

While Modi professes concern for the jobless, his government's budget escalates class war

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The first budget of Narendra Modi's third term as India's prime minister demonstrated—were any further proof needed—that he and his Hindu supremacist Bharatiya Janata Party (BJP)-led government intend to press forward with their class war agenda.

With the BJP losing its parliamentary majority in last spring's quinquennial election, there was much press commentary claiming a politically weakened and “humbled” BJP would be forced to be more accommodating to the opposition and receptive to popular pressure. The Congress Party-led Indian National Developmental Inclusive Alliance (INDIA) opposition bloc, including the Stalinist parliamentary parties, made like claims.

This has all proven to be a delusion.

The reconstituted government, dubbed by the press “Modi 3.0,” is pursuing the same far-right course as its predecessors: whipping up communalism, prosecuting political opponents, expanding India's involvement in Washington's incendiary military-strategic offensive against China, and implementing a raft of anti-worker, “pro-investor” policies.

The 2024-2025 budget, presented by Finance Minister Nirmala Sitharaman on July 23, doubled down on the pro-big business policies Modi and his BJP have been pursuing since they came to power in May 2024. These include massive corporate tax cuts, a fire-sale of government assets to billionaires like Gautam Adani and Mukesh Ambani, austerity in social spending, and the further expansion of “business-friendly” Special Economic Zones.

The budget did see a modest shift in policy, with the government touting it as a “job-creating” budget. However, on closer examination this shift proved to be largely rhetorical and the much vaunted job-creation schemes just another mechanism for the government to provide huge subsidies to big business.

The budget's purported focus on job creation was a crude attempt to allay mounting popular anger over mass joblessness, especially among youth. This anger was a major factor in the BJP's loss of more than 60 seats in last spring's election.

Although forced to make a grudging admission that unemployment is a major problem, Sitharaman tried to maintain that the Indian economy is the envy of the world. After pointing to the troubled state of the world economy, she affirmed in her budget speech, “India's economic growth continues to be the shining exception and will remain so in the years ahead.”

She claimed that the budget expenditure was in line with the Modi's government's bombast of India becoming “Viksit Bharat” (Developed India) by 2047, a century after the end of British colonial rule in 1947.

The rosy picture Sitharaman presented of the Indian economy is

belied by the crisis it is facing on multiple fronts. These include tepid private capital investment, falling foreign direct investment, spiraling government debt, endemic poverty, abysmal human infrastructure and mass unemployment and under-employment.

The total expenditure announced in the budget amounts to Rupees (Rs.) 48.3 trillion (\$575 billion). This is in contrast to the \$4 trillion 2024 budget of the government of China, the only country with a comparable sized population. A huge portion of India's budget—Rs. 16.1 trillion (\$190 billion) or 33.4 percent—is being financed through government debt.

The single biggest budgetary expenditure at Rs. 11.63 trillion (\$138.45 billion), representing more than 24 percent of the whole budget, is interest payments on the accumulated government debt.

A further 13 percent of India's budget is consigned to the military and India's continuing push to develop a blue-water navy and a triad (land, air, and underwater) nuclear-weapons delivery capacity.

For the 2024-25 fiscal year, the military budget has been set at Rs. 6.2 trillion (\$74 billion). This is a 4.4 percent increase over the amount budgeted for 2023-24, which itself was a whopping 13 percent higher than in 2022-23. India's military expenditure is the world's fourth largest after the US, China and Russia.

As has long been the case, the bulk of the new weapons-purchases are aimed at China. New Delhi is also hiking its spending on roads, airfields, and fortifications along the India-China border, where the two sides have been locked in a tense, border stand-off for the past four years. The Border Roads Organization is receiving a 30 percent increase.

India has long been one of the world's largest arms importers. But a key part of the Modi government's plans to enhance India's economy and global power is to develop an arms-export industry, including by having Indian firms serve as cheap-labour subcontractors for US weapons manufacturers.

The sums the Modi government has budgeted for the military are almost triple its combined allocation for healthcare and education. Total spending on education—including public school education, literacy programs, and higher education institutions such as the IITs (Indian Institutes for Technology)—is Rs. 1.21 trillion (\$14.3 billion). The Ministry of Health and Family Welfare has been allocated Rs. 909 billion (\$11 billion) or less than \$8 for each Indian man, woman and child.

To applause from domestic and international capital, the Modi government once again allotted large sums to developing and improving India's woeful infrastructure such as highways, ports, railways and electricity generation. Around Rs. 11.11 trillion (\$132 billion), or more than a fifth of the budget, is to be spent on

infrastructure projects. Such publicly funded capitalist “development” overwhelmingly benefits private businesses—both those who secure the lucrative contracts to build and manage the infrastructure and those who gain access to far more efficient links to domestic and global markets.

The Modi government has repeatedly slashed corporate taxes and it did so again in its latest budget, reducing the tax rate for foreign-owned companies to 35 percent from 40 percent.

In her budget speech, Sitharaman claimed the BJP’s budget was focused on assisting the “development” of India’s “four major castes,” whom she described as the poor, the women, the youth and the farmers. This new “caste” classification was a political dig at the Congress-led INDIA alliance. It has placed the call for a nationwide, Hindu-caste-based census and the extension of reservation (an affirmative action-type program for Dalits and other historically-discriminated against lower caste and tribal groups) at the centre of what it touts as a “social justice” agenda. In fact, the push for a further expansion and entrenchment of reservations is a right-wing scheme that will only serve to spread more “equitably” capitalist misery and divert working people from class struggle and the fight against the capitalist profit system into fratricidal caste conflicts.

Predictably, Sitharaman’s bravado about assisting the poor, the women, the youth and the farmers proved to be utterly hollow.

No serious measures were announced to alleviate the grinding poverty of the at least 800 million people who live on less than \$3.10 (Rs. 260) per day. Due to the jobs crisis and constant increase in prices of day-to-day food items, the social conditions of these most oppressed workers and their families have worsened dramatically since the government effectively left them to fend for themselves at the height of the COVID-19 pandemic in 2020-21.

The government is continuing to slash price subsidies and otherwise practice austerity, with a pledge that “fiscal consolidation” will lower the debt to GDP ratio to 4.9 percent in the current fiscal year and to 4.5 percent next year.

Most of the schemes outlined by Sitharaman to “develop” the “four castes” involve “public-private” partnerships. Women “entrepreneurs” are to be encouraged to open measly home-businesses such as making fritters, preparing packaged meals and other such items on a small scale. This “women’s empowerment” will be financed by micro loans from the government.

Sitharaman announced that the Modi government has allocated Rs. 2 trillion (\$24 billion) for job-creation, with industries offered three different subsidy schemes to hire first-time employees. She further claimed that this will provide jobs to 41 million youth, an entirely concocted figure, over the next five years.

Under the schemes, Indian big and to some extent medium-sized businesses are to be handed over billions of dollars in subsidies, with no guarantees that the companies won’t use the schemes to “rollover” employees, replacing those on their existing payrolls or laying off workers once the subsidy expires only to hire another subsidized worker.

There is certainly no shortage of jobless candidates. According to India’s Center for Monitoring Indian Economy (CMIE), the unemployment rate for youth aged 15 to 29, excluding students, exceeds 45 percent. Even this figure is a significant undercount as the CMIE defines a person working at least 1 hour a week as “employed.”

In order to further “incentivize” private companies to hire new employees, the government plans to provide industrial training to youth in around 1000 industrial training institutes to provide them the

job-skills employers are seeking.

One of the job schemes involves the government compensating a corporation for a new employee’s first month’s salary up to Rs. 15,000 (\$180).

A second scheme would compensate both employers and new hires for their contributions to the Provident Fund, the retirement savings account.

The budget does not even bother with job-creation for the desperately poor in rural areas who eke out a living by taking up whatever manual jobs are available.

The Mahatma Gandhi Rural Employment Guarantee Act (MNREGA), enacted in 2005, is to be further starved of funds. This program guarantees 100 days of menial work, such as ditch digging, to one member of a rural family per year.

The MNREGA has repeatedly been oversubscribed, with eligible people routinely turned away despite the state’s claims of “guaranteed employment.” Yet the Modi government is allocating a mere Rs. 860 billion (\$10.2 billion) to the program.

As for farmers and the poor, the other two “castes” the Modi government claims it is focused on assisting, the budget allocations that benefit these two groups have been slashed.

The allocation of Rs. 1.52 trillion (\$18 billion) in the budget for agriculture and allied industries is entirely geared towards developing 109 “new high-yielding and climate-resilient varieties of 32 field and horticulture crops ... for cultivation by farmers.”

On the other hand, the fertilizer subsidy which farmers desperately depend upon to reduce input costs has been cut to Rs. 1.64 trillion (\$20 billion). This amounts to a 35 percent cut, not taking the massive inflation into account, from the actual expenditure of Rs. 2.51 trillion (\$32 billion) in the 2022-23 financial year. It is also a noticeable decline from the estimated spending in the previous 2023-24 fiscal year of Rs. 1.9 trillion (\$23 billion).

As far as the poor are concerned, the government continues to slash the allocation to the Department of Food and Public Distribution. Rs. 2.13 trillion (\$25 billion) has been budgeted for 2024/25, down significantly from the estimated expenditure of Rs. 2.22 trillion (\$27 billion) in 2023-24, and massively from the actual expenditure of Rs. 2.8 trillion (\$36 billion) in 2022-23.

Fully 950 million people in India, including some in the “middle classes,” are dependent upon the Public Distribution System (PDS) under which wheat, rice, sugar and kerosene cooking oil are provided at subsidized prices to families. According to several UN agencies, around 75 percent of India’s population, that is more than 1 billion people, cannot afford to eat nutritious food.



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