

Budget 2007-08

P Chidambaram's budget 2007-08 conceals more than it reveals. The budget speech concealed income-expenditure performance of the government for fiscal 06-07 and the actual deficit, fiscal and revenue, during the same period. The revelation in this regard could have thrown light on the extent of inflation and the effectiveness or otherwise of the anti-inflationary measures that the government had adopted. Moreover, the speech is silent over the anti-inflationary fiscal or monetary measures that were or are planned.

In the budget proposal for 07-08 the finance minister allocates Rs 205100 crore as Plan Expenditure, Rs 435421 crore as non-plan expenditure plus Rs 40000 crore for State Bank of India shares acquisition giving the people a total expenditure of Rs 680521 crore. On the revenue side the expenditure is Rs 557900 crore whereas the receipt is Rs 486422 crore leaving a revenue deficit of Rs 71478 crore. But the vast gap between total expenditure and revenue receipt (Rs 194099 crore) is left unexplained. Only the fiscal deficit estimated at Rs 150948 crore is mentioned and that too for attracting IMF-World Bank's attention and applause that the fiscal deficit has been kept within the limits set by the international finance capital at 3.3 percent of GDP.

In economics parlance it is said that deficit financing creates inflation for which the common man suffers. Yet if the entire amount of deficit in the budget is transferred by the government towards building public wealth in the form of infrastructure, public sector units etc. then it is considered that the present sufferings of the common man in the long run help produce those public wealth. And in that case the impact of inflation is neutralised in the long run. But the successive governments of India, whether NDA or UPA are indulging in deficit financing without creating public wealth of any importance. Rather the government is selling existing PSUs built at great sufferings and deprivations by the common man in the past who sacrificed their present comfort for the future wellbeing of the country in a 'socialist democracy'. On the other hand the government is subtly transferring the deficit amount to the private profiteers of Special Economic Zones (SEZs).

It is being said by the Government spokespersons including those belonging to ruling or unruly parliamentary political parties that the SEZs are being built entirely by the SEZ-builders. That is to say that according to these spokespersons, these SEZs are financed entirely by private parties from the planning stage to actual installation and activation. But such assertions are untrue. The governments (state or central) acquire land and pay compensation. The governments get hold of the money either by taking loans or by deficit financing. Under these circumstances the common man pays in the final analysis. Again, to the SEZ-builders the governments give tax reliefs in various forms. And the amount of such tax-reliefs total upto a staggering Rs 100,000 crore! And each year the government is incurring fiscal deficit above Rs 100,000 crore. Then, who pays for these SEZ-building operations? The answer is : the people of India pay every paise of the huge cost of SEZ-structures. And the government and the Parliament and the State Assemblies also are directly parties to this subcontinental loot that goes on in the name of liberalisation, privatisation, globalisation and SEZ. The budget 07-08 only helps to make it clear.

There is much boasting about growth rate. A school student knows that an increase of one from one to two gives a hundred percent growth rate yet that same increase of one from hundred to hundred and one reduces the growth rate to one percent. So the

figures that the Finance Minister uttered in his speech as indicators of impressive growth rate do not count. These are meant for self-complacency. Wrong industrial-economic policies since the middle of 1980's led to wholesale shut-down of hundreds of PSUs and PSEs, corruption and criminalisation of parliamentary politics, bureaucracy and law-enforcement on the never-before-witnessed scale as collateral vitiations led to embezzlement, fraud and forgery in the private sector industrial units aided and abetted by political party-controlled trade unions leaving the workers mute and puzzled spectators to the destruction and ruin of throbbing mills and factories. Industry was razed to the ground. Over this paltry industry-base, any development is substantial in percentage terms. So what is the use of vaunting about 8 percent industrial growth? About agriculture which is already at the peak of performance giving India record quantity of crops, an increment of 2.3 percent is not small since the base of agriculture is huge. Also, agriculture is the most neglected sector. No irrigation, no electricity, no health service, no credit from the banking sector. Yet agriculture thrives and feed millions. But the FM gives a wrong picture about agriculture to give boost to the multinational and parliamentary communist propaganda that agriculture is unremunerative so as to make room for the in-road of real estate builder-contractors into the vast rural space.

Indians have to choose between a ruthless market driven only by calculation of short-term profit and one which has a 'human face'. Incidentally nobody, not even the left at the moment is talking about 'market' with human face. ~~████~~