

## Abstract

In recent years, progress has been made in terms of some early childhood development (ECD) indicators in India. However, large proportions of the country's under-5 child population face development challenges including those of being under-weight, stunting and of poverty related threats. Child development budgeting (a crucial marker of commitment towards children) of the country is plagued by issues such as those of inadequate funding and those related to sectoral allocation of resources and fiscal marksmanship. The recommendations of the 14<sup>th</sup> Finance Commission sought to increase the share of the states in the central taxes to compensate for the reductions in central allocations for Centrally Sponsored Schemes. However, studies have reported decline in priority towards child budgeting and social sectors. The gravity of the situation considering the indispensability of the development of young children, who comprise one of the most vulnerable sections of the nation's population, is among the main motivations for the present research. The study seeks to: (1) assess the impact of central government transfers on expenditure by states towards ECD particularly related to the Integrated Child Development Services (ICDS) and National Health Mission (NHM); (2) assess the benefit incidence of government expenditure of the states on ICDS and the Reproductive, Maternal, Newborn and Child Health (RMNCH) components of NHM, among the groups of beneficiaries and (3) identify and empirically test the major determinants of the benefit incidence outcomes of government expenditure of the states on ICDS and NHM (RMNCH). Extensive review of relevant literature, simple exploratory statistical techniques, sophisticated econometric techniques and benefit incidence analysis are involved in the study. Some of the major findings are as follows. For Reproductive and Child Health (RCH) services and ICDS, states tend to augment their own expenditures by the central grants but substitute their own expenditures by the central grants with regard to NHM. The analyses related to objectives (2) and (3) stated above, mainly consider the years 2015-16 and 2019-21, corresponding to the two latest rounds of the NFHS. In general, the benefit distribution of ICDS-Supplementary Nutrition Programme (SNP) showed a favourable scenario with higher proportional utilisation by the younger group of children (6m-3y), the most vulnerable beneficiary group. ICDS-Pre-school Education (PSE) utilisation proportions were mostly balanced between boys and girls. However, NHM (RMNCH) utilisation patterns were observed to be strongly skewed away from children (0-59m), considered to comprise the more vulnerable beneficiary group. Higher shares of educated women population along with higher shares of women population having access to information, in the states tend to negatively influence the proportional utilisation of Take-Home Rations provided under SNP for children (6m-3y) but positively influence the proportional utilisation of PSE by girls. With regard to NHM (RMNCH) services, children (0-59m) tend to utilise the services proportionally more than women when fiscal autonomy is higher, while the reverse situation tends to prevail when fiscal absorptive capacity is higher, in the states.

Keywords: Early childhood development, ICDS, NHM, RMNCH, fiscal transfers