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Gender Budgeting and Economic Growth in Kerala: A Fiscal Allocation Perspective

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Abstract:
Gender Budgeting in Kerala represents a distinctive institutional attempt to mainstream gender concerns into local self-government finance. This has raised significant questions about whether such targeted fiscal allocations have meaningfully contributed to the state's broader economic growth and human development. This paper looks at the more recent of these two tools, the state-level Gender Budget, covering the period from 2017-18 to 2024-25. It uses data collected from the Government of Kerala's annual Gender Budget Statements and the Kerala State Planning Board's Economic Review. Two main questions are addressed. First, what is the trend in the Gender Budget's share of the total state plan outlay? Second, does this share, or the absolute amount of gender-specific funding, have any measurable statistical connection to the year-on-year growth of Kerala's real Gross State Domestic Product (GSDP)? Even though the share of the Gender Budget in the total plan outlay has steadily increased, there is no statistically significant association between this rising share and the GSDP growth rate, as given in major studies. This result is mainly influenced by the considerable fluctuations in growth during the pandemic years. The paper argues that the steady increase in gender-specific funding is a real and measurable financial achievement. However, it should not be interpreted as a cause of or driven by short-run economic performance. Instead, the two trends are better seen as parallel but mostly independent over the period studied.

Keywords: Gender Budgeting; Kerala; State Plan Outlay; Gross State Domestic Product; Fiscal Allocation; Gender-Responsive Budgeting.

1. Introduction

Gender budgeting looks at public revenue and spending from a gender perspective. It operates on the idea that budgets affect men and women differently. Kerala has adopted this approach through two related tools. The first, the Women Component Plan, requires local governments to allocate a minimum portion of their funds for projects that benefit women. This plan has been in effect since 1996-97(Nair & Moolakkattu, 2018). The second tool, known as the Gender Budget Statement, was introduced for the state's own budget. It breaks down gender-responsive spending into two categories: 'Part A' schemes, which use 90 to 100 percent of funds for women, and 'Part B' schemes, which also benefit women but to a lesser extent. Unlike the Women Component Plan, which each of Kerala's 1,200 local governments manages separately, the state-level Gender Budget is compiled and published each year as a single report by the Kerala State Planning Board, in conjunction with the state budget (Nair & Moolakkattu, 2018).

This paper focuses on the Gender Budget at the state level. It poses a narrower and more recent set of questions than earlier research on Kerala's Women Component Plan. Specifically, it looks at how the Gender Budget's share of the state's total plan outlay has changed from 2017-18 to 2024-25. It also examines whether this fiscal trend is statistically linked to the state's economic growth over the same period. The chosen period includes a pre-pandemic phase of steady growth, the sharp decline in 2020-21, a strong rebound in 2021-22, and a return to moderate growth. This timeframe provides an animated backdrop to explore the relationship.

2. Review of Literature

Gender budgeting became part of Indian public finance discussions as a way to look at fiscal tools and their effects on men and women. This approach was outlined by Sharp (2003) and later assessed by Stotsky (2016). Stotsky found that the actual impact of gender budgeting efforts on detectable outcomes has varied. It frequently depends on the strength of the institutional mechanisms, such as legal mandates, dedicated units, and consistent reporting through which these projects are carried out. Kerala's experience with gender budgeting began before much of the international literature did, though not necessarily under that name (Nair & Moolakkattu, 2018). The state launched a basic form of gender-responsive allocation with the Women Component Plan (WCP) during the Ninth Plan period. This plan required that 10 percent of the funds allocated to local self-governments be set aside for projects focusing on women. Kerala's planning literature later described this as one of the earliest examples in India of gender budgeting embedded in a decentralized planning framework (Nair & Moolakkattu, 2018). A significant amount of research has examined how the WCP has performed at the local government level (Nair & Moolakkattu, 2018). This literature acts as the foundation for the "earlier research" on the declining share of earmarked funds mentioned elsewhere in this paper. (Philip & Gayithri, 2025) Nair and Moolakkattu (2014) studied WCP implementation at the village panchayat level and found that the scheme's potential was only partially met. Allocations often fell short of the required share, and spending was skewed toward physical infrastructure and income-generating projects rather than addressing issues such as time poverty, mobility, and safety that affect women's economic and political participation (Nair & Moolakkattu, 2014). Parvati, Jhamb, Shrivastava, and Mobeen ur Rehman (2012) reviewed gender-responsive budgeting across the Union government and several Indian states, including Kerala. They noted these formal earmarking targets did not accurately reflect the gender sensitivity of actual spending. A significant portion of the nominally earmarked funds went to schemes with only a loose connection to women's welfare. Mathew (2021), in a review of the WCP over the past 25 years at the rural grassroots level, reported a gradual decline in the scheme's share of local plan funds, even as awareness of gender budgeting has increased among elected local representatives. Research expressly focusing on the state-level Gender Budget Statement, the subject of this paper, is relatively scarce. (Eapen 2018) examined the shift from local-level gender-aware planning to a consolidated state Gender Budget, beginning with the Eleventh Plan, and argued that this new instrument classifies expenditures into women-specific and composite categories, reflecting a broader understanding of gender-responsive spending than the narrower WCP framework. Hajong and Kakarlapudi (2023) conducted one of the few studies comparing Kerala's Gender Budget to the Union government's gender budgeting efforts. They found that the share of narrowly defined women-specific

(Part A) schemes in Kerala's Gender Budget has consistently been smaller than the share of more general composite (Part B) schemes. Furthermore, after the pandemic, this composition shifted even more toward the larger, less targeted category. This compositional issue corresponds with, but does not directly overlap with, the trends and growth-linkage questions that this paper studies. Current discussions on growth linkage mainly rely on longer-term, local-level WCP studies rather than on the state instrument itself, especially in the recent period, which saw significant changes in GSDP growth due to the pandemic. This paper intends to address this gap by conducting a formal correlation test between the state Gender Budget's share of plan outlay and real GSDP growth from 2017-18 to 2024-25.

3. Significance of the Study

The state-level Gender Budget has not been studied as thoroughly as the older Women Component Plan (Nair & Moolakkattu, 2018). Since it is created centrally rather than by many local bodies, it provides a clearer and more reliable time series for tracking the state's overall financial devotion to gender-responsive budgeting (Nair & Moolakkattu, 2018). It also includes programs and spending among departments such as health, education, social justice, and industries, which are not part of the local-body-administered Women Component Plan. Understanding whether this state-level budget's growth has followed, exceeded, or been independent of the wider economy is important for discussions on gender budgeting in public finance. Supporters in India and elsewhere often present earmarked gender allocations as investments that can boost growth, while critics view them as costs aimed at redistribution (Chakraborty et al., 2019; Nair & Moolakkattu, 2018). An analysis period that includes both economic boom and downturn years provides a useful, if initial, empirical assessment of this issue, especially for Kerala.

4. Objectives of the Study

The study is guided by the following two objectives:

1. To examine the trend in the share of the Gender Budget in the total state plan outlay of Kerala over the period 2017-18 to 2024-25.
2. To examine the relationship between the Gender Budget allocation and the growth of Kerala's Gross State Domestic Product (GSDP) at constant prices.

The study is both descriptive and analytical, depending exclusively on secondary data from two official sources. The first is the annual Gender Budget Statement published by the Government of Kerala. This statement reports the total spending in ₹ crore and its percentage share of the total state plan outlay for Part A and Part B schemes, as well as for the total. The second source is the Economic Review, published by the Kerala State Planning Board. This review provides Kerala's real GSDP and its year-on-year growth rate at constant 2011-12 prices. Data were compiled for the period from 2017-18 to 2024-25, the timeframe during which a consistent, comparably defined Gender Budget series is available. The 2025-26 Gender Budget figure is reported by the state government using a modified base that excludes the local self-government allocation. This makes it not directly comparable to earlier years, so it has been omitted from the main quantitative series but is mentioned separately in the discussion. (Kerala Budget Analysis 2025-26, 2025) For Objective 1, the percentage share of the Gender Budget in the total state plan outlay was plotted year by year, and a linear trend was fitted using ordinary least squares. For Objective 2, the Pearson correlation coefficient was calculated between the Gender Budget's percentage share of plan outlay and the real GSDP growth rate for each year from 2018-19 to 2024-25. The year 2017-18 was excluded from this specific test because a comparable growth rate for that year could not be independently verified.

Statistical significance was assessed at the standard five percent level. Given the limited number of annual observations available, which is seven, the reported correlation result should be viewed as indicative and exploratory rather than as a definitive test of the underlying relationship. (Schönbrodt & Perugini, 2013, pp. 609-612)

5. Analysis and Interpretation

5.1 Trend in the Share of the Gender Budget in Total State Plan Outlay

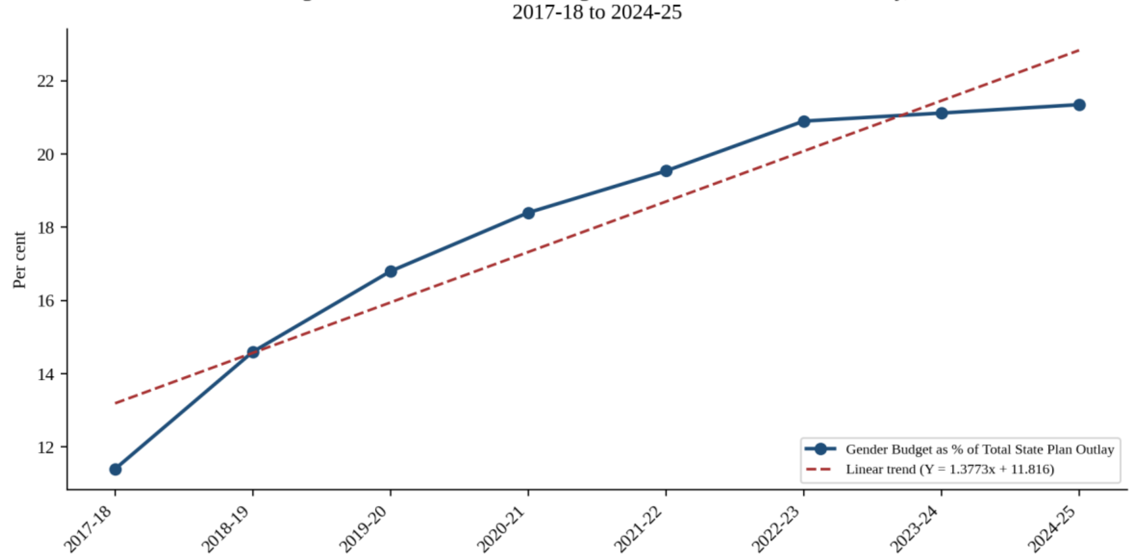
Table 1 reports the absolute outlay and percentage share of Kerala's Gender Budget in total state plan outlay for each year from 2017-18 to 2024-25.

Table 1. Gender Budget Outlay and its Share of Total State Plan Outlay, Kerala, 2017-18 to 2024-25

Year	Gender Budget (₹ crore)	Share of Plan Outlay (%)
2017-18	2,315.82	11.4
2018-19	3,240.33	14.6
2019-20	3,881.63	16.8
2020-21	3,809.87	18.4
2021-22	4,025.4	19.54
2022-23	4,665.2	20.9
2023-24	4,670.22	21.12
2024-25	4,661.51	21.35

Source: Government of Kerala, Gender Budget Statements, various years.

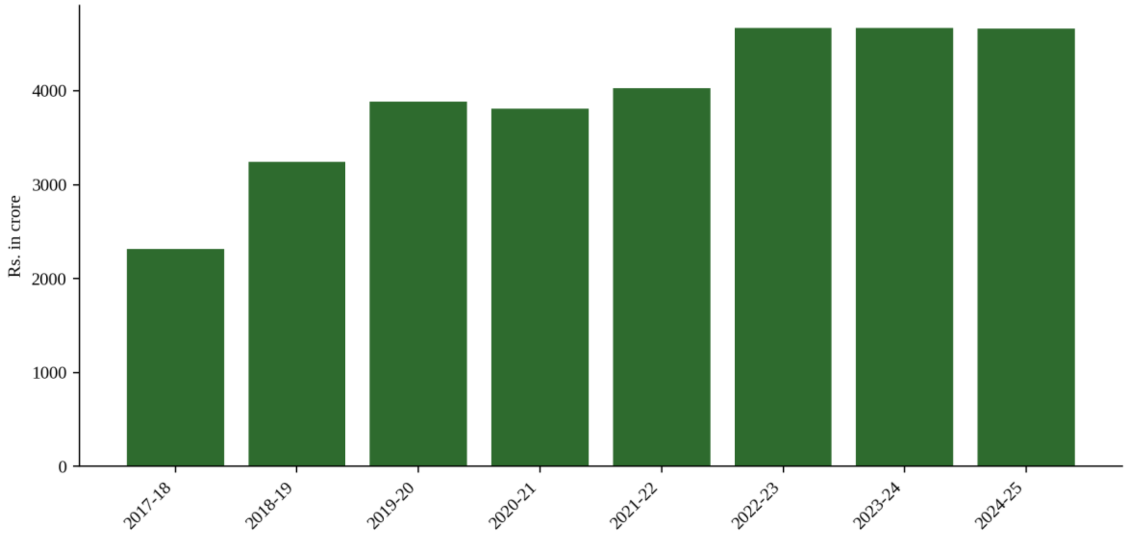
Figure 1. Share of the Gender Budget in Kerala's Total State Plan Outlay, 2017-18 to 2024-25



The share of the Gender Budget in total state plan outlay rises consistently across the period, from 11.4 per cent in 2017-18 to 21.35 per cent in 2024-25 — very nearly a doubling in eight years. The fitted trend equation, Y = 1.3773x + 11.816, has an R^2 of 0.901, indicating that a simple linear trend explains the great majority of year-to-year movement and that the rise is systematic rather than driven by one or two outlier years. Unlike the pattern documented for the Women Component Plan at the local-government level in earlier research — where the earmarked share has been found to erode over time — the state-level Gender

Budget shows the opposite trajectory: a sustained increase in its proportionate claim on the state's plan resources.

Figure 2. Absolute Outlay of Kerala's State Gender Budget, 2017-18 to 2024-25



In absolute terms, the Gender Budget outlay more than doubled over the period, from ₹2,315.82 crore in 2017-18 to a peak of ₹4,670.22 crore in 2023-24, before easing marginally to ₹4,661.51 crore in 2024-25(Kerala Budget 2024-25) . The near-plateau in absolute outlay after 2022-23, even as the percentage share continued to inch upward, indicates that the growth in the Gender Budget's proportionate share in the most recent years owes as much to a moderation in the growth of total state plan outlay as to continued expansion of the Gender Budget itself.

5.2 Gender Budget Allocation and GSDP Growth

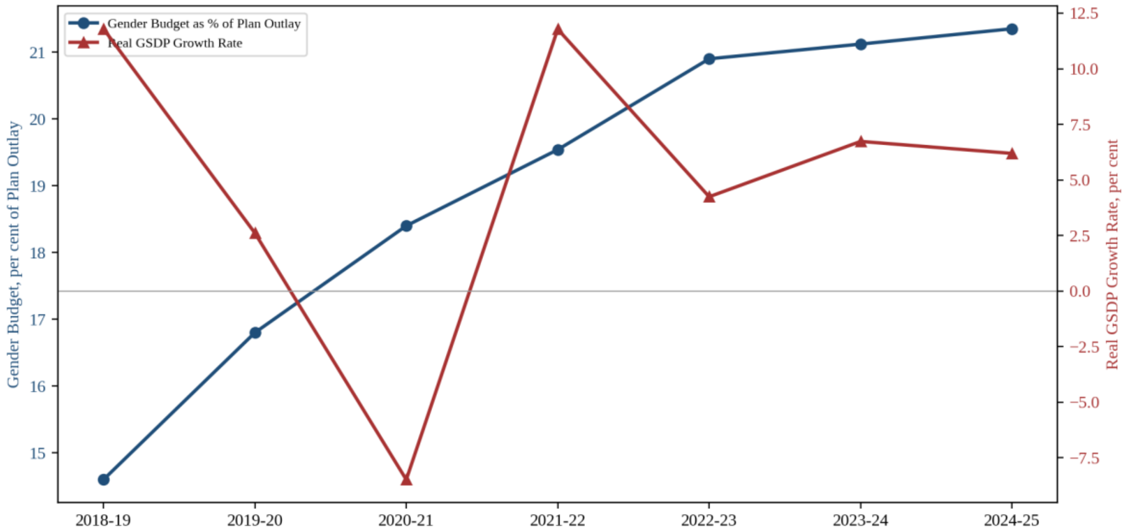
Table 2 sets out the Gender Budget's share of plan outlay alongside Kerala's real GSDP growth rate at constant prices for each year from 2018-19 to 2024-25.

Table 2. Gender Budget Share of Plan Outlay and Real GSDP Growth Rate, Kerala, 2018-19 to 2024-25

Year	Gender Budget (% of Plan Outlay)	Real GSDP Growth Rate (%)
2018-19	14.6	11.8
2019-20	16.8	2.61
2020-21	18.4	-8.49
2021-22	19.54	11.78
2022-23	20.9	4.24
2023-24	21.12	6.73
2024-25	21.35	6.19

Source: Government of Kerala, Gender Budget Statements, various years;
Kerala State Planning Board, Economic Review, various issues.

Figure 3. Gender Budget Share and Real GSDP Growth in Kerala, 2018-19 to 2024-25



The two series move quite differently across the period. The Gender Budget's share of plan outlay rises in an almost unbroken, gently sloping line, while GSDP growth swings sharply — from 11.80 per cent in 2018-19 down to a pandemic-driven contraction of -8.49 per cent in 2020-21, up to an unusually strong statistical rebound of 11.78 per cent in 2021-22 as the economy recovered off a depressed base, and back to a more moderate 4.24 to 6.73 per cent range thereafter. Visually, there is no obvious co-movement between the two lines: the Gender Budget share continues its steady climb through both the pandemic contraction and the subsequent rebound, entirely undisturbed by the extreme swings in GSDP growth.

Table 3. Correlation between Gender Budget Share of Plan Outlay and Real GSDP Growth Rate

Statistic	Value
Pearson correlation coefficient (r)	-0.075
Sample size (n)	7
Significance	Not statistically significant at the 5% level

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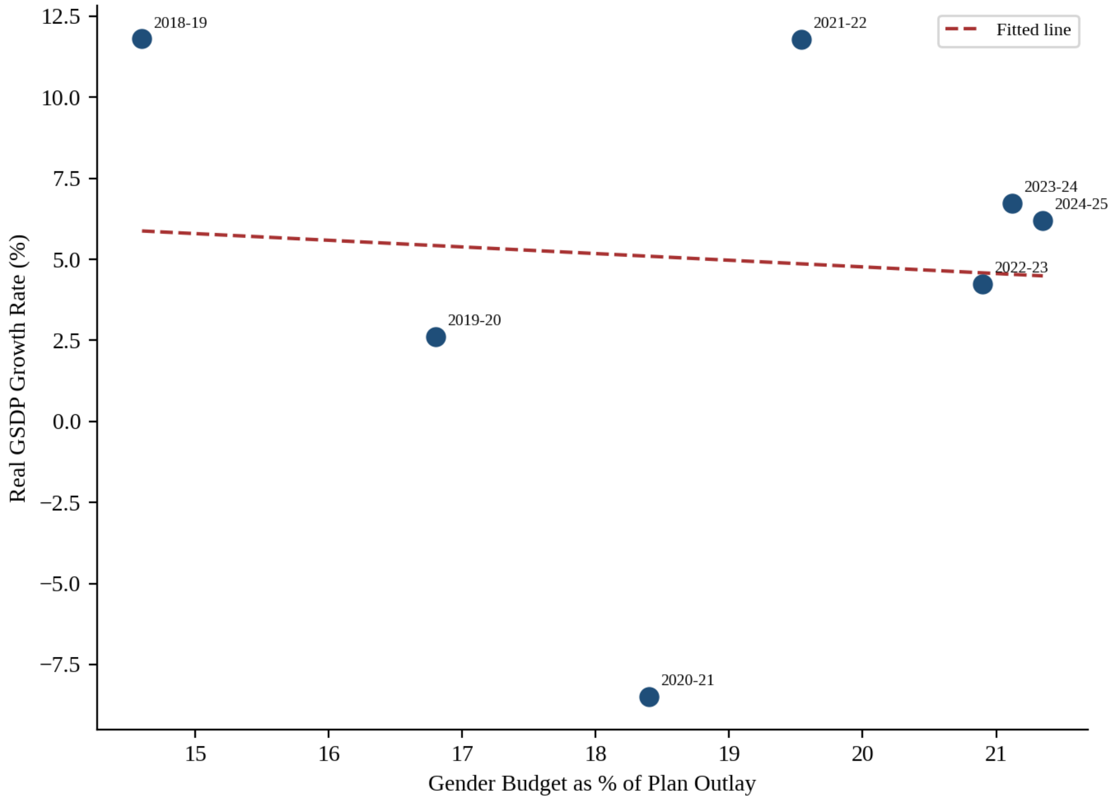
Figure 4. Gender Budget Share Plotted against
Real GSDP Growth, Kerala, 2018-19 to 2024-25



The scatter plot in Figure 4 confirms what the dual-axis chart suggests: the points show no discernible linear pattern, and the fitted line is nearly flat. The Pearson correlation coefficient between the Gender Budget's percentage share of plan outlay and the real GSDP growth rate across the seven years for which both series are available is r = -0.075, statistically indistinguishable from zero. This null result should not be over-interpreted given the very small sample — seven annual observations offer limited power to detect anything short of a strong relationship, and the inclusion of the extreme pandemic-year contraction and rebound in a series this short can dominate a correlation coefficient in either direction. What can be said with more confidence is that there is no evidence, in this data, of the kind of tight positive association that has sometimes been reported between WCP-specific fiscal activity at the loc government level and GSDP growth in the earlier, longer-run Kerala literature; at the state Gender Budget level, over this shorter and more macroeconomically turbulent window, the two series appear to move largely independently of one another (Nair & Moolakkattu, 2018).

6. Findings

• Kerala's state-level Gender Budget has risen steadily as a share of total plan outlay.

• In absolute terms, Gender Budget outlay more than doubled between 2017-18 and 2023-24, but growth flattened thereafter, with 2024-25 recording a marginal decline in absolute crore terms even as the percentage share continued to rise, reflecting slower growth in total plan outlay rather than renewed acceleration in gender-earmarked spending.

• No statistically significant correlation is found between the Gender Budget's share of plan outlay and Kerala's real GSDP growth rate from 2018-19 to 2024-25; the two series appear to move independently of each other over this period.
• The steady rise in the Gender Budget's share persists undisturbed through both the sharp pandemic-year contraction of 2020-21 and the strong statistical rebound of 2021-22, suggesting that gender-earmarked allocation at the state level has been comparatively insulated from short-run macroeconomic volatility, whether as cause or effect.
• A rising proportionate share of the state-level Gender Budget, with the declining share documented for the Women Component Plan at the local-government level, indicates that Kerala's two parallel gender-earmarking instruments have followed diverging fiscal paths in recent years.

7. Suggestions

• Given the absence of a measurable relationship with short-run GSDP growth, the case for state-level gender budgeting should rest on its intrinsic distributive and welfare merits rather than on unproven claims of a growth dividend, at least until a longer time series permits a more statistically powered test.
• The near-plateau in absolute Gender Budget outlay after 2023-24 warrants monitoring in subsequent budget cycles to establish whether it reflects a temporary fiscal consolidation response or the beginning of a more durable slowdown in gender-earmarked spending growth.
• Because the state-level Gender Budget and the local-government Women Component Plan appear to be moving in opposite directions — one rising, one falling, as a share of their respective outlays — future investigation should examine whether resources are being consciously reallocated from the local body to the state-department channel, or whether the two trends are unrelated administrative developments.

• The Kerala State Planning Board should consider extending the Gender Budget Statement's published time series backwards and preserving a consistent methodology across years, including for the 2025-26 statement, whose exclusion of local self-government allocation from the outlay base makes it non-comparable to earlier years and complicates precisely this kind of longitudinal analysis.

• Given the small sample size available for the growth-linkage test in this study, a longer time series — extending both backward, where consistent data permit, and forward as future Gender Budget Statements are published — would allow for a more statistically powered re-examination of the relationship explored here.

8. Conclusion

This paper looked at Kerala's Gender Budget from 2017-18 to 2024-25. This period is shorter and more recent than what is usually covered by local-government Women Component Plan literature. The study asked two main questions: how has its share of the total plan budget changed, and does that change reflect the growth of the state economy? For the first question, the answer is clear. The Gender Budget's portion of the plan budget has increased steadily, nearly doubling in eight years. However, the growth in absolute budget amounts seems to have levelled off in the last two years. For the second question, the answer shows no significant results. No measurable relationship was found between the Gender Budget's monetary effect and real GSDP growth during this period. Overall, these results suggest that Kerala's devotion to gender-specific funding has strengthened in recent years, regardless of the state's brief economic performance. This fiscal achievement stands on its own merits rather than any proven benefits to growth. Given the recent stagnation in absolute amounts, this trend should be watched carefully rather than taken for granted.

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