

# Interim Central Budget 2024-25 – Intensifying Life Crisis of Majority

In view of the ensuing Parliament elections, the Interim Central budget 2024 -25 has been submitted to Parliament by the Finance Minister, Nirmala Sitharaman, on February 1, 2024. What is the present economic context? The continuation of economic recession strengthened by 2019. Excessive rise is there in unemployment as well as prices of essential goods including the prices of diesel, petrol and cooking gas. The unsold stocks are piling up in godowns. The public education and the public health are seeing destroyed. In addition, public transportation is not accessible to majority. The miserable lives of majority exposed by Covid-19 are on the further deterioration. On the other, we find unrestrained rise in the economic inequalities. The critical lives became normal to majority. The budget speech did not take into consideration all these serious issues but simply states that we could achieve inclusive growth with the Mantra of “Sab Ka Saath, Sab Ka Vikas and Sab Ka Vishwas”. Is it not a paradox?

Moreover, the budget fails to mention the issues of rising farmers suicides due to intensifying agrarian crisis, increasing rural distress, growing migration. Working class is subjected to high level of labour exploitation as casual labour in informal sector, as independent partners in Gig system. In addition, women labour is subjected to sexual exploitation. In these conditions, the budget speech states that the sky is the limit in creating employment and entrepreneurial opportunities due to economic reforms as well as pro - poor policies. Who could avail these opportunities? The budget refused to recognise the serious real-life crisis of people. Is it not deceiving people with falsification of facts/ truths?

The budget speech says that with Sab Ka Prayas, we could overcome the crisis of Covid-19 pandemic and recover speedily. Contrarily, the data proves that the powerful corporate forces could transform life crisis of majority into profitable opportunities which resulted in the excessive rise in the affluence of wealthy. They could revive in just 5 months as per many serious studies. But the people at least did not reach to pre pandemic crisis level. Still, they are living in “Sab Ka Prayas”.

In our economy, the fast-growing growth can be seen only in the wealth of monopoly capital while the majority live in miserable conditions. It is sad to notice that these conditions will be continued strongly to achieve \$ 5 trillion (Rs 41,50,895 crores of crores) worth gross domestic products by 2027. Moreover, Indian economy will become the 3<sup>rd</sup> largest in the world. Thus, India will be “Viksit Bharat” i.e Developed Country by 2047. The

budget is popularising the slogan of "First Develop India". This is really a cruel and brutal contradiction.

On the one hand, the budget states that the strong implementation of economic reforms along with pro-people policies for the last 10 years resulted in the achievement of inclusive growth. Contrarily, the interim budget declares that its aim is to empower poor, women, youth and farmers. Thus, it is clear that they are not incorporated into inclusive growth with false achievements and it is nothing but deceiving people.

The budget is just not the figures in it, it is also the declaration of the policy of the governing body. The existing socio-economic structure and the class character of the state will be reflected in the budget. We can read this class bias in the budgets of all governments in the world. That means all budgets are class biased. On that assumption, if we look at this year's budget, we will see that the budget figures completely ignore the working class, their plights and needs, and completely serve the corporate-crony capitalist class.

### **Interim Central Budget 2024-25:**

The total public revenue in the revised estimates of 2023-24 Central budget is Rs. 27.56 lakh crores. Out of which, the tax revenue is Rs. 23.24 lakh crores and the revised estimates of public expenditure is Rs. 44.90 lakh crores and the share of fiscal deficit in the Gross Domestic Product is 5.8 percent. According to the estimates of Central Budget 2024-25 the public revenue excluding borrowings will be Rs. 30.80 lakh crores. Out of which, tax revenue is Rs. 26.02 lakh crores. The public expenditure is Rs. 47.66 lakh crores. The fiscal deficit in GDP is 5.1 percent. It is said that the fiscal deficit in GDP will be less than 4.5 percent by 2025-26 as declared in 2021-22. Despite the fact that no new benefit has been announced for the common people in this budget and the amount of many schemes given to the poor sections has been drastically reduced, the budget is in deficit of 35.365%.

The entire focus of the budget is on the reduction of fiscal deficit. The budget policies under the neo-liberal framework directed by World Economic Organisations did not include raising employment and reducing prices. In fact, fiscal policy is a strong tool to come out of economic recession. The rise in the public expenditure which is free from profit motive definitely raises aggregate demand. It is known to all that the political results are totally disconnected from economic realities. The employment generation and controlling prices became unnecessary in front of excessive confidence on Ayodhya Ramudu. In this context, Sanjay Baru strongly states that the fiscal policy lost its significance.

### **Tax Policy - GST :**

The GST is one of the significant indirect tax. The people will not recognise that its entire burden fall on them. It is a regressive tax form where heavy burden fall on the low income groups and less burden on wealthy. The GST rate must be low on the goods which are used by common people. Consequently, their purchasing power will increase to that extent. It will decrease the burden of tax. Similarly, the GST rate should be high on the goods which are exclusively used by rich. Contrarily, as high as 18 percent GST is imposed on 480 goods

which are mainly used by poor and middle classes. Its share in the GST collections is to the tune of 70 percent. Thus, the high burden of GST fall on poor and middle classes. Contrarily, the percentage of GST is just 3 percent on the gold and diamond jewellery which are exclusively used by rich class and 5 percent on the making charges. While, the GST is 12 percent on the pickles etc mainly purchased by common people and notebooks etc purchased by students.

It is stated that the GST collections are on the rise. On an average monthly GST collection increased by two times and reached to Rs 1.66 lakh crores in the present years. The budget speech states that the rise in the GST collections indicate fall in the prices and benefitted consumers is really a surprise.

Recently, the Oxfam released "Survival of the Richest - The India Story" states that as high as 64.3 percent collections from indirect taxes or taxes related to consumption have been paid by bottom 50 percent of the population. The middle 40 percent pay one third while the top 10 percent of the population pay just 3 -4 percent of the indirect tax collections. This clearly shows the entire burden of GST by poor and middle classes. Further, there is no GST burden on firms and is borne business units. The entire tax burden falls on the consumer only.

Small businesses, manufacturing units in informal sector and MSME units are already closed owing to demonetisation, GST and Covid-19 pandemic. Many people have lost their livelihoods. The present budget, 2024-25 states that no change in the GST rates which indicates no any tax concessions to poor and middle classes which will result in the continuation of miserable lives of majority. What about the goal of empowerment of poor in the present budget?

### **Direct Taxes:**

**1. Income Tax:** Major part of the income tax will be paid by middle class people. It is said that for the past 10 years, the number of people who submit income tax returns has been increased by 2.4 times and income tax collections by 3 times. This will seriously reduce the purchasing power of middle classes. Thus, on the whole, major part of the tax revenue comes from the poor and middle classes.

**2. Presumptive Tax :** The exemption limit of presumptive tax for MSMEs and small businesses have been increased from annual income from Rs 2 crores to Rs 3 crore. Further, the annual income of professionals has been increased from Rs 50 lakhs to 75 lakhs. This decision is taken in the last year and will be continued in the present financial year. Thus, higher incomes are always exempted from tax.

**3. Corporate Tax :** On the pretext of supply chain incentivisation to attract foreign investment and to raise Ease of Doing Business, the corporate tax has been decreased from 30 percent to 22 percent in September 2019. For new manufacturing companies, it is only 15 percent. The decrease in the corporate tax will continue even in 2024-25. This decision

resulted in the loss of the revenue to the tune of 1 lakh crore in 2020-21. The loss in the tax revenue will be continued for the benefit of corporate forces.

No any proposals are in the budget to control economic recession through direct and indirect taxes. It is known to all that the "Make in India" initiative and Production Linked Investment Scheme failed to increase Private Domestic Investment, to direct foreign investment to manufacturing sector and to create employment. The present economic crisis urgently needs to take measures to increase aggregate demand. The present budget did not have any proposals in this direction. In order to measure the availability of bank loans to private sector, the government decided to borrow less from banks. In fact, the banks do not have any liquidity problem. No public investment. No rise in the private investments. No employment generation. Thus, the tax concessions are given to monopoly capital for not taking risk.

In order to benefit the one crore "honest" tax payers who are caught in small disputes in the payment of direct taxes, the present budget proposes to withdraw cases against those who have tax payment due to the tune of Rs 25,000 upto 2009-10 and who have due to the extent of Rs 10,000 upto 2014-15. It can be seen that the neo-liberal policies are searching for various ways and means to give tax concessions to wealthy.

### **Disinvestment :**

The disinvestment of PSUs and the sale of public enterprises to private sector as cheap as possible became a vital source of public revenue. Thus, it is used as an important tool to transfer nation's property to the monopoly capital. This process is aggressively increased for the last 10 years. Though it is not mentioned in the interim budget, it is estimated that the public revenue through disinvestment will be Rs 30,000 crore. Immediately, after the two days of budget presentation, the finance minister declared that the shares of Public Sector Bank Giant, SBI, Oil and Natural Gas Giant, ONGC are ready to sell. The government will sell more than 50 percent shares to private sector and gradually, they will be privatised.

The budget greatly declares the allocation of Rs 11.12 lakh crores to the creation of infrastructure. All this is to handover them to private sector on the name of Asset - Monetisation. It is estimated that the estimated revenue from this process is to the tune of Rs 1.75 lakh crores. Thus, the public property will be transferred to monopoly capital. All this will accentuate the crisis of unemployment and further rise in the economic inequalities. Consequently, the present economic crisis will become more critical.

### **Poverty and Economic Inequalities:**

The rise in the economic inequalities is associated with a decline in the real growth rate of Gross Domestic Product. Various global level reports as well as our national level reports are confirming this trend. In India, the share of bottom 50 percent in income has been declined from 19.08 percent during 1991-2000 to 13.25 percent in 2011-2020. The share in the wealth declined from 8.36 percent to 6.12 percent during the same period. Conversely, the income share of top 1 percent wealthy has been increased from 13.26 percent to 21.74

percent and it is increased from 23.31 percent to 30.55 percent in the share of wealth. The growth rate in the income and wealth of top 10 percent population is higher than the growth rate of Gross Domestic Product. As a result, the poverty is increasing rapidly. This is the growth of wealthy class. It is not at all inclusive.

Oxfam Survey emphasizes India's Inequality. The top 1% of the population now own more than 40.5% of the total wealth in 2021. 5% of Indians own more than 60% of the country's wealth, while the bottom half of the population (70 crore) share only 3% of the wealth between 2012 and 2021. 73% of the wealth generated in 2017 was captured by the richest 1%. 77% of the total national wealth is in the hands of the richest 10%. The poorest 670 million Indians, who make up half the population, saw only a 1% increase in wealth. The number of starving Indians has increased from 19 crore to 35 crore. The income of majority people has halved during this period. Between 2018 and 2019, the wealth of the rich increased dramatically while the living standards of marginalized communities including Dalits, tribals, Muslims, women and informal sector workers suffered. The report urged India's finance minister to impose a wealth tax on the super-rich to address this alarming disparity. Taxing the super-rich is essential to reduce inequality and revitalize democracy, the report added. In 2022, the combined wealth of India's 100 super-rich reached around \$660 billion. At the same time, a significant share of the country's tax revenue is paid by the poor and the middle class.'

The budget states that they have supplied free ration to 80 crore people and on the other, claims that due to their policies, 25 crore people could come out from the Multi-Dimensional poverty. Surely it will embarrass the poor.

### **Agriculture:**

The subsidies given to the farmers, who make up half of the country's population, have been cut. As part of the IMF's World Bank recommendation to eliminate subsidies completely, Finance Minister has taken special care like an obedient child to cut subsidies in every budget. 27.1% in 2022-23 and 28% in 2023-24. The budget estimates cut subsidies by 3% and 7% in 2024-25. 242836 crores in 2021-22, the food subsidy has come down to 206831 crores in 2022-23. 27.1% decrease. In 2023-24 it has come down to 197350 crores. 28.3% decrease. But in the revised budget it increased to 212332 crores. 205,250 crore, a reduction of 3.3% from this in this year's budget.

Fertilizer subsidy for farmers has also been cut. 24.9% in 2022-23, 22.3% in 2023-24 and 13.2% in 2024-2025 to 225,220 crores, 175,100 crores and 164,000 crores respectively. Those who had promised to increase farmers' income by 2 times in manifesto even cut the existing subsidy. According to the National Crime Record Bureau, 11290 farmers commit suicide till December 2023-24. The farmers have defeated the new agriculture law brought by the Modi government to completely corporatize the agriculture sector through a sacrificial agitation. The government was not ready to follow any of the proposals accepted by the government as part of the settlement of the strike. The government's promise of a minimum support price for agricultural produce was dashed and even the APMCs were deactivated.

The farmers of the country are in great distress. There is no proposal in the budget to consider the demand of farmers to comply with settlement proposals.

### **Unemployment :**

Government data and surveys by international agencies say that unemployment in the country is severe. The 2014 NDA manifesto promised to create 2 crore jobs annually. But by 2019, unemployment had risen to unprecedented levels in India's history. The 2019 election manifesto did not make any promises to address unemployment. Instead, the manifesto promised to complete the Ram Temple, implement the Citizenship Amendment Act, implement the Uniform Civil Code, and cancel the special rights for Kashmir in relation to the Hindutva agenda. There is increase in the Unemployment. The combination of demonetisation and the Covid-19 pandemic has exacerbated unemployment in the country. Unemployment rose from 5.27 percent in 2019 to 7.11 percent in 2020 for the first time in its 29-year history. More than 75 lakh people fell into extreme poverty during this period. Even then, the government did not come up with any proposal to solve unemployment. As of December 2023, the unemployment rate has increased to 8.65%. When unemployment increases, the Purchasing Power Parity (PPP) of the people will naturally decrease. There is no proposal in this interim budget to address unemployment.

### **Education and Health :**

It is known to all that the National Education Policy, 2020 will deny education to majority. The Right to Education will be realised only when the public education system is strengthened. No budget proposal is there in this direction.

In the country where tens of thousands have died due to covid without getting adequate treatment, only 2000 crore rupees more than the last budget has been allocated to the health sector. The education budget which was 38953 crores in the last budget has reduced to 38183 crores.

The budget proposes that free Cervical Cancer Vaccination will be given to 9-14 age group girls and Ayushman Bharat insurance Scheme will be extended to ASHA workers, Anganwadi workers and helpers. The public health system destroyed. The entire health sector is corporatised strongly. Majority people are denied to health services. The denial of education and health to the majority will strongly be continued in the entire period of 'Amrit Kaal'. Thus, India will become "Viksit Bharat" in 2047.

### **Global Economic Recession :**

The Global economic recession is intensifying. The value of US dollar is appreciating. The value of Indian Rupee is depreciating. There is rapid rise in the unemployment and prices. Labour exploitation will increase rapidly. The Global trade is on the decline. Our economy is closely connected with the Global value chain. The government is consciously forgetting all these issues and states that the economic recession in US will not show any impact on India.

No proposal is there in the budget to reduce the life crisis of majority. They deny to recognise the problems. The people should think "First Develop India" and should bear the burden. Further, they are cutting allocations to States and asking them to attract foreign investors and directing them to mortgage entire people's wealth and land to corporates for 99 years lease.

All the people have equally struggled and sacrificed to protect Socialist System and to face First World War in the then Soviet Union. Contrarily, now in our country to increase the wealth of wealthy, their super luxurious lives and for the domination of monopoly capital, all the people are asked to sacrifice. All this is to ensure profit guarantee to monopoly capital. Will the system survive and sustain with the economic realities of intensifying life crisis of majority? No, it is impossible. The Annual Budgets are becoming tools to make strategies to deceive the people and to mislead their attention. Therefore, the people should agitate on the root causes of this plight.

**(Thanks to Prof. Thota Jyothirani and Kannan)**