UNION BUDGET 2026–27 AND INDIA'S PRISONS: MODERNISATION, SUPPORT OR IMPLEMENTATION GAPS

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The Union Budget 2026-27 was introduced this year on February 1st 2026 revolving around the fiscal priorities around themes of growth, employment, infrastructure, technology-enabled governance, and sets out major initiatives across economic and social sectors (Ministry of Finance, 2026). Within the Ministry of Home Affairs' (MHA) Demands for Grants, Demand No. 51 (Police) contains only two points explicitly related to prisons and correctional administration. Under this demand, a central sector scheme titled 'Modernisation of Prisons' has a Budget Estimate (BE) of about ₹300 crore for 2026–27, almost entirely classified as capital expenditure (Ministry of Finance, 2024). Under the same demand, a revenue head 'Support to Poor Prisoners' has a BE of ₹5 crore and a Revised Estimate (RE) of ₹1.5 crore for 2024–25, and a BE of ₹2 crore for 2026–27, making it one of the smallest identifiable prison-related revenue allocations in the Union accounts (Ministry of Finance, 2024).Constitutionally, 'prisons' lie in the State List, so State Governments bear primary responsibility for prison administration, infrastructure and recurrent expenditure, while the Union supplements these efforts through model laws, policy guidance and centrally supported schemes . Against this background, this article enquires two critical questions about the 2026–27 budget's prison provisions:

1.How does the Modernisation of Prisons allocation flow through the Union and State systems?

2.How is the Support to Poor Prisoners scheme designed and implemented for Union and States.

Official Diagnosis: What Needs Are These Schemes Meant to Address?

The Rajya Sabha Standing Committee on Home Affairs, in its report *Prison - Conditions, Infrastructure and Reforms*, uses *Prison statistics India 2023* (PSI-2023) and state submissions to describe Indian prisons as marked by sustained overcrowding, high undertrial proportions, staff shortages and inadequate health and mental-health services .The Standing Committee notes that several states did not receive funds from their own prison departments and that eight states did not receive any central prison funding over the period reviewed, indicating fragmented and weak financing . It recommends enhanced allocations for infrastructure and staffing and calls for dedicated funds to pay fines and bail amounts for indigent prisoners, directly linking under-funding to prolonged undertrial detention (Parliament of India, 2023).PSI-2023 records an all-India occupancy rate around 120–121 per cent in 2023, with roughly 5.5 lakh prisoners against a sanctioned capacity of about 4.6 lakh, and undertrials constituting about three-quarters of the prison population (National Crime Records Bureau, 2024). Overcrowding is concentrated: Delhi operates at close to 200 per cent, and states such as Uttar Pradesh, Madhya Pradesh, Maharashtra, Uttarakhand and Meghalaya have occupancy levels around or above 150 per cent, while Telangana and several smaller states and union territories run below full capacity (National Crime Records Bureau, 2024).*India Justice Report 2025* (IJR-2025) constructs a composite 'prisons pillar' from official data on occupancy, staff strength and vacancies, budget, legal aid and selected welfare indicators. Among large states, Tamil Nadu, Karnataka, Telangana, Kerala and Andhra Pradesh rank highest on this pillar, while Uttar Pradesh, Maharashtra, Bihar and Uttarakhand occupy lower positions, with Uttarakhand last among large states (India Justice Project & Tata Trusts, 2025). Taken together, the aforementioned shows that India's prison deficits are primarily human and procedural in nature. So, the article closely enquires the below mentioned questions.

Question 1: Can the Modernisation Allocation Address Structural Deficits?

Understanding the Union-side design and fund flow -On the Union side, the Modernisation of Prisons scheme is a central sector project under MHA's Demand No. 51, with a BE of about ₹300 crore for 2026–27, almost entirely capital (Ministry of Finance, 2024). It forms part of a five-year 'Modernisation of Prisons Project' approved with a total outlay of ₹950 crore for 2021–22 to 2025–26 (Ministry of Home Affairs, 2024a; Press Information Bureau, 2023).MHA's 2024 guidelines state four objectives for the project: filling gaps in security infrastructure, providing modern security equipment, building high-security facilities, and supporting 'correctional administration through programmes/initiatives on skilling, rehabilitation and behaviour change' (Ministry of Home Affairs, 2024a, pp. 2–3). A Project Steering Committee and Project Management Unit at the Union level appraise state proposals, sanction projects and release funds (Ministry of Home Affairs, 2024a).The fund-flow mechanism is as follows (Ministry of Home Affairs, 2024a):Parliament votes a capital allocation for 'Modernisation of Prisons' under Demand No. 51 (Ministry of Finance, 2024).MHA invites Annual Action Plans and project proposals from states/UTs, appraises them, and sanctions projects through the Steering Committee. MHA releases a first instalment of funds to states/UTs for approved projects.

Second and subsequent instalments are released only after states certify that at least 75 per cent of the previous instalment has been utilised, via utilisation certificates and physical progress reports.If proposals do not come in, or if utilisation and reporting conditions are not met, instalments cannot be released, and unspent budgetary provisions are revised down or reallocated.

State-side chain and points of failure-On the State side, the same guidelines create a four-stage chain; the Standing Committee's findings show how it breaks down (Ministry of Home Affairs, 2024a; Parliament of India, 2023).

Stage 1 - Constituting state-level machinery.States must notify a State/UT Steering and Monitoring Committee headed by a senior Home or Prisons official and designate implementing agencies for works and procurement .The Standing Committee records that eight states did not receive any central assistance for prisons under modernisation in the period reviewed Since MHA only deals with proposals routed through these bodies, non-receipt implies that the mandated machinery was not created or not functioning effectively in those states (Ministry of Home Affairs, 2024a; Parliament of India, 2023).

Stage 2 - Planning and proposing projects. States are required to prepare Annual Action Plans and detailed project reports specifying works, costs, timelines and technical details (Ministry of Home Affairs, 2024a). The Standing Committee notes a 'poor response' from several states in sending proposals, with some states not sending any, and others submitting them late, which led to non-release or delayed release of central funds (Parliament of India, 2023). This indicates that prison departments in a number of states lacked the planning capacity or priority to generate technically adequate proposals on time (Ministry of Home Affairs, 2024a; Parliament of India, 2023).

Stage 3 - Executing projects.Once funds are released, states must execute civil works and procure equipment in accordance with the sanction and procurement rules (Ministry of Home

Affairs, 2024a). The Standing Committee documents under-utilisation and delays in earlier modernisation phases, including incomplete or significantly delayed works, and associates these with limited engineering and managerial capacity in prison and public works departments (Parliament of India, 2023). These constraints mean that first instalments often remain partially unspent at state level, slowing utilisation and making it harder to qualify for further instalments (Ministry of Home Affairs, 2024a; Parliament of India, 2023).

Stage 4 - Certifying utilisation and drawing further instalments.States must send utilisation certificates and physical progress reports showing 75 per cent utilisation of earlier instalments before additional funds are released (Ministry of Home Affairs, 2024a). The Standing Committee links surrender of central funds and downward revision of provisions to non-submission or delayed submission of utilisation certificates by several states (Parliament of India, 2023). Thus, even where some work has been done, weak financial reporting in state finance and prison departments prevents subsequent releases and contributes to under-utilisation (Ministry of Home Affairs, 2024a; Parliament of India, 2023).

Across these stages, the State-side problem is *not an absence of central allocation but weak institutional set-up, limited project-planning and execution capacity and delayed financial reporting, especially in high-burden states where prison deficits are most severe* (India Justice Project & Tata Trusts, 2025; National Crime Records Bureau, 2024; Parliament of India, 2023).*Assessment of the modernisation allocation*-Union-side, the Modernisation of Prisons allocation is part of a multi-year, centrally monitored project with clearly stated objectives that include security as well as correctional programmes, and represents a more structured and normatively progressive engagement than past ad hoc grants (Ministry of Finance, 2024; Ministry of Home Affairs, 2024a; Press Information Bureau, 2023).State-side, however, the inability of many states to constitute the mandated committees, plan and propose projects, execute works and certify utilisation has meant that a significant part of the central outlay cannot be accessed or is surrendered (Ministry of Home Affairs, 2024a; Parliament of India, 2023). Given that the deficits documented in PSI-2023 and IJR-2025 are predominantly human and procedural, this capital-heavy scheme - filtered through demanding planning and reporting conditions - has had limited impact on the most stressed prison systems (India Justice Project & Tata Trusts, 2025; National Crime Records Bureau, 2024; Parliament of India, 2023).

Question 2: How Is the Support to Poor Prisoners Scheme Working?

Union-side design and fund flow-On the Union side, the Support to Poor Prisoners scheme was approved in 2023 with an annual envelope of ₹20 crore to be kept in a Central Nodal Agency (CNA) account, with the explicit objective of ensuring that no person remains in prison solely because they belong to a low-income group and cannot afford bail or fines (Ministry of Home Affairs, 2023; Press Information Bureau, 2023). The scheme is fully Union-funded.The initial guidelines and SOP (V-17013/26/2023-PR) and revised guidelines of 12 December 2024 specify that (Ministry of Home Affairs, 2023, 2024b):Union funds are held centrally in the CNA account.The National Crime Records Bureau acts as CNA, managing the scheme account and releasing funds when cases are approved.There are no block transfers to states; assistance is released case by case, on the basis of sanctions issued by district-level committees.

In 2026, MHA informed the Lok Sabha that from launch up to 31 December 2025, 273 prisoners had been assisted across 16 States/UTs, with total central expenditure of ₹71,71,600 (Ministry of Home Affairs, 2026). The same reply shows that 20 States/UTs had not used the scheme at all, with zero beneficiaries and zero utilisation.

State-side chain and points of failure-On the state side, MHA's guidelines, revised SOP and the June 2025 advisory define a five-stage chain (Ministry of Home Affairs, 2023, 2024b, 2025).

Stage 1 - Constituting mandated committees-States must notify a State/UT Oversight Committee to supervise implementation and District Empowered Committees to examine and sanction cases (Ministry of Home Affairs, 2023, 2024b). In its advisory of 3 June 2025, MHA states that implementation 'has been inadequate and sub-optimal' and reports that many States and UTs have not constituted these committees or have not made them functional (Ministry of Home Affairs, 2025, p. 1). Without these committees, no authority exists to sanction support, so the scheme cannot operate in those jurisdictions.

Stage 2 - Identifying eligible prisoners in prisons.The SOP requires Superintendents of Jails to identify prisoners who remain in custody a week after grant of bail because they cannot furnish surety and prisoners who have completed the substantive sentence but remain incarcerated solely for non-payment of fines, and to report these cases to the Secretary of the District Legal Services Authority within one week (Ministry of Home Affairs, 2023, 2024b). MHA's advisory notes that many States/UTs 'have not identified prisoners who can be given the benefit of this scheme as per the guidelines', despite reiteration of instructions (Ministry of Home Affairs, 2025, p. 1). The practical effect is that in many jails systematic screening and reporting of eligible prisoners is not occurring, so the chain breaks at the prison stage.

Stage 3 - Verification and case preparation by DLSAs.Once informed by the jail, the DLSA must verify indigence and other eligibility conditions, ensure that the case is not excluded under special laws, prepare a file and place it before the District Empowered Committee at intervals of two to three weeks (Ministry of Home Affairs, 2023, 2024b). The 2025 advisory records that 'no proposal has been received' from many States/UTs at the Central Nodal Agency, which implies that, in those jurisdictions, either prisons are not sending cases to DLSAs or DLSAs are not treating this as a routine function and are not preparing and forwarding case files (Ministry of Home Affairs, 2025, p. 1).

Stage 4 - Sanction by district Empowered Committees.District Empowered Committees are required to meet regularly, examine DLSA-prepared cases, decide on eligibility and sanction specific amounts for bail and fines within the scheme ceilings (Ministry of Home Affairs, 2023, 2024b). MHA states that even where such committees have been notified, they are often not holding regular meetings, with the result that cases, even when identified, are not being sanctioned (Ministry of Home Affairs, 2025). Without sanctions, there is nothing for the CNA to pay.

Stage 5 - Drawing funds from the Central Nodal Agency.After sanction, the designated state authority must send the sanction details to NCRB as CNA, which then releases the approved amount from the central account (Ministry of Home Affairs, 2024b). In its 2026 Lok Sabha reply, MHA reports that only 16 States/UTs have forwarded sanctioned cases and drawn funds (273 prisoners; ₹71,71,600), while 20 States/UTs have not forwarded a single sanctioned case and therefore have zero utilisation .MHA thus concludes that funds remain largely unused not because they are unavailable at the centre but because states are not operating the pipeline that connects central money to prisoners (Ministry of Home Affairs, 2025, 2026).The State-side failures in this scheme are therefore: non-constitution or non-functioning of committees; failure by jails to identify and report eligible prisoners; lack of routine verification and case preparation by DLSAs; infrequent or absent committee meetings; and non-submission of sanctions to the CNA.

Union and State side practice compared

From the Union side, the scheme is conceptually strong and fiscally committed: it identifies poverty-driven detention as a structural injustice, makes provision for a ₹20-crore annual central envelope, places responsibility for design and funding squarely on the Union, and issues detailed guidelines and a revised SOP to strengthen implementation (Ministry of Home Affairs, 2023, 2024b; Press Information Bureau, 2023).

From the State side, implementation is sparse and uneven. Where the chain has been fully activated - such as in Maharashtra, Madhya Pradesh, Uttarakhand, Assam and Telangana - states have constituted committees, embedded prisoner identification in prison and legal-aid routines, issued sanctions, and drawn funds, assisting 107, 38, 37, 28 and 18 prisoners respectively (Ministry of Home Affairs, 2026). Where the chain has not been activated - 20 States/UTs in MHA's table - no prisoner has been assisted and no funds have been drawn, despite repeated advisories and the assurance that the Union will bear the full cost (Ministry of Home Affairs, 2025, 2026). The scheme's limited coverage therefore arises not from a lack of budgetary provision or central willingness, but from the failure to build and operate the state-level and district-level machinery that the design presupposes.

Comparative Analysis: Same Union Design, Different State Outcomes

For a focused comparison, this analysis considers four large states selected on two official criteria. First, on overall prison system quality, Tamil Nadu and Telangana are among the highest-ranked large states and Maharashtra and Uttar Pradesh are in the lower half on the prisons pillar of *India justice report 2025* (India Justice Project & Tata Trusts, 2025). Second, on use of the Support to Poor Prisoners scheme, MHA's state-wise utilisation data show Maharashtra and Telangana as significant users, while Tamil Nadu shows only marginal use and Uttar Pradesh reports zero beneficiaries and zero utilisation under a scheme that is identically designed and funded for all states (Ministry of Home Affairs, 2026). These four states therefore illustrate how similar Union-level designs and envelopes can produce very different results depending on state-level performance and institutional activation.

Table 1: *Selected large states by overall prison quality and use of Union indigent-support schemeNote. Sources: India Justice Project & Tata Trusts (2025), Ministry of Home Affairs (2023, 2024b, 2025, 2026), National Crime Records Bureau (2024), Parliament of India (2023), Government of Maharashtra (2024).Also the Table is researcher made from own interpretations.*

Criterion	**Tamil Nadu**	**Maharashtra**	**Telangana**	**Uttar Pradesh**
Selection basis	Highest-ranked large state on IJR 2025 prisons pillar.	Mid-ranked large state, but highest user of Support to Poor Prisoners scheme.	High-ranked large state (3rd on prisons pillar) and non-zero scheme use.	Among lowest-ranked large states on prisons pillar and zero scheme use.
Overall prison system quality	Rank 1; strongest overall staffing, occupancy and services among large states.	Rank 10; mid-range , with continuing overcrowding and staff gaps.	Rank 3; relatively strong staffing and balanced occupancy.	Near bottom; high overcrowding, vacancies and weaker services.
Structural condition in PSI-2023	Overcrowding present but less acute than in weakest states; better staff ratios.	High occupancy and pressure, especially in larger prisons.	Moderate occupancy; not among most overcrowded jurisdictions.	Very high occupancy and large undertrial population.
Support to Poor Prisoners: Union design	Fully Union-funded; funds held centrally with NCRB as nodal agency; case-linked disbursal after district sanction.	Same.	Same.	Same.
Support to Poor Prisoners: beneficiaries and utilisation	Very low or marginal use; not among main utilising states in MHA table.	107 prisoners assisted; ₹18,72,200 utilised (highest in India).	18 prisoners assisted; ₹2,51,000 utilised.	0 prisoners assisted; ₹0 utilised.
Scheme machinery: committees	Must be notified to function; low utilisation indicates that, although the general system is strong, these specific committees and workflows are not fully institutionalised for this scheme.	Committees have been constituted and are functioning, as shown by the number of sanctioned cases and drawdowns from the central account.	Committees and procedures have been activated to a moderate extent, yielding some sanctions and utilisation.	MHA notes that many States/UTs have not constituted or activated the required committees; zero utilisation indicates that the machinery is not operational.

This comparison shows that, under a common Union design and funding envelope, relative success or failure is not driven by differential allocations but by whether each state actually constructs and operates the institutional chain the Union schemes assume. Tamil Nadu's top-ranked system does not automatically translate into high use of a targeted central poverty-relief tool; Uttar Pradesh's weak system is compounded by complete non-activation of that tool; Maharashtra shows that a structurally stressed system can still use the scheme effectively when it chooses to; and Telangana illustrates that a relatively strong system can also do so, albeit at a modest scale.

State Responsibility and Union Supplementation

MHA's general prison-reforms note and a 2024 PIB statement restate that administration and management of prisons and prisoners is 'exclusively' the responsibility of State Governments and Union Territories, who are 'competent to devise and adopt appropriate policies and measures' on technological upgradation, relief to undertrials and prisoners' mental wellbeing, while the Union's role is to supplement their efforts through model legislation, advisories and limited financial assistance via schemes like e-Prisons and Modernisation of Prisons (Ministry of Home Affairs, 2024c; Press Information Bureau, 2024). The *Model prisons and correctional Services Act, 2023* and updated Model Prison Manual incorporate states' own concerns about overcrowding, staff shortages, outdated legal frameworks and inadequate provision for legal aid and mental-health services, and respond by embedding correctional-services and welfare provisions into model law and practice (Ministry of Home Affairs, 2024c, 2024d).

At the same time, the Standing Committee's findings on non-receipt and non-utilisation of central assistance, and MHA's explicit description of Support to Poor Prisoners implementation as 'inadequate and sub-optimal', show that a significant part of the difficulty lies within state-level machinery: planning, executing and reporting on capital projects; and building and running the multi-step pipeline for case-linked bail and fine support (Ministry of Home Affairs, 2024a, 2025, 2026; Parliament of India, 2023).

Conclusion

The 2026–27 Union budget represents a more deliberate engagement with prisons, through a long-term modernisation project and a fully Union-funded scheme for prisoners who remain in custody solely because they cannot afford bail or fines. On the Union side, the fiscal intent is clear: earmarked capital spending and case-level support explicitly recognise poor prison conditions and poverty-driven detention as problems that warrant central intervention.

On the state side, however, outcomes diverge sharply, not because of differences in central allocations, but because state-level administrative machinery varies in how effectively it can turn these schemes into action. The experience of Maharashtra, Tamil Nadu, Telangana and Uttar Pradesh shows that committee formation, project planning, legal-aid workflows and regular meetings of empowered committees largely determine whether funds translate into assistance and reach individual prisoners. This pattern suggests that the central constraint is less the overall volume of Union spending than the strength of the institutional chain that links a Union budget provision to a particular prisoner's release order. For subsequent research, the key agenda is to open up that chain at state level, through close study of committee practices, file movement, coordination with legal services authorities and data systems, and to identify which institutional designs most reliably convert central provisions into reduced overcrowding and fewer poverty-linked detentions.

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