

Union Budget: 2026-27

What It Means for Women's Economic Empowerment



About IWWAGE

The Institute for What Works to Advance Gender Equality (IWWAGE) was established in 2018 with an aim to build and deepen evidence around the low participation of women in the economy to find solutions to support the development of gender inclusive policies and programs.

IWWAGE is an initiative of LEAD at Krea University, an action-oriented research centre housed at the Institute for Financial Management and Research (IFMR), a not-for-profit society which is also the Sponsoring Body of KREA University.

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Introduction

The Union Budget 2026-27 is presented against a renewed policy emphasis on women's economic empowerment (WEE), reinforced by the [Economic Survey's](#) (2025-26) recognition of both structural and systemic barriers that impede women's entry, retention, and advancement in the labour market. Addressing a gamut of challenges such as unpaid care work, education-skill mismatches, entrepreneurial potential and inadequate infrastructure, the survey outlines a set of enabling conditions required to foster quality employment opportunities and income growth for women. The Gender Budget (GB) is intended to serve as the primary fiscal instrument to operationalise these priorities.

Reflecting this context, the total GB increased from **₹3.9 lakh crore in 2025-26, RE (Revised Estimates), to ₹5 lakh crore in 2026-27, BE (Budget Estimates)**, indicating greater fiscal attention to gender-related interventions. An analysis of the structure, composition, and execution of these allocations reveals the extent to which current resource allocation aligns with the Economic Survey's diagnostics and whether it adequately addresses demand- and supply-side challenges.

The Allocation Puzzle

A closer look at the composition of the Gender Budget calls into question its gender-mainstreaming efficacy. The GB is split into three parts: Part A (schemes with 100 per cent provision for women and girls), Part B (schemes where at least 30 per cent of the benefits target women), and Part C (schemes where less than 30 per cent of the benefits target women). The share of Part A warrants attention. In 2025-26, Part A allocations were revised down by **29 per cent**, with ₹30,158 crore cut at the revised estimates stage, suggesting that only about **71 per cent of the original allocation was likely utilised**. Significant revisions were observed in **PM-Awas Yojana (Urban)** and **PM-Awas Yojana (Gramin)**, alongside a downward revision in **Mission Shakti**.

Table 1: Schemes with Highest Allocations in the GBS [[Expenditure Profile 2026-2027 \(Statement 13\)](#)] (in ₹ crores)]

Schemes	2025-2026 Budget Estimates	2025-2026 Revised Estimates	2026-2027 Budget Estimates
PMAY-Urban & PMAY-Urban 2.0	19794.00	7500.00	18625.05
Pradhan Mantri Awaas Yojana-Gramin (PMAY-G)	54832.00	32500.01	52575.01
Mission Shakti (Mission for Protection and Empowerment for Women)	3150.00	2000.00	3200.00
PART A Total (including all reported schemes)	102274.89	72117.37	107688.42

Despite these revisions indicating implementation and absorption constraints, these two schemes continue to account for a large share of Part A allocations in 2026-27. Although Part A spending has increased in absolute terms to **₹1.08 lakh crore in 2026-27 (BE) from ₹0.72 lakh crore in 2025-26 (RE)**, its share in the total Gender Budget has declined from **39.4 per cent in 2023-24 to 21.5 per cent in 2026-27**. Given that Part A remains dominated by asset and welfare-oriented interventions such as access to housing, clean energy, and livelihood support, the link between these allocations and sustained employment, wage growth, and women's economic agency merits further assessment.

At the aggregate level, the share of the Gender Budget in the total Union Budget increased modestly from **8.86 per cent in FY 2025-26 to 9.37 per cent in FY 2026-27**, reflecting a higher fiscal commitment to gender-related spending. This expansion is also accompanied by a broadening of institutional participation in gender budgeting. In 2025-26, **a total of 49 Ministries/Departments reported allocation** under the Gender Budget statement, up from 38 in FY 2024-25. This trend continued in 2026-27, with two additional ministries like the Ministry of Cooperation and the Ministry of Environment, Forests and Climate Change reporting allocations, taking the total to a record high of **51 ministries and departments indicating a positive trend in reporting by a wider list of Ministries/departments**.

As the nodal ministry for women-centric interventions, the Ministry of Women and Child Development (MWCD) received an allocation of ₹28,183 crores in 2026-27, an increase of 15 per cent over the revised estimates for 2025-26. However, this allocation continues to constitute only about 0.5 per cent of the total Union Budget, a proportion that has remained largely unchanged over time. While rising allocations to GB and MWCD indicate growing fiscal attention to gender-related priorities, persistent challenges remain in translating allocations into measurable outcomes.

The Care Economy

The **care economy** constitutes a key point of convergence between the survey and the budget. While the Economic Survey recognises the vitality of the care economy and recommends expanding the network of Anganwadi centres, integrating community crèches, and incentivising employer-linked childcare in easing the unpaid care burden, the continued reliance on honorarium-based compensation calls for closer consideration, given the scale and complexity of responsibilities entrusted to Anganwadi Workers and Helpers.

Against this backdrop, the budget's increased allocations to care-related schemes mark a step forward. **Saksham Anganwadi and POSHAN 2.0** see a rise from ₹20,949 crore

(RE 2025-26) to about ₹23,100 crore in 2026-27. In addition, the proposal to train [1.5 lakh multi-skilled caregivers](#) across geriatric care, childcare, and allied health services reflects an emerging recognition of the care economy as a source of formal employment for women, and echoes the survey's recommendation of professionalising care work. A [2024 IWWAGE study](#) on financing quality childcare reinforces the need for standardised compensation, training, and resources for crèche workers to deliver holistic childcare. Hence, the Government of India's move to train caregivers is promising if implemented well.

However, these gains are tempered by gaps in complementary care-enabling infrastructure. Despite access to water being a critical determinant of women's unpaid care burden, the [Jal Jeevan Mission has seen no fresh allocation](#) to States or UTs in 2025-26. Additionally, the recent budgetary allocations are entirely focused on revenue expenditure without any provision for capital spending or new asset creation. Similar constraints are visible in other care-related infrastructure. Under Part A of the Gender Budget, allocations for LPG connections to poor households through the Pradhan Mantri Ujjwala Yojana remain restrained at ₹9,200 crore, despite revised estimates for 2025-26 being reported at ₹12,736 crore.

Taken together, these patterns point to a broader deprioritisation of care-enabling infrastructure spanning water, clean cooking fuel, and childcare, shifting the costs of care from the state to households. This transfer disproportionately increases women's unpaid labour and constrains their ability to participate in paid work. While care work is a major source of women's employment, the budget does not meaningfully engage with wages, job security, or working conditions. Consequently, care-related interventions remain fragmented and modest relative to the scale of unpaid care work documented in the Economic Survey, falling short of a comprehensive care ecosystem capable of substantially reducing women's time poverty or redistributing care responsibilities.

Rural Livelihoods

Women's work in rural India remains shaped by a persistent deficit in access to paid and regular employment. [Rural female labour force participation](#) increased from 24.6 per cent in 2017-18 to 47.6 per cent in 2023-24, driven largely by a shift towards self-employment rather than salaried work. The share of self-employed women in rural areas rose from 57.4 per cent to 73.4 per cent over this period, with a notable increase in own-account workers from 32.2 per cent to 41.8 per cent, indicating a growing reliance on small-scale, subsistence activities. While the proportion of unpaid family workers declined from 67 per cent to 57.4 per cent, this reduction has been largely offset by women moving into own-account work, rather than into stable wage employment- suggesting distress-driven adjustments within household and farm-based livelihoods rather than structural improvements in job quality. Within this landscape, the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) as a government-mandated and

legislated employment guarantee was a fundamental source of paid employment for rural women engaged in non-farm work.

The rise in women's labour force participation in rural India underscores the need for budgetary allocations and policymaking to enable a transition towards secure, paid employment from distress-driven forms of work. As per the Gender Budget, Part C allocations reflect limited transformation in rural livelihoods. A substantial allocation of ₹15,240 crore is channelled towards [PM-KISAN](#), which primarily benefits landowning households and, in practice, has been found to favour male beneficiaries. As a result, its contribution to enhancing women's independent economic agency remains limited. In contrast, MGNREGA continues to function as a critical source of livelihood for rural women, who account for a majority of person-days generated under the programme. However, in 2026–27, allocations for MGNREGA in the Gender Budget saw a sharp reduction of around 66 per cent, from ₹40,937 crore to ₹13,956 crore, adjusted with the newly introduced VB-GRAM G framework emphasising demand-based provisioning. This shift effectively places greater responsibility on states to meet employment demand, raising concerns about the adequacy and predictability of wage employment support for rural women. Taken together, while budgetary provisions continue to sustain women's participation in rural economic activity, they potentially fall short of enabling a transition towards regular, higher-quality, and adequately remunerative employment.

Housing and Mobility

The Union Budget's approach to women's mobility and housing is centred on the expansion of Sakhi Niwas under Mission Shakti (Samarthya) of the Ministry of Women and Child Development. Framed as a gender-responsive infrastructure intervention, it seeks to ease constraints related to safe accommodation and work-related mobility, aligning with the Economic Survey 2025–26's emphasis on affordable rental housing and hostels as enablers of women's employment, particularly in urban labour markets.

In the budget 2026-27, allocations under [Samarthya increased to ₹2,573 crore from ₹1,678 crore](#) in 2025-26, signalling heightened fiscal recognition of barriers faced by working women. Approximately [523 Sakhi Niwas facilities](#) (formerly Working Women Hostels) are functional across the country, reflecting a limited expansion relative to the scale of demand. Despite this increased allocation, utilisation remains uneven. Measures to address institutional design constraints such as restrictive time norms, procedural hurdles for extensions of stay, and the absence of complementary services, including childcare, functional kitchens, and community-oriented spaces are necessary. These gaps disproportionately affect women with caregiving responsibilities hindering the effective realisation of the scheme's objective as a mobility-enabling intervention.

Further, the consolidated budgeting structure under Samarthya constrains meaningful assessment of Sakhi Niwas. Expenditure is reported at the umbrella level, covering multiple interventions such as Shakti Sadan (including Swadhar, Ujjawala, and widow homes), Palna (National Crèche Scheme), and related components. To improve transparency, scheme-wise financial and utilisation data should be made available to assess whether increased allocations are translating into effective, inclusive housing solutions that support women's sustained participation in the workforce.

Skilling and Entrepreneurship

The Economic Survey places renewed emphasis on labour market reforms and skill alignment to generate employment and address skill mismatches to improve workforce employability. The survey builds on the data from the Periodic Labour Force Survey 2023-24 to indicate persistent gender gaps in skills and employment outcomes. Women aged 25 years and above with advanced degrees constitute only 2.9 per cent of the employed female workforce across rural and urban areas. [All India Survey of Higher Education](#) denotes that women also remain under-represented in science, technology, engineering, and mathematics (STEM), accounting for 43 per cent of enrolment in 2021–22. These trends are related to factors such as gendered perceptions of STEM fields, unequal care responsibilities, early marriage, and the cost of higher education.

The Union Budget 2026-27 responds to some of these constraints through expanded investments in education, skilling, and enterprise support, though largely through gender-neutral channels. Nearly [₹1.39 lakh crore](#) has been allocated to strengthen education infrastructure, including university townships, research facilities, and girls' hostels in every district, which can ease mobility and access barriers for women pursuing higher education. Skilling allocations also show an upward revision. Under the **Skill India Programme (Central Sector Scheme)**, the allocation for women increased from ₹600 crore in the revised estimates for 2025–26 to ₹840 crore in the budget Estimates for 2026-27, signalling an expanded emphasis on workforce preparedness and industry-aligned training. Cementing women-led development as the cornerstone of Viksit Bharat 2047 will further need targeted skilling programmes tailored to cater to the future of work, and in particular, skilling women to participate in high-growth, non-traditional employment opportunities. For instance, the India AI Mission sees an allocation of ₹150 crore in the GBS up from ₹120 crore in the revised estimates of 2025-26. While these schemes could benefit women, there is limited gender-specific outcome tracking on enrolment, completion, and job placement.

Similarly, building on the success of the Lakhpati Didi scheme, entrepreneurship support through **MSME credit, Mudra loans, and the newly announced Self-Help Entrepreneur (SHE) Marts** reflects a growing recognition of women's enterprise

potential. However, the current design of these interventions continues to support survival-oriented self-employment, with women largely concentrated in low-ticket credit, informal own-account enterprises. In order to transform women-led enterprises into engines of growth and job creation, there should be a deliberate shift towards enabling scale, productivity, and enterprise growth. SHE Marts are one such avenue positioned to address this gap by establishing community-owned retail shops, run and managed by women from Self-Help Groups (SHGs), supported by innovative financing instruments.

Conclusion

Gender-related spending continues to be concentrated within social sector ministries, particularly the Ministry of Women and Child Development, the Ministry of Health and Family Welfare, and the Ministry of Education. In contrast, economically consequential ministries such as the Ministry of Labour and Employment, the Ministry of Micro, Small and Medium Enterprises, and the Ministry of Housing and Urban Affairs, along with infrastructure-related ministries, exhibit limited gender-intentional policy design. This pattern has implications for urban labour markets, where women's workforce participation remains comparatively low and investments in care infrastructure has been minimal. Although recent budgetary measures expand the overall envelope for education, skilling, and employment support, their scale and orientation remain insufficient relative to the structural constraints identified by the Economic Survey. Unpaid care work and quality of paid work - two binding determinants of women's labour force participation - remain inadequately integrated into the core architecture of employment, skilling, and enterprise policies, thereby constraining the capacity of the current fiscal expansion to deliver durable and transformative gains in women's economic empowerment.

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