Resolution

Resist Pro-Corporate Anti-Poor Union Budget

The 21st Congress of the CPI(M) points out that the Union Budget of 2015-16 reveals the ruthless manner in which the Modi Government is implementing its neoliberal agenda. The Budget is an exercise in the transfer of resources to big corporations and the rich.

In a period of industrial and agricultural stagnation, the Modi regime has chosen to cut the government spending in order to conform to the policy of fiscal deficit reduction imposed by international agencies. The ratio of central budget expenditure to GDP, which was 15.9 per cent in 2007-08, declined to 13.7 per cent in 2013-14, an, according to budget estimates, would be only 12.6 per cent in 2015-16. The main cuts are on social expenditure.

The Modi government has practically put an end to the planning process by abolishing the Planning Commission and centralising the right to fix the plan size and inter-sectoral allocation in the Union Finance Ministry. Arun Jaitley, who had drastically cut the plan amount for 2014-15, has chosen to keep the current year’s allocation below the level of last year.

The axe has fallen heavily on social and welfare expenditure: the outlays on women and children was reduced by around Rs. 12,000 crores, rural development by Rs. 17,000 crores, urban development by Rs. 400 crores, SC-ST development allocation, which was only around half the norm, by Rs. 17,000 crores, the Sarva Shiksha Abhiyan by Rs. 8,500 crores, and even Swachh Bharat by Rs. 6,000 crores. The allocation for ICDS has been halved, from Rs. 16,000 crores to Rs. 8,000 crores.

At the same time, the revenues foregone through various concessions amount to Rs. 5.89 lakh crores. Corporate tax is proposed to be reduced to 25 per cent from 30 per cent and wealth tax abolished. Implementation of the General Anti-Tax Avoidance Rules, which could have had the effect of curbing tax dodging by corporates, has been deferred. Corporate tax revenue, which was 3.9 per cent of the GDP in 2007-08, has been reduced to 3.5 per cent of GDP in 2014-15. In the budget of 2015-16, while direct taxes have been cut by 8315 crores, indirect taxes, whose burden falls more on the people, have been increased by Rs 23,383 crores.

Instead of taxing the rich, the BJP has declared its intention to conduct the biggest flash sale of Indian public sector shares ever, of the value of Rs. 69,500 crores. It has refused to transfer the benefit of falling international prices of crude oil by hiking the excise rate on petrol, which is expected to give an unexpected windfall of Rs. 58,000 crores in 2015-16, besides a sharp fall in petroleum subsidy.

In spite of the appeasement of corporates, investments sufficient to realise the “Make in India” slogan have not been forthcoming. The Modi Government has thus been forced to increase public investment in infrastructure other than power. The cut in social expenditure is explained away as the cost of more urgent investment in infrastructure. In order to appease the foreign market, the Modi Government is entering into more and more bilateral agreements at the expense of agriculture and small producers in order to strengthen the strategic alliance with the United States.
Despite all its talk about cooperative federalism, the overall transfer to the States from the Centre has declined from 6.2 per cent in 2014-15 to 5.9 per cent in the new budget. Plan assistance has been slashed from Rs. 3.3 lakh crores to Rs. 1.9 lakh crores. The additional resources that have been given by the 14th Finance Commission to the States have been more than offset by cuts in centrally-sponsored flagship schemes and other projects. The Modi government is clearly against any genuine restructuring of Centre-State financial relations.

The 21st Congress of CPI(M) calls upon all units of the Party to resist and expose these anti-people policies of the Modi government. **