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PENNIES FOR PROGRESS? EVALUATING THE ADEQUACY AND IMAGINATION OF PUBLIC FINANCE FOR CHILDREN IN INDIA

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Abstract

India's public finance for children is defined by a paradox of declining fiscal priority amidst significant economic growth. This paper argues that, this stems from a dual failure of adequacy-evidenced by shrinking budgetary shares and the chronic underfunding of critical sectors like child protection-and imagination, reflected in an over-reliance on input-driven, inefficient flagship schemes. Adequacy refers to the sufficiency of funds allocated for children's services, focusing on the scale and consistency of budgetary support, while imagination captures the innovative and strategic use of those funds-whether they are deployed effectively through outcome-driven, flexible financing mechanisms rather than conventional, input-focused schemes. Analyzing Union Budget data, scheme evaluations, and case studies of innovative financing, the paper finds that while schemes like Samagra Shiksha and PM POSHAN have expanded access to services, they have struggled to meaningfully improve outcomes. The analysis reveals a systemic attachment to conventional, siloed budgeting that hampers efficiency and innovation. The paper concludes by advocating for a paradigm shift from conventional budgeting towards a strategic, outcome-oriented ecosystem that leverages innovative financing, catalytic philanthropy, and strengthened local governance to transform "pennies" into genuine "progress" for India's children. This requires moving beyond mere accounting to strategically investing in the nation's human capital as a core driver of sustainable development.

Keywords: child budgeting, child rights, India, public finance, social policy

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Introduction: The Paradox of India's Investment in its Future

India stands at a critical juncture, poised to leverage a significant demographic dividend with a population of over 440 million children and adolescents under the age of 18. This demographic potential presents an unparalleled opportunity for sustained economic growth and social progress. However, this potential is contingent upon the nation's willingness and ability to invest adequately and intelligently in its youngest citizens. The well-being of children is not merely a matter of social welfare; it is a fundamental prerequisite for national development, shaping the future workforce, the stability of society, and the trajectory of the economy. In this context, the state's fiscal policy becomes the most potent instrument for translating constitutional guarantees and policy commitments into tangible realities for children.

Budgeting for Children (hereinafter referred as B4C), or Public Finance for Children (hereinafter referred as PF4C), has emerged globally as an essential Public Financial Management (PFM) tool to analyse, track, and influence government spending on children. It serves as a mechanism for accountability, allowing civil society, policymakers, and citizens to assess whether public resources align with the needs and rights of children. India's ratification of the United Nations Convention on the Rights of the Child (UNCRC) in 1992 legally obligates the state to allocate the "maximum available resources" towards the realisation of children's rights. Child budget analysis is the primary method for verifying this commitment, moving beyond policy rhetoric to the hard evidence of financial allocation.

The genesis of child budgeting in India offers a revealing insight into the state's approach to child rights. The practice was not a proactive government innovation but was pioneered by civil society organisations, most notably HAQ: Centre for Child Rights, which began its decadal analysis of the Union Budget in 2000. The Government of India only began publishing a formal 'Statement on Allocations for the Welfare of Children' in the Union Budget from 2008-09, acknowledging the foundational work of these civil society actors. This history suggests that the state's adoption of child budgeting has been more reactive than visionary, a procedural compliance rather than a deep-seated strategic reorientation. This reactive posture may explain the persistent gaps between budgetary outlays and developmental outcomes.

This paper argues that India's public finance for children is characterised by a profound and damaging paradox. Despite a growing economy, investment in children suffers from a dual failure. The first is a failure of adequacy, marked by a quantifiable and persistent decline in the share of national resources allocated to children, coupled with severe sectoral imbalances that leave the most vulnerable unprotected. The second, and arguably more critical, is a failure of imagination, demonstrated by a systemic adherence to outdated, input-focused financing models that are inefficient, resist innovation, and fail to deliver quality outcomes.

To substantiate this, the paper will first conduct a quantitative diagnosis of the erosion of child-centric budgets at the Union level. It will then critically appraise the performance of major flagship programmes in education, nutrition, and protection, linking their design flaws to disappointing outcomes. Finally, it will explore pathways toward a reimagined future, examining innovative financing models, the role of catalytic philanthropy, and promising governance reforms at the state and local levels. The analysis concludes with a call for a systemic overhaul of India's approach-a shift from merely accounting for pennies to strategically investing for progress.

Research Gap

This paper advances B4C/PF4C research by moving beyond measuring funding adequacy to critically examining how financing is structured and used. Unlike prior studies that focus mainly on budget shares or compliance, it highlights a systemic failure of imagination-rigid, input-driven budgeting that stifles innovation and outcomes. Its novel contribution is framing India's public finance for children as a dual challenge of insufficient resources and outdated financing models, and proposing a shift toward an integrated, outcome-oriented ecosystem leveraging innovation and local governance.

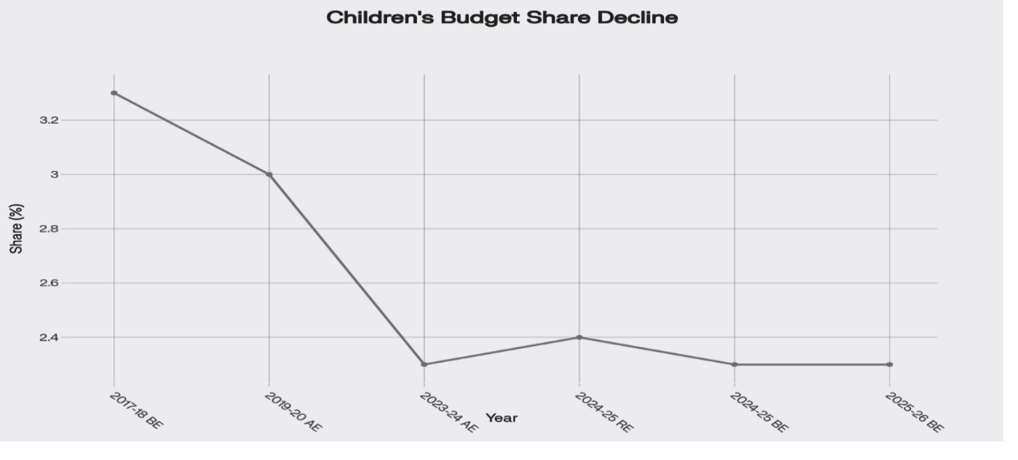
The Architecture and Erosion of Child Budgeting: A Quantitative Diagnosis

A rigorous examination of India's Union Budget over the past decade reveals a clear and disconcerting trend: a systematic erosion of the fiscal priority accorded to children. While absolute allocations may have nominally increased, the share of the national budget dedicated to children has shrunk, sectoral priorities have become dangerously skewed, and the gap between planned expenditure and actual spending has widened. This quantitative evidence forms the bedrock of the critique that public finance for children in India is fundamentally inadequate.

Declining Share in the National Pie

The most telling indicator of a government's priorities is the proportion of its total expenditure allocated to a specific sector. For India's children, this indicator points to a steady decline. Analysis of the Union Budget's 'Allocation for the Welfare of Children' statement shows that the share for children fell from 3.3% in the 2017-18 budget to a mere 2.3% in the Budget Estimate (BE) for 2023-24. This marks the lowest share in over a decade and reverses the modest gains made in the mid-2000s. This decline is particularly alarming when viewed against the backdrop of a rapidly growing economy, suggesting that children have not been proportionate beneficiaries of India's economic progress. In fact, for a period, spending on children as a percentage of Gross Domestic Product (GDP) was declining even as spending on women was increasing, highlighting a specific and serious fiscal concern regarding children's welfare. This trend signals a political de-prioritisation that contradicts the narrative of leveraging a demographic dividend.

Below is a data visualization showing the declining share of the Union Budget allocated to children from 2017-18 to 2025-26, combining Budget Estimates, Revised Estimates, and Actual Expenditures for comparative clarity:-



Declining Share of Union Budget Allocated to Children (2017-18 to 2025-26)

Sectoral Imbalance: The Dominance of Education and Neglect of Protection

Beneath the headline numbers, the composition of the child budget reveals a deep-seated and problematic imbalance in policy priorities. The budget is overwhelmingly dominated by the education sector, which consistently consumes the largest share of child-centric allocations. While investment in education is undeniably critical, its dominance comes at the expense of other vital areas, most notably child protection.

The child protection sector-which encompasses services for children in need of care and protection, victims of trafficking and abuse, and those in conflict with the law is chronically and critically underfunded. Its share in the total Union Budget has consistently remained negligible, often falling below 0.05%. This paltry allocation is grossly inadequate to build a robust protective environment for the vast number of children at risk in India. This fiscal neglect reflects a policy orientation that favours universal, visible services like schools over the complex, targeted, and often politically 'invisible' interventions required to protect the most vulnerable children from harm.

The Chasm Between Allocation and Expenditure

The inadequacy of allocations is further compounded by a systemic failure to spend the money that is budgeted. Across key schemes, there is a significant and persistent deviation between the Budget Estimates (BE), the Revised Estimates (RE), and the Actual Expenditure (AE). This problem, termed poor "fiscal marksmanship," indicates deep-rooted inefficiencies in the public financial management system.

Nowhere is this more evident than in the flagship *Samagra Shiksha* scheme for school education. Year after year, states and Union Territories report large unspent balances of the central share of funds. In some years, the unutilised funds have amounted to 15% of the total allocation for the scheme. This is not merely an administrative lapse but a symptom of a flawed financial architecture. The release of central funds is conditional upon states providing their matching share and submitting utilisation certificates for previously released funds. Many states, particularly those with weaker fiscal capacity, struggle to meet these requirements, leading to delays and the non-release of central grants. This creates a perverse cycle: low expenditure due to systemic bottlenecks is misinterpreted as low absorption capacity, which in turn is used to justify stagnant or reduced allocations in subsequent budgets. This dynamic systematically penalises the poorest states with the greatest need, trapping them in a feedback loop of under-resourcing and underperformance.

Here is a table summarizing the trends in Union Budget allocations for the welfare of children in India from 2019-20 (AE) to 2023-24 (AE), 2024-25 (RE), and 2025-26 (BE) based on official expenditure profiles and recent budget analyses:

Year	Expenditure on Children (Rs crore)	Share of Total Union Budget (%)	Share of GDP (%)	Notes/Highlights
2019-20 (AE)	Approx. 95,000*	~3.0	~0.4	Around 3% of total budget, mainly education-focused
2020-21 (AE)	Not precisely available	Declined	Declined	Declining share of child-focused expenditure continues
2021-22 (AE)	About 83,000*	1.9 (lowest recorded)	Declining trend	Declining prioritization of children's needs
2022-23 (AE)	Data varies; declining trend	Further decline	Further decline	Increase in schemes but not proportionate budget increase
2023-24 (AE)	65,000+ (Ministry of WCD specifically)*	2.3-2.4 approx.	~0.32	Education gets 75%+ budget; child protection underfunded
2024-25 (RE)	1,09,921 (all child-related budget)**	2.3 (estimated)	0.32	Rising total allocation but declining relative share
2025-26 (BE)	1,16,132.5 (total child budget)***	Around 2.3	0.33	Marginal increase; Ministry of Women and Child Development Rs 26,890 Cr; underutilization persists

*Estimates combining expenditure from Ministry of Women and Child Development along with other child-related scheme budgets from official statements and budget documents.

**As per detailed expenditure profiles for multiple ministries with child-focused schemes.

***Includes WCD Ministry allocations and other ministries' schemes with children focus.

Conclusions on Trends and Adequacy of Public Financing for Children in India

i. The absolute budget allocation for children has increased over recent years but at a slow pace relative to the rapidly expanding total Union Budget and GDP.

ii. The share of child-focused expenditure as a percentage of the total budget has steadily declined from around 3% in 2019-20 to about 2.3% in 2025-26 BE, indicating reduced prioritization.

iii. Child-related expenditure as a share of GDP is below 0.5%, stagnating around 0.32-0.33% in recent years, which is low given India's large child population and developmental challenges.

iv. The budget is heavily skewed towards education, accounting for about 75% of child expenditure, leaving critical sectors like health, nutrition, and child protection relatively underfunded.

v. There is a persistent pattern of budget underutilization especially in child nutrition and protection programs, reflecting implementation and fund flow challenges.

vi. The marginal growth seen in budget allocation for 2025-26 does not appear sufficient to address the diverse and growing needs of India's children, thereby showing the declining adequacy of public finance for children.

A Critical Appraisal of Flagship Programmes: More Outlay, Less Outcome?

The failure of public finance for children in India extends beyond the quantum of funding to the very imagination-or lack thereof in its application. The nation's strategy has been dominated by a few large-scale centrally sponsored flagship programmes. While these schemes command massive budgetary outlays and have succeeded in expanding the reach of services, their design is fundamentally input-centric. They prioritise expenditure on infrastructure, enrolment numbers, and service delivery targets over the actual developmental outcomes for children. This section critically evaluates the performance of these key schemes, arguing that they represent a systemic failure to translate financial outlays into meaningful progress in learning, nutrition, and protection. While flagship programmes like Samagra Shiksha, PM POSHAN, and Integrated Child Protection Scheme dominate centrally sponsored spending, their outcomes vary significantly across states.

Education: The Right to Education (RTE) Act and Samagra Shiksha

The Right of Children to Free and Compulsory Education (RTE) Act, 2009, was a watershed moment for India, enshrining education as a fundamental right for every child between 6 and 14 years. The Samagra Shiksha, an integrated scheme subsuming previous programmes, serves as the primary financial vehicle for implementing the Act's mandates.

On the surface, these initiatives have achieved considerable success. They have dramatically improved access to schooling, with evaluations showing that over 98% of rural habitations now have an elementary school within a 3 km radius. Enrolment rates have soared, gender gaps have narrowed, and school infrastructure, such as the availability of girls' toilets, has tangibly improved. However, these are largely input-based victories. The ultimate goal of education-learning-has remained elusive. Multiple assessments have shown that learning outcomes have either stagnated at alarmingly low levels or, in some cases, even declined post RTE implementation. This paradox highlights the scheme's core flaw: an overwhelming focus on getting children into schools rather than ensuring they learn once they are there.

This outcome failure is rooted in financial and design issues. First, the funding for RTE has never been adequate. The government's total expenditure on education has consistently hovered around 3% of GDP, far short of the 6% target recommended by numerous policy commissions and the National Education Policy 2020. Initial estimates for implementing the Act ran into trillions of rupees, a financial commitment that has never been fully met. Second, as noted earlier, the funds that are allocated are often not spent efficiently, with significant underutilisation plaguing the *Samagra Shiksha* scheme. This combination of inadequate funding and inefficient expenditure has crippled the potential of what should have been a transformative policy.

Nutrition: Pradhan Mantri Poshan Shakti Nirman (PM POSHAN)

The Pradhan Mantri Poshan Shakti Nirman (PM POSHAN), formerly the Mid-Day Meal Scheme, is one of the world's largest school feeding programmes. It has the dual objectives of enhancing child nutrition and using the meal as an incentive to improve school enrolment, attendance, and retention.

The scheme has been remarkably successful in its secondary objective. Studies consistently show that it boosts attendance, particularly for girls and children from disadvantaged communities, and effectively addresses "classroom hunger," which improves concentration. However, its primary objective of improving nutritional status is frequently compromised. Numerous reports highlight significant gaps in meeting the prescribed nutritional standards, with meals often failing to provide the mandated levels of calories and protein. Issues of poor food quality, lack of variety, and inadequate hygiene in preparation are persistent challenges that undermine the scheme's health benefits.

The financial model of PM POSHAN is a key driver of this nutritional failure. The scheme operates on a fixed material cost per child per day, which is shared between the Centre and states. While this cost is periodically revised to account for inflation, the revisions are often insufficient to keep pace with rising food prices, and the base rate itself is too low to procure a genuinely nutritious and diverse meal. Consequently, the budget, though substantial in aggregate, remains stagnant in real terms, forcing schools and states to cut corners on quality and quantity. This reveals an implicit policy choice: the scheme is funded and managed more as an educational incentive to drive enrolment than as a critical public health intervention to combat malnutrition.

PM POSHAN has improved school attendance and addressed immediate classroom hunger but falls short on nutritional quality. NFHS-5 reveals modest improvements in malnutrition indicators-stunting reduced from 38.4% to 35.5%, wasting from 21.0% to 19.3%, and underweight prevalence from 35.8% to 32.1%-but large regional disparities persist. Poshan 2.0 aims to holistically address malnutrition through better monitoring (e.g., Poshan Tracker) and integration of early childhood care, but states like Rajasthan and Bihar face challenges due to bureaucratic delays, weak infrastructure, and lack of skilled workforce. In contrast, states with stronger community participation like Odisha and Maharashtra report better nutrition outcomes.

Protection: The Systemic Neglect under Mission Vatsalya

The child protection architecture in India represents the most acute failure of both adequacy and imagination. As established, this sector receives a tragically small fraction of the Union Budget, reflecting a profound policy neglect of the state's most vulnerable children. The recent consolidation of various child protection schemes, including the flagship Integrated Child Protection Scheme (ICPS), into a new umbrella scheme called "Mission Vatsalya" has exacerbated this crisis.

This restructuring, presented as a move towards efficiency, was accompanied by a severe reduction in financial allocation. In the 2021-22 budget, the total outlay for Mission Vatsalya was a mere INR 900 crore, a drastic cut from the

INR 1500 crore allocated for the ICPS alone from the previous year. This de-prioritisation has devastating consequences, weakening the entire statutory framework for child protection. It starves essential bodies like Child Welfare Committees and Juvenile Justice Boards of resources, undermines the capacity of institutional care homes, and stifles the development of non-institutional, family-based care alternatives like foster care and sponsorship, which are proven to be in the best interest of the child but remain poorly implemented due to financial constraints.

The siloed nature of these massive schemes constitutes a fundamental failure of policy imagination. For a child, education, nutrition, health, and safety are not separate domains but deeply interconnected aspects of their development. A malnourished child cannot achieve learning outcomes; a child engaged in labour or facing abuse at home cannot attend school regularly. Yet, India's public finance framework treats these as discrete issues, managed by different ministries with separate budgets and uncoordinated implementation mechanisms. This siloed approach is inherently inefficient, as it pours vast sums of money into one area without addressing the cross-cutting vulnerabilities that undermine progress in another. A truly imaginative fiscal policy would require integrated planning and convergent budgeting that addresses the holistic needs of the child, ensuring that investments are mutually reinforcing rather than isolated and ineffective.

Child protection remains critically underfunded despite the launch of Mission Vatsalya, which consolidates earlier schemes. The budget cut from INR 1500 crore (ICPS) to around INR 900 crore under Mission Vatsalya reflects policy neglect. While the scheme has improved coordination among Child Welfare Committees and Juvenile Justice Boards, expanded family-centered non-institutional care, and enhanced rehabilitation services, gaps remain in reaching street children and improving institutional care quality. Regions with better governance and NGO collaboration have achieved more success, underscoring uneven implementation across states.

Overall, despite large budgetary footprints for flagship programmes, learning and nutrition outcomes remain stagnant or unevenly distributed, and child protection is grossly neglected. This underscores a systemic failure rooted in input-focused, siloed financing rather than integrated, outcome-driven policy design. The data from ASER, NFHS-5, and scheme evaluations reinforce the urgent need for innovation and convergence in programming and financing to address interlinked vulnerabilities holistically.

Reimagining the Future: Pathways to Innovative and Effective Financing

The dual challenge of adequacy and imagination in India's public finance for children demands a strategic rethinking grounded in contemporary B4C/PF4C theory. Traditional child budgeting frameworks have predominantly focused on tracking inputs and allocations as indicators of commitment. However, emerging scholarship advocates a shift towards outcome-oriented budgeting, which prioritizes measurable developmental impacts over mere expenditure compliance. This shift involves enhancing fiscal space-the capacity of governments to mobilize, allocate, and utilize resources efficiently in favor of children's rights without compromising macroeconomic stability.

Innovative financing mechanisms such as social impact bonds, outcome-based grants, and blended finance introduce catalytic philanthropy and private capital partnerships to supplement constrained public resources, aligning with the PF4C emphasis on diversified and sustainable funding sources. Moreover, the growing discourse in public finance highlights the imperative of decentralized fiscal governance, empowering state and local bodies with flexible financing instruments and accountability frameworks to tailor interventions effectively to diverse socio-economic contexts.

Embedding these theoretical principles into India's child finance system requires transcending siloed, input-driven budgeting toward an integrated ecosystem marked by strategic resource mobilization, collaborative governance, and rigorous impact evaluation-thereby transforming budgetary commitments from symbolic accounting exercises into genuine investments in the nation's human capital.

The Promise and Perils of Outcome Based Financing (OBF)

A significant shift in global development finance is the move towards Outcome-Based Financing (OBF), a model where payments are contingent on the achievement of pre-defined, verified social outcomes rather than on inputs or activities. Instruments like Social Impact Bonds (SIBs) and Development Impact Bonds (DIBs) embody this approach. In a typical DIB, private impact investors provide upfront working capital to service providers (often non-profits) to deliver an intervention. An independent evaluator rigorously measures the results, and if the agreed-upon outcomes are met, an "outcome funder" (such as a government or a philanthropic foundation) repays the investors their principal plus a return.

India has become a global laboratory for testing these models in the education sector. The world's first DIB, the *Educate Girls DIB* in Rajasthan, was a landmark experiment. It successfully surpassed its targets for both enrolling out-of-school girls and improving learning outcomes for all children, leading to the outcome funder (the Children's Investment Fund Foundation) fully repaying the investor (UBS Optimus Foundation) with a 15% return. Building on this success, the *Quality Education India (QEI) DIB* scaled the model to impact 200,000 children across four states, involving multiple service providers. It also outperformed its targets, achieving significant learning gains at a 46% lower cost per outcome than initially projected, demonstrating the potential for both impact and efficiency.

However, OBF is not a panacea. These instruments are notoriously complex and costly to design and manage, requiring sophisticated stakeholders, robust data collection, and credible evaluation frameworks-conditions that are not always present. The real value of impact bonds may not lie in their widespread replication but in their catalytic effect. They force a rigorous focus on outcomes, promote adaptive management, and build a strong evidence base for what works. This fosters a culture of performance and innovation that can, and should, be absorbed into mainstream public sector contracting and grant-making.

The Role of Catalytic Philanthropy and Strategic Partnerships

Parallel to the rise of innovative finance is the evolution of philanthropy in India. A discernible shift is underway from traditional charity, often described as "giving back," to a more strategic and disruptive "catalytic philanthropy" aimed at solving complex social problems at a systemic level. This new breed of philanthropists and foundations-such as Dasra, The Convergence Foundation, and the Children's Investment Fund Foundation (CIFF)-operate not just as funders but as ecosystem orchestrators.

They play a crucial role in bridging the gap between innovative non-profits and diverse capital providers, including government. They invest in building the capacity of non-profits, promote collaborative action among stakeholders, and fund the research and advocacy needed to drive policy change. This approach is particularly vital for incubating and de-risking the very innovations that the public sector is often too cautious to support directly. A powerful synergy emerges when catalytic philanthropy underwrites the risk of an OBF project. The philanthropic capital funds the high risk, experimental phase of an intervention. If the DIB or SIB proves successful, it generates robust, independently verified evidence of impact and cost effectiveness. This evidence then de-risks the intervention for the government, providing a strong rationale for adopting the proven model and scaling it with public funds. This creates a clear, structured pathway from private innovation to public policy, representing a truly imaginative use of blended finance to achieve scale and sustainability.

Strengthening Governance from the Ground Up: State and Local Innovations

While federal policy sets the broad framework, genuine progress often emanates from sub-national innovation. Several Indian states have moved beyond the Union government's basic reporting requirements to develop more sophisticated child budgeting practices. Currently, eight states prepare their own child budget statements. Odisha, for example, has developed a comprehensive Child Budget that explicitly links financial allocations to its State SDG Indicator Framework, making it a powerful tool for monitoring progress and ensuring accountability. Detailed ex-post analyses in states like Karnataka and Telangana have used computational methods to disaggregate spending by age group, revealing hidden biases in allocation and providing evidence for more equitable future planning.

Justification and Broader Context of State-Level Divergences

Odisha has gained recognition for explicitly aligning its Child Budget with its State Sustainable Development Goals (SDG) Indicator Framework, creating a rigorous mechanism to link fiscal allocations with measurable outcomes. This integration facilitates transparent monitoring and accountability and is well documented in government reports and civil society analyses.

Telangana and Karnataka have advanced data-driven child budgeting through disaggregated analyses, using computational and GIS based tools to reveal demographic and spatial spending disparities that inform more equitable fiscal planning. These approaches are backed by independent research and state policy papers.

Other states such as Kerala, Maharashtra, and Rajasthan have also experimented with state-level child budgeting, including efforts to track child centric allocations and develop outcome driven frameworks. However, these tend to be nascent or less systematically integrated compared to Odisha or Telangana. For example, Kerala blends extensive social sector spending with decentralized governance strategies that indirectly support child welfare budget efficiency, and Maharashtra has pilot projects leveraging technology for child health budget tracking.

Therefore, while Odisha, Telangana, and Karnataka represent the leading edge of state innovations, the broader landscape includes other states with emerging or partial models. Mentioning this wider diversity, even briefly, contextualizes these examples and underscores that child budgeting practices are evolving unevenly across the country.

Ultimately, the most impactful innovations are those that empower governance at the grassroots level. The concept of Child-Friendly Local Governance (CFLG) is pivotal. It involves institutionalising processes where local government bodies, such as Gram Panchayats, actively integrate children's needs and voices into their statutory development plans and budgets. This ensures that resource allocation is not a top-down, one-size-fits-all exercise but is instead deeply responsive to the specific, lived realities of children in every community. By creating platforms for children's participation and strengthening the capacity of local officials to plan and budget with a child-centric lens, CFLG transforms public finance from an abstract administrative process into a dynamic tool for local democracy and development.

Conclusion: Beyond Accounting for Pennies, Investing for Progress

This analysis reveals a stark reality: India's public finance for children is marked by a dual failure-both in the quantity of resources allocated and the strategic imagination applied. The declining share of the national budget devoted to children, coupled with the overreliance on large, input-focused flagship schemes, has resulted in minimal gains in learning, nutrition, and protection outcomes. This approach not only shortchanges children but also risks the broader developmental ambitions for the nation.

Moving beyond merely counting the pennies allotted to children, India must urgently transform its fiscal approach into one that invests for measurable progress. This requires a fundamental shift from input-driven spending to outcome-oriented financing that prioritizes effectiveness and impact.

To catalyze this transformation, three key policy actions are essential:

i. *Adopt Outcome-Based Financing*: Embed mechanisms that link budget allocations to demonstrable results, including flexible financing models that incentivize innovation and adaptive implementation at state and local levels.

ii. *Integrate and Converge Sectoral Budgets*: Break down artificial silos among education, health, nutrition, and protection budgets, fostering coordinated and child-centric financial planning and programme execution.

iii. *Empower Sub-National Governance*: Increase fiscal and administrative autonomy for states, Panchayati Raj Institutions, and Urban Local Bodies, enabling tailored, context-sensitive investments responsive to diverse child welfare needs.

India stands at a crossroads: either continue underfunding and under-imagining its children's future or invest strategically to unlock the full potential of its demographic dividend. To move from mere penny-counting to genuine progress is to recognize that investing wisely in children today is the most certain pathway to a prosperous, equitable, and sustainable tomorrow.

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