

# BUDGET AND THE POOR

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Several adverse impacts of the 2007-09 budget for the poorest people have not received the attention that is badly needed. As expected, the National Rural Employment Guarantee Scheme (NREGS) has been expanded to 130 new districts, so that a total of 330 districts are now covered. However allocation of funds has not matched the expansion of this scheme. In the previous year for 200 districts Rs 11300 crore was allocated, while this year for 330 districts Rs 12000 crore has been allocated. As the same fund is spread thinly over a wider area, surely this highly publicised scheme of the UPA govt. will suffer badly.

There is another rural employment scheme called Sampoorna Gramin Rojgar Yojna (SGRY). During financial year 2006-07 up to December 31 the Centre had contributed Rs 2762 crore plus 17 lakh tonnes of grain to this scheme. By the end of the financial year this figure is likely to increase by 25 percent or so. As against this in the budget speech for 2007-08 only Rs 2800 crore is allocated for SGRY and there is no mention of grain component.

Integrated Child Development Services or ICDS is considered very important for the health of small children as well as pregnant women and lactating mothers. Here the story is the same as in the case of NREGS—the finance minister has agreed to a rapid spread of ICDS without increasing the allocation. According to economist Jean Dreaze, this is in violation of Supreme Court orders for spreading ICDS and highly disturbing. The allocation for NREGS and ICDS should increase in proportion to the expansion.

Comprehensive legislation for providing social security to unorganised workers is long overdue and has been under the active consideration of the government for quite some time. Anticipating this legislation in the near future the budget should have allocated adequate funds for this. But all that the finance minister has allocated is Rs 1000 crore for a half hearted '*aam aadmi beema Yojna*'. Even this scheme is dependent on the state governments agreeing to provide half the premium. The provision for social security of unorganised sector workers is glaringly inadequate and should have been several times more.

There were reports before the budget that some centrally sponsored schemes are being scrapped; these include some schemes meant for the poor. In particular some activists working for bonded labourers have been deeply concerned regarding reports relating to the scrapping of the existing scheme and grants for the rehabilitation of bonded labourers. To give a proper idea of the implications of the budget for the poor, any schemes that are being scrapped should be mentioned, along with provisions for other new schemes for achieving the same goals. A well-budgeted, well-planned nationwide scheme for rehabilitation, of manual scavengers is badly needed. This should keep in view the bitter fact that at many places the grant-cum-loan given to many manual scavengers has been lost in corrupt practices of officials and middlemen, so that the poor have been saddled with debts without finding a new job. In other cases, the new livelihoods are quite precarious. So their welfare needs urgent attention.

Any budget that cares for the poorest and the distressed needs to allocate adequate funds for better care of displaced people, particularly those who were evicted in recent decades without adequate rehabilitation facilities, in fact sometimes no rehabilitation facilities at all. Yet another important fund needs to be created for ensuring land to the landless who were denied land under the land reforms programme, or could not cultivate it due to various reasons.

The existing relief package (including relief from debt) for distressed farmers needs to be extended much beyond the 31 districts that have been covered so far as reports of farmers' suicides and starvation deaths have been received from other places as well.

There is still time to make a few changes to ensure that the programmes for the poor do not suffer from lack of funds. Indeed the Finance Minister has stated that in the case of a demand-driven scheme like the NREGS, additional funds can be made available later if the need arises. However the experience of the previous year—when the Finance Minister made a similar assurance—is not very encouraging. As against the NREGS allocation for Rs 11300 crore for 2006-07 actually only Rs 6715 crore had been released up to Jan. 31 2007, the latest date for which figures are available. This happened at a time when there were widespread complaints of the

poorest people applying for work under NREGS but not getting this. In addition they were not given the unemployment allowance, the very basis of the 'guarantee' component of this programme.

So, instead of the promised increase in allocation later in the year for NREGS, actually there was a denial of even the allocated funds. Given this past record, it is important to emphasise that adequate funds are allocated right at the start of the financial year for the most important poverty alleviation programmes. □□□