MOBILE CRECHES
Nurturing Childhood Sowing Change

POLICY BRIEF

Mobile Creches

In its current strategic curve, Mobile Creches is trying to harness the knowledge about young child issues – gained from decades of engagement with parent communities, businesses, practitioners, advocates, programme implementers and policy makers – in the form of a biennial Report on the State of the Young Child in India. The **State of the Young Child in India** (SOYC) Report is the first such major knowledge product in this direction. Taking a step further, the Report is complemented by a series of policy briefs, drawn from the Report's findings, with an intention to reach policy makers and other relevant stakeholders who are in a position to influence changes on behalf of the young child in India.

04

Policy Brief 04

Covering the cost of India's future: Expand fiscal space for the young child

Brief Summary

The State of the Young Child in India Report has highlighted the varied evidences for poor indicators of child well-being in India as well as the multi-dimensional benefits accruing from the provisioning of ECD services. However, an analysis of the trends in allocation and expenditure towards the sector shows a consistently inadequate provisioning when it comes to fulfilling the holistic needs of the young child. This can be corrected by enhancing budgetary allocations for childcare and welfare needs in the union budget from the current 1% to at least 5%. Enhancing the ICDS budget and quadrupling the outlays for ECD will ensure the due provision of childcare ecosystem service per child.

Introduction

The State of the Young Child in India Report undertakes an in-depth analysis of the fiscal allocations and expenditures as well as the budgetary gaps across various sectors of the young child well-being in India. In highlighting action points that can help improve the ecosystem for early childhood care and development, the Report stresses on the need to significantly expand the fiscal space for this age group. However, despite strong evidences for the poor indicators of young child well-being and the multidimensional benefits accruing from the provisioning of ECD services, the commitment of the State has been piecemeal, fragmented and half-hearted with budgetary allocations being far too inadequate to meet the holistic needs of this vulnerable age group. The budgetary allocation and expenditure is consistently inadequate when it comes to financial resources for interventions in the interests of the young child as well as underutilization of allocated resources. India's flagship programme, the ICDS, received INR 275.8 billion, i.e., 94.50% of the total budget of MWCD in 2019–20, but a meagre 1.05% of the total Union Budget. Such allocations are clearly not in line with the needs of the sector.

This Policy Brief highlights the inconsistencies in both budgetary allocations and expenditure across ministries and schemes on children under six years of age. Poor performing states on socio-economic indicators, as noted in the indexing exercise in the SOYC Report, are also seen to perform poorly on varied indicators of child development and need better investment to catch up with regions that perform well. The significance and role of the multi-sectoral State investment vis-à-vis the young child in India comes across the SOYC Report and the policy briefs in this series as an overarching highlight. This Brief recommends that the child budget should be increased to 1.25 trillion INR annually (20% of the social sector outlay) for a healthy childcare ecosystem. One of the overarching recommendations that has emerged from the SOYC Report is to enhance social sector budgets from the current 2.6% to at least 4% of the Gross Domestic Product. This can ensure improvements in quality and access of services for child well-being, cognitive development and care and protection.

Transformation of Childcare Ecosystem: Increasing Budgetary Allocations

Various studies have noted the lasting impact of high quality early childhood care and education on developmental outcomes.[i] The investment in a childcare ecosystem comprising nutrition, education, healthcare and protection, is the right of every child. Such investment has the potential to bring multiple benefits. At the individual level, it is known to positively influence the developmental outcomes of a child by high quality interventions in the early years when brain development is at its peak. It also brings benefits to the family, especially the mother who can pursue economic activities and not be bogged down by a triple burden, thus increasing female participation in the workforce. This can also bring in more economic stability to the family at large.

At the level of the larger society, early childhood development is known to reduce the level of crimes and can drastically reduce the need for high investment in sectors like law and order, healthcare costs owing to chronic illnesses, early parenthood etc. Children who undergo good quality ECD programmes are known to have better chances at employment, therefore, can contribute positively to the economy and human development of the country.

A study in 73 countries found higher future wages of 6.4$ to 17.6$ for every dollar invested in increasing pre-school enrolment.[ii] Another research by UNICEF and Save the Children in 2003 showed significant improvements in grade promotion, repetition and dropout rates during primary education, gains that were attributed to the ECD programmes and their school readiness impact.[iii] Further, as part of quality ECD, better investment and remuneration of childcare workforce can also go a long way in fostering a more stable, skilled, and professionalized cadre to look into the holistic needs of the young child.[iv]

State intervention through investments in ECD can create a level playing field for all children and especially the marginalized sections who are often left out of the ambit of various services owing to issues of inaccessibility and disadvantage. Otherwise the gaps in learning abilities and subsequent outcomes that emerge between various categories of children are difficult to close on later in life. A progressive State, committed to the well-being of all its citizens, therefore needs to invest in all sectors of the childcare ecosystem, as a right of the child and the responsibility of the State in being the primary duty holder for the same and minimizing developmental inequities.

Inadequate Allocations, Underutilization and Poor Data Availability: Mapping the Gaps

The analysis of fiscal allocation across various sectors of the young child well-being under relevant ministries both at the central and the state level, undertaken in detail in the SOYC Report, notes that there are inadequate allocations across schemes and low budgetary expenditures for supplementary nutrition, healthcare, ECCE, and childcare and protection. The per child expenditure in India, shown to be 1,723 INR in 2018-19, is low and does not reach the entire eligible population. This analysis has also been severely hampered owing to lack of publicly available, credible and disaggregated data on financial allocations across states in various sectors.[v]

The Ministry of Women and Child Development was allocated INR 296.6 billion (1.05%) from the Union budget in 2018-19 which is 0.19 percent of India's GDP. Even though there has been an increasing trend in expenditure, the overall MWCD budget remains grossly inadequate to cater to the needs of young children. Of the 158.8 million children under 6 years of age, ICDS covers 71.9 million children, with allocations having decreased in core areas of spending. The social sector spending as a percentage of national GDP has remained flat at around 2.60% of GDP over the period 2014–2015 to 2019–2020.
The trends show increased allocation towards nutrition and education but under-allocation towards Reproductive and Child Health, National Creche Scheme, as well as ICPS during the same time period. The budget under Samagra Shiksha Abhiyan increased to INR 329,980 million in 2018–2019 and there was also significant allocation towards the National ECCE programme from INR 2319.574 million in 2014-15 to INR 4059.489 million in 2017-18. The budget for RCH decreased from INR 68,122.5 million in 2013-14 t to INR 59,666.0 million in 2017-18 even as it had increased to INR 73,741.9 in 2014-15. The analysis also shows an average under-utilisation of 41.70% of the approved budget under State Programme Implementation Plans, indicating the lack of adequate focus on reproductive and child health among the states.

At the sub-national level, most of the states, especially those with high rates of malnutrition, have demonstrated low fiscal priority in terms of poor management capability in spending the allocated money from the Centre. States like Bihar and Rajasthan, which perform poorly in both Young Child Outcomes Index as well as the Young Child Environment Index, are also states showing the least utilisation capacity, whereas states like Karnataka also add a substantial budget to the total spending. Analysis of state budget documents shows that in the year 2017–2018, based on budget estimates, only NCT Delhi and Chhattisgarh spent more than 50% of their total disbursement on social sector.

For families to be enabled in childcare, especially where multiple factors hamper their role, it is important for the State to not burden them but increase budgetary investments in the spending per child in India. Social sector spending must be increased to 4% of GDP and the ICDS must assume universal application of the services under the umbrella, and therefore will need to double its spending to cater to both the revised norms for per child spending and for PALM beneficiaries and to account for universal application.

India's GDP is estimated to be INR 1,500 billion within which the central government's total budgetary outlay is INR 220 billion. INR 60 billion would be required for about 4% of GDP for the social sector requiring an enhancement of the outlay to 25% from the present level of around 14%–16%. This will redress the long decades of neglect of the social sector. As part of this social sector outlay, the child budget of INR 12.5 billion annually would amount to 20 percent to adequately address the funding gaps including the professionalization of childcare services.

Policy Recommendations

- The inter-connectedness of various sectors including health, education, water supply and sanitation, poverty and rural employment, to positively impact developmental outcomes for the young child necessitate that social sector budgets be enhanced immediately to at least 4% of the GDP. Childcare and welfare must get enhanced from the present 1% to at least 5% to enable an extension of the current nutritional and financial norm per child to the entire under 6 years' age group population in every state.

- A national benchmark, which can be emulated by states, in terms of minimum allocation for providing 'childcare ecosystem service' per child must be developed and this should be the level of expenditure that the states must annually reach through an aggregation of all available resources for the under six age group. This will mean enhancing the budget of ICDS from INR 276 billion to INR 800 billion at least. The child budget of INR 1.25 trillion annually (20 percent of the social sector outlay), would be required to provide a childcare ecosystem service per child.

The SOYC report has highlighted the very poor young child performance indicators. The enhanced outlays are aimed to fill specific budgetary gaps in the childcare system that would lead to improved outcomes. These would include expenditures on capacity development, ECCE, nutrition, professionalization of childcare workers, community education and counselling, and filling in infrastructure gaps in the ICDS. At the broader level, enhanced social sector expenditures on health, education, nutrition would provide the much-needed environment to improve the child ecosystem. Enhanced outlays, would need to give priority attention to the poor performing States.

Endnotes:

[i] Bhatia, J., Z.A. Bhutta and S.C. Kalhan (Eds.), 2013. Maternal and Child Nutrition: The First 1,000 Days (Vol. 74). Karger Medical and Scientific Publishers; Engel, P. et al., 2007. Child Development in Developing Countries 3, Strategies to Avoid the Loss of Developmental Potential in More than 200 Million Children in the Developing World. Lancet. Vol 369, pp. 229–242; Grantham-McGregor, S., Cheung, Y.B., Cueto, S., Glewwe, P., Richter, L., Strupp, B. and International Child Development Steering Group, 2007. Developmental potential in the first 5 years for children in developing countries. The lancet, 369(9555), pp.60-70.
[ii] See, https://www.unicef.org/earlychildhood/index_69851.html
[iii] Ibid
[iv] This has been highlighted in great detail in Chapter 5, Childcare and Childcare Worker, State of the Young Child in India, Mobile Creches, 2020. Also see Mobile Creches (2020), "Ensuring Respect and Recognition where due: Professionalise the Childcare Workforce," Policy Brief 02.
[v] This analysis Is undertaken in detail in the SOYC Report. It focuses on the social sector spending vis-à-vis young child through the budget allocations of Ministry of Women and Child Development (MWCD), Ministry of Consumer Affairs, Food and Public Distribution (MCAFPD), Ministry of Drinking Water and Sanitation (MDWS), Ministry of Health and Family Welfare (MoHFW), and Ministry of Human Resource Development (MHRD). The lack of credible, disaggregated data hampered the analysis exercise and it had to rely on Union Budget documents and Reserve Bank of India data on state finances. For more, see Chapter 6, Fiscal Allocations and Expenditure for Child Development, State of the Young Child in India, Mobile Creches, 2020