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“So you have to conduct struggle using three things as your weapon. First of all, you will have to learn and re-learn, educate and re-educate yourself...Because the more you read and learn, the more developed, profound and deeper will be your realization. A notion is found to prevail among many that once something is read, it is understood and hence there is no need to read it again....This is a wrong notion...Alongside, you need to understand the ideology of the party, and over and above even when talking of Marxism-Leninism in general, what is its concrete manifestation in the particular condition of India, what is the base political line of revolution. At the same time, you must also realize what is the difference between ourselves and the pseudo-revolutionaries... you must also bear in mind that one understands one’s own politics well only when one understands one’s opponents’ politics very well... The second task before you... is to evolve the ethical, moral and cultural tuning conducive to developing movement on its basis... to have the mental preparedness to give everything, even your life, in your struggle against all odds....Thirdly, along with this is needed your political initiative. This political initiative should be such that each one of you, according to your own planning, is doing some work or other — you are having mass contact with your own initiative, or.. at least you are maintaining contact with your numerous friends...‘Individual initiative ...’ does not mean that everyone does some work in their individual way...the real meaning of enhancing individual initiative, of further strengthening the democratic process of activities, is to simultaneously strengthen centralism... Rather it is required to free centralism from mechanical approach and bureaucratic tendency to raise the work efficiency of all party workers and properly utilize all the resources in hand. Its ultimate objective is, on the one hand, to increase the overall strength of the party by increasing the work efficiency of each worker, and, on the other hand, go on strengthening centralism by conducting a ceaseless struggle against bureaucratic tendencies...It means that you shall have to develop such flexibility as to immediately remould your style of work in accordance with the situation. Simultaneously, you will have to put emphasis on releasing individual initiative and on democratic functioning. And you have to acquire that ability to work together and in a disciplined, organized manner.

[Selected Works, vol.3, p.500-4: Speech on December 30, 1974]

Central budget in 2009-10

Unabated pursuit of brazenly anti-people agenda of capitalist globalization camouflaged under jugglery of words

Like every year, the Economic Survey was placed as usual before Parliament and the public two days ahead of presentation of annual budget on 6 July 2009. Economic Survey, prepared by the Ministry of Finance is, as we all know the progress card on the economy for the year gone by and indicates the policy directive of the Government of India in the years ahead. Though the Survey has admitted that there has been a slowdown in Indian economics predominantly because of global financial meltdown and economic recession in developed economics which are assiduously implementing the agenda of capitalist globalization, yet it had set the government on a vigorous course to pursue the economic reforms, synonym of the same doctrine of capitalist globalization. But after the Finance Minister (FM) came out with his budget proposals, some commentators argued that these reflected the FM's and the government's agenda of "inclusive growth" as against the hardcore neo-liberal stance of the Survey. The measures suggested by him, they felt, belied speculation of a reforms-driven agenda. On the contrary, according to these experts and columnists, the FM presented a conservative general Budget that reflected the Congress-led ruling UPA's poll promise of "social democracy" and promising to place the fruits of development at the doors of the deprived and poor.

Is it an *aam aadmi* budget?

But has it really been so? FM boasted in his speech that '*aam aadmi*' (common man) is now the focus of all our programmes and schemes. Has the budget been really formulated on an '*aam aadmi*' plank? Any discerning man will vouch in the negative. Rather, a clear cut road map to further fleece the poor and fatten the rich has been carefully camouflaged under a surfeit of consummate jugglery of words, crafty manipulations, intentional vagueness at places and customary utterances. In the opening paragraphs of his budget speech, the FM said that "the UPA Government in the last five years had charted a development course which has been possible due to a step up in the growth rate of the economy and improved revenue buoyancy." And the next sentence of his is that "the principal growth driver in this period has been private investment." So, according to him not the labouring mass but the exploiting capitalists have catalyzed the growth proof of which the FM and his government tries to furnish in terms of certain economic numbers. When he declares that his challenge remains to "deepen and broaden the agenda for inclusive development; and to ensure that no individual, community or region is denied the opportunity to participate in and benefit from the development process", it is tantamount to admitting that the benefits of the

much-trumpeted growth have not percolated down the level to the neediest.

Perhaps, the FM felt that was the best way to hide among other things some of the glaring facts which bear proof of widening gap between the rich and the poor. While four of the ten richest persons in the world happen to be Indian monopolists, India stands at the 66th place among the 88 developing countries in the Global Hunger Index, calculated on the basis of undernourishment, underweight children below five years of age and under five mortality rate. Even on a very conservative estimate that excludes incorporation of a lot of relevant data either because of non-availability or for being doctored in nature, the number of Indian poor constitutes 33% of the global poor. A correct compilation in every probability will place the figure at not less than 70%. Some of the Western bourgeois economists making a frantic attempt to shield the moribund decadent face of crisis-ridden capitalism behind some high-sounding economic verbiages, have, of late, been arguing that "there is no connection between structured, many-layered economic inequalities, on the one hand, and persistent poverty and widespread deprivation, on the other and the state should better not try to reduce inequalities through budgetary exercises." Taking a cue from that, the FM has mentioned in his budget

speech, "a single Budget Speech cannot solve all our problems, nor is the Union Budget the only instrument to do so." And refuting the 'allegation' that he has deviated from the Survey script which preached for laying down a comprehensive agenda of capitalist globalization-liberalization and deregulation of real sectors of the economy, the FM commented that "Reform is a process, not an event, and it is a continuous process. That economics which I presented talk of reforms in various parts." (FM's Interview- Economic Times 08-07-09) Facts corroborate that. Initiating institutional reform measures to encompass all aspects of the budget such as subsidies, taxes, expenditure and disinvestment and maintaining moderate interest rates is so obvious in every proposal. The Budget for 2009-10 indeed accepts the core of neo-liberal economics and will be found on closer examination to be entirely consistent with the neo-liberal agenda of the *Survey*. Let us proceed item wise.

Claim of economic growth

The FM has claimed that Indian economy has shown surprising resilience and grown by 6.7% in 2008-09 — faster than almost anyone had predicted—though it has been much below the 9% growth of past years. But a large part of the 6.7% growth rate in 2008-09 is a statistical illusion. It is stated that 1.8% out of the projected 6.7% growth reflects the salaries, pensions and arrears paid out to civil servants under the sixth pay commission's award. If we deduct this, the growth figure comes down to 4.9. Confining the correction of GDP data to only the second half of 2008-09, which is when the pay commission awards were paid out reveals the GDP grew not by 5.8% but only 2.2%. This may come as a shock, but it does bring the GDP estimates more in line with the 1.6% growth in agriculture and 2.4% growth in industry, utilities and construction, reported for the entire year by the Economic Survey.

Budget expenditures, deficits and borrowings

The FM took pride in announcing that his has been the

largest ever budget, a Rs 10, 20,835 crore (Rs 10.21 trillion) purse, to address the demands of a trillion dollar economy. He said he hoped to step up the non-plan expenditure by 37% to Rs 6, 95,689 crore over 2008-09 and plan expenditure by 34 per cent to Rs 3, 25,149 crore. The total increase in expenditure, thus, is 36% over that of last year estimated at Rs 7, 50,884. He has coined a term 'fiscal stimulus' to hold brief for higher allocation of expenditure that, he too admits, will entail huge deficit since revenue receipts will fall far short of the budgeted spending. It may be added that actual expenditure for 2008-09 finally ended up at Rs 900,953 crore. This shows a slippage of about 20% over budget estimates. Therefore, the budget estimate for expenditure for 2009-10 is not 36% but only 13% over the actual expenditure incurred during the previous year.

Next issue is that of budget deficit. We know that there are two deficits, fiscal deficit (FD) and revenue deficit (RD). RD is the difference between the revenue receipts and revenue expenditure while FD represents the difference between revenue receipts and revenue plus capital expenditures. While capital expenditure results in creation of assets (plants, buildings, machinery, infrastructure, etc.), revenue expenditure does not. Hence, increase in RD is far more alarming than FD in so far as financing of the deficits is concerned.

And that is exactly the situation. The RD as a percentage of GDP is projected at 4.8% compared to 1% in Budget estimate (BE) 2008-09 and 4.6% as per provisional accounts of 2008-09. On the other hand, the FD as a percentage of GDP is projected at 6.8% compared to 2.5% in BE 2008-09 and 6.2% as per provisional accounts 2008-09. Unfortunately, the figures are not correct. The government has allowed states to borrow an additional 0.5% of gross state domestic product (GSDP). They can now go up to a fiscal deficit of 4% of GSDP. If state deficits of 4% plus extra oil and fertilizer subsidies (if their global prices rise) and off-

Contd. on page 3

Central budget 2009-10**Colossal increase in military expenses
limitless corruption mars past record***Contd. from page 2*

budget items like bonds issued to petroleum companies, are added, the combined fiscal deficit of states and the centre could be as high as 12% of GDP. Moreover, the RD for 2009-10 is budgeted to go up an astonishing 412% from that estimated for 2008-09. At 70% of the FD, this is the highest RD since the economic reform process began in 1991.

The obvious question is how these huge deficits are going to be financed. Revenue deficit can only be financed by one of three sources: domestic borrowing, borrowing overseas or printing money (monetisation). Last year, the total borrowing is estimated to be as high as Rs 2.62 lakh crores. Because of these large borrowing, interest payments now eat up nearly 37% of the revenue receipts. The government has already planned a humungous gross market borrowing programme of Rs 4, 51,093.25 crore. Net of scheduled repayments of Rs 53,135.79 crore, the government's market borrowing target works out to Rs 3, 97,957.46 crore. If the government's increased limits for ways and means advances from the Reserve Bank of India (RBI) for this year are considered, the amount will shot up further. When we later focus on the tax proposals, it will be clear that while the government is thus slated to be on a borrowing spree, there are bounties of concessions showered on the rich and corporates depriving the exchequer of substantial revenue earning.

Moreover, the government has not disclosed except providing figures of borrowings as to how it financed the deficits last year. Though it claims to have arrested inflation, it does not require that much of modicum of grey matter to understand that this is nothing but a travesty of truth. The ongoing spurt in the prices of essential commodities does confirm high level inflation spurred by rising circulation of black money and likely printing of currency notes. But the government is tight-lipped over the issues. There is no way to know details of these. The very conspicuous silence of the government over these matters only lends credence to the suspicion that such indeed is the reality.

On the other hand, despite stated constraint of revenue earning primarily because of distributing largesse to the capitalists, the budget allocation for defence has been raised to Rs 1, 41, 703 crore—34% more than last year. But cleverly, this allocation instead of being mentioned separately under the heads of either Defence or National Security has been included at the end of the para on Non-plan expenditure so that it does not attract much attention. There could be a possible reason for this. In a shocking financial scam, a report by the Comptroller and Auditor General (CAG) has rapped the Indian Army for squandering huge sums of public money. The report goes on to say that money allocated for vital equipment was diverted. The CAG report has accused some Army commanders of violating their special financial powers, splurging crores of rupees on buying golf carts and misusing medical funds to buy golf equipment. It is not just buying golf carts, CAG also indicts the security forces of spending over a 1000 crore on buying HAL choppers which they allege cannot fulfill their primary need of flying over 6,500 feet. The Bofors scam and Coffin scandal are also not erased from public mind more so because not a single accused has been booked till date. So it is now well established that there is limitless corruption in the military. Lest the revelations in this regard should generate negative public reaction to such a massive increase in defence budget, the FM chose to underplay the same.

The government's argument in support of this regular increase in military expenditure is that there is a persistent threat to the security and independence of the country. Hence, there is no alternative but to improve its defence capabilities. The bourgeois media also leave no stone unturned to justify the government's line. We have dwelt at length on this subject in the earlier issues of Proletarian Era. Here, we would only like to mention that the government is making such hefty allocation to budget at a time when people of the country are dying of appalling poverty, hunger and undernourishment being deprived of the bare necessities of life. When

the pressing need has been to provide maximum relief and help to the millions of downtrodden impoverished countrymen, the government's priority is found to be in diverting bulk resources to the so-called necessity of country's defence, the country abounding in the dead, half-dead, beggars and diseased. Moreover, no civilized government worth the name has ever been found to use fear of war as a scarecrow to deny the people of their legitimate due. The very perpetration of a war-psychosis is detrimental to maintenance of peace and harmony inside the country. It is the teaching of history that even if a country faces an attack from an external enemy, it is the blazing patriotism of the countrymen which offers the ultimate guarantee of preservation of independence and sovereignty.

Those having not just a roving but probing eyes, therefore, know that the bogey of country being persistently under threat of attack is purported to veil an altogether different motive. The inherent reason is protection of the sectarian economic interest of the ruling bourgeoisie. More the capitalist economy is getting ridden with insoluble crisis endemic of the system, more reduced is the demand for basic industries since there are hardly any takers for the industrial goods. This in turn causes fall in demand for basic raw material like steel. In order to create an artificial stimulation in the demand for steel and such other raw material, the government intervenes in the form of a buyer. The defence ministry places order for steel to make war equipments like tanks, guns etc. Also the channel of procuring arms from abroad is continuously nourished both for benefiting the middlemen as well as augmenting military strength of Indian capitalist state. So is the necessity for a rising military expenditure. Those who boast of being people's representatives in the legislatures including the pseudo-Marxists like the CPI (M), CPI instead of shaking both the houses on such outright anti-people steps of the government do not just remain mute spectators but extend full support to such vile moves. In absence of the desired current of democratic mass

movement, the government subservient to the class-interest to the ruling monopolists is getting away with all such defrauding acts.

Monetisation plan

Coming back to the issue of financing deficits, the government apart from borrowing has two more avenues—monetisation (increase in money supply by printing fresh currency notes) and disinvestment of Public Sector Units (PSUs) that were created in the post-independence era with public money. The FM has said the RBI would support half the government's borrowing programme of Rs 3, 98,000 crore through open market operations (i.e. buying government debt, private debt or any other securities from the market). This, he claimed, was not monetisation but a programme of RBI buying government debt at market rates. Unfortunately, such distinction is arbitrary. When the RBI buys such securities, it pays with freshly created money. In recession, every bourgeois government in the name of stimulating demand opts for higher fiscal deficit by foregoing revenue earning through plethora of tax concessions to the capitalist class. Bourgeois government of India, as we have shown above, is traversing the same course. Besides, such governments seek to lower interest rate so that capitalists and corporates could avail cheap loan. Side by side, they make every effort to encourage credit-backed consumption (i.e. provoking consumers plagued by ever depleting purchasing power because of ruthless capitalist exploitation to take loan for financing their purchases and thus get entangled in vicious debt-trap). But the internal contradiction of capitalism is such that often fiscal deficit mounts so high as to crowd out private borrowing (i.e. stands much higher than the amount of loan disbursed to the borrowers by the banks). So there is scarcity of funds available for borrowing. Hence, interest rate intended to be pegged down actually climbs up. Finding no other alternative, the central bank (RBI in our country) then steps in and monetises the deficit. Once this happens, inflation goes up further. It

Contd. on page 4

Central budget 2009-10**Disinvestment is plainly privatization :
no amount of words can conceal it***Contd. from page 3*

is for this reason that the Government of India is so desperate to show by manipulation that inflation is at its lowest. In fact it has come in the media that Confederation of Indian Industry (CII), the association of the ruling Indian monopolists, has recommended printing of fresh currency notes since inflation is stated to be below 1%. (*Ananda Bazar Patrika* 30-05-09) Needless to say that this claim of dwindling inflation, as we have indicated above, is a hoax. That is why, while the people are reeling under severe price rise, the budget claims that there had been a "sharp fall close to 0% in the wholesale price index in March 2009." We have exposed this deceit and distortion in an article published in the *Proletarian Era* dated 1 July, 2009. It is, therefore, clear that plans are afoot for monetisation that will fuel price rise even on a larger scale.

The Economic Survey has emphasized the need to "revitalize disinvestment programme" by selling at the outset 10% of the shares of the Public Sector Units (PSUs) including the most profitable *Navratnas* (nine most profit-making units). The Survey suggested to set a target for bringing around Rs 25,000 crore annually to the kitty from disinvestment. Knowing full well that people have strong resentment against this disinvestment policy which is nothing but privatization of government sectors as mandated in the doctrine of globalization, the FM cunningly camouflaged the disinvestment agenda under these mellifluous words: "The Public Sector Undertakings are the wealth of the nation, and part of this wealth should rest in the hands of the people." So he proposed "people's participation in our disinvestment programme." There is no fool in this earth who believes that common masses have capacity to acquire the shares or be benefitted out of that. So when offloaded, the shares will be grabbed by the big sharks in the financial market, monopoly houses and the stock speculators. Thus privatization agenda is now being promoted in the name of "people's participation". Though the FM in his interview to the media talked of waiting till right

moment as per market signals (read upward swing of the stock market indices so as to get better price for the disinvested shares), the privatization process is on the roll with National Hydro-Electric power Corporation (NHPC) announcing an initial public offering (IPO) of the size of 10% as well as disinvestment of 5% of their existing holdings. Next in the line is Indian Oil Company followed by NDMC and Manganese Ore.

Apologists of disinvestment contend that unless government resorts to this measure, it cannot in the context of fall in revenue earning because of keeping taxation at low scale, garner resources for public welfare. It is obvious that by advancing such arguments, they are trying to establish a justification for full scale privatization. But, this argument of theirs is also not tenable. All these PSUs were created in the post-independence period under public pressure with public money as labour-intensive units providing employment in good number. Can it be a logic that people's properties are to be destroyed for protecting people's interest? Government spokespersons like the FM often contend that they are not going for privatizing the PSUs but are only selling a part of the equity holdings to raise money. This is also another ploy to keep the truth veiled. According to prevailing law, once someone acquires equity share of a company, proportionate ownership is vested in him. So, if anyone manages to have a fair stake in equity of a company through market purchase of the shares, he can exercise management control by way of inducting his own representative on the board of directors. So, once this offloading of PSU shares begins, there is every possibility of some big private owners or monopoly houses cornering good number of equities and thereby securing representation on the boards. These board directors will obviously try to bring policy changes suited to their masters. On the other hand, the government serving the aggregate interest of ruling capitalists and openly advocating large scale privatization as part of reform process is not likely to oppose any policy from the people's point of

view. So gradually, the privatization of the PSUs will take a firm root and in an opportune moment, the government in every likelihood would switch from the policy of selective disinvestment to total disinvestment which has been seen in many parts of the imperialist-capitalist world.

Moreover, once these PSUs are handed over to private operators, the first axe will fall on the jobs as retrenchment or downsizing has become, so to say, *mantra* of decadent moribund crisis-ridden capitalist class seeking to lower cost of operation by replacing man with machine. Wherever such privatization is taking place, there is large scale job reduction. For example, gradual privatization of the railways in Europe has not only shred jobs but made the service so costly as to elude affordability of the common masses. Are we then to conclude that such massive retrenchment and escalated cost are all in the interest of public welfare and 'inclusive growth? That is what the logical corollary of disinvestment is. Further, there is an end to this disinvestment process. After all these units are privatized, what alternative the government will have to raise money? Everyone knows that government should earn revenue from the taxable segment particularly the rich, affluent and profit-making corporates as well as manufacturing industries. But, the government instead is formulating policies to grant exemptions and concessions to the real taxable segments and pursuing disinvestment agenda to raise resources.

Gradually disabling parliament

Economic survey also pleaded strongly for allowing FDI in insurance, retail sector and defence production. But since the FM has not made any explicit promise in this regard, some quarters are surmising that perhaps those proposals are shelved. But, there is no reason to be that complacent. These proposals form inalienable part of the reforms process. The FM himself has said that reforms process are on and 'Union Budget (is not) the only instrument to solve all problems.' He is right. Lately, many of the important policy decisions are being

taken outside the budget or even parliament through issue of administrative fiats. Just before this budget, the government unilaterally increased the retail tariff of petrol-diesel. So, there is every possibility that after some days, slowly the pending agendas of reforms will be rolled out.

In this connection, we would like to refer to another pertinent issue. During the advent of capitalism, one would recall, the exponents of bourgeois democracy viewed that sovereign parliament would exercise control over the government in various ways and thus effectively discharge the role of a moderator. One of such steps was exercising fiscal control through the fiscal policies and other policy initiatives. Hence, it was vested with the supreme power to decide on economic and financial matters. It was envisaged that the members of parliament would meticulously scrutinize the performance of the government, scan all policies on the anvil of logic and reason and enter into meaningful debates on all such allied subjects and issues. The government will be under obligation to reply all queries raised in the house. Now, in moribund stage of capitalism, even these concepts of bourgeois democracy are being given a decent burial. On the one hand, there is progressive curtailment of the power of parliament. On the other hand, as experienced by everyone, an industrial-military-bureaucracy complex is now calling the shot from behind in the aggregate interest of capitalism by disabling parliament and using the government as a protective shield. That is why even budget session of parliament is drastically reduced so that there can be no effective debate over the proposals save and except some mudslinging and making spat at each other. In this way, all power is being concentrated in the hands of the ruling dispensation to implement, alter or circumvent any regulatory mechanism. This is how administrative fascism like all other imperialist-capitalist countries is gradually taking a firm root in this soil as well. In this backdrop, one cannot rule out total compliance with the Survey recommendations of

Contd. on page 5

Central budget 2009-10

Decontrol of fuel-fertilizer price a massive blow to people

Contd. from page 4

opening up insurance, banking and defence sectors to foreign monopolists in the days to come.

Decontrol of petrol-diesel and fertilizer prices

Other recommendations of the Economic Survey that form an essential part of the globalization agenda have been decontrolling prices of petrol-diesel, limiting LPG subsidy and phasing out kerosene supply-subsidy. The argument in favour of implementation of this proposal has as usual been “to recognize that, with almost three-quarters of our oil consumption met through imports, domestic prices of petrol and diesel have to be broadly in sync with global prices of these items” and thereby insulate the oil companies from incurring loss due to spurt in global oil tariff. The FM knew full well that if the Survey recommendations are implemented at this moment, the retail fuel tariff would shoot up further causing yet more escalation in the prices of essential commodities as well as transport fare. This overdose of government – sponsored price spiral might result in the accumulated wrath of the people bursting forth in protest making it difficult for the ruling dispensation to smoothly carry out its globalization programme as scheduled. So he has cleverly shifted the decision outside budget by saying that “government will set up an expert group to advise on a viable and sustainable system of pricing petroleum products.” We have on a number of occasions earlier shown that this argument premised on the plea of rescuing the oil companies from incurring loss and relieving the government from shouldering the burden of subsidizing retail tariff of petrol-diesel as well as kerosene and LPG is totally flawed. In the latest report of the ‘Committee on Pricing and Taxation of Petroleum Products, it has been revealed that in 2004-05, the profits after tax (PAT) of the giant oil companies like ONGC, Indian Oil and Gail have been Rs 12, 983.05 crores, Rs 1061.70 crores and Rs 1953.91 crores respectively. In the first six months of 2007-08, ONGC booked a profit of Rs 5094.48 crores. In the same year, Reliance Petroleum netted a profit of as high as Rs 15, 546 crores. Where is the loss then? In fact, the

Committee revealed that “the oil companies have reported their financial distress in terms of under recoveries” though “this is not correct as they (i.e. under recoveries and losses) are two different concepts.” Moreover, the tax and cess the government had imposed on petrol-products in India are among the highest in the world. In 2007-08, the central government has realized as high as Rs 1, 64, 000 crores from such taxation. On the other hand, the government had in 2006-07 spent only Rs 969 crore and Rs 1, 572 crores towards subsidies for kerosene and LPG respectively. In other words, the government subsidy per litre of kerosene had only been Re 0.82. Similarly, subsidy per cylinder of LPG had been just Rs 22.58. If we deduct the amounts that have gone to the government’s kitty in the same year in the form of realized excise duties (Rs 236 crores from kerosene and Rs 454 crores from LPG), the figures of subsidies will come down substantially. (Source: Petroleum Planning & analysis cell, Government of India) Do not all these facts reproduced from the government documents prove that the government and its FM have been taking the common people for a ride?

In compliance with the directive of the Economic Survey, the government has decided to decontrol fertilizer and privatize fertilizer manufacturing. But the declaration to this effect has been astutely covered by cleverly chosen words. The FM announced that “the Government intends to move towards a nutrient based subsidy regime instead of the current product pricing regime and this unshackling of the fertilizer manufacturing sector is expected to attract fresh investments in this sector.” There is no clarification as to what is meant by “nutrient based” fertilizer and who would be the deciding authority in this regard. Similarly vague if not misleading is the word “unshackling” unless there is an existing shackle (regulated pricing mechanism?).

Gimmicks and Camouflages in Public Welfare areas

This will be amply clear if one takes note of the other camouflages in the budget. While thousands upon thousands of debt-trapped peasants

are committing suicide and pauperization of the rural poor has reached an alarming level because of bumper escalation in seed and fertilizer prices, non-availability of remunerative prices for the produces and lack of proper irrigation facilities, the FM has ended his responsibility by announcing grant of short term crop loans to farmers at 7% interest with a provision of 1% waiver in case of timely repayment and routine increase in budgetary allocation for the so-called “Accelerated Irrigation Benefit programme” which as experienced by all, only remains on paper. It is also noteworthy that while the government promises in the budget to distribute 25 kg of rice and wheat a month at Rs.3 a Kg for below poverty line (BPL) population, no money has been specifically allocated for the same.

While the countrymen have been starving of rudimentary healthcare, the government that is so prompt in allowing private operators to open expensive hospitals, has kept the share of expenditure in medical and public health unchanged at just 0.12% of GDP despite growth in population and complete absence of rudimentary medical facilities in most of the rural and semi-urban areas. In general education, the share of revenue expenditure to GDP is slated to rise only marginally from 0.52 per cent in 2008-09 to 0.56 per cent in 2009-10. Further, though every stage of education is important and right to education should be a must in a civilized country, the government is indulging in intriguing shift of emphasis within education. It is found that there is diversion of much-needed additional expenditure from primary education to secondary education. If the government is a wee bit serious in implementing the Right to Education Act and supports compulsory education for the 6-14 age groups, it will need to spend over Rs.10, 000 crore a year. But the budget earmarks only an additional Rs.1, 200 crore for elementary and secondary education. Budget allocation to education is only 0.76% of GDP. In fact, the allocations for much-clamoured *Sarva Shiksha Abhiyan* (education for all) programme and the mid-day meal scheme in schools have declined. This no doubt is in tune with the

policy of handing over the education sector to profit-greedy private operators, both domestic and foreign, for being run on commercial basis and thus keeping the poor out of formal education including academic courses for acquiring special technical skills or professional acumen which will be exclusive preserve of the rich.

Employment Sector

Likewise, when mounting unemployment and rampant job loss are wreaking havoc in people’s life, the FM besides parroting customary promise of adding 12 million jobs each year – something that people do not frown but laugh at – has not uttered a single word about specific plans to open closed factories and establishments, reinstatement of millions of the retrenched workers or setting up labour-intensive industries under the aegis of the government. Rather his has been a cruel joke on the misery and despair of the unemployed millions. He has announced in his budget which he said to be purported to “empower the weak” and “provide basic amenities and opportunities for livelihood to vulnerable sections” that Employment Exchanges will be modernized in public private partnership, a euphemism for privatization, so as to enable job seekers register on-line from anywhere on any exchange. But, he at the same time hastened to add that the modern exchanges “will contain all the data regarding availability of skilled persons on the one hand and requirements of skilled persons by the industry on the other.” He thus makes it amply clear that whatever skeleton opportunity might be there in the few capital-intensive technology-based highly sophisticated industries that have become feature of capitalist globalization, it will be for the skilled persons only and naturally open to those in a position to afford highly expensive technical education.

The FM’s concern for the unorganized or informal sector like weavers, fishermen and women, toddy tappers, leather and handicraft workers, plantation labour, construction labour, mine workers, *bidi* workers, and rickshaw pullers which as per his own admission accounts for 92% of our economy is equally incredible. He has only

Contd. on page 6

Central budget 2009-10

Corporates win huge awards, have taxes reduced

Contd. from page 5

discharged his obligation by informing initiation of action towards formulation of social security schemes for this sector though no "financial allocations have been made for these schemes.

Bonanza to corporates and speculators to deplete revenue receipt

But when it has been a question of looking after the rich, the FM has been very focussed, assertive, not at all blurred in his proposals or indulgent in any round-about talk. In his budget speech, he said categorically that his Government is committed to creating a facilitating environment in which a competitive private sector can thrive and play its rightful role in nation's economic development. India's high growth of 8.5% per annum from 2004 to 2008 was fuelled in very large part by private investment. His tax proposals bear eloquent testimony to that.

Except raising the Minimum Alternate Tax (MAT) from 10 to 15% which hurts only a few firms and abolition of the Fringe Benefit Tax (FBT), the corporate sector has indeed obtained a bonanza. The FM has not increased the corporate tax rates. He has also chosen to extend for one more year (until 2010-11) the deduction from taxable income of the export profits of the Software Technology Parks of India (STPI) units, and units in the Special Economic Zones (SEZs), the Export Processing Zones (EPZs) and the Free Trade Zones (FTZs). This tax holiday was originally available until 2008-09 and was then extended to cover 2009-10. The major beneficiaries of this concession are the Software Development Agencies and the IT-Enabled Services Providers/Business Process Outsourcing units, in whose case the effective tax rates are as low as 12 and 15 per cent respectively. Revenue forgone under this head in 2008-09 was Rs.20,366 crore. Overall corporate tax concessions have meant that the revenue forgone by the government stood at Rs.68,914 crore in 2008-09, which was Rs.6,715 crore higher than in 2007-08. This increase was greater than the Rs.6,375 crore increase in the fiscal deficit between these two years.

Budgetary support for the

corporate sector came in other forms as well. One would recall that off-budget, the effective excise duty rates were cut across the board by 4 percentage points on December 2008. On February 24, 2009, the mean excise duty rate of 10 per cent was further reduced by 2 percentage points from 10 per cent to 8 per cent. These changes were responsible for a significant share of the increase in excise revenues forgone from Rs.87,468 crore in 2007-08 to Rs.1,28,293 crore in 2008-09. Since the excise duty rates remain untouched, this year's loss will be much larger. On the other hand, since the corporate sector does not pass on the benefits of the excise duty reduction to the consumer, it will garner a substantial part of the revenue forgone. The removal of 10 per cent surcharge on personal income tax, which benefits only those with an annual income exceeding Rs.10 lakh, is completely uncalled for.

A range of tax concessions has been provided to investments made by the New Pension Scheme Trust (NPS) in private equity. This Trust, it may be recalled, has been established against people's wish to provide the speculative stock market a large corpus of the hard-earned savings of the common people. Besides dividend tax concessions, these investments have also been exempted from the Securities Transaction Tax (STT). This would only encourage the diversion of savings in pension funds to the speculative stock market. Thus while speculators, shady operators and market manipulators would make fortunes with increased injection of funds, vulnerability of the hard earned life savings of the citizens deposited in the NPS will increase manifold.

Moreover, the budget has proposed to provide 100% tax exemption to so-called electoral trusts, formed under a yet-to-be-framed government scheme. This will enable monopolists and corporates evade heavy tax liability by inflating the kitty of political parties subserving their class interest. This will also pave way for huge quantity of black money to make inroads into the market without attracting any penalty. Already there is avalanche of spending during the elections by the bourgeois and petty-bourgeois

parties to manipulate the results in their favour based on money power. Now, with political funding by the industrial and corporate sector being given formal recognition under the mouthful name of electoral trust, the whole electoral exercise will be turned into an yet bigger a farce with only those receiving huge funding through such trusts calling the shot and the parties or forces refusing to oblige the ruling class getting eliminated from the scene. Likewise, while the government is starved of funds, an allocation of as high as Rs.3,472 crore has been made for in the budget for Commonwealth games to, what the FM, said "showcase our potential as an emerging Asian Power." This only shows that no matter whether people are deprived of basic necessities of life, the government is more concerned to articulate the hegemonistic aspiration of the ruling Indian bourgeoisie by flaunting its economic might before the world seizing every possible opportunity. Similarly, relief has been granted to the charitable and religious trusts by not taxing anonymous donations (most of which is unaccounted or black money) received to the extent of 5 per cent of their total income. But the FM has not missed any opportunity to levy indirect tax on the common people. While the *aam aadmi's* everyday expenditure is going through the roof, he has preferred to bring goods carried by Indian railways or those carried as coastal cargo or through inland waterways under the purview of taxation that will entail further rise in price as all such burden of indirect taxation is squarely passed on the end-users.

It is just not that government has only granted plethora of tax relief to the industrial houses and corporate sector. The budget has arranged for 60% state refinancing of commercial loans for public-private partnerships in the infrastructure. Perversely, it has reduced the excise duty on big cars/sports utility vehicles with engines of 2,000 cc-plus. These, and many other measures, unabashedly favour the rich at public expense. Thus the FM has created conditions in which the private sector will feel comfortable participating in the government-driven asset creation plans and has also left corporate taxes virtually untouched.

Bunkum of people's welfare

The FM informed the parliament that "UPA government has gone for a paradigm shift for making the development process more inclusive. It involves creating entitlements backed by legal guarantee to provide basic amenities and opportunities for livelihood to vulnerable sections." But how hollow are such words are known even to a child. The government has announced a host of welfare schemes under this or that name and even announced customary increases in allocation. But the budget has not even acknowledged that not even 10% of the benefits reach the targeted segment because of rampant corruption, pilferage, mafia activities, nepotism, bureaucratic entanglements and such other aberrations. For example, the government said that "the National Rural Employment Guarantee Act, (NREGA) first implemented in February 2006, has been a magnificent success because during 2008-09", NREGA provided employment opportunities for more than 4.47 crore households as against 3.39 crore households covered in 2007-08. The FM also said that they are committed to providing a real wage of Rs.100 a day as an entitlement under the NREGA. But facts speak otherwise. Last three years' records show that jobs were available for far less number of days than assured 100 days. Out of 27 states, 15 could not provide even 40 days job. Out of 210 million households, not even 10% received jobs. And since implementation has been left to the contractors, average wage received by those few who got job for some days under the scheme has been between Rs 30 and Rs 40. The CAG report has revealed a heap of corruption plaguing the scheme. (For details, See Proletarian Era dated 15 June 2009). This is the scenario everywhere. Mere promise of 'improving delivery mechanism', therefore, sounds like prattles.

Industry hails

Since he has been practically carrying out the dictations of the ruling monopolists, the monopoly houses and big business are euphoric over the budget. Welcoming the Budget, the Confederation of Indian Industry (CII) and Federation of

Contd. on page 7

Central budget 2009-10

Burning issues of people's life unattended : capitalists rejoice

Contd. from page 6

Indian Chambers of Commerce and Industry (FICCI) have said they were grateful that their pre-Budget proposals of abolishing Fringe Benefit Tax and Commodity Transaction Tax were considered. "Many of our recommendations have been incorporated in the Budget. The package for inclusive growth and large outlays on infrastructure will help revive the economy by stimulating investment and consumption," said Venu Srinivasan, CII President. The National Association of Software and Services Companies (Nasscom) welcomed the Budget proposals aimed at achieving the dual objective of enhancing inclusive growth and boosting economic activity. Som Mittal, Nasscom President, said: "The finance minister's decision to extend fiscal benefits will help industry mitigate the impact of the current economic environment and help India retain its competitiveness."

People left in the lurch

Thus there ought not to be any ambiguity about the very objective of

this budget. While the toiling people grinded under the yoke of savage capitalist exploitation are desperately seeking some relief, the government instead of addressing the burning issues of life has upheld the interest of the exploiting capitalist class and its servitors. All fiscal measures, policy directives and presentation of the state of economy have been from the point of view of the industrial houses and large corporates. Throughout the world, the votaries of capitalist globalization that has been spelling doom in people's life have of late been using a term, 'non-inclusive growth'. In other words, it is an admission that fruits of all growth, economic prosperity and wealth have been concentrated only on a handful of the rich and affluent. So the so-called boasting about GDP growth, spurt in per capita income, modernization, etc., are all bunkum as the very economy is based on discrimination, deprivation and deception. So long this economy persists, there can be no end to the suffering and impoverishment of the people. But if a government has

rudiments of concern for granting some succour to the people, it can always do that even within the system. Some such steps like arresting soaring price line through appropriate administrative steps, sparing people from shouldering the burden of indirect taxation by suitable preventive measures, ensuring availability of the essential food and other items at affordable price from a pilferage-free strictly controlled Public Distribution System, providing the peasants with cheap fertilizer, seeds, power and irrigation facilities as well guaranteeing remunerative prices for the produce through proper marketing system, and setting up labour-intensive industries in the public sector. In fine, the government should play the determinant role in this regard.

But as this budget has shown, the roadmap of this government is just on the opposite as it intends to pass on everything to private operators and remain indulgent onlooker to all kinds of aberrations, discriminations, squeezing,

corruption and so-called "faults in delivery mechanism". Budget, in fact, has become a fiscal instrument in the hands of the government to serve the class interest of the ruling capitalist class. Only when the festering sores of the moribund capitalist economy could no more be suppressed despite all kinds of manipulations and manoeuvres, it will play the broken record of 'non-inclusive growth' and play truant by mouthing some routine promises which it knows is under no obligation to keep. So on one hand the very capitalist system will create poor and on the other the caretakers of the system will take credit for throwing alms or doles to them as if this is only what the toiling people deserve and must remain satisfied only. There is, therefore, nothing to expect from this budget except aggravation of the penury and misery of the people. No change in the policy can be brought about through appeals and submissions. People have to rise in protest, close their rank and try to wrest their legitimate demands under pressure of powerful movement.

Chengara Movement in Kerala

Chengara Movement has been a very important socio-political issue in Kerala for the past two years. Downtrodden people, particularly of scheduled castes, either landless and homeless or those with a minimal holding to live in dire poverty are involved in a struggle based on the slogan 'Give us land; we shall cultivate and make a living'.

The movement started two years back on 4 August 2007 under the leadership of *Sadhujana Vimochana Samyuktha Vedi*, an independent organization cutting across political identities steered by Sri Laha Gopalan, an ordinary man. Seven thousand poor families marched on to the portion of a rubber plantation at Chengara in Pathanamthitta District in Kerala. In a fairly vast expanse of land, they made small huts and started a novel type of movement by living in those huts along with their families, kith and kins braving all odds. The land belonged to the Harrison Malayalam Plantations, which has illegally kept under its control 76000 acres of land in connivance with the administration

even after the expiry of the lease by virtue of which they held the land. The land has thus become vested land. Devoid of any civic amenities, the agitators took it upon themselves to ask the government to consider their demands, and they decided to go on till the demands are met. In a few weeks they established a struggling peoples' settlement there which is a disciplined establishment with over 7000 families comprising thousands of men, women and children pulling on with a struggling spirit, defying starvation and difficulties. The whole area became a symbol of a new type of movement.

The movement gradually earned the support of all well-meaning sections of the people and in a few months the legitimacy of the movement became established with support from different organizations representing different sections of the people. Different sections of the people visited Chengara, the movement site expressing solidarity with the struggling people. Medha Patkar, Arundhati Roy were among those important personalities who

visited Chengara.

But the movement turned out to be the single all important political issue of the state when the CPI(M) led LDF government chose to crack down upon the movement. Joining hands with *Harrison Company* managing to get a court order, battalions of police were sent to Chengara for a large scale eviction of the estate. Before the resolute resistance given by the people in thousands, the police had to retreat. But then started an unprecedented mode of suppression. The CPI(M) mobilised members of their CITU Union in Harrison Estate making an alliance with other unions including INTUC and BMS and started a blockade of the struggle site. From 4 August 2008 onwards, the only entry towards the movement site was blocked by an aggressive well organised mob of workers' who caught upon any member of the movement, whether man, woman or child and assaulted. Nothing could be taken inside to the movement site, neither food nor medicine nor anything. The blockade made the

life in the struggle-site a hell. Children couldn't go to school. Those who were ill could not be taken to hospital. Many died due to non availability of treatment. Many of the leading personalities of the state got together in defence of the movement and tried to go to the struggle site of Chengara several times, but they were prevented forcefully by the criminal blockade.

In such a situation, the second anniversary of the movement falls on 4 August 2009. A programme will be held on that occasion in the town of Pathanamthitta, the district headquarters. It will be attended by prominent intellectuals, political leaders of those parties who support the movement, leaders of various community organisations and leaders of womens organisations to urge for the stopping of the barbaric blockade and pressing the government to yield to the demands of the people. Dr. V. Venugopal state secretariat member of SUCI will preside over the mass meeting, where Smt. Mamata Banerjee, the Railway Minister, Sm Medha Patkar, the renowned social activist and others are likely to join.

Comrade Provash Ghosh addresses Martyrs' Day Rally of the TMC on 21 July in Calcutta

On 21 July, the Trinamul Congress observed Martyrs' Day in memory of their 13 activists who were killed in police firing on the same date in 1993. A huge rally was held on the occasion in Calcutta which was addressed by Sm. Mamata Banerjee, the Railway Minister and other leaders of TMC. Comrade Provash Ghosh, the West Bengal State Secretary of our party SUCI, which maintains a unity with the TMC in the interest of mass movements, was invited to address the rally along with leaders from other different parties and eminent intellectuals of the state. Here we publish the text of Comrade Ghosh's speech. [Ed. Board- P.Era]

At the very beginning, I pay my respect to the martyrs who fell victims to police firing on 21 July of 1993. At the same time, I would like to say - whosoever lays life at the attack of the armed state power in any country, be it in an independence movement or in a liberation struggle or in the struggle against exploitation and oppression, in the movement on democratic demands, we regard them with the honour of martyrs. We observe martyrs' day with the objective that those who will build up struggles in the coming days will be inspired from the instances of the heroic struggle of these martyrs.

As you know, the martyrdom of the first martyr of the freedom struggle of India, the death-defying valiant Khudiram, is going to be commemorated shortly, on 11 August. It is by following the footprints of Khudiram that hundreds of youth subsequently sacrificed their lives in the struggle against British imperialism. They never even dreamt that hundreds more would have to die martyrs' death, even after the country became independent. Such is the heart-rending reality today. The reason is, although the British imperialist rule has ended in India, it has been replaced by fierce capitalist exploitation and oppression. The country which our leaders of national freedom struggle, the revolutionaries and the great personalities of the yesteryears

found before them, is today embroiled in severe crisis covering all aspects - economic, political, social, cultural and moral-ethical. Humanity, affection, love, attachment and finer feelings - each and every sphere is today ridden with dreadful crisis. It is capitalism that is responsible for all this. Whether any party intends to or not, provides leadership or not, the crisis-ravaged people would invariably raise their heads in protest time and again, would surely wage struggle. Every time, the movement would burst out in waves after waves. No state power can suppress them in the long run. The real need is to end the existing capitalist exploitation and oppression. We Marxists believe that people's emancipation can only be achieved through anti-capitalist armed revolution, while the TMC, a Gandhite party believe that basic social change can be attained through peaceful parliamentary ways. People will decide which is correct and which they will follow.

I would like to point out further that the tyrannical CPI(M) Government, which killed 13 persons

who attained martyrdom, on this 21 July of 1993, murdered many more before that and also afterwards, even that CPM once used to observe martyrs' day; they used to place garlands at the memorial columns of the martyrs of the food movements of 1959 and 1966. Then they made so many utterances and people of this state, too, blindly supported them. The same CPI(M), being in the seat of governmental power now, are serving both the Indian and foreign capitalists. They thought that if they can serve the Indian and foreign capitalists, bring the police and the bureaucracy under party command and can control the criminal forces, they would be able to remain permanently in the governmental power. You all know what they have done to this state during the past 32 years, by their serving Indian and foreign capitals. People of West Bengal had paid them back with a fitting reply in the last Parliamentary Election. In the Nandigram movement, people have proved that the strength of united and determined people's movements is

more powerful than the laws, armed forces and all these arsenals of the state.

You know, our unity with the TMC developed during a phase when West Bengal was soaked with blood, when people of Singur were crying out in distress, when poor people of Nandigram were shedding blood, when women were being raped there and when scores of people were dying the death of martyrs. It is at that moment that from the cardinal necessity of building up powerful mass movement against the fascist attacks of the CPI(M), that we forged unity with the Gandhite Trinamul Congress, ourselves being Marxists. This unity of ours would be there, so long as there is necessity for it in the interest of mass movements. As we Marxists believe, if there is any disruption in this unity unavoidable in future, although undesirable, even then our fraternal and respectful mutual relationship with the TMC leaders and workers would remain there.

With these words, I thank you all and conclude.

SUCI protests police lathi charge on teachers in Patna

As a part of observing July 11, as statewide 'Protest Day' against brutal lathi charge on July 10 by the police on the recently appointed teachers, SUCI Patna District Organising Committee staged a protest demonstration in Patna. An effigy of the Chief minister was burnt by the demonstrators at Dak Bangalow Chowraha. Patna District Organising Secretary, Comrade Shival Prasad condemned the attack which did not spare even lady teachers. Such was the real face of Nitish government's much clamoured 'good governance'. The demonstration demanded immediate fulfillment of the legitimate demands of the said teachers, exemplary punishment of the guilty police personnel, free and proper treatment of the injured victims of the police lathi charge.

Veteran Vietnamese General fights another battle

Legendary Vietnamese General Vo Nguyen Giap, who led his country's fight against French and US- imperialism is now fighting the Vietnam Government for protecting the land from environmental damage, harm to ethnic minorities and the threat to national security and agriculture. The 97-year old general asked the government to stop the proposed bauxite-mining project, which a Chinese aluminium firm Chinalco has bagged through a contract with the Vietnamese government. General Giap has also cited a 1980 report that warned the government on overexploiting bauxite of the region, that 'would cause devastating long term ecological damage, not only for local residents but would also harm the lives and environment of people in the southern planes of the Central Provinces.' Responding to Giap's call, 135 scientists, intellectuals and social activists signed a protest letter

and delivered it to the President of the National Assembly in Hanoi. They expressed deep concern at the facts that the project would require huge electricity that is already in short supply in Vietnam. Besides, it will deplete water resources which will severely affect Central Highland's agricultural activities. They also pointed out that "Bauxite extraction produces thousands of tones of toxic waste known as 'red sludge', that could poison rivers which flow into heavily populated areas, including the vital Mekong Delta in the south, a home to fish farms and some of Vietnam's most productive rice paddy fields". The intellectuals find the project so illogical and irrational that it arouses suspicion to be a part of a secret deal between the Vietnamese government and the Chinese Aluminium firm Chinalco. [Source : Third World Resurgence, Issue no. 225, May 2009]

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