

# Critical Reasoning Practice

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## An obstinate refusal to focus on welfare

The Union Budget has drawn stern criticism from several quarters of the populace for a variety of reasons. On the welfare front, the government has, yet again, failed to increase expenditure on critical welfare schemes that support the marginalised in the country. The government's obstinate refusal to focus on welfare is perplexing to say the least, in a country where, according to the government's own data, about 34% of the population survives on less than ₹100 a day and over 81 crore people require free foodgrains to get by. The National Democratic Alliance (NDA) now, or NDA 3.0, appears to continue the trend the alliance set in its two previous terms by reducing welfare allocations – as shown in the analysis below based on Budget papers.

### Key welfare schemes, an underfunding

Two of the government's biggest welfare schemes, the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) and the National Food Security Act (NFSA) (Food Subsidy) have seen their Budget allocations continuously fall as a share of GDP since 2014-15, except for the COVID-19 pandemic years when the government had to rely on these two schemes to avert a major disaster. MGNREGA guarantees every rural household 100 days of employment whereas the Food Subsidy is responsible for providing free foodgrains to about two-thirds of the population.

The NFSA had an expenditure of 0.72% of GDP last year, whereas this year, it has fallen to 0.63% of GDP. A truly bizarre decision in a country where over 100 crore people cannot afford a healthy diet and where just about 50% have three meals a day.

Similarly, the allocated budget for MGNREGA this year is 0.26% of GDP as compared to the 0.29% allocated last year. As a share of GDP, these two schemes today have a 25% lesser combined Budget allocation than they did in 2014-15 when the NDA first assumed power. With stagnating rural real wages and systematic underfunding of MGNREGA, it is no wonder that rural distress is spiking across the country.

Vulnerable groups such as widows, the elderly, and disabled individuals below the poverty line too were ignored in the Budget. The National Social Assistance Programme, which provides



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The National Democratic Alliance, in its third term, appears to be continuing the trend it set earlier – reducing budgetary allocations for welfare

monetary support to the groups mentioned as well as families who have lost their breadwinner, saw no increase in its allocation in the Budget. Its Budget allocation this year is exactly the same as last year in nominal terms. Its expenditure as a share of GDP has halved since 2014-15, from 0.06% to 0.03%.

The scheme provides paltry pensions of ₹200 a month to the elderly and ₹300 a month to widows – an amount that has not increased since 2006 despite repeated requests from dozens of economists. Even at a poverty line of ₹30 a day, these vulnerable groups would be living at least 66% below the poverty line if left solely to the devices of the state.

### Welfare and nutrition schemes

Recently, the Women and Child Development Minister admitted in Parliament that more than 50% of children under the age of five in India suffer from chronic malnutrition. Moreover, anaemia rates in Indian women and children are 20% and 15% higher, respectively, than the global average. Saksham Anganwadi and Poshan 2.0 is a welfare scheme which aims to tackle child malnutrition and hunger. The Anganwadi programme was merged with the Prime Minister's Overarching Scheme for Holistic Nourishment (POSHAN) Abhiyaan and a nutrition scheme for adolescent girls in 2021-22. However, even with additions, the Budget allocated for the same has declined by more than half since 2014-15 – from 0.13% of GDP then to 0.06% of GDP in the recent Budget.

To address malnutrition and hunger among school-going children, the government runs the mid-day meal (MDM) programme. The MDM programme covers about 12 crore children in the country. Despite the programme's many successes in increasing class attendance, and educational as well as nutritional outcomes, the funds meant for it have halved since 2014-15 as a share of GDP. Further, the Ministry of Finance rejected a plan for breakfast at school in 2021 citing a lack of funds despite the promise it has shown in Tamil Nadu.

In the face of an acute malnutrition crisis facing our children, it is imperative that we increase the coverage of these programmes and provide more nutritious food to our children.

The share in GDP of central expenditure on education (primary and secondary) has also declined this year to 0.22% from 0.25% last year. Although primary education enrolment rates are high, we still have a long way to go when it comes to education quality and basic infrastructure among other things. Thus, it is concerning when education's share in GDP falls from 0.37% in 2014-15 to 0.22% today.

The only saving grace here seems to be the Budget allocation for health, which saw a slight increase. Since 2014-15, the share of the Budget allocated to the Health Ministry in terms of GDP has increased from 0.25% then to 0.28% this year. The increase, however, is far from enough in a country where out-of-pocket expenditure on health remains very high and pushes millions into poverty every year.

The Budget allocation for all the mentioned schemes/departments has gone down from 2.1% as a share of GDP in 2014-15 to just 1.53% this year. The fact that the same was nearly thrice of what it is today – 4.31% of GDP – in the COVID-19 pandemic year of 2020-21, underlines the vitality of these schemes.

According to one estimate, the government has foregone tax revenue of over ₹8 lakh crore since it slashed corporate tax rates in 2019. It appears that it is the poor and the vulnerable who have been sacrificed to accommodate the resulting reduction in fiscal space due to tax cuts.

It is no wonder then that India has a poor Human Development Index rank of 132, and that today it is more unequal than it was during British rule, according to a new report by the World Inequality Lab.

### In contrast, the UPA era

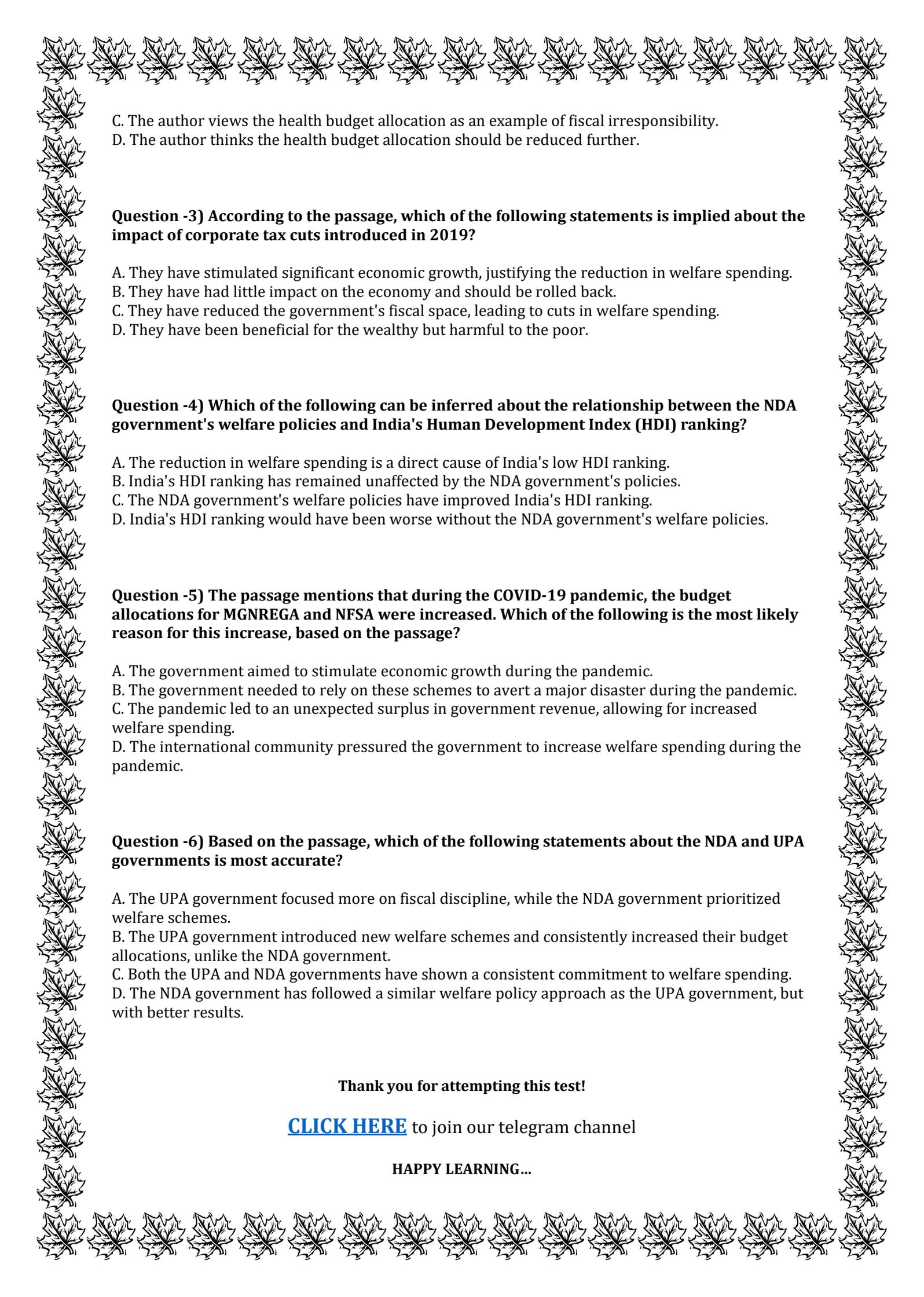
If the NDA government is serious about its Viksit Bharat dreams then it must realise that the way to a developed society is through the stomachs and pens of its poorest citizens. No civilised society could be considered developed if a large portion of its population is unable to afford a life of dignity. Perhaps, the NDA government would do well to follow the example of the United Progressive Alliance governments which not only saw the introduction of new welfare schemes but also a steady increase in their Budget allocations over time.

**Question -1) Which of the following best explains the primary criticism leveled against the NDA government in the passage?**

- A. The NDA government has failed to maintain the same level of fiscal prudence as the UPA government.
- B. The NDA government has reduced budget allocations to critical welfare schemes, thereby exacerbating social inequalities.
- C. The NDA government has prioritized corporate tax cuts over welfare spending.
- D. The NDA government has failed to introduce new welfare schemes during its tenure.

**Question -2) What is the author's perspective on the NDA government's budget allocation towards health, as mentioned in the passage?**

- A. The author is satisfied with the increase in health budget allocation.
- B. The author believes the increase is insufficient to address the healthcare needs of the population.

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- C. The author views the health budget allocation as an example of fiscal irresponsibility.  
D. The author thinks the health budget allocation should be reduced further.

**Question -3) According to the passage, which of the following statements is implied about the impact of corporate tax cuts introduced in 2019?**

- A. They have stimulated significant economic growth, justifying the reduction in welfare spending.  
B. They have had little impact on the economy and should be rolled back.  
C. They have reduced the government's fiscal space, leading to cuts in welfare spending.  
D. They have been beneficial for the wealthy but harmful to the poor.

**Question -4) Which of the following can be inferred about the relationship between the NDA government's welfare policies and India's Human Development Index (HDI) ranking?**

- A. The reduction in welfare spending is a direct cause of India's low HDI ranking.  
B. India's HDI ranking has remained unaffected by the NDA government's policies.  
C. The NDA government's welfare policies have improved India's HDI ranking.  
D. India's HDI ranking would have been worse without the NDA government's welfare policies.

**Question -5) The passage mentions that during the COVID-19 pandemic, the budget allocations for MGNREGA and NFSA were increased. Which of the following is the most likely reason for this increase, based on the passage?**

- A. The government aimed to stimulate economic growth during the pandemic.  
B. The government needed to rely on these schemes to avert a major disaster during the pandemic.  
C. The pandemic led to an unexpected surplus in government revenue, allowing for increased welfare spending.  
D. The international community pressured the government to increase welfare spending during the pandemic.

**Question -6) Based on the passage, which of the following statements about the NDA and UPA governments is most accurate?**

- A. The UPA government focused more on fiscal discipline, while the NDA government prioritized welfare schemes.  
B. The UPA government introduced new welfare schemes and consistently increased their budget allocations, unlike the NDA government.  
C. Both the UPA and NDA governments have shown a consistent commitment to welfare spending.  
D. The NDA government has followed a similar welfare policy approach as the UPA government, but with better results.

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