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Gender-Responsive Public Financial Management: The Indian Chronology of Gender Budgeting

by

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ABSTRACT

Gender budgeting is a public financial management (PFM) tool, used to ensure accountability mechanisms. The analysis of "process" indicators of gender-responsive PFM (GRPFM) reveals that India has been successful in integrating a gender lens within the budget cycle, including in the financial planning and allocation, and in effective implementation. However, a legally mandated GRPFM would be crucial for the sustained impact of gender budgeting on gender equality outcomes. The empirical analysis of the link between GRPFM and gender equality outcomes showed that flexibility of finances is crucial for a government to implement GRPFM. The unconditional fiscal transfers have relatively more impact on gender equality outcomes than conditional transfers. The plausible mechanism through which unconditional tax transfers impact gender equality outcomes lies in the flexibility of use of tax transfers by the subnational governments in prioritizing their gender-related commitments. This inference has policy implications for the 16th Finance Commission.

KEYWORDS: Public Financial Management, Gender Budgeting, Fiscal Innovation, Accountability

JEL CODES: H3, H5, H8

INTRODUCTION

Gender budgeting is a public financial management (PFM) tool to translate gender commitments into budgetary commitments. The Public Financial Management (PFM) frameworks for gender budgeting have been developed by Chakraborty (2022), identifying the fiscal innovation components of gender budgeting and the World Bank (2022) by the PEFA Secretariat, and identifying the nine indicators of gender-responsive PFM (GRPFM). Chakraborty (2022) defined gender budgeting as a fiscal innovation and suggested a gender budgeting framework with four components: model building, institutional mechanisms, capacity building, and accountability mechanisms. Innovation is defined as a method of transforming a new concept into tangible processes, resources, and institutional mechanisms in which a benefit meets identified problems. Gender-responsive Budgeting (GRB) is a fiscal innovation in that it translates gender commitments into fiscal commitments by applying a "gender lens" to identified processes, resources, and institutional mechanisms, and it arrives at a desirable benefit incidence. GRB as an innovation has four specific components: knowledge processes and networking, institutional mechanisms, learning processes and building capacities, and public accountability and benefit incidence.

Prima facie, the budget may appear to be gender neutral, but due to differences in the socially determined systemic roles played by women and men, budgetary policies have differential impacts across gender. As a consequence, the supposed gender neutrality of budgetary policies can turn to gender blindness as women and men are at asymmetric levels of development on the socio-economic scale. Gender budgeting is not "women budgeting," rather, it is an analysis of budgets to ascertain the relative benefits (or losses) derived by each gender from a particular fiscal program or project.

Gender budgeting constitutes one among many macroeconomic policy tools used to address gender equity; among other tools such as monetary policy, trade policy and financial deregulation policy. Gender budgeting is analyzed within the overall framework of fiscal policy, and does not focus exclusively on public expenditure analysis. The significant elements of fiscal policy viewed through a gender perspective are budgetary allocations, actual expenditure and taxation, fiscal decentralization and ex-ante gender budgeting, fiscal devolution (intergovernmental fiscal transfers), and aid effectiveness. However, most gender budgeting experiments worldwide have been largely confined to an expenditure-side analysis of budgets. The paper analyzes the gender-responsive PFM process with special reference to India, taking into account the financial allocation, marksmanship, and gender outcomes. The paper is organized into five sections. Section 1 explains the PFM framework of gender budgeting. Section 2 explains the global PFM experiences of gender budgeting. Section 3 tracks the "process" indicators of gender-responsive PFM. Section 4 provides the link between gender-responsive PFM and the gender outcomes. Section 5 concludes.

1. THE PUBLIC FINANCIAL MANAGEMENT (PFM) FRAMEWORKS OF GENDER BUDGETING

GRB is emerging as a significant socioeconomic innovation tool for transparency and accountability by analyzing budgetary policies and identifying their effects on gender development. It has two inevitable dimensions: equity and efficiency. It is a common misconception that GRB makes separate budgets for women. It is also wrongly interpreted as the earmarking of funds for gender development. GRB is defined, rather, as an analysis of the entire budget process through a gender lens to identify the gender differential impacts and to translate gender commitments into budgetary commitments.

The gender-responsive PFM is a fiscal innovation, and transcends four stages including knowledge building, creating institutional structures, capacity building, and installing accountability mechanisms (Chakraborty 2022; Stotsky 2020).

The institutional arrangements are crucial for the advancement of gender budgeting as a fiscal innovation. Gender budgeting is a powerful PFM tool to ensure gender equality outcomes, which has inter-sectoral cross-cutting policy concerns. It is therefore significant for the governments to organize themselves to ensure decisions on policies and programs to reduce gender inequalities receive equal attention as areas of spending under the authority of a specific minister and ministry. Many countries have ministries of women, but such ministries do not necessarily have responsibility for all spending areas that reduce gender inequalities. Therefore, gender budgeting as a fiscal innovation requires strong institutional mechanisms to translate the gender commitments into fiscal commitments. The six tools suggested by Elson (2006) for gender budgeting are the following: (i) gender-aware policy appraisal; (ii) beneficiary assessment; (iii) gender-disaggregated public expenditure incidence analysis; (iv) analysis of impact of the budget on time use; (v) gender-aware medium-term economic policy framework; and (vi) gender-responsive budget statements. Empirical studies on gender-responsive tax policy—in particular gender-disaggregated tax incidence—are scarce.

Figure 1: Gender-Responsive PFM Framework: The "Process" Variables

Source: PEFA Secretariat, World Bank (2022).

The PEFA Secretariat of the World Bank identified a set of nine indicators that measure the degree to which a country's PFM systems address the government's goals with regard to acknowledging the different needs of men and women different subgroups of these categories, and promoting gender equality (World Bank 2022). The nine "process" indicators of gender-responsive PFM (GRPFM) are given in Table 1.

Table 1: The "Process" Indicators of Gender-Responsive PFM (GRPFM)

Stages	Indicators	Defining the Indicators
1	Gender impact analysis of budget policy proposals	This indicator assesses the extent to which the government prepares an assessment of the gender impacts of proposed changes in government expenditure and revenue policy. This is typically done in the form of ex-ante gender impact assessments or evaluations.
2	Gender-responsive public investment management	This indicator assesses the extent to which robust appraisal methods—based on economic analysis—of feasibility or prefeasibility studies for major investment projects include analysis of the impacts on gender. It recognizes that different groups of men and women benefit differently from investment projects.
3	Gender-responsive budget circular	This indicator measures the extent to which the government's budget circular(s) is/are gender-responsive and includes justifications or results for the effects on men and women of budget policies, as well as sex-disaggregated data.
4	Gender-responsive budget proposal documentation	This indicator assesses the extent to which the government's budget proposal documentation includes additional information on gender priorities and budget measures aimed at strengthening gender equality.
5	Sex-disaggregated performance information for service delivery	This indicator measures the extent to which the executive's budget proposal or supporting documentation and in-year or end-year reports include sex-disaggregated information on performance for service delivery programs.
6	Tracking budget expenditure for gender equality	This indicator measures the government's capacity to track expenditures for gender equality throughout the budget formulation, execution, and reporting processes.
7	Gender-responsive reporting	This indicator measures the extent to which the government prepares and publishes annual report(s) that includes information on gender-related expenditure and the impacts of budget policies on gender equality.
8	Evaluation of gender impacts of service delivery	This indicator measures the extent to which independent evaluations of the efficiency and effectiveness of public services include an assessment of gender.
9	Legislative scrutiny of gender impacts of the budget	This indicator measures the extent to which the legislature's budget and audit scrutiny include a review of the government's policies to understand whether policies equally benefit men and women by ensuring the allocation of sufficient funds.

Source: PEFA Secretariat, World Bank (2022)

The institutional structure can include a Gender Budgeting Secretariat placed in the Ministry of Finance, and Gender Budgeting Cells were constituted in the sectoral Ministries. The bureaucratic composition of the Gender Budgeting Cells can also be notified. The analytical matrices to conduct gender budgeting can be developed within these institutional structures across sectors with the help of Ministry of Finance.

The PFM framework for gender budgeting can be broken down into: (a) ex-post gender budgeting, in which the existing budget is analyzed through a gender lens and (b) ex-ante gender budgeting, in which the needs of the women are identified first and then incorporated into the budget (Chakraborty 2022). Ex-ante gender budgeting is relatively easy at sub-national levels of government in which the identification of the needs of women at local levels is relatively easy. In other words, the ex-ante budgeting is basically what is desirable in gender budgeting; by contrast, ex-post gender budgeting is, in effect, a gender auditing process that is applied to existing budgets.

Gender budgeting is a significant public financial management tool to ensure fiscal transparency and accountability. It applies a gender lens to existing budgets and understands the gaps and postulates the ex-ante gender budgeting. Ex-ante gender budgeting identifies gender needs prior to budgeting for them. Ex-post gender budget analysis begins with the identification of three categories of public expenditure: (i) expenditure specifically targeted to women and girls (100 percent targeted for women); (ii) pro-women allocations, which are the composite expenditure schemes with a female component (that is, a scale of 100 to 30—at least 30 percent targeted for women); and (iii) mainstream public expenditures which have gender-differential impacts (that is, a scale of 0 to 30). It is relatively easy to identify the specifically targeted programs for women across ministries from the expenditure budget documents. The challenge is that discerning which component of mainstream budget programs has a "pro-women" or gender-equality impact is not easily done from simple perusal of the budget documents.

Within the analytical framework of gender budgeting, matrices can be developed to categorize financial inputs from a gender perspective; these can be transmitted to the identified ministries or departments to obtain the budgetary allocations to make gender-impact analysis possible. The above three matrices form a categorization of public expenditure on a scale of 0 to 100 in terms of the proportions of beneficiaries who are women. In other words, the first matrix collates programs specifically targeted to women with 100 percent of allocations, while the second matrix collates public expenditure programs with pro-women allocations, defined as at least 30 percent of the budgetary allocations which benefit women.

Pro-women allocation can be ex-ante (if it is calculated on the basis of amounts "earmarked" for women), or ex-post (if it is based on the identification of beneficiaries). The third matrix collates the allocations, which may be deemed residual only in the sense that these programs do not fall within the first and second categories. These significant residual expenditures are likely to have gendered impacts if not proven otherwise. Allocations under the third category include gender-specific allocations of 0 to 30 percent.

The ex-ante process of gender budgeting approaches gender equity in an iterative manner as follows: (i) identifying gender issues by place, sector, and across socioeconomic groups; (ii) translating gender concerns into relevant objectives to be included in the budget policy and programs; (iii) defining gender strategies at the policy and program levels with targets; (iv) defining gender-sensitive performance indicators; and (v) costing methodologies to form the gender budget and subsequently identifying the budget headings.

Identifying the regional or local dimensions of ex-ante gender budgeting is a critical step. The interface between gender and environment is also crucial when one talks about the spatial dimensions of gender budgeting. Ex-post gender budgeting can be extended to gender-disaggregated benefit incidence analysis, which involves allocating unit costs according to individual utilization rates of public services. Benefit Incidence Analysis (BIA) can identify how well public services are targeted to certain groups in the population, across gender, income quintiles, and geographical units. Studies on BIA have revealed that a disproportionate share of the health budget benefits the elite in urban areas, or that the major part of the education budget benefits the schooling of boys rather than girls; these have important policy implications. However, BIA studies have been largely confined to the education and health sectors due to the comparative richness of unit utilization data from secondary sources.

The analysis of the distributional impact of public expenditure on water supply and energy is difficult at a macro level due to a paucity of data on utilized units. However, time-use data may provide better information on unit utilization of other social-sector expenditures. Chakraborty (2008) attempted an illustrative gender-disaggregated benefit incidence analysis of the water sector in India using time-use data. Benefit incidence is computed by combining information about the unit costs of providing public goods with information on the use of these goods.

In addition to Chakraborty (2022) and World Bank (2022), OECD (2023) has also developed gender-responsive PFM frameworks for G20 countries. OECD (2023) defines gender budgeting as the use of analytical tools as a routine part of the budget process, so that the budget is more effective at meeting gender equality goals. As per the OECD Senior Budget Officials Experts Group on Gender Budgeting, the three core elements underpinning an effective approach to gender budgeting are (i) a strong strategic framework, (ii) effective tools of implementation, and (iii) a supportive enabling environment (OECD 2023).

Gender budgeting requires a strong strategic framework where actions are guided by a national gender equality strategy that outlines overarching gender goals (OECD 2023). Goals may also be linked to an indicator framework which helps track progress. The effective tools employed across OECD countries include:

i. gender impact assessments: analysis of the gender impact of existing and/or new budget measures (both ex-ante and ex-post);
ii. gender dimension in performance setting: identification of gender equality indicators and objectives as part of the performance budgeting framework;
iii. gender budget statement: a summary of how budget measures are intended to support gender equality priorities;
iv. gender budget tagging: tracking of how programs and activities support gender equality objectives, helping to quantify financial flows;
v. gender perspective in evaluation and performance audit: identification of whether gender goals relating to different policies and programs were achieved; and
vi. gender perspective in spending review: ensuring spending reprioritization has a positive impact on gender equality goals.

The third component of OECD analytical framework is a supportive, enabling environment, which includes a systematic collection of gender-disaggregated data, training, and capacity development for government staff. Equally important is for gender budgeting to be subject to oversight by accountability institutions such as parliament and the supreme audit institution, so that the government is held to account publicly for its implementation.

The IMF approach to gender budgeting is integrating a gender perspective in the entire fiscal policy across each phase of the budget cycle through gender-responsive fiscal policies and gender-specific PFM practices (Alonso-Albarran et al. 2021).

The holistic design of the gender budgeting tools involves applying a gender lens throughout the policy making, budget preparation, execution, monitoring, and evaluation processes. It is also important that lessons learned from the evaluation and assessment of programs or policies feed into a new cycle of policy design.

2. GLOBAL PFM EXPERIENCES ON GENDER BUDGETING

In the post-pandemic fiscal space, achieving gender equality remains a major challenge. The COVID-19 pandemic has only exacerbated the widening gender equality gaps. Governments have adopted a series of fiscal policies to tackle gender inequalities. The United Nation's 1995 Beijing Platform for Action called for integrating a gendered perspective into government budget processes. More recently, the UN's 2015 Sustainable Development Goals (SDGs) called for adequate resources and tools to track budget allocations for gender equality (SDG indicator 5.c.1). The 2015 Addis Ababa Action Agenda for Development recognized the importance of tracking resource allocations for gender equality and strengthening capacity for Gender Budgeting. In 2020, G20-Women, an official engagement group of the G20, called for greater investment in GB to ensure that fiscal policies advance gender equality in the short and long-term recoveries from the COVID-19 crisis.

GB uses fiscal policies and public financial management (PFM) tools to promote gender equality (Stotsky 2020). It incorporates a gender lens into the budget process to ensure that governments are acutely aware of the impact of their choices on gender outcomes. GB encompasses fiscal policies and budgetary decisions to understand their impacts—intended and unintended—on gender equality and using this information to design and implement more effective gender policies (Alonso-Albarran et al. 2021).

The pandemic has deepened long-standing gender gaps, with women continuing to bear the burden of unpaid work. By structuring spending and taxation in ways that advance gender equality—a process called gender budgeting—governments can help to close the gap. The IMF research shows that, while all G20 countries have enacted gender focused fiscal policies, the budgetary tools to operationalize, evaluate, monitor, and audit these policies remain more limited. Too few countries assess the upfront impact of policies on gender or evaluate their effectiveness ex-post. The IMF has constructed a gender budgeting index (GBI) framed around the four pillars of the IMF's gender budgeting framework. The index uses data collected from the IMF survey and ranks countries as high, medium, or low on the index, depending on how they score. Among G20 countries, Canada, Mexico, France, South Korea, and Japan score high on the GBI.

More than half of the G20 countries have a legal framework in place requiring that gender goals and activities be incorporated into the budget, and almost all collect gender-disaggregated statistics to some degree. Countries also try to bring a gender perspective to the budget preparation process, by linking goals and performance indicators to gender, or by issuing budget circulars with a gender lens. However, just one third carry out up front gender assessments to understand the potential impact of new policies on gender equality.

G20 countries score relatively low in integrating a gender perspective into budget execution. Gender information is rarely included in government annual financial reports. Only seven countries complete ex-post gender impact assessments and seldom use them to improve policy design. Few countries audit gender activities and programs, though there is some oversight by legislatures in about half of the G20 countries.

Responses to the IMF survey highlight some of the challenges to effectively implementing gender budgeting, including a lack of guidance, coordination, and expertise in gender analysis and data. But the survey also reveals the keys to success: strong political backing, legislative requirements, and a ministry of finance that is firmly in the driver's seat. Making the impact of policies on equality more visible through better analysis and reporting can make a real difference in women's lives.

The successful gender budgeting initiatives in the Asian region were "within government" exercises with the Ministry of Finance (instead of other sectoral ministries) spearheading the process, in collaboration with public policy think tanks and others. For instance, India is a leading example of gender budgeting in the Asia-Pacific region, as acknowledged by the UN (UNDP, 2011; UN Women, 2012; UN Women 2015).

The Ministry of Finance has played a lead role in incorporating gender budgeting in budget circulars, expenditure budgets, and performance or outcome budgets. The technical expertise of the team working with the Ministry of Finance to integrate gender budgeting within the existing classification of budget transactions was the core of India's initiative. The policy think tank of the Ministry of Finance—the National Institute of Public Finance and Policy (NIPFP)—provided analytical templates to the Ministry of Finance to make sure the generic concerns from the civil society organizations were heard and translate the gender commitments into budgetary commitments. Yet further strengths of the process in the region are the so-called gender budget statements within budget papers. The gender budget statements have helped to ensure that budgets include allocations in both national and subnational governments for women's development. This has led to more transparency and accountability in the budget exercises. The gender budget statements helped the countries to articulate how much they spend on women; and to bring into the mainstream gender budgeting in prima facie gender-neutral ministries, such as science, technology, and others. The legal mandate for gender budgeting in India is absent, while the Philippines and Korea have legal mandates for gender budgeting (Table 2).

The gender budgeting statements gave space to governments to build up sex-disaggregated or gender relevant data, though more sustained efforts are required to ensure that the data are used to guide effective programs and policies. In the lower-income countries in the region, the approach to budgeting is hampered by low capacity, and gender budgeting in such countries faces more challenges to achieve its intended outcomes. However, there are bold exceptions in the Asian region, where gender budgeting has been attempted by the Ministry of Finance, using gender-based analytical matrices and frameworks (for instance, in Nepal and Sri Lanka). Gender budgeting has provided an opportunity to incorporate care economy policies into macroeconomic frameworks in the region. The valuation of work done by women using time-use data and incorporating it to gender budgeting policies came about as an offshoot of this process (Chakraborty, 2014). Exercises to incorporate time use in planning have helped governments to realize that the policies which were considered gender neutral were in fact not gender neutral. For instance, in Nepal, the gender-budgeting matrix has incorporated women's time use as one criterion. In India, in the Union Budget 2016–17, the Finance Ministry has integrated gender budgeting in the energy sector by a policy initiative on the care economy, to uplift poor women in the energy ladder to liquefied petroleum gas (LPG) subsidies. The Cabinet Committee on Economic Affairs, chaired by the Prime Minister, approved the scheme for providing free LPG connections to women from below poverty line households. This was the first time in the history of India that the Ministry of Petroleum and Natural Gas implemented a welfare scheme benefiting many women belonging to the poorest households. This is a good example of how a prima facie gender-neutral ministry like the Ministry of Petroleum and Natural Gas can design a policy to address women's needs.

Yet another challenge is to give gender budgeting legal standing in the countries in the region, where legislation supporting gender budgeting is rarely found. Gender budgeting is more a fiscal fiat than a legal fiat. In the region, Korea and the Philippines have made gender budgeting mandatory by law. The revenue side of gender budgeting is still in nascent stages. Revenue policies that provide favorable treatment to women may help to improve their paid work efforts, access to land and property, and their ability to accumulate financial savings and investments, as well as to enhance their children's access to education and health, and increase their "say" in intra-household decisions (Basu 2006). Typically, the debate has centered on the role of personal income taxes. However, there is more recent focus on indirect taxes as well as property and mineral taxes. These issues are discussed further in the case studies. Sharp (2003) notes that the growth in gender budget initiatives has coincided with the introduction of reforms in budgetary processes, in both developing and advanced countries, and one of such budgetary reforms has been the introduction of "results-based" budgeting, which shifts assessment of the success of government programs and policies away from the raising and spending of money (budgetary inputs) and to the achievement of results in the form of outputs and outcomes. The gender-budgeting initiatives vary in scope, objectives, and strategies, entry points to the budget, tools of analysis, participants, and the politics of engagement. There is no single means of assessing the success of gender budgeting and it is partly because government budgets, and gender-responsive budgets, arise as a result of multi-faceted processes leading to substantive outputs (Elson and Sharp 2010). It is therefore difficult to identify the one particular criterion of gender budgeting success, owing to heterogeneity in the experiences of countries, but the tangible criteria of success include whether these efforts help to reduce gender inequality and lead to the advancement of women. This paper analyzes how gender sensitive the budget-making processes are, how effective countries have been in developing transparent and accountable mechanisms in revealing the gender sensitivity of budget processes and allocations, and whether the gender budgeting efforts led to specific policy actions or programs.

Korea, like India, with the support of think tanks, has formulated a framework for gender budgeting and implemented legal backing with provisions in national finance law. The Philippines has shown the pitfalls of earmarking a floor on spending in sectoral budgets, but was later able to improve this strategy and link spending to results-oriented budgeting. At the subnational level, the states of India like Kerala and Karnataka, and the communes in the Philippines like Sorsogon and Hilongos have provided good examples of local-level gender budgeting. Australia was a pioneer of gender budgeting, analyzing the national budgets through a gender lens (Sharp 2003). The Philippines provides an example of how gender budgeting can be applied at both national and subnational levels. Gender-responsive budget policy initiatives started at the national level in the Philippines with the Gender and Development (GAD) budget in 1995. The GAD budget made a provision for earmarking at least 5 percent of all departmental expenditure on programs for women in national and subnational budgets. Under quota-based gender budgeting, money was earmarked for such activities as ballroom dancing in certain government departments. As there was no penalty for not utilizing the GAD budget fully and efficiently, many departments ended up with an unspent surplus in the GAD budget. However, the 5 percent requirement was eventually made more flexible so that departments could spend money only on what was truly needed. This "harmonized GAD" rule began in 2012 "to ensure that different concerns of men and women are addressed equally and equitably" in programs, activities, and projects (Chakraborty 2022). Chakraborty (2022) notes that setting a floor for spending on gender-related aims resulted in a misallocation of resources in various departments.

Integrating gender-related concerns into national policies became prominent in Bangladesh with the formulation of the fifth five-year plan, 1997–2002. The adoptions of a National Policy for the Advancement of Women and the National Action Plan for the Advancement of Women in 1997 led to gender budgeting (Chakraborty 2010). The Ministry of Health also piloted a gender-disaggregated beneficiary assessment of community health services. After the findings of this analysis were presented to the Ministry of Finance, it agreed to incorporate gender-related and anti-poverty concerns into the budget. The Ministry of Finance, along with the Ministry of Women and Children's Affairs, led the initiative. Several ministries carried out gender mainstreaming separately but the major task of gender mainstreaming was given to the Ministry of Women and Children's Affairs. The gender budgeting effort encompassed analysis in a number of ministries of gender-related concerns and also the assignment in 47 ministries of Women in Development focal points. Gender "shares" for each expenditure are also calculated using the specially developed RCGP (Recurrent, Capital, Gender, and Poverty) database and methodology (Budlender 2015). As such, gender budgeting in Bangladesh has focused on the analysis of ministry budgets to determine whether they are gender-responsive. The government produces a document along with the budget which explains how different activities of various ministries or divisions have implications for women's advancement and rights. The first year, such analysis was done for four ministries and in the second year this was done for ten ministries. Since 2009, the Bangladesh government has produced an annual gender budget report that can be considered a form of a gender budget statement (Budlender 2015; UN Women 2015). In 2012, a review of 20 ministries was carried out and concluded that Bangladesh has been successful in institutionalizing the gender budgeting process. Sri Lanka joined the commonwealth's gender budgeting pilot projects in 1997, which was then followed by an initiative by UNIFEM in 2002. The gender budgeting initiative in Sri Lanka has had two phases. The initial phase was the commonwealth initiative coordinated by the Department of National Planning and concentrated on health, education, the public sector, employment, agriculture, industry, and social services in 1997. The second round of the initiative was taken up by Ministry of Women's Affairs in coordination with UNIFEM and their aim was to prepare the ex-post analysis of the budget in 2003. Women's development is referred to in the 2003 budget, with the establishment of a separate window for women to borrow special money for small businesses, in each of the special funds being set up for sectoral development. In the Asia-Pacific region, it is significant to analyze the GRPFM process in detail and to commission a project to track the process. In the Philippines, the initial gender-budgeting efforts suggested that earmarking a portion of the budget for women in every ministry or department is a second-best principle of gender budgeting. The Philippines has moved away from this approach to results-linked gender budgeting. In Bangladesh, though not in the name of gender budgeting, a successful Food for Education program was introduced with the aim of improving school enrollment, student retention rates, and their nutrition levels, with some evidence suggesting that it had a more meaningful effect on girls. In Nepal, the integration of time-use statistics and the statistically invisible care economy in gender budgeting is almost non-existent in the Asian region except in Nepal, where it was integrated in analytical matrices of gender budgeting. In Sri Lanka, there were two studies on gender budgeting, by the Commonwealth Secretariat and UN Women. The former study analyzed the benefit incidence analysis of public expenditure through a gender lens, and the latter study by Chakraborty (2003) led to the institutionalization of gender budgeting within the Ministry of Finance and announcement of gender budgeting in budget speech.

3. GENDER-RESPONSIVE PFM IN INDIA: TRACKING THE "PROCESS" INDICATORS

Gender-responsive PFM in the form of gender budgeting has led to the mainstreaming of a gender lens in the budget, with more and more prima facie gender-neutral sectors adopting gender budgeting and reporting to the Ministry of Finance on their efforts to address gender equality through fiscal policies. Accountability and transparency are part of the objectives of gender budgeting. However, the integration of gender budgeting statements into the budget documents for transparency; and the relevant accountability mechanisms were largely absent in the region. India is an exception (Table 2), as India has integrated gender in the PFM within the four stages of fiscal innovation (Chakraborty 2022). The nodal role of the Ministry of Finance with the support of the NIPFP, has led to the successful mainstreaming of gender budgeting at both the national and subnational levels in India. The various stages of GRPFM are given in Table 2.

Table 2: The Stages of Gender Budgeting and Gender-Responsive Public Financial Management (GRPFM) in India

TIME PERIOD	Phases	Actors	Outcome
2000–3	Knowledge building, specifying country-specific models and networking	National Institute of Public Finance and Policy (NIPFP), a think tank of the Ministry of Finance, the pioneer study on GRPFM in India in coordination with Ministry of Women and Child Development (MWCD), UNIFEM, Ministry of Finance	Ex-post analysis of budget through a gender lens with objective "budgeting for gender equity," including a chapter in India's Economic Survey; Highlighted the need to integrate the unpaid care economy into budgetary policies Linking public expenditure and gender development within econometric models.
2004–5	Institutionalizing mechanisms	Ministry of Finance ; NIPFP	Expert committee on "Classification of Budgetary Transactions" with gender budgeting in the terms of reference; Budget announcement on India's commitment to gender budgeting; Analytical matrices to compute gender budgeting were designed by the Ministry of Finance and NIPFP; Gender Budget Statements included in Expenditure Budgets, from 2005–6, onwards. Gender Budgeting Cells (GBC) were instituted in Ministries.
2005–present	Capacity Building	Two phases. (i) Phase I: NIPFP, MWCD and MoF (till 2006), Phase II—MWCD, UN Women (2006–present)	GBC officials, ministries and state officers training; Charter on gender budgeting, specifying the responsibilities of GRB cells
2012–present	Enhancing Accountability	Erstwhile Planning Commission (Eleventh Five Year Plan) incorporated a Committee on "Accountability," NIPFP has been part of this process with the Planning Commission. Comptroller and Auditor General (CAG) has initiated accountability"/auditing of gender budgeting at the state level.	Comptroller and Auditor General of India, since 2010, has been publishing a report on gender budgeting in the state finance accounts. The accountability mechanism is yet to follow up effectively. This report covers money "actually spent" on women.

Source: Chakraborty (2022).

Gender budgeting is most effective when it involves changes to both policy-making processes—such as determining budgeting allocations and designing programs—and administrative systems—such as tracking expenditures and monitoring program outcomes (Stotsky 2020).

Changes may be made at a policy level through executive branch decision making, and/or formalized in budget circulars, the national budget law, or a separate law on gender budgeting. Almost all countries use a budget call circular or equivalent document that serves as an official notice from the Ministry of Finance instructing government agencies how to submit their annual budget bids (Budlender 2015). Formalization of the gender budgeting initiative through budget circular has been termed gender budgeting by "fiscal fiat" (Chakraborty 2022).

The indicator analysis of GRPFM for India is given in Table 3.

Table 3: The Process Indicators of Gender-Responsive Public Financial Management in India

Stages	The "Process" Indicators	Progress
1	Gender impact analysis of budget policy proposals	Ex-ante gender impact assessments or evaluations are done across ministries/departments in India in an ad hoc and arbitrary manner, however "Gender Based Assessments" (GBA) documents are not yet made public, just as in the case of Canada across federal Canadian departments.
2	Gender-responsive public investment management	Capex is not gender neutral. However, in India, the robust appraisal methods, based on gender-responsive economic analysis, of feasibility studies for major investment projects are arbitrary across departments. Climate-related criteria has been integrated, though, in a few public investment projects. Climate bonds (green bonds) have been announced in India, but not yet "gender bonds" within the capex public investment financing.
3	Gender-responsive budget circular	Budget call circular incorporates gender budgeting as mandatory in India since 2004–5. All Detail Demand for Grants (DDGs) are mandated across sectoral Ministries/Departments.
4	Gender-responsive budget proposal documentation	In India, the government's budget statement is made public since 2004–5.
5	Sex-disaggregated performance information for service delivery	The sex-disaggregated information on performance for service delivery programs is available across sectors, however a systematic publication of performance data has not yet been uploaded in a sustainable manner across departments or ministries and it is therefore difficult to track the time series data. This administrative data access is crucial for conducting gender-disaggregated public expenditure benefit incidence analysis (BIA).
6	Tracking budget expenditure for gender equality	Public expenditure tracking integrating a gender lens throughout the budget formulation, execution, and reporting processes is highly arbitrary in India. This involves co-ordination between union and state governments and local-level institutions to track the flow of funds and outcomes. Systematic publication of "unutilized funds" (deviation between BE and RE and Actuals) integrated by a gender lens is crucial to analyze fiscal marksmanship.
7	Gender-responsive reporting	In India, departments and ministries prepare and publish annual reports. The chapter on gender-related expenditure and the impacts of budget policies on gender equality in the annual reports have not been integrated in a sustainable manner.

8	Evaluation of gender impacts of service delivery	Comptroller and Auditor Gender (CAG) conducts evaluation and audits of gender-responsive budgeting.
9	Legislative scrutiny of gender impacts of the budget	The Gender Budgeting Act was proposed by Niti Aayog in 2022 to analyze the gender impacts of budget, however not yet legally mandated.

Source: Author's compilation

The analysis of "process" indicators of GRPFM reveals that India is successful in integrating a gender lens within the budget cycle, including in financial planning and allocation, and in effective implementation. However, a legally mandated GRPFM would be crucial for the sustained impact of gender budgeting on gender equality outcomes.

4. LINK BETWEEN GENDER-RESPONSIVE PFM AND GENDER OUTCOMES

The gender-responsive PFM in India is known worldwide for its sustainability and accountability. As India has advanced in GRPFM since 2004–5, it is important to analyze the link between GRPFM and gender outcomes (Anand and Chakraborty 2016; Chakraborty 2010, 2022). Stotsky, Chakraborty, and Gandhi (2019) have analyzed the link between the GRPFM and gender outcomes. This study has integrated the variables related to intergovernmental tax transfers—both conditional and unconditional fiscal transfers—and also the variables related to gender budgeting across Indian states, given in Table 3. The data is obtained from the state finance accounts (for budgeted unconditional transfers), federal government ministry web sites (for budgeted conditional transfers), and gender outcome variables of education, health, work force participation and governance from surveys and the Ministry of Women and Child Development (MWCD).

The effects of intergovernmental transfers on gender outcomes across the states of India, controlling for whether states have gender budgeting initiatives in place, is analyzed for its impact on gender equality outcomes in education. The specifically targeted allocations for gender development are broadly less than 1 percent of the entire budget and that is not the entire spending on gender equality. The remaining 99 percent of the budget often have intrinsic gender-related objectives. Unless we try to quantify this spending as well, the specifically targeted public spending on gender equality represents only a partial measure. The public spending on gender as a proxy for gender budgeting initiatives is avoided in the models for this reason.

Another dimension of the effectiveness of gender budgeting in any state is whether it is made mandatory through legal procedures or not. However, in India (unlike in some countries or subnational entities where gender budgeting is mandatory), gender budgeting was not made mandatory through law, though Gender Budgeting Act was proposed by Niti Aayog in 2022. A third dimension involves the categorization of the states as per the phase of gender budgeting—whether a state is in an early phase of model building, in the second phase of developing gender budgeting statements using matrices and institutionalizing it in the Ministry of Finance, in the third phase of capacity building for sectoral ministries in integrating gender budgeting, and/or in the final phase of designing the accountability mechanisms of gender budgeting to understand its impacts (Chakraborty 2022). These four phases are unclear in the state context and therefore an attempt to establish the phases of the states, as a measure of gender budgeting in our econometric models, is not undertaken (Chakraborty 2014; Chakraborty 2016; Stotsky, Chakraborty, and Gandhi 2019; Chakraborty et al. 2017).

Given the data limitations, following Stotsky and Zaman (2016), the states are categorized into gender-budgeting and non-gender-budgeting states based on the announcement by the government to initiate gender budgeting in any state. We measure the effect of gender budgeting through the use of a dummy variable, where the variable takes a value of one, if the state has a gender budgeting effort in place and zero, if the state does not. The gender budgeting regime dummies are also matched to the year of gender budgeting implementation. The year of implementation is used as a regime changing dummy because gender budgeting has not been rolled back in any of the states of India where it has been initiated (Stotsky, Chakraborty, and Gandhi 2019).

Social and cultural variables like religion are excluded in the models because Indian states are non-homogenous by religion. The fiscal transfers are included not as direct benefit transfers

(DBT) to households or individuals, but as intergovernmental fiscal transfers from the higher government to subnational governments (Stotsky, Chakraborty, and Gandhi 2019).

The political economy variables are not included in the model because intergovernmental fiscal transfers are broadly based on formulas or criteria (including population, per capita income, climate change related variables, fiscal discipline), and the discretionary elements arising from political affiliation of national and subnational governments do not appear to be significant variables in determining the IGFT mechanism in India (Stotsky, Chakraborty, and Gandhi 2019).

The ethno-fragmentation of population of the subnational governments in deciding the quantum of transfers is also beyond the scope of the study for the same reasons. As noted in Stotsky and Zaman (2016), ideally, the other variables for gender inequality in education are beyond the gender parity in enrollment index. However, the database unfortunately does not provide any other gender outcome variables for states of India across time in education. Stotsky, Chakraborty, and Gandhi (2019) use the following variables as determinants: real income per capita and per capita intergovernmental transfers from the union government (disaggregated in the models into conditional and unconditional fiscal transfers, both measured in the natural log of real per capita amounts); population, measured in millions; and agriculture GDP, manufacturing GDP, and services GDP, all measured as ratios of subnational GDP. Population is used to control for economies of scale in the provision of public services and might also have an effect of gender inequality through indirect means (for instance, states with larger populations might be more exposed to outside influences) (Stotsky and Zaman 2016).

The structural transformation of the economy is captured through the share of the state economy in various types of economic activity. This can affect gender equality outcomes by influencing how women participate in economic activity. In India, “participation income” (income received by participating in economic activity) is more consequential than universal “basic income” (the income transferred to individuals through public policies, irrespective of their participation in economic activity). Public spending on health and education can reflect the revealed preferences of the state incorporating the median voter’s utilities (assuming that there is a “Wicksellian connection," meaning there is a link between one unit of tax paid and one unit of utils derived by citizens).

The generalized method of moments (GMM) approach—using the Arellano and Bond methodology—is used to account for a lagged dependent variable and to address potential endogeneity of the independent variables. The lagged dependent variable captured in the GMM models can better measure the dynamic process by which gender equality indicators and spending measures evolve over time. The unconditional transfers have a positive and significant effect on gender parity in education in the upper secondary levels. The dependent variables are the gender equality index (GEI) which is captured through the female to male ratio of education outcomes in primary, upper primary, lower secondary, and upper secondary schools in India.

Table 4: Link Between Gender-Responsive PFM and Gender Outcome Variables

VARIABLES	GEI_P	GEI_UP	GEI_LS	GEI_US
L_1	-0.2722 ((0.122)	0.3058* (0.137)	-0.297* (0.257)	-0.258 (0.0217)
Gender budgeting PFM variable	0.009 (0.102)	0.0218** (0.012)	0.0399** (0.0206)	0.028 (0.0198)
FC Tax transfers (log terms of Real per capita)	0.0157 (0.0150)	0.005 (0.0176)	0.074 (0.047)	0.127** (0.041)
CSS transfers (log terms of real per capita)	0.0088 (0.1156)	-0.0079 (0.0140)	-0.037 (0.035)	-0.012 (0.033)
Structural Variables				
Agricultural sector (% of State GSDP)	-0.305 (0.475)	0.2602 (0.558)	0.370 (1.011)	0.304 (0.992)
Manufacturing sector (% of State GSDP)	-0.306 (0.475)	0.2588 (0.558)	0.369 (1.011)	0.304 (0.992)
Services sector (% of State GSDP)	-0.306 (0.475)	0.2598 (0.5579)	0.374 (1.012)	0.303 (0.992)
real income per capita (log terms)	0.0029 (0.0225)	0.0609** (0.0275)	0.1996 (0.1217)	-0.0133 (0.098)
Population (log terms)	0.074 (0.057)	0.0675 (0.067)	0.622 (0.442)	1.211** (0.515)
Constant	30.92 (47.51)	-26.148 (55.78)	-38.65 (101.14)	-33.09 (99.22)

Data: Finance accounts of state governments, finance commission reports, and government ministry/department data (various years)

GRPFM has a positive and significant impact on gender parity in education at the upper primary school and lower secondary school levels. The conditional transfers are not significant (Table 4).

The results also suggest that economic growth per se is insufficient, given the weak impact of real income changes, and therefore that the government needs to take specific and focused public policy planning and budgeting measures to ensure gender equality outcomes in India. The unconditional fiscal transfers through the Finance Commissions seem to have a direct effect on gender equality outcomes measured by parity in enrollment compared to conditional transfers and therefore integrating gender criteria in intergovernmental, formula-linked fiscal devolution would have positive effects on gender equality.

4. CONCLUSION

The process indicators of GRPFM reveal that India has not yet achieved the "legally mandated" GRPFM process through the Gender Budgeting Act, which is crucial for long-term transparency and accountability in terms of gender equality outcomes. The achievements, in terms of legally mandated GRPFM within Budget Circular and the Gender Budget Statements of the expenditure budgets are laudable in the context of India. GRPFM is very crucial for promoting gender equality outcomes. The exact institutional mechanism and fiscal design, however, do matter in translating the GRPFM into better gender outcomes. The empirical investigation suggests that unconditional tax transfers have a relatively greater impact on gender equality outcomes than the conditional grants. This calls for the 16th Finance Commission to integrate a gender criterion in the intergovernmental fiscal transfer formula. The channels of impact of tax transfers on gender equality outcomes require a meticulous analysis with more detailed fiscal variables across income quintiles and demographic patterns.

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