Budget 2010-11

Economic survey 2009-10 makes an advanced estimate of India's GDP in 2009-10 fiscal at current market prices and puts the GDP figure at Rs 61,64,178 crore, increased from Rs 55,74,449 crore in 2008-09, yielding growth rate at current market prices of 10.6 percent which deflated at 2004-05 market prices gives growth rate of 7.2 percent. The Survey failed to give two vital statistics on food grains production and industrial production (index plus growth rate). Economic Survey is supposed to present the state of the economy during the period under review and hence cannot withhold supplies of such basic statistics. Probably the reason for the omission is that the external factor is not worrying. The (international) trade deficit at $52.8 billion is 9.5 percent less than in the previous fiscal and this is mainly due to 45 percent reduction in oil import bill. Another reason is that India's high interest regime makes it more attractive for foreign investors and lenders than other markets. In the capital account, FDI (Foreign Direct Investment) and portfolio inflows in the first two quarters are $14 billion and $18 billion respectively (compared to $ 5.5 billion of the same period a year ago). The third reason is savings as percent of GDP which stood at 32.5 percent in 2008-09 while the investment to GDP ratio stood at 34.9 percent in the same year. All these make the external aspect of the economy apparently robust.

The above ''Feel Good'' picture of the Indian economy is in sharp contrast to India's 66th place out of 88 countries put in the Hunger List by the International Food Policy Research Institute for its Global Hunger Index. Availability of cereals and pulses per capita per day declined from 510.1 grams in 1991 to 436 grams in 2008. While this decline continues export of cereals and pulses alongwith other food items exceeded 14 million metric tonnes. By withdrawing supply of food from Indian people external trade deficit is being reduced to a manageable level. No wonder therefore that India enjoys the dubious distinction of having one of the highest burden of child malnutrition in the world—twice that of Sub-Saharan Africa. India's child malnutrition has virtually remained unchanged for a pretty long time at 46 percent.

First the Government denied inflation, then it admitted partial, that is ''food inflation''. Now the Economic Survey pointed out that in the food market retail prices are rising 10 times faster than the wholesale prices. The Survey gives a grim picture of the food situation. Public Distribution System (PDS), though corrupted and cannot come to the aid of the starving millions is to be preserved as heritage. Food Corporation of India (FCI), an instrument to save big farmers from falling prices at harvest times cannot violate buffer norms and therefore can only keep stock of rice and wheat till they are uneatable. And finally, India is a free market, an alias of license to hoarders, speculators and freebooters. Yet food subsidies must continue for the parliamentary class to stay as the ruling class. Under these constraints and compulsions, the Economic Survey favours distributing subsidies directly to households instead of giving it to the PDS storekeeper. ''Food will be available on the open market and poor people will get a monthly ration of coupons which they can take anywhere and buy food'', the

Survey said. Farm sector growth is estimated to decline by 0.2 percent in 2009-10.

Although the pious target of achieving universal free primary education for all was set for 1960 and was buried underground while funds allocated were looted, the Economic Survey 2009-10 lists that "every child of the age 6-14 years shall have a right to free and compulsory education in a neighbourhood school till completion of elementary education... The appropriate government and the local authority shall establish, within such area or limits of neighbourhood, a school where it is not so established, within a period of 3 years". According to the estimate the total expenditure on elementary education will be to the tune of Rs 30,000–35,000 crore per annum for the next 5 years. Free primary education is already in a quandary verging on ruins due to politicising from the elementary level. At primary level, there are schools without teachers, without school premises, buildings dilapidated, without toilets, without buildings, teachers without knowledge of the language spoken and understood by the taught etc. etc. Yet the Annual Status of Education Report points out that 96 percent of children in the age group of 6 to 14 in rural India were enrolled in school in 2009. The above estimate is based on this fictitious report. The Universalisation of Elementary Education needs much more investment.

The less is said about healthcare, the better. In the latest Human Development Index (HDI) report, India's life expectancy stands at 63 years. The Survey confessed that the progress in health indicators has been quite uneven across regions, with gender differences plaguing access to healthcare. It points out inadequate health infrastructure, shortage of personnel, glaring gaps in coverage and outreach.

According to the budget estimate the Government proposes to spend Rs 11,08,759 crore and earn revenue of Rs 10,63,620 crore leaving a deficit of Rs 45139 crore. Of the expenditure, Rs 958724 crore will be absorbed to meet working expenses, interest and subsidies and Rs 150024 crore is for investment and purchase of assets on the revenue side, taxation will yield Rs 534094 crore, non-tax revenue is estimated at Rs 148118 crore and market borrowing will be Rs 341408 crore. The budget gives sops to middle class salaried class for which the government loses revenue which loss it wants to make up by hiking prices of petrol and diesel. The budget increased outlays on healthcare by 16 percent to Rs 25,154 crore. Defence gets 4 percent increase to Rs 1,41,703 crore, but Rural Development gets marginal increase from Rs 62,670 crore to Rs 66,100 crore.

As far as disappointments, ordinary people were not really disappointed because they didn't expect that much from Pranab Mukherjee's budget exercise. If there is expectation, there is disappointment. Union Finance Minister made it clear that he hiked prices of petrol and diesel knowing full well it will have cascading effect on all fronts. As usual the corporate world was not unhappy because it was all about growth-strategy and continuation of stimulus package. Quite logically this second United Progressive Alliance administration lacks the courage to push for bold steps necessary to deal with the enormous problems wage earners face in factories and in fields and, instead appeases the very forces that have gotten people into such a horrible plight. In short it was a largely uneventful budget. The legacy of ‘‘giving with one hand while taking away with the other’’ continues unabated.□