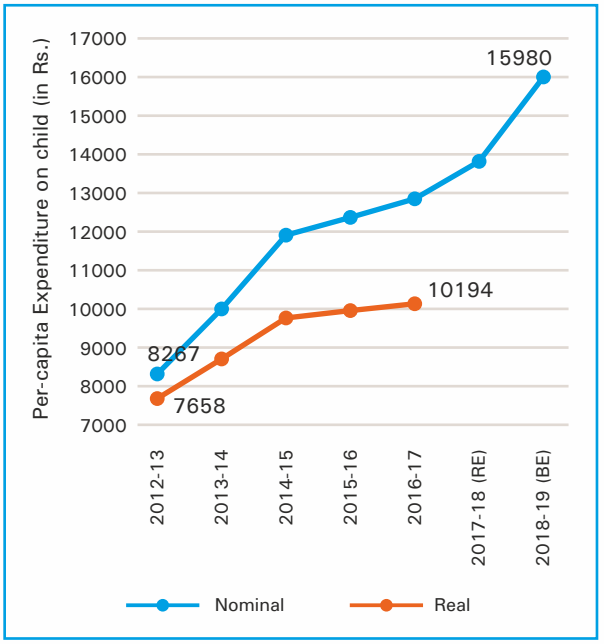
The Total Child Expenditure (TCE) has grown consistently in the state, with the growth being steeper for the revised and budgeted estimates for 2017-18 and 2018-19 respectively. The total budgeted estimates for allocations on children for 2018-19 stand approximately at Rs. 357 billion (Figure 1). The CAGR of TCE in nominal terms was 10% over seven years while it was 6% in real terms over five years at 2011-12 prices.

Figure 1: Total Expenditure on children over years



Along with the TCE on children, the Per-Child Expenditure (PCE) also has increased over this period. The PCE has increased from Rs. 8,267 in 2012-13 to Rs. 15,980 in 2018-19 registering an increase of about 95% (Figure 2) in nominal terms. In real terms, the PCE stood at Rs. 10,194 in 2016-17 at 2011-12 prices, registering a CAGR of around 6 %.

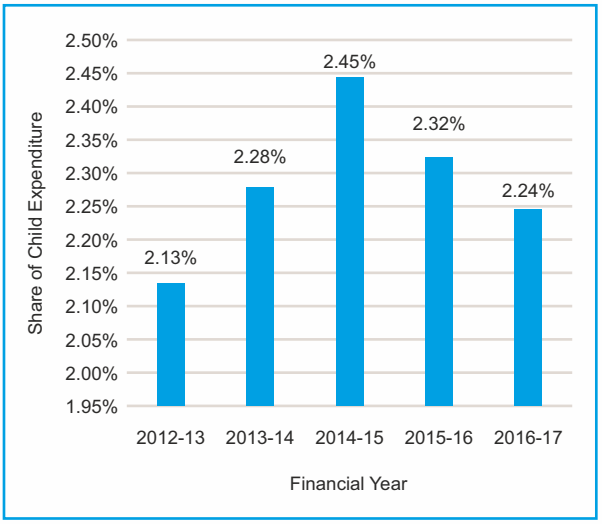
Figure 2: Per-child Expenditure over years



2. Share of public expenditure on children in GSDP, Total Expenditure (TE) and Social Service Expenditure (SSE)

The TCE with reference to the GSDP is a robust measure to understand the expenditure over years. The TCE on children as a percentage of GSDP hovered between 2.1% and 2.5% (Figure 3). While it rose in the initial three years it later receded in the following years to fall back to 2.24% in 2016-17.

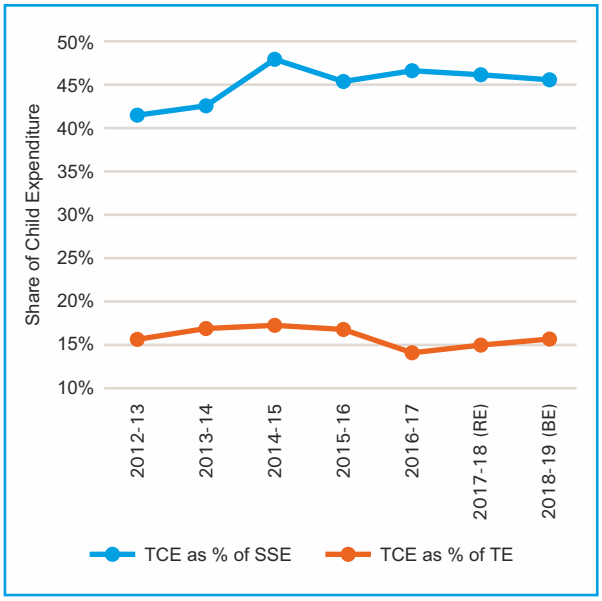
Figure 3: Total Expenditure on Children as a proportion of GSDP



*Note: All values are in nominal prices

The TCE as a share of TE increased from 15.7% in 2012-13 to 17.4% in 2014-15 and later fell below 15% during 2016-17 before rising slightly above 15% during 2018-19 (Figure 4). The share of TCE as a proportion of Social Service Expenditure (SSE) also showed a similar trend: it increased from 42% in 2012-13 to 48% during 2014-15 and again decreased to 45% in 2015-16 before increasing to 46% in 2018-19. The shares of TCE as a percentage of TE and SSE have been almost stagnant for the last three years.

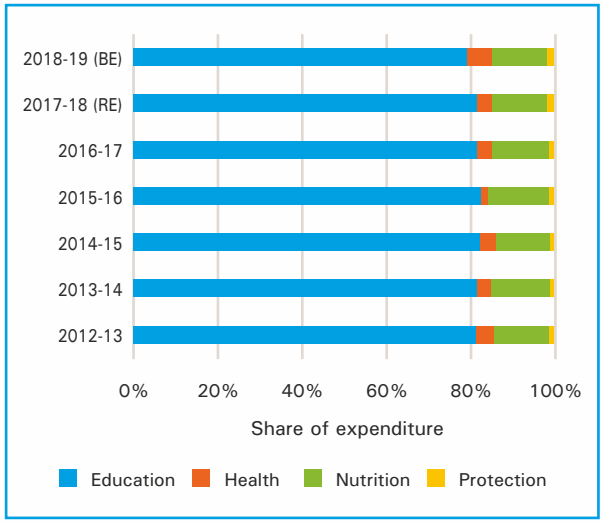
Figure 4: Total Expenditure on Children as a percentage of Total Expenditure and Social Services Expenditure



3. Sectoral share in child spending – Education receives the biggest share

The education sector constitutes for more than 80% of the TCE across the years (Figure 5). Nutrition takes the second biggest share accounting for nearly 10-14% of TCE over the years. The share of health sector has risen to nearly 7% from 4.5% in 2012-13. Protection constitutes about less than 1% of TCE.

Figure 5: Sector-wise percentage distribution of Total Child Expenditure



4. Age-wise expenditure on child – 0-6 age receives the lowest share

Age-wise distribution of spending on child reveals that the major share reaches children in the age group 6-18 (school-going children), constituting over 80% of the spending (Figure 6 & Table 2). Unlike many other states, Tamil Nadu is spending a substantial share not only for the age group 6-14 but also for the 14-18 age group. However, the 0-6 age category which accounts for 29% of the child population receives a relatively lower share of just about 11% of TCE.

Figure 6: Child expenditure by age groups

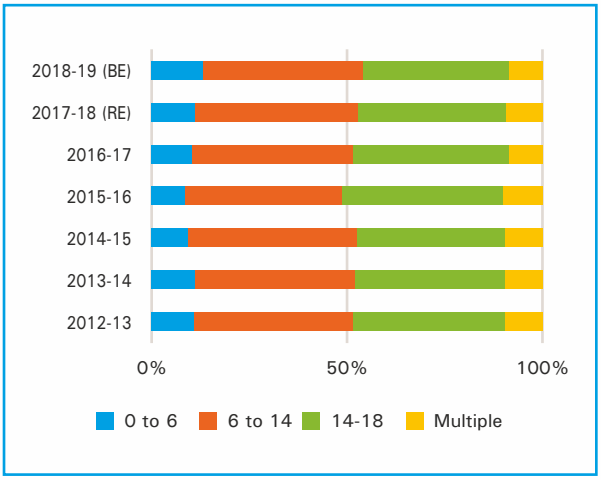


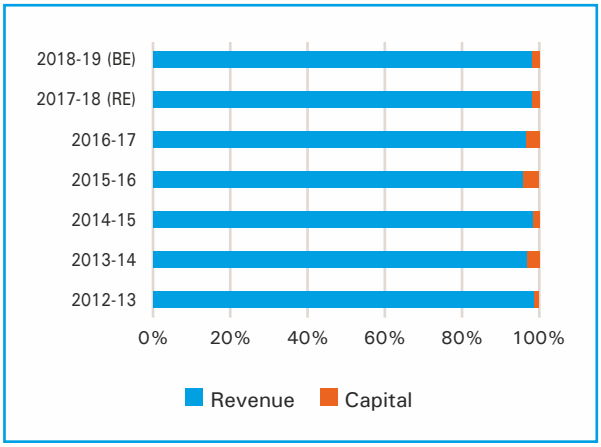
Table 2: Age-wise child population and child expenditure

Age group	Percentage share in child population	Percentage share of Total Expenditure
0-6	29	11
6-14	43	41
14-18	28	39
Multiple		9

5. Child Expenditure by Revenue-Capital, and Wage and Non-Wage share

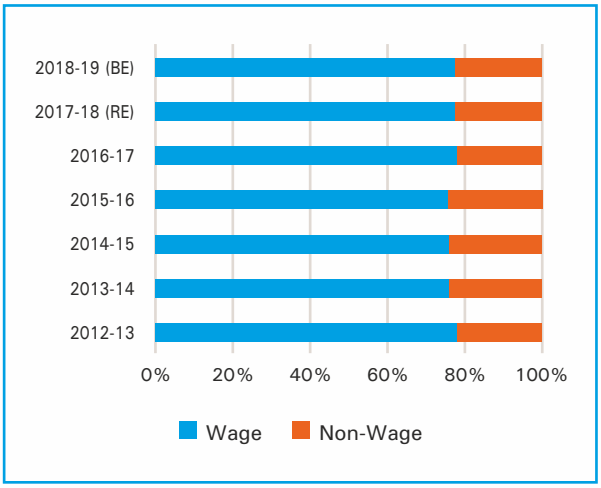
Revenue expenditure constitutes for nearly the entire TCE in the state at 98% with a very small share going towards capital expenditure (Figure 7).

Figure 7: Revenue and Capital expenditure as a percentage of Child Expenditure



Among the recurring expenditure, wages including the salaries, wages and fees for professional services account for 76-79% of the TCE over this period (Figure 8). The non-wage expenses comprising of social transfers such as books, bags, shoes, uniforms, bicycles, meal expenses together with buildings (both construction and maintenance) accounted for about 21-24%.

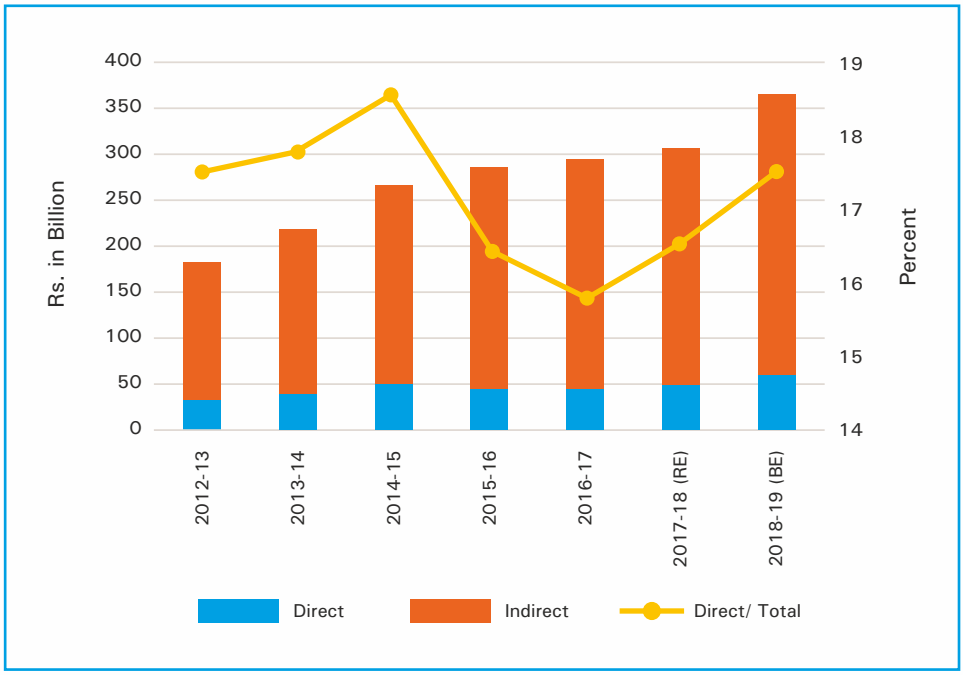
Figure 8: Wage and Non-wage expenditures as a percentage of Child Expenditure



6. Child expenditure by type of transfer

Direct transfers to the child comprise of books, bags, shoes, uniforms, bicycles, meal expenses and scholarships. The share of direct transfers to children ranged between 15-19% of the TCE (Figure 9). While most of the direct transfers cater to specific religions, social classes and tribal communities, some of the transfers are universal in nature as well.

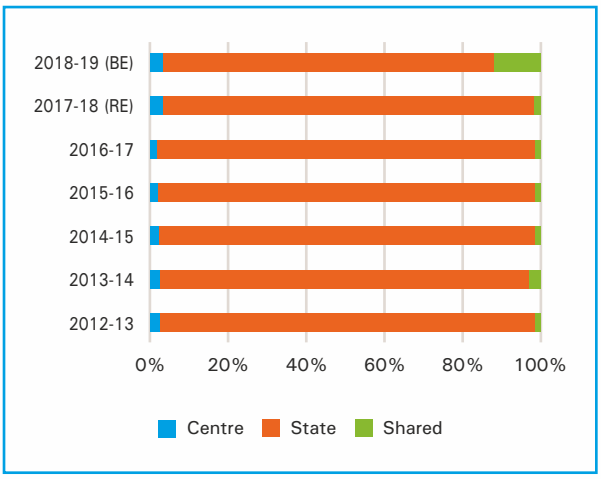
Figure 9: Direct and Indirect transfers to children



7. Share of child expenditures between State and Centre

The State spends a significant proportion of the TCE (over 95%) (Figure 10). The share of central sector schemes (100% assistance from GoI) hovered around 2-4% while the schemes that were shared both by state and GoI has shown a big increase in 2018-19 at about 11% of the TCE.

Figure 10: Proportion of Central, state and shared expenditure in TCE



III. STATUS OF CHILD DEVELOPMENT IN THE STATE

Tamil Nadu ranks second in the country in terms of Child Development Index- Adolescent included (CDIa) with an index value of 0.72. Its Education and Empowerment (E&E) index is 0.74 while the Health and Nutrition (H&N) index is 0.7 (Table 3).

Table 3: Performance of indices in the measurement of Child Development for Tamil Nadu

Indicator	Relative Ranking of TN*	Best performing State
CHILD DEVELOPMENT INDEX – 0.72	**2**	**Kerala**
EDUCATION and EMPOWERMENT – 0.74	**2**	**Kerala**
Net Attendance Ratio (Primary)	5	Telangana
Net Attendance Ratio (Upper Primary)	4	Kerala
Net Attendance Ratio (Secondary)	3	Kerala
Net Attendance Ratio (Senior Secondary)	2	Kerala
Sex ratio at birth for children born in the last five years	4	Kerala
Women aged 20-24 years married before age 18 (%)	2	Kerala
HEALTH and NUTRITION – 0.7	**2**	**Kerala**
Under-5 Mortality Rate	2	Kerala
Children under 5 years who are stunted (%)	2	Kerala
Children under 5 years who are wasted (%)	6	Kerala
Pregnant women aged 15-49 who are anaemic (%)	3	Kerala

*The relative ranking has been assessed among 16 large states in India barring Punjab and Haryana

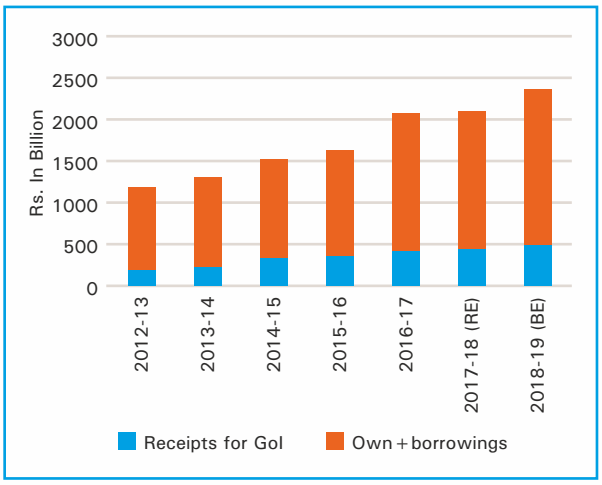
In education, the state has a high net attendance ratio for the upper-primary and secondary levels but the same is not true for senior secondary levels indicating a high level of drop out between secondary and senior secondary. Surprisingly, the net attendance ratio is also relatively lower at primary level in Tamil Nadu and this needs further exploration. The state has one of the lowest rates of marriage for ages below 18. Anaemia among pregnant women is an indicator that Tamil Nadu fares poorly (44.4% are anaemic). Tamil Nadu has also seen improvement in stunting among children.

IV. ANALYSIS OF STATE FINANCES

A sneak peek at the finances of the state indicate that the total receipts of the state have grown at a CAGR of 12.03% for the years 2012-13 to 2018-19, and it touched a total of Rs. 2.400 billion for the year 2018-19 (Figure 10). While the CAGR of own revenue was at 8%, the receipts from GoI (grants and tax share) has grown at a much higher rate of 16%. The share of the receipts from GoI in the total receipts of the state has increased from 22%to 32% between the years 2012-13 and 2018-19, the share of own revenue has dipped from 78% to 68% during the same period. Similarly, the buoyancy ratio for the total revenue has dipped from 1.16 in 2012-13 to 0.74 in 2018-19, while the buoyancy ratio for the own tax also decreased from 1.42 to 0.58 for the same period.

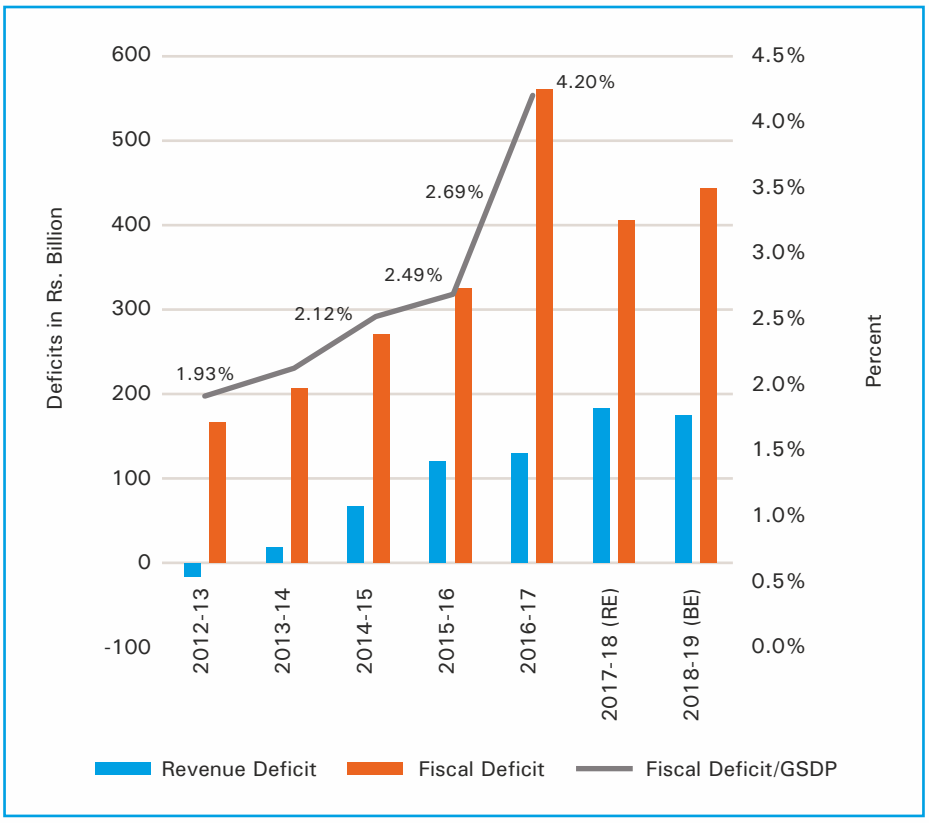
These patterns of receipts also exist in India because of the structural pattern of revenue collection where the union government controls most of the revenue generating modes including tax and non-tax sources. The introduction of Goods and Services Tax (GST) has made it further union-government-centric.

Figure 11: Growth of state finances



The state had a revenue surplus during 2012-13. Since then, it witnessed a growing pattern in both fiscal and revenue deficit till 2016-17 (Figure 12). Thereafter, while the revenue deficit has seen a major rise, fiscal deficit has come down substantially. The fiscal deficit breached the Fiscal Responsibility and Budget Management Act (FRBM) limit of 3% and reached 4.2% during 2016-17.

Figure 12: Deficits of the State



V. TALES and TAKEAWAYS

Tamil Nadu is relatively well placed as a state with high levels of literacy and per-capita income and a low measure of poverty, thus being a well-enabled state in the country to showcase higher human development in the coming years.

While the growth of TCE is good, its share as a percentage of GSDP, TE and SSE has seen a dip since 2015-16. Though the state stands second in terms of CDIa, its value is 0.72 and is a good 27 points below the state of Kerala which ranks first. This shows that there is further scope for the state to improve its child indicators through strategic spending.

Spending allocated towards the age group 0-6 accounts for nearly 13% of the entire TCE in 2018-19, showing a rising trend and being one of the highest among all states. State-specific schemes such as the Dr Muthu Lakshmi Reddy Maternity Assistance Scheme have contributed to the higher allocation to this age group.

The relatively lower growth in own tax revenue, higher revenue deficits and poor buoyancy ratios do not indicate a healthy fiscal position, and this could be a risk for sustained investments on child development. Since more than 95% of the TCE is revenue expenditure the incidence of revenue deficits may affect the investments on children.

The improvement of the CDIa is dependent on the strategic investments for better results. Given that with the GST regime, the state cannot tinker with the rates, it should focus on improving the tax collections enhancing the base and effort.

STATE REPORT
Telangana

UNICEF/2018/Prashanth Vishwanathan

I. PROFILE OF TELANGANA

Table 1: State Profile of Telangana

Data particulars	Figure	Source (year)
Area (sq. km.)	112077	Statistical Year Book (2017)
Population	35003674	Statistical Year Book (2017)
Population Density (Persons per sq. km.)	312	Statistical Year Book (2017)
Population SCs (%)	15	Statistical Year Book (2017)
Population STs (%)	9	Statistical Year Book (2017)
Population Urban (%)	39	Statistical Year Book (2017)
Literacy Rate	67	Statistical Year Book (2017)
Female Literacy Rate	58	Statistical Year Book (2017)
GSDP (Rs.in Billion)	6591	MoSPI (2016-17)
Per-capita Income (Rs.)	159856	MoSPI (2016-17)

Telangana is the 29th and the youngest state in India, formed on 2nd June 2014. This state is situated on the centre-south stretch of the Indian Peninsula on the high Deccan Plateau. It is 12th largest state, and its capital is Hyderabad. The child population of Telangana constitutes about 35% of the total population. The literacy rate of the state was 67% in 2011.The state's Gross State Domestic Product (GSDP) in 2016-17 at current prices was at Rs. 6,591 billion, and the per-capita income was at Rs. 1,59,856. The Compounded Annual Growth Rate (CAGR) of the GSDP stood at 9% and 7% in nominal and real terms respectively. The tertiary sector contributes to 63% to the Gross State Value Added (GSVA) which is highest, followed by secondary sector stands at 19% for the year 2015-16.

II. CHILD EXPENDITURE – TRENDS

1. Public expenditure on children has increased gradually over the time period

Total child expenditure (TCE) has grown gradually over the time in the state and reached Rs. 167 billion for the year 2018-19. The TCE has been growing at a high rate and the CAGR of the TCE was 18% both in nominal and real terms (2011-12 prices) (Figure 1). The Per-Child Expenditure (PCE) has grown significantly from Rs. 6,332 in 2014-15 to Rs. 14,862 in 2018-19 recording more than two-fold increase during the period. The PCE in real terms also has grown from Rs. 5,211 in 2014-15 to Rs 8,760 in 2016-17. The CAGR of the PCE was 19% both in nominal and real terms (2011-12 prices) Figure 2).

Figure 1: Total expenditure on Children over years

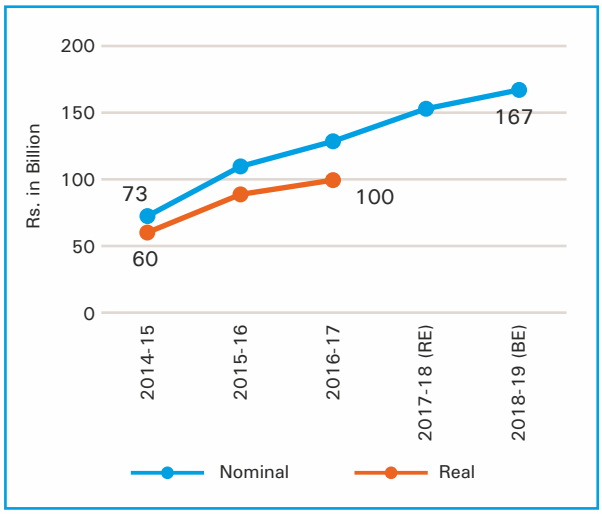
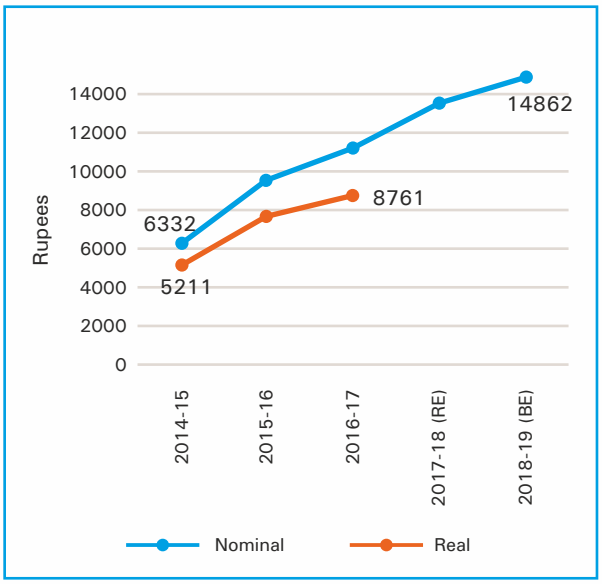


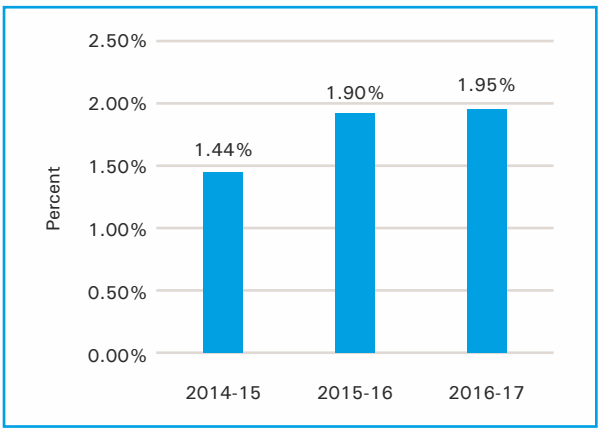
Figure 2: Per child expenditure over years



2. Share of public expenditure on children in GSDP, Total Expenditure (TE) and Social Service Expenditure (SSE)

The Total Expenditure (TE) on children with reference to the GSDP is a robust measure to understand the expenditure over years. The total child expenditure as a percentage of GSDP has increased from 1.44% to 1.95% between 2014-15 and 2016-17 (Figure 3).

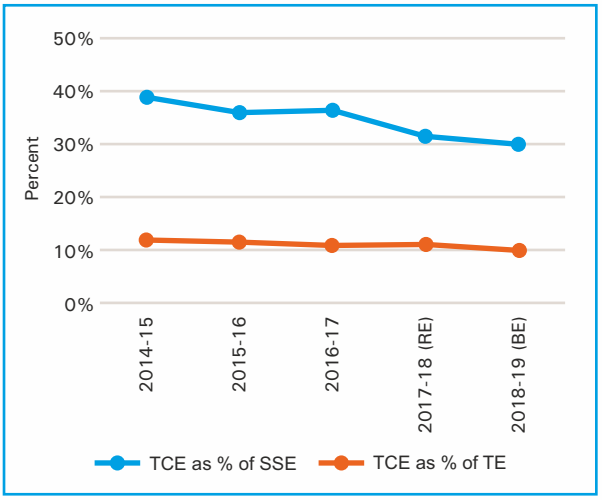
Figure 3: Total Expenditure on Children as a proportion of GSDP



*Note: All values are in nominal prices

However, the TCE as a percentage of TE decreased from 12%to 10% (Figure 4). Similarly, the TCE as a percentage of Social Service Expenditure (SSE) decreased from 39% in 2014-15 to 30% in 2018-19. The TCE as a percentage of TE and SSE has been showing a declining trend following the 14th Finance Commission (FC) recommendations phase.

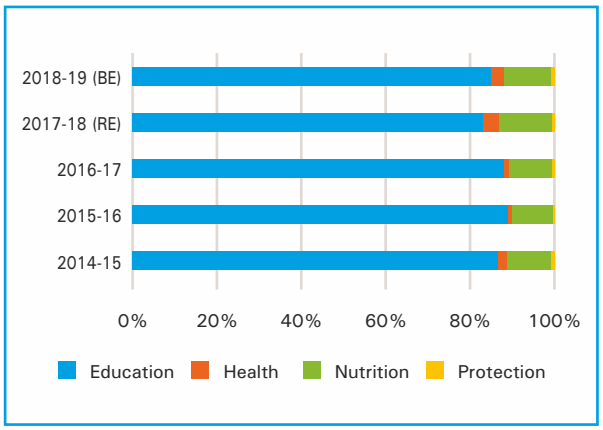
Figure 4: Total child expenditure as a percentage of total expenditure and social services expenditure



3. Sectoral share in child spending – Education receives the biggest share

The education and nutrition sectors account for more than 95% of the total child expenditure. The health sector share has shown an increase in the last two years while the share of protection is low at about 0.5% of total child expenditure (Figure 5).

Figure 5: Sector-wise share of Total Child Expenditure



4. Age-wise expenditure on children – 0-6 age receives the least share

Age-wise distribution of spending on children reveals that the major expenditure is incurred for the age-group of 6-18 (school-going children) covering nearly 75% of the TCE on an average during this period of five years (Figure 6). The 0-6 age category which constitutes about 32% of the child population receives a share of 10% of the TCE (Table 2). However, the spending in absolute terms on the 0-6 age group has been increasing consistently over the last two years.

Figure 6: Child expenditure by age groups

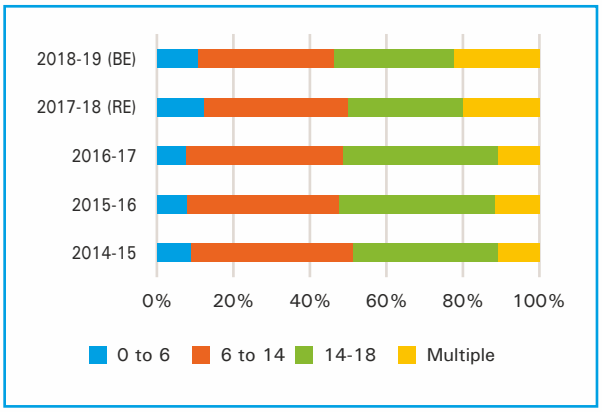


Table 2 Age-wise child population and child expenditure

Age Group	Share in Child Population (%)	Share of total child expenditure (%)
0-6	32	10
6-14	45	38
14-18	23	35
Multiple		16

5. Child Expenditure by Revenue-Capital, and Wage and Non-Wage share

Revenue expenditure accounts for nearly 96% of the TCE. Similarly, the wage component, constitutes the bulk of Child Expenditure (CE) at 85%. The non-wage expenses comprising of books, bags, shoes, uniforms, bicycles, meal expenses together with buildings both construction and maintenance accounted for about 15% (Figure 7 and 8).

Figure 7: Revenue and Capital expenditures as a percentage of child expenditure

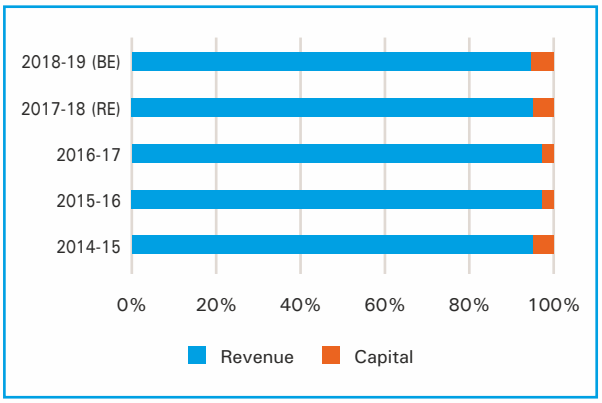
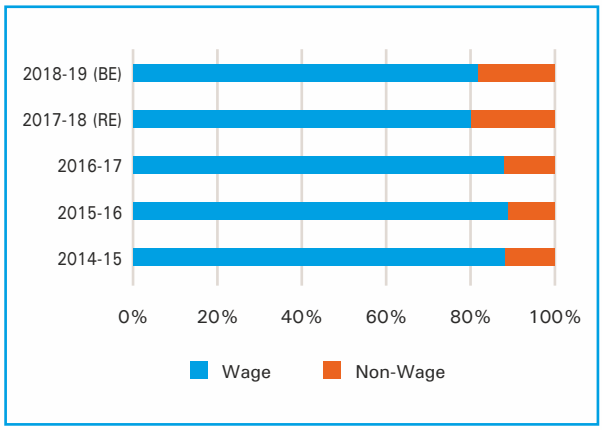


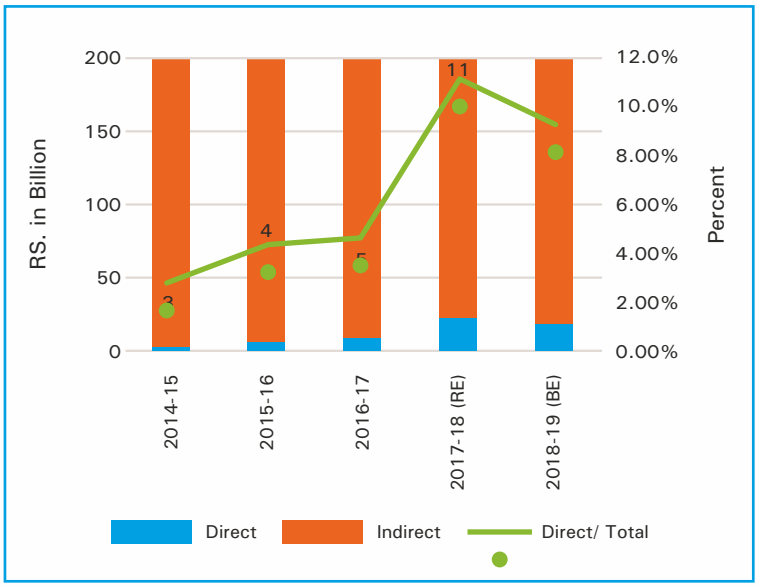
Figure 8: Non-Wage and Wage expenditures as a percentage of total child expenditure



6. Child expenditure by type of transfer

Direct transfers to child comprise of all those expenditures that reach directly to an individual child and this includes books, bags, shoes, uniforms, bicycles, meal expenses and scholarships. While most of the direct transfers cater to specific religious groups, social classes and tribal communities, few are universal in nature. The share of direct transfers has seen a consistent increase from around 3% of total child expenditure in 2014-15 to about 9% in 2018-19 (Figure 9). Indirect expenditures include all the wage component, capital works, maintenance of buildings and equipment's, office expenditure and travel expenses and this forms the major portion of TCE at about 93%.

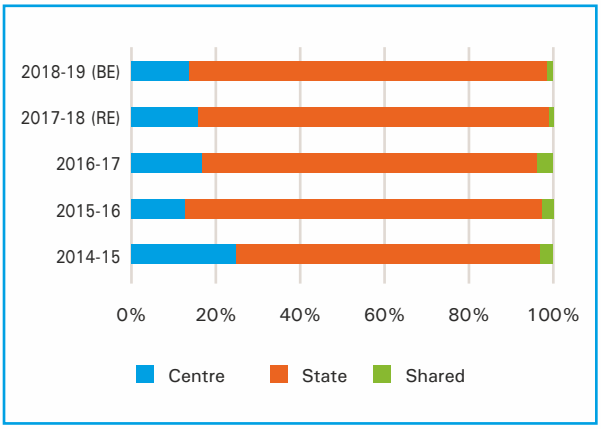
Figure 9: Direct and Indirect transfers to children



7. Share of child expenditures between State and Centre

The analysis reveals that the state spends nearly 81% of the total child expenditure while the union government contributes another 17% through central sector schemes (which has 100% central assistance) and shared schemes account for nearly 2% over the years (Figure 10).

Figure10: Share of Central and state expenditure in total child expenditure



III. STATUS OF CHILD DEVELOPMENT IN THE STATE

Telangana ranks third in the country in terms of Child Development Index- Adolescent included (CDIa) with an index value of 0.65 only behind Kerala and Tamil Nadu. Its Education and Empowerment (E&E) index is0.62 while the Health and Nutrition (H&N) index is 0.68.

Table 3: Performance of indices in the measurement of Child Development for Telangana

Indicator	Relative Ranking of Telangana*	Best performing State
CDI-A	**3**	**Kerala**
EDUCATION and EMPOWERMENT – 0.62	**4**	**Kerala**
Net Attendance Ratio (Primary)	1	Telangana
Net Attendance Ratio (Upper Primary)	9	Kerala
Net Attendance Ratio (Secondary)	4	Kerala
Net Attendance Ratio (Senior Secondary)	3	Kerala
Sex ratio at birth for children born in the last five years	16	Kerala
Women aged 20-24 years married before age 18 (%)	8	Kerala
HEALTH and NUTRITION – 0.68	**3**	**Kerala**
Under-5 Mortality Rate	5	Kerala
Children under 5 years who are stunted (%)	3	Kerala
Children under 5 years who are wasted (%)	5	Kerala
Pregnant women aged 15-49 who are anaemic (%)	7	Kerala

*The relative ranking has been assessed among 16 large states in India barring Punjab and Haryana

The net attendance ratios are high at primary, secondary and higher secondary stages but low at the upper primary level pulls the E&E index down for the state. The percentage of women who got married before the age of 18 is relatively high at 26.20%. The state has the worst sex ratio at birth among the 16 states indicating the need for urgent action on this front.

In terms of H&N indicators, the state's performance is better for indicators such as stunting and wasting in comparison to prevalence of anaemia among pregnant women and under-five mortality rate.

IV. ANALYSIS OF STATE FINANCES

The revenues of the state have grown at a CAGR of 27% from Rs. 607 billion in 2014-15 to Rs. 1,720 billion in 2018-19 (Figure 11). The receipts from GoI has increased from Rs. 153 billion to Rs. 758 billion for the same period registering CAGR of 51%. The own revenue of the state has grown at a CAGR of 9%. The share of receipts from GoI (tax share and grants) has increased from 30%to 55%during the period 2014-15 to 2018-19 with share of taxes increasing from 16% to 34% during the same period.

On the revenue account, Telangana has always been in surplus ever since the state formation. As of 2018-19, the revenue surplus stood at Rs. 55 billion. The fiscal deficit increased to Rs. 353 billion during 2016-17 which was 5.5 % of GSDP (Figure 12) before reducing to Rs. 291 billion in 2018-19.

Figure11: Growth of state finances

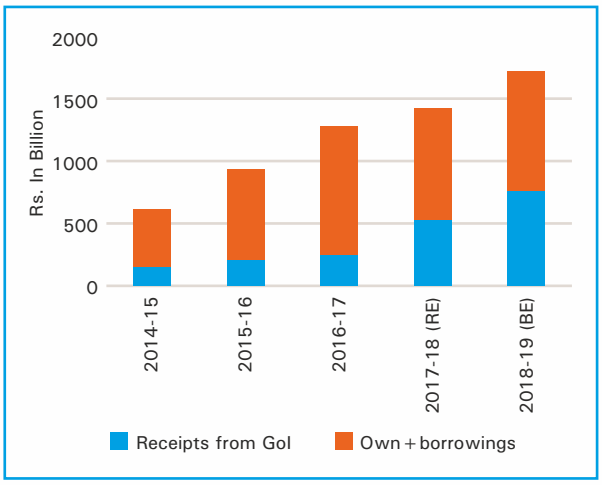
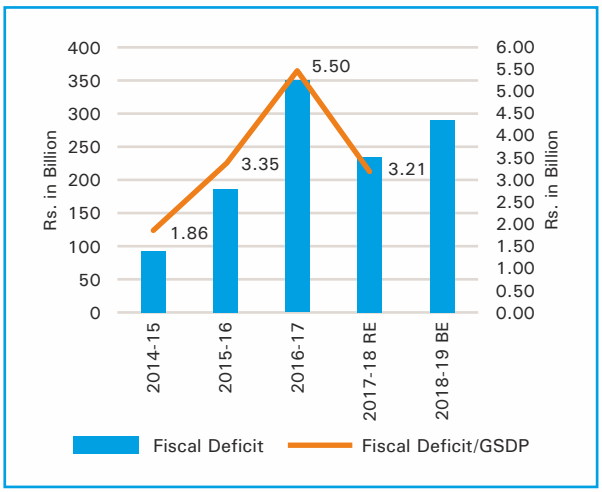


Figure 12: Deficits of the State



V. TALES AND TAKEAWAYS

The total child expenditure (TCE) as a share of GSDP has increased from 1.44% to 1.95% with a visible increasing trend in place over the years. However, the respective share of TCE in TE and SSE had been declining for the period 2014-15 to 2016-17.

The poor status of sex ratio at birth in the state, the lowest among all the 16 states, indicates the need for higher and better public investment for gender equality goals. The state could do better in CDIa if it improves the gender related indicators of child sex ratio, early marriage and anaemic pregnant women. Rising fiscal deficit is a cause of concern apart from the lower growth in the own revenues although the state has maintained revenue surplus throughout its existence. The GoI receipts constituting for about 55% (in 2018-19) indicate a higher dependency on the finances from the union government.

STATE REPORT
Karnataka

UNICEF/2018/Prashanth Vishwanathan

I. PROFILE OF KARNATAKA

Table 1: State Profile of Karnataka

Data particulars	Figure	Source (year)
Area (sq. km.)	191976	Census (2011)
Population	61130704	Census (2011)
Density (persons per sq. km)	319	Census (2011)
Population SC (%)	16	Census (2011)
Population ST (%)	7	Census (2011)
Urban population (%)	39	Census (2011)
Life Expectancy	68.8	Economic Survey (vol. II, 2017-18)
GSDP (Rs. in billion)	11560	MOSPI (2016-17)
Per-capita Income (Rs.)	174551	MOSPI (2016-17)

Karnataka is a state in the southern part of India. It borders the Arabian sea, and the states of Telangana, Andhra Pradesh, Maharashtra, Goa, Kerala and Tamil Nadu. Bengaluru is its capital city. It is the sixth largest state in terms of geographical area and the eighth largest by population. The child population of state constitutes about 33% of the total population. The state's Gross State Domestic Product (GSDP) grew from Rs. 6.954 billion in 2012-13 to Rs. 11,560 billion in 2016-17 at current prices. The Compounded Annual Growth Rate (CAGR) of the GSDP for the period 2012-13 to 2016-17 was 11% and 7% respectively in nominal and real terms (2011-12 prices). The tertiary sector contributed to about 66% of GSDP followed by secondary sector which added about 22% followed by primary sector at 12%. The Per-Capita Income was Rs. 77,193 for the year 2017-18 (current prices).

II. CHILD EXPENDITURE–TRENDS

1. Public expenditure on children has increased gradually

The Total Child Expenditure (TCE) has grown gradually from Rs. 157 billion in 2012-13 to Rs. 251 billion in 2018-19 (Figure 1). The CAGR of TCE in nominal and real terms (2011-12 prices) for the years 2012-13 to 2016-17 stood at 7% and 4% respectively. Along with the TCE, the Per-Child Expenditure (PCE) also has increased over this period. The PCE has increased from Rs. 7,593 in 2012-13 to Rs.12230 in 2018-19 registering a growth of 7% (Figure 2) in nominal terms. In real terms (2011-12 prices), the PCE increased from Rs. 7,024 in 2012-13 to Rs. 8,510 in 2016-17 registering a CAGR of 4%.

Figure 1: Total expenditure on children over years

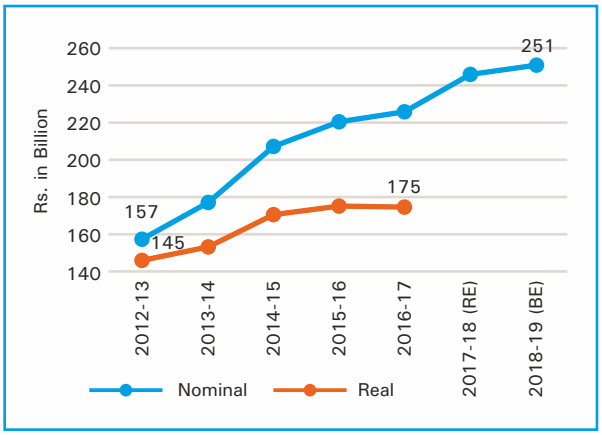
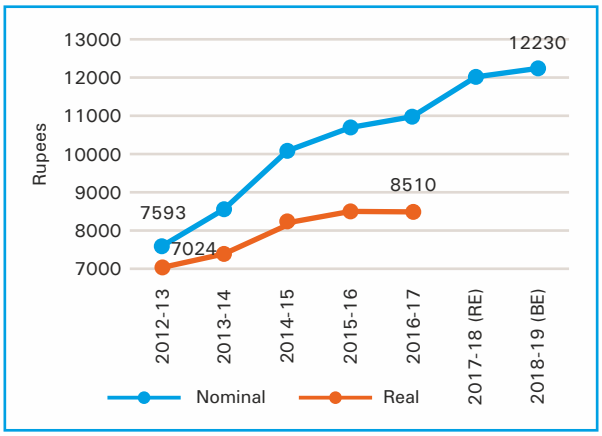


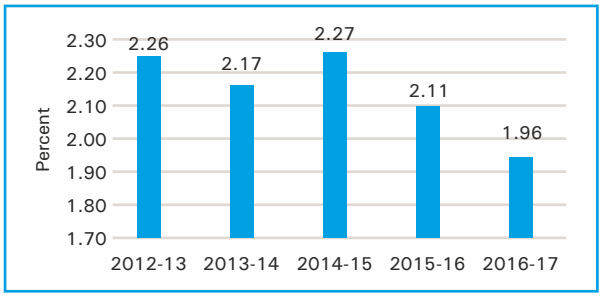
Figure 2: Per-child expenditure over years



2. Share of public expenditure on children in GSDP, Total Expenditure (TE) and Social Service Expenditure (SSE)

The TCE as a percentage of nominal GSDP has increased from 1.84% in 2012-13 to 1.94% in 2014-15 and decreased to 1.87% in 2015-16 and further to 1.78% in 2016-17 (Figure 3).

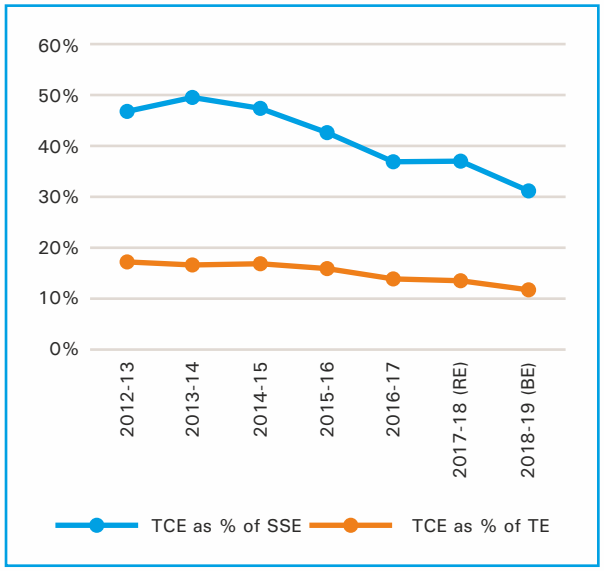
Figure 3: Total Expenditure on Children as a proportion of GSDP



*Note: All values are in nominal prices.

The TCE as a percentage of Total Expenditure (TE) decreased from 17% in 2012-13 to 12% in 2018-19 (Figure 4). Similarly, the TCE as a percentage of Social Service Expenditure (SSE) decreased from 47% in 2012-13 to 31% in 2018-19.

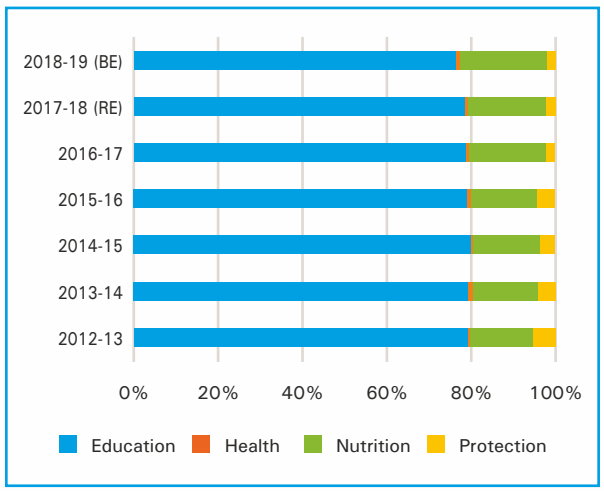
Figure 4: Total Expenditure on Children as a percentage of Total Expenditure and Social Services Expenditure



3. Sectoral share in child spending – Education receives the biggest share

The education sector covered about 79%of the TCE in the state over the years (Figure 5). Nutrition is the second largest sector accounting for about 17% of TCE across the years. The protection and health constituted for 3% and 1% respectively of the total child spending in the state.

Figure 5: Sector-wise share of Total Child Expenditure



4. Age-wise expenditure on children – 0-6 age receives lowest share

Of the TCE, major expenditure is incurred for the age group of 6-18 (school-going children) accounting for over 70% (Figure 6). The 0-6 age category which constitutes about 30% of the child population receives a share of about 11% of TCE (Table 2).

Figure 6: Child expenditure by age groups

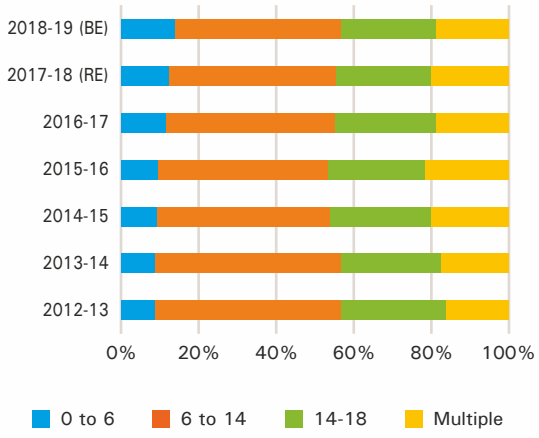


Table 2: Age-wise child population and child expenditure

Age group	Share of child population (%)	Share of child Expenditure (%)
0-6	30	11
6-14	42	44
14-18	28	26
Multiple		19

5. Child Expenditure by Revenue-Capital, and Wage and Non-Wage share

Nearly 95% of all child-related expenses for children have been on revenue expenditure in the state. The share of capital spending has been miniscule at 5% (Figure 7). The wage component which comprises of salaries, contractual wages, fees for professional services etc. formed the major share of TCE at about 72% on an average for the seven years while the remaining was accounted for by non-wage expenditure (Figure 8).

Figure 7: Revenue and Capital expenditures as a percentage of Child Expenditure

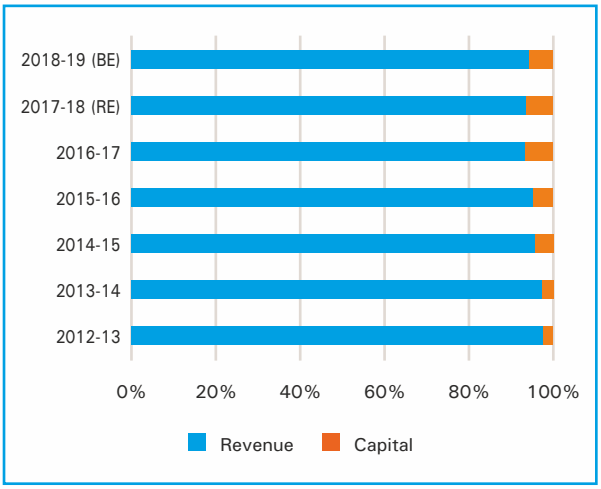
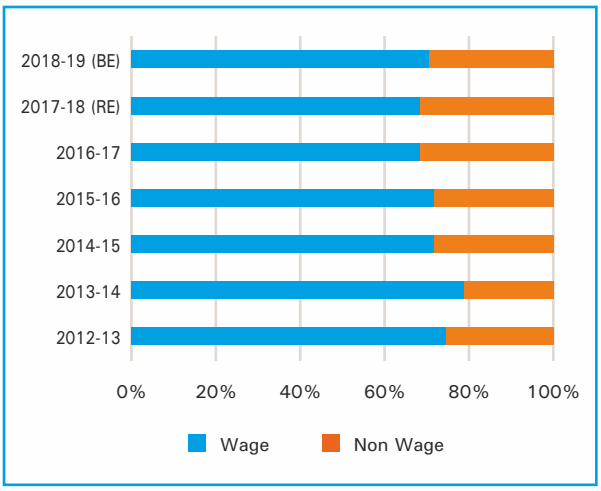


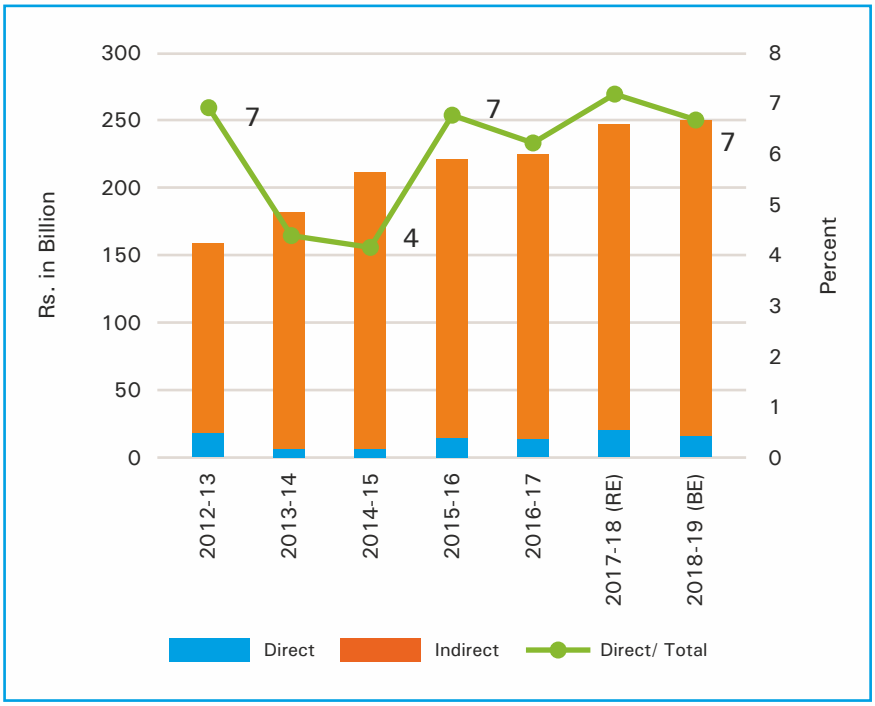
Figure 8: Wage and Non-wage expenditures as a percentage of Child Expenditure



6. Child expenditure by type of transfer

Direct transfers to child comprise of all those expenditures that reach directly to an individual child and this includes books, bags, shoes, uniforms, bicycles, meal expenses and scholarships. While most of the direct transfers cater to specific religious groups, social classes and tribal communities, some transfers are universal in nature. The share of direct transfers remained around 6.8% for the period 2012-13 to 2018-19 except for the years 2013-14 and 2014-15 wherein it covered 4.4% and 4.1% respectively (Figure 9).

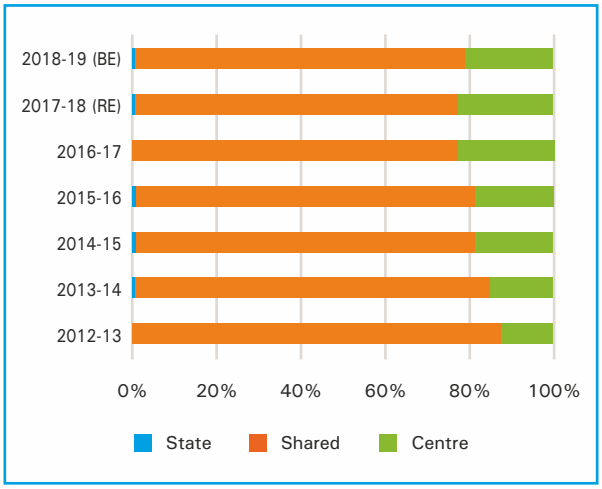
Figure 9: Direct and Indirect transfers to children



7. Share of child expenditures between State and Centre

Bulk of the child expenditure (CE) is incurred by the state accounting for over 80%. The shared (GoI and the state) expenditure accounted for about 19% while the central sector schemes (100% central assistance) accounted for about 1% (Figure 10).

Figure10: Proportion of central, state and shared expenditure in TCE



III. STATUS OF CHILD DEVELOPMENT IN THE STATE

Karnataka ranks fourth among the 16 states in terms of Child Development Index- Adolescent included (CDIa) with an index value of 0.59. Its Education and Empowerment (E&E) index is 0.69 while the Health and Nutrition (H&N) index is 0.50 (Table 3).

Table 3: Performance of indices in the measurement of Child Development for Karnataka

Indicator	Relative Ranking of Karnataka	Best performing State
CHILD DEVELOPMENT INDEX – 0.59	**4**	**Kerala**
EDUCATION and EMPOWERMENT – 0.69	**3**	**Kerala**
Net Attendance Ratio (Primary)	2	Telangana
Net Attendance Ratio (Upper Primary)	2	Kerala
Net Attendance Ratio (Secondary)	2	Kerala
Net Attendance Ratio (Senior Secondary)	5	Kerala
Sex ratio at birth for children born in the last five years	11	Kerala
Women aged 20-24 years married before age 18 (%)	6	Kerala
HEALTH and NUTRITION – 0.50	**9**	**Kerala**
Under-5 Mortality Rate	4	Kerala
Children under 5 years who are stunted (%)	8	Kerala
Children under 5 years who are wasted (%)	14	Kerala
Pregnant women aged 15-49 who are anaemic (%)	5	Kerala

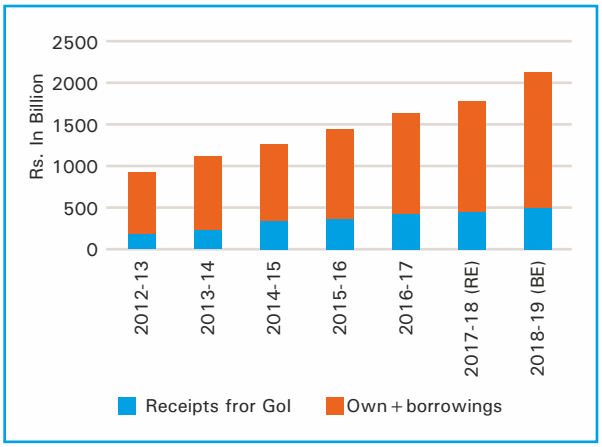
*The relative ranking has been assessed among 16 large states in India barring Punjab and Haryana

Karnataka has been one of the states that has reformed school education significantly. The higher net attendance ratios at primary, upper primary, secondary have been a result of strategic investments on school education. The state, however, ranks poor in the indicators of sex ratio at birth and child marriages. There is a high prevalence of child marriages (21.4%) especially in the regions of north Karnataka wherein the access to senior secondary is also less. These two indicators pull down the E&E index. The H&N indicators are also relatively poor with the state ranking 8th and 14th in stunting and wasting of children respectively, and this pulls down the index to the 9th position. The state, otherwise doing well in education, fails to reach the top three spots because of its poor nutrition indicators.

IV. ANALYSIS OF STATE FINANCES

The total revenues of the state have grown at a CAGR of 15% (nominal terms) from Rs. 918 billion in 2012-13 to Rs. 2,137 billion in 2018-19 (Figure 11). The receipts from GoI (tax share + grants) have increased from Rs. 205 billion to Rs. 516 billion for the same period registering CAGR of 18% (nominal). The own revenue of the state has grown at a CAGR of 11%. The share of receipts from GoI has increased from 22% to 24% over the period. The state's own tax buoyancy ratio hovered around 1 for the period 2012-13 to 2016-17.

Figure 11: Growth of State finances



The state has been experiencing a revenue surplus for the years since 2012-13 and 2018-19. The fiscal deficit has gradually increased since 2013-14 but has been contained within the FRBM limits of 3% of GSDP.

Figure 12: Deficits of the State

V. TALES AND TAKEAWAYS

Child expenditure has been increasing at a very low pace in the state. Child expenditure as a percentage of GSDP is less than 2% and has been decreasing for three years since 2014-15. The child expenditure as a percentage of GSDP is lowest among all the 16 states. The child expenditure as a percentage of total expenditure of the state as well as a percentage of SSE has shown a clear declining trend.

The state needs to make strategic investments in H&N, and signs in that direction are visible for recent years. Though the state has revenue surpluses, it has not translated into higher expenditure on children. The prudent fiscal management is laudable, but this should also lead to a higher expenditure for children, especially in the areas of empowerment to prevent child marriage and to reverse the adverse sex ratio at birth. The own tax is growing at a slower rate compared to that of receipts from GoI. Improving tax effort and base would help in enhancing the expenditure for children.

STATE REPORT
Maharashtra

UNICEF/2014/Dhiraj Singh

I.PROFILE OF MAHARASHTRA

Table 1: State Profile of Maharashtra

Data particulars	Figure	Source (year)
Area (sq. km.)	307713	Census (2011)
Population	112374333	Census (2011)
Population Density (persons per sq. km)	365	Census (2011)
Population SC (%)	10	Census (2011)
Population ST (%)	9	Census (2011)
Population urban (%)	45	Census (2011)
Population BPL (%)	17	Economic survey Vol II, 2017-18
Literacy Rate	82	Census (2011)
Female Literacy Rate	76	Census (2011)
Life Expectancy	71	Economic survey Vol II, 2017-18
GSDP (in Rs. billion)	22570	MoSPI (2016-17)
Per-capita Income (Rs.)	165491	MoSPI (2016-17)

Maharashtra is situated in the western and central part of India, bordering six states. It is the third largest state in terms of geographical area and the second largest in terms of population. The child population of Maharashtra constitutes about 32% of the overall population. The literacy rate of the state has risen from 77% in 2001 to 82% in 2011. About 45% of the population resides in urban areas, making Maharashtra the country's third most urbanised state. The state's Gross State Domestic Product (GSDP) in 2016-17 at current prices was at Rs. 22,570 billion, and the Per-Capita Income at Rs. 1,65,491 was above the national average. The GSDP in the state has been increasing consistently over the years at a Compounded Annual Growth Rate (CAGR) of 9% and 6% in nominal and real terms (2011-12 prices) respectively. The tertiary sector alone contributes to 55% of the Gross State Value Added (GSVA).

II. CHILD EXPENDITURE – TRENDS

1. Public expenditure on children has increased gradually

The Total Child Expenditure (TCE) has grown gradually from Rs. 331 billion in 2012-13 to Rs. 576 billion in 2018-19 at a CAGR of 8% (Figure 1) The TCE in real terms reached Rs. 352 billion for the year 2016-17 at a CAGR of 3%.

Along with the TCE, the Per-Child Expenditure (PCE) also has increased over this period. The PCE has increased from Rs. 8,619 in 2012-13 to Rs. 15,060 in 2018-19 registering a CAGR of 8% (Figure 2) in nominal terms. In real terms, the PCE increased from Rs. 8,019 in 2012-13 to Rs. 9,189 in 2016-17 registering a CAGR of 3%.

Figure 1: Total Expenditure on children over years

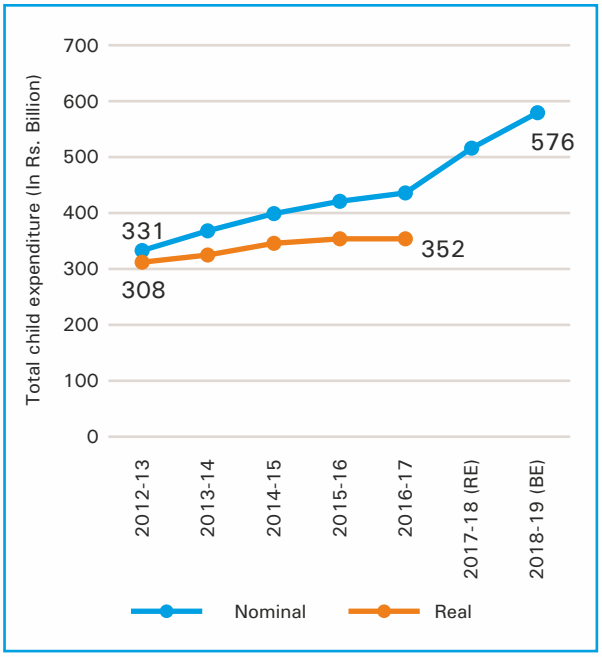
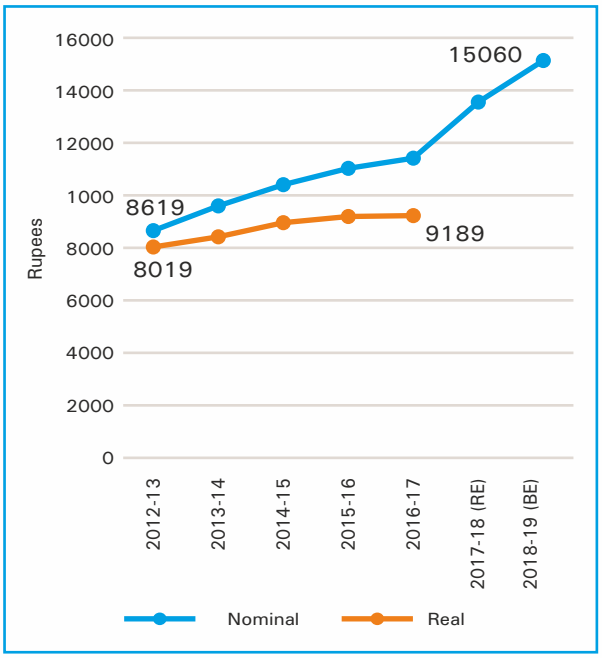


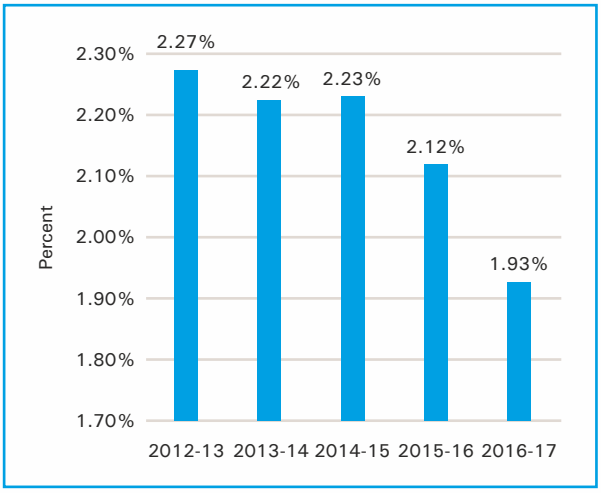
Figure 2: Per child expenditure over years



2. Share of public expenditure on children in GSDP, Total Expenditure (TE) and Social Service Expenditure (SSE)

The TCE with reference to the GSDP is a robust measure to understand the expenditure over years. The share of TCE as a percentage of GSDP has shown a consistent decrease from 2.27% in 2012-13 to 1.93% in 2016-17 (Figure 3).

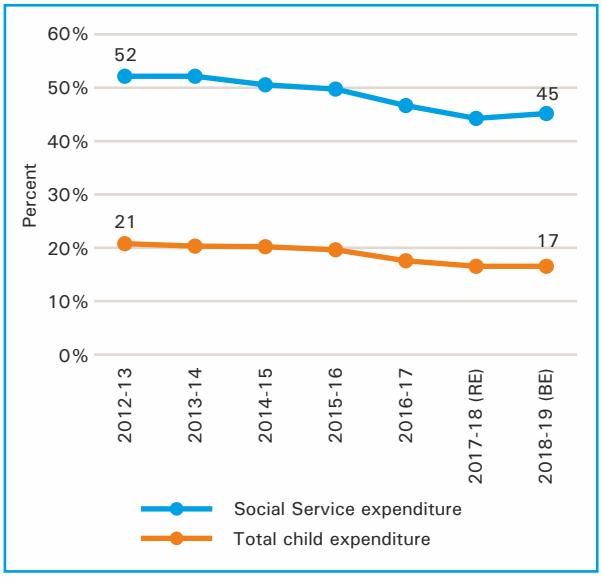
Figure 3: Total Expenditure on Children as a proportion of GSDP



*Note: All values are in nominal prices

The TCE as a percentage of Total Expenditure (TE) has been declining consistently from 21% in 2012-13 to 17% in 2018-19 (Figure 4). The TCE as a percentage of Social Service Expenditure (SSE) also decreased from 52% in 2012-13 to 45% in 2018-19.

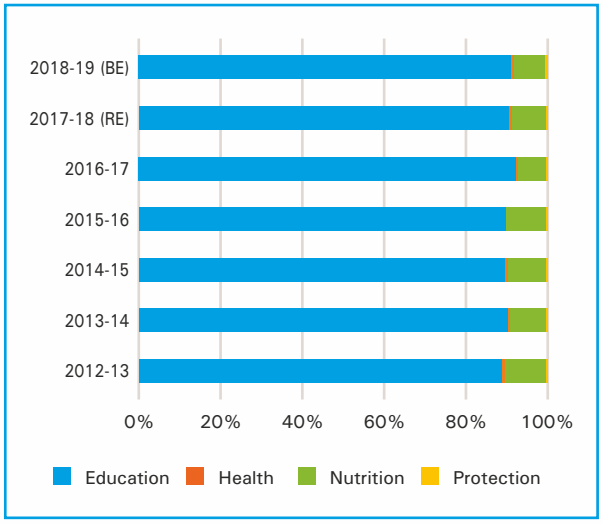
Figure 4: Total Expenditure on Children as a percentage of Total Expenditure and Social Services Expenditure



3. Sectoral share in child spending – Education receives the biggest share

The average share of education sector accounted for more than 85% of the TCE across the years (Figure 5). Nutrition sector averaged for 9% of TCE over the years next to education. The share of health sector and protection constituted about less than 1% of TCE.

Figure 5: Sector-wise percentage distribution of Total Child Expenditure



4. Age-wise expenditure on children – 0-6 age group receives the lowest share

Age-wise distribution of spending on child revealed that the major share was towards the ages 6-18 (school-going children) with an average share of 86% of the TCE over the seven-year period (Figure 6 and Table 2). The 0-6 age group children who constituted about 29% of the child population received an average share of 6% of TCE.

Figure 6: Child expenditure by age groups

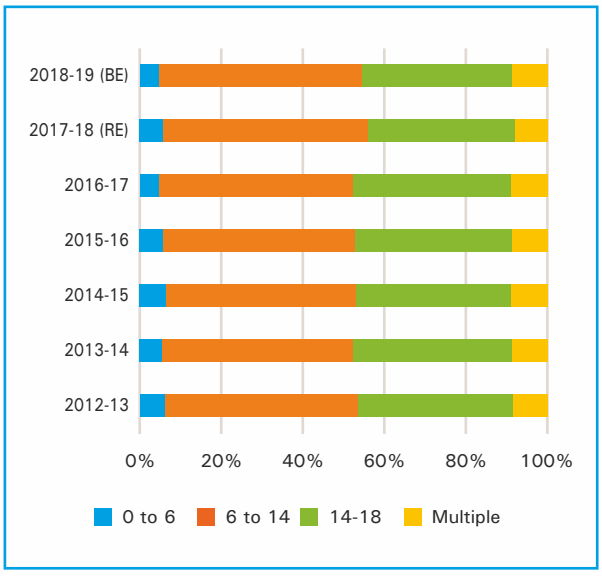


Table 2: Age-wise child population and child expenditure

Age group	% share in child population	% share of total expenditure
0-6	29	6
6-14	43	48
14-18	28	38
Multiple		8

5. Child Expenditure by Revenue-Capital, and Wage and Non-Wage share

The average share of revenue expenditure for children accounted for 99% of TCE. The average share of capital spending was about 1% during the years 2012-13 to 2018-19 (Figure 7).

The wage component, which comprised of salaries, contractual wages, fees for professional services, etc., formed the bulk of TCE accounted for an average share of 83% for the seven years while the rest 17% accounted for non-wage expenses. The non-wage component has shown an increase in the last three years (Figure 8).

Figure 7: Revenue and Capital expenditure as a percentage of Child Expenditure

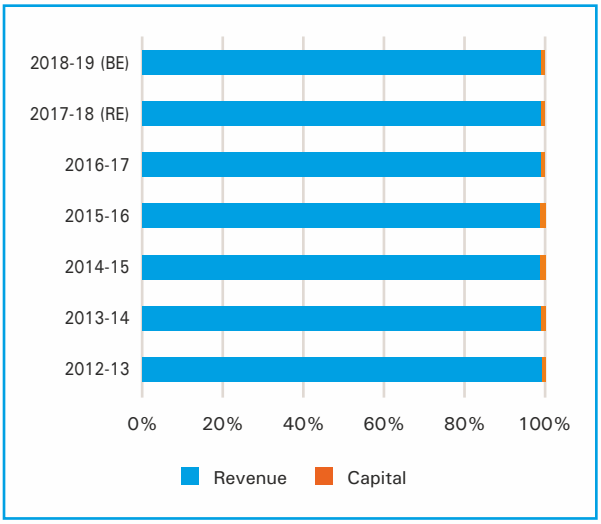
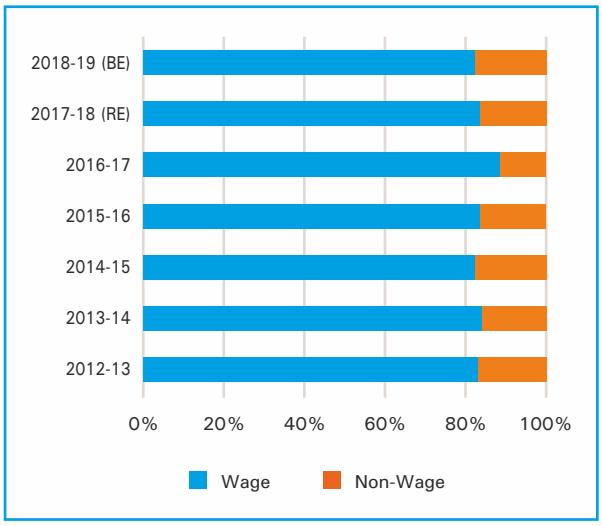


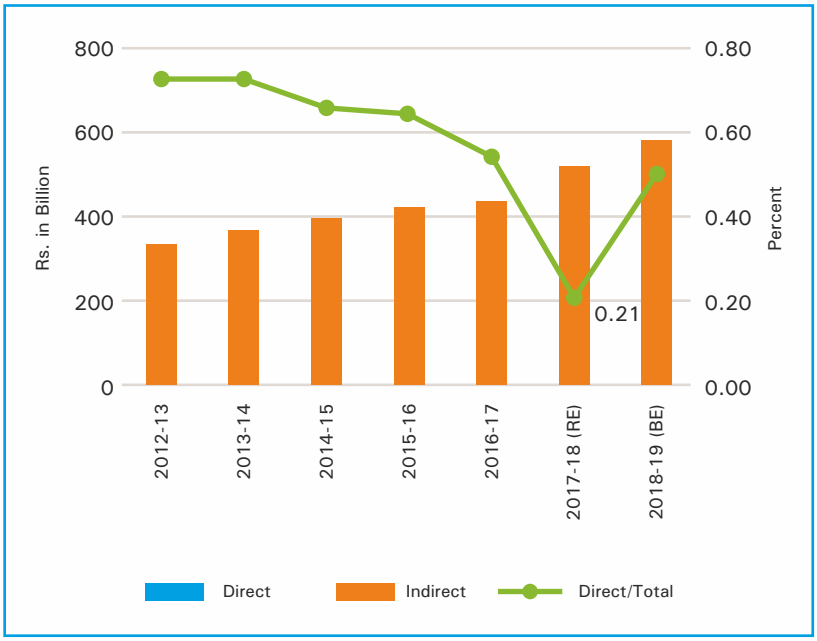
Figure 8: Wage and Non-wage expenditures as a percentage of Child Expenditure



6. Child expenditure by type of transfer to child

Direct transfers to child comprised of all those expenditures that reach directly to an individual child and this includes books, bags, shoes, uniforms, bicycles, meal expenses and scholarships. While most of the direct transfers cater to specific religions, social classes and tribal communities, very few transfers were universal in nature. The share of direct transfers decreased from 0.73% in 2012-13 to 0.21% in 2017-18 before increasing to 0.5% in 2018-19(Figure 9).

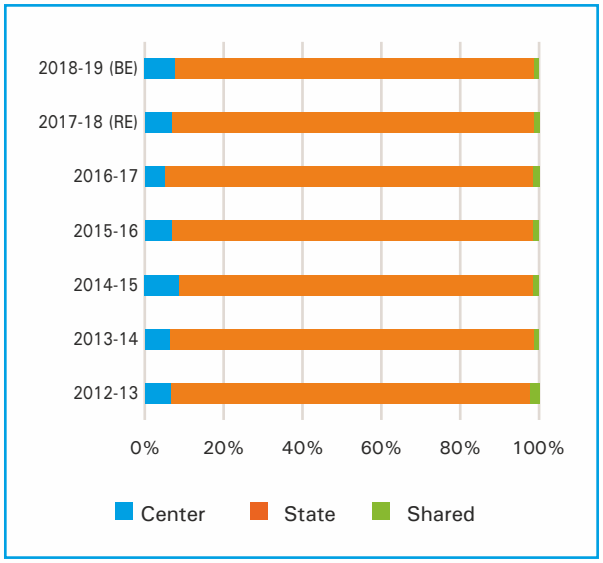
Figure 9: Direct and Indirect transfers to children



7. Share of child expenditures between State and Centre

The average share of expenditure on children by the state government stood at 92% of the TCE over the seven-year period. The central sector schemes accounted for an average share of 7% while the rest 1% was shared between union and state government (Figure 10).

Figure 10: Proportion of central, state and shared expenditure in TCE



III. STATUS OF CHILD DEVELOPMENT IN THE STATE

Maharashtra ranks fifth among the 16 states in terms of Child Development Index- Adolescent included (CDIa) with an index value of 0.56. Its value of Education and Empowerment (E&E) index is 0.61 while that of the Health and Nutrition (H&N) index is 0.52 (Table 3).

Table 3: Performance of indices in the measurement of Child Development for Maharashtra

Indicator	Relative Ranking of Maharashtra*	Best performing State
CHILD DEVELOPMENT INDEX – 0.56	**5**	**Kerala**
EDUCATION and EMPOWERMENT – 0.61	**5**	**Kerala**
Net Attendance Ratio (Primary)	5	Telangana
Net Attendance Ratio (Upper Primary)	6	Kerala
Net Attendance Ratio (Secondary)	6	Kerala
Net Attendance Ratio (Senior Secondary)	6	Kerala
Sex ratio at birth for children born in the last five years	9	Kerala
Women aged 20-24 years married before age 18 (%)	9	Kerala
HEALTH and NUTRITION – 0.52	**8**	**Kerala**
Under-5 Mortality Rate	3	Kerala
Children under 5 years who are stunted (%)	7	Kerala
Children under 5 years who are wasted (%)	12	Kerala
Pregnant women aged 15-49 who are anaemic (%)	8	Kerala

Note: *The relative ranking has been assessed among 16 large states in India barring Punjab and Haryana

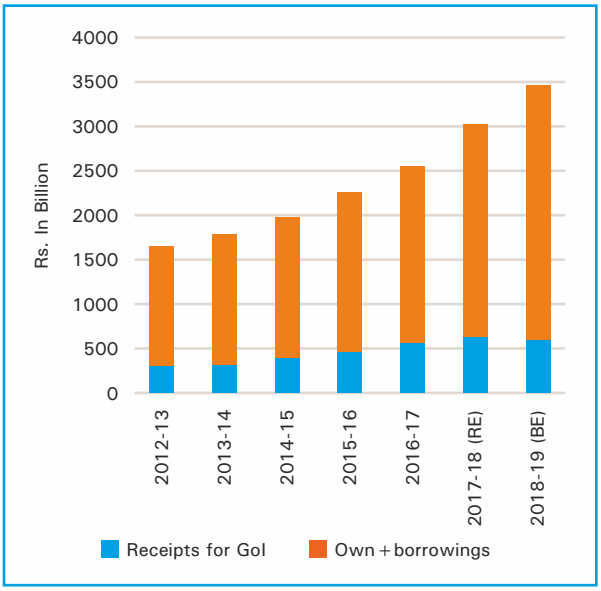
The state has a high net attendance ratio at the primary level, which goes down with higher levels. About 26% of the children under-five are wasted which makes it one of the worst performing states in terms of this indicator. Health indicators of the children in the state are poor except for under-five mortality rate indicating scope for improvement. Anaemia among pregnant women is another indicator that the state fares poorly. The incidence of child marriage in the state is also high. Health and protection barely account for any significant proportion of the total child expenditure in the state.

IV. ANALYSIS OF STATE FINANCES

The total revenues of the state have grown at a CAGR of 13% from Rs. 1,663 billion in 2012-13 to Rs. 3,471 billion in 2018-19 (Figure 11). The receipts from GoI have increased from Rs. 295 billion to Rs. 599 billion for the same period registering CAGR of 15%. The own revenue of the state has grown at a CAGR of 11% in the same period. The share of receipts from GoI (tax share and grants) remained around 17-19% during the period 2012-13 to 2018-19.

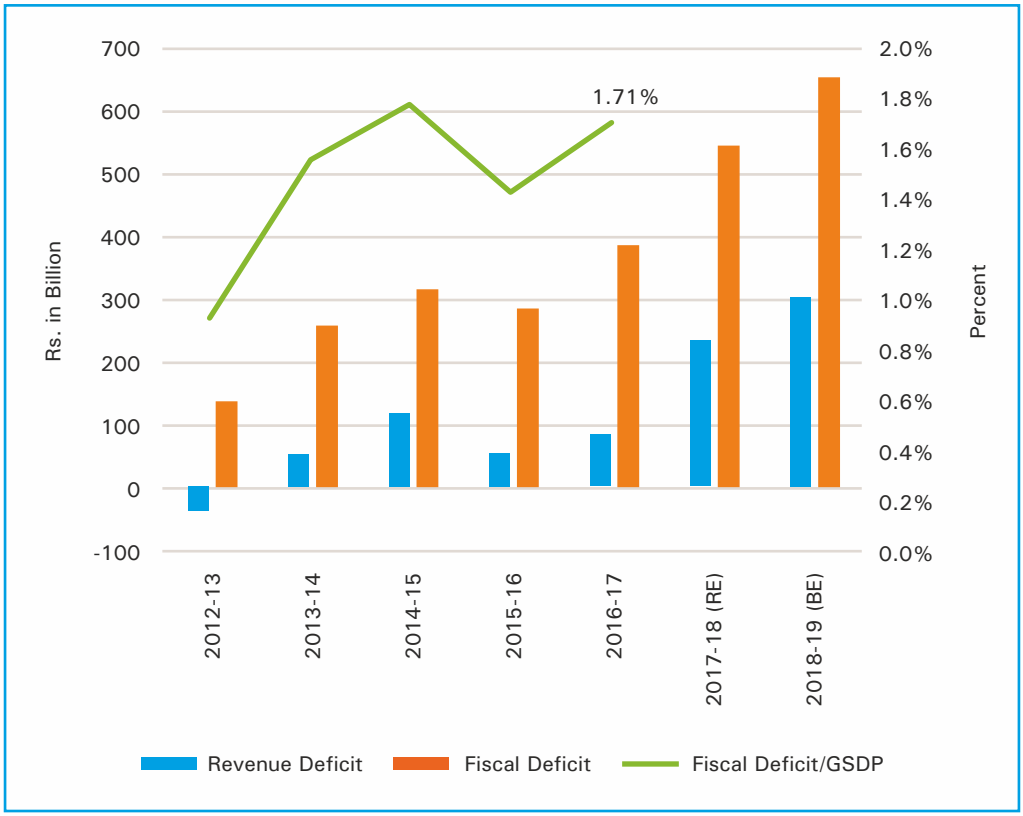
Both the total revenue buoyancy and own tax buoyancy show fluctuating trends. During 2016-17, both revenue buoyancy and own tax buoyancy were at 0.8 and 0.6 respectively, which were much lower than 1.31, the buoyancy experienced for both in the year 2012-13.

Figure 11: Growth of state finances



The state has experienced revenue deficit since 2013-14 which increased to Rs. 306 billion in 2018-19. For the year 2018-19, the fiscal deficit was Rs. 658 billion. The fiscal deficit of the state has been growing steadily over the years. However, the share of fiscal deficit is below 2% of the GSDP.

Figure 12: Deficits of the State



V. TALES AND TAKEAWAYS

The total child expenditure as a percentage of the GSDP, TE and SSE is decreasing steadily, and given that H&N indicators are still not favourable, it is a matter of concern. The growth of TCE is slower than that of the growth of own taxes in the state and this indicate that the state has not/is not prioritizing expenditure on children.

Maharashtra with its high GSDP and high child population, is spending about 2% of the total GSDP on children. Given its poor child development indicators and the potential for improving the indicators, the expenditure on children is very low. Though the state has revenue deficit, the state has a fiscal deficit of less than 2% of GSDP (against FRBM limit of 3.5%) which gives the state a good opportunity to invest on children, especially in the health and nutrition sectors.

STATE REPORT
Andhra Pradesh

UNICEF/2016/Dhiraj Singh

I.PROFILE OF ANDHRA PRADESH

Table 1: State Profile of Andhra Pradesh

Data particulars	Figure	Source (year)
Area (sq. km.)	162970	Census (2011)
Population	49577103	Census (2011)
Population Density (persons per sq. km)	304	Census (2011)
Population SC (%)	16	Census (2011)
Population ST (%)	7	Census (2011)
Population BPL (%)	9	Economic Survey (vol. II, 2017-18)
Population Urban (%)	29	Census (2011)
Literacy Rate	67	Census (2011)
Female Literacy Rate	60	Census (2011)
Life Expectancy	69	Economic Survey (vol. II, 2017-18)
GSDP (in Rs. Billion)	6955	MoSPI (2016-17)
Per-capita Income (Rs.)	123664	MoSPI (2016-17)

Andhra Pradesh is situated in the south-east part of India. It is the eighth largest state in terms of geographical area and the tenth largest by population. At 9%, Andhra Pradesh has one of the least shares of population that lives Below Poverty Line (BPL). The child population of Andhra Pradesh constitutes about 34.65% of the total population. The literacy rate of the state has risen from 60% in 2001 to 67% in 2011. The State's Gross State Domestic Product (GSDP) in 2016-17 at current prices was at Rs. 6,955 billion. The state GSDP for the period 2015-16 to 2016-17 has grown at a Compound Annual Grown Rate (CAGR) of 8% and 5% in nominal and real terms respectively. The tertiary sector contributes the highest share of GSVA at 46%. The per-capita income was Rs.1,23,664 and was above the national average.

II. CHILD EXPENDITURE: TRENDS

1. Public expenditure on children has increased gradually

Total Child Expenditure (TCE) has grown steadily in the state, with the growth being steeper from 2016-17 to 2018-19. The TCE increased from 165 billion in 2015-16 to 261 billion in 2018-19 (Figure 1) in nominal terms at a CAGR of 12%. The Per-Child Expenditure (PCE) increased from Rs. 10,183 in 2015-16 to Rs. 16,386 in 2018-19 in nominal terms at a CAGR of 13% (Figure 2). The PCE increased from Rs. 8,341 in 2015-16 to Rs. 8,564 in 2016-17 in real (2011-12 prices) terms.

Figure 1: Total Expenditure on children over years

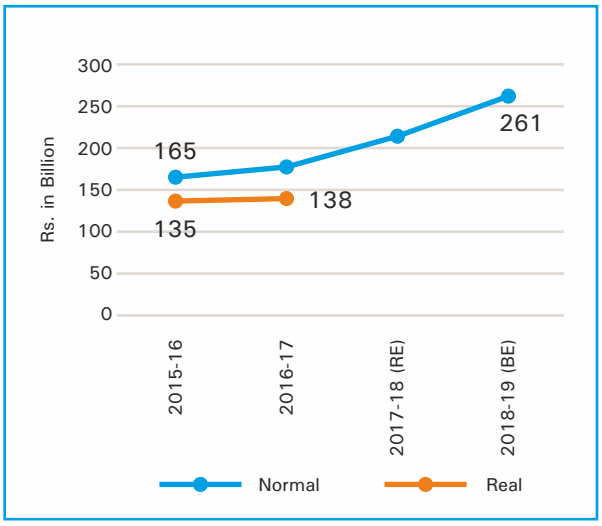
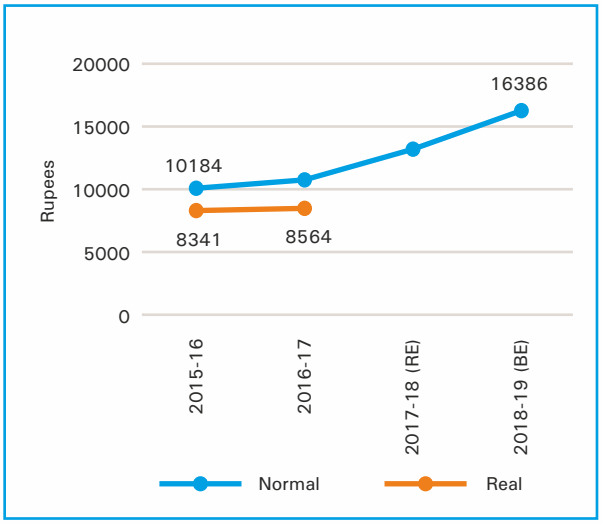


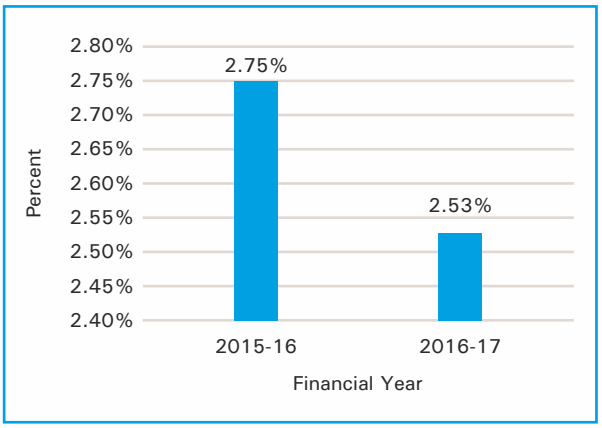
Figure 2: Per-child Expenditure over years



2. Share of public expenditure on children in GSDP, Total Expenditure (TE), and Social Service Expenditure (SSE)

The TCE as a percentage of nominal GSDP has declined from 2.75% in the year 2015-16 to 2.53% in the year 2016-17 (Figure 3).

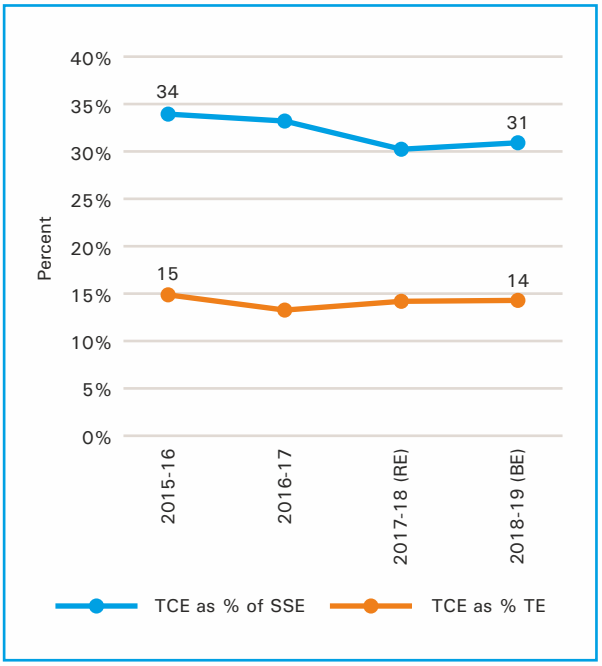
Figure 3: Total Expenditure on Children as a proportion of GSDP



*Note: All values are in nominal prices

The TCE as a percentage of Total Expenditure (TE) remained at about 14% since 2015-16 except for the year 2016-17 during which it was 13% (Figure 4). The TCE as a percentage of Social Service Expenditure (SSE) decreased from 34% in 2015-16 to 31% in 2018-19.

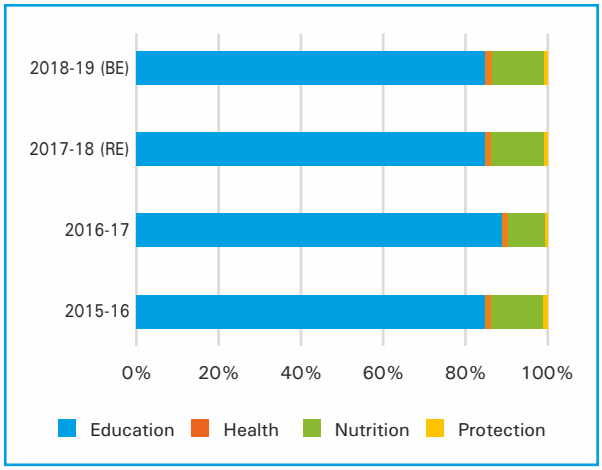
Figure 4: Total Expenditure on Children as a percentage of Total Expenditure and Social Services Expenditure



3. Sectoral share in child spending – Education receives the biggest share

The average share of education sector constituted for 85% of the TCE over the years 2015-16 to 2018-19 (Figure 5). Nutrition was the second largest which averaged about 12% of TCE over the four-year period. The share of the health and protection together accounted for about 1% of TCE over the years.

Figure 5: Sector-wise percentage distribution of Total Child Expenditure



4. Age-wise expenditure on children – age group 0-6 receives the lowest share

Major expenditure was incurred for the age group 6-18 (school-going children) averaging at 80% of the TCE over the years 2015-16 to 2018-19(Figure 6). The 0-6 age category which constituted about 27% of the child population received an average share of 5% of the TCE over the four-year period (Table 2).

Figure 6: Child expenditure by age groups

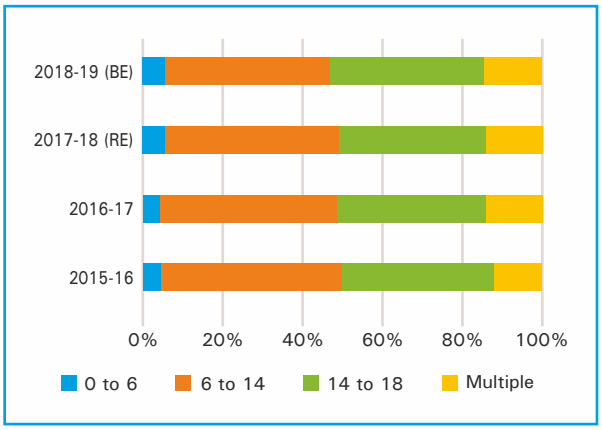


Table 2: Age-wise child population and child expenditure

Age Group	Percentage Share in Child Population	Percentage Share of Total Expenditure
0-6	27	5
6-14	44	43
14-18	29	38
Multiple		14

5. Child Expenditure by Revenue-Capital, and Wage and Non-Wage share

The average share of revenue expenditure accounted for 98% of the TCE over years while the capital expenses accounted for the rest 2% (Figure 7). The wage component which comprised of salaries, contractual wages, and fees for professional services averaged about 87% of TCE over years while the remaining 13% of the TCE accounted for non-wage expenditure (Figure 8).

Figure 7: Revenue and Capital expenditure as a percentage of Child Expenditure

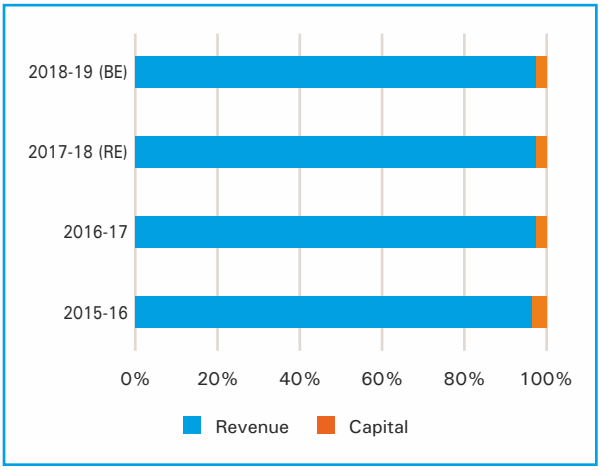
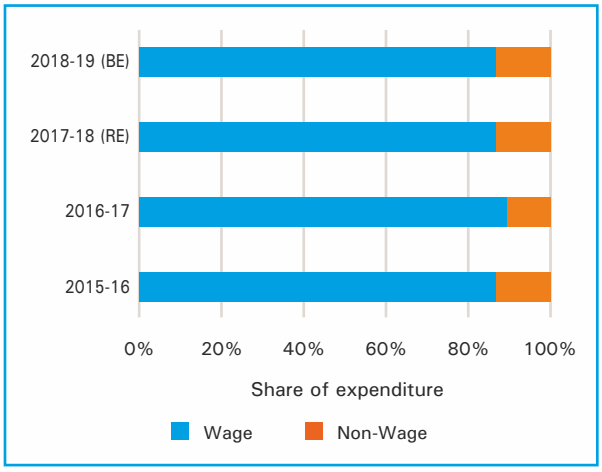


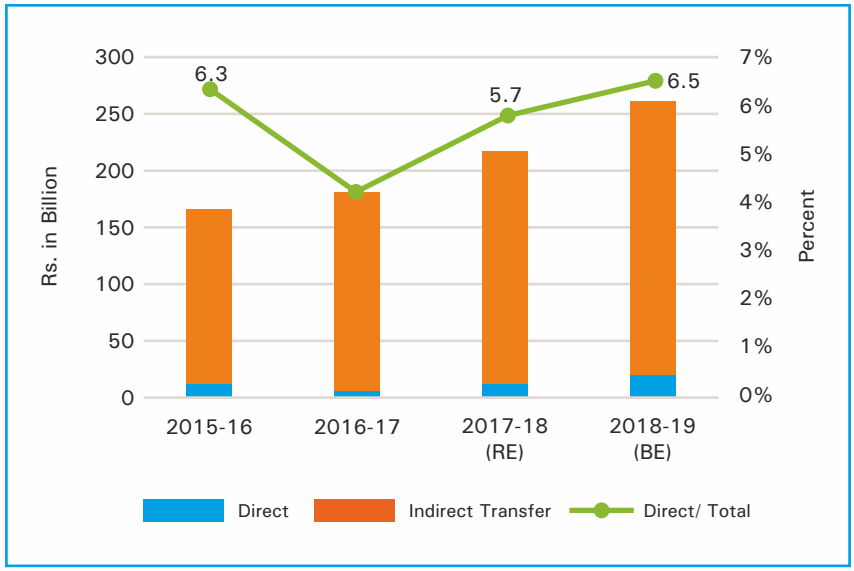
Figure 8: Wage and Non-wage expenditures as a percentage of Child Expenditure



6. Child expenditure by type of transfer of child

Direct transfers to child comprised of all those expenditures that reach directly to an individual child and this includes books, bags, shoes, uniforms, bicycles, meal expenses and scholarships. While most of the direct transfers cater to specific religious groups, social classes and tribal communities, few transfers are universal in nature. The share of direct transfers ranged between 4% and 7% for the period 2015-16 to 2018-19.

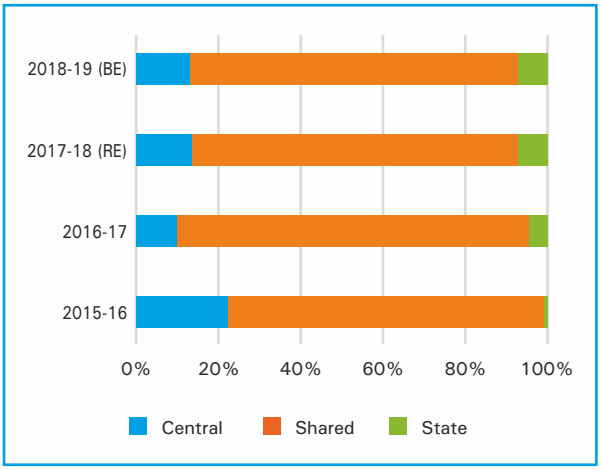
Figure 9: Direct and Indirect transfers to children



7. Share of child expenditures between State and Centre

The average share of state expenditure accounted for 81% of TCE. The shared (GoI and State) expenditure accounted for about 15% of the TCE, while the central sector schemes (100% central assistance) accounted for 4% (Figure 10).

Figure 10: Proportion of central, state and shared expenditure in TCE



III. STATUS OF CHILD DEVELOPMENT IN THE STATE

Andhra Pradesh ranks sixth among the 16 states in terms of CDIa with an index value of 0.56. Its Education and Empowerment (E&E) index value is 0.53 while the Health and Nutrition (H&N) index value is 0.60 (Table 3).

Among the E&E indicators, the state had high net attendance ratios at all levels except at the secondary level which pulled down the overall E&E Index.

The state performed poorly in empowerment and gender equality related indictors: the percentage of girls who are married before the age of 18 is relatively high at 33%taking the 12th position of the 16 states. The state was the second last i.e. 15th position among the 16 states in terms of sex ratio at birth. The state also spends poorly on protection sector (less than 0.5%).

The state has relatively low percentage of under-five stunted and wasted children while the percentage of anaemia among pregnant women is relatively high.

Table 3: Performance of indices in the measurement of Child Development for Andhra Pradesh

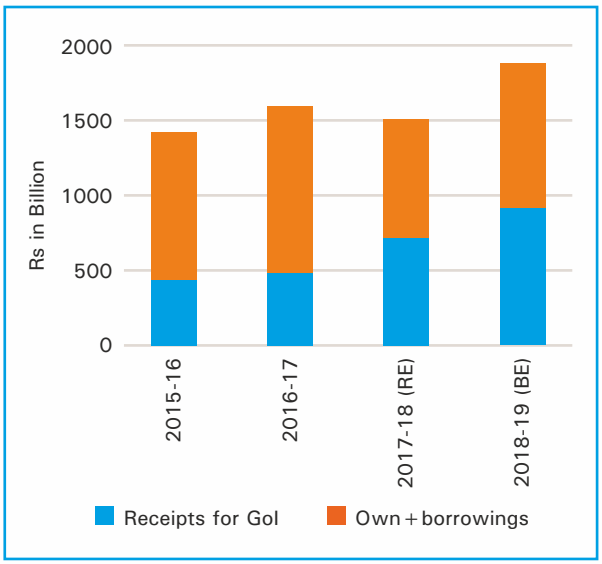
Indicator	Relative Ranking of Andhra Pradesh*	Best performing State
CHILD DEVELOPMENT INDEX – 0.56	**6**	**Kerala**
EDUCATION and EMPOWERMENT – 0.53	**7**	**Kerala**
Net Attendance Ratio (Primary)	4	Telangana
Net Attendance Ratio (Upper Primary)	6	Kerala
Net Attendance Ratio (Secondary)	10	Kerala
Net Attendance Ratio (Senior Secondary)	4	Kerala
Sex ratio at birth for children born in the last five years	15	Kerala
Women aged 20-24 years married before age 18 (%)	12	Kerala
HEALTH and NUTRITION – 0.60	**4**	**Kerala**
Under-5 Mortality Rate	7	Kerala
Children under 5 years who are stunted (%)	4	Kerala
Children under 5 years who are wasted (%)	3	Kerala
Pregnant women aged 15-49 who are anaemic (%)	12	Kerala

Note: *The relative ranking has been assessed among 16 large states in India barring Punjab and Haryana

IV. ANALYSIS OF STATE FINANCES

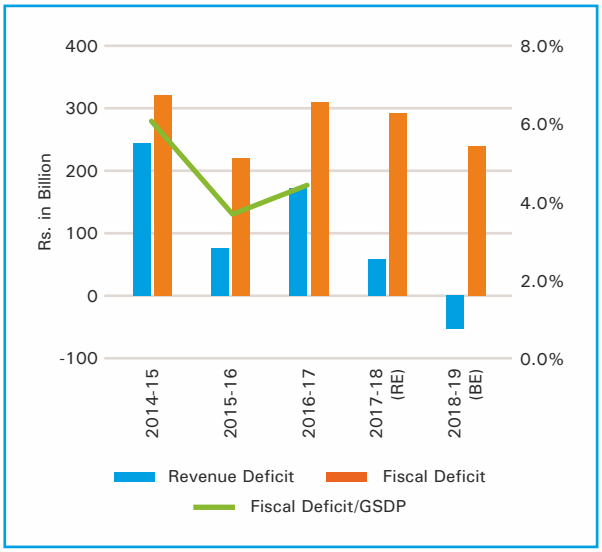
The total revenues of the state have grown at a CAGR of 7% from Rs. 1,426 billion in 2015-16 to Rs. 1,895 billion in 2018-19 (Figure 11). The receipts from GoI (tax share + grants) have increased from Rs. 438 billion to Rs. 933 billion for the same period registering CAGR of 21%. The own revenue of the state has grown at a CAGR of 9%. The share of receipts from GoI (tax share and grants) has increased from 31% to 49% during the period 2015-16 to 2018-19.

Figure 11: Growth of state finances



Andhra Pradesh has been in a revenue deficit situation in recent years, but this has changed to a surplus of Rs. 54 billion in 2018-19 (Figure 12). The state has tried to contain the fiscal deficit in the last two years while it had crossed the FRBM limit to reach 4.5% of GSDP in 2016-17.

Figure 12: Deficits of the State



V. TALES AND TAKEAWAYS

The total child expenditure (TCE) has been increasing steadily in nominal terms. However, the TCE as a percentage of GSDP had declined for the years 2015-16 and 2016-17. The TCE as a percentage of TE has remained stagnant while it has reduced as percentage of SSE.

The age group 0-6 age which constituted for 27% f the child population received just 5% of the TCE.

The state needs to work on E&E indicators especially for preventing child marriages and reversing the adverse trends for the sex ratio at birth. The state has performed relatively better in nutrition indicators except for anaemia among pregnant women.

The state's own tax revenue growth is moderate while the growth of receipts from GoI is higher. The fiscal deficit management has been improving in the last two years and would likely have a positive impact on expanding the investments on children.

STATE REPORT
Odisha

UNICEF/Zishaan Akhbar

I.PROFILE OF ODISHA

Table 1: State Profile of Odisha

Data particulars	Figure	Source (year)
Area (sq. km.)	155707	Census (2011)
Population	41974000	Census (2011)
Population Density (persons per sq. km)	270	Census (2011)
Population SC (%)	17	Census (2011)
Population ST (%)	22	Census (2011)
Population BPL (%)	33	Economic Survey (vol. II, 2017-18)
Population Urban (%)	17	Census (2011)
Population BPL (%)	33	Economic Survey (vol. II, 2017-18)
Literacy Rate	72.9	Census (2011)
Female Literacy Rate	64.1	Census (2011)
Life Expectancy	69.6	Economic Survey (vol. II, 2017-18)
GSDP (Rs. In Billion)	3772.02	MOSPI (2016-17)
Per-capita Income (Rs.)	77193	MOSPI (2016-17)

Odisha is a state in the eastern part of India with as Bhubaneswar its capital city. It borders with Bihar, Andhra Pradesh, Chhattisgarh, and West Bengal. It is the 9th largest state in terms of geographical area and the 11th largest by population. The child population of Odisha constituted about 36.5% of the total population. The state's GSDP grew from Rs. 2,617 billion in 2012-13 to Rs. 3,772 billion in 2016-17 at current prices. The Compounded Annual Growth Rate (CAGR) of the Gross State Domestic Product (GSDP) for the period 2012-13 to 2016-17 was 8% and 6% respectively in nominal and real terms (2011-12 prices). The tertiary sector contributed to about 42% of GSDA followed by secondary sector which added about 35% followed by primary sector. The per-capita income was Rs. 77,193 for the year 2016-17.

II. CHILD EXPENDITURE–TRENDS

1. Public expenditure on children has increased gradually

The total child expenditure (TCE) has grown gradually from Rs. 92 billion in 2012-13 to Rs. 191 billion in 2018-19 (Figure 1) at a CAGR of 11%. The TCE in real terms (2011-12 prices) grew from Rs. 88 billion 2012-13 to Rs. 113 billion 2016-17 at a CAGR of 6%.

Along with the TCE, the Per-Child Expenditure (PCE) also has increased over this period. The PCE has increased from Rs. 6,004 in 2012-13 to Rs. 12,253 in 2018-19 registering a CAGR of 11% (Figure 2) in nominal terms. In real terms (2011-12 prices), the PCE increased from Rs. 5,583 in 2012-13 to Rs.7,276 in 2016-17 at a CAGR of 5%.

Figure 1: Total Expenditure on children over years

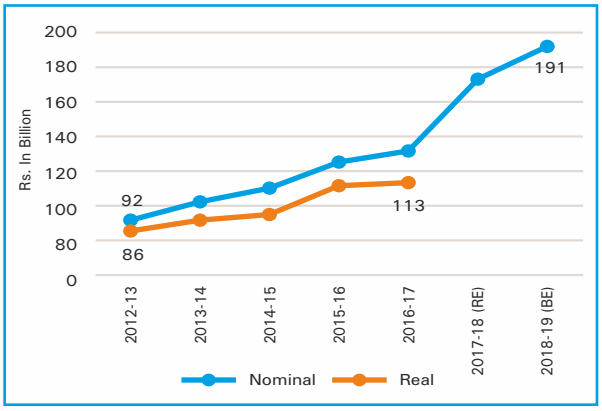
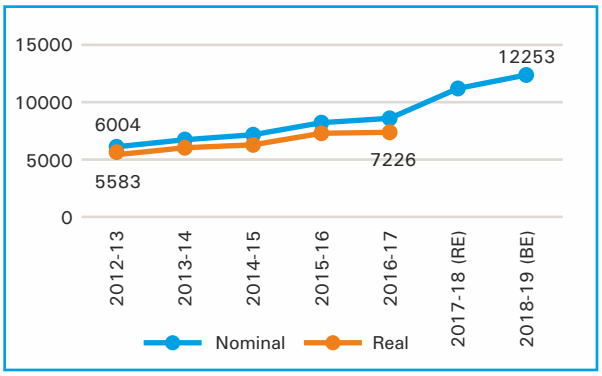


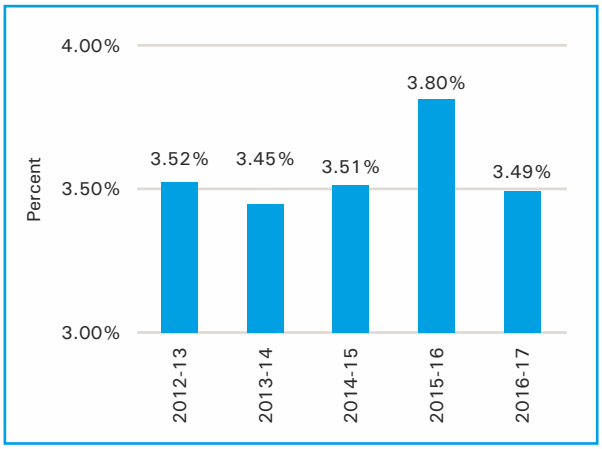
Figure 2: Per child expenditure over years



2. Share of public expenditure on children in GSDP, Total Expenditure (TE), and Social Service Expenditure (SSE)

The TCE as a share of GSDP is a fairly robust measure of the child expenditure. The TCE as a percentage of nominal GSDP has been hovering around 3.5% for the period 2012-13 to 2016-17, except for the year 2015-16 when it increased to 3.8% (Figure 3).

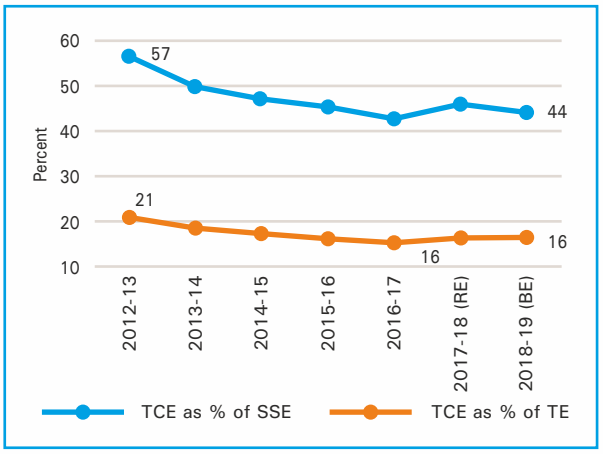
Figure 3: Total Expenditure on Children as a proportion of GSDP



*Note: All values are in nominal prices

The TCE as a percentage of Total Expenditure (TE) and Social Service Expenditure (SSE) were analysed. The TCE as a percentage of TE decreased from 21% in 2012-13 to 16% in 2018-19(Figure 4). Similarly, the TCE as a percentage of SSE decreased from 57% in 2012-13 to 44% in 2018-19.

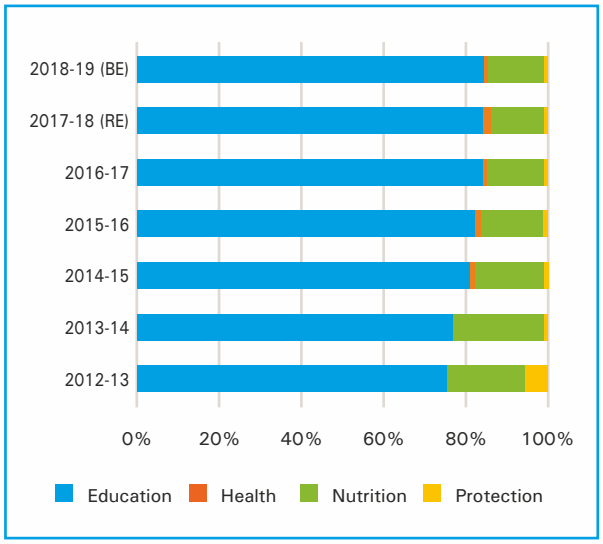
Figure 4: Total Expenditure on Children as a percentage of Total Expenditure and Social Services Expenditure



3. Sectoral share in child spending – Education receives the biggest share

The education sector averaged about 82% of the TCE over the years (Figure 5). Nutrition was the second largest sector accounting for 17% of TCE across the years. The protection and health together constituted for 1% of the TCE.

Figure 5: Sector-wise percentage distribution of Total Child Expenditure



4. Age-wise expenditure on children – 0-6 age receives lowest share

Of the TCE, major expenditure is incurred for the age group of 6-18 (school-going children) averaging about 82% over the years (Figure 6). The 0-6 age category which constituted 29% of the child population received a share of about 17% of TCE (Table 2).

Figure 6: Child expenditure by age groups

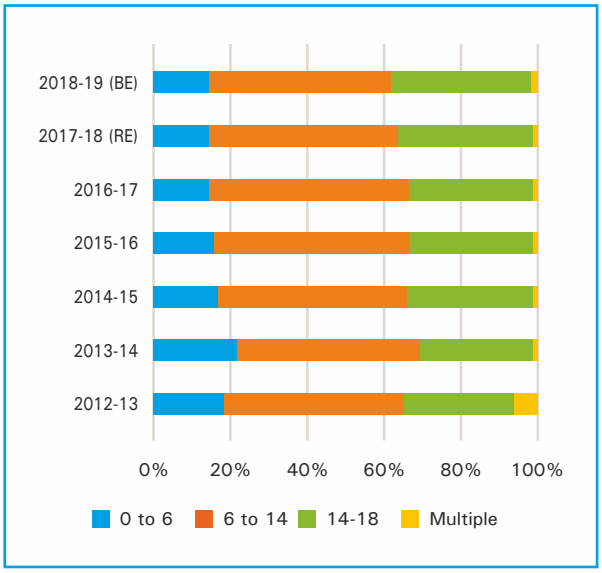


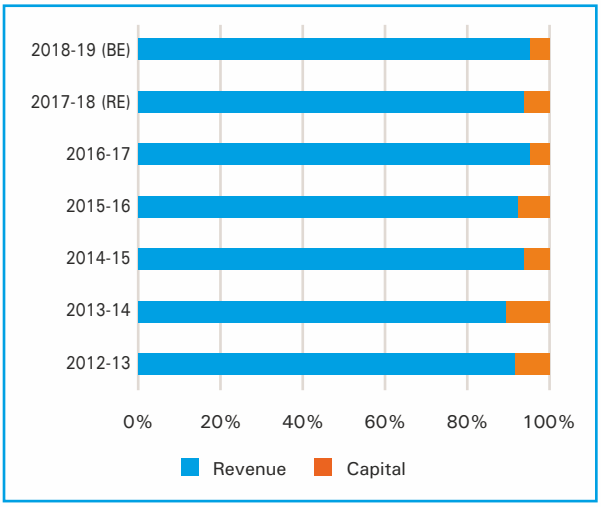
Table 2: Age-wise child population and child expenditure

Age group	% share in child population	% share of total expenditure
0-6	29	17
6-14	44	49
14-18	27	33
Multiple		2

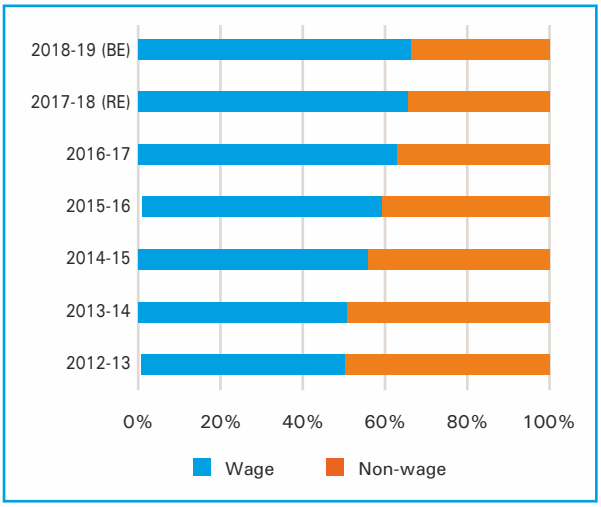
5. Child Expenditure by Revenue-Capital, and Wage and Non-Wage share

The average share of revenue expenditure was 93% of TCE for the years 2012-13 to 2018-19. The share of capital spending was very miniscule at 7% (Figure 7). The wage component which comprised of salaries, contractual wages, fees for professional services averaged about 59% of TCE for the seven years while the rest 41% of the TCE accounted for non-wage expenditure (Figure 8).

Figure 7: Revenue and Capital expenditures as a percentage of Child Expenditure



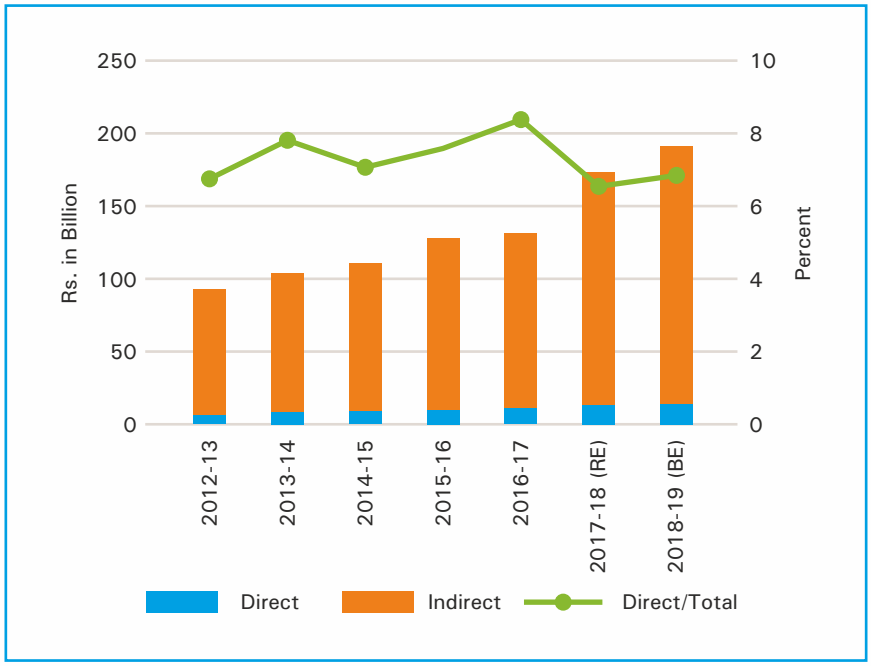
Wage and Non-wage expenditures as a percentage of Child Expenditure



6. Child expenditure by type of transfer

Direct transfers to child comprised of all those expenditures that reach directly to an individual child and this includes books, bags, shoes, uniforms, bicycles, meal expenses and scholarships. While most of the direct transfers cater to specific religious groups, social classes and tribal communities, few transfers are universal in nature. The share of direct transfers increased from 7% to 9% during the period 2012-13 to 2016-17 and again decreased to 7% in the last two years (Figure 9).

Figure 9: Direct and Indirect transfers to children



III. STATUS OF CHILD DEVELOPMENT IN THE STATE

Odisha ranks the lowest among the 16 states in terms of Child Development Index-Adolescent included (CDIa) with an index value of 0.23. Its Education and Empowerment (E&E) index is 0.25 while the Health and Nutrition (H&N) index is 0.21 (Table 3).

Table 3: Performance of indices in the measurement of Child Development for Odisha

Indicator	Relative Ranking of Odisha	Best performing State
CHILD DEVELOPMENT INDEX – 0.54	**7**	**Kerala**
EDUCATION and EMPOWERMENT – 0.54	**6**	**Kerala**
Net Attendance Ratio (Primary)	5	Telangana
Net Attendance Ratio (Upper Primary)	11	Kerala
Net Attendance Ratio (Secondary)	5	Kerala
Net Attendance Ratio (Senior Secondary)	10	Kerala
Sex ratio at birth for children born in the last five years	6	Kerala
Women aged 20-24 years married before age 18 (%)	4	Kerala
HEALTH and NUTRITION – 0.53	**7**	**Kerala**
Under-5 Mortality Rate	9	Kerala
Children under 5 years who are stunted (%)	6	Kerala
Children under 5 years who are wasted (%)	8	Kerala
Pregnant women aged 15-49 who are anaemic (%)	9	Kerala

Note: *The relative ranking has been assessed among 16 large states in India barring Punjab and Haryana

Odisha has one of the lowest net attendance ratios at upper primary and senior secondary stages. About 21% of the women aged between 20-24 years were married below the age of 18. About 51% of pregnant women aged between 15-49 years were anaemic. While the state does above average in almost all the indicators except for net attendance ratio at upper primary and senior secondary stages, there is ample scope for improving the indicators further.

IV. ANALYSIS OF STATE FINANCES

The total revenues of the state have grown at a CAGR of 18% (nominal terms) from Rs. 460 billion in 2012-13 to Rs.1190 billion in 2018-19 (Figure 11). The receipts from GoI (tax share + grants) have increased from Rs. 208 billion to Rs. 614 billion for the same period registering CAGR of 21% (nominal). The own revenue of the state has grown at a CAGR of 9%. The share of receipts from GoI has increased from 45% to 52% over the period. The state's own tax buoyancy ratio increased from 0.89 in 2012-13 to 2.2 in 2015-16 and reduced to 0.13 in 2016-17.

Figure 10: Growth of State finances

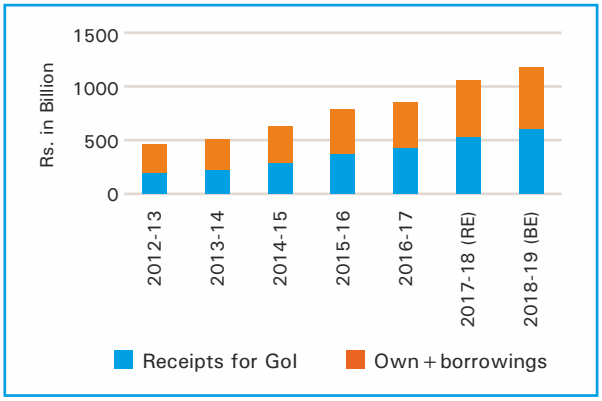
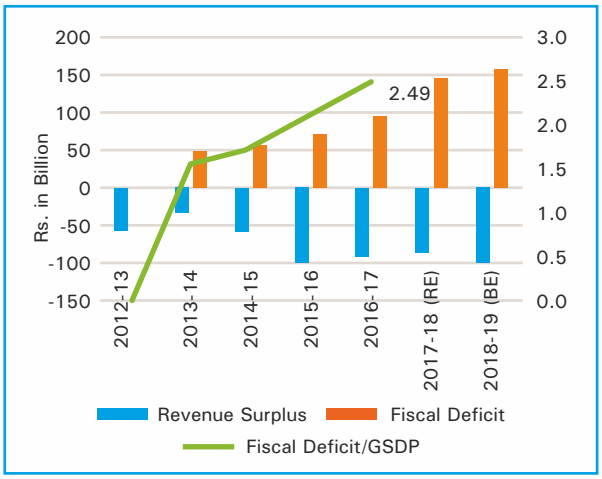


Figure 11: Deficits of the State



The state has been experiencing the revenue surplus which has increased from to Rs. 57 billion in 2012-13 to Rs. 100 billion in 2018-19. But the fiscal deficit has also gradually increased since 2013-14 to reach 3.5% of the GSDP in 2018-19.

V. TALES AND TAKEAWAYS

Child expenditure (CE) has been gradually increasing in the state not only in absolute terms but also as a percentage of GSDP. However, the CE as a percentage of TE has reduced and this deserves attention.

The state ranks seven in terms of child development index. For most of the indicators, it occupies a similar position except for the under-five mortality rate, the percentage of pregnant women who are anaemic, and the net attendance ratio at the upper primary and senior secondary stages. The lower levels of attendance ratios at the senior secondary stage of schooling, early marriage, high rates of anaemia among pregnant women as well as under-five mortality are closely linked. If a clear focused approach with adequate public expenditure is undertaken, the state has a high potential to improve the rankings quickly.

Though the state has revenue surpluses, it has not been translated into higher expenditure on children. The prudent fiscal management is laudable, and this should have an effect on increasing expenditure for children. The share of state's expenditure for the 0-6 age group in TCE is the highest as compared to other 16 states. The state's own tax is growing at a slower rate compared to that of receipts from GoI. Improving tax effort and base would help in enhancing the expenditure for children.

STATE REPORT
Assam

UNICEF/2016/Dhiraj Singh

I.PROFILE OF ASSAM

Table 1: State Profile of Assam

Data particulars	Figure	Source (year)
Area (sq. km.)	778438	Census (2011)
Population	31205576	Census (2011)
Population Density (persons per sq. km.)	398	Census (2011)
Population SCs (%)	7	Census (2011)
Population STs (%)	12	Census (2011)
Population BPL (%)	32	Economic Survey (Vol. II, 2017-18)
Population Urban (%)	14	Census (2011)
Literacy Rate	73	Census (2011)
Female Literacy Rate	66	Census (2011)
Life Expectancy	64	Economic Survey (Vol. II, 2017-18)
GSDP (in Rs. Billon)	2543	MoSPI (2016-17)
Per-capita Income (Rs.)	67303	MoSPI (2016-17)

Assam is one of the north-eastern states of India which is situated south of the Himalayas along the Brahmaputra and Barak River Valleys. Its capital city is Dispur. The state is the 17th largest in India in terms of geographical area. The child population of Assam contributes to 41% of the overall population. The literacy rate of the state has risen from 63% in 2001 to 72% in 2011. The state has a relatively high percentage of Below Poverty Line (BPL) population (32%). The state's Gross State Domestic Product (GSDP) in 2016-17 at current prices was at Rs. 2,543 billion, and the per-capita income was well below the national average at Rs. 67,303. The Compounded Annual Growth Rate (CAGR) of the GSDP of the state for the period 2013-14 to 2016-17 was 9% and 7% in nominal and real terms respectively. The tertiary sector contributes 51% to the Gross State Value Added (GSVA) which is highest, followed by primary sector stands at 28% for the year 2015-16.

II. CHILD EXPENDITURE – TREND

1. Public expenditure on children has increased

The Total Child Expenditure (TCE) has grown gradually from Rs. 83 billion in 2013-14 to Rs. 153 billion in 2018-19 (Figure 1). The CAGR of TCE in nominal and real terms (2011-12 prices) for the years 2013-14 to 2016-17 stood at 11% and 4% respectively. Along with the TCE, the Per-Child Expenditure (PCE) also has increased over this period. The PCE has increased from Rs. 6,171 in 2013-14 to Rs. 10,927 in 2018-19 registering an increase of 77% (Figure 2) in nominal terms. In real terms (2011-12 prices), the PCE increased from Rs. 5,365 in 2013-14 to Rs. 6,257 in 2016-17 registering a CAGR of 4%.

Figure 1: Total Expenditure on children over years

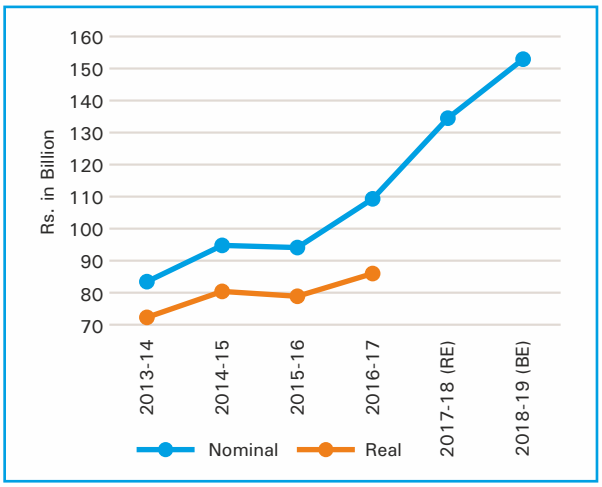
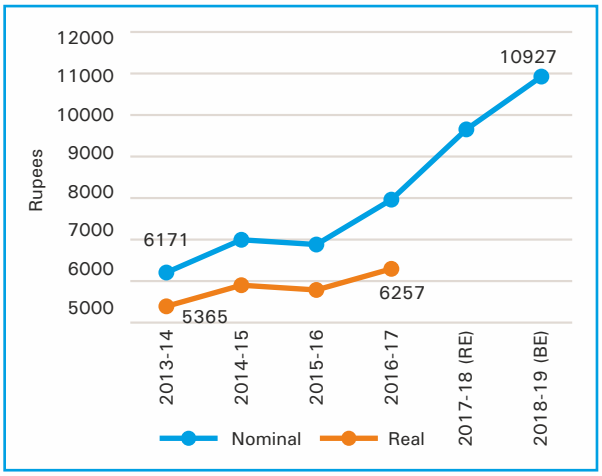


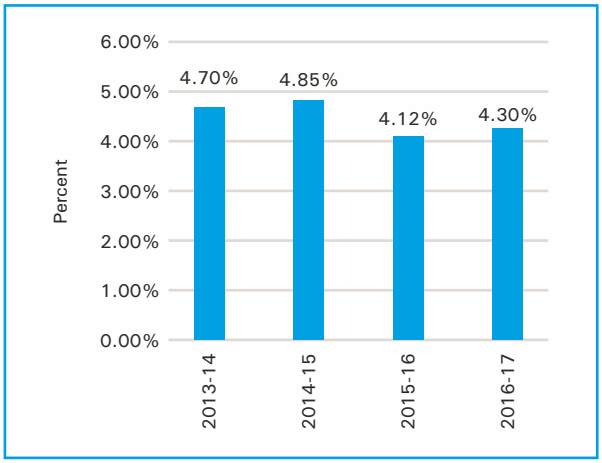
Figure 2: Per-child Expenditure



2. Share of public expenditure on children in GSDP, Total Expenditure (TE) and Social Service Expenditure (SSE)

The TCE as a share of GSDP is a fairly robust measure of the Child Expenditure (CE). The TCE as a percentage of nominal GSDP has witnessed a decrease from 4.7% in 2013-14 to 4.30% in 2016-17 (Figure 3).

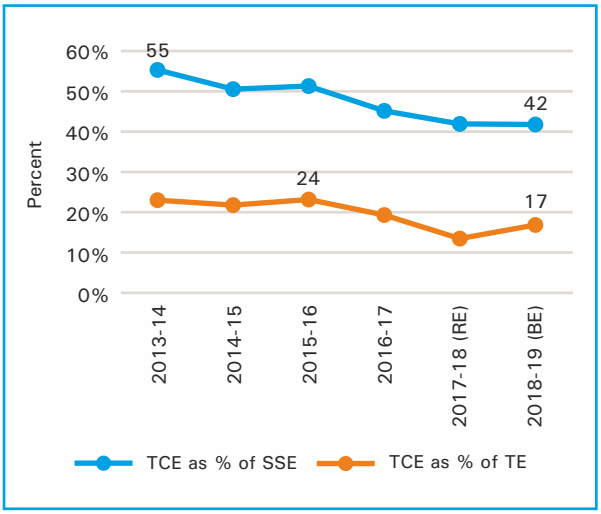
Figure 3: Total Expenditure on Children as a proportion of GSDP



*Note: All values are in nominal prices

The TCE as a percentage of Total Expenditure (TE) decreased from 23% in 2013-14 to 13% in 2017-18 before rising to 17% in 2018-19 (Figure 4). Similarly, the TCE as a percentage of Social Service Expenditure (SSE) decreased from 55% in 2013-14 to 42% in 2018-19. These are sharp declines and indeed a cause of concern.

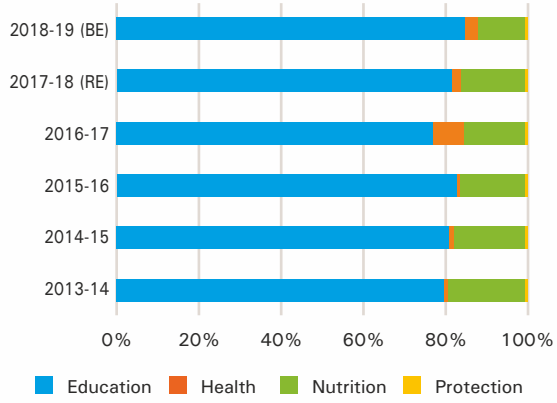
Figure 4: Total Expenditure on Children as a percentage of Total Expenditure and Social Services Expenditure



3. Sectoral share in child spending – Education received the biggest share

The average share of education sector over the six-year period 2013-14 to 2018-19, was 81% of the TCE (Figure 5). Nutrition was the second largest with a share of 16% of TCE. The health sector had an average share of 2% during the period while the protection was negligible.

Figure 5: Sector-wise percentage distribution of Total Child Expenditure



4. Age-wise expenditure on children – 0-6 age receives lowest share

Of the TCE, major share of expenditure was incurred for the age group of 6-18 (school-going children) accounting for over 86% (Figure 6) over the six-year period. The 0-6 age category which constituted about 31% of the child population received a share of about 11% of the TCE (Table 2). The spending on the 0-6 age group has been on the decreasing trend over almost all the years, from 14% in 2013-14 to 8% in 2018-19.

Figure 6: Child expenditure by age groups

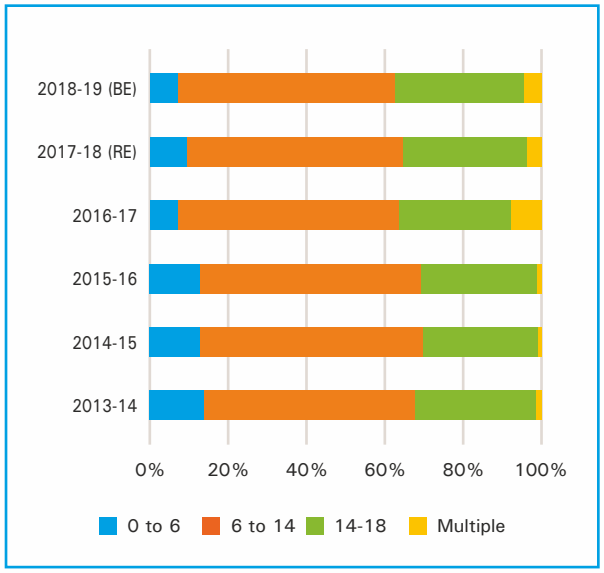


Table 2: Age-wise child population and child expenditure

Age Group	Share of child population (%)	Share of Child expenditure (%)
0-6	31	10
6-14	44	56
14-18	25	31
Multiple		3

5. Child Expenditure by Revenue-Capital, and Wage and Non-Wage share

The average share of revenue expenditure was 99% of TCE over the years. The share of capital expenditure was a miniscule 1% (Figure 7). The wage component which comprised of salaries, contractual wages and fees for professional services had an average share of 73% over the period while the rest 27% of the TCE was non-wage expenditure (Figure 8).

Figure 7: Revenue and Capital expenditures as a percentage of Child Expenditure

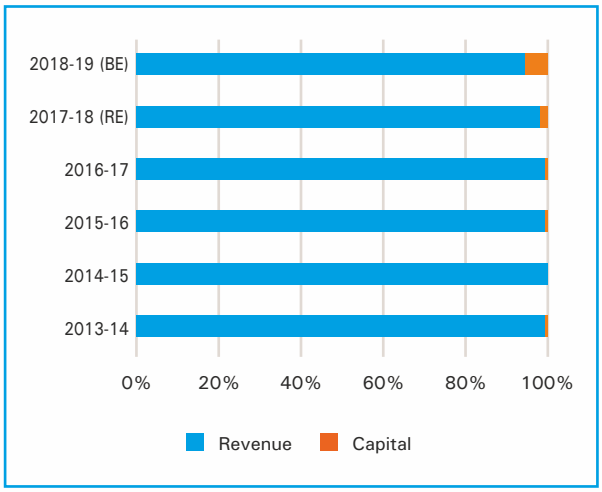
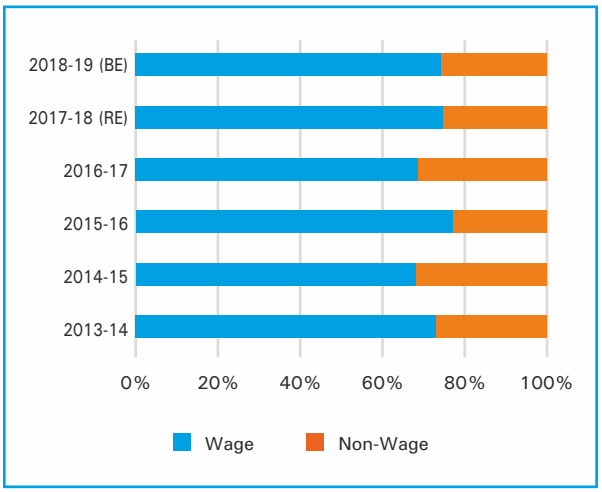


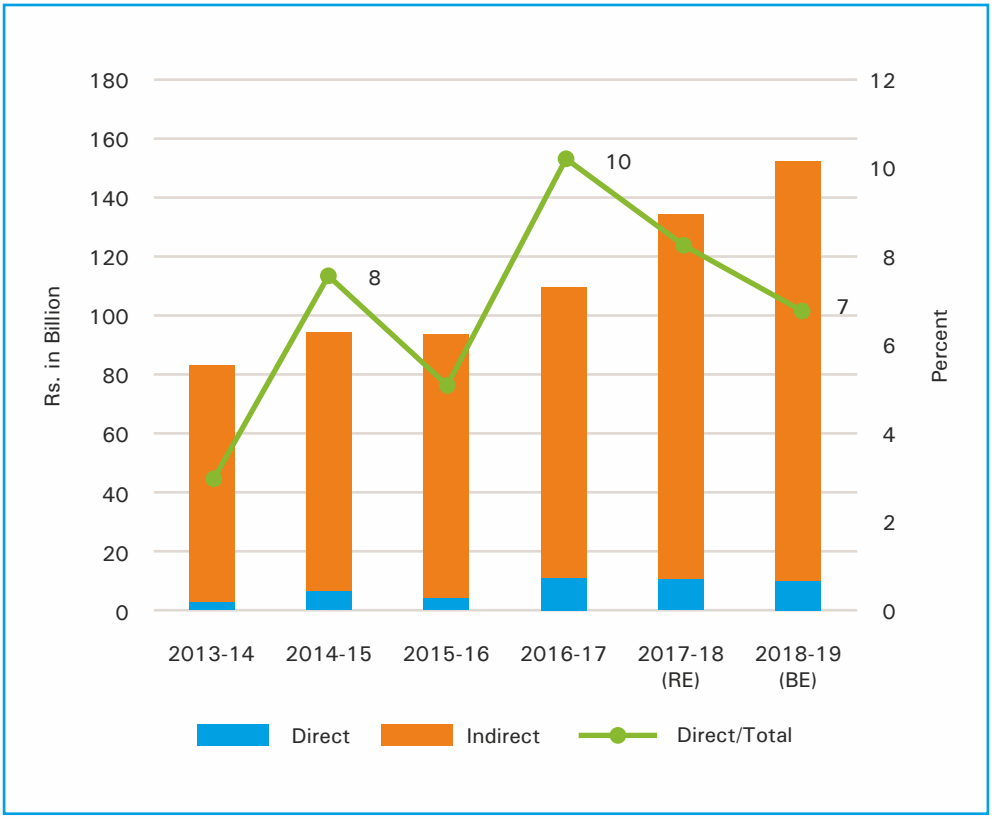
Figure 8: Wage and Non-wage expenditures as a percentage of Child Expenditure



6. Child expenditure by type of transfer

Direct transfers to child comprised of all those expenditures that reach directly to an individual child and this includes books, bags, shoes, uniforms, bicycles, meal expenses and scholarships. While most of the direct transfers catered to specific religious groups, social classes and tribal communities, very few of the transfers are universal in nature. The share of direct transfers ranged between 3-10% for the period 2013-14 to 2018-19(Figure 9).

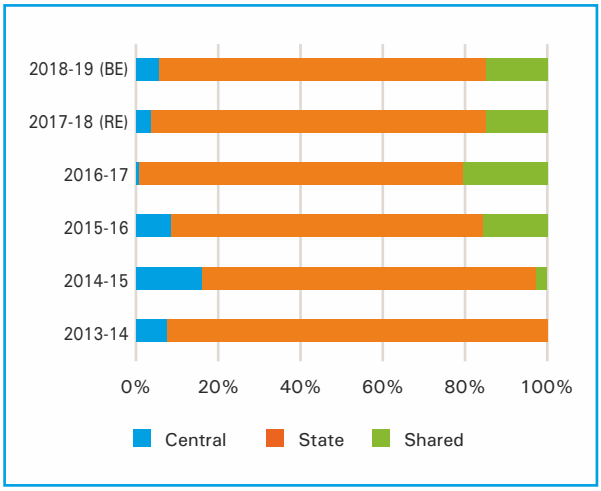
Figure 9: Direct and Indirect transfers to children



7. Share of child expenditures between State and Centre

The average share of child expenditure incurred by state accounted for over 81%. The shared (GoI and State) expenditure accounted for 12% while the central sector schemes (100% central assistance) had an average share of 7% for the period 2013-14 to 2018-19 (Figure 10).

Figure 10: Proportion of central, state and shared expenditure in TCE



III. STATUS OF CHILD DEVELOPMENT IN THE STATE

Assam ranked eighth among the 16 states in terms of Child Development Index- Adolescent included (CDIa) with an index value of 0.53. Its Education and Empowerment (E&E) index value was 0.51 while the Health and Nutrition (H&N) index value was 0.56 (Table 3).

Table 3: Performance of indices in the measurement of Child Development for Assam

Indicator	Relative Ranking of Assam*	Best performing State
CHILD DEVELOPMENT INDEX – 0.53	**8**	**Kerala**
EDUCATION and EMPOWERMENT – 0.51	**9**	**Kerala**
Net Attendance Ratio (Primary)	9	Telangana
Net Attendance Ratio (Upper Primary)	4	Kerala
Net Attendance Ratio (Secondary)	7	Kerala
Net Attendance Ratio (Senior Secondary)	8	Kerala
Sex ratio at birth for children born in the last five years	7	Kerala
Women aged 20-24 years married before age 18 (%)	10	Kerala
HEALTH and NUTRITION – 0.56	**6**	**Kerala**
Under-5 Mortality Rate	12	Kerala
Children under 5 years who are stunted (%)	9	Kerala
Children under 5 years who are wasted (%)	2	Kerala
Pregnant women aged 15-49 who are anaemic (%)	4	Kerala

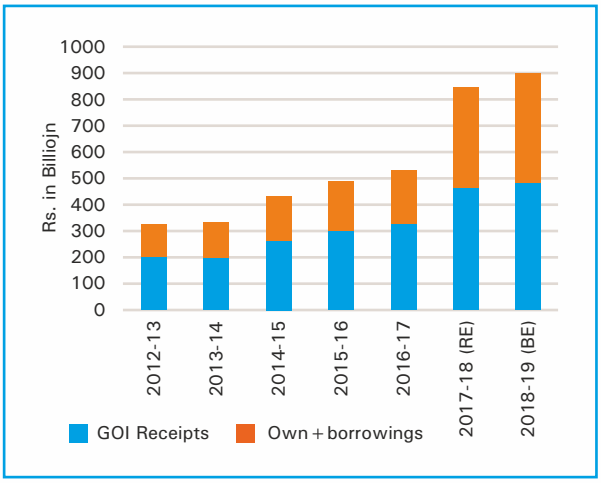
Note: *The relative ranking has been assessed among 16 large states in India barring Punjab and Haryana

The state has a low attendance ratio for the classes of all stage except the class of upper primary stage. In addition, the state also has relatively higher incidence of child marriages which has pulled down the E&E index. The high rate of mortality of children aged below five years puts the state in the 12th position, and has pulled down the H&N index. The higher prevalence of child marriage and the high under-five mortality rates go together. The state does very well in terms of wasting while it is poor in stunting.

IV. ANALYSIS OF STATE FINANCES

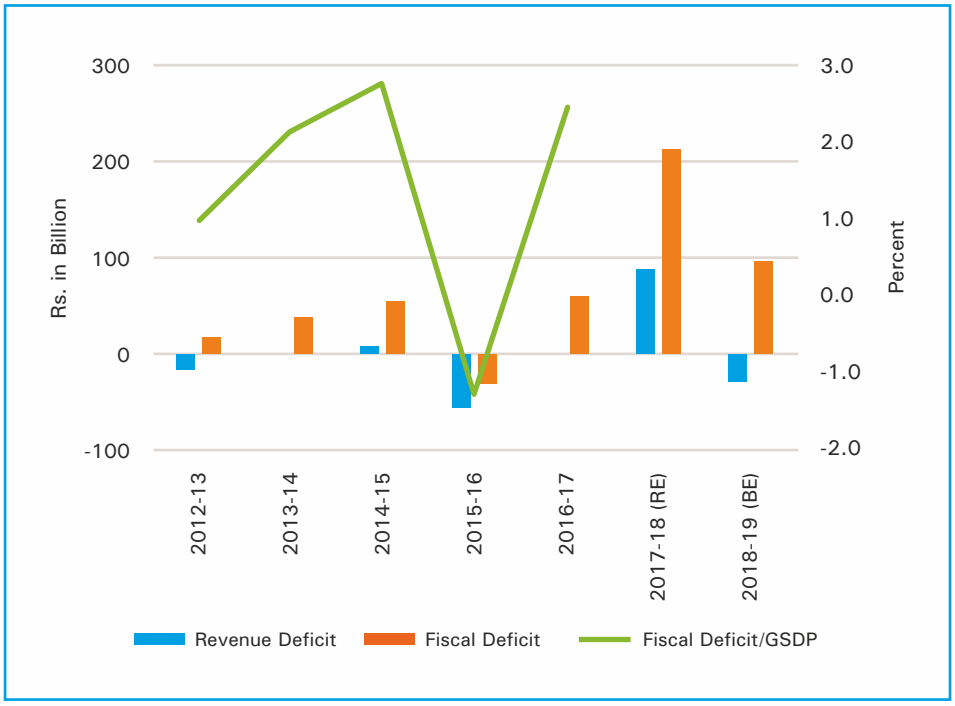
The total revenues of the state have grown at a CAGR of 16% from Rs. 321 billion in 2012-13 to Rs. 907 billion in 2018-19 (Figure 11). The receipts from GoI (tax share + grants) have increased from Rs. 121 billion to Rs. 422 billion for the same period registering a CAGR of 16%. The own revenue of the state has grown at a CAGR of 16%. The share of receipts from GoI has reduced from 62% to 53% over the period. The state's own tax buoyancy peaked to 2.02 in 2016-17 while the total revenue buoyancy of the state stood at 1.15 for the same year.

Figure 11: Growth of state Finances



The state reports a fluctuating pattern for revenue deficits and surpluses. However, it is important to remember that Assam is one of the Special Status states that enjoys special privileges granted by the Indian constitution. These include favourable terms for sharing finances for the centrally sponsored schemes, and also a higher share of the central funds. This partly explains the erratic nature of the patterns seen for the fiscal and revenue deficits in Assam.

Figure 12: Deficits of the State



V. TALES AND TAKEAWAYS

Though the Child Expenditure (CE) is relatively high at over 4% of GSDP, its reducing trend is worrisome. The TCE as a percentage of TE of the state has also shown a clear declining trend.

The state needs to focus on preventing child marriages, reducing stunting and mortality rates of under-five children. These would help Assam significantly raise the child development index of the state. The state also needs to work on improving the net attendance ratios at the lower primary and secondary stages of schooling.

One has to factor in the higher share of receipts from GoI for the centrally sponsored schemes (90%) as this state is in north east region. This also implies that a greater focus on effective implementation of schemes from GoI has led to improvement in child development with less investment from the state.

STATE REPORT
Chhattisgarh

UNICEF/2015/Roger LeMoyne

I.PROFILE OF CHHATTISGARH

Table 1: State Profile of Chhattisgarh

Data particulars	Figure	Source (year)
Area (sq. km.)	135192	Census (2011)
Population	25545198	Census (2011)
Population Density (persons per sq.km)	189	Census (2011)
Population SC (%)	12	Census (2011)
Population ST (%)	32	Census (2011)
Population BPL(%)	40	Economic Survey (Vol.II, 2016-17)
Population Urban (%)	23	Census (2011)
Literacy Rate	70	Census (2011)
Female Literacy Rate	60	Census (2011)
Life Expectancy	65	Economic Survey (Vol.II, 2016-17)
GSDP (Rs. in billion)	2623	MOSPI(2016-17)
Per-capita Income (Rs.)	84265	MOSPI(2017-18)

Chhattisgarh is a land locked State in the central part of India, bordering Madhya Pradesh, Maharashtra, Telangana, Odisha, Jharkhand and Uttar Pradesh, with Raipur city as its capital. It is the 10th largest state in India, in terms of geographical area and the 16th largest by population. The child population of Chhattisgarh contributes to 40% of the overall population. The state has the highest percentage of Below Poverty Line (BPL) and Scheduled Tribe (ST) population and has the lowest urban population. The literacy rate of the state has risen from 65% in 2001 to 70% in 2011. The Gross State Domestic Product (GSDP) of the state is Rs. 2,623 billion in 2016-17 at current prices and the per-capita income is below the national average at Rs. 84,265.The Compounded Annual Growth Rate (CAGR) of the nominal and real GSDP stood at 8% and 5% respectively for the period 2012-13 to 2016-17. The secondary sector contributed the highest share to Gross State Value Added (GSVA) at 37% followed by tertiary sector at 36%.

II. CHILD EXPENDITURE – TRENDS

1. Public expenditure on children has increased

The Total Child Expenditure (TCE)has grown gradually from Rs. 64 billion in 2012-13 to Rs. 148 billion in 2018-19 (Figure 1). The TCE has grown from Rs. 60 billion in 2012-13 to Rs. 93 billion in 2016-17 in real terms. The CAGR of TCE in nominal and real terms (2011-12 prices) stood at 13% and 9% respectively.

Along with the TCE, the Per-Child Expenditure (PCE) has also increased over this period. The PCE increased by more than two times (from Rs. 6,088 to Rs. 13,196) during 2012-13 to 2018-19 in nominal terms at a CAGR of 12% (Figure 2). In real terms, the PCE increased from Rs. 5,693 in 2012-13 to Rs. 8,459 in 2016-17 at 2011-12 prices, registering a CAGR of 8%.

Figure 1: Total Expenditure on children over years

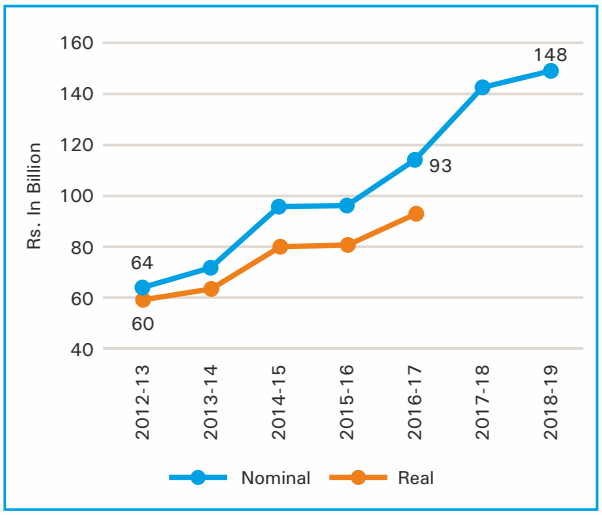
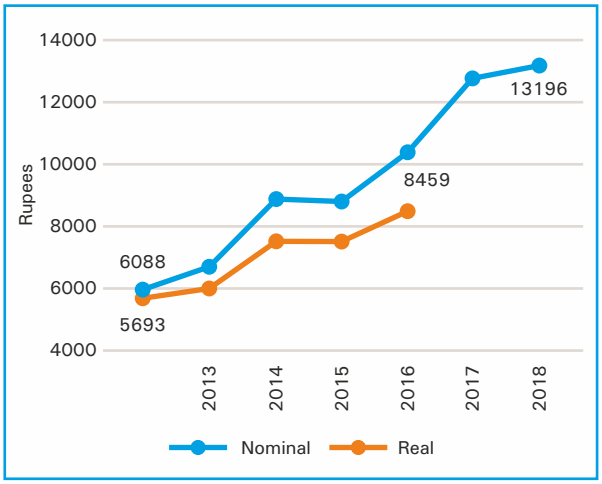


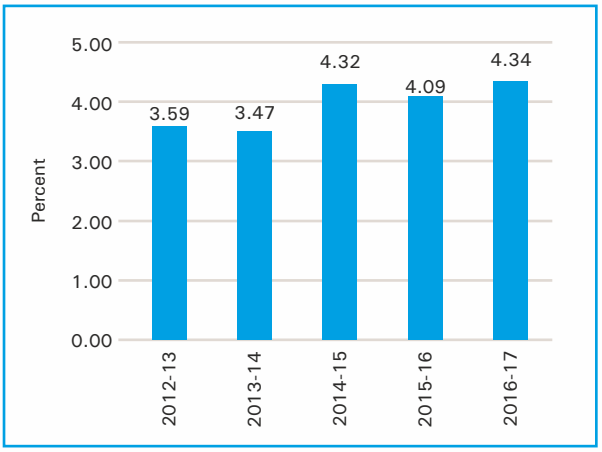
Figure 2: Per-child Expenditure over years



2. Share of public expenditure on children in GSDP, Total Expenditure (TE) and Social Service Expenditure (SSE)

The TCE as a share of GSDP is a fairly robust measure of the child expenditure. The TCE as a percentage of nominal GSDP has witnessed an increase from 3.59% in 2012-13 to 4.34% in 2018-19 (Figure 3). The years of 2013-14 and 2015-16 saw a little dip in the TCE as a percentage of GSDP.

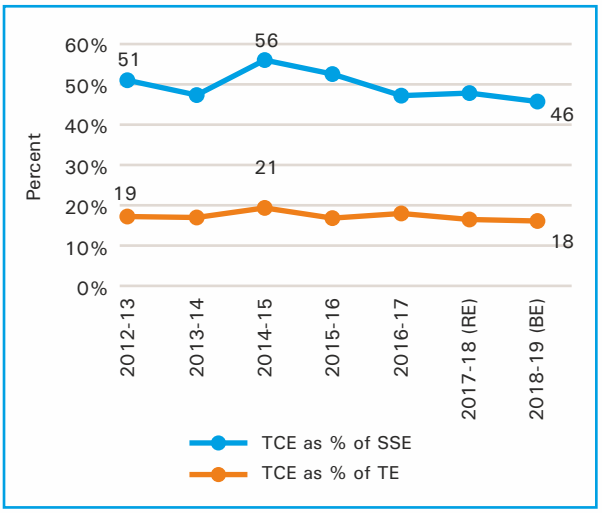
Figure 3: Total Expenditure on Children as a proportion of GSDP



Note: All values are in nominal prices

The TCE as a percentage of Total Expenditure (TE) hovered at about 18% during 2012-13 to 2013-14 and increased to about 20% during 2014-15 and 2016-17 (Figure 4). But, on the other hand, the TCE as a percentage of Social Service Expenditure (SSE) decreased from 51% in 2012-13 to 46% in 2018-19.

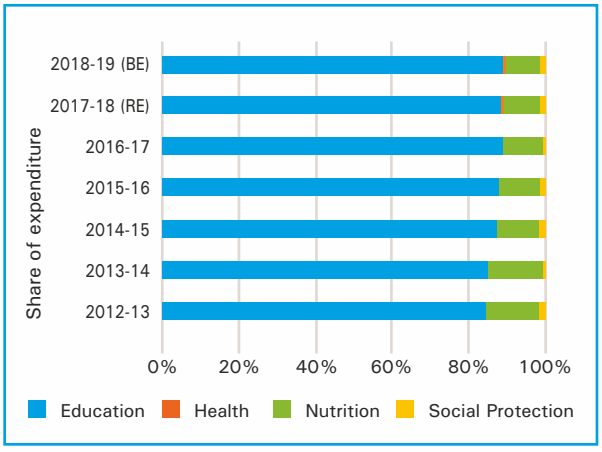
Figure 4: Total Expenditure on Children as a percentage of Total Expenditure and Social Services Expenditure



3. Sectoral share in child spending – Education receives the biggest share

The education sector constituted an average share of 87% of the TCE in the state over the years (Figure 5). Nutrition is the second largest sector accounting for an average share of about 11% of TCE. The health sector and protection together constituted for 1-2% of the overall child spending in the state. Chhattisgarh accounts for significant expenditures on certain important schemes such as the Noni Suraksha (Safety/Security) scheme and the Accident Insurance scheme for students under protection. Noni Suraksha aims to prevent child marriages and female infanticide, improve the female sex- ratio, education, health and status of female children.

Figure 5: Sector-wise percentage distribution of Total Child Expenditure



4. Age-wise expenditure on children – 0-6 age received the lowest share

Of the TCE, major expenditure is incurred for the age group of 6-18 (school-going children) accounting for an average share of 92% (Figure 6). The 0-6 age category which constitutes about 30% of the child population received an average share of about 5% of TCE (Table 2).

Figure 6 : Child expenditure by age groups

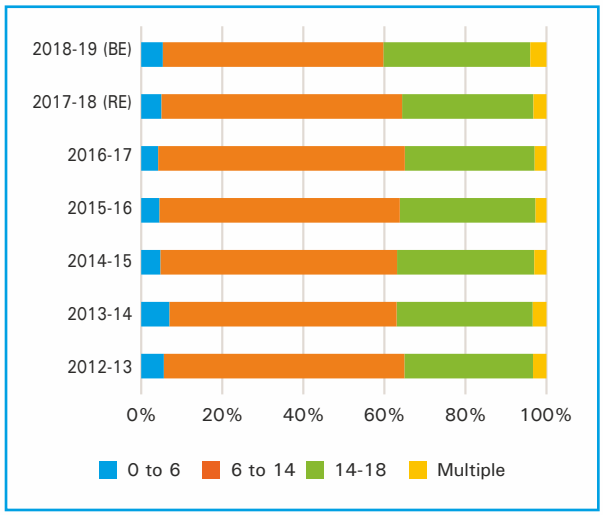


Table 2: Age-wise child population and child expenditure

Age group	Share of child population (%)	Share of Child expenditure (%)
0-6	30	5
6-14	44	59
14-18	26	33
Multiple		3

5. Child Expenditure by Revenue-Capital, and Wage and Non-Wage share

Revenue expenditure for children accounted for and average share of 96% over the years. The share of capital spending has been miniscule at about 2-5% (Figure 7). The wage component which comprises of salaries, contractual wages, fees for professional services etc. formed the bulk of TCE with an average share of 82% while the non-wage accounted for about 17-19% (Figure 8).

Figure7: Revenue and Capital expenditures as a percentage of Child Expenditure

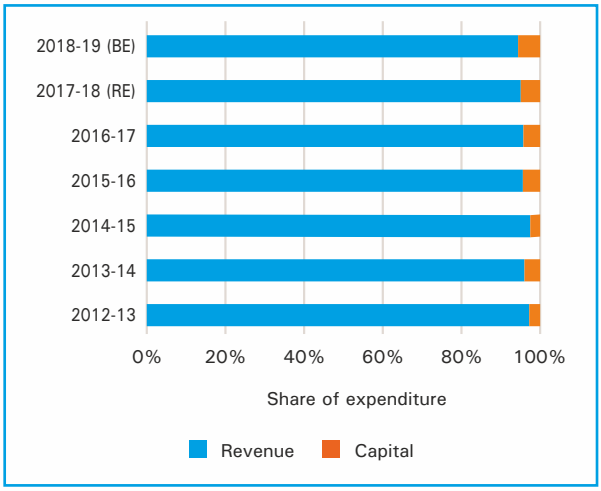
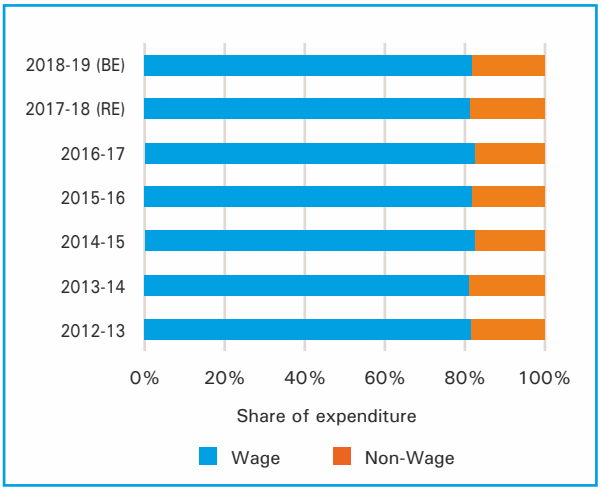


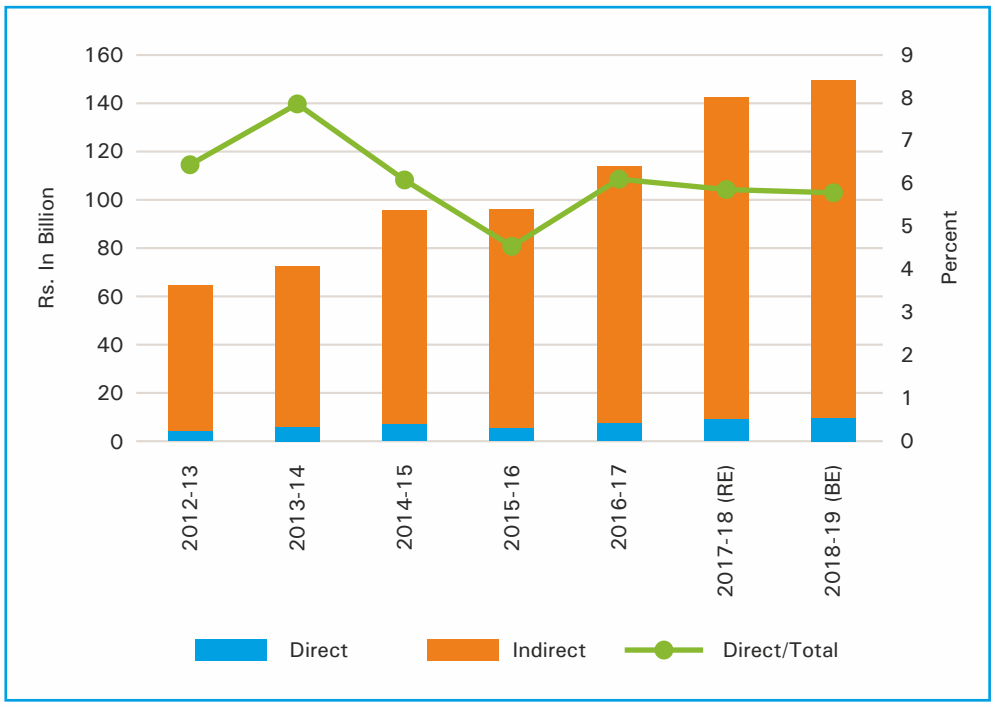
Figure 8: Wage and Non-wage expenditures as a percentage of Total Child Expenditure



6. Expenditure by type of transfer to the child

Direct transfers to child comprise of all those expenditures that reach directly to an individual child and this includes books, bags, shoes, uniforms, bicycles, meal expenses and scholarships. While most of the direct transfers cater to specific religious groups, social classes and tribal communities, some transfers are also universal in nature. The average share of direct transfers hovered around 6% for the period 2012-13 to 2018-19 (Figure 9). Some of the important schemes include Mukhyamantri Amrut Yojana that provides food to hostels, and the Noni Suraksha Yojana that offers scholarships to children of parents engaged in untoward business and Accident Insurance scheme.

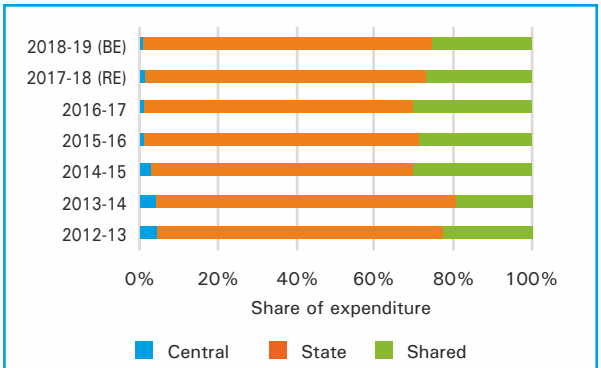
Figure 9: Direct and Indirect transfers to children



7. Share of child expenditures between State and Centre

Bulk of the TCE was incurred by the state accounting for an average share of 71 percent. The shared expenditure (both state and centre) hovered between 20-30% while the central sector schemes (100% central assistance) accounted for an average share of 3% (Figure 10) during this period.

Figure 10: Proportion of central, state and shared expenditures in TCE



III. STATUS OF CHILD DEVELOPMENT IN THE STATE

Chhattisgarh ranks ninth among the 16 states in terms of Child Development Index-Adolescent included (CDIa) with an index value of 0.48. Its Education and Empowerment (E&E) index is 0.50 while the Health and Nutrition (H&N) index is 0.45 (Table 3)

Table 3: Performance of indices in the measurement of Child Development for Chhattisgarh

Indicator	Relative Ranking of Chhattisgarh*	Best performing State
CHILD DEVELOPMENT INDEX – 0.48	**9**	**Kerala**
EDUCATION and EMPOWERMENT – 0.50	**10**	**Kerala**
Net Attendance Ratio (Primary)	10	Telangana
Net Attendance Ratio (Upper Primary)	12	Kerala
Net Attendance Ratio (Secondary)	8	Kerala
Net Attendance Ratio (Senior Secondary)	8	Kerala
Sex ratio at birth for children born in last five years	2	Kerala
Women aged 20-24 years married before age 18 (percent)	4	Kerala
HEALTH and NUTRITION – 0.45	**11**	**Kerala**
Under-5 Mortality Rate	14	Kerala
Children under 5 years who are stunted (percent)	10	Kerala
Children under 5 years who are wasted (percent)	11	Kerala
Pregnant women aged 15-49 who are anaemic (percent)	2	Kerala

*The relative ranking has been assessed among 16 large states in India barring Punjab and Haryana

The state reported a low net attendance ratio at the primary and upper-primary levels of schooling and therefore standing among the mid performing states. However, Chhattisgarh does remarkably well in having a low rate of marriage for ages below 18 years and being the second best in sex ratio at birth. The state performs poorly in H&N, as stunting and wasting rates for children are very high.

IV. ANALYSIS OF STATE FINANCES

The total revenues of the state have grown at a CAGR of 18% from Rs. 332 billion in 2012-13 to Rs. 846 billion in 2018-19 (Figure 11). The receipts from GoI (tax share + grants) have increased from Rs. 119 billion to Rs. 508 billion for the same period registering a CAGR of 30%. The own revenue of the state has grown at a CAGR of 9%. The share of receipts from GoI (tax share and grants) has increased from 36% to 60% during the period 2012-13 to 2018-19. Barring the years 2013-14 and 2014-15, the state has been in revenue surplus, with the latest figure for 2018-19 being Rs. 44.5 billion (Figure 12). The fiscal deficit which had peaked during 2014-15 reaching 3.5% has come down to 1.5% of GSDP during 2016-17, which is a very healthy sign. The last two years, however, have seen a surge in fiscal deficit.

Figure 11 Growth of state finances

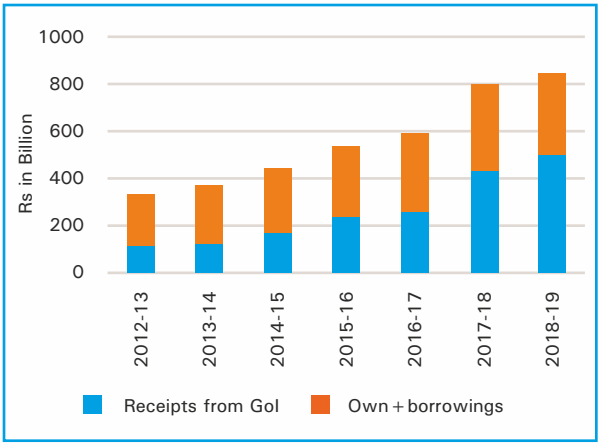
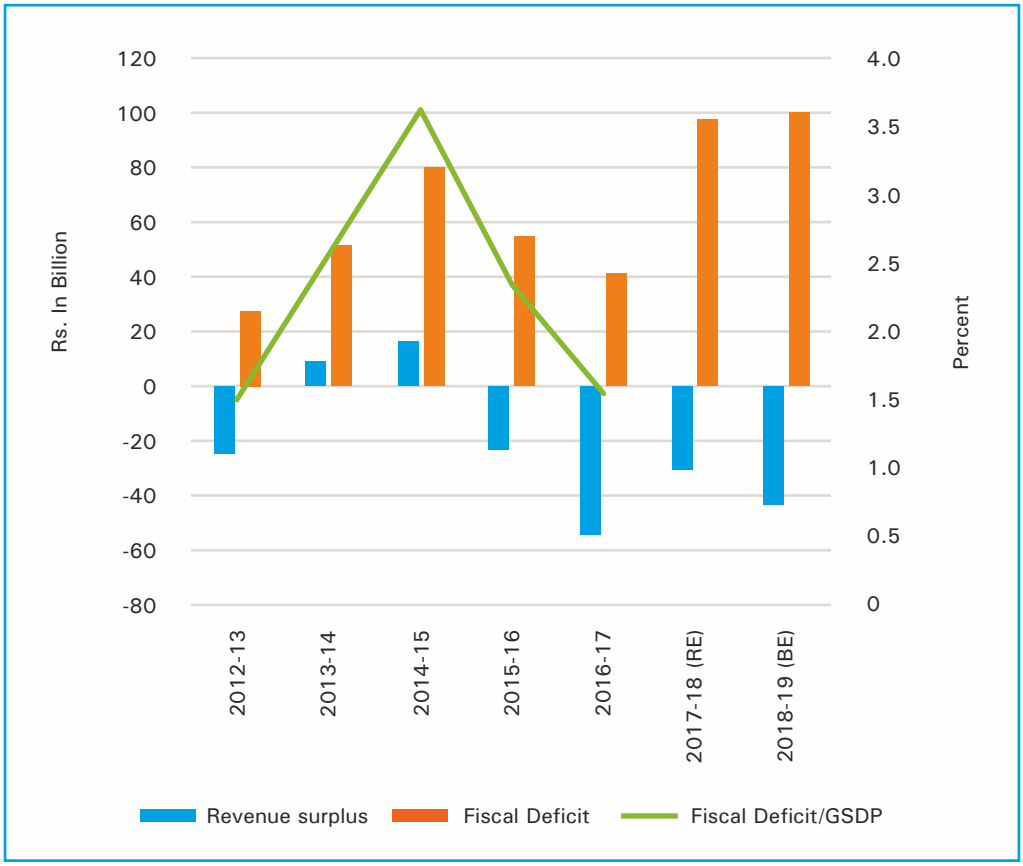


Figure 12: Deficits of the State



V. TALES AND TAKEAWAYS

Child expenditure (CE) has been gradually increasing and the expenditure is relatively high at about 4% of GSDP which is a very healthy sign given the need for improving the child indicators. Still the PCE is relatively low and needs to be increased as well.

Given the highest percentage of ST and BPL population along with 40% of population being child population, the public expenditure needs to be increased for child development. The child development index indicates the need to improve the attendance ratios at the primary and upper primary level. The poor H&N index also point towards the need for improving the nutritional levels among the children. It appears that positive indicators on the age of marriage and child sex ratios are linked with traditional tribal society practices rather than being outcomes of desirable public policy and spending.

Given the fiscal capacity and own revenue growth, the state can enhance the expenditure on children especially on nutrition of the 0-6 age group as well as to improve the access and attendance of elementary education. Also, with almost 36% of GSVA being contributed from tertiary sector, there is a scope for the taxes to mop-up with necessary efforts.

STATE REPORT
Gujarat

UNICEF/2016/Dhiraj Singh

I.PROFILE OF GUJARAT

Table 1: State Profile of Gujarat

Data particulars	Figure	Source (year)
Area (sq. km.)	196024	Census (2011)
Population	60439692	Census (2011)
Population Density (Persons per sq. km)	308	Census (2011)
Population SC (%)	7	Census (2011)
Population ST (%)	15	Census (2011)
Population urban (%)	43	Census (2011)
Population BPL (%)	17	Economic survey Vol II, 2017-18
Literacy Rate	78	Census (2011)
Female Literacy Rate	70	Census (2011)
Life Expectancy	69	Economic survey Vol II, 2017-18
GSDP (Rs. in billion)	11623	MoSPI (2016-17)
Per-capita Income (Rs.)	156527	MoSPI(2016-17)

Gujarat is the western state of India, bordering Rajasthan, Madhya Pradesh and Maharashtra. It is the seventh largest state in terms of area and the ninth largest in terms of population. The child population of Gujarat accounts for 35% of the total population. The literacy rate of the state has risen from 69.14% in 2001 to 78% in 2011. About 43% of the population resides in urban areas making Gujarat the country's fourth most urbanised state. The state's Gross State Domestic Product (GSDP) in 2016-17 at current prices was Rs. 11,623 billion while the per-capita income was Rs. 1,56,527. The GSDP of the state for the period 2012-13 to 2016-17 has grown at a Compound Annual Growth Rate (CAGR) of 10 % and 8% in nominal and real terms (2011-12 prices) respectively. During 2015-16, the Secondary sector contributed for 42% of the total Gross State Value Added (GSVA) while the primary and tertiary sectors contributed for 19% and 39% respectively.

II. CHILD EXPENDITURE– TRENDS[1]

1. Public expenditure on children has increased gradually

The Total Child Expenditure (TCE) has grown gradually in the state from Rs. 151 billion in 2012-13 to Rs. 261 billion in 2018-19 at a CAGR of 10% (Figure 1). The TCE in real terms has grown from Rs. 142 billion in 2012-13 to Rs. 180 billion in 2016-17 at a CAGR of 5%. The Per-Child Expenditure (PCE) also grew from Rs. 6,746 in 2012-13 to Rs. 11,192 in 2018-19 at a CAGR of 9% in nominal terms. In real terms, PCE grew from Rs. 6,356 in 2012-13 to Rs. 7,843 in 2016-17 at a CAGR of 4% (Figure 2).

[1] The budget data for the year 2017-18 was not available by object heads and could not be included for analysis.

Figure 1: Total Expenditure on children over years

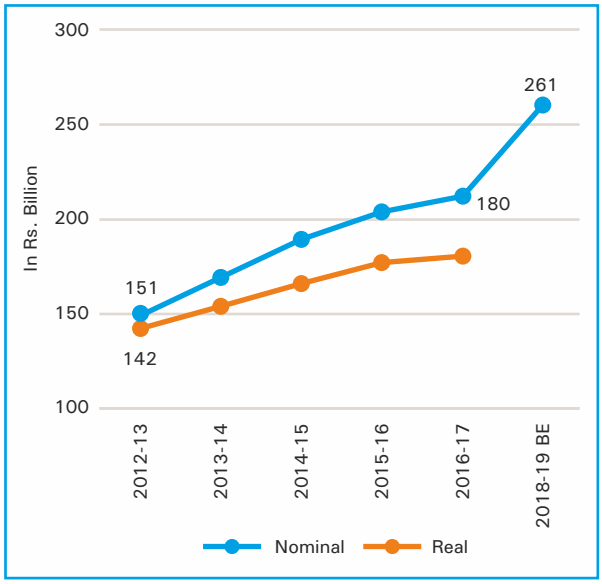
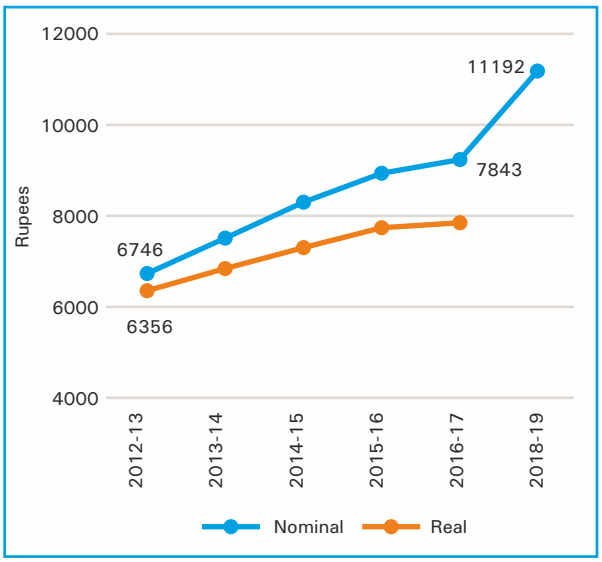


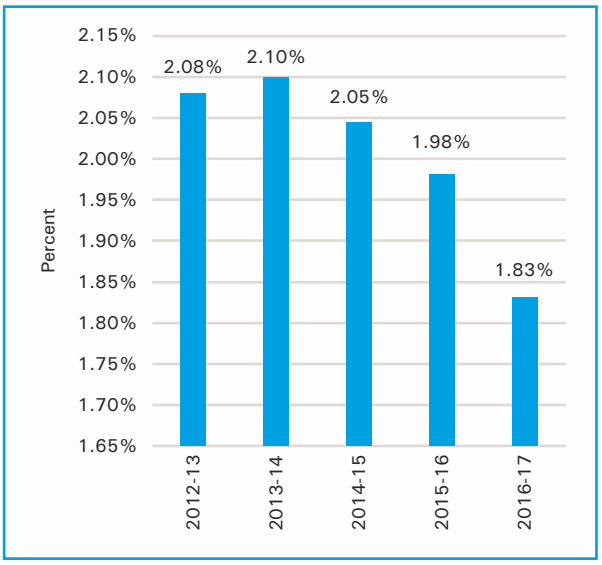
Figure 2: Per child expenditure over years



2. Share of public expenditure on children in GSDP, Total Expenditure (TE) and Social Service Expenditure (SSE)

The TCE with reference to the GSDP is a robust measure to understand the expenditure over years. The TCE as a percentage of GSDP has decreased from 2.1% to 1.8% between 2013-14 and 2016-17 (Figure 3).

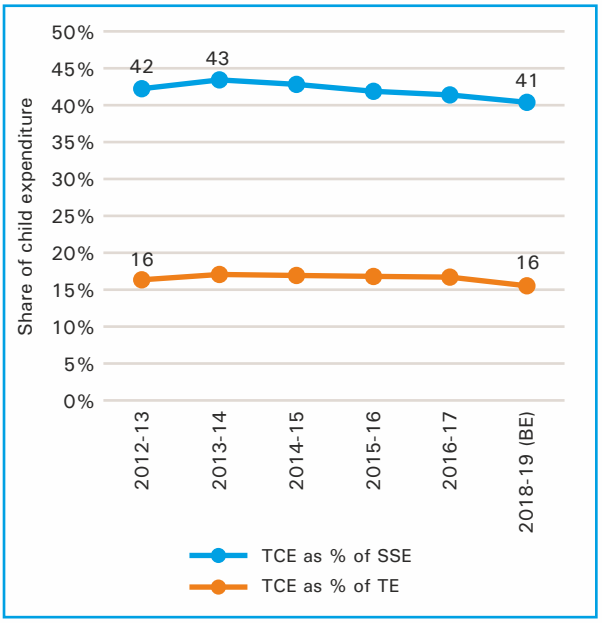
Figure 3: Total Expenditure on Children as a proportion of GSDP



*Note: All values are in nominal prices

The TCE as a percentage of Total Expenditure (TE) and Social Service Expenditure (SSE) have been showing a declining trend. The TCE as a percentage of TE remained stagnant over the years.(Figure 4). Similarly, the TCE as a percentage of SSE decreased from 42% in 2012-13 to 41% in 2018-19.

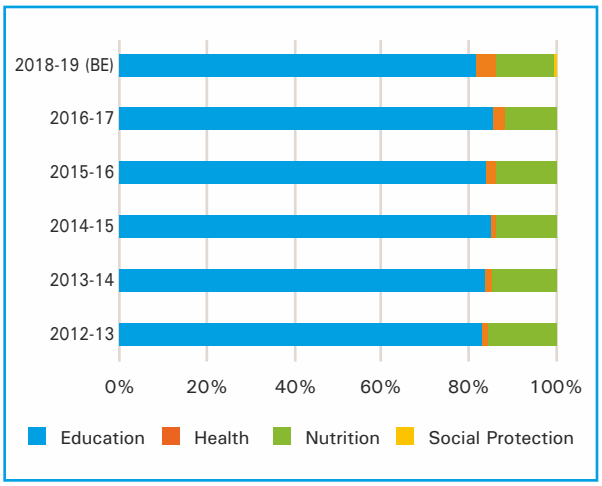
Figure 4: Total Expenditure on Children as a percentage of Total Expenditure and Social Services Expenditure



3. Sectoral share in child spending – Education received the biggest share

The average share of the education sector constituted for 84% of the TCE across the years (Figure 5). Nutrition had the second biggest share accounting for nearly 14% of TCE while health and protection together had and average share of 2% over the 6-year period.

Figure 5: Sector-wise percentage distribution of Total Child Expenditure



4. Age-wise expenditure on children – 0-6 age receives lowest share

Age-wise distribution of spending on child revealed that the major share of expenditure was incurred for the ages of 6-18 (school-going children) which averaged at 82% of TCE over the years (Figure 6). The 0-6 age category which constituted about 30% of the child population received an average share of 10% of the TCE over the years (Table 2).

Figure 6: Child expenditure by age groups

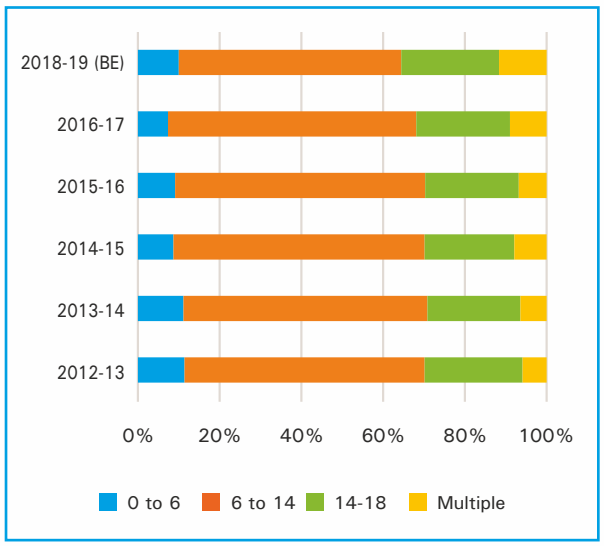


Table 2: Age-wise child population and proportion of child expenditure

Age group	Share of child population (%)	Share of Child expenditure (%)
0-6	30	10
6-14	43	59
14-18	27	23
Multiple		8

5. Child Expenditure by Revenue-Capital, and Wage and Non-Wage share

The average share of revenue expenditure accounted for 94% of TCE over the years 2012-13 to 2018-19 (Figure 7). The Capital expenditure averaged at 6% of the TCE for the same period. The average share of wage component was 50% of TCE while the average share of non-wage component comprising of books, bags, shoes, uniforms, bicycles, meal expenses together with buildings both construction and maintenance accounted for another 50% (Figure 8).

Figure 7: Revenue and Capital expenditure as a percentage of Child Expenditure

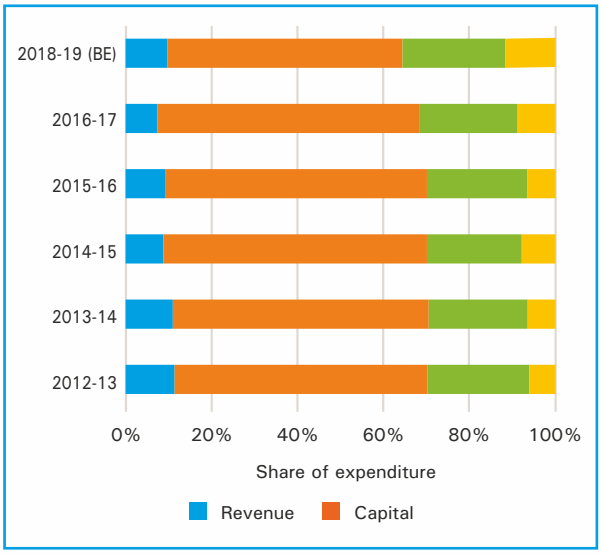
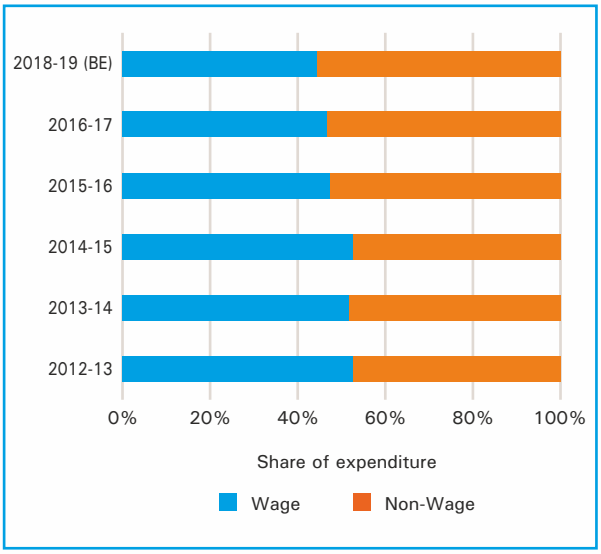


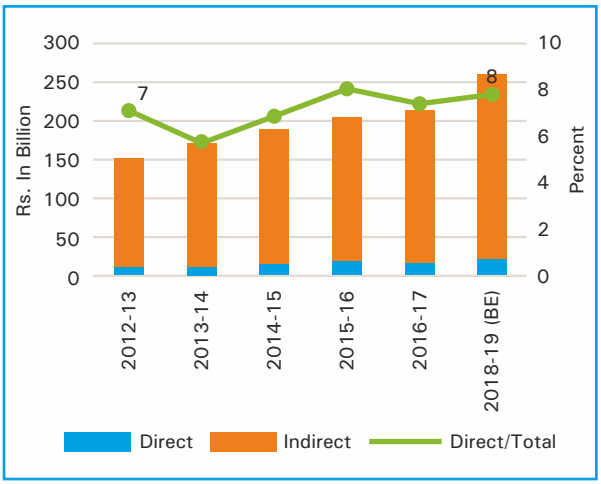
Figure 8: Wage and Non-wage expenditures as a percentage of Child Expenditure



6. Child expenditure by type of transfer

Direct transfers to child comprised of all those expenditures that reach directly to an individual child and this includes books, bags, shoes, uniforms, bicycles, meal expenses and scholarships. While most of the direct transfers cater to specific religious groups, social classes and tribal communities, few of the transfers were universal in nature. The share of direct transfers has seen fluctuating trend. The share decreased from 7% in 2012-13 to 6% in 2013-14 and again to 8% in 2018-19(Figure 9).

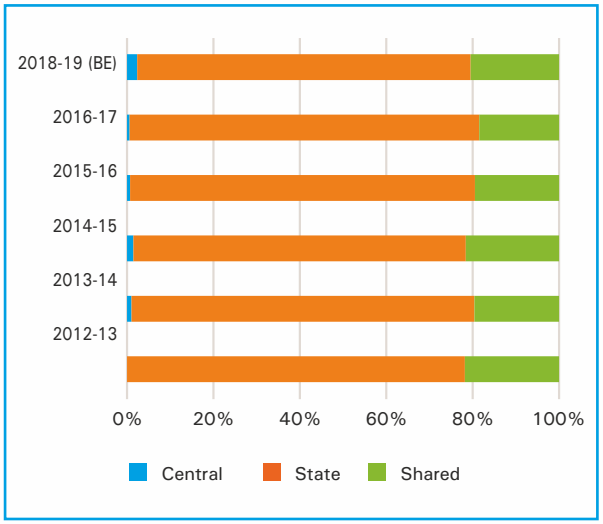
Figure 9: Direct and Indirect transfers to children



7. Share of child expenditures between State and Centre

The average share of expenditure by state was 79% of TCE while the share of expenditure shared by both centre and state stood at 20% over the years. The share of central sector schemes with 100% central assistance was negligible.

Figure 10: Proportion of central, state and shared expenditure in TCE



III. STATUS OF CHILD DEVELOPMENT IN THE STATE

Gujarat ranks tenth among the 16 states in terms of Child Development Index- Adolescent included (CDIa) with an index value of 0.48. Its Education and Empowerment (E&E) index is 0.53 while the Health and Nutrition (H&N) index is 0.43 (Table 3).

Table 3: Performance of indices in the measurement of Child Development for Gujarat

Indicator	Relative Ranking of Gujarat*	Best performing State
CHILD DEVELOPMENT INDEX – 0.48	**10**	**Kerala**
EDUCATION and EMPOWERMENT – 0.53	**8**	**Kerala**
Net Attendance Ratio (Primary)	5	Telangana
Net Attendance Ratio (Upper Primary)	8	Kerala
Net Attendance Ratio (Secondary)	10	Kerala
Net Attendance Ratio (Senior Secondary)	7	Kerala
Sex ratio at birth for children born in the last five years	12	Kerala
Women aged 20-24 years married before age 18 (%)	7	Kerala
HEALTH and NUTRITION – 0.43	**12**	**Kerala**
Under-5 Mortality Rate	8	Kerala
Children under 5 years who are stunted (%)	11	Kerala
Children under 5 years who are wasted (%)	15	Kerala
Pregnant women aged 15-49 who are anaemic (%)	11	Kerala

Note: *The relative ranking has been assessed among 16 large states in India barring Punjab and Haryana

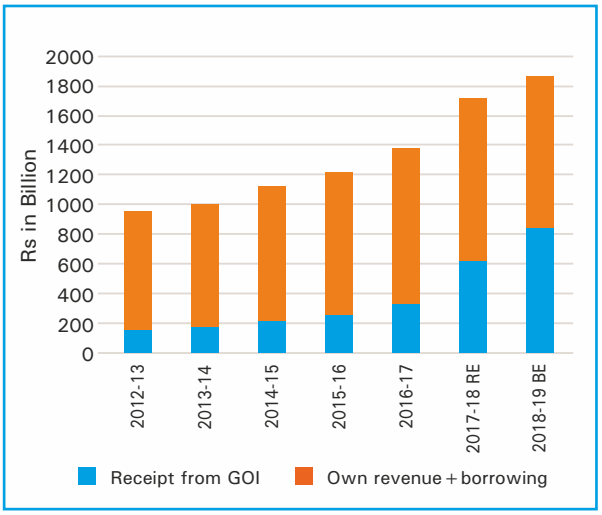
The net attendance ratio decreases at higher levels of education in the state. However, for the senior secondary classes, the ranking is slightly better in comparison with other states. Gujarat ranks 12th among the 16 states in child sex ratio at birth. In terms of child marriage also, the state ranks 7th among the 16 states. Most of the H&N indicators reflect that the state is among the bottom five states among the 16 states except for the under-five mortality rate.

About 51% of pregnant women were reported to be anaemic in the state. The high incidence of malnutrition is indicated by the high incidence of stunting and wasting among children (39% and 26% respectively). Overall, Gujarat does not fare well when it comes to child development despite having a good economic growth and fiscal management, as the analysis below suggests.

IV. ANALYSIS OF STATE FINANCES

The total revenues of the state have grown at a CAGR of 12% from Rs 948 billion in 2012-13 to Rs. 1855 billion in 2018-19 (Figure 11). The receipts from GoI has increased from Rs. 153 billion to Rs. 829 billion for the same period registering a CAGR of 17%. The share of taxes from GoI has recorded a growth of 18%. The own revenue of the state has grown at a CAGR of 10%. The share of receipts from GoI (tax share and grants) has increased from 16% to 21% of the total receipts during the period 2012-13 to 2018-19.

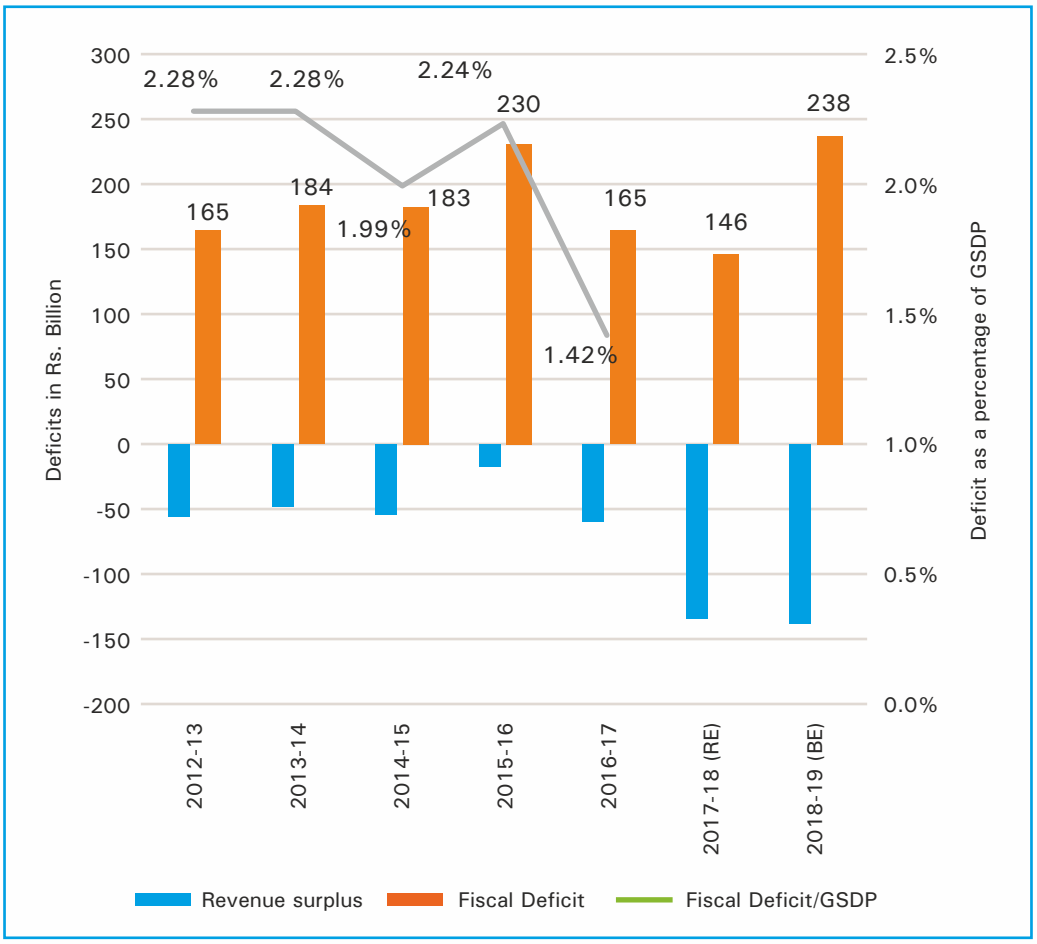
Figure 11: Growth of state Finances



While the buoyancy ratio for the total revenue has dipped from 1.1 in 2012-13 to 0.55 in 2013-14, it again moved up to 1.39 in 2014-15 and then reduced to 0.96 in 2016-17. Similar fluctuating trend was found with buoyancy ratio for the own tax, which also decreased from 1.19 to 0.51 for the same period.

Gujarat, has consistently posted revenue surplus, which is increasing over the past three years. As of 2018-19, it stands at Rs. 138 billion. Gujarat's fiscal deficit over the years has been contained well although it has seen an increase in the last two years. The fiscal deficit as a percentage of GSDP was at 1.42% in 2016-17, decreasing from the previous year deficit of 2.24 in 2015- 16.

Figure 11: Deficits of the State



V. TALES AND TAKEAWAYS

The total child expenditure (TCE) growing at a rate of 10% in nominal terms and 6% in real terms is much below that of the growth of the revenues of the state. The TCE as a percentage of GSDP has decreased from 2.1% to 1.8% between 2013-14 and 2016-17. The TCE as a percentage of TE and SSE also has shown a declining trend. The CDIa indicates that the state is in tenth position while it stands among the bottom five places in terms of H&N index.

The finances of the state are robust with the state enjoying the revenue surplus and containing the fiscal deficit below 2%. It appears that the state has not prioritized on investing on children despite lower levels of child development. Similarly, the fiscal deficit that has been contained very well also indicates the potential for enhancing the expenditure on children. The state has no excuse for not using its revenue surplus to enhance the strategic investments on children.

STATE REPORT
West Bengal

UNICEF/2016/Syed Altaf Ahmad

I.PROFILE OF WEST BENGAL

Table 1: State Profile of West Bengal

Data particulars	Figure	Source (year)
Area (sq. km.)	88752	Census (2011)
Population	91276115	Census (2011)
Population Density (Persons per sq. km.)	1028	Census (2011)
Population SC (%)	23	Census (2011)
Population ST (%)	6	Census (2011)
Population BPL (%)	20	Economic Survey (Vol. II, 2017-18)
Population Urban (%)	32	Census (2011)
Literacy Rate	76	Census (2011)
Female Literacy Rate	71	Census (2011)
Life Expectancy	70	Economic Survey (Vol. II, 2017-18)
GSDP (Rs. in Billion)	8792	MoSPI (2016-17)
Per-capita Income (Rs.)	83126	MoSPI (2016-17)

West Bengal is located in the eastern part of India on the Bay of Bengal. Its capital city is Kolkata which is also the largest city in the state by population. It is the 14th largest state in terms of geographical area and the 4th largest by population. The child population of West Bengal accounts for 35% of the total population. Around 29% of population belongs to Scheduled Caste (SC)/ Scheduled Tribe (ST) categories. The Gross State Domestic Product (GSDP) in 2016-17 at current prices was Rs. 8,792 billion and the Per Capita Income was Rs. 83,126 and was below the national average. The literacy rate of the state has risen from 69% in 2001 to 76% in 2011. The Compounded Annual Growth Rate (CAGR) of the GSDP for the period 2012-13 to 2016-17 (2011-12 prices) in nominal and real terms stood at 8% and 4% respectively.

II. CHILD EXPENDITURE –TRENDS

1. Public expenditure on children has increased

The Total Child Expenditure (TCE) has grown gradually from Rs. 179 billion in 2012-13 to Rs. 299 billion in 2018-19 (Figure 1) registering a CAGR of 8%. The total child expenditure remained stagnant in real terms for the period 2012-13 to 2016-17 at about Rs. 164 billion respectively.

Along with the TCE, the Per-Child Expenditure (PCE) also has increased over this period. The PCE has increased from Rs. 5,606 in 2012-13 to Rs. 9,534 in 2018-19 at a CAGR of 8% (Figure 2). In real terms (2011-12 prices), the PCE increased from Rs. 5,139 in 2012-13 to Rs. 5,159 in 2016-17 registering almost no increase.

Figure 1: Total Expenditure on children over years

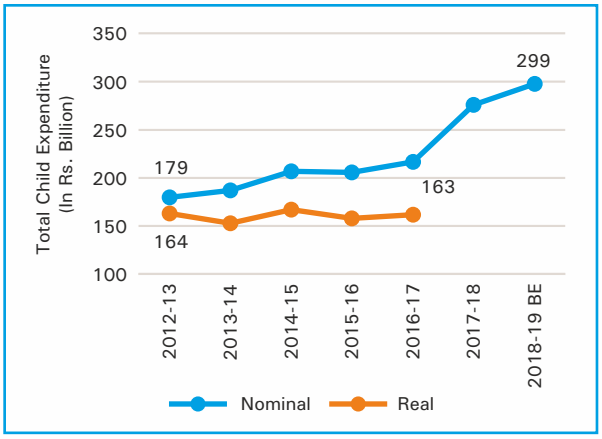
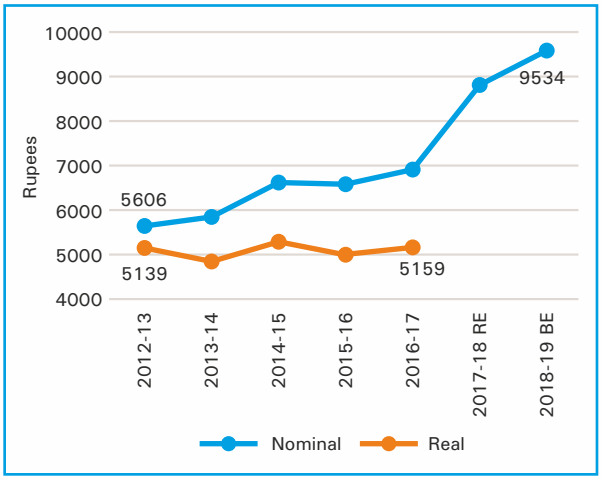


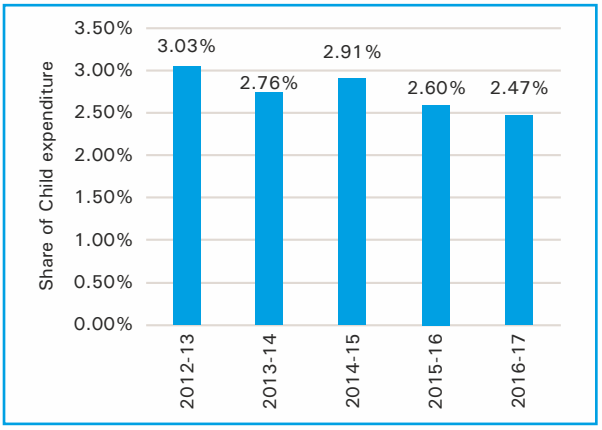
Figure 2: Per child expenditure over years



2. Share of public expenditure on children in GSDP, Total Expenditure (TE) and Social Service Expenditure (SSE)

The total expenditure on children as a share of GSDP is a fairly robust measure of the Child Expenditure (CE). The TCE as a percentage of nominal GSDP has witnessed a decrease from 3.03% in 2012-13 to 2.47% in 2016-17 (Figure 3).

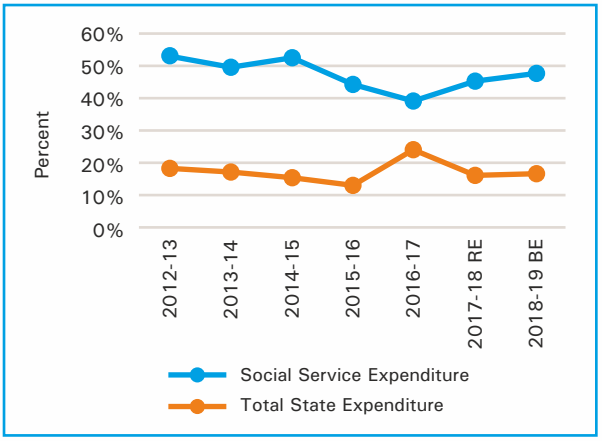
Figure 3: Total Expenditure on Children as a proportion of GSDP



Note: All values are in nominal prices

The TCE as a percentage of Total Expenditure (TE) decreased from 19% in 2012-13 to 14% in 2015-16. Again, it increased to 24% in 2016-17 but decreased back to 16% and 17% in the last two years (Figure 4). Similarly, the TCE as a percentage of Social Service Expenditure (SSE) decreased from 54% in 2012-13 to 39% in 2016-17 and increased again in the last 2 years to 46% and 48% of SSE, respectively.

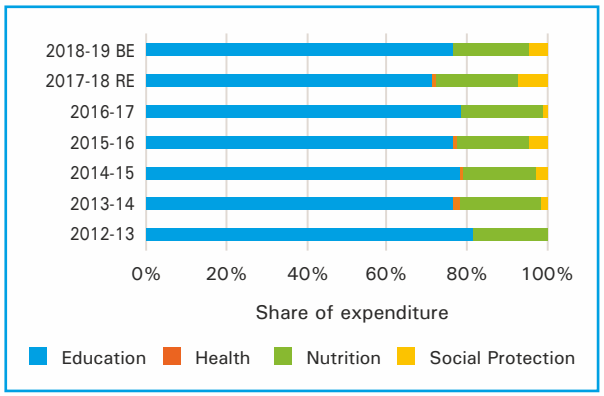
Figure 4: Total Expenditure on Children as a percentage of Total Expenditure and Social Services Expenditure



3. Sectoral share in child spending – Education receives the biggest share

The education sector constituted more than 77% of the TCE over the years (Figure 5). Nutrition was the second largest sector accounting for about 18-20% of TCE across the years. protection constituted for 2-8% of the overall child spending while health sector had a negligible share in TCE.

Figure 5: Sector-wise share of Total Child Expenditure



4. Age-wise expenditure on children – 0-6 age receives lowest share

Of the TCE, major expenditure is incurred for the age group 6-18 (school-going children) accounting for over 82% in most of the years (Figure 6). The 0-6 age category which constitutes about 28% of the child population received an average share of only about 5% of TCE (Table 2).

Figure 6: Child expenditure by age groups

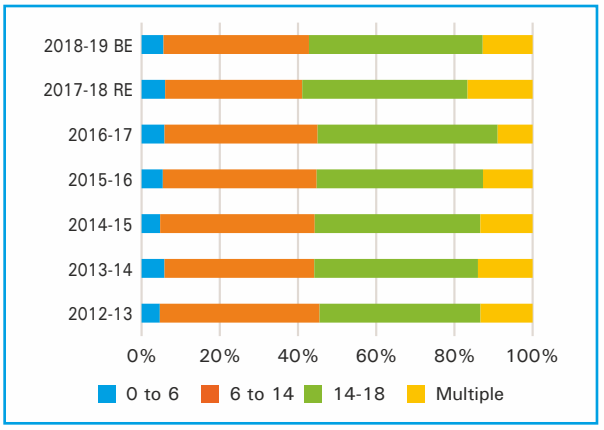


Table 2: Age-wise child population and child expenditure

Age Group	Share of child population (%)	Share of Child expenditure (%)
0-6	28	5
6-14	43	39
14-18	29	43
Multiple		13

5. Child Expenditure by Revenue-Capital, and Wage and Non-Wage share

The average share of the revenue expenditure for children over the years was 98% of TCE. The average share of capital spending has been miniscule at 2% (Figure 7). The wage component which comprises of salaries, contractual wages, fees for professional services etc. formed the bulk of TCE with an average share of 88% for seven years while non-wage averaged for 12% of the TCE (Figure 8).

Figure 7: Revenue and Capital expenditures as a percentage of Child Expenditure

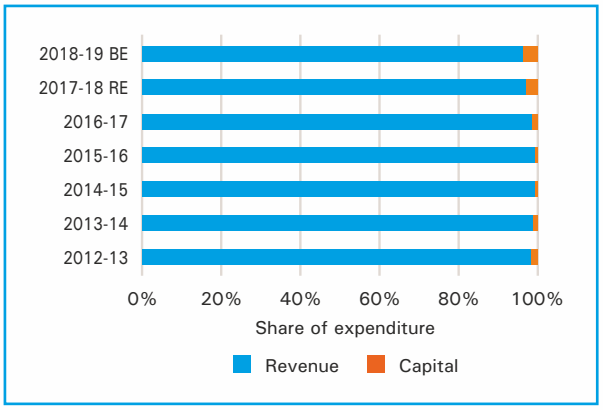
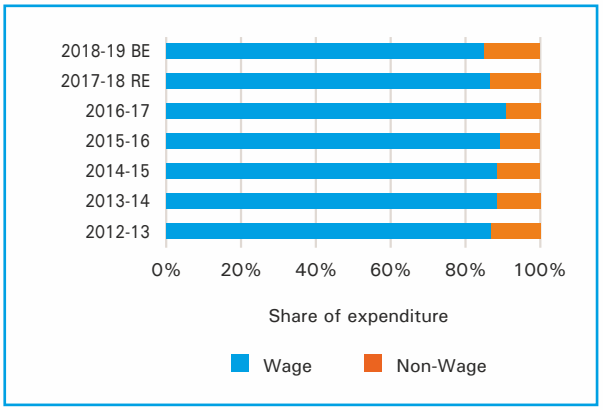


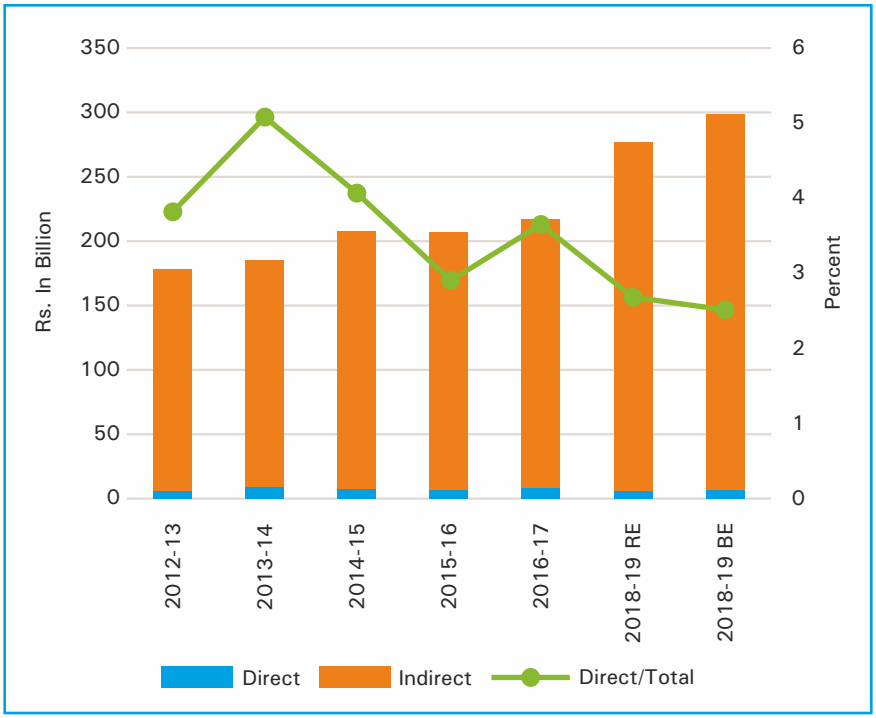
Figure 8: Wage and Non-Wage expenditures as a percentage of Child Expenditure



6. Expenditure by type of transfer to the child

Direct transfers to child comprise of all those expenditures that reach directly to an individual child and this includes books, bags, shoes, uniforms, bicycles, meal expenses and scholarships. While most of the direct transfers cater to specific religious groups, social classes and tribal communities, some transfers are universal in nature. The share of direct transfers hovered around 3% for the period 2012-13 to 2018-19. The direct transfers as a percentage of TCE has been declining steadily over the years.

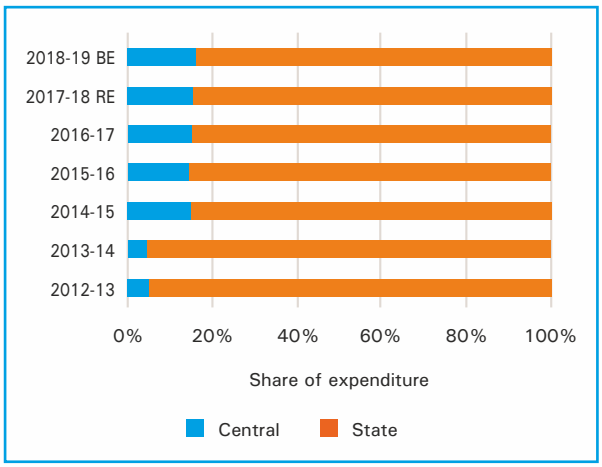
Figure 9: Direct and Indirect transfers to children



7. Share of child expenditures between State and Centre

The average share of the child expenditures by state accounted for 88% of the TCE while the rest was funded by the union government (Figure 10). The CE funded by centre was around 4% in the first two years and then it rose to around 15% in the last five years.

Figure 10: Proportion of Central and state expenditures in the TCE



III. STATUS OF CHILD DEVELOPMENT IN THE STATE

West Bengal ranks 11th among the 16 states in terms of CDI-A with an index value of 0.46. Its Education and Empowerment (E&E) index is 0.37 while the Health and Nutrition (H&N) index is 0.58 (Table 3).

Table 3: Performance of indices in the measurement of Child Development for West Bengal

Indicator	Relative Ranking of West Bengal*	Best performing State
CHILD DEVELOPMENT INDEX – 0.46	**11**	**Kerala**
EDUCATION and EMPOWERMENT – 0.37	**12**	**Kerala**
Net Attendance Ratio (Primary)	10	Telangana
Net Attendance Ratio (Upper Primary)	3	Kerala
Net Attendance Ratio (Secondary)	8	Kerala
Net Attendance Ratio (Senior Secondary)	14	Kerala
Sex ratio at birth for + children born in the last five years	3	Kerala
Women aged 20-24 years married before age 18 (%)	15	Kerala
HEALTH and NUTRITION – 0.58	**5**	**Kerala**
Under-5 Mortality Rate	5	Kerala
Children under 5 years who are stunted (%)	5	Kerala
Children under 5 years who are wasted (%)	7	Kerala
Pregnant women aged 15-49 who are anaemic (%)	13	Kerala

*The relative ranking has been assessed among 16 large states in India barring Punjab and Haryana

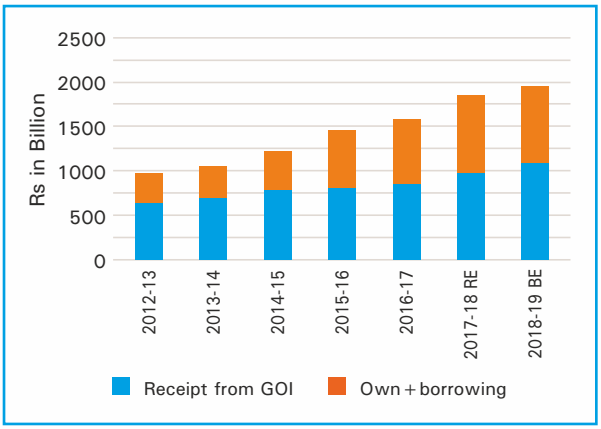
The state sees fair attendance in the upper primary and lower secondary classes whereas there is a relatively high rate of absence in the lower primary and higher secondary classes. The state is spending a relatively high share among the 16 states of CE on protection but still the percentage of women married before the age of 18 is the second highest. The state holds the third position for the indicator of sex ratio at birth.

In terms of H&N indicators, the state holds the fifth position in stunting and under-five mortality rates while it stands in seventh position in wasting. However, the very high percentage of anaemic pregnant women pushed the state to the 13th position among all the 16 states and pulls the value of H&N index down.

IV. ANALYSIS OF STATE FINANCES

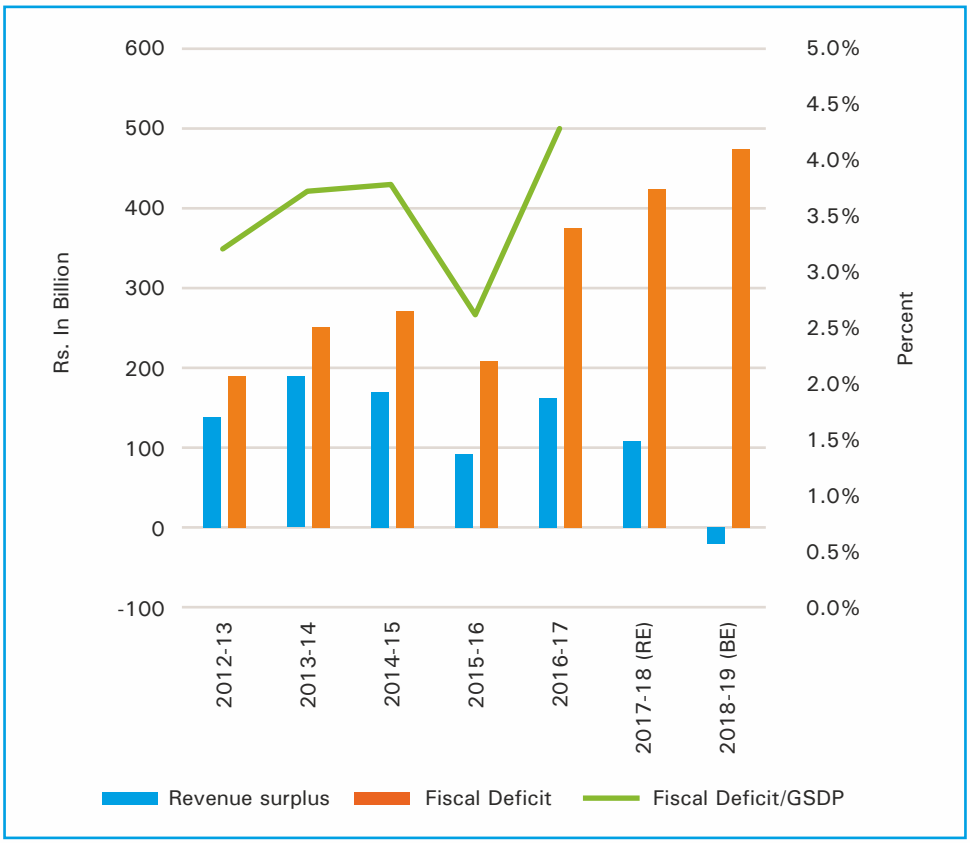
The total revenues of the state have grown at a CAGR of 13% (nominal terms) from Rs. 968 billion in 2012-13 to Rs. 1,959 billion in 2018-19 (Figure 11). The receipts from GoI (tax share + grants) have increased from Rs. 633 billion to Rs. 1,077 billion for the same period registering CAGR of 9% (nominal). The own revenue of the state has grown at a CAGR of 9%. The share of receipts from GoI has reduced from 65% to 55% over the period. The state's own tax buoyancy ratio which was over 2 in 2012-13 reduced to less than 0.4 in 2015-16.

Figure 11: Growth of State finances



West Bengal has been reeling in deficit on both revenue and fiscal accounts over the past seven years. Revenue deficit, however, has been falling since 2016-17, and in 2018-19 the state has recorded a revenue surplus of Rs. 19 billion. Fiscal deficit has constantly been on the rise during the period with an exception of 2015-16. Fiscal deficit as a share of the GSDP fell to 2.6% in 2015-16 from nearly 3.5% in 2013-14, and later rose to 4.3% in 2016-17.

Figure 12: Deficits of the State



V. TALES AND TAKEAWAYS

West Bengal is one of the most densely populated states with 35% of child population. Though the expenditure on children is growing over the years, its share as a percentage of GSDP, total expenditure and social service expenditure are declining; this is a worrisome trend.

The state has low net attendance ratios at primary and senior secondary levels. Similarly, the state has a high rate of child marriages and the higher prevalence of anaemia among pregnant women which are closely related to the high under-five mortality rate, and also with the high level of stunting and wasting among children below the age of five years.

The 0-6 age group of children constitute for 28% of children but get only about 5% share of the expenditure on children. Despite higher expenditure on protection of children, the rate of child marriages is high.

GoI receipts have grown at a CAGR of 9% and so has the state's own revenue growth in nominal terms. The growing deficit and its breaching of the FRBM limits can pose a hindrance for enhancing the investments on children especially for education and prevention of child marriages. The state perhaps needs to enhance the efficiency of its expenditure on children.

STATE REPORT
Rajasthan

UNICEF/2017/Ashutosh Sharma

I.PROFILE OF RAJASTHAN

Table 1: State Profile of Rajasthan

Data particulars	Figure	Source (year)
Area (sq. km.)	342239	Census (2011)
Population	68548437	Census (2011)
Population Density (persons per sq.km)	200	Census (2011)
Population SC	17	Census (2011)
Population ST	13	Census (2011)
Population BPL (%)	15	Economic Survey (Vol.II, 2016-17)
Population Urban	25	Census (2011)
Literacy Rate	66	Census (2011)
Female Literacy Rate	52	Census (2011)
Life Expectancy	68	Economic Survey Vol.II (2016-17)
GSDP (Rs. in billion)	7592	MOSPI (2016-17)
Per-capita Income (Rs.)	92076	MOSPI (2016-17)

Rajasthan is the largest state in the country in terms of geographical area. It is situated in the north western part of India bordering Punjab, Haryana, Uttar Pradesh, Madhya Pradesh and Gujarat along with an international frontier with Pakistan. Its capital city is Jaipur. It is the eighth largest by population in India. The child population of Rajasthan is high and contributes to 44% of the total population. The state has relatively low Below Poverty Line (BPL) but higher Scheduled Caste (SC) and Scheduled Tribe (ST) population. The literacy rate of the state has risen from 60% in 2001 to 66% in 2011. The state's Gross State Domestic Product (GSDP) in 2016-17 at current prices was at Rs. 7,592 billion and the per capita income is below the national average at Rs. 92,076 for 2016-17. The Compounded Annual Growth Rate (CAGR) of the nominal and real GSDP stood at 9% and 6% respectively for the period 2012-13 to 2016-17. The tertiary sector contributed the highest share to Gross State Value Added (GSVA) at 45% followed by primary sector which adds 33%.

II. CHILD EXPENDITURE – TRENDS

1. Public expenditure on children has increased gradually

The Total Child Expenditure (TCE) has grown gradually from Rs. 126 billion in 2012-13 to Rs. 336 billion in 2018-19 (Figure 1) registering a CAGR of 15%. The TCE in real terms grew from Rs. 116 billion to Rs. 189 billion between the years 2012-13 to 2016-17 at a CAGR of 10%.

Along with the TCE, the Per-Child Expenditure (PCE) also has increased over this period. The PCE has increased from Rs. 4,181 in 2012-13 to Rs. 10,342 in 2018-19 registering a CAGR of 14% (Figure 2) in nominal terms. In real terms, the PCE increased from Rs. 3,851 in 2012-13 to Rs. 5,953 in 2016-17 at 2011-12 prices, registering a CAGR of 9%.

Figure 1: Total Expenditure on children over years

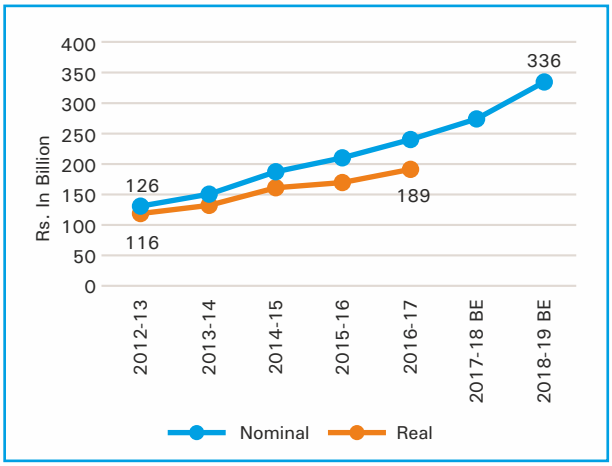
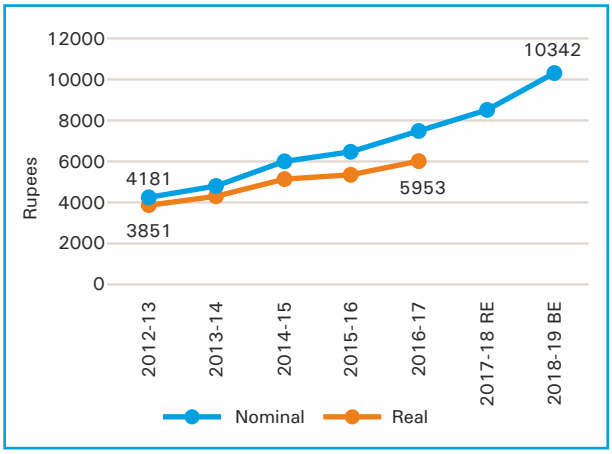


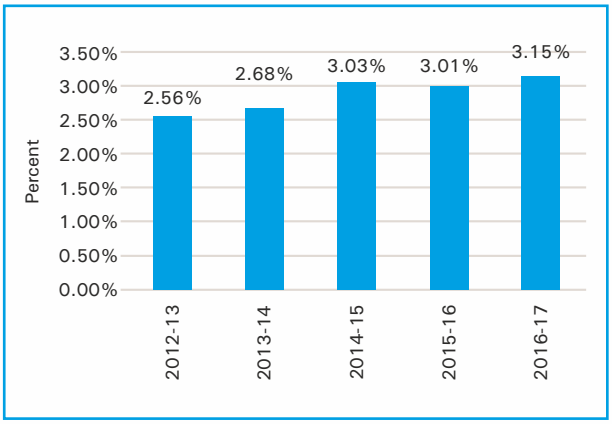
Figure 2: Per-Child Expenditure over years



2. Share of public expenditure on children in GSDP, Total Expenditure (TE) and Social Service Expenditure (SSE)

The share of TCE as a percentage of GSDP has shown a consistent increase from 2.56% to 3.15% in 2016-17 barring a marginal decline in 2015-16 (Figure 3).

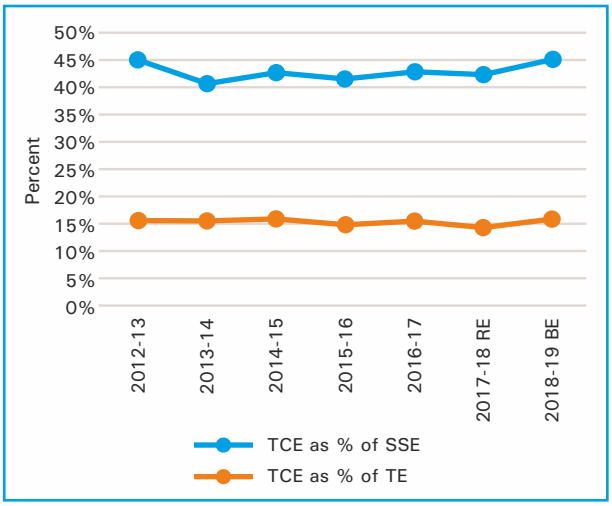
Figure 3: Total Expenditure on Children as a proportion of GSDP



Note: All values are in nominal prices

The TCE as a percentage of Total Expenditure (TE) has been hovering around 15% for the period 2012-13 to 2018-19 (Figure 4). The TCE as a percentage of Social Service Expenditure (SSE) decreased from 45% in 2012-13 to 41% in 2013-14. Thereafter, it hovered around 42% till 2017-18 and again moved up to 45% in 2018-19.

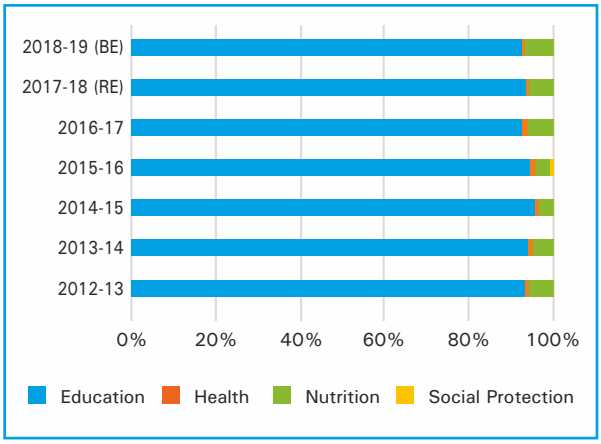
Figure 4: Total Expenditure on Children as a percentage of Total Expenditure and Social Services Expenditure



3. Sectoral share in child spending – Education receives the biggest share

The share of education sector constituted for an average of 94% of the TCE across the years (Figure 5). Nutrition sector was the second biggest component yet accounting for 5% share over the years. The share of health sector and protection constituted about less than 1% of TCE.

Figure 5: Sector-wise percentage distribution of Total Child Expenditure



4. Age-wise expenditure on children – 0-6 age group receives the lowest share

Age-wise distribution of spending on child reveals that the major share is allocated towards the ages 6-18 (school-going children) constituting an average share of 94% of the TCE (Figure 6 and Table 2). The 0-6 age group children who constitute about 30% of the child population receive just about 4% of TCE. The spending on the 0-6 age group has been steadily decreasing from 6% of TCE in 2012-13 to 4% 2018-19. The share of expenditure on 6-14 age group is decreasing while that of the 14-18 age group is increasing consistently over the years.

Figure 6: Child expenditure by age groups

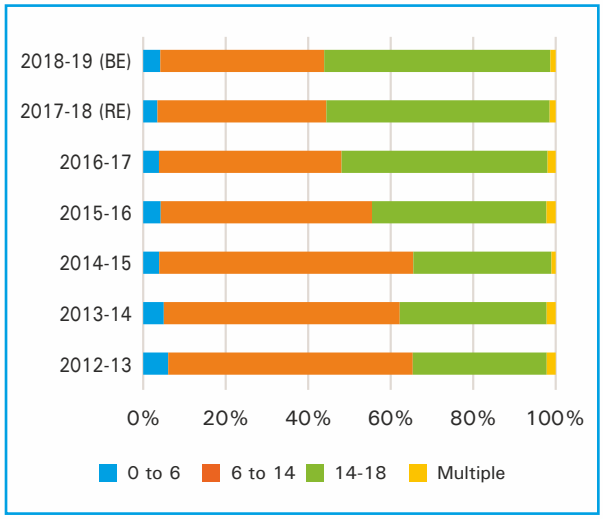


Table 2: Age-wise child population and child expenditure

Age group	Share of child population (%)	Share of Child expenditure (%)
0-6	30	4
6-14	44	51
14-18	26	44
Multiple		2

5. Child Expenditure by Revenue-Capital, and Wage and Non-Wage share

The average share of revenue expenditure on children was 99% while the rest 1% constituted the capital expenditure for the years 2012-13 to 2018-19 (Figure 7). The wage component which comprised of salaries, contractual wages, fees for professional services etc. forms the bulk of TCE at 86% on an average for the seven years while the remaining 14% was non- wage expenses. The non-wage component has shown an increase in the last three years (Figure 8).

Figure 7: Revenue and Capital expenditures as a percentage of Child Expenditure

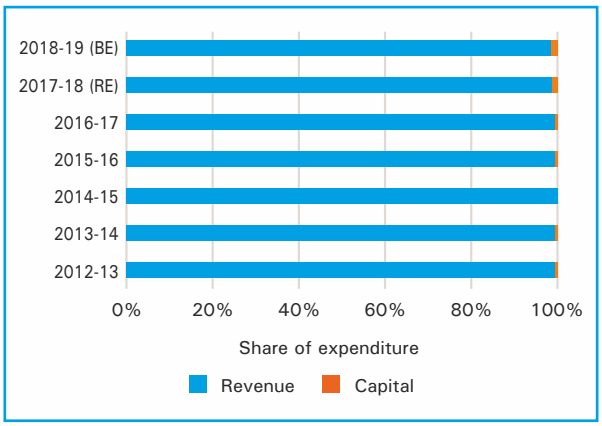
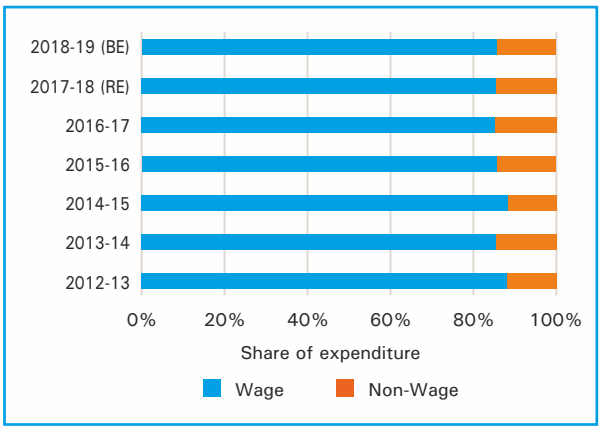


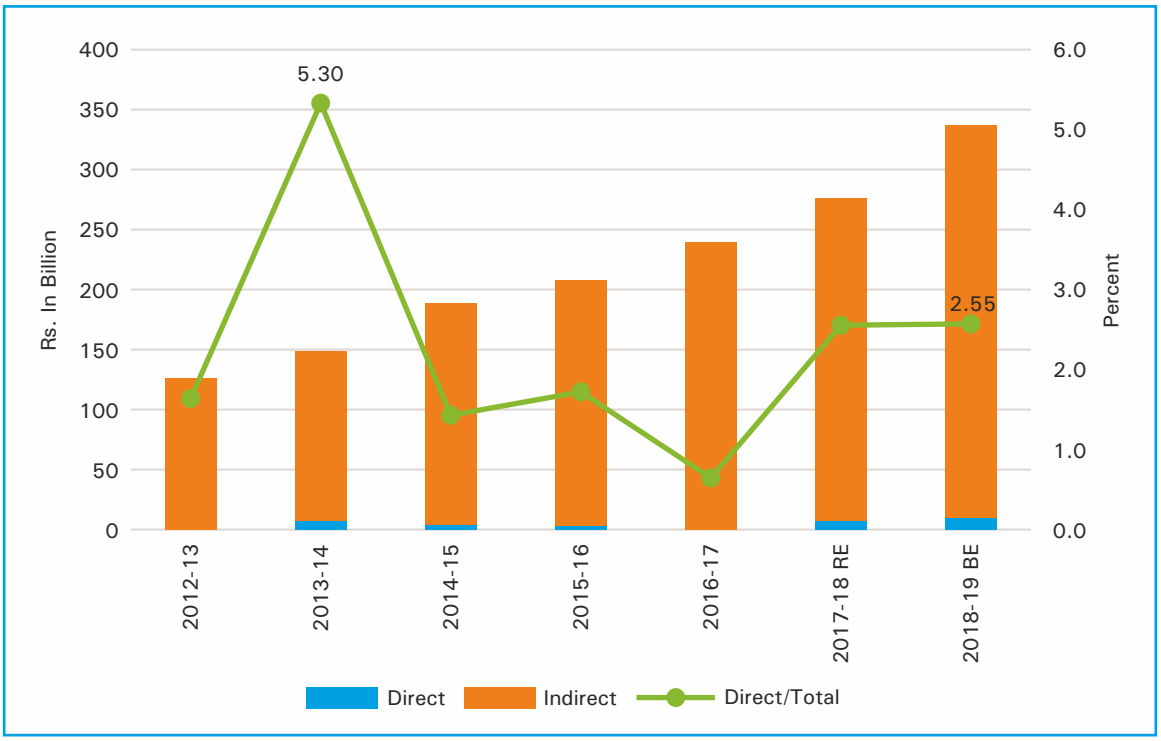
Figure 8: Wage and Non-wage expenditures as a percentage of Child Expenditure



6. Child expenditure by type of transfer to child

Direct transfers to child comprise of all those expenditures that reach directly to an individual child and this includes books, bags, shoes, uniforms, bicycles, meal expenses and scholarships. While most of the direct transfers cater to specific religious groups, social classes and tribal communities, some transfers are universal in nature. The share of direct transfers increased from 2% in 2012-13 to 5% in 2013-14 and then dipped sharply over next three years. It reached 0.6% of TCE in 2016-17 before increasing to about 2.5% in 2018-19 (Figure 9). These direct transfers are mainly provided for education through free distribution of books, scholarships, laptops, transport voucher to girl students and scooty distribution. During the last two-three years, nutrition has seen a surge in direct spending through milk distribution scheme and over the years a minuscule percentage of direct spending has also been on protection scheme through an accident insurance scheme.

Figure 9: Direct and Indirect transfers to children



III. STATUS OF CHILD DEVELOPMENT IN THE STATE

Rajasthan ranks 12th among the 16 states in terms of Child Development Index- Adolescent included (CDIa) with an index value of 0.38. Its Education and Empowerment (E&E) index is 0.29 while the Health and Nutrition (H&N) index is 0.47 (Table 3).

The state has very high rates of absence in all the classes starting from primary to senior secondary. It has the fourth highest rate of women getting married below 18 years of age (35% of women aged between 20-24 years). Though the state stands in as the sixth best state for the indicator of pregnant women suffering with anaemia, it is still high at 51%. The H&N indicators such as under-five mortality rates, stunting and wasting rates are also high in the state.

Table 3: Performance of indices in the measurement of Child Development for Rajasthan

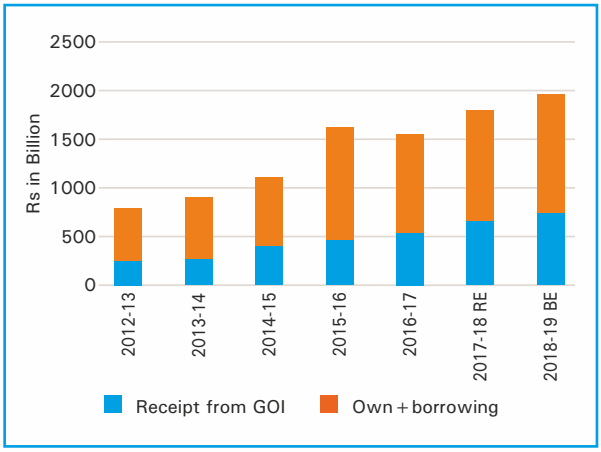
Indicator	Relative Ranking of Rajasthan*	Best performing State
CHILD DEVELOPMENT INDEX – 0.38	**12**	**Kerala**
EDUCATION and EMPOWERMENT – 0.29	**13**	**Kerala**
Net Attendance Ratio (Primary)	13	Telangana
Net Attendance Ratio (Upper Primary)	13	Kerala
Net Attendance Ratio (Secondary)	14	Kerala
Net Attendance Ratio (Senior Secondary)	13	Kerala
Sex ratio at birth for children born in the last five years	14	Kerala
Women aged 20-24 years married before age 18 (%)	13	Kerala
HEALTH and NUTRITION – 0.47	**10**	**Kerala**
Under-5 Mortality Rate	10	Kerala
Children under 5 years who are stunted (%)	12	Kerala
Children under 5 years who are wasted (%)	10	Kerala
Pregnant women aged 15-49 who are anaemic (%)	6	Kerala

*The relative ranking has been assessed among 16 large states in India barring Punjab and Haryana

IV. ANALYSIS OF STATE FINANCES

The total revenue of the state has grown at a CAGR of 17% from Rs. 780 billion in 2012-13 to Rs. 1,955 billion in 2018-19 (Figure 10). The receipts from GoI have increased from Rs. 243 billion to Rs. 732 billion for the same period registering CAGR of 21%. The own revenue of the state has grown at a CAGR of 10%. The share of receipts from GoI (tax share and grants) has increased mildly from 31% to 37% during the period 2012-13 to 2018-19.

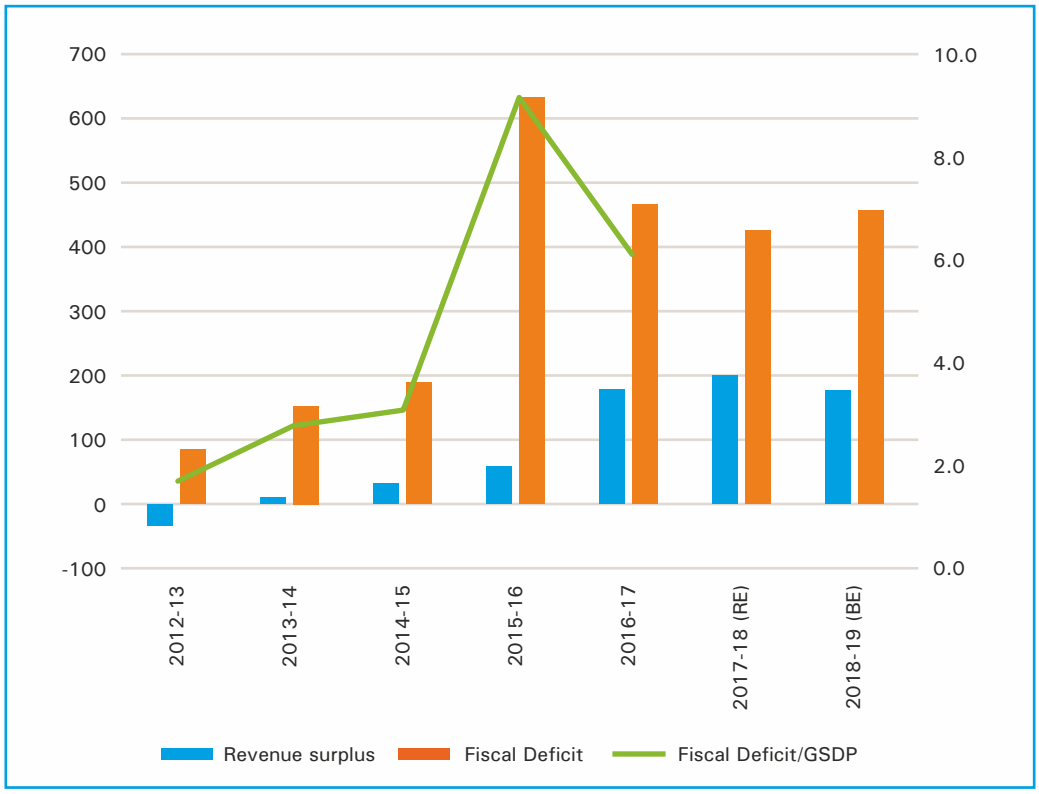
Figure 10: Growth of State finances



The buoyancy ratio for the total revenue has remained above 1 for the years 2012-13 and 2013-14 while it reached 2.1 during 2014-15 and then dropped to 0.9 and 0.8 during 2015-16 and 2016-17 respectively. The state's own tax buoyancy ratio was 1.5 during 2012-13, which dipped to 0.9 the following year. It again increased to 1.5 during 2014-15 but declined again for two years to reach 0.3 for the year 2016-17.

Rajasthan has been experiencing revenue deficit over the past six years except for the year 2012-13. The size of revenue deficit increased to Rs. 175 billion for the year 2018-19(Figure 11). Fiscal deficit has also been increasing with a steep rise during the years 2015-16 and 2016-17. During these years, fiscal deficit breached the FRBM limits (3.5% of GSDP – with UDAY scheme) reaching over 9% and 6% of the GSDP respectively. The high fiscal deficit pattern continued which is a worrisome trend.

Figure 11: Deficits of the State



V. TALES AND TAKEAWAYS

The total child expenditure (TCE) is growing steadily in the state at healthy rates of 17% and 13% in nominal and real terms (2011-12 prices) respectively. TCE as a percentage of GSDP is increasing over the years, but the TCE as a percentage of TE and SSE has been stagnant. Also, Rajasthan is among the lowest spending states on per capita terms.

Education receives the largest share followed by nutrition. The share of expenditure on 6-14 age group is decreasing while that on the 14-18 age group is increasing consistently over the years. The 0-6 age group which constitutes for about 30% of child population receives only 4.1% of the TCE which is lowest in the country.

Revenue expenditure forms the major chunk of the child expenditure. Similarly, the wage component constitutes about 85% of the child expenditure. The CDIa ranking is very low at 0.38 and the state is at 12th position with poor indicators in E&E as well as H&N. The state has a very high incidence of child marriage coupled with very low net attendance ratio for secondary school.

The CDIa shows the clear task cut out for the state. The state has to focus on improving net attendance in secondary and senior secondary school apart from preventing child marriages which also has an influence for higher prevalence of stunting and wasting in the state.

The state finances are growing steadily owing to higher borrowings and receipts from GoI. The state has revenue deficit which means that it cannot fund its running expenditure from revenue receipts. The fluctuating buoyancy ratios are a concern and needs a greater examination for its trends. The high fiscal deficit breaching the FRBM limits coupled with revenue deficits leaves very little scope for the state to focus on improving the child development indicators through prudent investments on children. However, since a major portion of GSVA is contributed from the tertiary sector, the state has a relatively higher scope to mop-up the taxes with necessary efforts.

STATE REPORT
Madhya Pradesh

UNICEF/2018/Harikrishna Katragadda

I.PROFILE OF MADHYA PRADESH

Table 1: State Profile of Madhya Pradesh

Data particulars	Figure	Source (year)
Area (sq. km.)	308245	Census (2011)
Population	72626809	Census (2011)
Population Density (persons per sq.km)	236	Census (2011)
Population SC (%)	15	Census (2011)
Population ST (%)	20	Census (2011)
Population BPL (%)	32	Economic Survey (Vol.II, 2016-17)
Population Urban (%)	28	Census (2011)
Literacy Rate	69	Census (2011)
Female Literacy Rate	59	Census (2011)
Life Expectancy	65	Economic Survey (Vol.II, 2016-17)
GSDP (Rs. in billion)	6473	MOSPI (2016-17)
Per-capita Income (Rs.)	74590	MOSPI (2016-17)

Madhya Pradesh is a state in the northern part of India bordering Uttar Pradesh, Chhattisgarh, Maharashtra, Gujarat and Rajasthan with Bhopal city as its capital. It is the second largest state in terms of geographical area and the sixth largest by population. The child population of Madhya Pradesh constitutes about 42% of the total population. The state has relatively high percentage of Below Poverty Line (BPL) and Schedule Tribe (ST) population. The literacy rate of the state has witnessed a slight dip from 69.69% in 2001 to 69.30% in 2011. The state's Gross State Domestic Product (GSDP) in 2016-17 at current prices was at Rs. 6,473 billion and the per-capita income is well below the national average at Rs. 74,590 as of 2016-17. The GSDP of Madhya Pradesh grew at a Compounded Annual Growth Rate (CAGR) of 11% and 6 % for the period 2012-13 to 2016-17 in nominal and real terms respectively. The primary sector contributed the highest share to Gross State Value Added (GSVA) at 41% followed by tertiary sector at 39%.

II. CHILD EXPENDITURE–TRENDS

1. Public expenditure on children has increased gradually

The Total Child Expenditure (TCE) has grown gradually from Rs. 139 billion in 2012-13 to Rs. 321 billion in 2018-19 at a CAGR of 13% (Figure 1). The TCE in real terms (2011-12 prices) increased from Rs. 128 billion in 2012-13 to Rs. 175 billion in 2016-17 registering a CAGR of 6%.

Along with the TCE, the Per-Child Expenditure (PCE) also increased over this period. The PCE increased from Rs. 4,515 in 2012-13 to Rs. 9790 in 2018-19 registering a CAGR of 12% (Figure 2). In real terms, the PCE increased from Rs. 4,168 in 2012-13 to Rs. 5,430 in 2016-17 registering a CAGR of 5%.

Figure 1: Total Expenditure on children over years

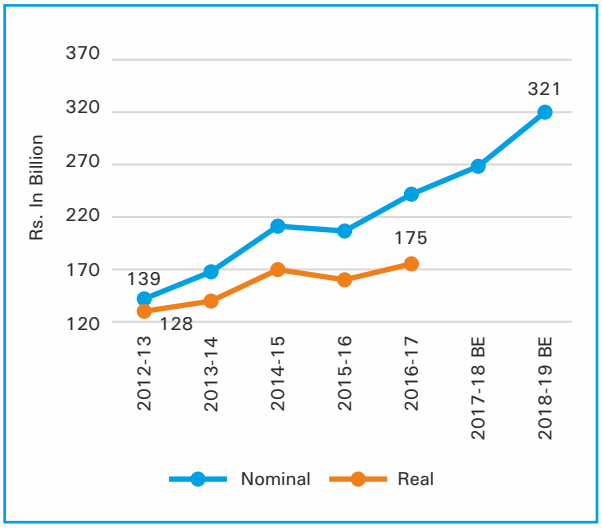
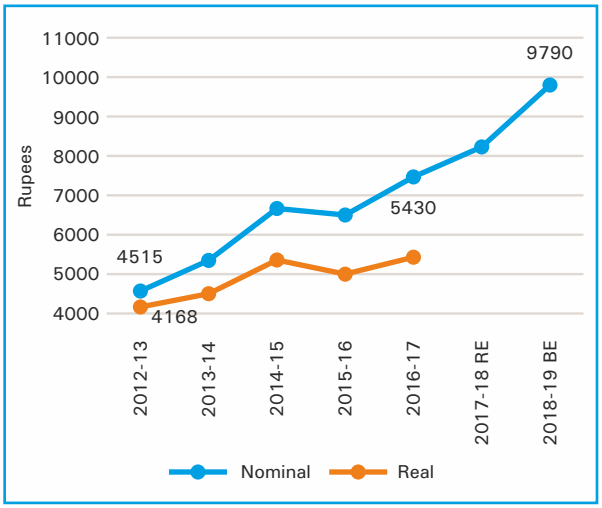


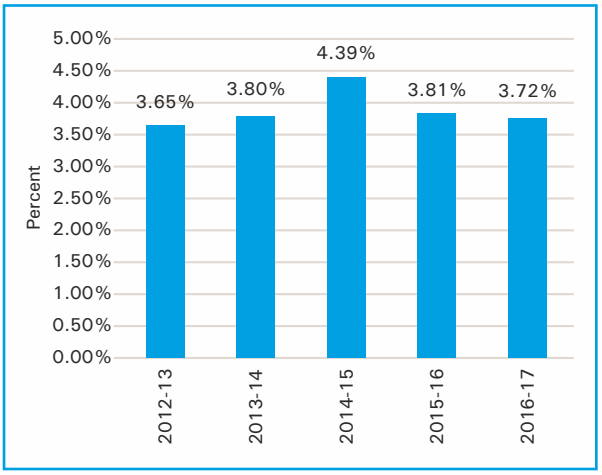
Figure 2: Per-child expenditure over years



2. Share of public expenditure on children in GSDP, Total Expenditure (TE) and Social Service Expenditure (SSE)

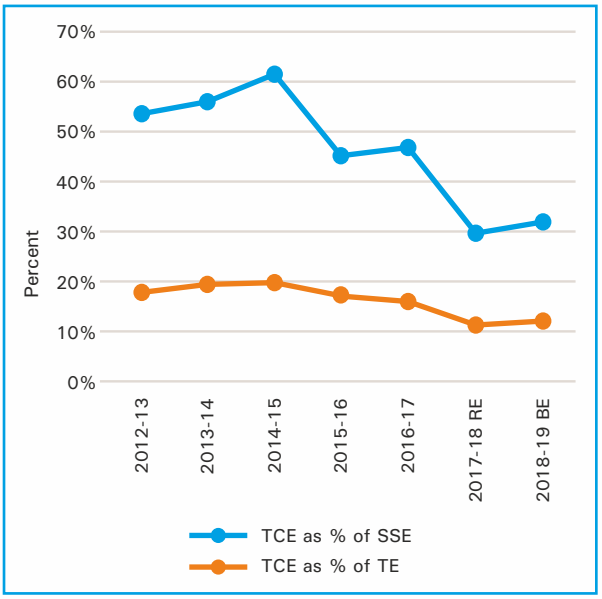
The TCE with reference to the GSDP is a robust measure to understand the expenditure over years. The share of child expenditure as a proportion of GSDP has fluctuated between 3.6% and 3.8% except for the year 2014-15 when it had increased to 4.39%. This share has been declining since 2014-15.

Figure 3: Total Expenditure on Children as a proportion of GSDP



The TCE as a percentage of Total Expenditure (TE) had increased from 17% in 2012-13 to 20% in 2014-15. However, it declined consistently since 2015-16 to reach 17% during 2018-19 (Figure 4). A more pronounced trend was found with TCE as percentage of SSE. The TCE as a percentage of Social Service Expenditure (SSE) which increased from 54% in 2012-13 to 62% in 2014-15 declined to 45% in 2015-16 and then increased to 46% in 2018-19.

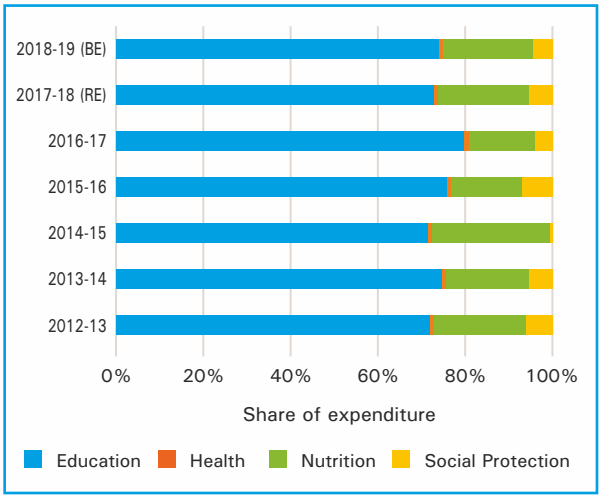
Figure 4: Total Expenditure on Children as a percentage of Total Expenditure and Social Services Expenditure



3. Sectoral share in child spending – Education receives the biggest share

The education sector accounted for an average share of 77% of the TCE over the period 2012-13 to 2018-19. The nutrition sector had an average share of about 18% over the years. Across the years, the protection had a share of about 4% while the health had a share of less than 1%(Figure 5). Apart from the legal protective measures/ offices/resource centres, orphanages, promoting for the child development of differently abled, the state also has cash transfer scheme like Ladli Lakshmi Yojana and Lado Abhiyaan for combating female foeticide and child marriage which accounted for the expenditure on protection.

Figure 5: Sector-wise percentage distribution of Total Child Expenditure



4. Age-wise allocation on child – 0-6 age receives the lowest share

Age-wise distribution of spending on child indicated that the major share was allocated towards the ages 6-18 (school-going children) with an average share of about 79 of the TCE (Figure 6 and Table 2). The 0-6 age group children who constituted about 30% of the child population received just over 10% of TCE.

Figure 6: Child expenditure by age groups

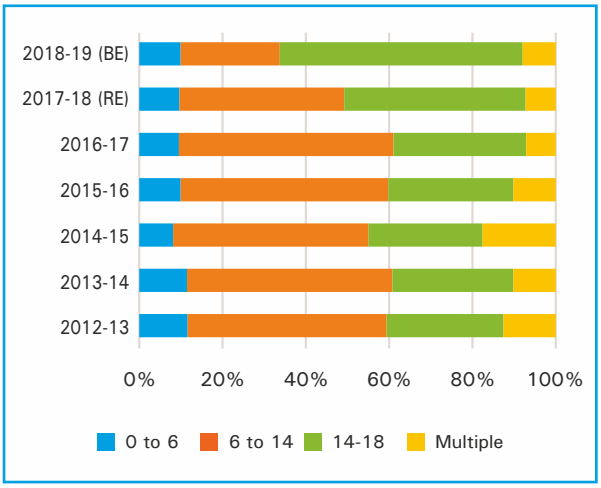


Table 2: Age-wise child population and child expenditure

Age group	Share of child population (%)	Share of Child expenditure (%)
0-6	30	10
6-14	44	44
14-18	26	35
Multiple		11

5. Child Expenditure by Revenue-Capital, and Wage and Non-Wage share

Revenue expenditure had an average share of 97% of all child-related expenses in the state. The share of capital spending has been steadily increasing from 1% in 2012-13 to 5% in 2018-19 while the average share across years was at 3% (Figure 7). The wage component which comprised of salaries, contractual wages, fees for professional services etc. formed the bulk of TCE averaging at about 85% for the years 2012-13 to 2018-19 while the non-wage component averaged at 15% over the years (Figure 8).

Figure 7: Revenue-Capital expenditure as a percentage of Child Expenditure

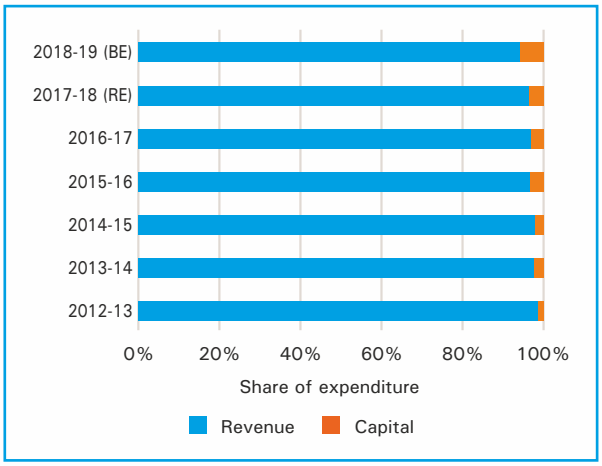
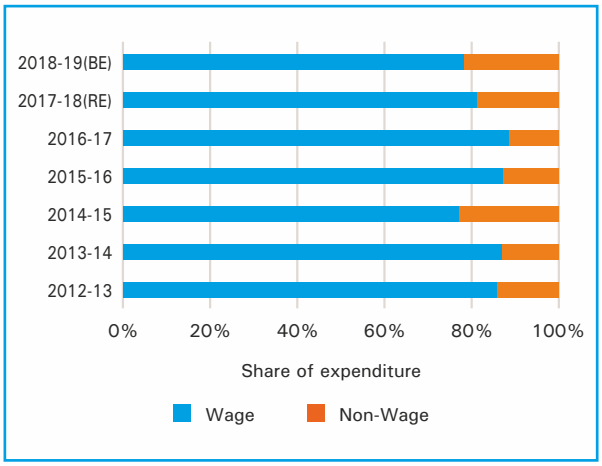


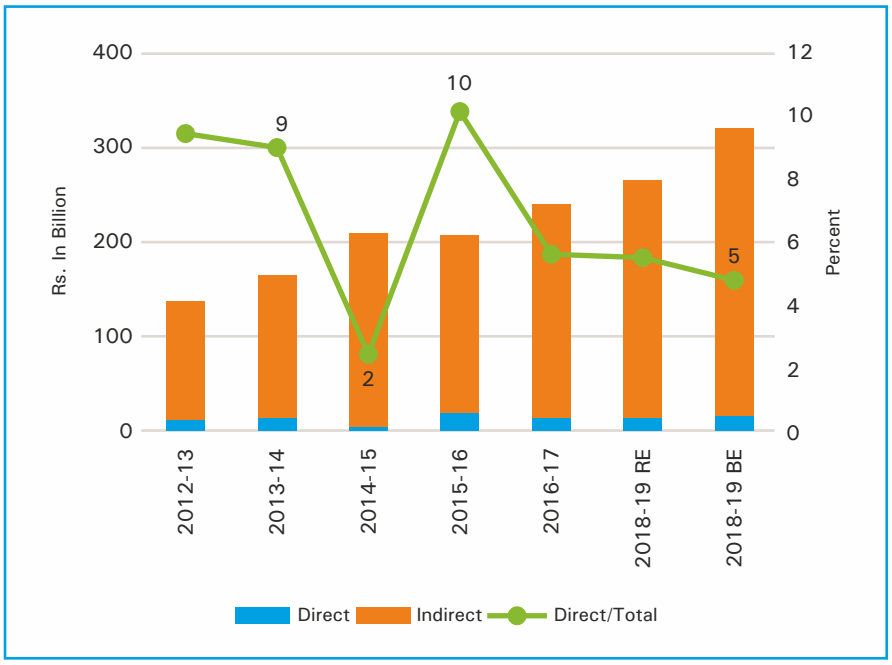
Figure 8: Wage-Non wage expenditure as a percentage of Child Expenditure



6. Child expenditure by type of transfer to child

Direct transfers to child comprise of all those expenditures that reach directly to an individual child and this includes books, bags, shoes, uniforms, bicycles, meal expenses and scholarships. While most of the direct transfers cater to specific religious groups, social classes and tribal communities, some are universal in nature. The share of direct transfers ranged from 2% to 10% across the years (Figure 9). The schemes like Lakshmi and Ladlo Yojana, wherein the girl child receives financial assistance in instalments up till the age of 18 for continuing education, contributed for this trend. Along with spending on distribution of textbooks, uniforms, cycles, in certain years laptops were distributed that accounted for spikes in the expenditure. Other state schemes of direct transfers also include Lalima Abhiyaan where folic tablets are distributed at Anganwadi centres, hospitals and academic institutions with an objective to reduce the incidence of anaemia among adolescent girls, children and pregnant women to improve the maternal and childcare.

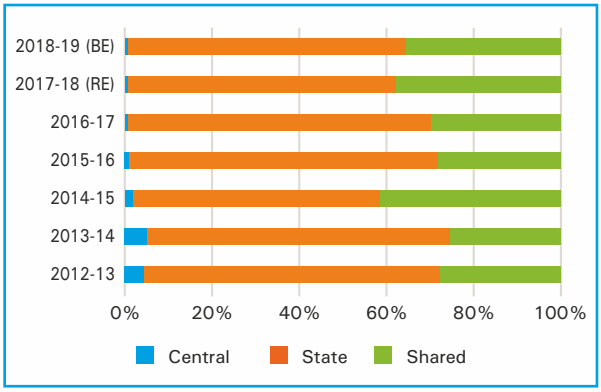
Figure 9: Direct and Indirect transfers to children



7. Share of child expenditures between State and Centre

The average share of expenditure on children by the state government stood at 69% of the TCE over the years 2012-13 to 2018-19 (Figure 10). The average share of shared expenses between union and state governments was 29% while the share of central sector schemes with 100% central assistance averaged about 2%.

Figure 10: Proportion of central, state and shared expenditure in TCE



III. STATUS OF CHILD DEVELOPMENT IN THE STATE

Madhya Pradesh ranks 13th among the 16 states in terms of Child Development Index-Adolescent included (CDIa) with an index value of 0.37. Its Education and Empowerment (E&E) index is 0.41 while the Health and Nutrition (H&N) index is 0.32 (Table 3).

Table 3: Performance of indices in the measurement of Child Development for Madhya Pradesh

Indicator	Relative Ranking of MP*	Best performing State
CHILD DEVELOPMENT INDEX – 0.37	**13**	**Kerala**
EDUCATION and EMPOWERMENT – 0.41	**11**	**Kerala**
Net Attendance Ratio (Primary)	12	Telangana
Net Attendance Ratio (Upper Primary)	9	Kerala
Net Attendance Ratio (Secondary)	12	Kerala
Net Attendance Ratio (Senior Secondary)	10	Kerala
Sex ratio at birth for children born in the last five years	8	Kerala
Women aged 20-24 years married before age 18 (%)	11	Kerala
HEALTH and NUTRITION – 0.32	**13**	**Kerala**
Under-5 Mortality Rate	15	Kerala
Children under 5 years who are stunted (%)	13	Kerala
Children under 5 years who are wasted (%)	13	Kerala
Pregnant women aged 15-49 who are anaemic (%)	14	Kerala

*The relative ranking has been assessed among 16 large states in India barring Punjab and Haryana

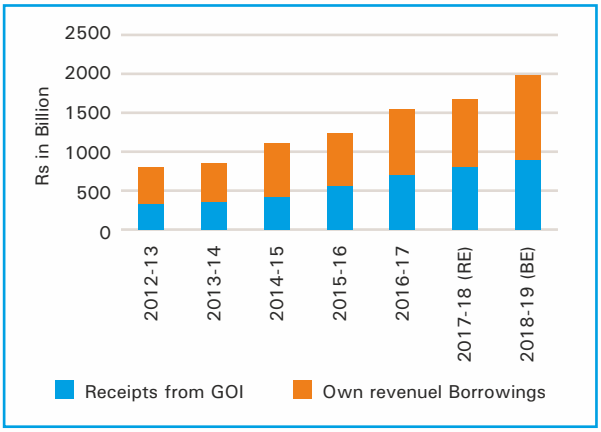
The state has very high rates of absence in all the classes; primary to senior secondary, of which the upper primary attendance ratio is relatively better. The state has a high rate of marriage for ages below 18. Added to this is the 14th position for anaemia among pregnant women (54.6% are anaemic). The state fares poorly for mortality of children under-five as well.

IV. ANALYSIS OF STATE FINANCES

The total revenues of the state have grown at a CAGR of 17% from Rs. 793 billion in 2012-13 to Rs. 1,977 billion in 2018-19 (Figure 11). The receipts from GoI have increased from Rs. 328 billion to Rs. 903 billion for the same period registering CAGR of 20%. The own revenue of the state has grown at a CAGR of 9%. The share of receipts from GoI (tax share and grants) has increased mildly from 41% to 46% during the period 2012-13 to 2018-19.

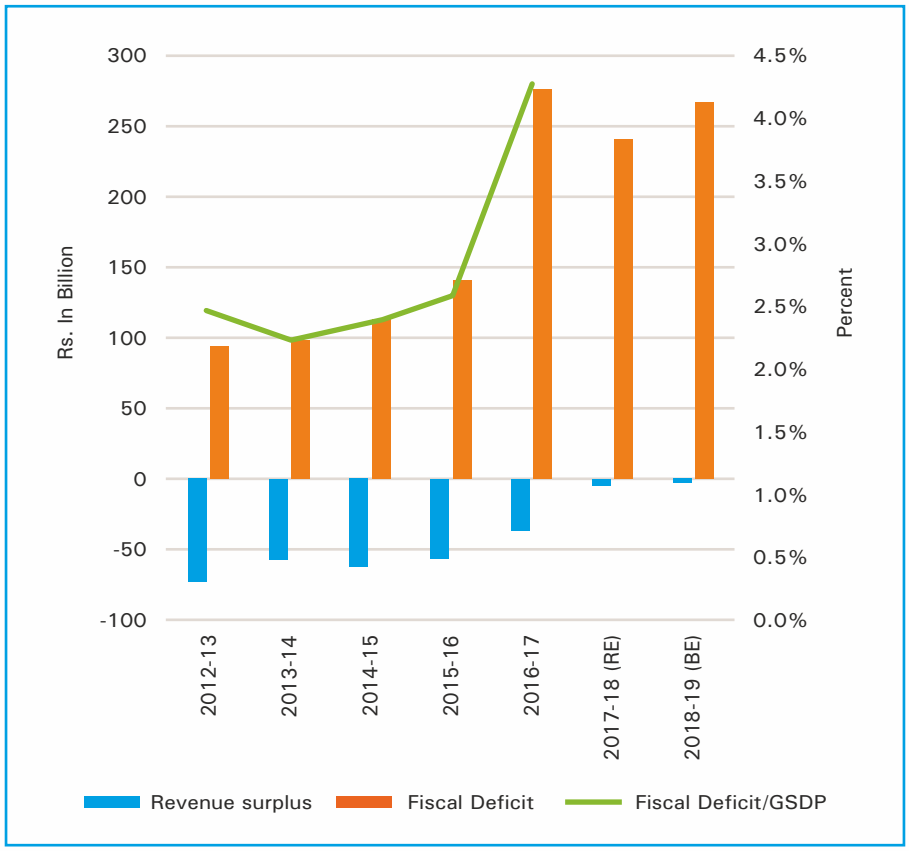
The buoyancy ratio for the total revenue has increased from 0.6 to 1.52 before dropping to 1.15 for the period 2012-13 to 2015-16 while the buoyancy ratio for the own tax hovered around 0.6 for the same period.

Figure 11: Growth of State finances



The state has been registering revenue surplus over the past seven years although there has been a declining trend over the year with the figure for the latest year being Rs. 2.6 billion (Figure 12). On the other hand, fiscal deficit has been on the rise over the years, with a steep rise during the year 2016-17 to 4.27% of GSDP which reduced in the following year to below 4% and again increased in 2018-19 to breach 4%. The last three years have witnessed the breach of the limit of 3.5% set under FRBM Act.

Figure 12: Deficits of the State



V. TALES and TAKEAWAYS

The TCE has shown an increasing trend while the TCE as a percentage of GSDP, and as a percentage of TE and SSE, has shown a clear declining trend since 2015-16 which is worrisome. The increasing share of capital expenditure within child expenditure is a welcome trend.

Given that the state relatively has higher BPL and ST population and 42% of total population being child population, the public expenditure has to be increased substantially for the child development. The CDIa ranking which positions the state at the 13th place out of 16 states indicates the need to work on improving all indicators.

The state finances indicate the reducing revenue surplus, a very high fiscal deficit and a poor own tax revenue growth which allows very little scope for the state to invest higher amounts for improving child development indicators on its own. The high share of contribution to GSVA is from the primary sector which leaves less scope for the state to mop-up the taxes.

STATE REPORT
Bihar

UNICEF/2018/Prashanth Vishwanathan

I.PROFILE OF BIHAR

Table 1: State Profile of Bihar

Data particulars	Figure	Source (year)
Area (sq. km.)	94163	Census (2011)
Population	104099452	Census (2011)
Population Density (Persons per sq. km.)	1102	Census (2011)
Population SC (%)	16	Census (2011)
Population ST (%)	1	Census (2011)
Population BPL (%)	34	Economic Survey (Vol. II, 2017-18)
Population urban (%)	11	Census (2011)
Literacy Rate	62	Census (2011)
Female Literacy Rate	51	Census (2011)
Life Expectancy	68	Economic Survey (Vol. II, 2017-18)
GSDP (Rs. in billions)	4259	MOSPI (2016-17)
Per-capita Income (Rs.)	34409	MOSPI (2016-17)

Bihar is a state in the eastern part of India, bordered by the state of Jharkhand in the south, and Nepal, the neighbouring country, in the north. Its capital city is Patna, which is situated on the bank of the holy river Ganga. It is the 13th largest state in India in terms of geographical area and the 3rd largest by population. The state has a relatively high percentage (34%) of Below Poverty Line (BPL) population among the 16 states. The child population of Bihar is also high and accounts for 48% of the overall population. The state's Gross State Domestic Product (GSDP) in 2016-17 at current prices was at Rs. 4,259 billion, and the per-capita income was at Rs. 34,409, which was lowest among all the states. The literacy rate of the state has risen from 48% in 2001 to 62% in 2011 but it is still below the national average. The Compounded Annual Growth Rate (CAGR) of the GSDP for the period 2012-13 to 2016-17 stood at 9% and 5% in nominal and real terms (2011-12 prices) respectively. The tertiary sector contributes to 62% to the Gross State Value Added (GSVA) which is highest, followed by primary sector stands at 21% for the year 2015-16.

II. CHILD EXPENDITURE – TRENDS

1. Public expenditure on children has increased

The Total Child Expenditure (TCE) has grown gradually from Rs. 139 billion in 2012-13 to Rs. 261 billion in 2018-19 at a CAGR of 9% (Figure 1). The TCE in real terms (2011-12 prices) increased from Rs. 126 billion 2012-13 to Rs. 154 billion in 2016-17 at a CAGR of 4% respectively.

Along with the TCE, the per-child expenditure (PCE) also has increased over this period. The PCE has increased from Rs. 2,717 in 2012-13 to Rs. 4,363 in 2018-19 recording an increase of 60% over seven years (Figure 2) at a CAGR of 7%. In real terms, the PCE increased from Rs. 2,471 in 2012-13 to Rs. 2,706 in 2016-17 registering a CAGR of mere 2%. The PCE is lowest among all the 16 states.

Figure 1: Total Expenditure on children over years

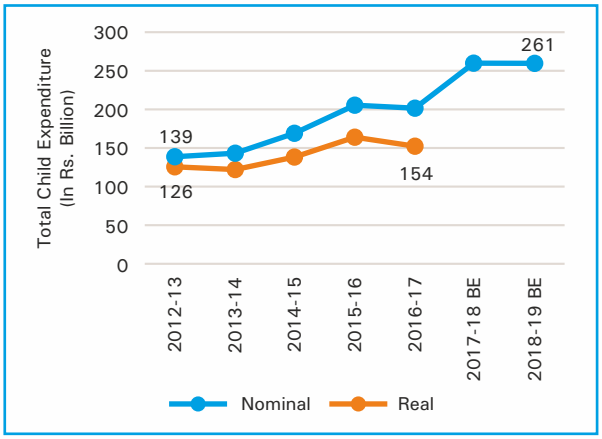
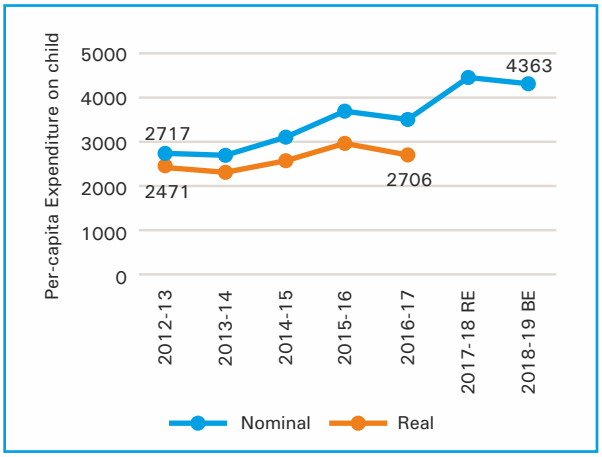


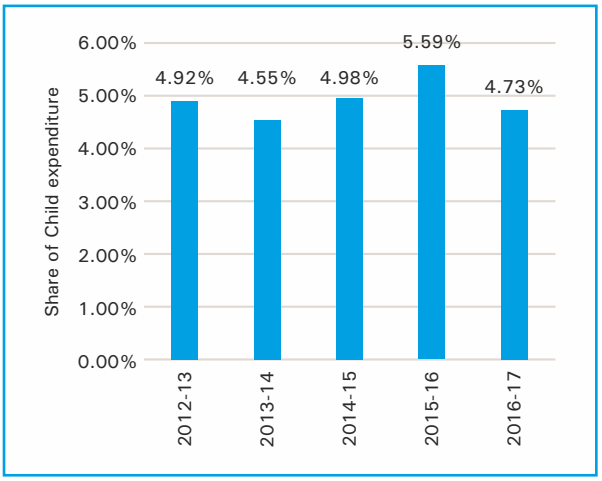
Figure 2: Per-child expenditure over years



2. Share of public expenditure on children in GSDP, Total Expenditure (TE) and Social Service Expenditure (SSE)

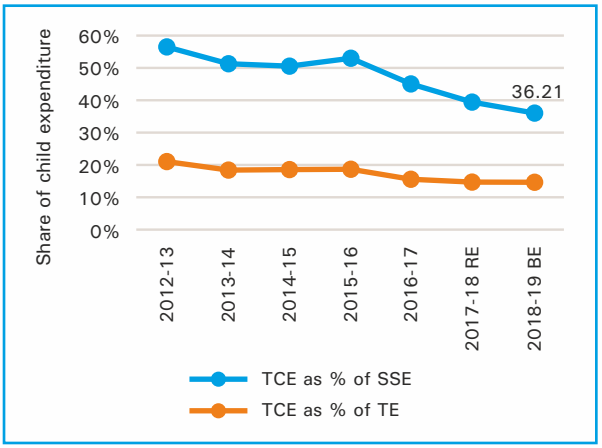
The TCE as a share of GSDP is a fairly robust measure of the Child Expenditure (CE). The TCE as a percentage of nominal GSDP has witnessed a decrease from 4.92% in 2012-13 to 4.55% in 2013-14 before increasing in the following two years to 4.98% and 5.59% respectively. However, in 2016-17, again, the TCE has reduced to 4.73% of GSDP (Figure 3).

Figure 3: Total Expenditure on Children as a proportion of GSDP



The TCE as a percentage of Total Expenditure (TE) decreased from 21% in 2012-13 to 15% in 2018-19 (Figure 4). Similarly, the TCE as a percentage of Social Service Expenditure (SSE) decreased notably from 57% in 2012-13 to 36% in 2018-19. The decline over years is consistent across post 14th Finance Commission (FC) recommendations phase.

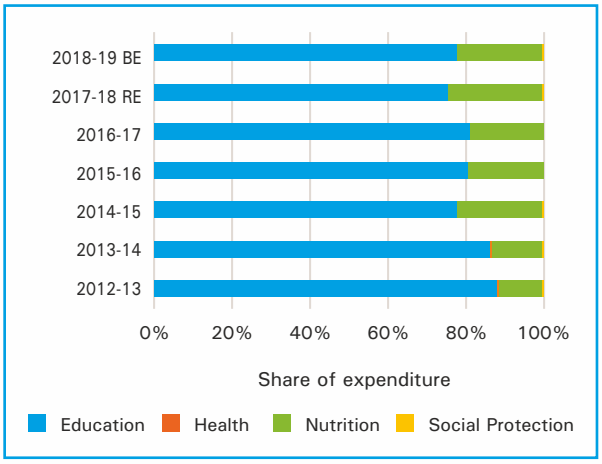
Figure 4: Total Expenditure on Children as a percentage of Total Expenditure and Social Services Expenditure



3. Sectoral share in child spending – Education receives the biggest share

The average share of education sector was 81% of the TCE for the years 2012-13 to 2018-19(Figure 5). Nutrition was the second largest sector averaging about 18% of the TCE for the same period. The health and protection together constituted for nearly less than 1% of the overall child spending for the period.

Figure 5: Sector-wise percentage distribution of Total Child Expenditure



4. Age-wise expenditure on children – 0-6 age receives lowest share

Of the TCE, major expenditure is incurred for the age group of 6-18 (school-going children) averaging over 86% (Figure 6) for the seven-year period 2012-13 to 2018-19. The 0-6 age category which constituted about 32% of the child population received an average share of 10% of the TCE during the same period (Table 2).

Figure 6 : Child expenditure by age groups

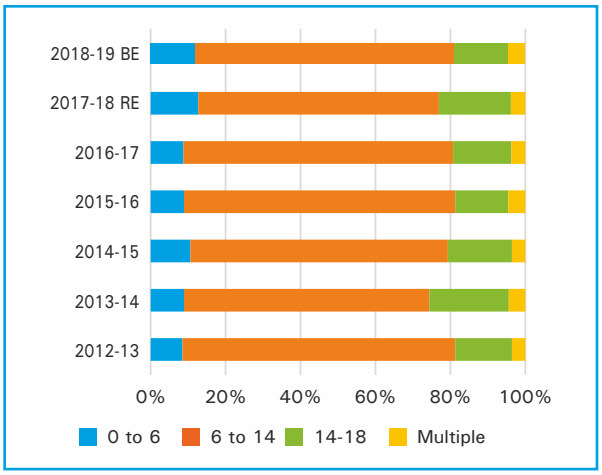


Table 2: Age-wise child population and child expenditure

Age Group	Share of child population (%)	Share of Child expenditure (%)
0-6	32	10
6-14	47	69
14-18	21	17
Multiple		4

5. Child Expenditure by Revenue-Capital, and Wage and Non-Wage share

Revenue expenditure averaged nearly 98% of TCE over the period 2012-13 to 2018-19. The share of capital spending has been miniscule (Figure 7) which averaged at 2%. The wage component which comprised of salaries, contractual wages, fees for professional services etc. formed the bulk averaging at about 59% of TCE over the seven-year period while the non-wage component averaged for 41% over the same period (Figure 8).

Figure 7: Revenue and Capital expenditures as a percentage of Child Expenditure

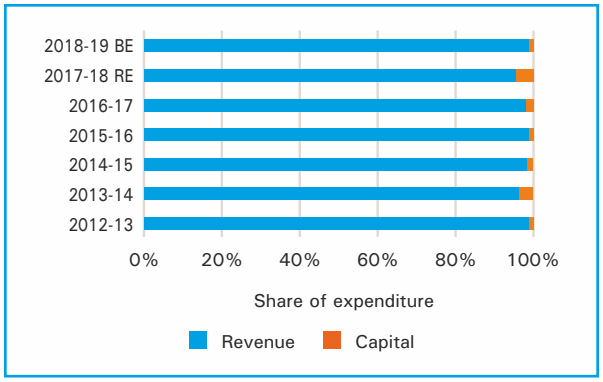
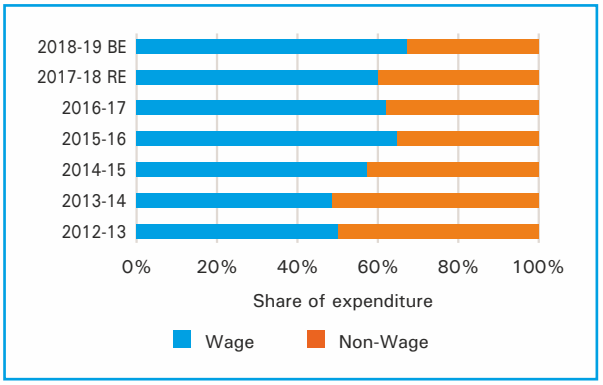


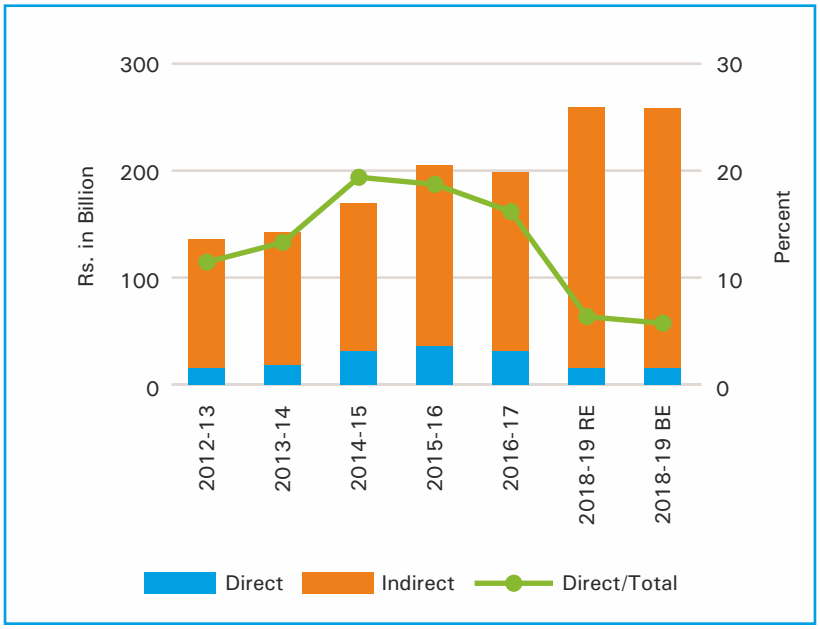
Figure 8: Wage and Non-wage expenditures as a percentage of Child Expenditure



6. Child expenditure by type of transfer to child

Direct transfers to child comprised of all those expenditures that reach directly to an individual child and this includes books, bags, shoes, uniforms, bicycles, meal expenses and scholarships. While most of the direct transfers cater to specific religions, social classes and tribal communities, few of the transfers are universal in nature. The share of direct transfers increased to 19% by 2014-15 but has since been decreasing reaching about 6% of the TCE in 2018-19 (Figure 9).

Figure 9: Direct and Indirect expenditures as a percentage of Child Expenditure



III. STATUS OF CHILD DEVELOPMENT IN THE STATE

Bihar ranks 14th among the 16 states in terms of Child Development Index- Adolescent included (CDIa) with an index value of 0.27. Its Education and Empowerment (E&E) index is 0.23 while the health and nutrition (H&N) index is 0.31 (Table 3).

Table 3: Performance of indices in the measurement of Child Development for Bihar

Indicator	Relative Ranking of Bihar*	Best performing State
CHILD DEVELOPMENT INDEX – 0.27	**14**	**Kerala**
EDUCATION and EMPOWERMENT – 0.23	**16**	**Kerala**
Net Attendance Ratio (Primary)	15	Telangana
Net Attendance Ratio (Upper Primary)	13	Kerala
Net Attendance Ratio (Secondary)	13	Kerala
Net Attendance Ratio (Senior Secondary)	15	Kerala
Sex ratio at birth for children born in the last five years	5	Kerala
Women aged 20-24 years married before age 18 (%)	16	Kerala
HEALTH and NUTRITION – 0.31	**14**	**Kerala**
Under-5 Mortality Rate	13	Kerala
Children under 5 years who are stunted (%)	16	Kerala
Children under 5 years who are wasted (%)	9	Kerala
Pregnant women aged 15-49 who are anaemic (%)	15	Kerala

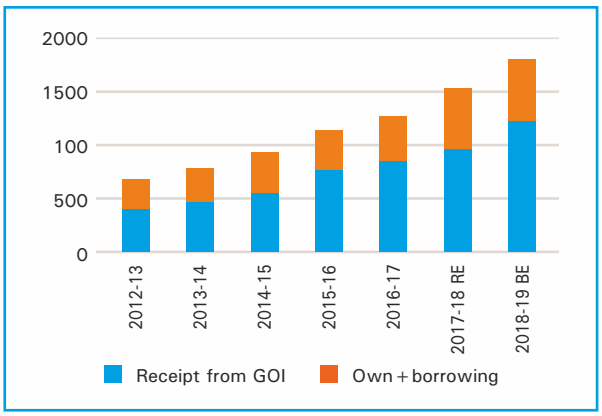
*The relative ranking has been assessed among 16 large states in India barring Punjab and Haryana

The state has a very low net attendance ratios at all levels: primary, upper primary, secondary as well as higher secondary stage. Though the state does relatively well in terms of sex ratio at birth, it holds the last position among the 16 states in terms of child marriage. The percentage of under-five mortality rate is relatively very high owing to the high prevalence of stunting and wasting. Anaemia among pregnant women is also very high.

IV. ANALYSIS OF STATE FINANCES

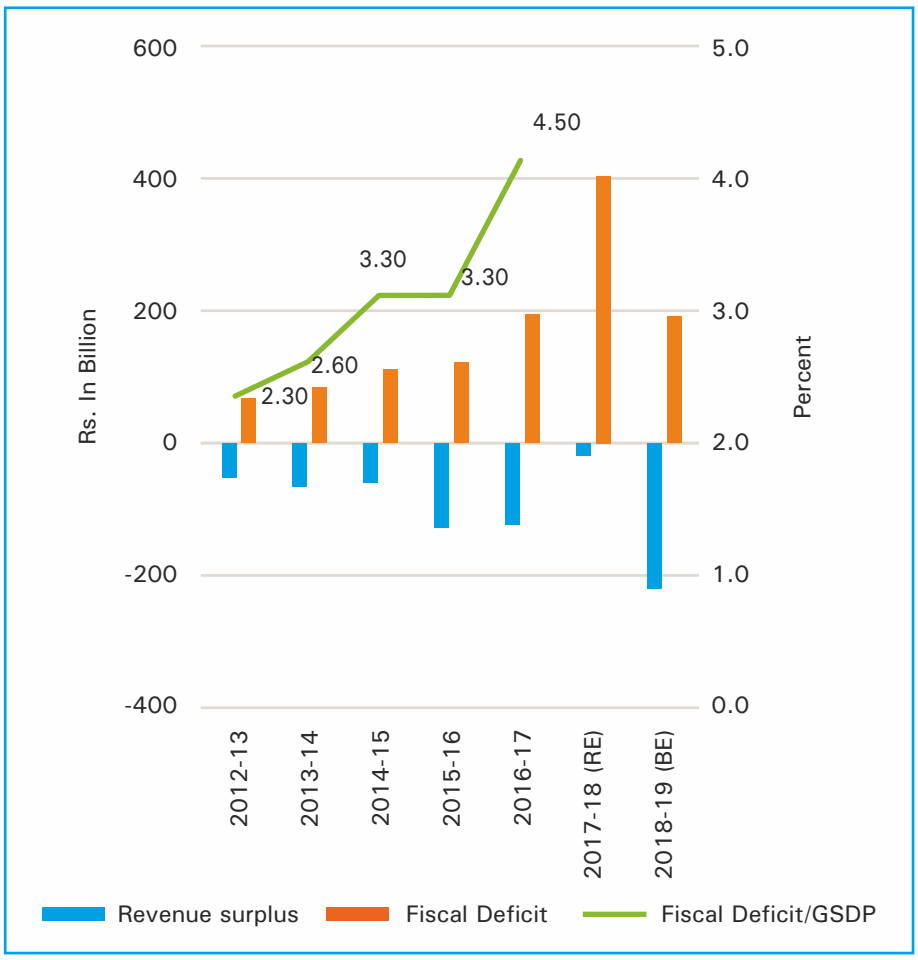
The total revenues of the state have grown at a CAGR of 18% from Rs. 691 billion in 2012-13 to Rs. 1,813 billion in 2018-19 (Figure 10). The receipts from GoI (tax share + grants) have increased from Rs. 422 billion to Rs. 1,226 billion for the same period registering a CAGR of 20%. The own revenue of the state has grown at a CAGR of 11%. The share of receipts from GoI has increased from 61% to 68% over the period. The state's own tax buoyancy ratio which was over 2.0 in 2012-13 reduced to less than 0.5 in 2014-15 and again rose to 2.0 in 2015-16.

Figure 10: Growth of State finances



The state has been recording a revenue surplus for the last seven years. The revenue surplus was Rs. 213 billion for the year 2018-19 (Figure 11). However, on the fiscal deficit, it has breached the limit consistently since 2014-15, which rose to 4.53% of GSDP in the year 2016-17.

Figure 11: Deficits of the State



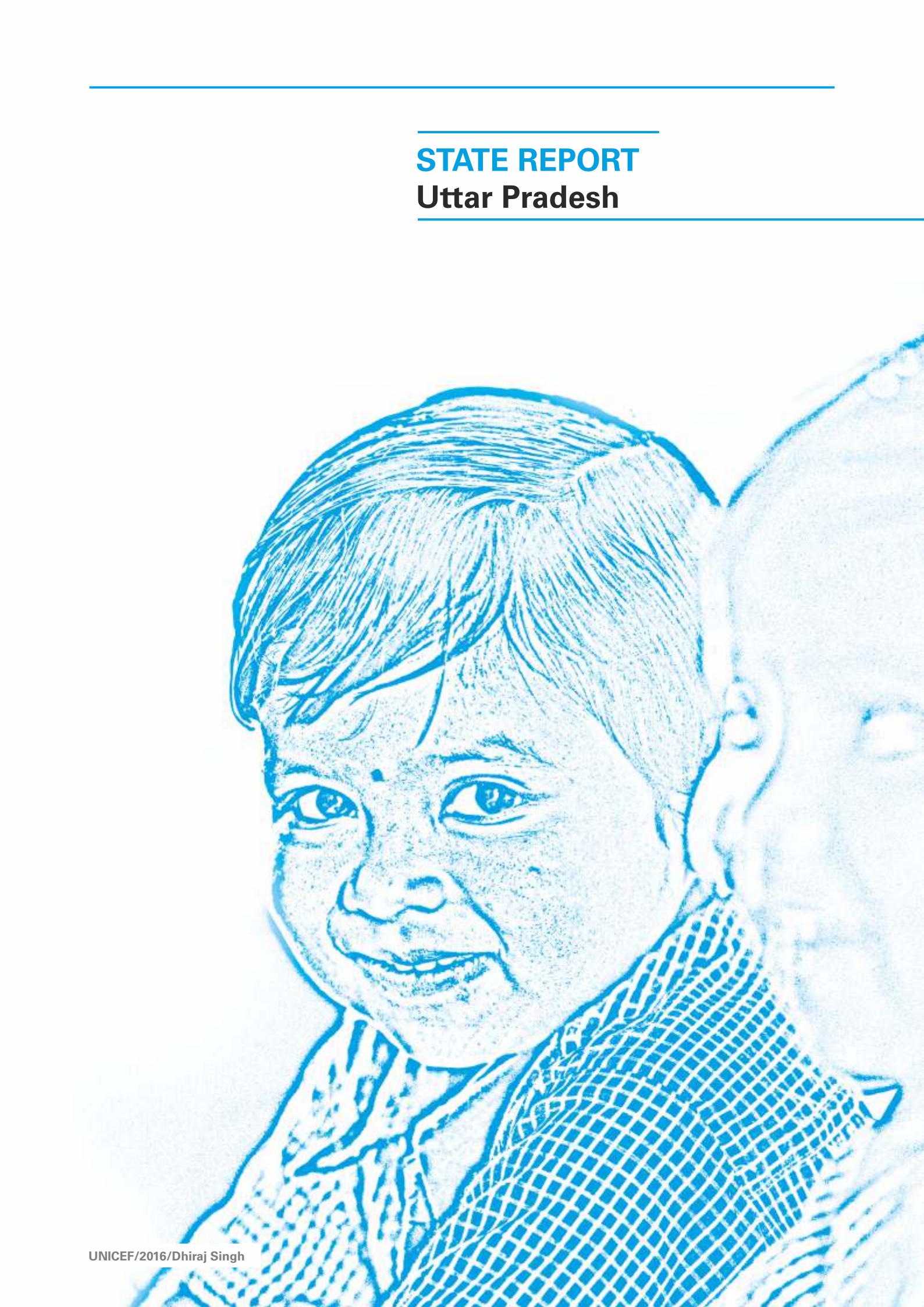
V. TALES AND TAKEAWAYS

Bihar holds the 13th position in terms of geographical area in India but it is third largest in terms of population among the 16 states which implies that the state has a very high population density. The per capita income of the state is the lowest among all the 16 states and the state has a high BPL population as well. According to census 2011, the literacy rate is lower than the national average.

Nearly half the population of Bihar is child population (47.84%). So, despite a higher share of CE as a percentage of GSDP, the per-child expenditure is the lowest among the 16 states. The declining share of the TCE as a percentage of GSDP and TE is worrisome. Given the poor indicators both in E&E as well as H&N, the stagnation or lowering of public expenditure on children will affect the future of the state severely in terms of poor human capital and need even higher expenditures for public education and health.

The state is heavily dependent on the funds from centre, with the central share rising from 61% to 68% in the past seven years. This dependency has affected the CE as well. Despite higher revenue surpluses, the state has not been able to incur higher revenue expenditures. The higher fiscal deficit is a cause for concern, and this can affect the expenditure on children.

STATE REPORT
Uttar Pradesh



UNICEF/2016/Dhiraj Singh

I.PROFILE OF UTTAR PRADESH

Table 1: State Profile of Uttar Pradesh

Data particulars	Figure	Source (year)
Area (sq. km.)	240928	Census (2011)
Population	199812341	Census (2011)
Population Density (persons per sq. km)	829	Census (2011)
Population SC (%)	21	Census (2011)
Population ST (%)	0.1	Census (2011)
Population BPL (%)	29	Economic Survey (vol. II, 2017-18)
Population urban (%)	22	Census (2011)
Literacy Rate	68	Census (2011)
Female Literacy Rate	57	Census (2011)
Life Expectancy	65	Economic Survey (vol. II, 2017-18)
GSDP (in Rs. billion)	12502	MoSPI (2016-17)
Per-capita Income (Rs.)	51014	MoSPI (2016-17

Uttar Pradesh is situated in the northern part of India, bordering nine states. It is the fifth largest state in terms of geographical area, and the largest in terms of population. The child population of Uttar Pradesh constitutes about 43% of the total population. The literacy rate of the state has increased from 56% in 2001 to 68% in 2011. The GSDP in the state has been growing at a Compound Annual Growth Rate (CAGR) of 9 % and 5% for the years 2012-13 to 2016-17 in nominal and real terms (at 2011-12 prices) respectively. The state's Gross State Domestic Product (GSDP) in 2016-17 at current prices was Rs. 12,502 billion and the per-capita income at Rs. 51,014 is one of the lowest amongst the sixteen states. As of 2015-16, the tertiary sector alone contributes about 47% of the total Gross State Value Added (GSVA). The primary and secondary sectors' contributions are 27% and 26%, respectively.

II. CHILD EXPENDITURE– TRENDS

1. Public expenditure on children has increased gradually

The Total Child Expenditure (TCE) has grown from Rs. 469 billion in 2015-16 to Rs. 719 billion in 2018-19. The TCE has grown from Rs. 374 billion in 2015-16 to Rs 428 billion in 2016-17 in real terms (2011-12 prices). The Compounded Annual Growth Rate (CAGR) of TCE was found to be 11% and 7% in nominal and real terms respectively. The Per-Child Expenditure (PCE) grew from Rs. 4,841 in 2015-16 to Rs. 7,081 in 2018-19 in nominal terms. In real terms, it grew from Rs. 3,864 in 2015-16 to Rs. 4,349 in 2016-17 registering an increase of 13% (Figure 2). The CAGR of PCE was 10% and 6% in nominal and real terms respectively.

Figure 1: Total Child Expenditure across years

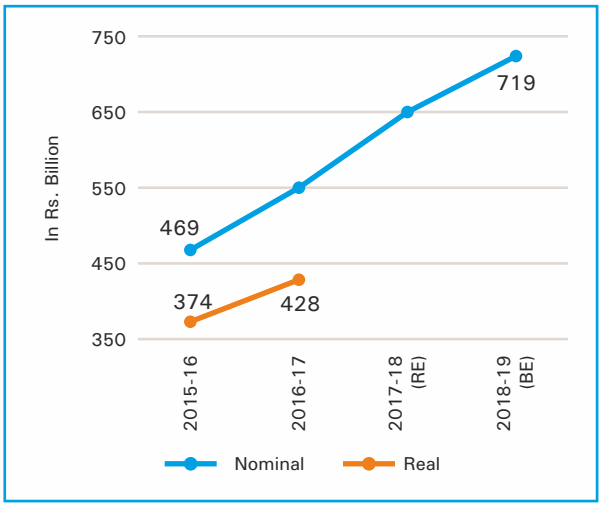
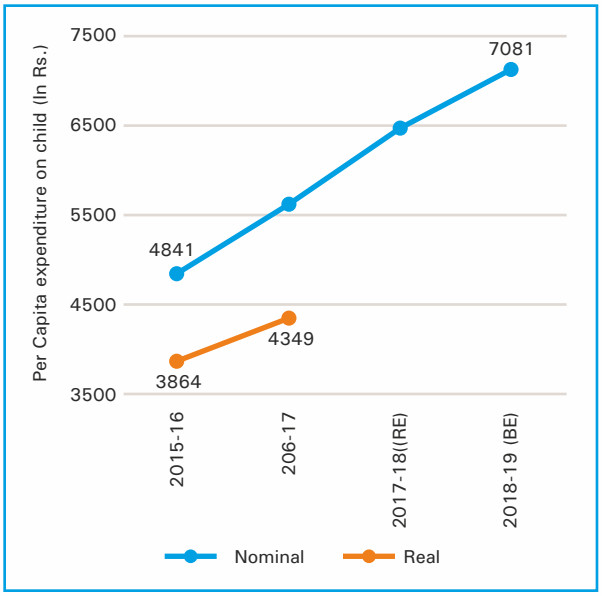


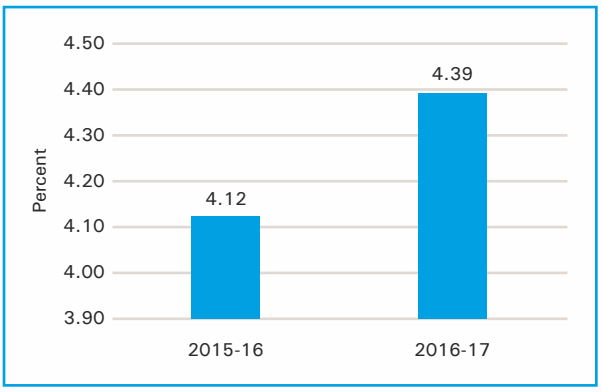
Figure 2: Per-child expenditure over years



2. Share of public expenditure on children in GSDP, Total Expenditure (TE) and Social Service Expenditure (SSE)

The TCE with reference to the GSDP is a robust measure to understand the expenditure over years. The TCE as a percentage of GSDP has increased consistently from 4.12% to 4.39% between 2015-16 and 2016-17 (Figure 3).

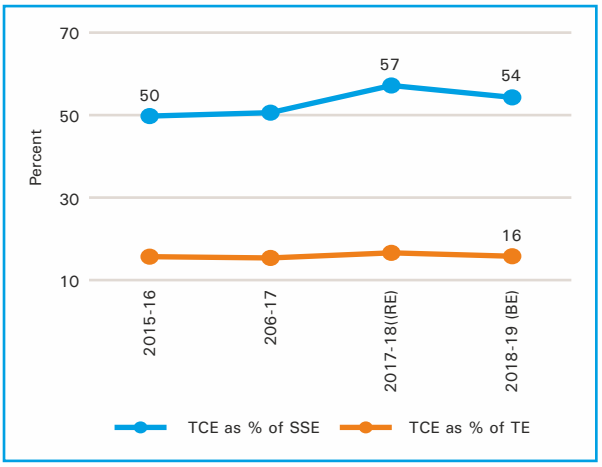
Figure 3: Total child expenditure as a percentage of GSDP



Note: All values are in nominal prices;

The TCE as a percentage of Total Expenditure (TE) has almost remained stagnant at about 16% (Figure 4). The TCE as a percentage of Social Service Expenditure (SSE) has shown an increase consistently for three years from 2015-16 and then dipped in 2018-19 to 54%.

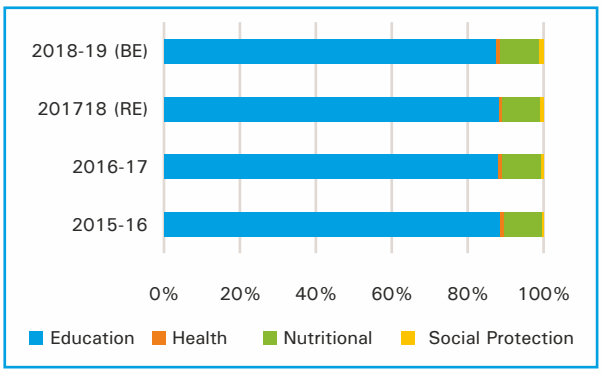
Figure 4: Total child expenditure as a percentage of total state expenditure and Social Services expenditure.



3. Sectoral share in child spending – Education receives the biggest share

The education sector constituted an average share of 88% of the TCE across the years (Figure 5). Nutrition was the second biggest accounting for an average share of 11% of TCE over the years. The share of health and protection constituted about 1-2% of TCE.

Figure 5: Sector-wise distribution of Total Child Expenditure



4. Age-wise expenditure on children – 0-6 age group receives the lowest share

Age-wise distribution of spending on child revealed that the major expenditure was incurred for the age group 6-14 (elementary school-going children) constituting for an average share of 74% of TCE over the years (Figure 6), while the 14-18 age group received an average share of 13% of TCE. The 0-6 age category which constituted about 28% of the child population received an average share of 11% of the TCE (Table 2).

Figure 6: Child expenditure by age groups

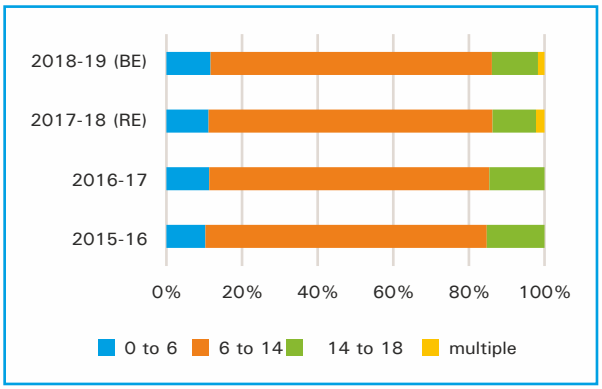


Table 2: Age-wise child population and child expenditure

Age group	% share in child population	% share of total expenditure
0-6	28	11
6-14	45	74
14-18	27	13
Multiple		2

5. Child Expenditure by Revenue-Capital, and Wage and Non-Wage share

Revenue expenditure accounted for nearly all of the child-related expenses in the State, averaging over 99% of TCE over four years (Figure 7). Similarly, the wage component constituted the bulk of Child Expenditure averaging at 83% over the four-year period. The non-wage expenses comprising of books, bags, shoes, uniforms, bicycles, meal expenses together with buildings (both construction and maintenance) averaged about 17% (Figure 8).

Figure 7: Revenue and Capital expenditures as a percentage of Child Expenditure

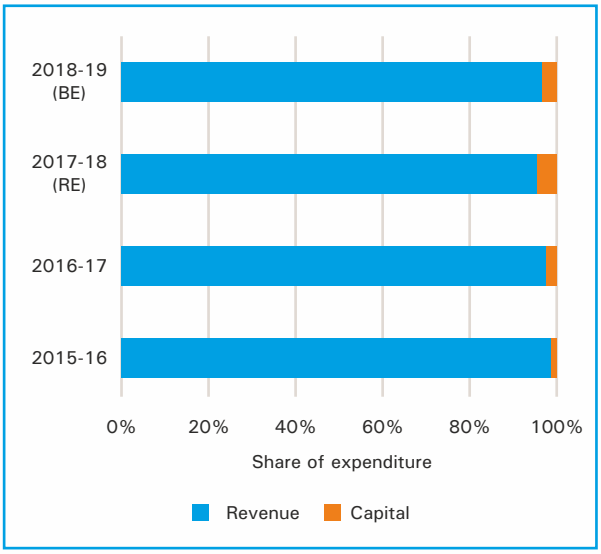
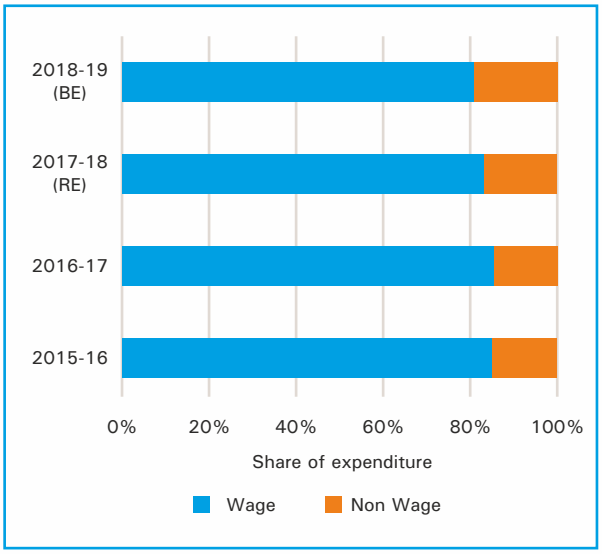


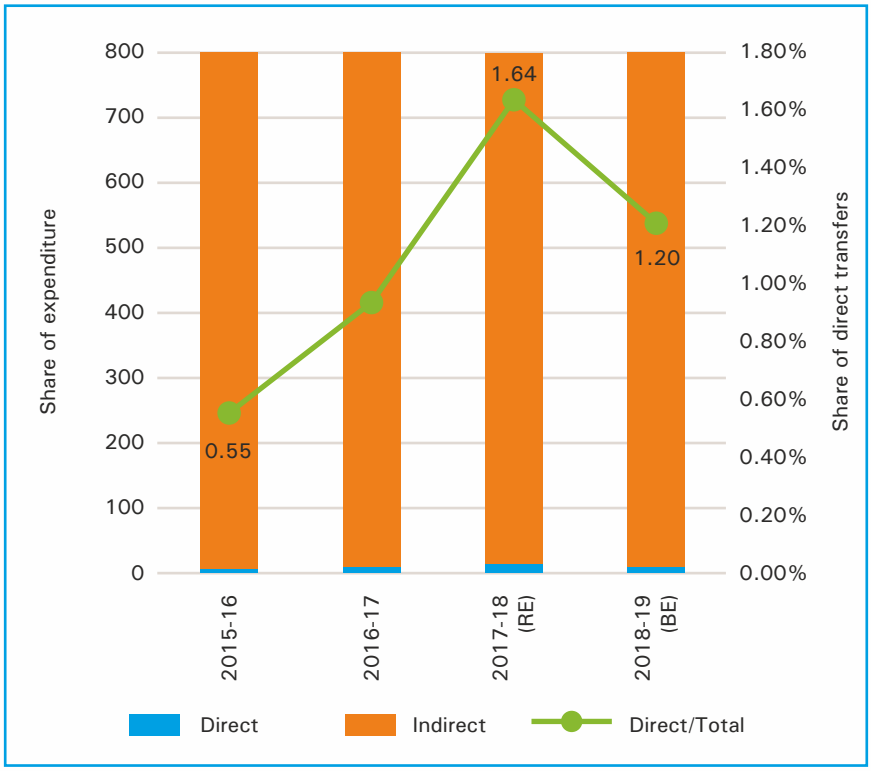
Figure 8: Wage and non-wage expenditures as a percentage of Child Expenditure



6. Child expenditure by type of transfer

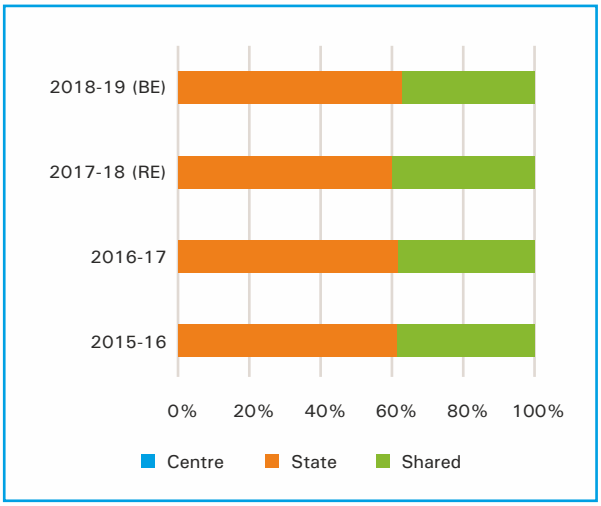
Direct transfers to child comprise of all those expenditures that reach directly to an individual child and this includes books, bags, shoes, uniforms, bicycles, meal expenses and scholarships. While most of the direct transfers cater to specific religious groups, social classes and tribal communities, few of the transfers are universal in nature. The share of direct transfers has been at a meagre 0.5% to 1.6% of TCE (Figure 9).

Figure 9: Direct and Indirect transfers to children



The average share of state expenditure on children stood at 61% of TCE over the four-year period. Another 38% of expenditures were shared between centre and state. The share of the central sector schemes with 100% central assistance was negligible, less than 1% (Figure 10).

Figure 10: Share of central, state and shared expenditure in TCE



III. STATUS OF CHILD DEVELOPMENT IN THE STATE

Uttar Pradesh ranks 15th among 16 states in terms of Child Development Index- Adolescent included (CDIa) with an index value of 0.26. Its Education and Empowerment (E&E) index is 0.24 while the Health and Nutrition (H&N) index is 0.29 (Table 3).

Table : Performance of indices in the measurement of Child Development for Uttar Pradesh

Indicator	Relative Ranking of UP*	Best performing State
CHILD DEVELOPMENT INDEX – 0.26	**15**	**Kerala**
EDUCATION and EMPOWERMENT – 0.24	**15**	**Kerala**
Net Attendance Ratio (Primary)	15	Telangana
Net Attendance Ratio (Upper Primary)	16	Kerala
Net Attendance Ratio (Secondary)	16	Kerala
Net Attendance Ratio (Senior Secondary)	12	Kerala
Sex ratio at birth for children born in the last five years	13	Kerala
Women aged 20-24 years married before age 18 (%)	3	Kerala
HEALTH and NUTRITION – 0.29	**15**	**Kerala**
Under-5 Mortality Rate	16	Kerala
Children under 5 years who are stunted (%)	15	Kerala
Children under 5 years who are wasted (%)	4	Kerala
Pregnant women aged 15-49 who are anaemic (%)	9	Kerala

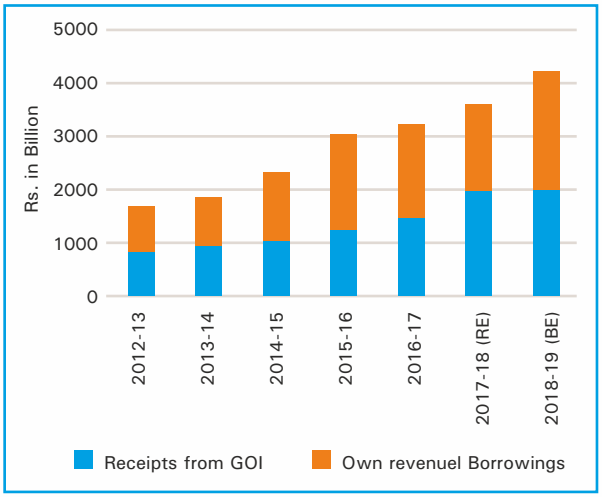
*The relative ranking has been assessed among 16 large states in India barring Punjab and Haryana

The state has the lowest net attendance ratios at primary (77%), upper primary (48%) and secondary (36%) levels, among the 16 states. The ratio further deteriorates for senior secondary to 31%. Education spending makes up for the largest share, but the state ranks among the last few in terms of education related indicators among the 16 states. The child marriage rate is low in the state at 21% making it the third best state. Uttar Pradesh has the highest under five mortality rates (78%) but at the same time it is a state with one of lowest rate for wasted children (18%). The percentage of stunted children (46%) is more than the percentage of wasted. Moreover, half of the pregnant women aged 15-49 are anaemic.

IV. ANALYSIS OF STATE FINANCES

The total revenues of the state have grown at a CAGR of 15% from Rs. 1,621 billion in 2012-13 to Rs. 4,209 billion in 2018-19 (Figure 10). The receipts from GoI have increased from Rs. 748 billion to Rs. 1,971 billion for the same period registering CAGR of 19%. The own revenue of the state has grown at a CAGR of 12%. The share of receipts from GoI (tax share and grants) has hovered around 46% for the period 2012-13 to 2018-19.

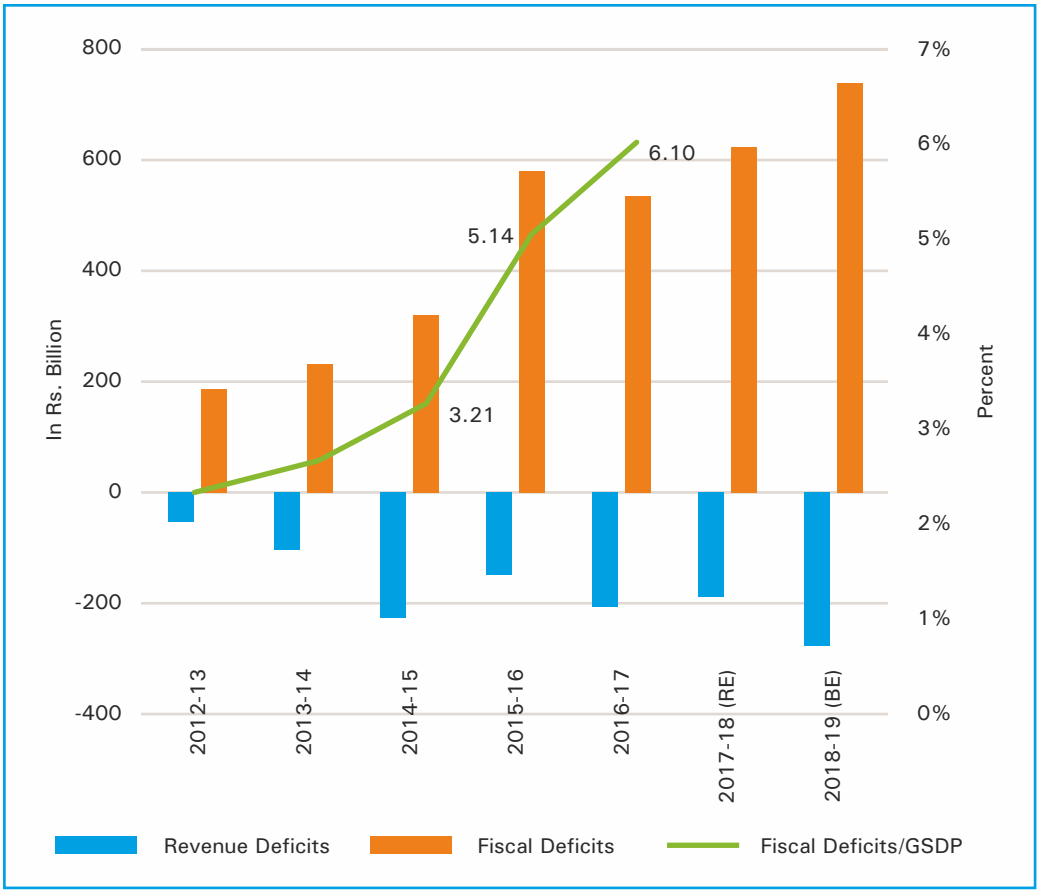
Figure 11: Growth of State finances



The own tax to GSDP ratio hovered at about 7% for the period 2012-13 to 2016-17. While the buoyancy ratio for the total revenue has increased substantially from 0.84 to 1.66 for the period 2012-13 to 2015-16, the buoyancy ratio for the own tax increased mildly from 0.79 to 0.89 for the same period.

Uttar Pradesh has remained a revenue surplus state over the past seven years. The value of the surplus has risen and fallen over the years and finally stands at Rs. 271 million as of 2018-19 (Figure 12). However, fiscal deficit in the state has gone up to Rs. 746 billion in 2018-19 from Rs. 192 billion in 2012-13. The fiscal deficit has grown much faster than the GSDP. As a result, the fiscal deficit to GSDP ratio has climbed to cross the 5% in 2015-16 and reached nearly 6% in 2016-17, which is far higher than the FRBM Act prescribed limit of 3.5% of GSDP.

Figure 11: Deficits of the State



V. TALES AND TAKEAWAYS

The children of the state constitute for 43% of the population and nearly 30% of the population is Below Poverty Line (BPL). The per-capita income is one of the lowest among 16 states at Rs. 51,014. The per-child expenditure is very low at Rs. 7,081 in 2018-19. Though the TCE as a percentage of SSE and TE has decreased over years, it has also shown an increase in terms of its proportion to GSDP, which is a positive sign.

The CDIa rankings indicate that the state fares poorly in terms of E&E indicators and ranks one of the lowest among 16 states except for the indicator of child marriage. The state ranks third in terms of lower proportion of child marriage, which is a very welcome trend. However, this has not translated into higher proportion of senior secondary net attendance ratio. The state fares poorly in H&N index as well. As per National Crime Records Bureau (NCRB), the state records the highest crimes against children in the country. Given the higher revenue surpluses, poor child development indicators and lower per child expenditures, there is a greater potential for improving the strategic child expenditure especially in education and empowerment.

STATE REPORT
Jharkhand

UNICEF/2016/Dhiraj Singh

I.PROFILE OF JHARKHAND

Table 1: State Profile of Jharkhand

Data particulars	Figure	Source (year)
Area (sq. km.)	79714	Census (2011)
Population	32988134	Census (2011)
Population Density (persons per sq.km)	414	Census (2011)
Population SC (%)	12	Census (2011)
Population ST (%)	26	Census (2011)
Population BPL (%)	37	Economic Survey (Vol.II, 2016-17)
Population Urban (%)	24	Census (2011)
Literacy Rate	66	Census (2011)
Female Literacy Rate	55	Census (2011)
Life Expectancy	67	Economic Survey (Vol.II, 2016-17)
GSDP (Rs. in billion)	2356	MOSPI (2016-17)
Per-capita Income (Rs.)	59799	MOSPI (2016-17)

Jharkhand is a state in the eastern part of India that was formed in November 2000 by bifurcating the state of Bihar. It borders with Bihar, Uttar Pradesh, Chhattisgarh, Odisha, and West Bengal and has Ranchi as its capital city. It is the 16th largest state in terms of geographical area and the 14th largest by population. The child population of Jharkhand constitutes about 44% of the total population. The state has the second highest Below Poverty Line (BPL) population among these 16 states. The literacy rate of the state has risen from 44% in 2001 to 66% in 2011. The state's Gross State Domestic Product (GSDP) was Rs. 2,356 billion in 2016-17 at current prices and the per-capita income was one of the lowest in the country at Rs. 59,799. The Compounded Annual Growth Rate (CAGR) of the GSDP for the period 2012-13 to 2016-17 was 6% and 4% respectively in nominal and real terms (2011-12 prices). The tertiary sector contributed the highest share to Gross State Value Added (GSVA) at 43% followed by the secondary sector at 31%.

II. CHILD EXPENDITURE TRENDS

1. Public expenditure on children has increased gradually

The Total Child Expenditure (TCE) has grown gradually from Rs.47 billion in 2012-13 to Rs. 111 billion in 2018-19 at a CAGR of 13 % (Figure 1). The TCE in real terms (2011-12 prices) has grown from Rs. 44 billion in 2012-13 to Rs. 68 billion in 2016-17 at a CAGR of 9%.

Along with the TCE, the Per-Child Expenditure (PCE) also has increased over this period. The PCE has increased from Rs.3,170 in 2012-13 to Rs.6,806 in 2018-19 registering a CAGR of 12% (Figure 2). The PCE in real terms increased from Rs.2,962 in 2012-13 to Rs.4286 in 2016-17 registering a CAGR of 8%.

Figure 1: Total Expenditure on children over years

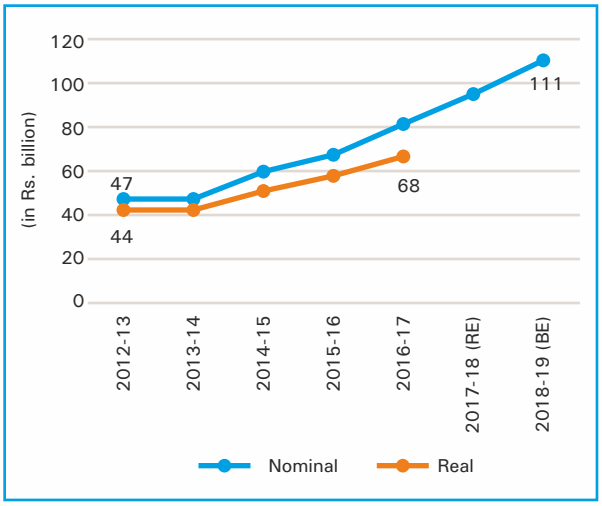
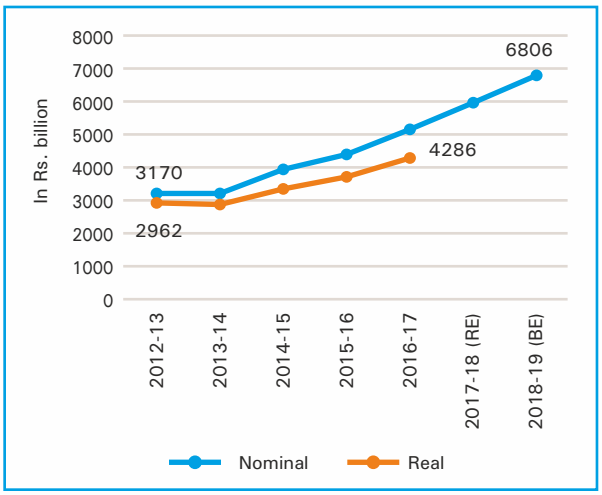


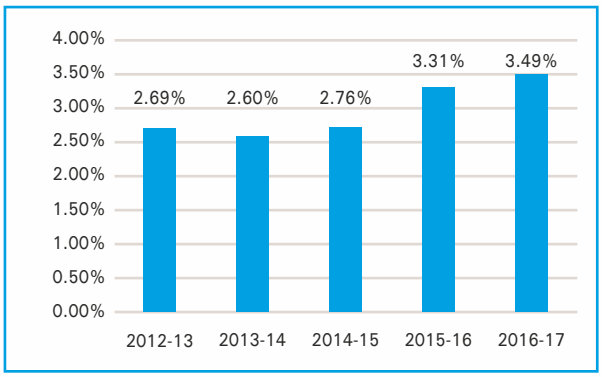
Figure 2: Per-capita Total Expenditure on Children



2. Share of public expenditure on children in GSDP, Total Expenditure (TE) and Social Service Expenditure (SSE)

The total expenditure on children (TCE) as a share of GSDP is a fairly robust measure of the Child Expenditure. The TCE as a percentage of nominal GSDP has witnessed an increase from 2.69% in 2012-13 to 3.49% in 2016-17 (Figure 3).

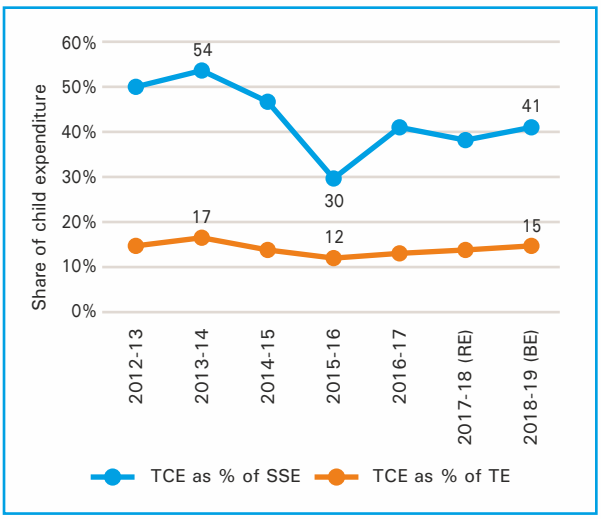
Figure 3: Total Expenditure on Children as a proportion of GSDP



Note: All values are in nominal prices.

The TCE as a percentage of TE decreased from 15% in 2012-13 to 12% in 2015-16. Again, it increased gradually to 15% in 2018-19 (Figure 4). Similarly, the TCE as a percentage of Social Service Expenditure (SSE) decreased from 50% in 2012-13 to 30% in 2015-16 and again increased to 41% of SSE during 2016-17.

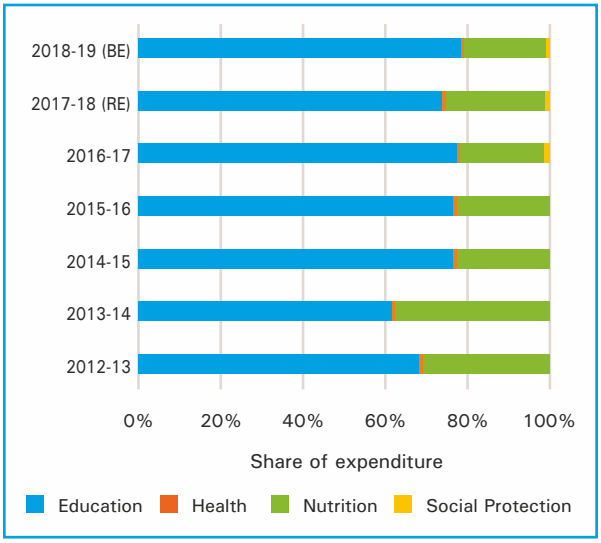
Figure 4: Total Expenditure on Children as a percentage of Total Expenditure and Social Services Expenditure



3. Sectoral share in child spending – Education receives the biggest share

The average share of education sector constituted 73% of the TCE over the years 2012-13 to 2018-19(Figure 5). Nutrition was the second largest sector with an average share of 26% of TCE over the years. The protection and health sectors together have had a negligible share of about 1% of TCE across the years.

Figure 5: Sector-wise percentage distribution of Total Child Expenditure



4. Age-wise expenditure on children – age group 0-6 receives the lowest share

Of the TCE, major expenditure is incurred for the age group of 6-18 (school-going children) accounting for 80% (Figure 6) on average. The 0-6 age category which constitutes about 31% of the child population receives an average share of 14% of TCE (Table 2).

Figure 6: Child expenditure by age groups

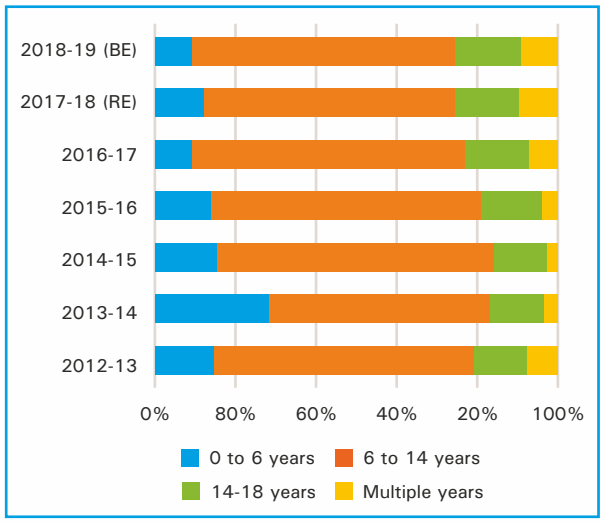


Table 2: Age-wise child population and child expenditure

Age group	Share of child population (%)	Share of Child expenditure (%)
0-6	31	14
6-14	45	65
14-18	24	15
Multiple		6

5. Child Expenditure by Revenue-Capital, and Wage and Non-Wage share

The average share of revenue expenditure on children was 98% of TCE over the seven-year period. The share of capital spending was miniscule at 2% (Figure 7). The wage component which comprised of salaries, contractual wages, fees for professional services etc. formed the major portion of TCE averaging at about 56% over the years while the non-wage expenditure averaged for a substantial 44% of the TCE (Figure 8) for the seven years.

Figure 7: Revenue and Capital expenditures as a percentage of Child Expenditure

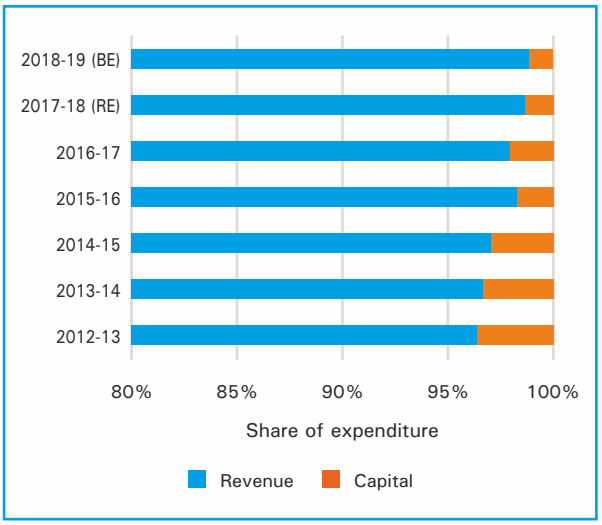
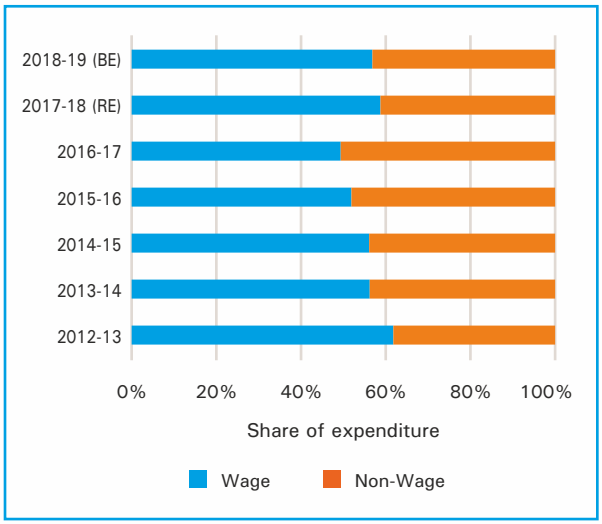


Figure 8: Wage and Non-wage expenditures as a percentage of Child Expenditure

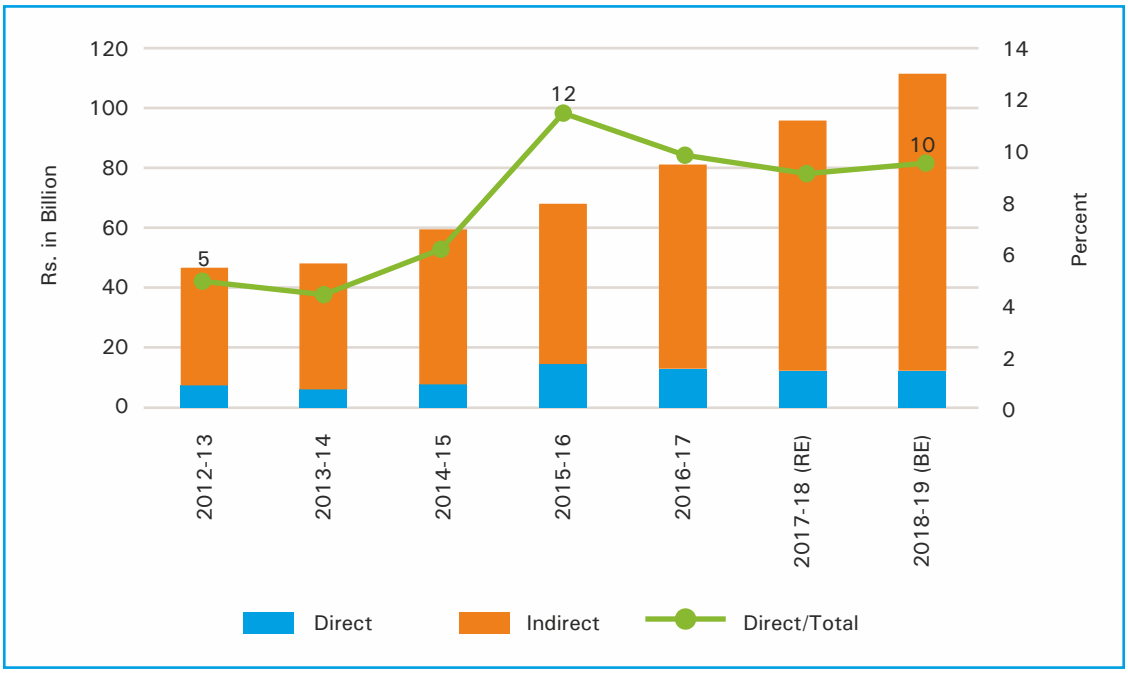


6. Child expenditure by type of transfer

Direct transfers to a child comprise of all those expenditures that reach directly to an individual child and this includes books, bags, shoes, uniforms, bicycles, meal expenses and scholarships. While most of the direct transfers cater to specific religious groups, social classes and tribal communities, very few transfers are universal in nature. The share of direct transfers hovered between 4-12% for the period 2012-13 to 2018-19. The direct transfers as a percentage of TCE has increased significantly from 5% in 2012-13 till 2015-16, when it reached 12%. Thereafter, it reduced in 2016-17 and regained again to reach 10% in 2018-19 (Figure 9).

Some important direct transfer schemes in Jharkhand include providing medicine kits, pre-school kits, and sanitary napkins for school going girls. Under the Mukhyamantri Lakshmi Ladli Yojana, started in 2016-17, girl children receive cash transfers for not getting married and continue schooling until the age of 18. The Mukhayamantri Vidyalakshmi scheme, started in 2015-16, has been financially supporting SC/ST girl students' elementary education with the objective of reducing dropouts and ensuring retention till the age of 14.

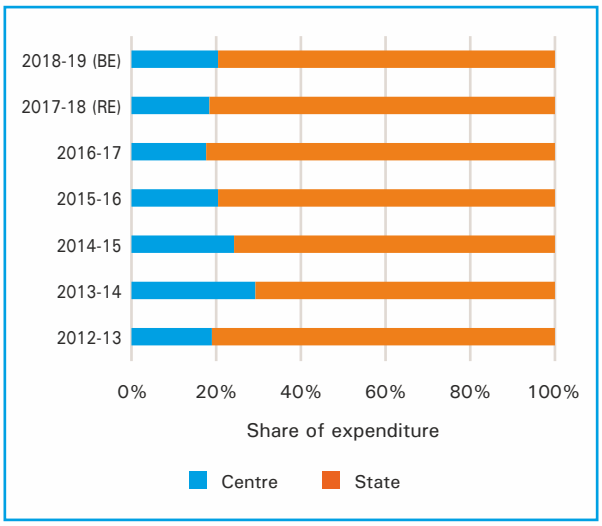
Figure 9: Direct and Indirect transfers to children



7. Share of child expenditures between State and Centre

The average share of the child expenditures by the state government was about 79% of the TCE over the seven-year period while the remaining 21% of the expenditures were supported by the union government.

Figure 10: Funding pattern of child expenditure



III. STATUS OF CHILD DEVELOPMENT IN THE STATE

Jharkhand ranks the last among the 16 states in terms of Child Development Index-Adolescent included (CDIa) with an index value of 0.23. Its Education and Empowerment (E&E) index is 0.25 while the Health and Nutrition index (H&N) is 0.21 (Table 3).

Table 3: Performance of indices in the measurement of Child Development for Jharkhand

Indicator	Relative Ranking of Jharkhand*	Best performing State
CHILD DEVELOPMENT INDEX – 0.23	**16**	**Kerala**
EDUCATION and EMPOWERMENT – 0.25	**14**	**Kerala**
Net Attendance Ratio (Primary)	13	Telangana
Net Attendance Ratio (Upper Primary)	15	Kerala
Net Attendance Ratio (Secondary)	14	Kerala
Net Attendance Ratio (Senior Secondary)	16	Kerala
Sex ratio at birth for children born in the last five years	10	Kerala
Women aged 20-24 years married before age 18 (%)	14	Kerala
HEALTH and NUTRITION – 0.21	**16**	**Kerala**
Under-5 Mortality Rate	11	Kerala
Children under 5 years who are stunted (%)	14	Kerala
Children under 5 years who are wasted (%)	16	Kerala
Pregnant women aged 15-49 who are anaemic (%)	16	Kerala

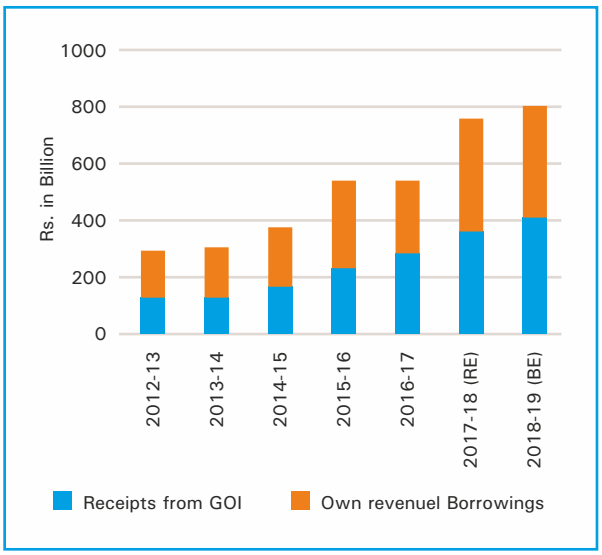
*The relative ranking has been assessed among 16 large states in India barring Punjab and Haryana

Jharkhand has one of the lowest net attendance ratios at all levels: primary to senior secondary. At 37% of women aged between 20-24 years are married before turning 18 years of age which is the third highest rate of child marriage across 16 states. About 65% of pregnant women aged between 15-49 years were anaemic. These rates when coupled together also fuel higher rates of mortality, stunting and wasting among children. In almost all of the indicators, barring one or two, the state stands in the second last position.

IV. ANALYSIS OF STATE FINANCES

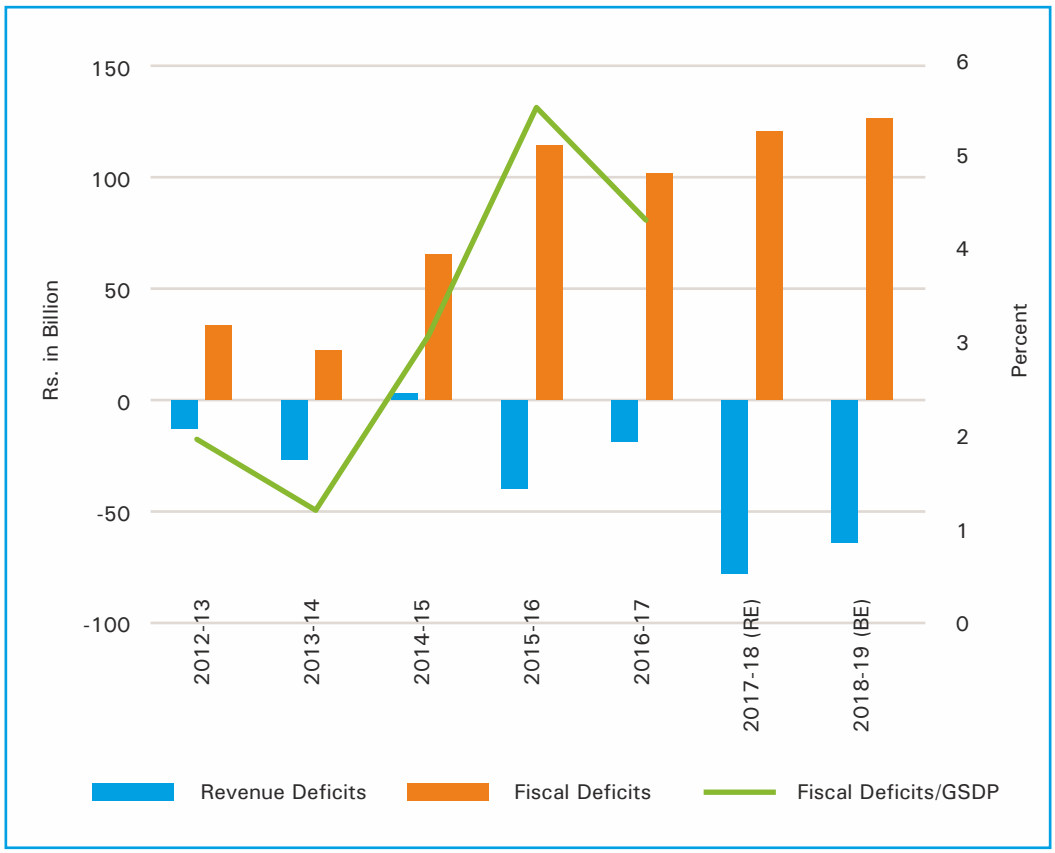
The total revenue of the state has grown at a CAGR of 20% (nominal) from Rs. 300 billion in 2012-13 to Rs.802 billion in 2018-19 (Figure 11). The receipts from GoI (tax share + grants) have increased from Rs. 131 billion to Rs. 409 billion for the same period registering CAGR of 24%. The state's own revenue has grown at a CAGR of 17%. The share of receipts from GoI has increased from 43% to 51% over the period. The state's own tax buoyancy ratio was above 1.1 for the period 2012-13 to 2016-17 except for the year 2014-15.

Figure 11: Growth of State finances



The state has been experiencing a revenue surplus that increased to Rs. 64 billion in 2018-19 (Figure 12). The fiscal deficit as a percentage of GSDP was below 3% for the years 2012-13 to 2014-15 and increased to 5.58% in 2015-16 before reducing to 4.43% in 2016-17. The fiscal deficit has been on a rise for the last three to four years.

Figure12: Deficits of the State



V. TALES AND TAKEAWAYS

Child Expenditure has been gradually increasing in the state of Jharkhand not only in absolute terms but also as a percentage of GSDP, which is encouraging. However, the child expenditure as a percentage of TE has almost stagnated at 16% and this needs to increase for the improvement in the indicators for children.

The state ranks last in terms of CDI and for most of the other indicators, it occupies the second last position among the 16 states. This indicates the need for a comprehensive and higher level of investment on children to make inroads into child development.

Though the state has revenue surpluses, it has not translated into higher expenditure on children. The higher fiscal deficit is a cause for concern, but the state's own tax revenues are buoyant and growing at 17% (in nominal terms). The dependency on funds from GoI has increased. The GSDP growth in real terms is about 4% and this needs to improve. Jharkhand spends the second least on per capita terms on children. Given that the state has very high ST and BPL population along with 44% of the population being children, the public expenditure needs to be substantially increased for child development.

Since the tertiary sector contributes the highest among the 16 states to the state GSDP, the state has a high scope to mop-up the taxes.

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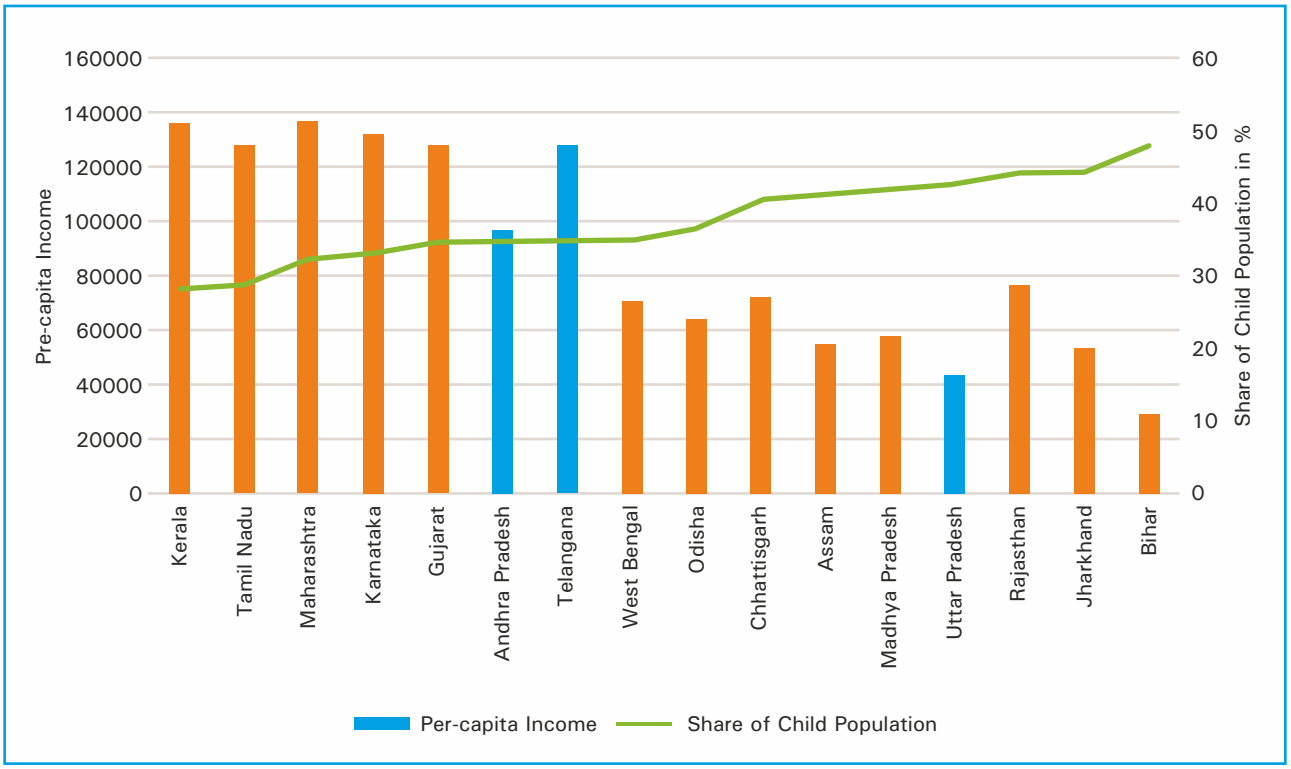
Annexure 1: Basic Demographic Details of the 16 states of the study.

States	Area (sq. km.)	Total Population	Child Population (0-18) (%)	Urban Population (%)	SC Population (%)	ST Population (%)	SC and ST Population (%)	BPL Population (%)	Population Density	Literacy rate (%)	Female Literacy Rate (%)
Kerala	38863	33406061	30	48	10	1	11	7	860	94	81
Tamil Nadu	130058	72138958	30	48	19	1	20	11	555	80	74
Telangana	112077	35003674	34	39	15	9	25	9	312	67	58
Karnataka	191976	61130704	34	39	16	7	23	21	318	75	64
Maharashtra	307713	112374333	34	45	10	9	19	17	365	82	76
Andhra Pradesh	162970	49577103	34	29	16	7	23	9	304	67	60
Odisha	155707	41974000	37	17	17	22	39	33	270	73	64
Assam	78438	31205576	41	14	7	12	19	32	398	73	66
Chhattisgarh	135192	25545198	40	23	12	32	43	40	189	70	60
Gujarat	196024	60439692	37	43	7	15	22	17	308	78	70
West Bengal	88752	91276115	35	32	23	6	29	20	1028	76	71
Rajasthan	342239	68548437	44	25	17	13	30	15	200	66	52
Madhya Pradesh	308245	72626809	42	28	15	20	36	32	236	69	59
Bihar	94163	104099452	48	11	16	1	17	34	1106	62	52
Uttar Pradesh	240928	199812341	46	22	21	0	21	29	829	68	57
Jharkhand	79714	32988134	44	24	12	26	38	37	414	66	55

Source: Census of India, 2011

Annexure 2: Proportion of Child Population (to the total population) and Per-Capita Income (Rupees) of the 16 states.



Source: Census of India, 2011 and Ministry of Statistics and Programme Implementation

Note

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