



**RESPONSE TO THE
UNION BUDGET
2022-23**

JAN SAROKAR, MARCH 2022

**ECONOMY, AGRICULTURE, ANIMAL
HUSBANDRY, BANKING & FINANCE, DALITS &
ADIVAIS, DIGITAL TECHNOLOGY,
DISABILITIES, EDUCATION, ENVIRONMENT,
FOOD SECURITY, GENDER, HEALTH, LABOUR
& EMPLOYMENT, NREGA, PENSIONS**



Jan Sarokar is a national platform for people centric policy advocacy, parliamentary accountability, and for building synergy between social movements and progressive political parties. It is a network of progressive civil society organisations, social movements, mass organisations, and other experts committed to reclaiming and rebuilding robust, democratically accountable public interest processes and systems.

CONTRIBUTING ORGANISATIONS

Alliance for Sustainable and Holistic Agriculture

All India Democratic Women's Association

All India Forum for the Right to Education

All India Kisan Sabha

Centre for Financial Accountability

Dalit Arthik Adhikar Andolan

Food Sovereignty Alliance, India

Internet Freedom Foundation

Jan Swasthya Abhiyan

National Campaign on Dalit Human Rights

Nation for Farmers

National Federation of Indian Women

NREGA Sangharsh Morcha

National Platform for the Rights of the Disabled

Pension Parishad

People First

Peoples' Action for Employment Guarantee

Right to Education Forum

Right to Food Campaign

Vikalp Sangam

Working Peoples' Charter

EXECUTIVE SUMMARY

INTRODUCTION

The Union Budget 2022-23 has been presented at a time when the Indian economy is in dire straits. The economy was already on the downside prior to COVID-19, with the situation worsening during the course of the pandemic. The Oxfam Report¹ finds that the pandemic has led to an 84 % decrease in household income while the unemployment crisis intensifies – the recent job riots in the states of Bihar and Uttar Pradesh² only provide a small insight on the seriousness of the unemployment issue. Inflation continues to accelerate even in the midst of a massive unemployment crisis. Wealth and Income Inequality are among the worst in the world, and millions more have been pushed into poverty.

In this context, it was expected that the Union Budget 2022-23 would seek to revive India's economy, foster sustainable production, consumption, and investments, and put the country on an equitable development path while ensuring ecological sustainability and social justice. Unlike the governments of other countries, our Government has failed to provide relief during and post the pandemic. Unless the Economy is granted a further boost, recovery is impossible. For this the Government must spend more, unfortunately, Budget 2022-23 only focused on the supply side reforms while much more could have been done to boost the demand side.

The Budget does nothing to stimulate demand for effecting an economic revival. The total budgeted government expenditure for 2022-23 is Rs 39.45 lakh crores which is just 4.6 % higher than the revised estimate for 2021-22. This means that the increase is below the rate of inflation, entailing a drop in real terms, and hence also below the growth rate of real GDP projected by the Economic Survey, which is 8-8.5 %.

In her speech, the Finance Minister also claimed that there will be a sharp increase in capital expenditure driven by enhanced public investment. This is not true. Rs. 62,114 crore (or more than 10 % of capex that year) for the Ministry of Civil Aviation to be transferred to Air India Asset Holding Limited “for servicing of loan transferred to SPV as a result of financial restructuring of Air India” cannot be counted as an increase in capital expenditure.

In the projections for 2022-23, the capital expenditure figure quoted by the Finance Minister includes Rs. 1.12 lakh crore of loans to state governments. This is definitely not capital spending by the Centre and is unlikely to be used fully even by the states to finance capital spending. One other provision in the budget for 2022-23 that is intriguing is a capital allocation of Rs. 53,033 crore to “other communications”.

¹ <https://www.oxfamindia.org/press-release/inequality-virus-india-supplement-2021>

² <https://www.bbc.com/news/world-asia-india-60165825>

The Union Budget 2022-23 also fails to provide relief to the working people. The outlays for a whole range of schemes that provide relief to the poor have been slashed compared to the revised estimates for 2021-22. Thus the provision for the MGNREGS is just Rs 73,000 crores compared to Rs 98,000 crores in 2021-22 (RE) and Rs 1, 11,000 crores for 2020-21.

The budget affects drastic cuts in social sector spending. There is a reduction in the devolution of resources to states. An increase in the devolution to states by 9.6 % in nominal terms in effect means a fall in its share in GDP, to an estimated 6.25 % compared to 6.91 % in 2021-22 (RE). There is no real increase in the budget for health and family welfare. Far from increasing the allocation for health to 3 % of GDP over time as the government had promised, there is a reduction in allocation for health relative to the estimated GDP.

In the allocation for education, there is an increase by 18.5 %, but much of it is for digital education; and even this increase would leave the share of education expenditure in GDP unchanged at about 3.1 %, a far cry from the objective of raising it to 6 %.

There is an urgent need for a strategy that promotes economic revival while providing relief to the poor, and contributing to an abatement of inflation. The 2022-23 union budget should have spelled out such a strategy, but, far from doing so, it does not even show cognizance of the problem.

The strategy, of giving tax concessions to the rich in the expectation of stimulating private investment, and raising indirect taxes, notably on oil, to raise revenue to compensate for what is foregone, is an important cause of the emerging inflationary recession scenario. Although it is amply clear by now that private investment, far from getting stimulated by such tax concessions, shrinks because of the ensuing recession, even in the current budget this strategy is at work: fuel prices have been raised by Rs 2 per litre (for unblended fuel which is the bulk of India's fuel consumption) through an additional excise duty, while subsidies have been cut (which is analogous to arise in indirect taxes).

Private consumption is languishing. Recession and unemployment are bound to worsen. The international oil prices are rising; and the accelerating inflation in the US is causing a rise in interest rates there, from the near-zero levels where they had been held for long. When they were at near-zero levels, countries like India could obtain global financial flows easily to cover their balance of payments deficits, but as the rates rise in the US and elsewhere, managing the balance of payments deficit would become difficult, resulting in a fall in the external value of the rupee that would raise the rupee prices of imports, including of oil (whose dollar price itself is rising); as this gets passed on to consumers (doing so has been the government's strategy), the inflation rate will accelerate further. The people are thus facing increasingly hard times, but in the bland vision of the Modi government there is no cognizance of it.

RESOURCE MOBILISATION

The Union Government can undertake several steps to meet the fiscal deficit. Real resources in the economy are available aplenty at present: there is significant unutilized capacity and unsold foodgrain stocks, so that larger government expenditure, even if financed by no

additional taxes but just a fiscal deficit, will only use up these unutilized resources without causing any inflation.

The best way of mobilizing financial resources is through two forms of taxation. At a conservative estimate, the top 1 percent of the population owns 40 percent of total private wealth, about Rs 300 lakh crores. Even a 2 percent wealth tax on this would therefore yield Rs 6 lakh crores. But any wealth tax must be complemented with an inheritance tax, otherwise the rich will only divide up their wealth among progeny in order to escape wealth taxation. If only 5 percent of wealth by the richest 1 percent of the population is passed down every year to progeny, then an inheritance tax of one-third (33 1/3 percent), will fetch Rs. 5 lakh crores. These two taxes alone will thus fetch Rs 11 lakh crores per annum. This taxation can be levied in a phased manner.

SECTOR WISE SUMMARY OF THE UNION BUDGET 2022-23

In response to the Union Budget 2022-23, *Jan Sarokar*, a national platform for people centric policy advocacy and parliamentary accountability & oversight has collated comprehensive sector- wise analyses of the budget for the following sectors: Economy, Agriculture, Animal Husbandry, Banking and Finance, Dalits and Adivasis, Digital Technology, Persons with Disabilities, Education, Environment, Food Security, Gender, Health, Labour and Employment, NREGA and Pensions.

ECONOMY

- Obsessive concern around lowering the fiscal deficit continues even at the cost of cutting down on social sector spending while the country is struggling to recover and while consumer demand stays alarmingly low.
- It relies on higher indirect taxes, particularly on fuel that passes the burden on the struggling masses.
- Far from introducing wealth tax or increasing corporate tax given the super profits of the corporates, the budget slashed surcharge on corporates that comes on top of the slashing of the corporate tax earlier.
- The Credit based recovery plan which has been continued has not been successful in reaching to the most in need as is evident in the fact that smaller MSMEs have found it far more difficult to access the ECLGS.
- Digital currency and digital push continue in the name of “financial inclusion” even as the reach of public sector branches in rural areas has reduced in a country that has a wide digital divide with internet users hovering around 50%.
- Tax on digital wealth even with no official recognition or regulations for crypto currencies.

AGRICULTURE

- Union Budget 2022-23 continues to ignore the demands of the farmers, the promise of relief for farmers and agricultural labour met with silence, but the Farmers' demands for assured procurement at remunerative prices and loan waivers have met with callous indifference
- Drastic cuts in procurement of wheat and paddy, lesser than allocation made in FY 2021-23. The allocation for procurement to the FCI and under the decentralized procurement Scheme have been reduced by 28%.
- PM ASHA, flagship scheme for implementing MSP drastically cut.
- The allocation for PM-KISAN is 9 % lesser than what was originally announced at its inception in 2019
- Allocation made on natural resource management institutes including agro-forestry research is even less than what they were allocated in 2021-22, a reduction of more than 25 %. There is also a reduction of 25 % in the budget allocated for the research related to climate resilient agriculture initiative.

ANIMAL HUSBANDRY

- The Budget allocations for Animal Husbandry continue to be miniscule : roughly 2% of total Agriculture and Allied Sector allocation which itself is a mere 3.8% of the total budget, despite Animal Husbandry contributing 15% of the total income of farmers. the present budget, as small as it is, is entirely oriented towards facilitating the capture of supply chains by the corporates.
- 59 % of the total Animal Husbandry budget is allocated to the Livestock Health and Disease Control Program and the Animal Husbandry Infrastructure Development Fund.
- 35.5% of the total budget is allocated for Centrally Sponsored Schemes renamed as Development Programs including on Dairy Development, Rashtriya Gokul Mission, National Livestock Mission and Livestock Census and Integrated Sample Survey.
- The farmers informed consent is totally non-existent with respect to their details having been entered into a centralised database – National Digital Livestock Mission (Livestack)

BANKING AND FINANCE

- Finance Minister Nirmala Sitharaman in 2021-22 said the government will infuse Rs 20,000 crore into public sector banks (PSBs) in 2021-22 to meet the regulatory norms which have not been provided yet. The same promise had been made this year.
- The Finance Minister announced while speaking that privatisation of 2 banks will be completed whereas PSBs are making a robust profit and fulfilling the tasks given by

the government including so many loans which help to tide over the crisis and put the economy in the growth track.

- Digital Rupee has been announced when RBI is not ready, and it is only on trial stage in a few countries. Need wide debate among people.
- Crypto currencies without regulations and mechanisms of accountability is a move in the wrong direction. Taxing it amounts to legalizing crypto currencies, without having any regulations.
- No license and monitoring of fintechs makes it dangerous for the country.
- LIC IPO: This has to be referred to the Parliament standing committee and consultation with all stakeholders are needed.
- The NPA Crisis continues. No figures are given about write off. The National Company Law Tribunal's functioning has been criticised by the Parliament Standing Committee.

DALITS AND ADIVASIS

- As per the guidelines by the NITI Ayog on the AWSC and AWST, it is mandatory to allocate proportionate to the population, however, this year to the allocation has not been made proportionate and there exists a gap of Rs 40,634 crore and Rs 9399 crore for SC and ST Budget
- Manual Scavenging is a practice that has been outlawed in India through the Elimination of MS Act but is still practiced in many states. However very disappointing to see that they have only allocated Rs 70 crore for the Self Employment of Manual Scavengers and Rs 25 crore for National Safai Karamachari Finance and Development Corporation
- Education- The commitment to allocated INR 7000 crore to Post Matric Scholarship has not been fulfilled this year too. This year there is an allocation of only Rs 5660 Cr for SCs and Rs 3416 Cr for STs.
- Gender- Data shows that there is a total no of atrocities on Dalit women is about 7000 Crimes, with about 10 Dalit women raped on an average daily, however, the budget allocated this year is only Rs 600 crore for the effective implementation of the SC ST PoA act, out of which only about Rs 180 crore crores to address violence and crimes against Dalit women. The trans Dalit community do not find a mention in the budget and this is totally invisibilised without having any allocation.
- This year there is an allocation of about Rs 20472 crore for the agriculture department for SCs and Rs 10,606 crore for STs, though this is a high allocation, it is common knowledge that a lot of Dalits and Adivasis are landless farmers so it is yet to be seen how this is implemented.

DIGITAL TECHNOLOGY

- For the MIB, allocation in Budget Estimates 2022-2023 (Rs 3,980.77 crores) saw an increase of 5.7% as compared to the Revised Estimates of 2021-22 (Rs 3,764.69 crores).

- For the DoT, allocation in Budget Estimates 2022-2023 (Rs 84,586.8 crores) saw an increase of 137.9% as compared to the Revised Estimates of 2021-22 (Rs 35,550.21 crores).
- For the MeitY, allocation in Budget Estimates 2022-2023 (Rs 14,300 crores) saw an increase of 49.2% as compared to the Revised Estimates of 2021-22 (Rs 9,581.25 crores).
- An enormous 825% increase in total capital expenditure of DoT, MeitY and MIB (Rs 54,564.07 crores) over the Revised Estimates of 2021-22 (Rs 5,898.27 crores) can be observed, stemming largely from a 889.9% increase in the DoT. However, praise for these allotments must be tinged with a hint of caution as a major proportion of the increase (Rs 44,720 crores) is being directed only towards BSNL. Furthermore, given that this capital infusion is for the purpose of very belatedly acquiring 4G spectrum at a time when other companies are preparing for 5G, this money will ultimately return to the government's account and so it does not constitute additional capital expenditure. It is also reflective of the government's lackadaisical approach to effective management of public sector companies.

DISABILITIES

- Overall specific allocations for persons with disabilities as a ratio to GDP show a declining trend. Allocations specific to people with disabilities % age to GDP was 0.0097 in 2020-21 (BE) as compared to 0.0093 in 2022-23.
- Department for Empowerment of Persons with Disabilities sees a 3 % increase compared to last year, it needs to be noted that there was a cut by 12% last year as compared to 2020-21.
- No additional allocations for Mental Health Programmes despite the pandemic bringing mental health issues into the focus
- Disability pension has been static at Rs 300/- for more than a decade. It covers a mere 3.8% of the disabled population identified by the 2011 census. Even the ex gratia of Rs 1000/- announced at the beginning of the pandemic targeted this population only.

EDUCATION

- National Educational Policy 2020 and the Budget 2022 provisions fail miserably to fulfil the constitutional responsibilities placed on the Union and state governments
- As per recommendations of the Kothari Commission, allocation to education should be 6 % share of total GDP by 1986, however no government has ever gone beyond 4 %
- Budget 2022 fully reflects the government's resolve to corporatise the education system as a whole by placing an emphasis on digital learning, lack in public investment for improving the education sector
- Aggravated crisis in the education sector due to educational institutions having been shut for over two years due to lack of adequate pedagogical and health preparations.

ENVIRONMENT

- A search of the Finance Minister's Budget speech for the following words is revealing in itself: nature, wildlife, environment, ecology, ecosystem, pollution, conservation. Total occurrence of these words: ZERO (except in uses such as 'business environment' and 'growth ecosystem').
- Direct allocations for Environment constitute a meagre 0.08% of the total budgetary outlay
- No focus on risk reduction, building resilience, supporting adaptation, preparing for disasters, and other measures that are urgently and desperately needed by hundreds of millions of people to deal with the impacts of climate change
- Textiles have seen a major increase in allocation, with most of the outlay for big industry, which could have serious pollution impacts including toxic contamination of water and soil.
- The biggest push in this budget is for infrastructure (roads, railways, airports, etc.). Much of this is for mega-projects, such as 81,000 crores more for the National Highway Authority of India, with very serious impacts on the environment (and people's livelihoods due to displacement and land acquisition)
- Substantial increase in allocation for the Deep Ocean Mission and on Blue Revolution has little or no focus on conservation, but rather on explorations for mining and extraction, with potentially serious ecological consequences.

FOOD SECURITY

- Union Budget 2022-23 reduces allocation of additional food subsidy under PMGKAY by Rs 80,000 crore
- Schools and anganwadis have remained closed throughout the pandemic period, leading to women and children losing out on important nutritional support through these schemes. Extra effort needs to be made to overcome the loss of nutrition suffered during this period, however the allocations for Saksham anganwadi, Samarthya (including maternity entitlements), PM POSHAN (mid-day meals) have remained the same or even reduced in real terms
- COVID and the subsequent lockdowns have led to severe food insecurity, PDS and the additional food grains under PMGKAY were a lifeline for people who possess ration cards, allocations for these schemes should have been increased

GENDER

- The share of the gender budget as a proportion of GDP has reduced from the last budget from 0.71 % to 0.66 % of GDP and constitutes less than 5% of the total budgetary expenditure.
- The budgetary allocation for the Ministry of Women and Child Development remains less than 0.01 % of the total expenditure. Furthermore, important to highlight that the

actual expenditure of the government on women-oriented schemes has declined by 36.9 % between March 2020 and March 2021.

- Expenditure on schemes for prevention of violence against women (under Mission Shakti) remain well below 1 % of the total expenditure
- The government states that the outlay of the gender budget has increased by 11.5 %, this increase can be traced to the increase in allocation of only one scheme - the Prime Minister Awas Yojana – Urban Yojana, and if the allocations of this scheme are taken out of the total, the Gender Budget sees a decrease of 9 %.
- Transpersons Budget not included in Gender Budget
- Inadequate allocation for SC/ST Gender Budget

HEALTH

- Given the unprecedented human calamity that the country faced during the first two waves of COVID-19 pandemic, it was expected that the Health Budget would see a significant increase. However, allocations to health and related programs reduced in real terms in the budget 2022-23 by 7% compared to Revised Estimate of 2021-22.
- As percent of GDP, Union government allocation to health has declined from 0.382% to 0.346% between 2021-22 RE and 2022-23 BE. This also means that the Union Government has reduced its priority towards the health sector - share of health in the total budget has declined from 2.35% to 2.26% compared to previous year
- Allocations to National Health Mission declined in real terms by Rs. 4106 crores
- Allocations for Women’s Health and Protection either stagnant or reduced. Rs 25 crore decrease in SAMBAL, meagre increases in Saksham Anganwadi and PSHAN 2.0
- In the year 2020-21 Actual expenditure on health research was 3.8% of health budget, which declined to 3.6% in the current budget

LABOUR AND EMPLOYMENT

- The Union Budget 2022-23 does not reflect any of the lived realities of informal workers of this country who contribute over 60 % of the GDP and constitute one third of the country’s total population.
- Currently, social security legislation covering 9 social security benefits as Medical Benefit, Sickness Benefit, Unemployment Benefit, Old age Benefit, Employment Injury, Family Benefit, Maternity Benefit, Invalidity Benefit, Survivor’s benefits are only enjoyed by 2 percent of the employed workforce (mostly from the formal sector)
- As per analysis done by the Working Peoples’ Charter, the state required Rs 3.5 lakh Crores (approximately) at roughly 2.3% of the GDP (2016-17) to provide a national social protection floor for more than 40 crore informal workers and their families.

NREGA

- Union Budget 2022-23 allocated a mere Rs. 73,000 crore for NREGA. Analysis by the Peoples' Action for Employment Guarantee estimates that only 21 persondays of work can be generated per household with this amount
- The national net balance of NREGA funds is at a deficit of Rs. 15,190 crores
- 9 crore households demanded work this year, of which 1.42 crore households that have applied for work are yet to be even issued job cards, let alone be provided work
- More than 95% of households employed in MGNREGA this year have not completed 100 days of work.
- 298.86 crore persondays of work have been generated till January 31, 2022. There is a decrease of 9% of persondays generated when compared to last year
- 1.18% of wage transactions, to the value of Rs. 727.24 crores, were delayed at Stage 1 and wage payments to the tune of Rs. 3,273.52 crores are delayed by the central government, at Stage 2

PENSIONS

- Budget Allocation 2022-23 (9652.31 crores) for National Security Assistance Programme has seen an increase of 452 crores from the Budget 2021-22 (9200 crores) and is still less than Budget 2020-2021 (42443.11 crores)
- No increase in pension amounts for old age, widows or disabled persons.
- Entitlements received under NSAP have remained unchanged since 2007

These analyses have been prepared by constituent members of the Jan Sarokar network which comprises of progressive civil society organisations, social movements, mass organisations, and other experts committed to reclaiming and rebuilding robust, democratically accountable public interest processes and systems. This set of documents seeks to capture the analysis and understanding of many people's organisations and social movements on various issues affecting ordinary and marginalised citizens and suggests possible solutions, based on their engagements at the level of theory, practice and policy. While there might be there may be some differences between their respective analyses, but overall, they reflect Jan Sarokar's orientation and commitment to the values enshrined in the Constitution of India and to realize the Directive Principles of State Policy that are mandated to build a more equitable and inclusive state and society. The constituent organisations and networks therefore attempt come together to discuss, deliberate, analyse, act to help and work to realize India's Constitutional mandate, deepen democratic processes and strengthen the people's rights to liberty, equality, fraternity and social justice in India.