At Varanasi : Modi 1 year

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“Shri Narendra Modi’s ‘Suit Boot Ki Sarkar’ is mercilessly demolishing the edifice of India’s foundational values of inclusive and equitable development in its insatiable quest to appease a few crony capitalists and trading partners. Modi government has slashed ‘Social Sector Spending’ by a whopping Rs.1,75,122 crore in one year alone – by way of Rs.66,222 crore cut in grants on ‘Social Sector Schemes’, Rs.5,900 crore cut by closing down ‘Backward Regions Grant Fund’ and Rs.1,03,000 crore cut by not implementing the ‘Food Security Programme’ aimed at 67% of population. Having promised “सबका साथ – सबका विकास” and “अच्छे दिन”, Shri Narendra Modi’s only policy is “कोरपोरेट का साथ – खुद का विकास”.

Shockingly, these cuts have been unabatedly applied to areas/sectors which are integral DNA of India’s intrinsic fabric, such as Women & Child Development, Agriculture, Irrigation, Panchayati Raj, Education, Health, Housing, Swacchh Bharat Abhiyaan, Welfare of Scheduled Castes and Tribals, and Backward Regions Fund etc. Qua teeming millions of India, BJP government is following a ‘MODI’ policy – ‘Moneyed Only – Deprived Ignored’.

Some of the appalling reductions are:-

1.‘Agriculture and Irrigation’ contributing 17% of GDP, engaging 49% of India’s workforce and 62.5% of India’s population has been worst hit by ‘Modimonics of Crony Capitalism’. ‘Rashtriya Krishi Vikas Yojna’ has seen a reduction in funds to the extent of Rs.7,426.50 crore. ‘Animal Husbandry and Dairy Vikas’ has seen a reduction in funds to the extent of Rs.685 crore. ‘Pradhan Mantri Krishi Sinchai Yojna’ has seen a reduction in funds to the extent of Rs.8,156.22 crore. Funds for ‘National Livelihood Mission’ have been reduced by Rs.1,632.50 crore.

Not surprisingly, agricultural growth has gone down from 4.7% in 2013-14 to 1.1% in 2014-15 under BJP government (Economic Survey 2015). Area under cultivation has gone down by 33.22 lakh hectares in 2014-15 and total grain output is likely to go down from 2650 lakh metric ton in 2013-14 to under 2500 lakh metric ton in 2014-15. Even agricultural exports that increased under Congress rule from USD 7.5 billion in 2002-03 to USD 42.6 billion in 2013-14 will see a drop of over 25% under Modi Government.

2.Insensitivity towards welfare of Scheduled Castes and Scheduled Tribes is the professed policy of Modi Government. Not surprising that the only Ordinance issuedby previous Congress Government that was allowed to be lapsed and not re-promulgated by current BJP government was 'The Scheduled Castes and Scheduled Tribes (Prevention of Atrocities) Amendment Ordinance, 2014', which envisaged speedy and expeditious disposal of SC/ST cases by an exclusive Special Court at District level, appointment of an exclusive Public Prosecutor and punishment for new offences like garlanding with footwear, compelling to dispose or carry human or animal carcasses, attempting to promote feeling of ill will against SCs/STs, imposing or threatening a social or economic boycott etc.

Even the funds for Scheduled Castes Sub Plan have been reduced by Rs.13,208 crore and for Tribal Sub Plan have been reduced by Rs.7,714 crore.

3.'Panchayati Raj and its institutions' are the last mile connectivity of our democracy. Budget of Panchayati Raj institutions has been reduced by Rs.3,306 crore i.e. by 98.6%. Modi Government's allocation to Panchayati Raj Institutions is a trifle pittance of Rs.94.75 crore only.

MGNAREGA has been described as a 'colossal failure' by none less than Shri Narendra Modi on the floor of Parliament. No wonder that Government of India is systematically killing MGNAREGA by a concerted design in shape of not releasing funds to the States. Even for year 2014-15, Government of India has not released over Rs.6,000 crore to the States. Net result is failure of States to take up new projects and provide employment in the current year.

4.‘Women & Child Development’ is the biggest casualty. Integrated Child Development Scheme (ICDS) aimed at health and nutrition of millions of children and lactating mothers has seen a reduction of Rs.9,858 crore. So much so that BJP’s Union Women & Child Development Minister has written a letter dated 27th April, 2015 to Union Finance Minister stating – “This may result in a situation where the focus is lost on critical programmes related to malnutrition of children…… Nutrition for pregnant and lactating mothers…… I am afraid to point out that political fall out of such a situation can be grave.”

5.‘Education’ has become the last priority of Modi Government. Funds for Education have been reduced by Rs.14,088.59 crore (Primary Education - Rs.10,186 crore, Secondary Education Rs.1,422 crore and Higher Education – Rs.1,479 crore). Modi Government has also abolished the scheme for granting Central assistance for setting up of 6,000 Model Schools to be set up at Block level across the country.

6.‘Health’, a primary fundamental for Nation’s growth, has been hit by Modi Government’s reckless apathy. Funds for ‘National Health Mission’ have been reduced by Rs.3,650 crore. Funds for ‘National AIDS and STD Programme’ stand cut by Rs.392 crore and for ‘Ayush’ by Rs.64 crore.

7.Housing – As per Government estimates, present housing shortage is around 18.7 crore units in urban areas, which is likely to increase to 30 crore units by 2022. On June 11, 2014; Shri Narendra Modi promised ‘Housing for all by 2022’. Contrary to his own promise, he reduced funds allocation for ‘Housing’ by Rs.4,376 crore.

8.‘Swacchh Bharat Abhiyaan’ – On October 02, 2014; Prime Minister launched ‘Swacchh Bharat Abhiyaan’ with great fanfare and lots of photo opportunities and newspapers publicity. Same was the case for ‘Drinking Water’ and ‘Sanitation’. Modi Government has, however, reduced allocated funds for ‘Swachh Bharat Abhiyaan’ (including Drinking Water and Sanitation) by Rs.9,025 crore.

9.‘Backward Regions Grant Fund’ was constituted to address not only regional imbalance in identified backward districts but also to ensure direct development in naxal affected areas. Modi Government has shut down the scheme and consequently denied the yearly allocation of Rs.5,900 crore.

10.Abrogating Food Security. Congress Government enacted National Food Security Act to guarantee 5 kg foodgrain per person per day at a price of Rs.2/- per kg to 67% of India's population. Out of 29 States and 7 Union Territories, i.e. 36 in total, identification of beneficiaries has been completed only in six States.

Modi Government has extended the time limit for implementation of Food Security Act three times by a period of six months each i.e. upto 4th October, 2015. Prime Minister constituted a single member committee known as 'Shanta Kumar Committee' to review the Food Security Act. Senior BJP leader, Shri Shanta Kumar stated that Congress had enacted a 'Vote Security Bill' and not a 'Food Security Bill'. He further stated that, "We knew we were going to form the government. Our government will be formed and we shall change the law." Shanta Kumar Committee suggested reduction of beneficiaries from 67% to 40% as also conducting purchase of foodgrain only equivalent to that required in PDS quota.

According to Food Ministry's bulletin of December, 2014, allocation of 388 lakh tons of foodgrain has been made for the States. This is same as it was before the Food Security Act was enacted showing the intent of Government in not implementing the Food Security Legislation. Net consequence is saving of subsidy of Rs.1,03,000 crore by Modi Government by denying Right to Food to India's population.

Congress Party calls upon the People of India to unite and stand in steadfast opposition to a regressive, retrograde and anti-poor Modi Government that only believes in – "बातों का व्यापार और झूठ का प्रचार".

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If asked a question on how states have more autonomy under the NDA budget and these social sector cuts are not necessarily cuts, 4 possible arguments may be made to counter this question. However, before this let us understand what the government is claiming Government Justification: The justification provided by the government for such reduction is on account of the 14th Finance Commission (FFC) recommendations for fiscal devolution to states. One of the major recommendations made in the FFC report which was tabled last week, and accepted by the centre, took a leap forward in terms of changing the nature of resource sharing between centre and states. The FFC recommended a transfer of 42 percent of the divisible central taxes to the states which amounted to an increase by 10 percent points from its predecessors. This comes as a relief to the states who have been demanding 50 percent share of taxes. The increased devolution also works in tandem with the spirit of fiscal federalism with more autonomy and resources to the states. With the replacement of the Planning Commission by NITI Aayog and the acceptance of greater share of taxes to be devolved to the states, the government has termed it as a stepping stone for ‘cooperative federalism’.

Bursting the Government Myth:

1. The Myth of more funds flowing to states:

• Prime Minister Narendra Modi and Finance Minister ArunJaitley have been claiming credit for accepting the recommendations of the 14th Finance Commission which looks to transfer a much larger share of resources to the states. This move like every other aimed at hoodwinking the states. The budget numbers reveal, however, that the states won't really get much more in 2015-16 than in 2014-15 and they may even be worse off.

• The list of existing Central schemes has been unbundled into three categories in the budget. In Category A are schemes the Centre continues funding fully. Category B consists of programmes that'll have state and central funding but the Centre's share will go down. Category C schemes will no longer have central support.

• Comparing budget estimates of 2015-16 with those of 2014-15 shows the fall in Central funding to Category B and C schemes together is about Rs 66,000 crore. Compare this with how much states gained in net transfers from the Centre, including tax devolution, they have gained a little under Rs 64,000 crore, 1.5% of the Centre's gross tax revenues. This implies that whatever the states have to shell out for Category B and C schemes wipes out what they gain through fund transfer from the Centre.

2. The question of state capacity which varies from state to state:
• A deeper examination of the amount of increased devolution provides a clearer picture of the status of overall resources being transferred to the states. Hence, while the states' share in central taxes and Non-plan grants as share of GDP does show an increase, the total Union resources reveals a decline from last year's budgeted expenditure.

• It therefore implies that while the states would definitely enjoy a greater degree of autonomy and flexibility in terms of deciding on their expenditure priorities, it does not necessarily imply an increased spending capacity for the states. For e.g. a prosperous state like Karnataka may carry forward all schems. However, Arunachal Pradesh or Chattisgarh will not have the same state capacity to continue these schemes. Thus the Union government's argument for reducing total expenditure as a result of increased devolution to states remains unconvincing.

• The reduced expenditures also throw light on the lack of priority accorded to the social sector commitments of the Union government. The Union budget categorically states that due to the higher devolution of taxes to the states the Normal Central Assistance, Special Plan Assistance, Special Central Assistance and Additional Central Assistance for other purposes are subsumed in the award itself.

3. Several important schemes have been left out of complete central funding:
• The government has also announced that some of the schemes which represent national priorities especially those targeted at poverty alleviation will continue to be supported by the Centre. In addition, the schemes mandated by legal obligations and those backed by cess

collection would also be fully provided for. The budget has also announced retaining and supporting some of the schemes which are targeted to benefit the socially disadvantaged group which includes SCs, STs, Muslims and physically challenged sections of the population.

• This list however, does not include important schemes related to children and women such as ICDS or schemes for protection and prevention of violence against women.

• Given these trends and announcements, it is amply clear that a lot of the burden to cater to the needs of the social sector as well as socially disadvantaged sections of the population has been accorded to the States on the pretext of higher tax devolutions. There is a clear decline in the social sector expenditures as share of GDP and total expenditure of the Union government as well as expenditure priorities accorded by states to social sector commitments. On an average it has ranged between 35-40 percent, thus implying that in order to cater to the needs of social sector, in the absence of the Union government interventions, the states would need to restructure their priorities. This would only be possible if the states receive commensurate increase in Union transfers to states for the purpose.

4. An excuse to completely abandon several path-breaking social sector schemes

• Finally, it is also important to bring in a degree of caution while interpreting some of the announcements related to major schemes under modified sharing patterns. It has been categorically added by the centre that: The Centre-State funding pattern is being modified in view of the larger devolution of tax resources to States as per the recommendations of 14th Finance Commission whereby in this scheme, the revenue expenditure is to be borne by the States. This announcement may be interpreted as a slow phase out of the schemes from the ambit of the Union government as capital expenditure on most of the listed programmes are miniscule and they have a larger revenue component which then would be borne by states.

• Thus if the resources of the states do not increase commensurately, there is an increased possibility of the important programmes suffering due to a lack of resources. This might also be burdened with the pressure on the states to bring down the revenue deficit to zero. Therefore, within the scope of ‘cooperative federalism’, increased autonomy and flexibility in spending abilities would only yield improved outcomes based on whether the overall size of the pie improves for the better. This remains to be seen in the subsequent years.