Gender Budgeting

What is the issue?

- Gender Budgeting is needed to incorporate gender commitments into fiscal commitments.
- There are multiple challenges for doing gender budgeting in India, which needs to be addressed soon.

What is gender budgeting?

- It is an approach that uses fiscal policy to promote gender equality by trying to translate gender commitments into fiscal commitments.
- This is done through different processes, resources and institutional mechanisms.
- In a multi-level governance structure, the political economy of gender budgeting encompasses both the fiscal and legal frameworks.
- The interface between intergovernmental fiscal transfers and the institutions of multi-level governance also matters.

What is the legal framework in India?

- In India, gender budgeting is not mandatory by law at any level of the federation.
- The legal frameworks for gender budgeting can differ in unitary or federal states with multi-level governance.
- The frameworks for gender budgeting in India are confined only to fiscal fiat, inclusive of taxation and public expenditure policies.
- To a limited extent, it is regarding the intergovernmental fiscal transfers.
- There is heterogeneity of stakeholders, from various stages of budget formulation to implementation at multiple levels of governance.

What is the importance?

- One important aspect of gender budgeting is that it can **eliminate the statistical invisibility** of the 'unpaid' care economy.
- The invisibility of unpaid care is a significant issue.
- This was recognised as an issue by the United Nations Statistical Division (UNSD) through Systems of National Accounts (SNA) 1993.
- Properly measuring the care economy requires investment in improving

measurement through, for instance, ‘**time-use surveys**’.
- Time-use surveys are conducted in India only in six states, though it is likely to be extended to all states.

When was gender budgeting introduced in India?

- Gender budgeting was pioneered in India in the research of NIPFP in 2000-2001 with UN Women and the Ministry of Women And Child Development.
- Starting in 2005-06, a “Statement of Gender Budgeting” was introduced in the budget documents by the Union government.
- Today, the process of gender budgeting within the Union Finance Ministry starts with the ‘budget circular’.
- This circular states that each ministry and department is required to undertake gender-based analysis of demand for grants within the analytical matrices.
- These matrices have been prepared by NIPFP for gender budgeting.
- Now, urgent policy reform is required to revive the gender budgeting secretariat.

What is the deviation?

- Underestimation or overestimation of the budget is important in driving home the accountability of the government.
- Higher Budget Estimates do not ensure higher spending.
- There is significant deviation between Budget Estimates and Revised Estimates and Actuals in India.
- The errors are high for different expenditure components of gender budgeting.
- Linking gender budgeting to outcomes involves ‘public expenditure benefit incidence’ analysis across income quintiles.
- It also involves the integration of gender budgets in outcome budgets.
- In India, the mechanism of intergovernmental fiscal transfers plays a major role in providing states sufficient financial resources to carry out their expenditure assignments.

What is the formula?

- A 2016 Levy Economics Institute paper devised a formula for tax devolution into which gender sensitivity could be incorporated for India.
- It has suggested incorporating the child sex ratio (0-6 years) as a gender criterion in the fiscal transfers.
- The results revealed that ‘engendering’ intergovernmental fiscal transfers

improve progressivity.

What does the Finance Commission’s report reveal?

- The 15th Finance Commission of India has submitted its **interim report** in November 2019.
- The report has integrated the criteria ‘**Total Fertility Rate**’ (reciprocal) with 12.5% as a proxy for demographic performance of states.
- It also states that better performance in reduction of TFR serves as an indicator for better outcomes in health as well as education.
- Hence, this criterion also rewards States with better outcomes in those important sectors of human capital.
- The 15th Financial Commission’s **final report** is due in October 2020.
- One has to wait and see whether they design a conditional grant for strengthening gender budgeting at the state level.
- Designing a conditional transfer (specific purpose grant) to strengthen gender budgeting can be directly linked to gender equality outcomes.

What is needed?

- Incorporating a gender criterion in the tax-transfer formula is an ideal solution for ‘engendering’ intergovernmental fiscal transfers.
- However, the effectiveness of such unconditional fiscal transfers on gender equality outcome depends on how a State prioritises and designs gender budgeting programmes for gender equality.

Source: Financial Express