



Budget Statement 2024-25: We The People Deserve A Better Government

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Yesterday, Prime Minister Narendra Modi, told the country that the Union Budget for the ongoing financial year 2024-25 would lay the economic foundations for the next 5 years and the direction for the next 25, until we got to his goal of 'Viksit Bharat'. Today's Union Budget 2024-25 (BS) presented to parliament was so underwhelming that Mr. Modi felt the need to make a thirty-minute national broadcast, to explain to us what it was all about.

The budget has been generous, but only to the corporates. The angel tax of 30% for start-ups has been scrapped. The corporate tax on foreign companies has been reduced from 40% to 35%. With this there are some giveaways on personal income tax alongside a small increase in long term capital gain tax, which will at best bring in tiny additional revenue, as the BJP government begins to realise that the overheated financial markets are a cause of concern. This is the BJP re-paying its masters after the election, just the way it did in 2019 when it lowered corporate tax rates for domestic companies.

Beyond this there is precious little in the budget. The subsidy on food has been substantially reduced. So much for the promise of meeting the basic food requirement of 80% of the population for the next 5 years. As for the rest, the expenditure of social welfare remains frozen in time and space. The expenditure on MGNREGA, the ICDS, the Garib Kalyan Anna Yojna, and various funds on health and education are sticking to nearly the same nominal values of money as they were in the previous fiscal year. Is this an acceptance that government is cash strapped and has just repeated the amounts since it would be politically damaging to lower them. This virtual freeze on critical expenditure will further manifest itself in higher instances of non-payment to workers and other beneficiaries under these programmes through the year. A significant one-time increase in these expenditures would have left a little more money in the hands of the worst-off in the country. The poor, the unemployed and the working class would have spent this on the consumption of essentials which they are forced to forego. This consumption would have served as the multiplier to lift stagnant demand in the economy.

Consumption in the economy has been in decline for over 8-years now, with the BJP's note ban of 2016. The BJP, however, will not accept that it made a colossal mistake. Nor will it abandon its free-market ideology of introducing supply-side measures, such as lowering taxes, to lift investment. Investment will only rise when there is a rise in demand, however this is not happening. As a result corporate investment is at a 10-year low, while household savings continue to decline as the working class and the middle class is forced to dip into their savings to meet their needs. The only way this vicious circle could be broken is if there is money in the hands of common people who will spend it on basic needs.

To address the unemployment crisis, the BJP government has put forward three programmes – first, an apprentice scheme that will pay Rs. 5000 per month; second, the payment of the first month's salary up to the maximum of Rs. 15,000, and third, payment of Rs. 3000 as the employer's contribution towards Provident Fund (PF) for 24 months.

How will the apprentice programme translate to long-term employment is unstated – will the employers be required to offer jobs to those whose apprenticeship is paid for by the government when jobs open up at the enterprise? As for the second and third offering, what penalty will government impose on employers who do not ensure continuity of employment after the subsidy term runs out. This is the problem with the supply side, these subsidies or so-called incentives to employers are impossible to monitor and in the name of business exigencies impossible to implement. They neither contribute to job creation nor help workers. They are mere 'freebies' for employers.

The BS claims that the fiscal deficit (the excess of government spending over its earnings) has come down from 6.9% (2022-23) to 5.9% (2023-24) and by the end of this year, further come down to 4.9%. This is the outcome of what government's calls 'fiscal prudence'. This so-called prudence is being paid for by people. Common people have not only been affected by the government's cut on expenditure, they have also been taxed (GST) at incremental levels for basic goods. The benefits of these savings have gone to the large companies, the MNCs and the rich in the form of 'incentives' and tax breaks.

A critical cost of the BJP government's agenda is also paid by dividends to government by the Reserve Bank of India (RBI) and Public Sector Banks (PSBs) and enterprises. This amounts to yet another tax on common people, as the RBI is weakened as an institution, and the public sector is drained of its cash placing it at a disadvantage against the private sector, whom the BJP fosters.

If there is any sign of generosity in the BS, it is to the peoples of Andhra Pradesh and Bihar. We know this comes not for any concern for anyone but the