Established 1946
Pages 60

1

Price : Rupees Ten

janata

Vol. 73 No. 12 | April 15, 2018

Union Budget 2018-19: What Is in It for the People?

Editor : **G. G. Parikh** | Associate Editor : **Neeraj Jain** | Managing Editor : **Guddi**

D-15, Ganesh Prasad, Naushir Bharucha Marg, Mumbai - 400 007.
Email : janataweekly@gmail.com Website : www.janataweekly.org

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From the Editor's Desk

In this issue of *Janata*, we are announcing a couple of new things and we are very happy to do so. Ever since Surendra Mohan died, the Janata Trust was in a search of an editor who could do justice to the original brief of those who founded the weekly. A few names came up and we contacted each of them one by one, but all pleaded their inability. At last we zeroed in on Neeraj Jain, an excellent activist and an intellectual. Despite his numerous engagements as an activist, he has thankfully agreed.

Readers of *Janata* will be familiar with the name of Neeraj Jain, he has been writing for *Janata* for several years now. He is a former Marxist, who gradually began moving towards the socialist ideology and a deep appreciation of both Gandhi and Ambedkar several years ago. In the long discusssions that I have had with him over the past few years, I have found him to be a committed socialist. He has a deep understanding of economic issues and is very concerned about the threat of fascism looming over the country. He has also written several books and booklets, some of which have been published by *Janata*. His writings broadly fit with the frame of *Janata* as it has evolved over the years. And so we decided to offer him the responsibility of editorship of *Janata*.

However, Neeraj Jain set a condition. He said that I should continue with him and I had to agree. So he will be *Janata's* associate editor and will be responsible for all editorial matter and also policies. The Trust also decided to constitute an editorial board to help the editor/editors in helping select the matter and fine-tuning the weekly. We requested some of those who write for *Janata* to be on the editorial board, and we are happy to announce that several of our writers have agreed to be on the editorial board. They include: Qurban Ali, Nandu Dhaneshwar, B.Vivekanandan, Sandeep Pandey, Sonal Shah and Anil Nauriya.

Janata, launched in 1946 by the stalwarts of Indian socialism, has reflected their views and has uninterruptedly continued to be published all these years, except during the Emergency when it was banned. The weekly treats the glorious past of socialists as its heritage and wishes to cherish it. Socialists defined and redefined their 'ism' in the context of the changing conditions of India, and accordingly *Janata* has moulded itself. India was a colony when *Janata* was launched; soon after, India became independent, but has continued to be hobbled by two hundred years of colonial rule and very strong vestiges of a long feudal past. Socialists in India gave up advocating violence and proletarian dictatorship, in fact, all dictatorships, and embraced democracy and unity of means and ends. In the Indian context, socialists have also been deeply concerned about the problem of caste, and have consistently stood for fighting casteism uncompromisingly. Socialists have also been equally concerned about the deep-rooted patriarchy plaguing Indian society, and have been passionate advocates of the struggle for gender equality. For socialists, the struggle against casteism and patriarchy have always been important, urgent and immediate issues in the long struggle for building a socialist society. While liberty, equality and solidarity remain universal values that socialists have always upheld, the democratic socialists also brought to the table some new, defining elements. *Janata* has consistently upheld all these core values of the socialist movement. Under the new dispensation, *Janata* will be more vigorous and more informative. At a time when even several socialist activists are not willing to label themselves as socialists, *Janata* will, above all, ensure that the word 'socialism' that is today going out of the country's discourse gets re-popularised.

I take this opportunity to appeal to all readers of *Janata* to help the weekly to continue and grow. But it can grow only if you introduce it to some of your friends.

Dr. G.G. Parikh

The Directive Principles of the Constitution outline in unambiguous terms the orientation of economic policies that future governments should pursue. They direct the State to minimise inequalities and ensure that there is no concentration of wealth in the country. They call upon the State to strive to make available education, healthcare and nutrition to all people of the country. They say that the State should direct its policy to secure for all people an adequate means of livelihood. It should endeavour to secure the right to work, and ensure that people get a decent wage that enables them to have a decent standard of living and full enjoyment of leisure and social and cultural opportunities. Most importantly, they call upon the State to endeavour to eliminate inequalities in status, facilities and opportunities.

Even though the Directive Principles of the Constitution are not enforceable by law, as Dr. Bhimrao Ambedkar had declared in a speech to the Constituent Assembly on November 19, 1948, the Directive Principles are called thus because:

It is the intention of this Assembly that in future both the legislature and the executive should not merely pay lip service to these principles enacted in this part, but that they should be made the basis of all executive and legislative action that may be taken hereafter in the matter of the governance of the country.

Not only that, he further stated:

Our intention is (that) even when there are circumstances which . . . stand in the way of the government giving effect to these Directive Principles, they shall, even under hard and unpropitious circumstances, always strive in the fulfilment of these Directives.

Union Budget 2018–19: Creating a Crisis and Missing the Opportunity to Resolve It

Arun Kumar

The Union Budget 2018–19, presented on February 1, 2018 has confused the lay public. It purports to give something to every section and yet it is being criticised by the Opposition and the media has largely called it an election budget. The implication of the criticism is that the budget does not do what it should have done and instead has indulged in 'populism'. Usually, when the media calls a policy 'populist' it means that it is pro-poor and does not benefit the corporate sector. Another meaning that is attached to such policies is that they are meant to garner votes for the ruling dispensation and after the elections are over they are forgotten. The reality is that in spite of the periodic implementation of the so-called 'populist' policies, the lot of the poor in the country has hardly improved. So, how should the Union Budget 2018–19 be interpreted?

I. Background to the Budget

The Union Budget has been presented while the economy is still suffering from the after-effects of twin shocks in the last 15 months. There was the demonetisation in November 2016 and then the implementation of the GST since July 1, 2017. Both these adversely impacted the unorganised sectors of the economy and, therefore, the rate of growth of the economy came down sharply, according to reports from the field. The data for the unorganised sectors comes with a time-lag of a few years; so the methodology of estimation of growth needed to be changed but that was not done. A faulty methodology continued to be used to estimate the growth rate of the economy.

The official data has been consistently talking of a six to seven per cent rate of growth in the last one year. This would be based on the data from the organised sectors of the economy, even though it is quite likely that this is also an over-estimate. As businessmen say, the economy does not feel like growing at such a high rate since the feel good is not there unlike in 2004 to 2008. Be that as it may, a six per cent rate of growth would be one of the highest rates of growth in the world. If that was so, there should be no crisis in the economy and there should be business as usual. On the other hand, if the growth rate was close to zero or even negative, as this author has repeatedly argued, then this is a cause for worry and something drastic needed to be done in the budget to revive the economy. Some observers have said there is a need to kick-start the economy.

Politically, the impact of the twin shocks on the unorganised sectors was evident from the widespread agitation by farmers all over the country and the demand for loan-waivers across various States. Many States, like Maharashtra and UP, announced loan-waivers to meet the demands of the farmers. The youth have been agitating for jobs given that there was a large-scale impact on the unorganised sector which employs 93 per cent of the workforce, according to the *Economic Survey*. Traders also agitated strongly after the implementation of the GST because it hit their business. They were totally confused by its complexity and implementation problems. The markets were greatly disturbed even in the organised sectors due to these factors.

The markets were greatly confused during the period that demonetisation was implemented because of the almost daily changes in the rules and something similar happened during the time the GST was implemented. The design was faulty and difficulties were not anticipated; so there were repeated changes in the rules. The notes' shortage continued for a much longer period than the 50 days over which the old notes were returned. Similarly, the impact of the GST also persists.

Given all this, how can the rate of growth not be affected by demonetisation and GST implementation? The impact has been on the decline in demand, slowdown of the economy and fall in the rate of investment in the economy. Credit off-take from the banks declined and that is a sign of a slowdown in the economy. (See my *Demonetisation and the Black Economy* published by Penguin India, 2017)

The BJP has brought the problem on to itself by administering the twin shocks to the economy via the uncalled for demonetisation and a poorly designed and implemented GST. A well-functioning economy has been in a tailspin since November 2016.

Any budget tries to address the emerging problems of the economy in the current year (in which the budget is drafted) and give a push to the new policies that the government would like to implement. So, the budget for 2018–19 was expected to give a push to the economy. The question to ask is: in addition to the other things in the budget, does it address this main problem faced by the economy?

II. Key Policy Announcements in the Budget

It is estimated in the budget that the Union Government will spend Rs 24.4 lakh crore in 2018–19. This works out to 13 per cent of the estimated GDP of Rs 187.2 lakh crore in that year. It is estimated that the expenditures would be 10 per cent more than in the year 2017–18. Revenue expenditures are slated to rise by 10.3 per cent while the capital expenditures are slated to rise by 9.9 per cent. The slated increases are less than the 11.75 per cent increase in the GDP given in the budget document. This is strange if the economy has to be boosted.

It has announced a large number of schemes for the deprived sections. It has also announced increase in expenditures on many of the pre-existing schemes. This is not unusual for most budgets. When Rs 24 lakh crore are available for expenditure, a lot of items can be given small sums of money. Like, giving Rs 1,200 crore for the creation of 1.5 lakh Health and Wellness Centres, Rs 1,290 crore to the National Bamboo Mission, Rs 500 crore to Operation Greens to take care of basic vegetables; Rs 10,000 crore for setting up the Fisheries and Aquaculture (FAIDF) and Animal Husbandry (AHIDF) funds.

There are big-ticket items like institutional credit to the agriculture sector that will increase from Rs 10 lakh crore to Rs 11 lakh crore. The creation of livelihood and infrastructure in rural areas will cost Rs 14.34 lakh crore. These huge sums will not come out of the Budget but from the banks and the extra-budgetary and non-budgetary resources.

A major announcement is health insurance for 50 crore people to cover their hospitalisation cost of up to Rs 5 lakh. The allocation for this is small; so it appears that the burden of its implementation would fall on the public sector insurance companies. Just as the cost of the Jan Dhan Accounts fell on the public sector banks. Another interesting scheme is to connect habitations by all-weather roads by 2019. The idea of upgradation of the existing 22,000 rural haats into Gramin Agricultural Markets (GrAMs) is also innovative but would it lead to the penetration of the organised business at the expense of the small and local businesses?

The question as always with any budget is not announcements but implementation. Thus, the first budget of this government had announced that farm incomes would be doubled by 2022. A laudable goal, but is this feasible? Now, three years down the line, can we say that this is likely to materialise? The *Economic Survey* points out that while output in agriculture has gone up, the incomes have not. Clearly, there is a phenomenal rise in costs; so the increased output has not resulted in additional incomes. The government has now announced that it would fix the Minimum Support Prices for various crops at 50 per cent above cost—a promise made at the time of the 2014 elections. Would this help double farm incomes by 2022?

Other laudable announcements made earlier, like Swachh Bharat, Smart Cities and Good Governance do not seem to be anywhere near yielding the expected results. That is the reason why analysts are skeptical about the large number of announcements in this budget. Many of these announcements are supposed to favour the farmers, the poor, the youth and so on. Given the past experience, many of the targeted beneficiaries are left wondering if they would get anything. The poor, who are now promised medical insurance for hospitalisation, point to the fact that the crop insurance money that the farmers were supposed to get never came to the farmers and instead went to the insurance companies. Given the poor state of health infrastructure, many wonder if the scheme can deliver to the poor.

The health insurance scheme is desperately needed by the poor given the rising cost of health, especially given the rapidly degrading environment—air, water, food and so on—which is impacting the poor the most. But for this to succeed, a low cost and efficient public health system needs to be in place. Since such a system does not exist, the end result is likely to be another failure of expectation for the poor.

The lesson from this and the past budgets is that in the Part A of his Budget speech, the finance minister announces many things so that it appears that he has taken the interest of every section of society. As pointed out above, in this budget also he has referred to every section of society—farmers, SC/ST, poor, youth and increased allocation to all sectors, whether it be education, health, farming, infrastructure and so on. This is the political part of the budget speech.

The effective part of the Budget speech usually is Part B, where the overall revenues and expenditures are discussed. That is the macro-economic part which determines whether the micro part of the Budget in Part A will work out or not. Policies have a financial component and this is determined by the macroeconomic constraints—how resources are to be allotted to competing demands. This clearly depends on the priorities of the ruling dispensation. If health is a top priority, it would receive a large allocation so that the policy will get implemented, assuming that it is well-thought-out and that the administration is capable of delivering it. It often happens that the funds are allotted to a scheme but remain unspent during the year because the scheme does not take off given the difficulties of implementation.

III. Budgetary Arithmetic and Some Tax Proposals

In the last budget (for the year 2017–18), it was expected that the rate of growth would be 11.75 per cent and revenues were expected to increase as per this expectation. The revenue deficit was expected to fall to 1.9 per cent of the GDP and the fiscal deficit (a number watched by the international agencies) would turn out to be 3.2 per cent of the GDP. These expectations have been belied. Revenues show a decline of Rs 10,000 crore. But expenditures show an increase of Rs 7,000 crore.

More importantly, capital expenditures show a fall of Rs 36,000 crore over what was expected. This is the important component essential to boost investments in the economy—they have been flagging because the private sector is investing less.

The net result is that the bad deficit, the revenue deficit, has shot up from the expected 1.9 per cent of the GDP to 2.6 per cent of the GDP. The implication is that more of the borrowing is being used for current expenditures by the government. This would lead to a further increase in the interest payment in the coming years since on this part of the borrowing no return would be earned by the government. The fiscal deficit has increased from the expected 3.2 per cent of the GDP to 3.5 per cent. If bank recapitalisation is counted then the fiscal deficit will be even higher.

This increase in the fiscal deficit is neither too big nor too bad as is being made out by the fiscal conservatives who dominate budget-making and the financial markets. According to this line of thinking, the rise in the fiscal deficit above the planned one will lead to a decline in resources available to the private investors. However, this is unlikely when demand is slack and there is spare capacity in industry which is leading to a low level of investment and slow credit off-take. Further, this would boost demand and lead to better capacity utilisation in industry. So, it would crowd in private investment rather than crowd it out as the conservatives suggest.

To control the revenue deficit, there was a need to raise more tax and non-tax revenue. Last year, due to the GST implementation, the revenue collection from indirect tax was for 11 months only. Further, the States had to be compensated for the loss of revenue they suffered. On the non-tax revenue front, there was less of transfers from the RBI (due to the cost of demonetisation) and less from auctions of spectrum. These falls in revenue were compensated by the rise in corporation tax collection and the bonanza from the tax on petro products.

Surprisingly, the customs duties collection fell sharply in 2017–18 from Rs 2.45 lakh crore to Rs 1.35 lakh crore. They are slated to fall further in 2018–19 to Rs 1.12 lakh crore in spite of the increase in customs duties on all kinds of products announced in the budget of 2018–19. So, while the budget gives the impression of greater protectionism, actually it must be lowering the degree of protection in several areas.

The government has garnered extra resources from disinvestment. Instead of the planned Rs 72,500 crore, a sum of Rs 1,00,000 crore has been raised. For the year 2018–19, disinvestment of Rs 80,000 crore is planned. This is due to the big-ticket item of disinvestment in Air India. Thus, the most rapid disinvestment in the last 28 years since the new economic policies were launched in 1991 is now taking place.

Disinvestment implies that the capital expenditure in the budget is less by this much amount. It crowds out private investment in the economy. The funds, that could have been invested elsewhere by the private sector, are invested in the existing capital while the government uses the money it receives to cover its current expenditures and not to boost capital expenditures.

The big news item for the corporate sector, apart from the slippage in the fiscal deficit target, is the reintroduction of the Long Term Capital Gains (LTCG) tax after a decade. This is crucial for curbing speculative increases in share prices. It should be welcomed but the issue is whether this is the correct time to implement this tax.

There is a portfolio adjustment that has taken place in middle class savings. They find that real estate has been stagnant, gold is not giving much of a return and fixed deposit rates have come down substantially and are giving negative returns after adjusting for tax and inflation. Therefore, huge sums of money were put into the stock markets via the mutual funds. So, even though earnings of companies have not risen much, the price of equity has risen substantially. The P/E ratio, as it is called, has risen to record highs (comparable to the levels in 2007–08 when the stock markets collapsed). The motive of stock market investment is capital gain and not dividend return.

With the LTCG tax, even though it is not too high, the return on investment in mutual funds and equity will decline; so less money will go into mutual funds and capital gains will reduce. The sharp fall in the markets have signalled that. This makes the markets unstable. There is additional instability due to the lowering of the US corporate tax rates from 35 per cent to 21 per cent, announced in the new tax bill approved in the closing hours of 2017. This could lead to an outflow of capital from the Indian markets to the US. In effect, while the capital gains tax is a good thing to have, it has perhaps been timed poorly. The markets needed to be cooled down before the tax was imposed or at least indexation should have been allowed.

IV. Steps to Boost the Economy

The biggest problem faced by the Indian economy was the slowdown. So, if there is one thing the budget needed to do, it was to give a boost to the economy. Since the unorganised sectors were the ones who got hit the most, the need was to revive the fortunes of the unorganised sector and not just the small and medium enterprises. In last year's budget speech, the FM pointed to six crore enterprises of which only a few lakh come in the tax net. The latter can be affected by the budget, but what about the rest? They need a boost via indirect means. It is the decline in these enterprises that has perhaps given a boost to the organised sector which seems to be growing at about six per cent.

The budget has a package to address the crisis in rural and farm sectors but, as argued earlier, it is grossly under-funded and possibly not well conceived. For instance, the huge health insurance plan has been allotted wholly inadequate funds. Revenue buoyancy is not high enough to collect the needed funds. So, additional large expenditures are only possible if the fiscal deficit is allowed to rise. The government is not willing to do this. It has allowed the fiscal deficit to rise by only 0.3 per cent to 3.5 per cent and even that it has done reluctantly.

If the schemes announced had been properly funded, then the economy would have seen a rise in demand. However, that is unlikely from the budgetary resources. The schemes are dependent on the extra-budgetary resources and on borrowings. The burden of all this would fall on the public sector and its profitability would decline.

There is also the worry about non-implementability of the schemes given the poor governance and inability of the government machinery to deliver. For instance, according to farmers, the crop insurance scheme has not benefited them, instead the benefit has accrued to the private insurance companies. The same could happen in the case of health insurance for the poor. Farmers also do not believe that the scheme of fixing the MSP at 50 per cent above the cost of production would be implemented. It has not been implemented for four years since being promised in the BJP manifesto, even though the PM himself promised that this would be done.

Without demand reviving, investment would not get a boost. It cannot be resolved simply by tackling the huge NPA problem or by giving tax concessions. The Economic Survey had noted that investment governs savings and not the other way round. So, higher profits based not on increased sales but greater tax concessions by themselves would not do the trick.

Since private investment is down, public investment required a boost but that is not in sight in the budget. While infrastructure expenditure has been raised, what was needed was to boost capital expenditures in general, which, as pointed out above, has not been done. The capital expenditures planned for 2018–19 (Rs 3,00,441 crore) are slightly less than what was budgeted in 2017–18 (Rs 3,09,801 crore).

So, if the GDP does not rise by the planned 11.5 per cent, revenues will fall short and the deficit would tend to rise and given the conservative fiscal stance of the government, capital expenditures would again be cut. This would further lower demand and the economy would not get the boost it so badly needs.

V. Conclusion

The BJP created the problems that led to slow economic growth due to the twin shocks it administered in quick succession. The budget of 2018–19 was a chance to give a boost to the unorganised sector so that the economy could revive but that chance has been missed. The need was also to revive investment in the public sector so that the private investment (which is at a record low) could be crowded in, but that is also unlikely given the stagnancy in capital expenditures and the large disinvestment target.

So, while there are a lot of good schemes that have been announced in the Budget as is usually the case in Part A of the budget speech, their funding and implementability are in doubt. It is in this sense that the benefits of the budget to the poor, farmers, traders and unorganised sectors of the economy are going to prove to be illusive. Even if the economy had revived in a general way they could have benefited, but that is most unlikely.

The Union Budget 2018–19 tried to create a perception of feel good in the population but has not been very successful, given the erosion of credibility of the government because the past announcements have not yielded the desired results. The budget just presented is the last full budget before the next general elections; so it was designed as a pre-election budget. However, as has been argued above, it is unlikely to help boost the sentiment of the people in favour of the ruling dispensation because of lack of credibility. The budget falls between two stools—neither changing perceptions nor giving a boost to the economy.

Email: nuramarku@gmail.com

To Market, to Market, to Buy a Fat Pig; Home Again, Home Again, Jiggety-Jig : Budgets and People

Dunu Roy

Every year around the middle of March, the Union Budget becomes a great source of much native wisdom as well as entertainment for the nation as analyst after analyst tries to decipher what the current Finance Minister's speech and the numbers in the Budget (as well as the Economic Survey) could possibly mean. This year, this entire drama shifted to a month earlier, as the government advanced the budget presentation to February 1. But in this article I propose to take a look at all the budgets in the closing year of every decade since the nation became "free" to see if there are any trends that emerge that will perhaps make more sense of where the nation is heading during 2018.

Beginning with 1948, when the first budget of India was adopted amid the global chaos post-World War II, and looking at that first decade up to 1958, what seems to emerge is that Indian planning was not only trying to emerge out of the international dynamics of war but also the violence and uncertainty of Partition and the shortage of foodgrains. Hence, the focus during those ten years was to maintain strong armed forces, increase grain production and rehabilitate refugees. In addition, the planners had to grapple with floods, cyclones, famines, earthquakes, and droughts.

This decade, therefore, also saw the government establishing the Planning Commission to make national plans; gradually opening its doors to dollar loans from the Bretton Woods institutions (the 'World' Bank and the International Monetary Fund) for 'development'; and begin building up the public sector to provide the basic infrastructure for that 'development'. Priority was given to the agricultural sector in this phase to produce more food; the maximum rate of income tax was reduced from 30 per cent to 25 per cent; while essential raw materials and capital/consumer goods had to be imported from abroad.

By 1958 industrial development was rapidly progressing; education was given greater emphasis; and the economy had greatly improved—something that is often forgotten in these days of "growth". The next decade up to 1968 continued to see this increase in industrial and agricultural production with exports growing and imports being reduced. Thus, the government could focus on improving the domestic savings, employment and the investment climate. By the end of the decade, India was actually beginning to provide foreign aid to Bhutan, Nepal and countries in Africa.

From 1968 to 1978 governments had the space to provide more employment opportunities, along with universal social welfare; further expand the public sector; introduce high-yielding varieties and fertilisers into agriculture; and nationalise the banks, insurance companies, mineral industries, and coal mines—all of which provided the base for other sectors. However, Congress governments also began to be replaced by other political parties, there was greater social unrest as different groups began to claim their share of the pie, and this eventually resulted in the declaration of a state of National Emergency.

From 1978 there was, therefore, much greater emphasis on the distribution of benefits to the vulnerable sections, in particular the Scheduled Castes; while the Mandal Commission report provided the basis for reservations in government jobs for Other Backward Castes. In addition, sub-Plans were prepared for the advancement of the Scheduled Tribes. Incentives were given for setting up of small industries, bank loans and insurance for the self-employed. During the decade efforts were also made to flush out tax evaders and book the profitable corporate sector which was avoiding paying tax.

By 1988, as the Indian economy continued to grow, pressure began to build on the government to open the economy to the global market and the process of 'liberalisation' was set in motion. The import–export policy was 'reformed' to expose Indian industry to competition from foreign companies and financial institutions. The 1997–98 budget reformed tax rates (from peaks of 97.5% in the 1960s) to widen the tax base, while launching the Voluntary Disclosure of Income Scheme (VDIS) to extinguish the black economy. The gains in tax revenues were used to increase public expenditure on social welfare and infrastructure, but these were now 'targeted' at the poor rather than being universal entitlements.

The decade from 1998 to 2008 witnessed the beginning of the change in the economy from manufacturing to the service sector, especially in Information Technology-based industry. This was also accompanied by widespread 'informalisation' of the work force through contractual and casual as well as self-employed routes so as to cut down on expenses and be able to compete in the world market. It was not only private industry that adopted this strategy but also the public sector and government departments. Thus, the city became the 'engine of growth' during this period as it encapsulated high productivity accompanied by low wages.

During the ten years since 2008, all attention has been on the growth of Gross Domestic Product (GDP) and how without this growth India cannot pull its people out of poverty. The Great Recession hit the international markets in 2008 but the Indian economy remained resilient mainly because it was not fully integrated into the global economy and the rate of domestic savings continued to provide purchasing power for the stability of the internal market. But in spite of this lesson, the Government has continued to push for more reforms and more liberalisation. The 2018–19 Budget is a good example of how pro-rich steps are made to appear to be 'pro-poor'.

In this budget presented near the end of this decade, many pronouncements have been made but there are no budgetary provisions to back up those claims. Thus, the agriculture budget may have been increased but there is no indication of how that will free farmers from debt in a sector where there is no adequate return from the market. Similarly, there is supposed to be priority for women and youth but allocations for skill development geared towards generating self-employment, and Direct Benefit Transfer Schemes replacing subsidised food with cash, cannot change the dynamic of a market that is not providing jobs.

This Budget claims to roll out the largest health scheme in the world, but the money provided is for an insurance scheme and 'world-class' specialised institutions that will hardly cater to the poor. The allocation for distress schemes for rural employment under MNREGA will not address the steady decimation of farming, especially with public–private partnerships (PPP) being proposed for irrigation. The education sector is also being steadily privatised, as are public transport (including the Railways), housing, water supply and power generation. The 2018–19 Budget carries a message to the private sector that 'reforms' that favour them are still on track.

Revenue and Expenditure Since 1948

It is within this larger context of how the national economy has changed within the pulls and pressures of the international markets and financial institutions, that it may be possible to have a closer look at the figures that lead up to the 2018–19 Budget. Table 1 gives the Revenue and Expenditure figures (in the second and third row) for every tenth Budget since 1948. The fourth row gives an inflation index so that the figures may be adjusted with 1948 as the base year; while the fifth row provides the population figure (in crore); and based on these figures, in the sixth and seventh row, the per capita Revenue and Expenditure are computed.

When the above data is plotted, as in Figure 1, it shows that over the decades the Revenue and Expenditure targets of Union Budgets for the relevant years have been matched quite closely, except for the 2008–09 Budget when Revenue considerably lagged behind Expenditure. This reveals the important role that borrowings and debt play in keeping the budget balanced and (as we

Table 1: Per capita Revenue and Expenditure Adjusted for Inflation for Every Decade

Budget Year	1948-49	1958-59	1968-69	1978-79	1988-89	1998-99	2008-09	2018-19
Revenue Rs cr.	256	669	1461	3447	7297	11479	15568	29989
Expenditure Rs cr.	257	698	1460	3447	7297	11487	19388	30528
Inflation Index	1	1.14	2.08	4.41	10.28	23.34	38.73	79.99
Population cr.	33	43	53	67	83	102	120	135
Revenue* Rs/cap.	7.77	15.57	27.57	51.45	87.91	112.54	129.73	222.14
Expenditure * Rs/cap.	7.80	16.24	27.54	51.45	87.91	112.62	161.56	226.13

* at prices with 1948 as the base year

shall see later) much of the National Budget now is a manipulation of how to obtain and repay that debt. The gap in 2008–09 is also partially explained by this because the global recession did not permit the government to access loans from the stressed multilateral and bilateral finance agencies.

But Figure 1 also poses the question that if government expenditure on each person annually has increased almost 30 times since Independence (from Rs 8 in 1948 to Rs 226 in 2018 at 1948 prices), then why is it that there is still an estimated 22% of the population under the abysmally low official poverty line of Rs 27.5 per day? That is indeed an interesting question and for the answer it would be useful to look at how the government expenditure is distributed. This is a tricky exercise because over the past 70 years, the budget heads have not remained the same and there are always little additions and deletions from the general heads which can make interpretation very difficult for the ordinary person. Still, we can try.

Distribution of Government Expenditure

Figure 2 shows that until 1978–79 (until after the liberation of Bangladesh) Defence Services had the lion's share of the budget, decreasing from a high of 47% in 1948–49 to 18% in 1978–79. But after that Debt Servicing occupied prime position increasing to almost 20%. (This, it should be noted, is the interest paid on the debt and not returning the loan itself.) Debt Servicing began decreasing after a high of 28% of Expenditure in 1998–99. This trajectory fully illustrates the importance of accessing loans from the global centres of finance for the growth of the Indian economy. What is also interesting is how this has influenced the grants made by the Union Government to the States, as that too has rapidly declined after the budget of 1998–99.

The retreat of the government in providing welfare services is

Figure 1: Budgeted per capita Revenue and Expenditure Adjusted for Inflation

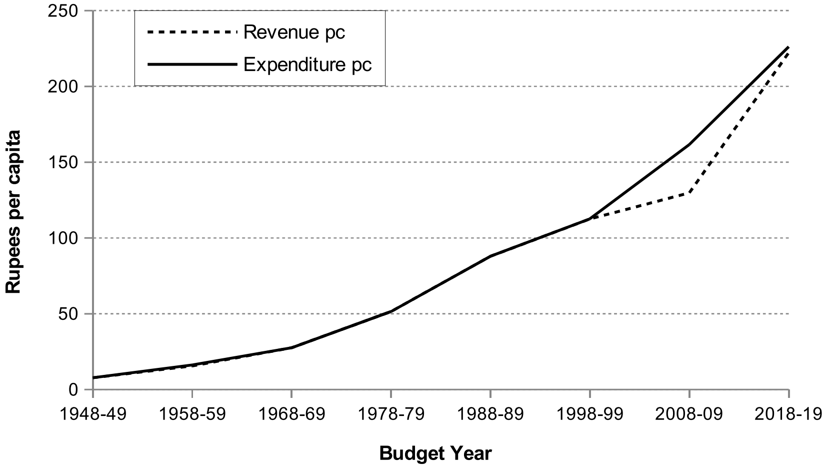


Figure 2: Expenditure Share

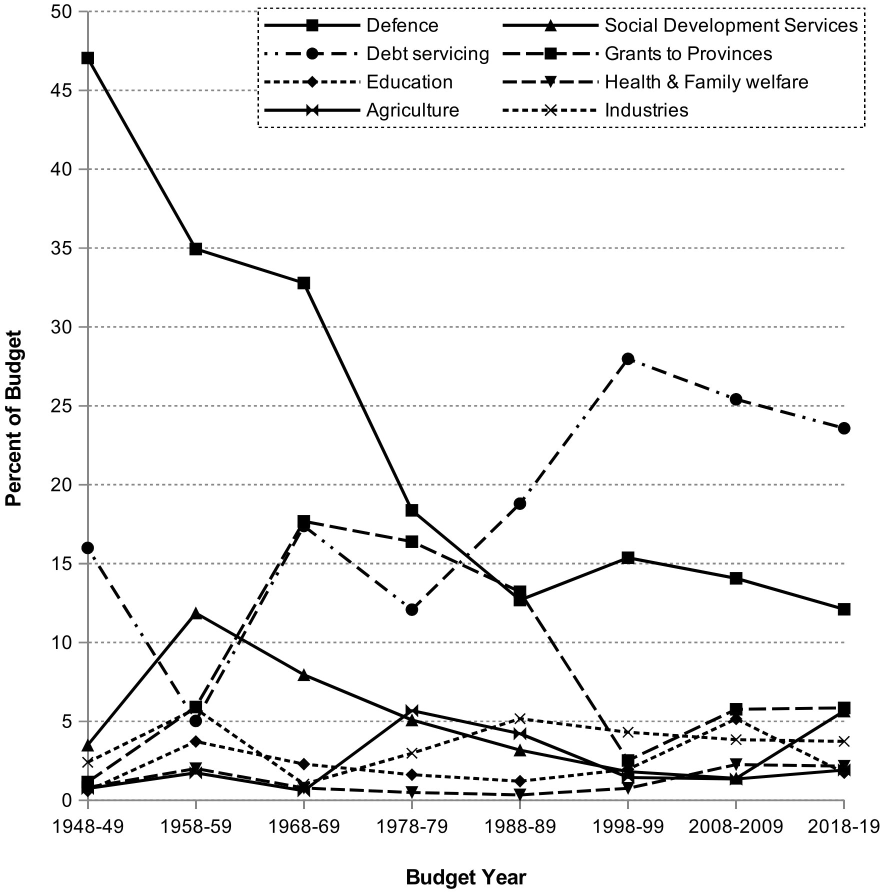
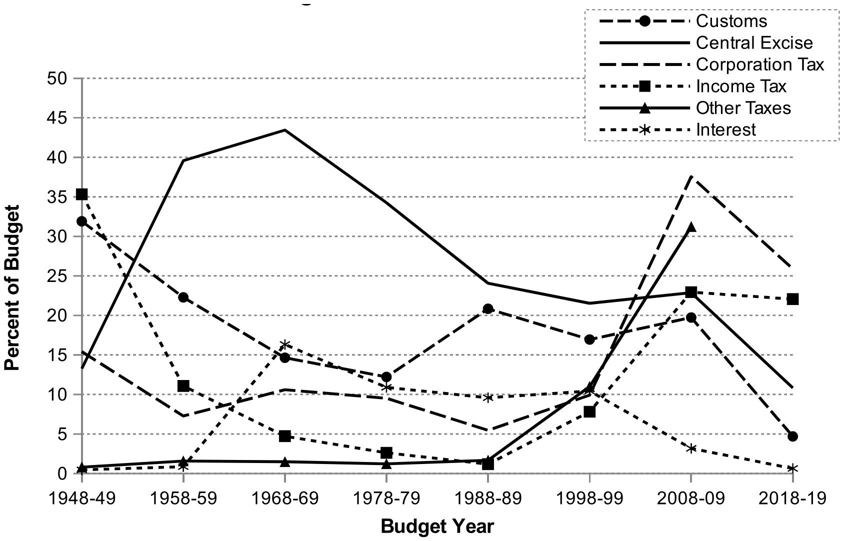


Figure 3: Revenue Share



also starkly shown by Figure 2. Social Development Services have steadily decreased from a peak of about 12% of the budget after 1958–59. So have the allocations for health and education from the same year, showing a slight recovery from less than 1–2% to about 4–5% of budget in 2008–09—as has been explained earlier, this is a reflection of the state subsidising private services rather than the citizen. Agriculture and Industry both show a recovery between the years 1978–79 to 1988–89 to a little over 5% each, but after that their place in the national budget declines.

Share of Various Sources in Revenue

Finally, how is the Government of India raising its Revenues? As Figure 3 illustrates, until the early 1980s, the main source was Central Excise, with declining contributions from Income Tax and Customs up to the 1960s. But after liberalisation 'freed' the Indian economy, the share of Corporation Tax and Other Taxes has increased sharply, with some assistance from Income Tax. This pattern explains the Government's vigorous pursuit of General Sales Tax and Corporation Tax because they enable the charges to be passed on to the ordinary citizen, while the share of personal Income Tax from the middle class consumer also increases.

Reading the Budgets in this fashion brings into clear focus how the unfettered market is rapidly overtaking the nation's economy which is now geared towards attracting foreign investment and paying heavy interests on the debts. At the same time, the state is moving away from providing universal welfare to its own population, handing over service after service into the hands of the private corporations. Thus, the average Indian buyer of goods and commodities is at the end of a double whammy. On one hand the consumer contributes heavily to indirect taxes that are used to pay off international debts. On the other hand the private sector extracts more and more as user charges for what used to be public services.

The Budget is opaquely lopsided. While an average of Rs 30,000 is supposed to be spent on every Indian citizen, in fact the wealthy individuals and corporations are extorting far more than their 'fair' share as those at the bottom of the pyramid are denied even a third of what they contribute to the economy where the poverty level is a bare Rs 10,000 per year. This trickle-up of wealth from the bottom to the top, as the fat pigs jiggetty-jig crores from the market while the chowkidar looks the other way, is at the core of the Indian fairy tale that successive Finance Ministers have peddled in Parliament since the 1990s.

Email: qadeeroy@gmail.com

Notes:

- Budgets of 1948–49, 1958–59, 1969–70, 1978–79, and 1988–89 have been accessed from the Archive of the Department of Economic Affairs, Ministry of Finance, Government of India, available at https://dea.gov.in/budgetdivision/indiabudgetarchive.
- The 1968–69 Budget speech is from https://www.indiabudget.gov.in/bspeech/bs196869.pdf, while details of the Budget have extracted from the 1969–70 Budget.
- The Budget for 1998–99 is from Ministry of Finance, https://www.indiabudget.gov.in/ub1998-99/welcome.html; https://www.indiabudget.gov.in/ub1998-99/eb/vol1.htm; and https://www.indiabudget.gov.in/ub1998-99/rb/rec.htm.
- The Budget for 2008–09 is from Ministry of Finance, https://www.indiabudget.gov.in/ub2008-09/ubmain.htm; and https://www.indiabudget.gov.in/ub2008-09/glance.htm; and https://www.indiabudget.gov.in/ub2008-09/bag/bag1.htm.
- Details of 2018–19 Budget are at http://pib.nic.in/newsite/PrintRelease.aspx?relid=176062; https://www.indiabudget.gov.in/ub2018-19/eb/allsbe.pdf; and openbudgetsindia.org.
- Inflation Index has been computed from the Inflation Record of India (https://www.shodhganga.inflibnet.ac.in/bitstream/10603/4319/9/09_chapter%203.pdf) and the Inflation Calculator India 1971–2017 (accessed at https://www.calculatorstack.com/inflation-calculator-india.php).

An Anti-People Regimen

Sandeep Pandey and Rahul Pandey

The 2018-19 budget of the Narendra Modi government has been touted as catering to interests of farmers, rural workers, women, Dalits and small businesses, but nothing can be further from truth. A strikingly paradoxical feature of this budget is the announcement of new schemes for farmers and poor accompanied with a reduction in the funds actually allocated in the budget. For example, allocation for Deen Dayal Upadhyay Gram Jyoti Yojna (rural electrification scheme) has been cut by 30%, from Rs 5,400 crore to Rs 3,800 cr. This budget and this government of Bharatiya Janata Party is probably the most anti-people in the history of independent India as it believes more in publicity than real change.

The farmers have been guaranteed a Minimum Support Price of 1.5 times the cost of their production for kharif crops, which has been a long standing demand of farmers' organisations and recommendation of Swaminathan Commission. However, it has also been said that for some crops farmers are already getting 1.5 times their production cost. It is unclear how the costs are going to be calculated and therefore this has not generated much enthusiam among farmers. With the past experience of demonetisation and implementation of Goods and Services Tax, people are now skeptical of announcements of the BJP government.

For boosting the rural economy, the number of rural agricultural markets or mandis will be increased from 7,600 to 22,000. A Rs 2,000 crore Agri Market Infrastructure Fund for developing these 22,000 Grameen Agricultural Markets was announced without any actual allocation in the Budget. Similarly, a Rs 10,000 crore Fisheries and Aquaculture Infrastructure Development Fund and Animal Husbandry Infrastrcture Development Fund has been announced with actual allocation in the Budget of merely Rs 47 crore. There is also a promise to increase the irrigated area under cultivation. The loans to be given to farmers have been increased by 1 lakh crore to a total of Rs 11 lakh crore, but the budget is completely silent on the most burning issue of farmers today—waiver of past loans, which would be instrumental in arresting their suicides. The government believes that it would empower the farmers so that they will not end up in debt. But the point is, they will be able to reach such a situation only when they emerge out of their present crisis. What use are all the measures if we don't free them from current debt, expecially when governments have demonstrated leniency towards big corporate defaulters? The huge amount of money wasted in urban areas in the name of development, like providing air-conditioners to big government buildings, airports, educational institutions and purchase of expensive furnitures and vehicles for government functionaries must be diverted to providing relief to farmers.

A few schemes which have witnessed a good hike in fund allocation, such as Crop Insurance Scheme, are likely to transfer majority of the monetary benefit to private service providers in the garb of helping the poor. A farmer has to register for compulsory insurance when s(he) takes loan from banks, and a certain amount is automatically deducted from the loan amount before it is credited into his/her bank account, which is not the case with urban housing or car loans. But how many farmers have got insurance amount when their crops are damaged due to natural calamity? We hear of only compensation from governments.

Funds allocated to Mahatma Gandhi National Rural Employment Guarantee Scheme are at the same level as the previous year, implying a reduction in real terms as wages will increase due to inflation. In addition, there are a lot of pending arrears for unpaid wages from the past years. This will inevitably result in a significant drop in the total number of person-days of work that will be generated under MNREGS.

One of the major highlights of the budget is National Health Protection Scheme (NHPS) which is being referred to as Modicare, under which health insurance for about 10 crore poor or vulnerable families or 40% of the population has been raised to Rs 5 lakh from the present amount of Rs 30,000 offered under Rashtriya Swasthya Bima Yojna. NHPS was first offered in the 2016 budget with a cover of Rs 1 lakh but it never materialised. The fate of the revised version remains to be seen. It is unclear what is novel about Modicare except that the quantum of coverage has been increased. This government has a knack for taking more credit than it actually delivers.

The United Progressive Alliance government under Manmohan Singh for the first time offered insurance cover for treatment in private hospitals empanelled by the government. A common phenomenon was that the private hospitals would defraud the poor by inflating the bills so that their entire amount of Rs 30,000 was exhausted in a single visit to a hospital, leaving the patient without any cover for the remaining year. Hence Modi, as is his wont, has come up with a fantastic scheme to transfer public money to the private health care sector, leaving the government sector poorer in all respects where the common citizen goes for treatment. The NHPS will be a big blow to the public health care system. Justice Sudhir Agrawal and Justice Ajeet Kumar of Allahabad Hight Court have recently delivered a landmark judgement saying that people receiving government salaries must get themselves treated at government hospitals without any preferrential treatment for Very Important Persons. This is something which will improve the functioning of government hospitals.

The education budget has been slashed from 3.8% to 3.71% of GDP. While the government, which is very good with coming up with acronyms, is going to start Revitalising Infrastructure and System in Education (RISE) by awarding Prime Minister Research Fellowships to encourage engineering students from institutions funded by central governments to pursue research in select institutions, it is silent on how it will improve the quality of basic education. The government hopes to build a 'smart' India and create skill based jobs without strengthening the foundation of education system. In fact, the ground reality is that in spite of Right of Children to Free and Compulsory Education Act being in place, about half the children don't cross the Class VIII stage. The obstacles which the government itself is creating are—making Aadhar compulsory for admission to primary schools and taking a decision to not construct any more new primary schools as the enrollment in government schools is dropping in spite of the fact that RTE Act says that every child should have a primary school within a kilometre from her home.

Lottery is being used to decide admissions in schools where more applications are received under RTE section 12(1)(c) whereas the Act clearly says that at least 25% seats have to be filled with children from disadvantaged groups and weakers sections. This means if necessary, more than 25% children should also be admitted, if parents so desire. Ideally, lottery should be banned in deciding admissions and every application should be entertained and child admitted if s(he) fulfills all the required criteria.

Additionally, Rs 4,800 crore has been provided to increase the number of benficiaries under Pradhan Mantri Ujjawala Yojana for free cooking gas to poor rural women from 5 crore to 8 crore. The ground reality is that because only the connection is free and the beneficiaries have to pay full amount for subsequent gas cylinders, which is unaffordable for the poor, most of them have fallen back on traditional cowdung cakes or biomass based fuel sources, and keep the gas connection only for emergency. What the government doesn't mention in Ujjawala advertisements is that there will be no subsidy for people who get free connections in spite of the fact that they belong to the category of rural poor.

The allocation for PM Awas Yojana with the objective of housing for all has been cut by over 5%, from Rs 29,043 crore in 2017–18 to Rs 27,505 crore in 2018–19, while at the same time the finance minister announced the intention of constructing 51 lakh houses in rural India in 2018–19. The housing available to urban poor under the Central government's Basic Services for Urban Poor scheme for about Rs 16,000 for SC/ST families and about Rs 19,000 for others in

Uttar Pradesh during the previous government's regime is no longer available. The PMAY talks of giving subsidy on loans, assuming that the poor will have a land of his/her own or will be able to get land allotted in cities. Recently, District Urban Development Agency, Lucknow conducted a lottery for allotment of housing for the urban poor in which only applications made on the portal of the Chief Minister were considered and all applications given by hand to the Project Officer, DUDA office were not taken into account. Genuine applicants, especially those not having a mobile phone which is required for registering a complaint on CM's portal, were left out. DUDA conducted a lottery without even conducting any screening process which means a number of undeserving people would have got in. This is a good example of how poor will be excluded from digitalisation of services in New India, for which the PM doesn't lose an opportunity to give a clarion call. Moreover, how can a process of lottery be used to decide a basic need like housing when the government has promised 'housing for all'?

The banking sector 'reforms' are making life difficult for the poor, especially after the horrendous experience of demonetisation. When some parents complained about not receiving the Rs 5,000 from UP government for buying books and uniform for their children admitted under section 12(1)(c) of RTE Act, they were told by the Basic Shiksha Adhikari office in Lucknow that funds could not be deposited into their account as they did not have the required minimum balance of Rs 3,000. The government which allowed zero balance accounts to be opened for the poor expects parents from disadvantaged and weaker sections to maintain a balance of Rs 3,000. When an activist who works with beggars went to get an account opened for a beggar, he was told that the Jan Dhan Scheme was over. When Socialist Party (India) gave a cheque for Rs 3,000 to one of its candidates for the Assembly election, the cheque was not deposited as the bank told the account holder that an activity was required in the Jan Dhan account before any cheque could be deposited.

And finally the tokenism of Modi government is best reflected in the most publicised programme of Swachh Bharat. When a Gram Pradhan Bhola Singh of Gram Panchayat Uttar Kondh in Sandila tehsil of Hardoi district was asked about how much funds he had received for construction of toilets, he revealed that because the population of his gram sabha, about 750 families, was big he had not received any funds. Only small gram sabhas are being given funds so that more number of villages can be declared 'Open Defecation Free' (ODF). Even in the declared ODF villages not every family has a toilet.

Email: ashaashram@yahoo.com

Union Budget 2018-19: A Gender Analysis

Vibhuti Patel

Introduction

Gender Responsive Budgeting (GRB) is a means of integrating a gender dimension into all steps of the budget process. It is about taking into account the different needs and priorities of both women and men without gender exclusivity. Gender Responsive Budgeting ensures that budgets are gender sensitive and not gender neutral, which means that they are geared towards establishing gender equality. GRB consists of the use of tools to analyse the gender dimensions of budgets, and adoption of procedures to ensure that the budget supports the achievement of gender equality.

Allocation in the Gender Budget Statement

There has been an increase in the budgetary allocation from Rs 22,095 crore in 2017–18 (BE) to Rs 24,700 crore in 2018–19 (BE) for the Ministry of Women and Child Development. There has been a 7% increase in the magnitude of the Gender Budget Statement from Rs 1,13,311 crore in 2017–18 (BE) to Rs 1,21,961 crore in 2018–19 (BE). For the Nirbhaya Fund meant to combat violence against women, there has been an additional allocation of Rs 550 crore in 2018–19. In spite of very high maternal mortality rate among Indian women, the allocations for Pradhan Mantri Matru Vandana Yojana, Swadhar Greh and National Crèche Scheme have witnessed a decline in 2018–19 (BE) in comparison to 2017–18 (BE).

Financial Provision for Social Sector

a. Health and Well-being

The allocation for Ministry of Health and Family Welfare (MoHFW) (including for AYUSH) has increased from Rs 47,352 crore in 2017–18 (BE) to Rs 52,800 crore in 2018–19 (BE)—a 12% increase. However, as compared to the 2017–18 (RE), the increase is much lower, of about 2.5%. It may be noted that the corresponding increase in 2017–18 (BE) over 2016–17 (BE) was 27%.

The Union Budget allocation for the health sector has stagnated at 0.3% of Gross Domestic Product (GDP). The National Health Policy (NHP) 2017 targets 2.5% of GDP as health expenditure by the government (both Centre and States), of which 60% is to be contributed by the States and 40% by the Centre.

For the flagship programme National Health Mission (NHM), there is a slight decline (of about 2%) in 2018–19 (BE) from 2017–18 (RE). In the total NHM budget, while the share of the National Urban Health Mission (NUHM) has increased by 34%, the National Rural Health Mission (NRHM) budget has decreased by about 5% between 2017–18 (RE) and 2018–19 (BE).

b. Education

Budgetary allocation for the Ministry of Human Resource Development (MHRD) is Rs 85,010 crore in 2018–19 (BE), a 7% increase from the previous year's allocation, but its share in total government expenditure is continuously decreasing. A similar picture is observed when the education budget is compared with the country's GDP. The *Economic Survey 2017–18* of Government of India states that of the 6.6% of GDP on social sectors, 2.7% goes to education in 2017–18, down from 3.1% in 2013–14. There is no budgetary allocation for teacher training for imparting quality education under Sarva Shiksha Abhiyan (SSA) and Rashtriya Madhyamik Shiksha Abhiyan (RMSA).

c. Employment

The Union Budget 2018–19 aims to promote employment via entrepreneurship schemes through promoting Skill India and Medium and Small Enterprises (MSMEs), and other self-employment programmes like National Rural Livelihood Mission (NRLM), National Urban Livelihood Mission (NULM), Pradhan Mantri Employment Yojana (PMEY), Pradhan Mantri Krishi Vikas Yojana (PMKVY) and Micro Units Development and Refinance Agency (MUDRA) credit scheme.

- The most important wage employment programme, that takes the form of low productivity based construction work, is the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) allocation. Its allocation this year is Rs 55,000 crore, the same as last year. But in real terms, taking the rate of inflation into account, the allocation has reduced.
- The incentives announced for formalisation of jobs, using minor tax concessions and the Employees Provided Fund provisions, cannot meet the great challenge of generating employment for millions of unemployed men and women.

d. Freedom from Violence

The Union Budget 2018–19 is most disappointing as regards addressing urgent concerns such as:

- Recognition of women victims of violence as a category in all social security schemes.
- Adequate allocations to address the safety and security of women employed in organised and unorganised sectors.
- A single window which provides holistic package of services for women and girls in distress. The budget allocation for the 'One Stop Crisis Centres' that provide medical services, protection officers, counseling, legal aid, referral service for emergency shelter and police intervention is very inadequate.
- Allocations for shelter homes, help lines, legal aid, counseling and referral services.
- Special Women's Desk in all police stations.
- Rehabilitation, medical aid and contingency (all of which must be accessible at the block level).
- Increased outlays for effective implementation of the Protection of Women from Domestic Violence Act (PWDVA), 2005.
- Prioritise allocations towards implementation of a National Task Force in Conflict Zones.

Learnings from Bangladesh Experience

India can learn a lot from Gender Budgeting process in Bangladesh, which clearly defines indicators for women's advancement. The Government of Bangladesh mainstreamed gender in the Medium Term Budget Framework (MTBF) since 2005–06. GRB was initiated as part of the budget reform process in four ministries, and later gradually expanded. Budget Circular 1 provides scope for ministries to incorporate gender perspectives into their programmes. Gender Training was provided to officials by NGOs and development partners. Each ministry / division has a gender focal point person who is responsible for ensuring inter-ministerial co-ordination on gender issues. The weakness is that these gender focal point persons are not part of the GRB process and their capacity is weak. Ongoing training is required to strengthen the capacities of the Gender Focal Points in every ministry. Gender Budget Report was first placed in the Parliament along with the budget in 2009–10, and since then it has become an annual feature. The report is based on standard criteria prepared by the Ministry of Finance.

Women's Advancement Criteria Adopted by Bangladesh

1. Access to health care and improved nutrition: Are specific actions being taken to effectively address women's reproductive and general health needs? Will activities improve the nutritional status of women, particularly pregnant and lactating women?
2. Access to public properties and services: Is access to public properties (i.e. government-owned land, wet-land, social forestation etc.) and services (education, health, electricity, clean water, etc.) being expanded?
3. Access to education and training: Have opportunities to access education and training been created or expanded for girls/women?
4. Reduction in daily working hours of women: Have any steps / programmes been undertaken

to reduce the daily working hours of women? If so, what are they or how do they achieve the goal?

5. Women's participation in labour market and income generating activities: Have necessary steps been undertaken to increase access and make it easier for women to enter the labour market and undertake income generating activities? How have they been undertaken?
6. Enhancing social safety for women and reducing probable vulnerability and risk: Have necessary steps been undertaken to increase social safety and reduce probable risk and vulnerability? What necessary steps will help to increase social safety for women and / or reduce probable vulnerability and risks for women, particularly those resulting from natural calamities?
7. Women's empowerment: Have steps been undertaken to develop / encourage women's empowerment processes through ensuring participation in decision-making in the family, society and workplace and through increased participation in political frameworks? How have these steps been undertaken?
8. Women's participation in various forums: Have necessary steps / programmes been undertaken in order to include gender related issues at national and international forums? How have these issues been undertaken?
9. Ensuring safety and free movement for women: Have necessary steps been undertaken to ensure free movement for women in public places and to ensure their safety in the family, in public places as well as in the society? If so, how have these steps been undertaken?
10. Monitoring and evaluation: Have necessary measures / steps been undertaken to strengthen monitoring and evaluation systems pertaining to gender equality issues?
11. Increasing social status of women: Have necessary measures / steps been undertaken to raise the social status of women (for example, reduction in childhood / early marriage and dowry)?
12. Access to law and justice for women: Have measures / steps been undertaken to create / expand opportunities for women to access law and justice? How have these steps been undertaken?
13. Information technology for women: Have necessary opportunities been created for women to access and utilise training on information technology? How will access to and utilisation of these trainings be ensured?
14. Reducing violence and oppression: What steps / measures have been undertaken to reduce violence and oppression against women? How can violence / oppression against women be reduced within the family and in the public space?

Conclusion

Budgets garner resources through taxation policies and allocate resources to different sections of the economy. There is a need to highlight participatory approaches to pro-poor budgeting, bottom up budget, child budget, SC budget, ST budget, green budgeting, local and global implications of pro-poor and pro-women budgeting, alternative macro scenarios emerging out of alternative budgets and inter-linkages between gender-sensitive budgeting and women's empowerment.

- Gender sensitive budget demands re-prioratisation of financial allocations in favour of:
- Working women's hostels, crèches, cheap eating facilities, public toilets;
- Proper electrification in the communities;
- Women friendly and safe, affordable, efficient public transport—local trains, Metro, buses, etc.;
- Housing—Subsidised housing for single / deserted / divorced / widowed women;
- Nutrition—Strengthening PDS and nutritional mid-day meals;
- Water—Safe drinking water in the community centres;
- Technological upgradation of waste management—Occupational health & safety of recycling workers / rag pickers;
- Health—Abolition of user fees for BPL population, one stop crisis centre in public hospitals for women / girls survivors of violence linked with shelter homes;
- Skill training centres for women and tailor made courses;
- Multipurpose Community centres, half way homes for elderly and mentally disturbed women.

Email : vibhuti.np@gmail.com

Finance Minister Misrepresents Facts About Aadhaar and Unique ID in His Budget Speech

Gopal Krishna

At paragraph 118 of his budget speech, Finance Minister Arun Jaitley said, "Aadhaar has provided an identity to every Indian. Aadhaar has eased delivery of so many public services to our people. Every enterprise, major or small, also needs a unique ID. The Government will evolve a Scheme to assign every individual enterprise in India a unique ID." There are three claims made in these four sentences. They do not present a factual picture.

Claim No. 1: *Aadhaar has provided an identity to every Indian.*

Fact:

In his budget speech of 2016–17, the finance minister had said, "The Aadhaar number or authentication shall not, however, confer any right of citizenship or domicile." In his budget speech of 2017–18, he said, "For senior citizens, Aadhaar based Smart Cards containing their health details will be introduced." In his budget speech of 2015–16, he said that we have embarked on game changing reforms through "the JAM Trinity—Jan Dhan, Aadhaar and Mobile—to implement direct transfer of benefits." In the budget speech of 2014–15, the then finance minister said, "Who needs Aadhaar? It is those who are at the bottom of the pyramid, the poor, the migrant workers, the homeless, and the oppressed who need Aadhaar, and we will ensure that they get Aadhaar. I have no doubt that in course of time even critics of Aadhaar will realise that Aadhaar is a tool of empowerment." The question is, if Aadhaar is not meant to "confer any right of citizenship or domicile", why have Aadhaar based Smart Cards been introduced for senior citizens and why have citizens' entitlements and benefits been linked to Aadhaar. There is incontrovertible evidence about how this measure has brought colossal grief and suffering to "those who are at the bottom of the pyramid, the poor, the migrant workers, the homeless, and the oppressed" by making Aadhaar a pre-condition to access their rights as citizens. This has caused unprecedented deprivation.

Government's claim about providing identity to identity-less through Aadhaar is an exercise in sophistry. This claim is an act of manifest falsehood. Every Indian except 0.03 per cent of the population admittedly already had an identity. This has been disclosed in a RTI reply dated 28 April 2015, which stated that only 2.19 lakh residents (0.03 per cent) were given Aadhaar numbers based on introduction by the introducer system because they did not have a pre-existing identity.

Unique Identification Authority of India (UIDAI) issued the first Aadhaar number to Ms. Ranjna Sadashiv Sonwane, a tribal woman from Tembhali village in Nandurbar, Maharashtra on 29 September, 2010. The Press Note of UIDAI claimed, "Today there are a large number of residents, especially the poorest and the most marginalised, who face challenges in accessing various public benefit programs due to the lack of possessing a clear identity proof. The Aadhaar number will ease these difficulties in identification, by providing a nationally valid and verifiable single source of identity proof." The RTI reply reveals that the claim made by government in its Press Note of September 2010 and in the budget speech of 2018-19 is misleading and glaringly untrue. At launch of the initiative of Aadhaar numbers to the residents, it was announced that it was "the beginning of an ambitious operation to issue 600 million Aadhaar numbers in the next four years to Indians across the country."

While presenting the Union Budget 2009–10, the then Finance Minister Pranab Mukherjee had announced the setting up of the UIDAI to "establish an online data base with identity and biometric details of Indian residence and provide enrolment and verification services across the country." Unlike what is being claimed now, the fact is that there was no claim made about providing identity to Indians because Indians already had pre-existing identity.

In the Union Budget speech of 2010–11, it is admitted that "CIDR will be handed over to the Managed Service Provider (MSP) on a long term contract basis." CIDR refers to Central Identities Data Repository of biometric UID/Aadhaar numbers. British firm Ernst & Young was given the contract for setting up the CIDR and selection of Managed Service Provider (MSP). The *Economic Survey 2011–12* observed, "The Aadhaar project is set to become the largest biometric capture and identification project in the world" even as UIDAI was "discharging its functions without any legal basis" as per the report of the Parliamentary Standing Committee on Finance. This has been brought to the notice of the Supreme Court's 5-Judge Constitution Bench which is hearing some 30 petitions challenging the constitutionality of Aadhaar since 17 January 2018.

Claim No. 2: *Aadhaar has eased delivery of so many public services to our people.*

Fact:

The RTI reply proves that that "an inability to prove identity" was not a major barrier to accessing benefits and subsidies. The death of several citizens including Aadhaar holders due to denial of public services shows that it has made life difficult for citizens who are facing the cruel denial of their citizens' entitlements due to not having Aadhaar, despite proof of having resided in India for at least 182 days (if a person has stayed in India for 182 during the previous financial year, he/she is a resident of India and is entitled for Aadhaar card). This is despite the fact that it is admittedly not a proof of citizenship. If this trend continues, very soon citizens will be denied the right to vote to elect or reject a government if they do not enroll for Aadhaar by getting themselves biometrically profiled.

Claim No. 3: *Every enterprise, major or small, also needs a unique ID. The Government will evolve a scheme to assign every individual enterprise in India a unique ID.*

Fact:

The minister did not inform the Parliament and the citizens about the conceptual, structural and functional link between UIDAI and goods and services tax network (GSTN) from the very outset. Notably, chief executive officer of UIDAI, A.B. Pandey is also the chairman of the GSTN since 8 September 2017. Aadhaar (Targeted Delivery of Financial and Other Subsidies, Benefits and Services) Act, 2016 came into force from 12 September 2016 and Central Goods and Services Tax Act, 2017 came into effect on 1 July 2017. The fact is that Unique Identity Number, the Unique ID to which the minister is referring to, already finds mention in Central Goods and Services Tax Act, 2017. It has been effectively been mentioned nine times in the Act. Section 25 of the Act deals with the procedure for registration, wherein, under Section 25 (9) (b), it is stated that "any other person or class of persons, as may be notified by the Commissioner, shall be granted a Unique Identity Number in such manner and for such purposes, including refund of taxes on the notified supplies of goods or services or both received by them, as may be prescribed." Section 150 (1) (o) states that any person under the Act "refers to a person to whom a Unique Identity Number has been granted under sub-section (9) of section 25" as well. Such a person "is responsible for maintaining record of registration or statement of accounts or any periodic return or document containing details of payment of tax and other details of transaction of goods or services or both or transactions related to a bank account or consumption of electricity or transaction of purchase, sale or exchange of goods or property or right or interest in a property under any law for the time being in force", and "shall furnish an information return of the same in respect of such periods, within such time, in such form and manner and to such authority or agency as may be prescribed." Notably, the Central Consumer Protection Authority under the Consumer Protection Bill, 2018 is empowered to mandate the use of unique and universal goods identifiers. The Bill is pending in the Lok Sabha since 5 January

2018 after its introduction by Ram Vilas Paswan, the Minister of Consumer Affairs, Food and Public Distribution. This law in conjunction with Aadhaar will provide 360 degree surveillance of citizens.

Andhra Pradesh has built an Aadhaar-enabled digital People's Hub, whose aim is to build a demographic and socio-economic data base of all residents. It uses Aadhaar to integrate information from every government department for "getting a 360-degree view of citizens". The Telangana government too is planning an "Integrated Information Hub (IIH) for achieving the objective of 360-degree profiling of persons of interest." J. Satyanarayana, the IT advisor of Andhra Pradesh, in a presentation on Direct Benefit Transfers on 22 July 2016, described the hub as a "single source of truth on people data". Two months later, Satyanarayana was appointed chairperson of UIDAI.

IBM, the giant American multinational, is deeply involved in data mining at the global level. According to IBM, a "Single View of a Citizen" is required because it "provides authorised access to citizen master data as a service." It "supports security and privacy requirements for the access and control of data". It "provides data quality management to establish an 'enterprise' record for a party." It "performs as a synchronisation point to control the distribution of citizen master data in a standardised way." It "increases service and accuracy, and decreases the cost of serving the public." It provides a "flexible platform capable of supporting multiple data formats and allowing for new sources to be readily added as requirements change." It also "provides analysis and discovery services to resolve identities and discover relationships."

It may be recalled that Edwin Black's book *IBM and the Holocaust* revealed IBM's strategic alliance with Nazi Germany. IBM and its subsidiaries helped create enabling technologies, "step-by-step, from the identification and cataloging programs of the 1930s to the selections of the 1940s." Notably, IBM was in the census business. The book reveals that IBM technology was used to organise nearly everything in Germany and then Nazi Europe, from the identification of the Jews in censuses, registrations, and ancestral tracing programs to the running of railroads and organising of concentration camp slave labor. Coincidentally, IBM is involved in UID/Aadhaar project as well. Pramod Varma, who is currently a 'Volunteer' Chief Architect at Unique Identification Authority of India (UIDAI), was earlier Chief Technology Architect and Vice President of Research at Sterling Commerce, a software company that was later acquired by IBM. He joined UIDAI in July 2009 and leads the overall technology and application architecture and application development within UIDAI Technology Unit and is based in Bangalore. His role "has been pivotal in ensuring (that) an open, scalable, and secure architecture is built to meet the needs of aadhaar project." If Varma is only a volunteer as per UIDAI Volunteers Guidelines, 2011, and as per these guildelines a volunteer does not get any remuneration from UIDAI, then it implies that he is likely to have continued with Sterling Commerce, which is now part of IBM . The related UIDAI's Guidelines for recruitment of personnel on Sabbatical/Secondment refers to "Conflict of interest from private sector members moving from one category of employment to another". Given the fact that the presentation of UIDAI's Chairman makes it clear that he wants a "360 degree view of Citizens" for a "single source of truth on people data" and IBM also wants to have "Single View of a Citizen", clearly issues of conflict of interest arise with regards to UIDAI's Chief Architect.

The Andhra Pradesh initiative of building a People Hub with a "Single View of a Citizen" is being pursued through "Organic Seeding of Aadhaar" and "Inorganic Seeding of Aadhaar" (to quote from a People Hub document). In the former method, "the Unique People IDs of the beneficiaries are collected through a door-to-door survey or at point-of-sale. Alternative methods are collection of Unique People ID through IVRS, SMS or drop boxes. Departments with large databases can also engage 3rd party service provider". In the method of inorganic seeding of Aadhaar, "the demographic data of the departmental database is matched with that of SRDH through a computer algorithm, and wherever the degree of matching exceeds a threshold level defined, the Unique People ID of the resident as in SRDH database is included in the departmental database." This is stated in a proposal submitted by Wipro Limited to the Government of Andhra Pradesh regarding the People Hub. The "People Hub" and "ePragati Requirements Specifications" which the Chairman of UIDAI refers to is derived from this proposal of Wipro submitted in December 2015.

Wipro's proposal is significant because UIDAI and UID/Aadhaar is a product of a 14-page long document titled *Strategic Vision: Unique Identification of Residents* prepared by Wipro Ltd and submitted to the Processes Committee of the Planning Commission which was set up in July 2006. The vision statement of the document reads: "Creating a unique identification system of all residents in the country for efficient, transparent, reliable and effective delivery of various welfare and private services to the common person." The cover page of the document mentions the National Institute for Smart Government (NISG), Department of Information Technology (now named MeitY-Ministry of Electronics and Information Technology) and Wipro Consulting. Wipro was the consultant for the design phase and programme management phase of the pilot UIDAI project. The Hyderabad-based NISG is a not-for-profit company incorporated in 2002 by the Government of India and Nasscom. NISG aims to "establish itself as an institution of excellence in e-governance and to leverage private sector resources through a public-private-partnership mode in establishing eIndia."

Another 15-page long Wipro document, titled *Does India need a Unique Identity Number?* cited the example of the United Kingdom's Identity Cards Act, 2006, on page no. 6 to advance the argument for a biometric UID/Aadhaar number in India. Wipro cited UK's identification project to make a case for UID/Aadhaar for Indians because it aptly inferred that both UID/Aadhaar and UK's ID card are comparable. But when the UK government stopped its biometric National Identity Cards Scheme, neither Wipro nor its donors and promoters in the government examined as to why the UK did so and why this decision too is relevant to India. The decision was announced in the British parliament, the same legislature which passed the India Independence Act, 1947. This Act and the fate of UK's ID card Act are relevant for the fate of Aadhaar Act, 2016.

It may be recalled that UIDAI extended 'undue favour' to Wipro Ltd as well. As a consequence UIDAI incurred an avoidable expenditure of Rs 4.92 crore on an annual maintenance contract, according to a report of the Comptroller and Auditor General (CAG) of India presented to the Parliament. UIDAI also incurred a loss of Rs 1.41 crore by not routing advertisements through the Directorate of Advertising and Visual Publicity. Unmindful of manifest conflict of interest, UIDAI had entered into a contract with Wipro in May 2011 for supply, installation and commissioning of servers, storage systems, security systems and accessories with incidental services in the data centres of the authority in Bengaluru and Delhi/NCR at a cost of Rs 134.28 crore.

The conflict of interest ridden entrepreneurial involvement of IBM and Wipro in the UID/Aadhaar initiative is aimed at ensuring that every person is being "profiled to the nth extent for all and sundry to know" in the words of Supreme Court's verdict on right to privacy using both demographic and biometric information. It emerges that Unique ID for Indians and their enterprises is being pursued to ensure guaranteed revenue flow to these transnational business enterprises through monetisation of citizen's personal data.

The marriage between biometric surveillance and financial surveillance of citizens is breaching the social contract between the State and the citizens, wherein the former is making the latter subordinate to commercial interests of all kinds, while at the same time launching a blitzkrieg of advertisements and misinformation campaigns to mislead the people about Aadhaar. It is evident that State in collaboration with non-state actors is on the one hand dispossessing people of their inherent natural rights, and at the same time, is freeing itself from all accountability as regards this injustice towards its citizens. State's institutional memory has an active and a passive side. The former includes active forgetting of intentional acts of deprivation and exclusion. The latter includes canonisation of the remote as well as recent past by which interpretation of the memory is fixed in a way that it uses a moment in history as a point of reference to the exclusion of other moments and interpretations. But no amount of State sponsored propaganda and engineering of embedded media by commercial czars can obliterate the fact that citizens of the country already had identity and identity proof prior to the illegitimate and immoral bulldozing of biometric identification exercise. It is clear that as a consequence of some Faustian bargain, the finance minister is speaking with a forked tongue.

Email:1715krishna@gmail.com

Nehru's Economic Philosophy

H. Venkatasubbiah

To one who was so intimate with the masses as Jawaharlal Nehru was, his economic philosophy could not but be intensely humane, a living thing of the present, and practical. In the ultimate analysis, the central point and goal of all economic philosophy is the elimination of poverty and want, and Nehru's was no different. Gandhiji had already focussed attention on poverty with his famous symbolism of the Daridra Narayana. Nehru brought to bear on this central problem his modern mind and its scientific temper. Scientific socialism, tempered by his intense humanism, thus became his intellectual tool. He was a practical idealist, and that is not mutually contradictory.

Fabian Influence

In his youth, Nehru was drawn to British socialist ideas, at a time when, under the banner of the Fabian Society, Shaw Wells and the Webbs were preaching socialisation of essential services and basic industries within the framework of parliamentary government as the best means of eliminating poverty and ensuring work for all. But it was really his study of Marxism and of the communist experiment in Russia that sharpened his interest in the possibilities of socialism for economic development and social equality. It is said that most admirers of Karl Marx have not read his *Capital*, but Nehru was not in this category. At a press conference some years ago, when questions turned on communism, he asked his audience if they had read the Marxist classic. None had the temerity to say yes, whereupon Nehru said that he had read it. When with his father he visited Russia, he was impressed (but not his father) by what Russia was doing to transform the society. But quite early in this period, he was appalled by the violence of communism, although he believed that capitalism also could be violent. He was deeply affected by the spectacle of the coal strike in England in 1926. The violence of capitalism was, however, of a different kind and there were social remedies for it. It was oppression rather than violence.

Independence First

Intellectually, Nehru came gradually to equate socialism with economic development. The Great Depression of the 1930s convinced him that uninterrupted economic progress was not possible under capitalism. He contrasted the slump in the West with the striking increase in production that Russia was making during those years through her newly-launched five-year plans. While this impression remained in the intellectual plane, when he plunged into Congress politics in India, Nehru found a different situation to which he had to adapt his socialistic ideas.

Attitude towards Capitalism

British exploitation of the Indian economy was obvious and Nehru's views on it were broadly in line with those of nationalist economists like Dadabhoy Naoroji, Ranade and Gokhale. But he carefully refrained from supporting Indian capitalism or justifying its role in Indian economic development. He did not seem to accept that capitalism was necessary for the economic development of India. He fell in line with the prevailing climate of opinion that national independence was the first issue and the best means of achieving economic independence

(This article first appeared in The Hindu dated May 29, 1964)

would be determined later. With this, he always kept in the back of his mind his faith in socialism.

On the economic side, his crusade within the national movement was directed against feudal property relationships in land. He carried on a relentless campaign against landlordism in his home province. The belief that there could really be no egalitarian society in a predominantly agricultural country like India until all feudal vestiges in land were eliminated survived with him to the last.

Non-Acceptance of Gandhiji's Ideas

Since he was wedded to scientific rather than a vaguely humanitarian socialism, Gandhiji's economic ideas did not make much impact on Nehru. Gandhiji's opposition to modern industry and his qualified approval of voluntary poverty could not possibly appeal to one who believed in higher living standards to be attained by the application of modern science and technology to modern means of production. He also rejected Gandhiji's theory that the rich are the trustees of the poor. Nehru's formal education was in the natural sciences. In the social sciences, he was a self-educated man. This amalgam produced the scientific–humanist temper which characterised Nehru's economic philosophy. Recently, Western thought has contended that the scientific and humanist cultures are antithetical. But in Nehru was an embodiment of their synthesis. It cannot be said that he took much interest in the Khadi and Village Industries movement. That was largely looked after by other associates of Gandhiji.

Humanist Values

The nearest that Nehru came to some practical formulation of his economic ideas before independence was in the work he did in the National Planning Committee set up by the Indian National Congress in 1935. Planning was defined by that committee as something that should be considered from the point of view not only of economics and rising living standards, but of cultural and spiritual values. The concern he expressed at the time for democratic evolution and the inter-connection he stressed between economic and extra-economic life remained with him all along. When years later he addressed the United Nations Economic Commission for Asia and Far East, he said he was no expert (although experts were inevitable), but he liked to deal with human beings. The work of the National Planning Committee remained academic, without any political power to implement its ideas. So it was really the advent of independence in 1947 that gave Nehru the opportunity to make concrete his vision of economic development of India.

Inevitability of Gradualness

In political power under a democratic system, Nehru realised the conflict, howsoever small it may be, between socialism and the economic development of an underdeveloped country. He, who had admired communism minus its violence and socialism, reminded himself that the time factor was also important for social reconstruction. In his younger days, he must have been influenced by R.H. Tawney's classic, Acquisitive Society, but now admitted that the change from such a society to socialism and co-operation cannot be brought about by 'a sudden law'. Speaking at the AICC session at Indore in 1957, he said that Russia had taken 35 years or more to industrialise herself, and Mao Tse-tung had said that China might take 20 years to achieve "some kind of socialism". He added, "We must realise that the process of bringing socialism to India, especially in the way we are trying to do it, that is, the democratic way, will inevitably take time." When he produced his autobiography in 1936, reviewers said he assumed the inevitability of revolution. Twenty years later, he had come to accept the inevitability of gradualness.

Concept of Mixed Economy

The Industrial Policy Resolution of 1948 was the most concrete expression of Nehru's means for achieving socialism in India. It was here that his intellectual appreciation of British socialist thought rather than the Marxist dialectic unmistakably asserted itself.

The resolution adumbrated a 'mixed economy' for India and this concept has stood, despite all that has been said by the Congress about socialism in subsequent years. It was when Nehru spoke on the resolution that he brought out the importance of understanding a socialistic economy in terms of technological change. In a transitional economy, one must place oneself in a dynamic and not in a static conception of economic progress.

Dynamism came from technological change. The State would build a new and technologically sound sector, and not waste its resources on acquiring productive resources that may have become obsolete. This philosophy meant recognising the role of what has since come to be known as the Private Sector. Again reminding himself that the capitalistic structure is inherently acquisitive, he began to propagate the value of a co-operative sector that would help counteract the anti-social side of capitalism. It is said that in later years Nehru did come to admire ‘enlightened capitalism’ and that privately he even admired one of the leading Indian business houses.

Planning Commission

The establishment of a Planning Commission and the era of planning that it started gave Nehru a chance to work simultaneously for economic development and social justice. The disappointment he openly voiced in recent years at the failure of Indian planning to achieve these objectives was a measure of his faith in them. His burning wrath against poverty heightened his sense of frustration at the miscalculations of the planning process. Not being an economist in the conventional sense, he just could not understand the frequent breakdowns in the economy.

He continued to emphasise the importance of land reforms, of increasing production through the application of technology and spreading co-operation to ensure distributive justice within capitalism. These indeed were the themes of his annual addresses to the Federation of Indian Chambers of Commerce and Industry for some 15 years. His keen interest in atomic energy was the latest manifestation of his scientific temper.

University of Philosophy

Nehru did not have many opportunities of formulating his ideas on international economic co-operation. But when he did get a chance to do so—as when he spoke to the ECAFE or the Colombo Plan meetings or at the United Nations—he reflected in his ideas the same universalism that was the keynote of his political philosophy. Even in his opposition to such economic blocs as the European Economic Community, his economic philosophy was entirely consistent with his political philosophy. It was based on mutual help, absence of fear and hate and on good neighbourliness. He was fond of the following lines from Euripedes, which he quoted at least on two occasions. They seem to sum up his philosophy.

> *What else is wisdom? What of man's endeavour, or God's high grace, so lovely and so great? To stand from fear set free to breathe and wait, to hold a hand uplifted over hate, and shall not loveliness be loved for ever?*

Budget 2018–19: What Is in It for the Common People?

Neeraj Jain

The media hailed Finance Minister Arun Jaitley's Union Budget 2018–19 as a budget focussed on farmers, the poor, rural India, healthcare and education. Let us see what it really contains.

1. External Accounts Situation

Let us begin our discussion of the Union Budget 2018–19 with a brief discussion of India's external accounts situation. This is obviously be an important part of any discussion about our economy, and the finance minister should mention the state of our external accounts situation, even if briefly, in his budget speech.

This year's budget speech is unique for the fact that it does not contain even a single line as regards the external accounts situation of our country! That is simply amazing, as a key aspect of our economic policy making for the last nearly three decades, ever since India began globalisation in 1991, is tackling our foreign exchange crisis. By the late 1980s, the Indian economy was entrapped in an external debt crisis (our foreign debt was nearly $84 billion dollars) and was on the verge of external accounts bankruptcy. And so in mid-1991, the Indian Government, in return for a huge foreign loan to tide over the foreign exchange crisis, signed an agreement with the World Bank and the International Monetary Fund, agreeing to implement what are known as neoliberal economic policies. One of these conditionalities was opening up the economy to unrestricted inflows of foreign capital and goods. Thus began what has come to be known as the globalisation of the Indian economy. Since then, each and every government that has come to the Centre has been implementing these economic reforms; the Modi Government has been implementing these economic reforms at an even more accelerated speed.

Just two months ago, in mid-November 2017, the international credit ratings agency Moody's had upgraded India's sovereign bond rating by two notches to Baa2 Stable from its lowest investment grade Baa3 Positive. This was the first ratings upgrade by Moody's for India since 2004. This news made the headlines in almost all newspapers. Both the PMO and Finance Minister Jaitley gushed that this was international recognition of the fact that the structural reforms being implemented by the BJP Government were improving business climate, enhancing productivity, stimulating foreign and domestic investment, etc.[1]

If this is indeed so, then how come there is not even a mention of our external accounts situation in this year's budget speech?

The reason is that Moody's upgrade has nothing to do with how well our economy is doing, and how good is our external accounts situation. As we had explained in an article published in Janata some weeks ago, "The upgradation of India's sovereign rating by Moody's is not an indicator of how well the Indian economy is doing for the people, but is an indicator of how well the economy is doing for profit maximisation of giant foreign and Indian corporations."[2] So far as our external accounts are concerned, the reality is that they were never in a worse state, and that is why there is no mention of our external accounts situation in the finance minister's budget speech.

Our external debt crossed $495.7 billion in September 2017[3], making India one of the world's most indebted countries. Furthermore, our external accounts situation is getting worse. India's trade deficit, which had registered continuous decline between 2014–15 and 2016–17, widened to $118.9 billion during the period April–December 2017 as compared to $82.7 billion during the corresponding period in the previous year. Because of this, India's current account deficit more than doubled to $35.6 billion, or 1.9% of GDP, in April–December 2017, from $11.8 billion, or 0.7% of GDP, during the corresponding period of 2016–17[4].

Vulnerable External Liabilities

The *Economic Survey 2017–18* claims that our foreign exchange reserves position is comfortable. Our foreign exchange reserves reached $409.4 billion on December 29, 2017, and foreign exchange reserves cover to total external debt improved to 80.7% at end-September 2017 as compared to 78.4% at end-March 2017. [5]

However, all this glib talk about our large foreign exchange reserves is meaningless. Foreign exchange reserves of a country do not represent the foreign exchange earnings of that country. They are merely the total foreign money held by the government and central bank of a country, including all the foreign capital inflows that have come into the country. This implies that if foreign investors start withdrawing their money from the country, the foreign exchange reserves will fall and the economy can even sink into external account bankruptcy.

Of course, not all the foreign investment can be taken out at short notice. Therefore, to get an idea of the actual safety buffer provided by the country's foreign exchange reserves, they should be compared with what can be called the 'vulnerable external liabilities' of the country. These are our potentially volatile foreign exchange liabilities, that is, foreign capital that has come into the country that can leave the country very quickly. These 'vulnerable external liabilities' include: (i) short term debt (i.e., debt repayable within a year); (ii) portfolio investments (i.e., foreign speculative investments in the share markets and in debt instruments), which can be withdrawn at any time; and (iii) those NRI deposits which are fully repatriable at any time [Foreign Currency Non-Resident (Bank) or FCNR (B) deposits and Non-Resident External Rupee Account or NRERA deposits].

We make an estimate of our vulnerable external liabilities as of June 2017 below:

i) Short term debt by residual maturity: Here, we include not only debt that was originally contracted as short-term debt, but also that portion of long-term debt which falls due within a year from the reference date. According to the Reserve Bank of India (RBI), this was 41.1% of our external debt as of June-end, 2017 = $199.5 bn.[6]
ii) Portfolio Investments by FIIs as of end-June, 2017 = $251 billion.[7] [Note that this is actually an underestimate, as much of what is classified as foreign direct investment or FDI (considered to be stable investment) is actually purely financial investment by private equity firms, venture capital funds and hedge funds—which certainly cannot be considered as stable investment.]
iii) Outstanding sum in FCNR (B) deposits and NRERA deposits (excluding the NRI deposits included in short term debt of residual maturity) = $35.3 billion.[8]

Therefore,

- Total Vulnerable Liabilities = 199.5 + 251 + 35.3 = $485.8 billion;
- Foreign Exchange Reserves on June 30, 2017 = $386.5 billion.[9]

It is thus clear that if the foreign investors decide to pull out their money, our foreign exchange reserves are simply insufficient to prevent the economy from once again plunging into a foreign exchange crisis, similar to what happened in 1990–91.

The *Economic Survey 2017–18* says: "Moderation in FDI flows in Q2 of 2017–18 led to a cumulative decline in FDI flows by 6.3% in H1 of 2017–18 over its level during the corresponding period of the previous year. However, foreign portfolio investment (FPI) increased by 78.0%, from US$ 8.2 billion in H1 of 2016–17 to US$ 14.5 billion in H1 2017–18 reflecting positive outlook about growth potential of Indian economy." [10]

The truth is the exact opposite. Increasing dependence on FPI inflows only means our economy is becoming more dependent on unstable foreign capital inflows, increasing the vulnerability of our economy to foreign capital outflows. This in fact was candidly admitted by the then RBI Governor at a Governors' Meeting in Kyoto, Japan in January 2011: "Our reserves comprise essentially borrowed resources, and we are therefore more vulnerable to sudden stops and reversals, as compared with countries with current account surpluses." [11]

The Indian economy has become totally dependent on foreign capital inflows, including both foreign direct investment inflows and speculative capital inflows, to stay afloat. That is why the BJP Government is desperately trying to woo foreign investors to invest their capital in the country. Over the past four years, the government has announced huge liberalisation of FDI rules for foreign investors; it is allowing them to enter and take over each and every sector of the Indian economy; it is allowing them to take over our mineral resources, agricultural lands, public sector corporations and even our public sector financial institutions. It has gone to the extent of permitting FDI even in defence. More than two centuries ago, the British had to use force to colonise this country. Now, our rulers are themselves allowing foreign corporations to enter and take control of the country's economy.

2. Hype over Growth Rates

Regarding GDP growth figures, the finance minister continues to behave like an ostrich sticking its head in the sand to hide from realities. He continues to claim that the economy is doing very well:

> *Indian economy has performed very well since our Government took over in May, 2014. India achieved an average growth of 7.5% in first three years of our Government. . . . GDP growth at 6.3% in the second quarter signalled turnaround of the economy. We hope to grow at 7.2% to 7.5% in the second half. . . . We are now firmly on course to achieve high growth of 8% plus.*[12]

The fact of the matter is, even after the government twice revised the methodology of calculating GDP growth rate to make the GDP growth figures look good and above 7% during its first two years, GDP growth rate started falling again from 2016 onwards. It fell consecutively for six straight quarters, from 9.2% in the first quarter of 2016 to 5.7% in the second quarter of 2017. Now, the government claims the economy has started recovering once again, it grew at 6.3% in the third quarter of 2017 and is expected to grow even faster after that.

In actuality, this claim of the growth rebounding is based on incomplete data. The official estimate of the economy growing at 6.3% in Q3 of 2017 is based on quarterly data, and this quarterly data is largely based on information provided by the organised sector of the economy only. It does not include data from the unorganised sector of the economy, which contributes to 93% of the employment and 45% of the total output.

Now, data for the unorganised sector is collected by the government through periodic surveys. This unorganised sector was hit hard first by demonetisation (announced in November 2016) and then by GST (rolled out in July 2017). However, the government has carried out no surveys to estimate the impact of both these policy measures on the unorganised sector. With no data available, how has it estimated the contribution of the unorganised sector to the overall quarterly GDP growth data? The government admits that it has estimated this using the data for growth in the organised sector.[13] While this may work during normal times, after demonetisation and GST, when the unorganised sector contracted sharply due to these policy measures but organised sector was less affected, this is no longer true. Therefore, all that can be said about the official growth rate figure given by the finance minister for the third quarter of 2017 is that at best, it shows that organised sector growth accelerated in the third quarter as compared to the second quarter.

While the government has not carried out any surveys to estimate the shock experienced by the unorganised sector due to demonetisation and GST, data provided by various private surveys point to a large negative rate of growth for this sector. Combining this with the positive growth experienced by the organised sector, the overall rate of growth of the economy for not just the third quarter of 2017, but for the first and second quarter too, is probably only around 1% and not the 5 to 7% being claimed by the government.

Furthermore, since the informal sector provides employment to more than 90% of the population, it implies that while only a small section of the population in the organised sector has benefited by the government claimed "recovery that has begun in Q3 of 2017", the overwhelming proportion of the population has continued to suffer a fall in its income due to the negative growth caused by the government-effected policy measures of demonetisation and GST.

3. Pandering to Global Capital

Despite the sharp contraction suffered by the informal sector and the numerous reports in the newspapers about the worsening unemployment crisis, Jaitley makes no attempt to give a boost to the economy by increasing government spending. The increase in total budgetary spending of the government is shockingly low. It has increased by just 10%—when the projected increase in nominal GDP is expected to be 11.5%. And so the budgetary outlay as a proportion of GDP has fallen from 13.21% in 2017–18 RE to 13.04% in 2018–19 (Table 1). This implies a contractionary fiscal stance, whereas what was required was a macroeconomic stimulus to combat the economic disruption caused by demonetisation and GST.

Another important figure is the government capital expenditure as percentage of its total spending and as a percentage of GDP. Capital expenditure is that portion of the government spending that goes to create lasting productive assets, such as rail lines and power plants and factories and schools and hospitals. This spending has sharply come down ever since the neoliberal reforms began (Table 2).

This sharp fall, to roughly one-third of the pre-liberalisation expenditure, is because of the World Bank–IMF imposed neoliberal reforms on the economy. Arvind Subramanian, their man who has been parachuted directly to Delhi from Washington as the Indian Government's Chief Economic Advisor, clearly says in this year's *Economic Survey* that "India must continue improving the climate for rapid economic growth on the strength of the only two truly sustainable engines—private investment and exports."[16] What he is therefore saying is that increasing public investment is not the way to advance economic growth. Foreign capital wants Indian Government's capital expenditures, that is, its expenditures on the productive sectors of the economy, to fall, so that private capital, especially multinational capital, can take over these sectors. This policy had been implemented by all previous governments; the BJP is further accelerating it.

Table 1: Budget Outlay, 2014 to 2018[14] *(Rs crore)*

	2014–15 A (1)	*2017–18 RE (2)*	*2018–19 (3)*	*Increase: (3) over (2), (%)*	*Increase: (3) over (1), CAGR*
Budget Outlay (4)	16,63,673	22,17,750	24,42,213	10.12%	10.07%
GDP (nominal)		1,67,84,679	1,87,22,302	11.54%	
Budget Outlay as % of GDP		13.21%	13.04%		
GST Compensation Cess (5)		61,331	90,000		
Actual Budget Outlay (4 – 5)	16,63,673	21,56,419	23,52,213	9.08%	9.04%
Actual Budget Outlay as % of GDP		12.85%	12.56%		

Actual budgetary outlay is even less than the above figure. That is because Jaitley has included in his budget outlay the 'Funds collected due to the GST Compensation Cess'. This amount is actually to be compulsorily transferred to the states to compensate them for loss in revenue due to the introduction of GST. This should have been deducted from Gross Tax Revenue, like the 'Tax Revenue Transferred to States'. But the government has included this in its 'Net Tax Revenue to Centre' and in its budgetary outlay, thus artificially inflating the latter. Deducting this, the actual budgetary outlay for 2018-19 comes to only 12.56% of GDP, a fall of more than one percentage point as compared to the last year of the UPA Government, when it was 13.88% (in 2013-14).

Table 2: Central Government Capital Expenditure[15] *(%)*

	1985–90	*1991–97*	*2015–18*
Percentage to Total Expenditure	30.10	22.70	13.0
Percentage to GDP	6.10	4.00	1.70

4. How Can the Government Increase Its Budgetary Outlay

The total budgetary receipts of the government, which are equal to its budgetary outlay, include tax revenue, non-tax revenue and capital receipts. (i) Tax revenue includes direct taxes (income tax, corporation tax, etc.) and indirect taxes (customs duties, excise duties, sales tax, etc.). (ii) Non-tax revenue includes profits of public sector enterprises, interest receipts on loans given by the government (to public sector enterprises, state governments, etc.), and income such as sale of spectrum. (iii) Capital receipts include disinvestment income and return of loans.

Table 3: Union Budget 2018–19, Receipts *(Rs crore)*

Gross Tax Revenue	22,71,242
Net Tax Revenue to Centre	14,80,649
Non-Tax Revenue	2,45,089
Capital Receipts (incl. Borrowings)	7,16,475
Total Receipts	24,42,213

The total receipts, and hence the total budgetary outlay of the Central government in 2018–19, is Rs 24.4 lakh crore. If the government wants, it can significantly increase this by increasing its tax and non-tax revenue. Can it do so? Yes, it can.

India: Low Tax Revenue

The budget projects gross tax revenue in 2018–19 to increase by 16.7% over the revised estimate for 2017–18. This is highly optimistic, given that the government expects a nominal GDP growth of 11.5% (and as mentioned earlier, even this latter figure is an optimistic projection). In the previous year, the gross tax revenue (2017–18 RE over 2016–17 A) had increased by 13.4% only.

Even if the projection for gross tax revenue for 2018–19 comes true, the fact of the matter is, the total tax revenue of the government is actually very low. This can be understood by comparing the total tax revenue of the Indian Government (Centre and States combined) as a proportion of GDP with other countries. The *Economic Survey 2015–16* says that India's tax-to-GDP ratio at 16.6% is lowest among BRICS countries (Brazil 35.6%, South Africa 28.8%). It is lower than both the Emerging Market Economy (EME) and OECD averages, which are about 21% and 34% respectively. India’s tax ratio is the lowest even among economies with comparable (PPP adjusted) per-capita GDP such as Vietnam, Bolivia and Uzbekistan. The *Economic Survey 2017–18* in fact says that: “It is striking that the centre’s tax–GDP ratio is no higher than it was in the 1980s, despite average economic growth of 6.5%, the most rapid in India’s history.”[18]

It is thus obvious that there is a huge scope for the government to increase its tax revenue. If India’s tax–GDP ratio is to be brought to 25% (that is, a 50% increase), and since the Central government collects the bulk of the tax and non-tax revenue in the country, this means that the Centre’s tax revenues can be increased by at least 50%. Let us discuss some possible steps that it can take to do so.

Table 4: Gross Tax Revenue, 2016 to 2018 *(Rs crore)*

	2016–17 A	*2017–18 BE*	*2017–18 RE*	*2018–19*
Gross Tax Revenue	17,15,822	19,11,579	19,46,119	22,71,242

Curbing Illicit Capital Flows to Increase Tax Revenue

One way the government can increase its tax revenue is by curbing illicit outflows and inflows of money. According to the latest report by the international watchdog Global Financial Integrity released in April 2017, between $8–23 billion was illegally taken out of India and between $39–101 billion illegally came into India in 2014, primarily through trade mis-invoicing. Even if we take the lower figures, the total illicit financial flows total $47 billion.[19] These illegal flows primarily take place to escape taxation; had the government taken strong steps to curb these flows and tax them, they could have yielded at least $12 billion or Rs 78,000 in taxes—this amount is 6.3% of the total tax revenue for the financial year 2014–15. Unfortunately, neither the previous UPA Government, nor the present BJP Government, is interested in taking firm steps to curb these illegal flows. As we have explained in our booklet on demonetisation, all the chest thumping by the new government about fighting corruption and curbing the black economy is a lot of hot air; the truth is that it is actually diluting anti-corruption legislations.[20]

Huge Tax Concessions to Rich

The most important reason for the low tax revenue of the Government of India is the huge tax concessions given by it to the rich. Every year, for the past several years, the budget documents have included a statement on the estimated revenue forgone by the government due to exemptions in major taxes levied by the Centre in the past year. This statement is included in the annexure attached to the Receipt Budget in the Union Budget documents, and is titled: *Revenue Impact of Tax Incentive Under the Central Tax System*. The budget documents reveal that in its first three years in power, the tax exemptions given to the country's uber rich by the Modi–Jaitley government total a mind-boggling Rs 16.5 lakh crore. These tax write-offs are in corporate income tax, customs and excise duties.[21]

This year, the government has not made a full estimate of the tax concessions given to the rich under excise and customs duties. A part of these indirect taxes have been subsumed under GST, and the budget says that the revenue forgone due to exemptions under GST will be calculated next year. So far as the revenue forgone due to corporate tax concessions is concerned, the budget document of 2018–19 estimates this amount to be Rs 85,026 crore for the past year, that is, 2017–18. This subsidy was estimated at Rs 83,492 crore in 2016–17 (this has been revised to Rs 86,145 crore in the 2018–19 budget statement). Since the corporate tax concessions for 2017–18 have actually increased over the previous year's budget estimate, we can safely assume that the total tax concessions given to the rich in 2017–18 would be at least at the same level as in 2016–17, that is, Rs 5.5 lakh crore.

But for the tax concessions given to the rich, the tax revenue of the government would have gone up from Rs 19.5 lakh crore in 2017–18 RE to Rs 25 lakh crore, an increase of 28%.

Tax Collections: Putting Burden on People

Not only is the government giving huge tax concessions to the rich, the larger portion of the taxes it collects is from the people. To understand this, let us take a look at the tax structure of the government.

There are two types of taxes, direct taxes and indirect taxes. Direct taxes are levied on incomes, such as wages, profits, property, etc., and so fall directly on the rich; while indirect taxes are imposed on goods and impersonal services, and so fall on all, both rich and poor. An equitable system of taxation taxes individuals and corporations according to their ability to pay, which in practice means that in such a system, the government collects its tax revenue more from direct taxes than indirect taxes.

Even in unabashedly capitalist countries across the world, be it the developing countries of South Africa and Brazil, or be it the developed countries of the OECD, the direct tax revenue as a percentage of total revenue varies from 55% to 65% and more. But in India, for every Rs 100 collected by the government as tax revenue, only around Rs 30 comes from direct taxes (and the rest, Rs 70, from indirect taxes). The government is aware of this. The *Economic Survey 2017–18* admits that direct taxes account on average for about 70% of total taxes in Europe. It also admits that India has much lower proportion of direct taxes in its total tax revenue as compared to other emerging market economies (except for China, which is a non-democratic country).[23]

Most of the taxes collected by the States are in the form of indirect taxes. The direct taxes are mostly collected by the Centre. In the Centre's tax revenue, the share of direct taxes has been falling since the UPA-II regime. The share of direct taxes in Centre's gross tax revenue fell from 61% in 2009–10 to 56% in 2013–14, the last year of the UPA Government.

Table 5: Revenue Forgone Due to Tax Exemptions and Fiscal Deficit *(Rs lakh crore)*

	2014–15	*2015–16*	*2016–17*	*2017–18*	*Total*
Revenue Forgone	5.49	5.51	5.50	5.50*	22
Fiscal Deficit RE	5.13	5.35	5.95	6.24	

**Our Estimate*

Under the Modi Government, this has fallen further to 52% in 2017–18 RE. In other words, it has fallen by a full 9 percentage points in less than a decade. The *Economic Survey 2017–18* admits that with the introduction of GST, reliance on indirect taxes is going to further increase; the share of direct taxes in Centre's gross tax revenue is expected to fall to 51% in the 2018–19 budget.[24] This means that at the national level, including both the Centre and the States, the ratio of direct to indirect taxes is going to be even more skewed this year.

India: Low Non-Tax Revenue

The government has actually resorted to statistical jugglery to boost its non-tax revenue in the 2017–18 RE. Just a few days before the budget was presented, the state-owned Oil and Natural Gas Corporation (ONGC) borrowed money from a clutch of banks to acquire the 51.1% government share in another state-owned company, Hindustan Petroleum Corporation Limited (HPCL). The government earned Rs 36,915 crore from this sale, and included this in its disinvestment income for 2017–18. This boosted its receipts from disinvestment to Rs 1,00,000 crore as against the budgeted Rs 72,500 crore. Thus, to avoid borrowing from the market—something which would led to a further increase in its fiscal deficit (more on this below)—the government got one government-owned company (ONGC) to borrow and buy the government stake in another company (HPCL).

Even if we leave aside this issue, the actual non-tax revenue of the government is very low because of the huge transfers of public funds and resources to private corporations and the super-rich. But for these transfers, the government could have hugely increased its non-tax revenue, or it could have saved on its budgetary expenses. These transfers to the rich include loan write-offs, handing over control of the country's mineral wealth and resources to private corporations in return for negligible royalty payments, transferring ownership of profitable public sector corporations to foreign and Indian private business houses at throwaway prices, direct subsidies to private corporations in the name of 'public–private–partnership' for infrastructural projects, and so on. These transfers of public wealth to private coffers total several lakh crore rupees. This implies that *had the government not given these transfers, it could have increased the budget outlay by several lakh crore rupees.* To give just two figures:

- During the first three years of the Modi Government, public sector banks have waived loans given to big corporate houses to the tune of Rs 1.87 lakh crore;[25] additionally, they have also restructured loans of the 'high and mighty'—which is a roundabout way of writing off loans—again to the tune of several lakh crore rupees (the actual amount is not known). Despite this, the total non-performing assets (that is, bad loans) of the banks have gone up to Rs 9.5 lakh crore as of June 2017; the RBI has now initiated a process of accelerated restructuring of these loans too.[26]

  The government compensates the public sector banks for these losses by pouring in public funds into them in what is known as bank recapitalisation. This year, the government announced that it was infusing Rs 2.11 lakh crore in public sector banks over the next two years. But it avoided the mention of this amount in the budget by a sleight of hand: it announced that it was going to do so by issuance of recapitalisation bonds to the tune of Rs 1.35 lakh crore, while Rs 58,000 crore would be raised by the banks from the market; the allocation from budgetary resources was only Rs 18,000 crore. Issuance of bonds means that in the coming years, the government would have to pay out interest on the bonds—thus it has shifted the burden to the subsequent years.

  The other way the bank loan write-offs are affecting government income is that the affected banks either do not pay or pay lower dividends to the government. For fiscal 2017–18, this has resulted in shortfall in government revenues to the tune of several thousand crore rupees.[27]
- In the five budgets presented by it, the Modi Government has allocated a total of Rs 2.68 lakh crore just for construction of roads and highways. The government no longer constructs highways. They are now constructed by private corporations, who collect toll from the users to recover their investment. Then why is the government allocating so much money for

construction of roads and highways? This is the subsidy being given by the government—not as loan but as grant—to private corporations as an 'incentive' so that they invest in construction of highways;[28] it is another matter that apart from this subsidy, which is as much as 40% of the project cost, they get to keep the earnings from the toll as well.

This vampyrean plunder of the country's wealth and resources by corporate houses has reached such rapacious proportions that even the RBI Governor Raghuram Rajan, himself an ardent votary of neoliberalism and globalisation, has lambasted the collusion between "venal politicians" and "crony capitalists". After observing that India has the second highest number of billionaires in the world per trillion dollars of GDP (after Russia), he pointed out that "three factors—land, natural resources, and government contracts or licenses—are the predominant sources of the wealth of our billionaires. And all of these factors come from the government."[29]

The imposition of the World Bank imposed neoliberal policies has resulted in rapid increase in the wealth of the super rich in the country. And with neoliberalism accelerating under the swadeshi Modi Government, this concentration of wealth has further increased. In 2000, India's richest 1% held 36.8% of the country's total wealth. When Modi came to power in 2014, this tiny section held 49% of the country's wealth. And within just 2 years, by 2016, this figure has gone up to 58.4%.[30]

India: Low General Revenue

These huge concessions / subsidies / transfers being given to the rich, both in the form of tax concessions and non-tax concessions, are responsible for the government's low revenues and low budgetary outlay. Readers will be surprised to know that India's total government revenue as percentage of GDP is amongst the lowest in the world. It is more than 40% for most countries of the European Union, going up to above 50% for countries like Belgium, France, Denmark and Finland. It is 29.7% for South Africa, 36.6% for Argentina and 31.6% for Brazil. The world average is 30.2%. But India ranks far below—the Indian Government's total revenue is only 20.8% of GDP (this is total government revenues, Centre + States combined).[31]

From the data given above about government's tax revenue as compared to other countries, or from the data on government's total revenue as compared to other countries, it is obvious that there is huge scope for increasing total government revenues in India—it needs to be raised by at least 50% to reach the world average. Since the bulk of the revenues are collected by the Centre, this means that for the year 2018–19, the Centre could have increased its total revenue by 50% from Rs 24 lakh crore at present to at least Rs 36 lakh crore, if not more (and therefore increased its budgetary outlay also to Rs 36 lakh crore, an increase of Rs 12 lakh crore over the 2018–19 BE).

5. Budget and Agriculture

The finance minister in his budget speech stated that the "government is committed to the welfare of farmers", and repeated the promise made in his two previous budget speeches about doubling farmers' income by 2022. As if to prove his concern for farmers, he repeated the word 'farmer' and 'agriculture' several times in his budget. He also announced several big ticket schemes for farmers. Virtually every newspaper and TV channel dutifully headlined the budget as an agriculture friendly budget.

While there is some 'window-dressing' in all budget speeches, Jaitley's 2018–19 budget speech must surely be unprecedented in the annals of Indian budget making for its outright lies. The finance minister announced several grandiose schemes, without actually allocating a paisa for them!

- Thus, Jaitley announced two funds together valued at Rs 10,000 crore to develop infrastructure for the fisheries and animal husbandry sectors. But in the actual budgetary allocations, he has allotted only Rs 10 crore to the Fisheries and Aquaculture Infrastructure Development Fund and Rs 37 crore to the Dairy Processing and Infrastructure Development Fund—implying a total allocation of Rs 47 crore only. There is no mention of an Animal Husbandry Infrastructure Development Fund.
- He also announced an Agri-Market Infrastructure Fund with a corpus of Rs 2,000 crore for

developing nearly 22,000 rural haats into Grameen Agricultural Markets and upgrading the 585 state-run Agricultural Produce Marketing Committees, where farmers are obliged to sell their produce. This too is only on paper; there is no allocation for this fund in the budget document.
- He promised Rs 2,600 crore to develop groundwater irrigation in 96 districts where less than 30% of the land is assured of irrigation. But actual allocation is only Rs 310 crore; the fine print of the budget says Rs 2,290 crore of this budget allocation is going to go towards payment of interest for a NABARD fund set up in the 2016–17 budget to fund incomplete irrigation projects across the country.
- Jaitley also proclaimed the launch of a "Restructured National Bamboo Mission with an outlay of Rs 1,290 crore" to promote rural income from bamboo cultivation. The actual allocation—Rs 300 crore.

MSP Promise

The announcement that made the biggest splash, and which was highlighted by every media outlet, was Jaitley's promise that the government will fix Minimum Support Prices (MSP) for crops at 50% over costs. But here again, there was a sleight of hand. Jaitley claimed that MSP for most rabi (winter) crops announced by the government was already more than 50% over the cost of production, and that for the remaining crops, the government would soon implement this promise made in the BJP party manifesto of 2014 Lok Sabha election.

Strangely, this same government had filed an affidavit in the Supreme Court in February 2015 saying that the demand of MSP at 50% above cost of production cannot be met. And just a few months ago, in May 2017, Union Agriculture Minister Radha Mohan Singh declared that Modi never promised 50% increase in support price.[32] So how is the finance minister now claiming that the government is already giving MSP at more than 50% margin over cost of production for most crops this rabi season?

The trick lies in Jaitley's definition of production cost. He has changed the formula for calculating production cost. The Commission for Agricultural Costs and Prices (CACP), which declares minimum support prices, has three definitions of the concept:

- A2: This covers the actual payments for all inputs made by the farmer while growing a particular crop, and includes expenses such as on seeds, fertilisers and pesticides and payment made to hired agricultural labourers.
- A2+FL: This covers the actual costs (A2) plus the imputed cost of family members working on the farm.
- C2: This is A2+FL plus the imputed value of rent and interest on the owned land and capital assets.

The report of the National Commission on Farmers, chaired by Prof. M.S. Swaminathan, had clearly stated that farmers should get an MSP which is 50% higher than 'C2' production cost, which is the comprehensive cost of production.[33] Farmers' organisations have been demanding the implementation of this for more than a decade. Therefore, when Modi went around promising that MSP will be set at cost plus 50% during the 2014 election campaign, and when the BJP put this in its manifesto, they were obviously talking of C2 cost. Jaitley has now changed this to A2+FL—he in fact has admitted this while replying to a debate on the Union Budget 2018–19 in the Rajya Sabha.[34]

When the CACP calculates the "returns to farmers" provided by MSP, it calls the margin over A2+FL as "gross returns" and the margin over C2 as "net returns". Anyone with an elementary understanding of household economics knows that it is "net income" that matters.[35]

In Table 6, we give the net return and gross return for the top 9 crops in the country, ranked according to area of cultivation (excluding sugarcane, whose price calculation is different) during the five years of UPA–II and the first four years of BJP.

Note that there is a huge difference between the returns when we take C2 instead of A2+FL as the baseline cost. Also note that the returns have fallen significantly during the BJP regime as compared to the previous Congress regime.

Table 6 makes clear why the farmers' organisations are angry and are protesting Jaitley's announcement that the government is already giving MSP at above 50% of production cost for most rabi crops. It is yet another addition to the long list of betrayals by the BJP of its election promises.

Table 6: Gross Return and Net Return for Various Crops[36] (%)

Crop	*Net Return of MSP over C2*		*Gross Return of MSP over A2+FL*	
	UPA II average (2009–14)	*BJP average (2014–18)*	*UPA II average (2009–14)*	*BJP average (2014–18)*
Rice	23%	6%	69%	39%
Wheat	36%	32%	112%	101%
Cotton	30%	2%	80%	39%
Soyabean	11%	8%	50%	48%
Maize	10%	7%	46%	41%
Gram (chana)	17%	16%	76%	71%
Bajra	16%	12%	57%	47%
Jowar	–8%	–18%	19%	9%
Mustard	36%	29%	120%	97%

Procurement Lies

Whatever be the MSP declared, another problem faced by farmers is that most farmers do not get this price for their crops. Government procurement operations cover only a few crops, mainly rice, wheat, cotton and occasionally pulses. (While there is no government procurement per se in sugarcane, mills are legally obligated to buy cane from farmers at prices fixed by government, an effective MSP-like arrangement.) And these procurement operations are mainly confined to only a few regions in a few states, most of which are more irrigated (like Punjab, Haryana, western UP and Andhra Pradesh). The Shanta Kumar committee admits that 94% of farmers do not get MSP, even if it is low.[37]

The finance minister admitted this problem in his budget speech, a late acknowledgement, after 4 years. Meanwhile, another few thousand farmers had committed suicide. Be that as it may, he proposed, "Niti Aayog, in consultation with Central and State Governments, will put in place a fool-proof mechanism so that farmers will get adequate price for their produce." But true to form, he has sanctioned no budget for the implementation of this promise!

Government procurement from farmers comes under the budget head, 'food subsidy'. Last year, the government allocated Rs 1.45 lakh crore for this in the budget, but spent only Rs 1.40 lakh crore. This year, the food subsidy has gone up to Rs 1.69 lakh crore, an increase of 16.5% over last year's allocation. Even assuming that all of it will be spent, it is too less an increase for a significant expansion of the government's procurement operations even at last year's prices, forget a higher MSP.

That Jaitley is not serious about increasing government procurement from farmers is also obvious from the allocations for other schemes related to crop procurement. Thus, the government has a Market Intervention Scheme to procure pulses and oilseeds for limited periods. This year, the government cut the budget for it from Rs 950 crore to Rs 200 crore. Jaitley has also slashed the budget for the Price Stabilisation Fund (this fund has been transferred from the Ministry of Agriculture to the Department of Consumer Affairs), whose aim is to create a buffer stock of pulses and address problems arising out of volatility in prices, from Rs 6,900 crore in 2016–17 and Rs 3,500 in 2017–18 to just Rs 1,500 crore in 2018–19. Earlier, this fund was meant for cereals and vegetables also; now it has been confined to pulses only.

Other Empty Promises

Another form of output support provided by the government to farmers is the much-hyped crop insurance scheme—Pradhan Mantri Fasal Bima Yojana. The scheme aims to provide financial support to farmers suffering crop loss/damage arising out of unforeseen events. The farmer pays the premium at a subsidised rate, the rest is borne by the Centre and the respective State. Even this scheme has turned out to be a way of transferring public funds to corporations—in the name of public welfare, it has resulted in windfall profits for insurance companies. Data tabled in Parliament in July 2017 reveals that eleven insurance companies received a total of Rs 20,374 crore as crop insurance premium during the 2016–17 kharif and rabi seasons, but paid out only Rs 3,655 crore to settle the claims. Even this claim amount paid out was only 63% of the amount of claims submitted. The insurance companies thus earned over Rs 16,700 crore as profits. That's a wow![38]

Probably one of the most important ways in which the government can ease the agrarian distress is by waiving all agricultural loans. This is one of the most important demands being raised by farmers' movements all over the country. Because of the anti-farmer policies being implemented in the country since 1991—as a part of the World Bank imposed neoliberal policies—the agricultural crisis has been worsening, resulting in falling incomes for 70% of Indian farmers who have land holdings of less than 1 hectare. Consequently, over the two decades 1992 to 2012, the percentage of indebted cultivator households (defined as rural households operating at least 0.002 ha of land) has nearly doubled from 25.9% to 45.9% (according to the All India Debt and Investment Survey conducted by the NSS). Per indebted household, the average amount of debt has gone up by many times and was Rs 1.5 lakh in 2012.[39] For India's marginal farmers, the share of this debt from informal sources, especially moneylenders, has been rising. It is because of this worsening crisis that more than 3.5 lakh farmers have committed suicide over the past two decades.[40] The number of farmers' suicides doubled during the first year of the Modi Government;[41] after that, the government has stopped releasing data about farmers' suicides.

Of course, it is no one's claim that waiving farmers' loans by itself will alleviate the agricultural crisis. That would call for a holistic national agrarian policy. But undoubtedly, waiving of all agricultural loans would be an important first step of any such policy. Instead of farm loan waiver, Jaitley has offered more debt to farmers! He has promised to increase the flow of institutional credit to agriculture from Rs 10 lakh crore last year to Rs 11 lakh crore in the coming financial year. Even with regard to this announcement, it is only on paper—look in the budget documents, and you will not find this number anywhere. Jaitley is only promising that the banks will lend this much money to farmers—something that has got nothing to do with the budget. It is another matter that a large part of the bank credit that goes under the name of agricultural lending today is going to agribusiness corporations and not farmers.[42] Farmers' organisations have been demanding that the government take steps to bring many excluded sections of the farming community into the ambit of institutional credit, such as women farmers, Adivasi farmers, tenant farmers and landless farmers. But Jaitley has ignored this demand too. The only budgetary provision related to farm debt is interest subsidy to farmers—the allocation for this remains the same as the allocation last year, Rs 15,000 crore.

Budget Allocation for Agriculture

The single most important allocation that indicates how serious the finance minister is with regards to agriculture is the budget allocation for the Department of Agriculture, Cooperation and Farmers' Welfare. In absolute terms, this is only Rs 46,700 crore. Though this amount is 11.6% above the budget estimate for 2017–18, in relative terms, it is a mere 1.91% of the total budget outlay (Table 7).

The finance minister stressed the significance of non-crop activities in his budget speech. Although the contribution of agriculture to national GDP has been steadily declining over the years, the contribution of the livestock sub-sector (includes sectors like dairy, poultry and meat) and fisheries sub-sector to agricultural GDP has increased impressively over the last two decades, from less than 15% in the late 1970s to more than 33% by 2012–13.[43] The livestock sector provides additional income to a large section of small and marginal farmers; the *Economic Survey 2010–11* estimated that fishing, aquaculture and allied activities provide livelihood to more than 14 million people. Although the total budget of the Department of Animal Husbandry, Dairy and Fisheries for 2018–19 has gone up by Rs 930 crore as compared to 2017–18 RE, in absolute terms the total budgetary outlay is very low, only Rs 3,100 crore in 2018–19. Of this increase, the total increase in the budget for what is called the 'White Revolution' is only Rs 596 crore, which is scarcely enough to compensate for the increasing *gau rakshak goondaism* across the country that has made it difficult if not impossible for farmers to keep cattle.

Falling Investment in Rural Development

Conditions in agriculture are intimately tied to

Table 7: Budget Allocations for Agriculture Related Ministries *(Rs crore)*

		2017–18 BE (1)	*2017–18 RE*	*2018–19 (2)*	*Increase: (2) over (1)*
1	Ministry of Agriculture and Farmers' Welfare	51,026	50,264	57,600	12.88%
	Within this:				
	Department of Agriculture, Cooperation and Farmers' Welfare	41,855	41,105	46,700	11.6%
	Department of Animal Husbandry, Dairying and Fisheries	2,371	2,167	3,100	
	(1) as % of Budget Outlay	2.38%	2.27%	2.36%	
2	Ministry of Rural Development	1,07,758	1,10,874	1,14,915	6.64%
3	Ministry of Water Resources	6,887	7,660	8,860	28.65%
4	Department of Fertilisers	70,033	65,033	70,125	0.13%
5	Total Agriculture Spending (1+2+3+4)	2,35,704	2,33,831	2,51,500	6.70%
	(5) as % of Budget Outlay	10.98%	10.54%	10.30%	
	(5) as % of GDP	1.4%	1.39%	1.34%	

the general state of the rural economy, and that is why public spending on rural development is also crucial for the overall development of agriculture. Here the outlays are hugely disappointing. Total rural development spending (Ministry of Rural Development) is slated to increase by only 3.6% over the previous year's revised estimate—not even keeping pace with inflation (Table 7)!

One important head under the Department of Rural Development is the 'Pradhan Mantri Avas Yojana – Grameen'. In his budget speech, the finance minister declared that the government has launched this scheme so that "every poor of this country may have his own house by 2022"; he announced that the government planned to construct 51 lakh houses in 2017–18 and the same number in 2018–19 exclusively in the rural areas under this scheme. But he was silent on how many houses had actually been constructed in 2017–18. The reason is simple: the website of the Ministry for Rural Development says that only 7.45 lakh houses had been constructed as on March 14, 2018.[44] Now, for 2018–19, he has cut the allocation for this scheme by 9% over the previous year (from Rs 23,000 crore to Rs 21,000 crore). Obviously, the government has no intention of constructing many houses under this scheme, it is just another of Jaitley's fibs. The finance minister also made big claims about constructing roads in rural areas. This year, the amount allocated for this scheme, known as the Pradhan Mantri Gram Sadak Yojana, is exactly the same (at Rs 19,000 crore) as was budgeted last year—a drop in real terms (Table 8).

The allocation for the National Social Assistance Programme is also budgeted under the Department for Rural Development. Why is it under this Department? God alone knows. Anyway. This is the main programme for providing social security to the poor and especially those working in the unorganised sector. It provides a ridiculously low pension of Rs 200 per month to all widows above the age of 40 and all old people above the age of 60. The government has been consistently attempting to save on this little allocation too by making no attempt to enrol all old people under this scheme—so the revised estimate for 2017–18 is less than the budgeted estimate by as much as Rs 750 crore!

The most important scheme under the Department of Rural Development is obviously the allocation for the government's rural employment guarantee programme under the Mahatma Gandhi National Rural Employment Guarantee Act (NREGA). It guarantees a minimum of 100 days of employment in a year to every willing household—though this is very inadequate, at least it is something. This scheme has the potential to lessen the crisis gripping the rural areas and improve food security. Numerous studies have shown that NREGA has had several positive effects, including increasing rural wages, enabling better access to food and thereby reducing hunger, and reducing distress migration from rural areas.

The budgetary allocation for this important scheme has been kept at the same level as last year's revised estimate, at Rs 55,000 crore. This means that it is a cut in real terms. Further, a part of this

Table 8: Budget Allocations for Dept. of Rural Development *(Rs crore)*

	2017–18 BE	*2017–18 RE*	*2018–19*
Department of Rural Development	1,05,448	1,09,042	1,12,404
of which:			
National Rural Livelihood Mission	4,500	4,350	5,750
Pradhan Mantri Awas Yojna	23,000	23,000	21,000
Pradhan Mantri Gram Sadak Yojna	19,000	16,000	19,000
Mahatma Gandhi National Rural Employment Guarantee Scheme	48,000	55,000	55,000
National Social Assistance Programme (NSAP)	9,500	8,745	9,975

year's allocation is going to be spent on meeting last year's liabilities. The liabilities are estimated to be around Rs 6,000 crore.[45] This means that to keep the outlay at last year's level, the allocation for 2018–19 should have been 55000+ 4400 (inflation at 8%) + 6000 = Rs 65,400 crore. The actual allocation for 2018–19 is 16% less than this.

Secondly, even if the Centre had allocated the desired funds to keep the allocation at the same level as last year, it would have been insufficient for a full roll-out of the scheme. MNREGS is a demand-driven scheme, it guarantees 100 days of employment to all those who desire it. Ever since the scheme was rolled out in 2006, successive governments have never allocated enough funds to make this many days of employment available to all those seeking work. During the Modi Government's four years so far, on the average less than 50 person-days of employment had been generated per household (Table 9). The primary sufferers of this cut are some of the poorest and most vulnerable workers of rural India.

Another scheme, that does not come under the Ministry of Rural Development but under the Ministry of Power, but which has the potential of benefiting the rural economy, is the government programme for enhancing power supply to the rural areas (and urban areas too)—the Pradhan Mantri Saubhagya Yojana. The finance minister in his budget speech stated, "You can very well imagine our anxiety and restlessness even with one hour power cut. Think about those women and children whose houses will not get electricity." And so he announced, "We are spending Rs 16,000 crore under this scheme" to provide electricity to 4 crore rural and urban households in the country by December 2018. He has muddled up the dates. This scheme had been launched in September 2017, and the government had approved Rs 16,320 crore as the total spend for two years from 2017 to 2019 for this (of which the outlay for rural households was to be Rs 14,025 crore). Of this, the Centre was supposed to provide Rs 12,320 crore. In the financial year 2017–18, the scheme was to get Rs 3,600 crore from the Centre but received only Rs 2,000 crore. For this year, the allocation was supposed to be Rs 8,720 crore, but the Centre has allocated only Rs 3,500 crore.[47] The finance minister is lying again!

Table 9: NREGA Performance Indicators[46]

	2014–15	*2015–16*	*2016–17*	*2017–18*
Person-days of employment generated (in crore)	166	235	235	230.95
Average days of employment per household	40.17	48.85	46	45.36

Total Agriculture Related Allocations

Let us now take a look at the budget for all agriculture related sectors (Ministry of Agriculture and Farmers' Welfare, Ministry of Rural Development, Ministry of Water Resources as well as the Department of Fertilisers). As can be seen from Table 7, the total spending for all these ministries / departments is Rs 2.51 lakh crore. As a percentage of the budget outlay, this has fallen from 11% in 2017–18 BE to 10.30% this year. As a percentage of the GDP, total spending on all agriculture related sectors is just 1.34% of GDP. It was 1.4% in last year's budget estimate. This, for a sector on which more than 50% of the population depend for their livelihoods!

As we have shown in several of our previous writings,[48] while the Modi–Jaitley duo has indulged in a lot of bluster regarding welfare of farmers, promising to double farmers' income by 2022 and so on, the actual policies implemented by them have led to a sharp worsening of the agrarian crisis. It is because of this that agricultural GDP growth rate has come down by half to just 1.9% per annum during the first four years of the Modi Government as compared to the ten years of the previous UPA Government (2004–05 to 2013–14), when agri-GDP registered a growth rate of 3.7% per annum.[49]

Does the Modi Government not have enough money to increase agricultural spending? Of course it has. As discussed above, if it reduces the enormous subsidies and transfers being given to corporate houses, it can easily double or even triple its total investment on all agriculture related sectors, from the Rs 2.5 lakh core at present to Rs 5–7.5 lakh crore. It can also waive all agricultural loans—this would cost the government at the most Rs 3 lakh crore.[50]

Instead of this, why is the Modi Government implementing anti-farmer policies, which are driving out lakhs of farmers from agriculture, and have led to a sharp increase in farmer suicides? This is made clear in a paper by Niti Aayog, the government's policy making body, prepared in 2015, that says that small scale farming is a major hinderance to growth of agriculture:

> *With the corporate sector keen on investing in agribusiness to harness the emerging opportunities in domestic and global markets, time is opportune for reforms that would provide healthy business environment for this sector. Small scale has been a major constraint on the growth of this industry and hence on the diversification by the vast majority of India farmers into high value agriculture.*[51]

So this is the real objective of neoliberal policies in agriculture—to corporatise farming, which is only possible if small farmers are driven out of agriculture. This is in fact bluntly stated in another more recent official document, that lays out a target of bringing down the population engaged in agriculture from the existing 57% to 38% over the next five years, by 2022.[52] Interestingly, this is elucidated in a report of the National Skill Development Council. The reason is obvious—after the farmers have been pushed out of their farms, they will need to be trained to work as workers in the factories.

Clearly, the Modi Government is the most anti-farmer government in the history of independent India.

6. Jaitley and the Social Sectors

Public Social Sector Expenditures: India vs Other Countries

Most developed countries have a very elaborate social security network for their citizens, including unemployment allowance, universal health coverage, free school education and free or cheap university education, old age pension, maternity benefits, disability benefits, family allowance such as child care allowance, allowances for those too poor to make a living, and much more. Governments spend substantial sums for providing these social services to their people. The average public social sector expenditures of the 34 countries of the OECD have been around 20% of GDP for the last many years, and for the EU–27 have been even higher at around 30% of GDP.

The average public social sector expenditures for the 21 countries of Latin America and the Caribbean have risen significantly over the past decade, from an average of 4.8% of GDP in 2001–02 to 18.6% in 2009–10. These expenditures are as high as 27.8% of GDP for Argentina, 27.1% for Brazil, and a fantastic 40.7% for Cuba (all figures for 2009).[53]

In contrast, the public social sector expenditure of the Government of India is very low! Jaitley and his predecessors in the Finance Ministry and the 'Chicago boys' who are their economic advisors are all blithely lying when they claim that the subsidies to the poor are very high! The *Economic Survey 2017–18* admits that the total social services expenditure of the Government of India (Centre and States combined) was around Rs 11 lakh crore in 2017–18 BE, which amounted to just 6.6% of GDP.[54]

Of the total social sector expenditures of the government (Centre + States combined), the larger portion is spent by the states. The Central share of total social sector spending was around 25% during the UPA years of 2007–08 to 2010–11; after that, it has fallen and was around 18% in 2017–18.[55] A significant part of the social sector spending of the States is done from tied grants provided by the Centre. Therefore, on the whole, the priorities of the Centre influence the overall social sector spending in the country considerably.

We do not have an exact estimate of the social sector expenditure of the Central government in 2018–19, the budget document does not mention this figure. But considering the overall budget outlay and the expenditures on various ministries related to the social sectors (discussed later in this essay), the social sector expenditure of the government must roughly be the same as in 2017–18 (as a percentage of GDP), if not lower; that is, we can assume that it was around Rs 2.2 lakh crore.

Can't Jaitley increase the government's revenues (and increase the government's transfers to the States), and thereby increase the total social sector expenditure of the government (Centre + States combined) to at least 15% of GDP? That is actually not much; it is only half the level of EU-27. That would require a total social sector expenditure of Rs 28 lakh crore. Assuming that the Centre spends 25% of it, this would require the social sector expenditure of the Centre to go up to Rs 7 lakh crore from the Rs 2.2 lakh crore at present—an increase of just Rs 4.8 lakh crore. The Centre, if it so wants, can easily afford this by reducing the loan write-offs of the corporate houses, or reducing the tax concessions to the rich, or by cancelling the mineral leases given to corporate houses at very low royalty rates, or . . .

Allocations for Ministries Related to Public Welfare

This year being a pre-election year, it was only to be expected that Arun Jaitley's pre-election Budget Speech would go on and on about how much his government cares for the people, for the farmers, for the poor, for the women, for those running small and micro enterprises, and other vulnerable sections of our society. He made many claims, not only about the recent past, but also about the coming fiscal year, and how his government is implementing numerous schemes with supposedly massive increases in public spending directed towards benefiting these sections of the people.

But when it came to actually allocating money for the social sectors, the budget did not put the money where the mouth is. The figures for the government expenditures on all ministries related to what can be called the social sectors are given in Table 10. (Note that this is a more liberalised definition of government social sector spending than that given in the *Economic Survey*.)

From Table 10, it becomes evident that there is no significant increase in the government's expenditure on all social welfare related ministries. It is projected to increase by only 9.18% over the revised estimates for 2017–18, which means it will barely beat inflation. As a proportion of the budget outlay and of the GDP, this has actually fallen.

We have mentioned above that first demonetisation and then GST have had a devastating effect on the livelihoods of India's poor. Had the Modi Government the slightest concern for the common people of the country, it would have taken steps to increase its allocations for those sectors that directly affect the people, that is, the social sectors. The anti-people nature of the Modi government becomes evident from the fact that the total expenditure on all public welfare related ministries of the Union government, even on the basis of the liberalised definition given by us above, at Rs 5 lakh crore, is less than the total tax exemptions given to the rich, which total Rs 5.5 lakh crore.

Table 10: Union Budget, Expenditure on Social Welfare Related Ministries[56]

(Rs crore)

	2017–18 RE	*2018–19*	Increase
Total Exp. on Social Sector Ministries (1)	4,66,271	5,09,095	9.18%
(1) as % of Budget Outlay	21.02%	20.85%	
(1) as % of GDP	2.78%	2.72%	

Boosting Demand by Social Sector Expenditures

Let us for a moment drop this fact-based critical examination of the budget from a socialist perspective, and examine it purely from the perspective of mainstream capitalist economics. In the *Economic Survey 2017–18* presented by Arvind Subramanian, the Chief Economic Advisor of the Government of

India, he devotes a good deal of space to a discussion of the serious decline in gross investment in India as a proportion of the GDP. The *Survey* notes: “The ratio of gross fixed capital formation to GDP climbed from 26.5% in 2003, reached a peak of 35.6% in 2007, and then slid back to 26.4% in 2017.” It admits that such sharp swings in investment rates “have never occurred in India’s history”, and that while “the past 15 years have been a special period for the entire global economy, no other country seems to have gone through such a large investment boom and bust during this period.”[57] The *Survey* frankly and ominously adds: “India’s investment decline seems particularly difficult to reverse . . . The deeper the slowdown, the slower and shallower the recovery.”[58] And as we have pointed out in our discussion above, the economic slowdown has worsened since the second half of 2016, after the twin disasters of demonetisation and GST. It is another matter that the finance minister in his budget speech denies this crisis and instead claims that “India stands out among the fastest growing economies of the world.”

The way out of this economic slowdown is to boost demand, and one way of doing it is by boosting social sector spending. It is now fairly well established that government spending on social sectors such as education and health has significant positive multiplier effects.[59] [The fiscal multiplier is an estimate of the effect of government spending on economic growth. A multiplier greater than 1 corresponds to a positive growth stimulus (returning more than Re 1 for each rupee invested), whereas a multiplier less than one reflects a net loss from spending.]

But the finance minister does no such thing in the budget. He says, in his budget speech, that the government attaches “utmost priority to prudent fiscal management and controlling fiscal deficit”. In layman’s language, this means that the government must reduce its expenditures. And so he has reduced the government’s social sector expenditure relative to the budget outlay.

Jaitley has no problems in giving lakhs of crores of rupees as subsidies to the rich in the name of ‘tax incentives’, or ‘investment subsidies’, or bank loan write-offs, and so on. But when it comes to increasing welfare spending on the poor, he says that the government cannot afford that as the fiscal deficit needs to be curbed.

This is precisely what neoliberalism is all about—it means running the economy solely for the profiteering of giant foreign and Indian corporate houses, including shamelessly cutting down the public welfare expenditures on the poor and transferring the savings to the coffers of the corporate houses. Every government that has come to power at the Centre since the beginning of globalisation in 1991 has dutifully implemented these policies; the Modi Government is even more unashamedly implementing these policies.

Such is the nationalism of the BJP–RSS. It is confined to unfurling giant sized flags in universities, and forcing people to stand up while the national anthem is being played in cinema halls—while on the ground, it is doing *shastang dandavata* before the international financial institutions and giant foreign corporations, betraying the interests of the common people.

Let us now take a look at the budget allocations for some of the more important social sectors.

Allocation for Education

Back to the Dark Ages

No country in the world has developed without making provisions for providing free, compulsory, equitable and good quality elementary education to ALL its children in the initial stages of its development, and later expanding it to secondary and higher secondary education. Since the private sector will only invest for profit, all countries, including the avowedly capitalist countries of the West, have done this entirely through public funding. Unfortunately, India has not been able to provide this to a majority of its children seven decades after independence.

The Planning Commission of India admits that 42.4% children drop out of school before completing elementary education.[60] And for those attending schools, the conditions in a majority of the schools are simply terrible:

- In a majority of the primary schools in the country, a single teacher is teaching two or three different classes at the same time in a single room![61]
- Nearly one-third of the schools do not have usable toilet facilities. And 40% schools do not have electricity.[62]

Table 11: Budget Allocations for Education, 2014 to 2018 *(Rs crore)*

	2014–15 A (1)	*2017–18 RE (2)*	*2018–19 (3)*	*Increase: (3) over (2), %*	*Increase: (3) over (1), %, CAGR*
Department of School Education and Literacy	55,115	47,006	50,000	6.37%	– 33%
Department of Higher Education	27,656	34,862	35,010	0.42%	– 7.0%
Ministry of Human Resource Development: Total	82,771	81,868	85,010	3.84%	– 24.5%
MHRD Budget as % of GDP		0.49%	0.45%		
MHRD budget as % of total budget outlay		3.69%	3.48%		

- Around a million teaching posts are vacant in schools across the country (9,00,000 in elementary schools and 1,00,000 posts in secondary schools), amounting to nearly one-fifth of the teaching positions.[63]

With such dismal conditions, is it any wonder that a survey found that 48% of Class V students were unable to read Class II–level text; and 43% of Class VIII students could not divide numbers.[64]

Betraying Our Children

Despite this dismal situation, the government continues with its push towards privatisation of education, as demanded by the World Bank's Structural Adjustment Programme. The strategy is simple: ruin the quality of government school system by cutting the funding of school education and keeping teaching posts vacant; children will automatically exit government schools, and those who can afford it will join private schools. This privatisation drive has accelerated under the Modi Government.

In this year's budget, the allocation for school education is just 6.4% higher than the revised estimate for last year, implying a cut in real terms. The allocation for school education in all of Jaitley's five budgets has fallen so sharply that in real terms, the allocation for 2018–19 is less than the allocation in the 2014–15 BE by as much as 33% (Table 11). The consequence: more than 2 lakh government schools have closed down till date.[65]

To cover up for this cut in spending, Jaitley has once again resorted to his standard 'smoke-and-mirrors-routine'. In his budget speech, he announced: "Technology will be the biggest driver in improving the quality of education. We propose to increase the digital intensity in education and move gradually from 'black board' to 'digital board'." But he has cut the outlay for digital e-learning from an already low Rs 518 crore in the revised estimates for last year to a paltry Rs 456 crore this year. In any case, only a very few government schools are in any position to take advantage of this scheme. Official data tell us that in 2015–16, only 62% of schools had electricity connections and only 24% had functional computers—and only 9% had both![66]

Business of Higher Education

Coming to higher education, the number of students in colleges, defined by the Gross Enrolment Ratio or GER (number of students as a percent proportion of the youth population in the age group 17–23 / 18–24) is way below the developed countries—the GER for India is only around 20, whereas for developed countries it is above 60, with several countries having a GER above 70.[67] An important reason for this is the accelerating privatisation and commercialisation of higher education—already, more than half of higher education enrolment is in private educational institutions.[68] Since all these are for-profit institutions, very few students can afford their fees. With the government reducing its higher education spending, most government funded colleges are starved of funds and so, to meet their expenses, are being forced to increase student fees using all kinds of excuses. Consequently, studying in government funded educational institutions too is becoming unaffordable for students from poor families.

This trend has gained momentum under the Modi Government. The higher education budget has increased by a tiny 0.42% over the revised estimate for last year—a huge cut in real terms. A comparison with Jaitley's first budget in 2014–15 reveals that in real terms, the allocation for this year has actually fallen by 7% (CAGR) (Table 11). The All India Council for Technical Education, the regulator of engineering education in India, has been given only Rs 485 crore, the same as last year, a cut in real terms. The allocation for the University Grants Commission, that regulates the higher educational institutions in the country and provides grants to more than 10,000 institutions, has been reduced to Rs 4,723 crore from last year's revised estimate of Rs 4,923 crore. It had been allocated Rs 9,315 crore in 2015–16 RE; in other words, even in nominal terms, the allocation for it has fallen by half in three years.

Within the higher education budget of the Central government, the trend so far has been that a major part of its allocations (more than one-third) have gone towards funding the so-called 'institutions of excellence' such as the IITs, IIMs and the Central Universities. This year, the budget for even these institutions has been cut, which means that the fees in these colleges, which has risen sharply in recent years, is going to further go up.

The main increase in this year's budget is for what the finance minister has called a new initiative, 'Revitalising Infrastructure and Systems in Education', or RISE, to "step up investments in research and related infrastructure in premier educational institutions". He announced an investment of Rs 1,00,000 crore for this over the next four years. The catch is, this investment will not be from the budget. Educational institutions will be given loans from a new non-bank finance company set up last year by the government, the Higher Education Financing Authority (HEFA), which will borrow money from the market for this. The college will have to repay the principal, the Central government will bear the interest costs. The budget will only fund the interest costs, for which the budget allocation for HEFA has been hiked from Rs 250 crore in 2017–18 to Rs 2,750 crore in 2018–19. This means that universities and colleges will have to borrow from HEFA for upgrading themselves, which in turn means that they will have to increase student fees to repay the loans, making higher education even costlier.

Narendra Modi and the BJP had promised to increase spending on education (Centre + States combined) to 6% of GDP during their 2014 Lok Sabha election campaign. The Economic Survey 2017–18 admits that this has actually fallen under Modi rule, from 3.1% of GDP in 2012–13 to just 2.7% in 2017–18 BE.[69] With the Centre's educational budget as a percentage of GDP falling further this year, the combined spending of Centre and States on education is going to be even lower in 2018–19.

If Modi was indeed serious about implementing his election promise, it would require a total educational spending (Centre + States) of Rs 11.2 lakh crore in 2018–19. Even if the Centre had spent 25% of this so as to give a boost to total educational spending in the country (the Centre had spent 17.4% in 2017–18 BE), it would have required Jaitley to allocate Rs 2.8 lakh crore for education, an increase of Rs 2 lakh crore over the actual allocation made in the budget—not an unaffordable amount for a government that gives several times this amount as subsidies to the rich every year.

Cogs in Corporate Wheel

The neoliberal model looks at everything, including education, from the perspective of maximising corporate profits. There is no need to look at education from the perspective of human development, as a means of unlocking the inherent potential of human beings, so that they can enjoy an enhanced quality of life. All this is gibberish. The sole aim of education must be to prepare youth for employment in the assembly lines of multinational corporations. For this, the youth must be imparted the necessary skills, so that they can become cogs in the corporate wheel.

This philosophy also fits well with the fascist philosophy of the BJP–RSS regime, which wants to transform our youth into mindless automatons in the service of virulent Hindutva.

And so, while on the one hand, the Modi–Jaitley regime is slowly strangulating our higher educational institutions by starving them of funds, on the other hand, the government has hugely increased funding for skill development. The BJP Government inaugurated the Ministry of Skill Development and

Entrepreneurship soon after coming to power in 2014. Its main programme is the Pradhan Mantri Kaushal Vikas Yojana, the allocation for which has more than tripled in the last three years. This year, the allocation for this programme has increased by 12% over the budget estimate for last year (Table 12).

Table12: Budget Allocations for Skill Development *(Rs crore)*

	2015–16 A	*2017–18 BE*	*2018–19*
Pradhan Mantri Kaushal Vikas Yojana	991	2,924	3,273

Allocation for Health

Biggest Hoax of Budget

Another budget showstopper was Jaitley's announcement of "the world's largest government funded health care programme." It was a scheme to provide medical insurance cover of Rs 5 lakh per family to 10 crore poor families (roughly 50 crore people) in case of hospitalisation (that is, out-patient care is not covered).

It is proof of the vacuity of our media that this announcement was highlighted by every TV news channel and hit the headlines of nearly every newspaper the next day. It was actually the biggest hoax of the budget.

Even assuming that the finance minister is serious about providing medical insurance to the poor for hospitalisation, the allocation is simply inadequate. He has allocated only Rs 2,000 crore for the scheme. Even government functionaries admit that the scheme will require a minimum outlay of at least Rs 10,000 crore; other experts peg the burden on the exchequer to be much higher.[70]

It is not the first time the finance minister has made such an announcement. In his 2016 budget speech too, he had announced a "new health protection scheme" to provide health insurance cover of up to Rs 1 lakh per family. Six months after Jaitley's budget speech, Prime Minister Narendra Modi too reiterated this promise in his Independence Day address on August 15, 2016. Yet, one and a half years later, that is, till end-2017, the Union Cabinet had still not approved the proposal, and so the scheme never took off.[71] The previously existing Rashtriya Swasthya Bima Yojana (RSBY) therefore continued. It provides an insurance cover of Rs 30,000 per year to every BPL household in case of hospitalisation.

It is not clear if the Modi Government spent anything on RSBY in 2015–16. Though the 2015–16 RE shows an expenditure of Rs 595 crore, no mention of this scheme can be found in the budget documents of 2017–18, where actual expenditure of 2015–16 is mentioned. The allocation for the new avatar of RSBY was increased to Rs 1,500 crore in the 2016–17 budget, but since the new scheme remained dormant, only Rs 466 crore was spent (actual expenditure, taken from 2018 budget documents). It was allocated Rs 1,000 crore in the 2017–18 budget; again, only Rs 471 crore was spent (2017–18 RE). It remains to be seen how much will the government actually spend of the increased allocation of Rs 2,000 crore for the latest avatar of RSBY.

How many poor families have benefited from RSBY? The government has not been very willing to release RSBY data, and so comprehensive evaluations have not been done. But independent evaluations of the RSBY based on NSS data for 2014 show that only 1.2% of the hospitalisation cases of the rural population and 6.2% of the urban population received even part reimbursement. Studies have also shown that private hospitals often force people to pay extra money even after receiving RSBY insurance funds.[72] Therefore, it is doubtful if many poor families will benefit from the latest version of RSBY.

More importantly, this is not really a universal healthcare scheme even for the poor. That is because it does not cover outpatient costs, and these constitute 63.5% of the health related out-of-pocket expenditure (that is, personal spending by people) in India. India's health-related out-of-pocket expenditure, which pushes families into indebtedness and deeper poverty, is among the world's highest.[73]

The biggest beneficiaries of publicly funded health insurance schemes are private hospitals and insurance companies. This has been the experience all over the world. The only way in which reliable and good quality health care can be provided to ordinary people is by strengthening public hospitals. But for that, the government needs to increase its health care budget.

Declining Allocation for Healthcare

The WHO recommends that countries should allocate at least 5% of their GDP for public health services; India allocates barely 1%. India ranks 171 out of 175 countries in public health spending.[74] The National Health Policy (NHP) 2017 promises to increase the government's (Centre and the States combined) health expenditure from the existing 1.15% of GDP to 2.5% by 2025.[75] A simple back-of-the-envelope calculation shows that for achieving this target, government spending on health needs to grow by at least 20% a year.[76] But the allocation for Ministry of Health and Family Welfare has increased by only a miniscule amount, from Rs 53,294 crore in last year's revised estimate to Rs 54,600 crore this year, an increase of only 2.45%, implying a cut in real terms (Table 13). Minus the budget for the RSBY insurance scheme, the allocation for this ministry has actually declined!

The allocation for the Ministry of Health and Family Welfare for this year has declined both as a percentage of the budget outlay and as a percentage of GDP as compared to the revised estimate for last year.

Table 13: Budget Allocations for Health *(Rs crore)*

	2017–18 RE	*2018–19 BE*
Dept. of Health and Family Welfare (including Department of AIDS Control)	51,551	52,800
Within this:		
Pardhan Mantri Swasthya Suraksha Yojana	3,175	3,825
National Rural Health Mission	25,459	24,280
National Urban Health Mission	652	875
Dept. of Health Research	1,743	1,800
Ministry of Health and Family Welfare: Total	53,294	54,600
Health Budget as % of Budget Outlay	2.40%	2.24%
Health Budget as % of GDP	0.32%	0.29%

Prioritising Tertiary Over Primary Care

Even within this low allocation, the entire orientation of the finance minister is to shift priority in spending from primary care to tertiary care. The allocation for building AIIMS-like institutes and upgrading government medical colleges (given the deceptive name of Pradhan Mantri Swasthya Suraksha Yojana) has been increased by Rs 650 crore in nominal terms (Rs 3,175 crore in 2017–18 RE to Rs 3,825 in 2018–19). On the other hand, the funds for the National Rural Health Mission (NRHM) have been cut even in nominal terms by almost Rs 1,200 crore. While the NRHM's urban counterpart, the National Urban Health Mission (NUHM) has got an increased funding of Rs 875 crore this year, it is actually one-fourth of its requirement (Table 13). The Union Cabinet had estimated the share of Central funding for this scheme to be around Rs 3,400 crore per annum way back in 2013 when it had given approval to this scheme aimed at addressing healthcare challenges in towns and cities with focus on urban poor.[77]

Note that we are not arguing that new high quality public tertiary care hospitals are not needed—the point is that this should be not done at the cost of neglecting the primary sector. The present rush at the district and high-end hospitals can be much reduced if primary health centres (PHCs) and community health centres (CHCs) are improved; if primary level health services are good, most illnesses can be taken care of at this level itself, and this will not only improve the efficiency and reduce the cost of delivery of public health services, it will also improve the overall health status of the people. Therefore, priority should be given to improving primary health care; but like last year, this has been completely ignored in this budget too.

The cut in the budget for NRHM means that the existing shortfalls in public health and primary care facilities—20% shortage of health sub-centres, along with 22% and 30% shortage of PHCs and CHCs (as per Rural Health Statistics 2016)[78] —are unlikely to be addressed.

But then what about the announcement made by Jaitley in his budget speech about allocating Rs 1,200 crore for converting all the 1.5 lakh health sub-centres into health and wellness centres? Again, this is mere tweaking of numbers. This allocation is probably under the head 'Health Systems Strengthening', for which the budget has been increased by Rs 1,177 crore (Table 14). This works out to an average of Rs 80,000 per centre—which is simply too inadequate. About 20% of the sub-centres do not even have regular water supply and 23% are without electricity. Over 6,000 sub-centres do not have an ANM/health worker (female) and almost one lakh centres do not have a health worker (male). There are 4,243 centres without either.[79] For a sub-centre to become a health and wellness centre, at the least, these basic facilities and human resources need to be provided. It is hard to understand how this can be done with the meagre funds allocated. There is also no increase in allocation for maintenance of supportive infrastructure. All this only proves that all the talk of 'health and wellness centres' by the finance minister is mere prattle.

Simultaneously, the finance minister has made drastic cuts in the funding for reproductive and child healthcare (Rs 2,291 crore in nominal terms, or 32% in real terms) and for communicable diseases care (Rs 720 crore in nominal terms, 28% in real terms)—this is the reason why despite the increased allocation for health sub-centres, the overall budget for NRHM shows an absolute decline.

Table 14: Budget Allocations for Rural Health Mission *(Rs crore)*

	2017–18 RE	*2018–19 BE*
National Rural Health Mission	25,459	24,280
Within this:		
Reproductive and Child Healthcare	7,545	5,254
Health Systems Strengthening	8,396	9,573
Communicable Diseases Care	2,648	1,928
Infrastructure Maintenance	5,518	5,693

Can't Jaitley Increase Health Budget?

The NHP promises to increase Central government health spending to 1% of GDP. To meet this target, Jaitley needed to allocate Rs 1.8 lakh crore in 2018-19; he has allocated only 29% of this. It is not that the government does not have the required funds to make this allocation; it is a question of priorities—whether priority should be given to profiteering of corporations, or providing essential health and education facilities to the people.

The headlines have got it wrong. This Budget is not about the world's largest health protection plan. It is about a country which has the highest number of deaths in the world due to disease, a country with the highest number of child and maternal deaths in the world, criminally neglecting this health 'crisis' and spending less than almost all other countries in the world on improving public health facilities—while at the same time giving lakhs of crores of rupees as subsidies to its uber rich.

Allocation for Nutrition-Related Schemes

India may be one of the world's fastest growing economies, but its hunger levels are amongst the worst in the world. The Global Hunger Index (GHI), a multidimensional statistical tool designed to comprehensively measure and track hunger globally and by country and region, ranked India at a very low 100 out of 119 countries for which the GHI was calculated in 2017. The GHI is calculated by the Washington-based International Food Policy Research Institute (IFPRI).[80]

India's shamefully high hunger levels are also borne out by recently released data from the National Family Health Survey–4 (2015–16). According to this survey:[81]

- 38.4% of children under the age of five are stunted (low height for age, indicating chronic malnutrition);
- 35.7% are underweight (low weight for age, indicating both chronic and acute malnutrition); and
- 21% have wasting (low weight for height, indicating acute malnutrition).

The survey also reveals that 58.4% children between 6–59 months of age and 50% pregnant women between 15–49 years are anaemic.

Food Subsidy

The most important programme in the country to tackle this hunger and malnutrition crisis facing the country is the food subsidy programme, wherein the government provides essential food and non-food items to the poor at subsidised rates through the public distribution system (PDS). This food subsidy programme is mandated under the National Food Security Act (NFSA), passed by the Parliament in 2013.

As we have discussed elsewhere, the NFSA is a very inadequate Act. It is actually a disgrace for a country that claims to be an emerging economic superpower: (i) It provides only starvation foodgrains—5 kg per person per month; (ii) Provides only for cereals, with no entitlements to other basic food necessities such as pulses and edible oil required to combat malnutrition—whose prices have soared in recent years; (iii) It does not provide even this limited coverage to all the poor, but to only around 67% of all families.[82]

The most important step the government needs to take to tackle the nutrition crisis facing the country—which is actually nothing less than a national emergency—is to universalise the PDS and include distribution of other food essentials in it. (Discussing this issue in greater detail is beyond the scope of this essay.[83]) The BJP, when it was in the opposition and during its election campaign of 2014, had derided the NFSA and had promised 'universal food security', even claiming that it was integral to national security. BJP leaders had gone on record demanding the expansion of the Act to include other food essentials too.[84] But after coming to power, the Modi Government has gone completely silent on all these issues. In an article published in an earlier issue of *Janata*, we have shown that the total increase in food subsidy required for universalising the PDS and providing all citizens 35 kg of wheat /rice and 5 kg of millets per household per month will cost the exchequer an additional Rs 85,000 crore at the most (calculation made for 2017–18).[85] Additionally, if the government decides to distribute 2 kg of pulses and 1 kg of edible oil to all families through the PDS, even assuming a subsidy of Rs 50 per kg for both these food essentials, that would cost the exchequer at the most Rs 40,000 crore. This means that the food subsidy bill would go up by a total of Rs 1.25 lakh crore, for universalising and expanding the PDS. That is not much, for a government that gives Rs 5.5 lakh crore as tax concessions to the super-rich every year.

This year, Jaitley has increased the food subsidy outlay by 16.5% over the previous year's allocation, which implies that the government is not planning to significantly increase its food procurement as compared to last year. As we can see from Table 15, the food subsidy as a percentage of budget outlay and as a percentage of GDP is actually less than the actual expenditure on this during the first year of the Modi Government, 2014–15.

Table 15: Budget Allocations for Food Subsidy, 2014 to 2018 *(Rs crore)*

	2014–15 A	*2017–18 BE*	*2018–19 BE*
Food Subsidy	117,671	145,339	169,323
Food Subsidy as % of Budget Outlay	7.07	6.77	6.93
Food Subsidy as % of GDP	0.94	0.87	0.90

Other Nutrition Schemes

Apart from the food subsidy programme, the Central government also has several other 'nutrition' schemes oriented towards pregnant women and children. Most of them are included under the umbrella of Integrated Child Development Services (ICDS), and include Anganwadi services and the Maternity Benefit Programme (MBP), apart from some other smaller schemes. Another important scheme that is also nutrition-oriented, but comes under the Human Resource Development Ministry, is the Mid-Day Meal Scheme.

This year, the allocation for these schemes is more than the allocation for last year by 9.2%. But taking a more long-term view, in all the five budgets presented by Jaitley so far, the total allocation for all these nutrition oriented schemes has gone up by only 3.99% (CAGR) over the actual expenditure in 2014–15 (Table 16)—again a sharp reduction in real terms! To give three glaring examples which sharply bring out the BJP Government's insensitivity towards the 5 crore malnourished children and 2

Table 16: Budget Allocations for Nutrition-Oriented Schemes, 2014 to 2018
(Rs crore)

Schemes	*2014–15 A*	*2017–18 BE*	2017–18 RE	2018–19
Core ICDS/ Anganwadi Services	16,664	15,245	15,245	16,335
Pradhan Mantri Matru Vandana Yojana/MBP	343	2,700	2,595	2,400
Mid-Day Meal (MDM)	10,524	10,000	10,000	10,500
National Nutrition Mission	20	1,500	950	3,000
Scheme for Adolescent Girls	622	460	460	500
National Creche Scheme	98	200	65	128
Child Protection Scheme	446	648	648	725
Scheme for Welfare of Working Children in Need of Care and Protection	5	2	.01	.01
Total	28,722	30,755	29,963	33,588

crore pregnant women and lactating mothers in our country:

- The most important of these nutrition schemes is Anganwadi services. It is a programme aimed at providing health, education and supplementary nutrition to mothers and children below 6 years of age. While the budget for this year is more than last year's budget allocation by 7.15%, it has been cut so sharply in the previous years that it is less than the actual expenditure of 2014–15 even in absolute terms. In real terms, the budget allocation for Anganwadi services this year is less than 2014–15 (Actuals) by 39%.
- After coming to power, the BJP Government delayed distribution of Rs 6,000 to all pregnant and lactating mothers in the country as mandated by the NFSA for three years, and only announced its full implementation across the entire country in the 2017–18 budget. However, Jaitley made a financial allocation of only Rs 2,700 crore for this scheme (earlier the Maternity Benefit Programme, now known as the Pradhan Mantri Matru Vandana Yojana) in last year's budget, which is only 28% of the amount needed for its genuine implementation. This year, the government has announced that it would give maternity benefit of only Rs 5,000, thus violating the provisions of the NFSA, and accordingly, Jaitley has further reduced the allocation for this scheme to Rs 2,400 crore.
- The Mid-Day Meal Scheme is another very important scheme to combat the huge malnutrition levels among children in the country; another equally important purpose is to improve school enrolment and child attendance in schools. The Modi Government in its very first year cut the budget allocation for this scheme from Rs 13,000 crore proposed in Chidambaram's interim budget to Rs 10,000 crore, and then kept the allocation for this scheme at roughly the same level for the subsequent years. This year, the allocation is Rs 10,500 crore—a reduction of 36% in real terms even over the reduced actual expenditure on this scheme in 2014–15.

7. Budget and the Marginalised Sections

The broad contours of the budgetary allocations for the most marginalised sections of Indian society, women, and the Dalits and Adivasis, remain the same as in the previous Jaitley budgets.

Allocations for Women

These allocations are outlined in the Gender Budget Statement. It compiles information submitted by the various ministries and departments on how much of their budgetary resources are targeted for benefiting women.

In a country where a crime against women takes place every 90 seconds, an insensitive Modi Government had reduced the gender budget in real terms as compared to last year. In fact, over the five budgets submitted by Jaitley so far, the allocation for 2018-19 is more than the estimated allocation for 2014-15 by only 5.61% (CAGR), implying a cut in real terms. This reduction is also reflected in the gender budget allocation as a percentage of total budget outlay and also as a percentage of GDP (Table 17).

A closer look at the GBS makes it clear that a large part of the allocations shown under it have

Table 17: Budget Allocations for Women, 2014 to 2018 *(Rs crore)*

	2014–15 BE (1)	*2017–18 RE (2)*	*2018–19 (3)*	*Increase: (3) over (2)*	*Increase: (3) over (1), CAGR*
Gender Budget	98,030	1,17,221	1,21,961	4.04%	5.61%
Ministry of Women and Child Dev.	21,194	21,237	24,700	16.31%	3.90%
Gender Budget as % of Budget Outlay	5.46%	5.28%	4.99%		
Gender Budget as % of GDP	0.79%	0.70%	0.65%		

actually nothing to do with the welfare of women. The GBS is in two parts. Part A details schemes in which 100% provision is for women. In Part A of the GBS this year, there is an allocation of Rs 21,000 crore for Pradhan Mantri Avas Yojana. Even if women are given joint ownership of houses built under this scheme, how is this a scheme that is meant to benefit women exclusively? The allocation for this under Part A of the Gender Budget constitutes 71.5% of the total budget under Part A (Rs 29,378 crore).

Part B of the GBS includes spending for those schemes where allocation for women constitutes at least 30% of the provision. All important ministries claim that 30–40% of their allocations are for women, and this is routinely shown as such in Part B of the Gender Budget.

Thus, for instance, the Department of Health and Family Welfare has claimed an allocation of Rs 22,267 crore for the Gender Budget, out of its total allocation of 52,800 crore, or 42% of its total allocation; the Department of School Education and Literacy claims gender oriented allocation to be Rs 14,455 crore out of its total allocation of Rs 50,000 crore, or 29%; while the Department of Higher Education claims this to be Rs 10,367 crore out of Rs 35,010 crore, or 29.6%. No attempt is made to ensure that this much allocation is targeted to benefit women, neither do these ministries attempt to make an estimate of how many women have benefited from these women-oriented allocations. Part B (Rs 92,583 crore) constitutes 76% of the total gender budget.

This basically means that most, probably more than three-fourths, of the gender budget has really nothing to do with benefiting women exclusively.

Genuinely Women Oriented Schemes

Let us now take a look at some of the schemes under Part A which are genuinely and exclusively meant to benefit women.

The scheme that has got a large allocation and has received the most publicity in recent times is the Ujjwala scheme to provide free cooking gas connections to poor women (Rs 3,200 crore). Last year too, Jaitley had allocated a similar amount—but amazingly, managed to save Rs 1,000 crore from it, while claiming that more than 2 crore poor women had been provided free gas connections. In this year's budget speech, while keeping the allocation the same, Jaitley says that the government has increased the target of providing free gas connections to 8 crore poor women as against the previous target of 5 crore.

This scheme is also turning out to be a hoax like many other Modi–Jaitley announcements. Under this scheme, while poor women don't have to make any initial payment at the time of taking the gas connection, the gas stove and first cylinder given to them are not given free, but as a loan, to be recovered from them from the subsidy they receive at the time of each refill (the subsidy is roughly one-fourth of the market cost presently). Which means they have to pay the market rate for all subsequent cylinders (presently around Rs 650), till the loan (around Rs 1,500) is recovered. But for most BPL families, the market rate of the cylinder is unaffordable. Therefore, according to newsreports, a very low number of Ujjwala beneficiaries are coming back for refills.[86]

Most other genuinely and exclusively women-oriented schemes in Part A come under the Ministry of Women and Child Development. The total allocation for them is a miniscule Rs 4,286 crore, just about the same as last year's allocation of Rs 4,270 crore. The allocation for the 'Scheme for Adolescent Girls', also called SABLA, has increased from Rs 460 crore in 2017–18 (RE) to Rs 500 crore this year. The government announced last year that this scheme is being extended from 205 districts in 2016–17 to cover the entire country over the next two years (by 2018–19). But strangely, at the same time, it has reduced the allocation for this scheme—it had been allocated Rs 700 crore in 2014–15.

The other schemes have received such tiny allocations that it is obvious that the government is not serious about them, and they have been announced for propaganda purposes only. Thus, 'Women's helpline' has been allocated Rs 29 crore; working women's hostels have been allocated Rs 60 crore (last year, the allocation was Rs 50 crore, of which only Rs 30 crore was spent); Rashtriya Mahila Kosh, that is supposed to provide micro-loans to women for livelihoods, micro-enterprises, etc. has been given a princely Rs 0.01 crore; the Central Social Welfare Board, that is supposed to run several important programmes for the welfare and development of women and children, especially in rural areas, has been given a measly Rs 71.5 crore; while the National Commission for Women, a statutory body that investigates complaints related to deprivation of women's rights, has been allocated Rs 24 crore. The allocation for the much tomtomed Beti *Bachao Beti Padhao Abhiyan* has been increased to Rs 280 crore, but how serious the government is regarding this scheme can be seen from the fact that of last year's allocation of Rs 200 crore, only Rs 180 crore was spent.

But what reveals the government's total unconcern towards women's safety, despite the newspapers daily carrying reports of rapes, acid attacks and domestic violence, is the under-utilisation of the Nirbhaya Fund. Following the brutal gang rape of a young girl in Delhi in December 2012 that shook the conscience of the nation, the then Finance Minister P. Chidambaram announced this fund in his 2013 Union Budget to support initiatives by the government and NGOs that support the safety of women in India, with a corpus of Rs 1,000 crore. Jaitley too added Rs 1,000 crore to this fund in both the 2014 and 2015 budgets, and then reduced it to Rs 500 crore in the 2016 and 2017 budgets. But astonishingly, most of this money has remained unutilised. According to the Ministry of Women and Child Development, of the total Rs 2,711 crore that had accumulated in the Nirbhaya fund in 2017–18, only Rs 825 crore has been utilised.[87] This year, again, Jaitley has allocated Rs 500 crore to this fund.

Allocations for Dalits and Adivasis

Jaitley in his 2018–19 budget says that he has allocated Rs 56,619 crore for programmes for SCs and 39,135 crore for STs this year, a marginal increase from last year's revised estimate of Rs 52,719 crore and Rs 32,508 crore respectively.

While, as discussed in great detail above, Jaitley's 2018–19 budget is full of sophistry, this is probably the biggest fraud in the budget.

In the 1970s, the government launched the Scheduled Caste Sub Plan (SCSP) and Tribal Sub Plan (TSP). The aim was to ensure the flow of targeted funds from the Central Ministries towards the development of the Dalits and Adivasis, so as to bridge the development gap between these communities and the rest of society. The guidelines under these two programmes clearly stated that each ministry/department must allocate funds from their Plan expenditure under separate budget head/subhead for these sub Plans, and that these allocations as a proportion of the Plan expenditure should be at least in proportion to the share of the Dalits and Adivasis in the total population. According to the 2011 Census, the population share of Dalits is 16.6% and of Adivasis is 8.6%, implying that the allocations for the SCSP and TSP out of the total Plan expenditure should be at least this much respectively. It is another matter that the actual allocations for these sub Plans never reached the stipulated norm. During the BJP regime, the allocations fell to even below the low levels of the previous UPA Government—they were 7.06% and 4.36% of the Plan expenditure respectively in the 2016–17 budget estimates!

In 2017, the government merged the Plan and Non-Plan heads of expenditure in the budget. A side effect of this was that the strategy of ensuring targeted flow of funds for the welfare of Scheduled Castes and Scheduled Tribes got diluted. Neither in the 2017 budget, nor in this year's budget, has the government come up with a revised framework for earmarking funds for the SCSP and TSP. All that it has done is to ask the ministries to allocate funds for these plans from their total allocations. Therefore, the allocations made under SCSP and TSP, now renamed as 'Allocations for Welfare of Scheduled

Castes' and 'Allocations for Welfare of Scheduled Tribes' respectively, are no longer targeted Plan allocations for welfare of Scheduled Castes and Tribes. They are merely rough estimates made by the various ministries of how much will these most oppressed sections of Indian society benefit from general schemes and programmes. Therefore, the allocations for welfare of Scheduled Castes and Tribes made in the budget this year (and in last year's budget too) are not comparable to the allocations made for SCSP and TSP in the earlier years.

Table 18: Estimating Under-Allocation for Welfare of SCs and STs, 2018–19 *(Rs crore)*

	2018–19
Total Budget Outlay	24,42,213
Desired allocation for SCs welfare: 4.62% of Budget Outlay	1,12,830
Actual Outlay	56,618
Shortage in Outlay	56,212
Desired allocation for STs welfare: 2.39% of Budget Outlay	58,369
Actual Outlay	39,135
Shortage in Outlay	19,234

Be that as it may, let us make a rough comparison of how much is the under-allocation for Scheduled Castes and Tribes in this year's budget as compared to the stipulated guidelines for SCSP and TSP. The guidelines state that SCSP and TSP should be allocated at least 16.6% and 8.6% of the total Plan expenditure respectively. The last Union Budget where Plan and Non-Plan budgets were specified was the 2016–17 budget. In that budget, the due allocation for SCs (16.6% of the Plan budget) should have been Rs 91,302 crore, and due allocation for STs (8.6% of the Plan budget) should have been Rs 47,301 crore. These figures amount to 4.62% and 2.39% of the total budget expenditure for 2016–17. Let us assume that for this year (2018–19), the budget should have allocated at least this much for welfare of Scheduled Castes and Tribes from the total budget allocation. This means that in the 2018–19 budget, the Scheduled Castes and Tribes should have been allocated at least Rs 1,12,830 crore and Rs 58,369 crore respectively. The actual allocations are less than this desired allocation by Rs 56,212 crore and Rs 19,234 crore respectively (Table 18).

8. Conclusion

The Modi Government is not just an anti-farmer government, it is also an anti-poor government. The above analysis makes it clear that the basic orientation of the Modi Government is to:

- transfer public money and resources to the tune of lakhs of crore of rupees to giant foreign and Indian business houses in the name of promoting GDP growth;
- reduce welfare expenditures on the poor—whose aim is to provide the bare means of sustenance to the poor at affordable rates—in the name of containing the fiscal deficit, and privatise and hand over these essential services to private corporations for their naked profiteering.

The Modi Government is running the economy for the benefit of the big corporations and the super-rich with such shamelessness that in 2017, the richest 1% cornered as much as 73% of the total wealth generated in the country, while 67 crore people, comprising the bottom half of the population, got only 1%.[88] A country which has the largest number of hungry people in the world, where 40% of the children do not complete basic schooling, and where millions of people die of entirely curable diseases because of low public health expenditure, now has the third largest number of billionaires in the world. In just one year (2016 to 2017), the number of billionaires in the country has gone up from 102 to 121. The wealth of Mukesh Ambani, the country's richest man, went up by a whopping 73% to $40 billion or Rs 2.6 lakh crore. The number of billionaires in the country has more than doubled during four years of the Modi Government (in 2014, the Forbes list had 56 Indian billionaires).[89]

This is also the real reason behind the fascist offensive launched by the BJP and its parent organisation, the RSS. They are brazenly attempting to polarise Indian society along communal lines—by launching campaigns such as *Ghar Wapsi* and *Love Jehad*, indulging in hooliganism in the name of gau raksha and taking out aggressive religious processions and thereby inciting riots—so as to divert the attention of the people from their real agenda, of running the economy exclusively for the profiteering of giant foreign and Indian corporations. As Mussolini famously put it, fascism is corporatism.

Email: neerajj61@gmail.com

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56. Here, we have included 13 ministries that have something to do with the social sectors: Ministry of Culture, Ministry of Drinking Water and Sanitation, Ministry of Health and Family Welfare+ AYUSH, Ministry of Housing and Urban Poverty Alleviation (this has now been renamed as Ministry of Housing and Urban Affairs; from this, we have taken those heads that were under the Ministry of Housing and Urban Poverty Alleviation last year), Ministry of Human Resource Development, Ministry of Labour and Employment, Ministry of Minority Affairs, Ministry of Social Justice and Empowerment, Ministry of Tribal Affairs, Ministry of Women and Child Development, Ministry of Youth Affairs and Sports, Department of Rural Development, and Food Subsidy.
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Postal Registration No. MCW/275/2018-2020.
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Published on Sunday, April 15, 2018 & Posted on Wedenesday, April 18, 2018 at Mumbai Patrika Channel, Mumbai GPO-1

Printed and Published by G.G. Parikh on behalf of Janata Trust. Printed at Parijat Printer, Gaiwadi, Girgaum, Mumbai - 400 004 and published at D-15, Ganesh Prasad, Naushir Bharucha Marg (Sleater Road), Mumbai - 400 007.