

More on Budget 2008–09

IN THE PRE-BUDGET ECONOMIC survey, the picture of the economy that was presented was not a happy one. On the other hand, deregulation of labour was envisaged. Workers would be made to work for 12 hours a day, and matters like the pension scheme would be privatised. In essence, all social security measures are to be scrapped, if not abolished outright. In order to liberalise the economy further, the Manmohan-Chidambaram combine and their so-called reformers have, however, to come back to power. Here the compulsions of vote come in, and the budget must reflect this compulsion at least to some extent.

The condition of agriculture is worsening day by day. The districts of Punjab, which formed the heart-centre of the Green Revolution, are now suffering owing to indiscriminate use of ground water and chemical fertilisers. The budget has cancelled the debts of 40 million farmers and has allotted 600 billion rupees for it. This step is not unwelcoming, but it should be borne in mind that this was cleverly designed to lay the electoral foundation of further globalisation of the economy. Farmers have committed suicide in hundreds in several states because the government has promoted a new type of commercial agriculture subservient to the World Trade Organisation (WTO) through some primary incentives, and with the expensive inputs supplied by the multinationals. The initial lure of gain has evaporated, because these farmers are now helpless against the vagaries of international prices. There is little indication that the Government is willing to diagnose, let alone solve this problem of Indian agriculture. The Government does not have the will to challenge the global hegemony of multinational capital, and hence it is unable to find a permanent solution to the problem. But it knows that it is sitting on a volcano, and farmers' unrest may well unsettle it. Hence this populism is warranted. The UPA Government has taken lessons from its NDA predecessor, which notwithstanding the catchy slogans like 'feel good' and 'shining India', failed to win at the hustings, because the farmers did not have reasons to be happy with the policies of Vajpayee and his men.

Besides, a question remains : what will happen to those farmers who rely mostly on the informal credit market? A large number of farmers, who are habitual borrowers, are either entirely or partially outside the orbit of the organised credit market. It can be easily surmised that their source of finance is largely the informal credit market, i.e., village moneylenders. The populism underlying the decision to cancel debts is not going to embrace them.

The practice of wooing the corporate private sector, a practice that has been in evidence for long, is evident in this budget too. The excise concessions to automobiles are bound to help their manufacturers. On the other hand, reduction of personal income taxes is going to increase the purchasing power of the affluent middle classes, which will enable them to satisfy their appetite for non-basic consumer goods and thus widen their domestic market. These classes, who are selfish and opportunistic to the backbone, are naturally jubilant. The corporate lobby, which wants the state to promote them, but not to regulate them, is not, however satisfied, they expected larger doses of concessions. The lobby also

wanted larger public investment in infrastructure, simply meaning that it wanted larger facilities in the form of good urban roads, power etc.

It is interesting, although not altogether unexpected, that the *bania* press is critical of the budget. These self-styled champions of progress had wanted the government not to give any concessions to the people, and to provide more liberal freebies to the corporate sector, domestic as well as foreign. The budgetary allocation of funds for the Rural Employment Guarantee Programme has drawn flak from them on the ground that it is not very 'successful'. While there is no doubt that the implementation of the programme is inadequate and unplanned, Left Front-ruled West Bengal being one of the worst offenders in this respect, the solution is to implement it sincerely and in a planned way, because a successful and well-directed implementation of this programme has considerable potential for rural development. First of all, it is bound to increase rural physical productive assets. Secondly, with larger incomes in the hands of rural toilers, it is certain to enlarge the market for industrial goods of mass consumption. So the real point is to implement it with greater success and to decentralise the decision-making process as far as practicable.

All said and done, the populism of the budget highlights one point. The Government whatever its subservience to domestic big corporate capital and foreign multinationals, or to institutions like the IMF, World Bank and WTO cannot push the reforms too far within the existing frame of limited bourgeois parliamentary democracy. On the other hand, it cannot dispense with these reforms, because the support of the corporate sector is the *sine qua non* of its existence. □□□