Budget 2024-25: A fruitless exercise in attempt to veil pro-monopolist pro-rich policy directives

One columnist has rightly compared the budget speech 2024 of Union Finance Minister (FM) with a character of the acclaimed movie, The French Dispatch, where the character says of another, *"We have to accept it. His need to fail is more powerful than our strongest desires to help him succeed. I give up."* Nothing could be more apt in describing this year's budget. The FM cosmetically reiterated existing schemes and policies, peppered them with high-sounding numbers and made this sound sweet to the audience comprising the youth, farmers, women, middle class, and poor—all sections that the BJP is trying to win back to recover from electoral losses. But though PM Modi contended that it would empower the poor and the marginalized, it would clearly not do any such thing. All basic problems the people at large are grappling with, have either been skirted or alluded to in a most perfunctory manner with the solutions prescribed based on nothing more than ritualistic hollow optimism. The basic economic approach of the BJP government-of relying on big corporate players, and within those a few favoured industrial tycoons, to come out in rescue of a tumbling economy—also remains unchanged. This means continuing to subsidize large corporates in various ways and giving them tax breaks while cutting essential social spending that deeply affects the lives of people.

Budget speech-abounds in jugglery

The 90 minute long Budget speech, which began by rejoicing over the third term of the ruling party, claimed without any material substantiation that *"India's economic growth continues to be the shining exception and will remain so in the years ahead."* The FM boasted that *"This budget details some of the specific actions to be initiated in the current year towards fulfilment of these priorities with potential for transformative changes. The budget also covers some of the previously made announcements with an intent to strengthen them and step up their implementation for expediting our journey towards the goal of Viksit Bharat (Developed India)".* Flip over the pages of previous budgets and the same refrain would be found! The FM has not cared to give any report over implementation of her previously announced economic and fiscal measures stated to be aimed at "inclusive growth". The reason is simple. Growth has been exclusive for a few monopoly houses backing the ruling dispensation while the toiling millions have been finding life being dragged into greater misery with every passing day. Yet, the FM felt no qualm in repeating the stereotyped old phrase—*"Our government is committed to all-round, all-pervasive and all-inclusive development of people, particularly, farmers, youth, women and poor. For achieving social justice comprehensively, the saturation approach of covering all eligible people through various programmes including those for education and health will be adopted to empower them by improving their capabilities."* Let us dissect a few areas of budget proposals to see how far are they poised to translate the promised "social justice" into reality. Incidentally, it warrants to be pointed out that in the text of the budget speech, one hardly finds any mention of important figures or concrete action plans. Those have all been given, though not in a comprehensive manner, in the annexures which are not in public domain. So, for scrutiny of figures, one needs to refer to the annexures and read between the lines. Further, in their budget-crafting the BJP regime has been resorting to cynically undermine the sanctity of budgetary numbers. The trick was simply to promise a large-sounding number as an outlay, quietly slip it down in the revised figures presented the following year, and then tweak them even lower when the actuals arrived a couple of years later. Bereft of media attention or scrutiny, the regime could bask immediately in the glow of a "massive" increase in outlay without delivering anything substantial at all. We will see that as we proceed.

Spiralling price line

But then the lurking reality cannot be wished away altogether. The BJP's losses in the recent LokSabha election were attributed to stagnant, even declining incomes, and widespread unemployment, both of which contributed greatly to a general fall in rural and urban consumption levels. A significant drop in household savings was seen as a crucial factor for poor growth indicators. As is evident, prices of essential commodities including basic food items are soaring sky high. In June last, food inflation crossed 9.5 percent. After ten years of BJP rule, people expect more than mere platitudes about strengthening supply chain and the actual, reining in the roaring hoarding, black marketing, various manipulations, and creation of artificial scarcity by an evil nexus of vested interest groups in order to counter price rise. But the government has preferred to maintain an eerie silence in the matter. Food inflation hit 9.4%, with vegetable inflation reaching 29.3%. Analysis of household consumption survey shows that more than 80 percent people are spending less than Rs. 200 per day, while almost 34 percent people spend less than Rs. 100 per day. Even, as per TBI estimates, household savings have fallen to 47-year low as net financial savings fell to 5.1 percent of the GDP. RBI's latest consumer confidence survey (May 2024) shows growing pessimism amongst people. Reality is that Indian people are facing a generational income crisis. But the government is deriving satisfaction that core inflation (the change in the costs of goods and services, which, however, does not include those from the food and energy sectors. This measure of inflation excludes these items because their prices are much more volatile.)is at a record low of 3.1% in June. (ET 16-07-24) The FM could not but address these issues in her budget speech, but eventually ended up alleviating the hardships of none of the suffering sections that bore the brunt of poor policy making over the last decade.

Unemployment

Tasked with leading and advising on critical economic issues, the chief economic advisor in the Economic Survey that was published a day before budget presentation, made a cruel joke about how much, or how little the government cares about what India's majority is struggling with. In this part fantasy, part mythology document, there is no jobs problem, there is no household distress and social media is the source of all evils. What should one then expect from the upcoming Union budget? The honest answer—and we hope to be proved wrong—would be very little. The Economic Survey perhaps banked on the RBI report issued on 8 July, seemingly doctored on the eve of the budget to disregard reality and all objective surveys to claim that *"the total number of employed people as a ratio of the total population has increased to 44.2 per cent in FY24 from 34.7 per cent in FY18, with the workforce growing by 168 million during the period at 643.3 million. Also, the total employment was increased to 643.3 million in FY 24 from 596.7 million in FY 23 by adding 46.6 million".* While acknowledging that 7.85 million non-farm jobs are needed annually till 2030, the Survey plays two tricks simultaneously. It disregards a decade of jobless growth, disregards the core challenge of unemployment as cited by several economists and instead cites Periodic Labour Force Survey data, making no reference to often cited flaws and reaches the conclusion that there is employment recovery in both urban and rural areas. The BJP government also said in a statement in June last that *"India has generated more than 80 million employment opportunities between FY18 and FY22, in an average of over 20 million jobs a year, despite the Covid-19 pandemic during 2020-21."* (Business Standard-08-06-24).When there is no problem to acknowledge, there is no problem to solve.

So, the FM had to resort to summarizing its goals in ten different phrases to generate the acronym "EMPLOYMENT", but it had relatively little in terms of real content. For example, a scheme would provide one-month's wage to all persons newly entering the workforce in all formal sectors. The direct benefit transfer of a month's salary in three installments to first time employees, as registered in the EPFO, will be up to Rs 15,000. But, preliminary data shows there was a 5 per cent drop in new subscribers to EPFO, down to 736,015, and a 10.5 per cent decline in the Employees' State Insurance Corporation, down to 1.16 million, in November 2023 when compared to the previous month.

Secondly, the FM has announced that the Model Skill Loan Scheme will be revised to facilitate loans up to Rs 7.5 lakh, with a guarantee from a government promoted fund. To help youth who are not eligible for any benefit under government schemes and policies, the FM has announced financial support for loans up to Rs 10 lakh for higher education in domestic institutions. So, before entering an uncertain job market, the youths would be entangled in debt cobweb with no definite means to come out of it.

Thirdly, the Government claims that it has unveiled spending of Rs 2-lakh crore ($24 billion) for job creation and skilling for 4.1 crore youth in the next five years. This very term 'skilling' has become a convenient term for the government for several past years to justify unemployment on the pretext of non-availability of skilled hands. Earlier, it was told that National Skill Development Corporation (NSDC) and other programmes will train 30 crore people by 2024. However, despite partnering with various organizations and raising awareness, these programmes have not been as effective as envisioned. If skill was the problem, how is it that the ILO estimates 29 percent of India's young university graduates to be unemployed? Why are approximately 38% of the Indian Institute of Technology (IIT) graduates of 2024 yet to secure jobs, according to data obtained through Right to Information (RTI) applications? This figure marks the highest percentage in three years, with a steady increase from 19% in 2021 and 21% in 2022. (News Bytes-23-05-24)

And finally, as a panacea, the Budget has declared launch of *"a comprehensive scheme for providing internship opportunities in 500 top companies to 1 crore youth in 5 years. They will gain exposure for 12 months to real-life business environment, varied professions and employment opportunities. An internship allowance of Rs 5,000 per month along with a one-time assistance of Rs 6,000 will be provided. Companies will be expected to bear the training cost and 10 per cent of the internship cost from their CSR (Corporate Social Responsibility) funds."* On an average, every company will be taking on 20,000 interns. What a novelty! But if demand does not pick up and production capacity remains the same, which company will risk reducing profit margins by adding more workers? Secondly, what will happen to these interns after one year? Will they be absorbed or shown the door? No answer to that. In fact, this is an ornamental version of fixed term employment at a paltry wage. The company would, if it so desires, through this scheme get cheap labour for one year. This, in fact, is a further incentivisation of the corporates which have been enjoying substantial profits and slew of tax benefits and exemptions with minimal private capital expenditure (Capex) over the past decade. Further, at present, the best 500 companies are having 73 lakh employees on payroll. Of them, only 137 companies have more than 10,000 employees. Now, how can the companies which have less than 10,000 employees afford to absorb 20,000 interns even for a year? Absurdity par excellence! Many nationalized banks at present have been recruiting apprentices with a salary of Rs 15,000 per month for one year. Their future is uncertain, like the much-touted 'Agniveers' of the Indian army. The FM has, therefore, offered neatly crafted palliatives when the diagnosis called for a surgery. Let us reiterate once more that unemployment is now highest in last 45 years and nearly 83% of the jobless population are under the age of 34, according to the India Employment Report 2024 published by the International Labour Organization (ILO) and the Institute of Human Development (IHD).Under-employment (PhDs applying for peon or mortuary assistant jobs) and pseudo-employment (self-employed) are in galore. But the government is unfazed. What prohibits the filling up of over 9.64 lakh posts currently vacant in government departments? Why is regular work being performed through contract employees at dismal wages in government departments, as well as in banks? How is it that 93% of the workforce is in the unorganized sector with no job safety, guaranteed minimum wage or social security? None of these issues have been addressed in right earnest by the FM. Nor has she cared to explain why MGNREGS (Rural Employment Guarantee Scheme) budget has been kept stagnant at Rs 86,000 crores, the same as was spent last year meaning, 5 percent less in real terms, when this financial year 5.8 crore people have demanded jobs already and 25 lakh new persons have been included in the job cards for being eligible in getting job under MGNRES. It is reported that many applicants are being deliberately kept outside the scheme so that demand could be shown as diminishing and hence lower allocation of funds could be justified. What a novel way of depriving the poor and needy of their legitimate right to work for eking out a bare living.

Education and healthcare

Education and healthcare are the two most important social welfare areas and the responsibility of making services under these two areas is vested with a government which calls itself democratic, civilized and concerned about people's causes. Universal education means state-funded education. But the BJP government following the directives of globalization-liberalization are on a spree to hand over both the sectors to private operators for selling them as profit maximizing service products. The desired secular-scientific-democratic-universal education under the aegis of the government has long been abolished and the National Education Policy 2020 (NEP 20) is the final nail in the coffin. There is virtually no or negligible direct support to public education. In the interim budget placed in February last, 61% of UGC budget (from Rs 6,409 crore in last year's revised estimate to Rs 2,500 crore) was reduced. This time, out of the total budget of over Rs 48.2 lakh crore, only Rs1.25 lakh crore are allotted to education. This means as against hitherto advocated spending of 10% of central budget towards education, the BJP government has progressively reduced it to 2.59%. In place of desired 6% of GDP (which is also mentioned in the text of NEP 20, education budget is now merely 0.38% of current nominal GDP (Rs 326.4 lakh crores). This allocation falls far short of even arranging minimal infrastructure required for implementation of the prescripts of NEP 20. The PM-Poshan scheme, earlier known as the Mid Day Meal programme, has been allocated Rs 11,600 crore for 2023-24, down from the revised allocation of Rs 12,800 crore in 2022-23 and now inhumanly cut even further by Rs 213.5 crore this year. In other words, government education system is being gradually led to extinction and the sector is handed over to the private houses on a silver platter.

Similar is the case of the crucial healthcare sector, the perilous condition of which was evident during Covid 19 pandemic—shortage of bed, doctors, nurses, medical assistants, medicines and even oxygen cylinders. Towards healthcare, the FM has allotted this year Rs 87,565 croresboasting to have increased it by 12.56% and constituting 2.5% of GDP. But calculation shows that the allocation is only 1.81% of the entire budget and, when adjusted to inflation it is a reduction compared to last year. The allocation towards healthcare is less than in the Interim budget as well. Further, because spending towards healthcare was less by Rs 27,222 crores of the budgeted sum of Rs 86,175 crore (meaning a reduction of nearly 26%), it was actually 0.35% of the GDP. The government claims GDP has increased by 6.8%. In that case, why has such a lesser amount been provided for healthcare? In a country where 47% people face catastrophic expenses towards healthcare and most of the countrymen are deprived of basic medical needs, the very motive behind granting such a meagre amount is to gradually privatize the entire medical system. And we know, the profit-greedy private sector does not respond to stark realities of socio-economic necessities, but operates aiming at profit maximization.

Further, FM mentioned a corpus of Rs 1 lakh crore, that would be available on 'minimal or nil interest rates' to "encourage" the private sector to invest in research and development in 'sunrise sectors.' It was not clear if this corpus was targeted at a specific Ministry or intended as a more broad-based encouragement to research. In the Union budget for 2021-22, the Centre had announced that it would set aside Rs 50,000 crore for National Research Foundation (NRF) over five years. However, the following year, it was allocated a budget of just Rs 1 lakh. Further in 2023-24, the Union budget allocated Rs 2,000 crore for the NRF, which was then revised to Rs 258.60 crore.

Agriculture

What is ailing agriculture or the fulcrum of rural economy in our country? Answer will be exorbitant rise in agricultural inputs like fertilizers, seeds, pesticides etc., lack of proper irrigation facilities, high cost of diesel used for running shallow pumps, soaring power tariff, non-receipt of remunerative price by the peasants for their produce entailing distress sale, inability to repay loan and rising pauperization of the farming community. Have any of these problems found any solution in the budget in concrete terms? Again it is a big NO. Out of Rs 48.25 lakh crore estimate of the Union budget 2024-25, only Rs 1,51,851 crore or a mere 3.15 per cent has been the share of agriculture and allied sectors. In 2023-24, expenditure under the head 'agriculture and allied activities' was Rs 1,40,533crore while it had been allotted Rs 1,44,214 crore which after adjusting for inflation shows hardly any increase. The share of agriculture has declined during the past budgets from 5.44 per cent in the year 2019-20, to 5.08 per cent in 2020-21, 4.26 per cent in 2021-22 and 3.23 per cent in 2022-23, indicating how much the BJP government cares for the peasants. Under pressure of year-long historic peasants' movement, the government was forced to withdraw three Black Farm Laws. But it is yet to honour its commitment of legally guaranteeing Maximum Support Price (MSP) of all the kharif and rabi crops at minimum 50% above the weighted cost of farming i.e. @C2+50 (which includes the input cost of capital, interest foregone on land, farming machinery owned by farmers and the rent on the land), no corporatization of agriculture, no MNC's in agricultural production and trade, no GST on agricultural inputs such as fertilizers, seeds, pesticides, electricity, irrigation, petroleum products, machineries and tractors. etc., among others. Cunningly, in June last, the government declared raising MSP for paddy by 5.35 per cent to Rs 2,300 per quintal for the 2024-25 which is far short of what the aggrieved farmers have been demanding for long. Even though the RBI has transferred Rs 2,10,874 crore as surplus to the union government for the accounting year 2023-24, the budget has cruelly neglected the long-pending demand of comprehensive loan waiver to farmers and workers, although as per official records 31 farmers are committing suicide daily in India. The budget also did not repeal GST on farm inputs including seeds, fertilizers, machineries, spare parts and tractors thus helping the farmers to reduce the cost of production. Rather, fertilizer subsidy fixed at Rs 164,000 crore is down 13.18 % from the revised estimate of last year and fuel subsidy estimated at Rs 11,925 crore, 2.57 % less than the revised estimate. Likewise, despite dip in international crude price and import of oil from Russia at a very low price, no reduction in retail fuel tariff has been done. So, it is an out and out anti-peasant budget.

Hunger and malnutrition

India has gone down to 111th position out of 125 countries in the Global Hunger Index-2023. About 60% of India's of nearly 130 crore people live on less than Rs 250 a day, the World Bank's median poverty line. And 21%, or more than 25 crores people, survive on less than Rs 166 a day. 20 crore Indians sleep on empty stomach and 25 lakhs die every year out of hunger. According to the recently released Household Consumption Expenditure Survey (HCES) only 56% of Indians reported eating three meals a day, while a study published in the *Journal of the American Medical Association found* that India had the largest number of zero-food children (6.7 million or nearly 7 crore) among 92 countries surveyed. The NFHS-5 showed alarming levels of stunting (35%) and wasting (19%) among children and anaemia among women (57%) and children (67%).

Currently, around 81 crore people are provided 5 kgs of free rice or wheat every month under the National Food Security Act (NFSA) which has remained stagnant for more than a decade despite the increase in population, due to the failure of the Union government to conduct the decennial census after 2011. In April 2023,the Supreme Court directed that ration cards be issued to the eight crore migrants/unorganized sector workers who do not possess ration cards under NFSA and are registered on the National Database of Unorganized Sector workers. It was anticipated that the budget would reflect the resources required for additional allocation of food grains as directed by the Supreme Court. It is, therefore, shocking to note that the budget for food subsidy has been slashed by 3.3% when compared to the revised estimate of the previous year—from Rs 2.12 to 2.05 lakh crore. What this means in effect is that a part of the food subsidy has been shifted on to the shoulders of the peasant whose support prices have been kept inordinately low. But the budget did not fail in increasing most unproductive defence budget from Rs 5,93, 538 crore to Rs 6,21,940.85 crore (approx. US $75 Billion), the highest among the Ministries. Not just that. Despite a countrywide row over the most atrocious 'Agnipath' scheme (recruiting in army for four years at a low remuneration and then termination), allocation towards the scheme has been raised from Rs 3,800 crore in last year to Rs 5,207.28 crore.

Railways

PM Modi-led BJP government after assuming office in 2014 eliminated the practice of presenting a separate railway budget. Since then, financial and operational details of this highly important service are hardly made public. This year, the budget has not attempted even a token pretence of a reference to the Indian Railways. "Railways" figured just once in the entire speech. The capital outlay for the railways in 2024-25, has been increased to Rs 2.51 lakh crore - an increase of just about 5 per cent - not even enough to keep pace with inflation, as a result of which safety of train journey has been criminally compromised and there has been a spate of major railway accidents (44 on average) since full-year budget was moved by the FM in 23-24. The day PM Modi was taking credit of increasing outlay for Railways by 8 times in 10 years, a major train accident occurred.

In several major trunk routes, tracks are handling capacities that are in excess of 140-150% of the rated capacity. The gap between declared outlay and actual spending last year amounted to more than Rs.31,000crore. This has shown up in overused tracks and lack of basic safety equipment that are the prime causes of recent rail derailments and other accidents. Kavach has been waved as a magic wand that was to usher in an *amritkaal* of sorts for railway safety, but there is nothing—absolutely nothing — in the budget for this grand pipe dream of a project. Things have become worse through the whimsical arrangement of priorities in the overall constrained environment. This relates to the emphasis placed on select marquee projects—most notably the Vande Bharat trains or the over-the-top station beautification projects at arbitrarily select locations that cannot be justified by any objective criteria. Maintenance of the rakes of normal trains, punctuality of running have all become things of the past despite several times hike in fare. In fact, train travel is now a horror, but the government is unfazed and making moves for privatization of this artery of the country.

Rising fiscal deficit and national debt

The budget says: *"For the year 2024-25, the total receipts other than borrowings and the total expenditure are estimated at Rs 32.07 lakh crore and Rs 48.21 lakh crore respectively. The net tax receipts are estimated at Rs 25.83 lakh crore. The fiscal deficit is estimated at 4.9 per cent of GDP. The gross and net market borrowings through dated securities during 2024-25 are estimated at Rs 14.01 lakh crore and Rs 11.63 lakh crore respectively."* Notably, the corporate sector share in that tax collected has inched by only a fraction, just 24.45%. The share of government revenue from individual income tax at 19% is more than the 17% that corporates have contributed. The fiscal deficit estimate is stated to be slightly lowered to 4.9 per cent of GDP thanks to a bumper Rs 1.3 lakh crore in extra dividends from the Reserve Bank of India. Individual tax collection figure is projected at Rs 11,87,000.00. But the interest to be paid on past borrowing is Rs 11.6 lakh crore meaning income tax receipt will be exhausted to pay interest on the past borrowings. Yet the budget stipulates that *"the gross and net market borrowings through dated securities during 2024-25 are estimated at Rs 14.01 lakh crore and Rs 11.63 lakh crore respectively"*. It means national debt which is now Rs 181,68,456.91crore (81.68 percent of the GDP) will go up further. Why this deficit? Over the last five years, without compounding, the approximate aggregate revenue foregone is reportedly an astronomical Rs 8.7 lakh crore. In September 2019, the BJP government announced a cut in base corporate tax from 30% to 22% and for new manufacturing firms, incorporated after 1 October 2019, from 25% to 15%.

In this budget also, on the pretext of attracting more FDI, corporate tax rate on foreign companies has been brought down from from 40 to 35 per cent. But there is no such relief to individual tax payers. Rather, there is an increased burden of both direct and indirect tax on them. So, inequality would rise further. When asked about the severe and growing income inequality, PM Modi said in a television interview, *"shall I make everyone poor?",* reflecting an abject lack of concern with widening income inequalities.

Conclusion

So, despite effusive praise and drum-beating of the ruling dispensation and its servitors including pliant corporate media, the vision of the BJP government is proved once again to be brazenly pro-monopolists pro-rich and direction is towards squeezing even the last drop of blood of the suffering people. When one talks of growth, one wants that to be translated into more permanent remunerative jobs, higher income, better living conditions of common masses and diminishing inequality. If the top 1% grows at over 1000% per year and the rest struggle harder and harder to merely survive, that cannot be called 'Growth'. So-called growth story of 'Vibrant India' has seen that the share of wealth of top 1% of the population in the country constitutes 40% of the country's wealth while the toiling millions are pauperized with every passing day. This budget would make the scenario more horrific in the days to come and no pedantic discourse on economics would be able to suppress the reality. Suffering people need to imbibe this truth and rise up in movement against such a fruitless exercise in attempt to conceal reality euphemized as budget.