

Rhetoric and Reality

Maybe it's an optical illusion—union budget 2008-2009. Despite all big promises, union budget 2008-2009 is far from ground reality. After all fresh promises are always made to keep the old ones alive. Congress budgetary exercises sound funny in the context of today's problems and statistical figures are for fun. There lies a wide gap between rhetoric and reality.

P Chidambaram on 29 February 2008 presented before Parliament his last budget as the Finance Minister of the Congress-led UPA government of India. Budget reflects the state of the economy and its direction. Towards the end of his budget proposals for 2008-09, the FM said that the revenue deficit estimated at Rs 55,184 crore "amounts to 1.0 percent of GDP". It means that GDP has been estimated at Rs 55,18,400 crore. Yet according to Central Statistical Organisation (CSO) release, GDP for Budget Estimate 2008-09 has been projected at Rs 53,03,770 crore (assuming 13% growth over the advance estimate for 2007-08 which stood at Rs 46,93,602 crore). The minister's next sentence that "the fiscal deficit is estimated at Rs 1,33,287 crore which is 2.5 percent of DGP" tallies more or less with the CSO figure.

Double dealing is the hallmark of Indian Parliamentarism. However, the FM has furnished his speech with some facts in figures by which one can understand the state of the Indian economy. For the past 12 successive quarters between Jan'05 and Dec'07 the economy has recorded a growth rate of over 8 percent and in the current year ('08) too, according to Advanced Estimates by the CSO the growth rate will be 8.7 percent. The Ministry of Agriculture has estimated that the total output of food grains in 2007-08 will be 219.32 million tonnes and that will be an all time record. Production of rice estimated at 94.08 million tonnes, maize at 16.78 mt, Soyabean at 9.45 mt., and cotton at 23.38 million bales (of 170 kg each)—all these are poised to set all time record. Investment, among other things, falls in agriculture. Gross Capital Formation (GCF) in agriculture as a proportion of GDP in agriculture was 10.2 percent in 2003-04 and rose to 12.5 percent in 2006-07. And agri-scientists believe that this GCF/GDP ratio in agriculture needs to be raised beyond 16 percent in order to make the targeted 4 percent growth in agriculture during the XI FYP a success. There are many agencies to disburse agricultural credit and the total amount disbursed so far is not small. Between Regional Rural Banks and scheduled commercial banks 75-79 percent of agricultural credit are disbursed in any year. For 2008-09 Rs 280,000 crore will be disbursed through RRB-SCBs.

Repair, renovation, and restoration of water bodies is an integral part of Gross Social Capital Formation. Towards formation of this category of social Capital, the Government is investing in Accelerated Irrigation Benefit Programme (AIBP), (Rs 20,000 crore) Rainfed Area Development Programme (Rs.348 crore), centrally-sponsored micro-irrigation (Rs 500 crore). Moreover, agreements have been signed with the World Bank by the State governments of Tamil Nadu, Andhra Pradesh and Karnataka for a total sum of US \$738 million under the project to repair, renovate and restore water bodies. Similar agreements will be signed soon between the World Bank and the state govts of Orissa and West

Bengal. Budgetary provision of Rs 100 crore towards formation of Irrigation and Water Resources Finance Corporation (IWRFC) has been made.

In these 60 years such bounties under various names fell on Indian agriculture every year but never reached poor farmers, not to speak of landless agricultural labour, migrant or resident. The Parliamentary political parties, their leaders, the Contractor-raj and the bureaucracy, took away the loot and divided the booty among themselves, some structures remain testimony of previous Parliamentarians' pious wishes and criminalised power brokers' underhand dealings. As a result some grew rich overnight and millions became destitute. These millions are now rising in rebellion. Those who cannot rebel resign, brood and commit suicides. For this the rebel leaders are to be blamed in the first place because they have failed to reach out to the target mass.

Others skulk and quiver. They troop together to the Parliamentary Party Office, Government Offices from BDO to State Secretariat and even mill around State Assemblies and Parliament. The Police and Para-Military forces are called and they disperse the crowd and brutalise the voters. But the leaders depend on the voters. So palliatives are offered to forge link between Parliamentary Political Party leader and the voter. Mr Chidambaram announced Debt Waiver and Debt Relief, lamenting and feeling at a loss that in spite of thousands upon thousands of crores being injected into the agricultural sector for the last ten plan periods, "the question that still looms large is what we should do about the indebtedness of farmers... The Government had appointed a Committee... to examine all aspects of agricultural indebtedness. The Committee has submitted its report...and made a number of recommendations." Meanwhile tractor-loads of farmers agitated around Government offices and strategic places in Delhi, UP, Haryana, Punjab, Rajasthan, Madhya Pradesh etc. Suddenly the Government of India, Ministry of Finance, became conscious of the dimensions of the problem and became sensitive to the difficulties of the farming community, especially the small and marginal farmers. All these factors played their respective roles and the result is an additional godsend bounty of Rs 60,000 crores for small and marginal farmers, as debt waiver-and-relief. But it is not yet clear even to the budget makers as to how the loan amount will be waived off and how and when the loan amount will be made available to the banks. Farmers who have taken loans from money lenders won't be beneficiaries but such farmers contribute 46 percent of the total indebted farmers.

Also they do not know how to contain price rise and inflation. In truth there is no effort towards containment of price rise by increasing the availability of foodgrains through public distribution system. As for unemployment, the less said the better. And yet everybody thinks it's a vote-catching budget. How the real world of despair for the poor and the marginalised is evolving behind the budget-smoke-screen is likely to unfold through its own mechanism, early vote or late vote. □□□