



AIBEA ON BUDGET-2018 – DISAPPOINTING BUT NOT SURPRISING

At a time when the country's economy is suffering from lesser growth rate and increased poverty, industrial slow down and agrarian crisis, rise in unemployment and job loss, the Budget-2018 is yet another huge disappointment but ofcourse not surprising. Given the declared economic policy of the Government, this Budget is no surprise at all. It will not address the main problem of widening gap between the majority of the masses and the community of few rich echelons. Rather the gap will further widen to aggravate the distress of the common people. The Budget is full of desires, ambition, promises and assurances but it is a well-packaged deception and jugglery.

Government is claiming many things but we feel, it is not going to help resolve the present economic problems.

- The Budget is not a growth oriented budget.
- The budget did not bring in any measures to curb the inflation and price rise.
- No measures have been introduced to reduce poverty and to lift the teeming millions from the brink of hunger and impoverishment.

Agriculture

- Government claims to double the farmers income by 2022 and a higher income for farmer. Agriculture is to be considered as an enterprise. However, for doubling the farmers income by 2012, the agriculture sector should grow by 14% every year. But, presently, it grows by a mere 2-3% per annum. No proper scheme has been introduced to increase the income of the farmers. It is just an eyewash. Farmers' distress will continue.
- While government feels that the farmer should get the Minimum Support Price (MSP) for kharif produce to be 1.5 times of their produce, it will not serve the purpose unless farmer has been allowed to sell his produce directly in the market. And the Government did not spell out as to how the farmer would get the MSP of 1.5 times of his produce.
- More than 86% farmers are small and marginal. APMC (Agricultural Produce Marketing Committee) Act, should be abolished as it does not serve any purpose of improving the farmers' income. APMC would only provide for legalizing the market middlemen, which will not give any leverage to the farmers. However, APMC has been encouraged.

- Agricultural Market Fund created at a corpus of Rs.2000 Crores is a welcome move but how it works to improve the farmers' fund and their income shall have to be seen in its implementation.
- Budget has proposed to allocate Rs.11 lakh crores for farm sector of institutional credit. However, in the last year when the allocation was Rs.10 lakh crores, the majority of this credit has not reached the small and marginal farmers but to bigger farmers and corporate farmers.
- Agriculture to be in futures market would only increase the prices of agricultural products and would definitely affect the common man. This also will not help the farmers or farm income.
- Sec.80P of the Income Tax Act has not been amended to exempt profits of co-op Banks. This forces the cooperative banks and cooperative societies to pay income tax, who cater to the needs of the rural sector. Despite demands to exempt the cooperative banks from Sec.80P of the Income Tax Act, this has not been considered by the government.

Healthcare:

National Health Protection scheme to cover 10 crore poor and vulnerable families and about 50 crore beneficiaries upto Rs.5 lakh per family per year for secondary and tertiary hospitalization. However, there is no concrete scheme introduced in the budget to implement the above proposal. It appears to be an announcement keeping 2019 elections in mind.

Employment generation:

Before this government came to power, they have promised that every year 2 crore jobs would be created to resolve the unemployment problem. In the current year's budget speech, the Finance Minister has stated that 70 lakh formal jobs has been created this year as per the independent survey. However, this independent study results have been challenged by various economists and independent researchers opining that it is flawed. This claim of the Finance Minister is not correct since in August, 2017, Arvind Panagariya, the then Vice-Chairman of NITI Aayog stated, "the major impediment in job creation is that our entrepreneurs simply do not invest in labour intensive activities." The job generation of schemes has not been announced in the Budget by the Finance Minister.

Tax proposals:

- Corporate tax reduced to 25% to companies who have a total turnover of Rs.250 Crore (Rs.7000 Crores revenue foregone).
- Individual income tax limits have not been revised or reduced except for standard deduction of Rs.40000/- linked to medical expenses and the transport facilities to differently abled persons. It is a big disappointment for middle class salaried employees.

- Educational cess increased to 4%.
- Hence, the salaried class is not benefitted by this budget.
- The rich and the super-rich has not been taxed despite the fact that this has been suggested in the Oxfam report, which said that the inequality is quite high in India.
- The corporate income tax, excise duty and customs duty, by and large remained untouched and which gives a lot of concessions already to the industrialists and corporates by way of revenues foregone.
- These are the companies and industries that got benefitted by the corporate income tax, excise duty and customs duty, who do not invest in labour intensive or job creating activities but still the government continues to dole them out the concessions. This is despite the fact that there is no reduction in corporate income tax or excise duty or customs duty. The revenues foregone would be definitely more than Rs.2,45,000 Crores this year also to the corporates.

Bad Loans of the Banks:

- The recovery of piling bad loans of the public sector banks has not been addressed in the Budget. AIBEA has been demanding stringent measures to recover the huge bad loans, particularly from the corporate defaulters. But no concrete measures have been announced. Already, there are indications that under the Insolvency proceedings, Banks are going to suffer deep haircut and huge sacrifice. But still, no other effective measures have been announced.
- AIBEA's demand for periodical publication of names of loan defaulters by amending the RBI Act has been deliberated avoided. This shows that Government wants to protect the corporate companies because of election funds.
- The important demand to define willful loan default as a criminal offence is also ignored indicating the nexus and vested interests.
- There is also no indication that the FRDI Bill will not be pursued thus attempts are afoot to utilise the people's money to whitewash the corporate delinquency.

Overall, the Budget is quite disappointing and will not help in containing inflation and pricerise , creating jobs, removing agri crisis, and boosting industrial production.

Press Release from AITUC

The following statement was issued to press today on budget by Ms. Amarjeet Kaur, General Secretary, All India Trade Union Congress (AITUC)

NDA government budget fails to address the concerns of common man, unemployed and vulnerable sections.

The NDA Govt. budget presented by Finance Minister was more of a jugglery of words, manipulation of statistics and deceitful way of putting things to sell dreams once again without backing of concrete steps and actions needed to implement the statement of 'intent' made.

The Finance Minister ended with quote from Swamy Vivekanand but his budget was just opposed to what Swamy ji wanted India to emerge from as a powerful nation of working people to full fill their aspirations, and attain a life of dignity.

The budget once again gives huge concessions to the corporates and big businesses including on focus to foreign investments, and continued disinvestments of Public sector units to the tune of Rs. 80000 crores in the coming year. The Govt wants to be satisfied with certificate from International Monetary fund for the growth estimates, as the Govt once again appeared to be committed to tag India's economy with International finance capital. Ease of Business continued to be the keyword.

Several heads were amalgamated & repeated across various projects while duplicating to show huge amounts of allocations which is far from truth. On the one hand side 100 percent FDI is being brought in animal husbandry and on the other side it is nearly lip service made in the budget to this sector & fisheries.

The Govt had failed to fulfill its election promise to raise income of farmers by one & half times and once again the lollypop is distributed on similar promise. Nothing serious emerged how to tackle agrarian crises which is accepted even by Economic Survey Report. Only grant of the loan limits are increased, from ten lakh crores to eleven lakh crores how to take farmers out of indebtedness is no where in sight. The amount announced is meager for creation of farmer markets and irrigation.

While speaking on Education, health & basic amenities it seemed the Finance Minister is addressing only the upper middle class, elites and not the vulnerable common man which constitutes more than 80% of population. Black board to digital board is talked but those who do not have black boards in schools or those who have no access to black boards are not in the agenda of government.

Some adjectives are added as usual to SC & ST population with inflated figures of four years as if it is for the year 2018 - 2019. The population figure is presented to appear as if all of them are going to hugely benefit. The medical colleges are only the upgradation of existing ones, but are projected as if new colleges are coming out. Announcements on RSBY are made which would enhance the business of private hospitals and private insurance companies. But public health system is not addressed, even when health care is becoming out of reach of common man.

Cess is being increased on Education & Health which will further add to indirect taxation on common man. On the other side the tax concessions to corporate and big business continued in this budget also.

70 lakh jobs were lost after demonetization and Govt. is talking of creating only 17 lakh jobs. Another six crores of people are expected to lose livelihood in informal sector according to independent surveys & 17 lakhs formal jobs to be further lost says the same survey.

Talking of railways and airways, concern and needs of vast majority of people of public transportation are not addressed, once again the FM was playing to the gallery of elites and affluents.

The budget dodged the common people who are in misery due to price rise in essential commodities and the students youth of India who want good inexpensive education in govt. sector and the employment to live with dignity.

ECONOMIC SURVEY – SOME IMPORTANT POINTS

Employment Generation:

- **About 12 to 15 million people of our country are entering the job market every year. As per BSE-CMIE effort to measure unemployment from India's largest household survey, about 1.5 million jobs were lost in the first four months of 2017 and job losses continued in the next four months and beyond as well. However, no concrete measures have been initiated to create jobs in the Budget.**
- **As per ILO report, 77% of workers in India will have vulnerable jobs by 2019. The report further states that 18.9 million people will be unemployed by 2019 and added to that if 77% of workers have vulnerable jobs, it would be an alarming situation. However, the Budget did not seek to address these issues.**
- **The BJP government came to power by stating that it would create 2 Crore jobs every year. However, this promise has totally not been fulfilled while there has been widespread job losses since demonetization period. Not only in this budget but since the formation of this government, the issue of job creation has not been resolved.**
- **The investment-GDP ratio is reducing over the years and new investment projects announced during the period of three months ending December, 2017, is the lowest in 13 years. The investment-GDP ratio is decreasing steadily since the quarter of June, 2014, except for very brief increase in one or two quarters. Investment creates jobs and in spite of enormous concessions given by the Government in excise duty, corporate income tax**

and customs duty, the entrepreneurs do not invest, as has been echoed by Sri. Arvind Panagariya in August, 2017.

Agriculture:

- Agriculture plays a significant role in providing livelihood, employment and food security of the nation. The share of agriculture is declining in the economy over the years and more so during the last 3-4 years. The share of agriculture in the economy has come down to the level of 16.4% of GVA (Gross Value Added).
- As far as agriculture is concerned, despite the vows of the government to double the farmers' income by 2022, nothing seems to have been done to invest in agriculture. In order to double the income before 2022, the agriculture sector should grow around 14% or more while in reality, it grows about 2-3%. Massive investment in agriculture is needed whereas the Budgetary allocation is not upto the expectations.

Income inequality:

- The annual Oxfam survey released recently reveals that richest 1% in India cornered 73% of the wealth generated in the country in the last one year. This is a worrisome aspect of income inequality. Besides 67% Indians comprising the population's poorest half saw their wealth rise by just 1%. Last year, richest 1% held a huge 58% of the country's total wealth and it marked a phenomenal increase of over 15% this year. Nothing in the budget seems to have addressed this massive income inequality and measures to reduce it.
- Oxfam India CEO, Nisha Agarwal said it is alarming that the benefits of economic growth continue to concentrate in fewer hands. The billionaire boom is not a sign of a thriving economy but a symptom of failing economic system. Those working hard, growing food for the nation, building infrastructure, working in factories are struggling to fund their children's education, buy medicines for family members and manage two meals a day. The growing divide undermines democracy and promotes corruption and cronyism.
- Hence, even as per the Oxfam report, there should be a stringent measures against tax evasion and avoidance, imposing higher tax on super-rich and removing corporate tax breaks.
- However, in the current budget, there has been concessions given to corporates and industrialists while the common man stood affected.

GDP Growth:

- The GDP growth rate was 7.5% in 2014-15, 8% in 2015-16, 7.1% in 2016-17 and 6.5% in 2017-18 as per economic survey 2017-18. Even though it has been estimated that the GDP would increase in the current year, with the oil prices rising continuously at the global level, there will be a pressure at the domestic levels that would lead to increase in prices of essential commodities and thereby reduction in growth of GDP.

Poverty, Employment and Health

- Investments in Health and Employment generation are quite low in the Budget. The public healthcare system requires enormous investments from the government. The private healthcare reaches the upper middle class and the higher echelons of the society while the poor and the lower income groups look for public healthcare system. The investment in public healthcare in the Budget is very limited.
- Similarly, the education is commercialised and public education system that requires support from the government to improve upon the standard of education and that of quality teachers and the scheme to implement such an education has not yet been devised by the government.
- As far as the reduction of poverty is concerned, measures to reduce poverty and hunger and to bring up the teeming millions above the poverty levels are visibly absent in the current budget.

AIBEA THIS DAY – 2 FEBRUARY	
1979	Call given for indefinite general strike by AIBEA demanding 3 rd Bipartite wage settlement
2005	AIBEA Office Bearers Meeting at Delhi.



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