Centre for Financial Accountability

BUDGET 2023

TAKING PEOPLE FOR A RIDE

A taste of the Amrit Kaal

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Budget 2023: Taking People for a Ride
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Content

Preface

Be it the Global Risk Report 2023 or the RBI's own Financial Stability Report, everyone today acknowledges that the world is staring at a rather grim future, and India is not immune to the same. This is when the teeming millions of the country have hardly recovered from the pandemic. At such a time, analysing a budget speech that has no mention of the words recession, inflation or unemployment, is a frustrating yet revealing exercise.

In the next few pages, we have tried to put together the major thrust areas, points of emphasis and points that stood out in their absence in the Budget 2023. We have analysed thereby, the major trends in the landscape of economy and finance; the ramifications of the continued Capex push on infrastructure; the cracks in the idea of energy transition and handling of renewables; the weakening regulatory apparatus in the realm of finance; the absence of social and environmental safeguards when it comes to financial institutions; the widening inequality and so on.

While we do mention it, here you will not find detailed analysis of the social sector and welfare spending. This is because that is an exercise that other organisations already do with diligence and we feel it's better not to replicate.

We sincerely thank V Sridhar (senior economic journalist) for writing the introductory note for the following budget report.

Finally, even as avenues of public debate, and critical analysis are being curtailed, the budget nonetheless is a document that requires extensive public scrutiny and deliberation. This report is part of the same endeavour. Because after all it is our money.

Introduction

Union Budget for 2023-24: A Cynical Approach

Every budget is anchored in an economic and political context. This year is no different. Despite the latest Economic Survey's confident assertion that the economy is on the road to recovery there are serious problems with the economy that need immediate remedies. We only need to recall a similar claim made by the previous Chief Economic Advisor a couple of years ago when in the midst of the pandemic he made an embarrassingly premature claim that a V-shaped recovery was on.

The defining features of the economic context are not just set by the lingering effects of the pandemic and by Narendra Modi's response/reaction to it but also by the added pressures caused by geopolitical developments. Two important characteristics of the situation are the declining role of capital formation — which, shorn of the jargon, essentially translates into the effective investment in productive capacity — and the sharp contraction in consumption, which accounts for roughly half of national income (GDP, if you like).

That Finance Minister Nirmala Sitharaman has ignored them is just one of the problems; matters have been made far worse by the neglect of vast sections of the people whose livelihoods have suffered calamitously in the last several years, but most notably since the pandemic. Widening inequalities in the midst of the pandemic are reflected in two contrasting features of the economic situation: while corporate profits have soared to unprecedented levels in the midst of the pandemic, terms of employment and livelihoods have worsened significantly. More ominously, while big business has managed to make superlative profits, a large swathes of the MSME sector are on the verge of collapse.

So, essentially, by the Finance Minister's own logic, this supposedly "please-all" budget seeks to address the problems on the consumption and investment sides of the economic problem. The two stools on which this claim stands are the so-called spike in investment through capital expenditure — an apparently handsome increase of 37 percent — and the "boost" to consumption caused by the realignment of the tax slabs and rates on income.

The capital expenditure illusion

The Finance Minister's own desperate pleas to industry captains to invest reflects the grim reality that private investment has not been forthcoming. What is obvious from this is the fact that significant and focused capital investment from public investment is required to kickstart the economy, which may or not draw additional private investment at a later stage. In fact, the substantial increase in investment in the Indian Railways in the current year is possibly the only redeeming feature of the capital expenditure undertaken by the government.

During 2023-24 roughly half of the capital expenditure of Rs. 10 lakh crores is to be made in railways and road assets. Admirable as this may appear, the reality is that the rest is dissipated without any focus. Promises of helipads, airports and other such "fancy" projects do not give the confidence that the expenditure will operate with any meaningful multiplier effect, which is what makes the case for an expansion in capital expenditure, especially in a slowdown such as what India is experiencing. In addition, Rs. 3.7 lakh crores is as Grant-in-aid to states for the creation of capital assets, but which is defined by a set of onerous conditions that are imposed on the states.

Much has been made of the fact that the capital investment in the Railways is projected at about Rs. 2.6 lakh crores in 2023-24. First, this is just 6 per cent higher than is being spent in the current year. Second, the components of the expenditure indicate that the focus is more on “glamorous” projects like facelifts to stations in an election year; expenditure on the acquisition of rolling stock (primarily wagons and passenger coaches) and on track doubling, which actually increase carrying capacity and result in improved efficiencies, are actually slated to fall. Thus, while it is true that capital expenditure in the Indian Railways has increased by 29 per cent in the current year, there is no indication that the Government is committed to sustained investments in railway, which is environmentally far superior to other modes of surface transport. Moreover, several official reports over the years have repeatedly affirmed that the multiplier effects of investments in the railways are far superior to other comparable projects.

The consumption “boost” illusion

The adjustments that the Finance Minister has made to the slabs and rates of income tax have been based on the dubious claim that this would give a “boost” to consumption. Even chieftains of large corporates have repeatedly expressed worry that demand in the Indian economy is stagnant. There are two worrisome sets of issues that arise from the realignment of rates and tax slabs. First, it is obvious that those at higher levels of income would benefit most from new rates that have been announced. Given that a basic tenet of economics rests on the common sense logic that the propensity to consume reduces as one moves up the income ladder, the claim that the Finance Minister’s tweak of the rates would have a significant impact on consumption appears spurious. Examining this claim from a different angle makes this claim appear even more ridiculous. The Finance Minister conceded that she expects to forego revenues to the tune of Rs. 35,000 crores as a result of the new rates, which immediately implies that this is the maximum quantum of impact that the move would have on the economy. Given that the latest projected nominal GDP in the current year is estimated at Rs. 273 lakh crores, of which about half — Rs. 136.5 lakh crores — is Private Final Consumption Expenditure, the realignment will have no meaningful impact on consumption in the Indian Economy.

The second set of issues that arises from the realignment pertains to the shift away from a savings regime that has characterised the national tax regime for the last several decades. The new tax rates, which will not have any room for exemptions, moves away from a state-directed savings regime, which provided a pathway for mobilising savings, towards one that would be compatible with a purely neoliberal regime that leaves everything to the market. This could have disastrous consequences for household savings.

The savage cut in social spending

The unprecedented cut in funds for the flagship rural employment scheme reflects the Prime Minister’s own public stated disdain for such programmes. However, the cuts in the food and fertiliser subsidies make things far worse because the poorer segments of the peasantry who are net buyers of grains. The fact that cereal inflation is still at 13 per cent implies the budget will only heap more misery on the poor. The spending on health will not even keep pace with inflation, and the budget for education does not even pretend to cover the “lost” years of schooling suffered by millions of Indian children.

Indian Finance Ministers have always skilfully but cynically exploited the concept of the fiscal deficit to suit their own immediate objectives. While Finance Ministers like to portray themselves as fiscally prudent when it comes to addressing the basic needs of ordinary Indians, they can be profligate or appear to be profligate when they want to be. It is obvious that the Modi Government's sights were set on the series and state elections and the General Elections that the ruling party would face when it crafted this budget.

This leaves the Modi Government with the option of announcing funding of these and other such schemes at a time closer to the elections. This would then have the advantage of positioning Modi as the benevolent Annadata in the eyes of the electorate. For a leader who just a few months ago launched a coordinated attack on welfare schemes, characterising them as "freebies", this would appear cynical. But that is what Nirmala Sitharaman's latest budget is — a cynical electoral ploy in the midst of a severe economic crisis that has heaped misery on millions.

V Sridhar
Senior Economic Journalist

1

Trends in Economy & Finance

Highlights

- The Hindenburg report that has rocked the stock market points towards deeply disconcerting truths about the health of our financial sector regulations.
- The budget has put massive capital expenditure - on infrastructure, energy, transmission and connectivity assets - in the forefront. The first budget of what the government refers to as 'amrit kaal' - the time of opportunities - is claimed to open the gates of all round prosperity by such investments. But can all round and inclusive growth be achieved without spending on social infrastructure and people? Huge capex has been announced while spending on key social indicators has been cut.
- The budget gives a blind eye to growing inequality and in fact misleads. It misses yet another opportunity to rectify inequality by giving tax concessions to the wealthy and refusing to implement wealth tax.
- With India's COP commitment to net zero emissions, the consultations on Green bonds last year, increased pressure on mitigation actions on climate change from World Bank and other multilateral institutions the trend towards going green was expected. The question then is does these really address a just transition that addresses the issues of climate crisis comprehensively, or means to change the narratives with superficial manoeuvres.
- Ease of business report was found to be fraudulent and discontinued in 2021, but the easing of business as a policy still very much dictates the deregulation regime.
- The budget has infused Rs. 9000 crore in the corpus of credit guarantee scheme for MSMEs that received desk-thumping appreciation from the ruling party. But figures show that beneficiaries of such credit are overwhelmingly the medium and small enterprises, while the micro enterprises that form 99% of MSMEs get only about a quarter.
- The budget talks about shifting from 'input-based' to 'result-based' development financing. This does not bode well for long term development goals that may not be immediately measurable, or that are difficult to enumerate.
- In line with what has become a characteristic tendency of the Modi Government, this year's budget too consolidated the centralising push in fiscal matters. The state's share in tax revenue has been proposed to be reduced further. This has ominous implications as it is often the states which have had to compensate for the social spending cuts by the union government.
- While remaining largely silent on the unpopular and touchy subject of privatisation, the budget however hides the government's real intent.
- The government takes G20 as yet another opportunity to self-congratulate in the budget.

1. The Hindenburg report has laid bare the rot in the financial regulatory framework of India

The Finance Minister in her budget speech said that "To meet the needs of Amrit Kaal and to facilitate optimum regulation in the financial sector, public consultation, as necessary and feasible, will be brought to the process of regulation-making."

The Hindenburg report that has rocked the stock market points towards deeply disconcerting truths about the health of our financial sector regulations. But, of course, our finance minister had no words to spare about the recent developments that have put at risk the savings of lakhs of Indians. The Hindenburg report has laid out evidence of brazen accounting fraud, stock manipulation and money laundering at Adani Group making for probably the "most egregious example of corporate fraud in history". In the roller coaster ride over the last few days we have seen Credit Suisse and Citi Bank refusing to accept Adani Group Bonds, Australian corporate regulator opening investigation, the Adani FPO getting cancelled despite over subscription and a pathetic attempt by the company to hide behind nationalist rhetoric. But the rot goes deeper as all of this happened under the watch of the financial sector regulators of the country. The report, in fact, clearly says that Adani has pulled these off "with the help of enablers in government". They believe that "investors, journalists, citizens & even politicians have been afraid to speak out for fear of reprisal." It is true that the regulators and the financial institutions have not just remained silent but aided the meteoric rise of Adani Group.

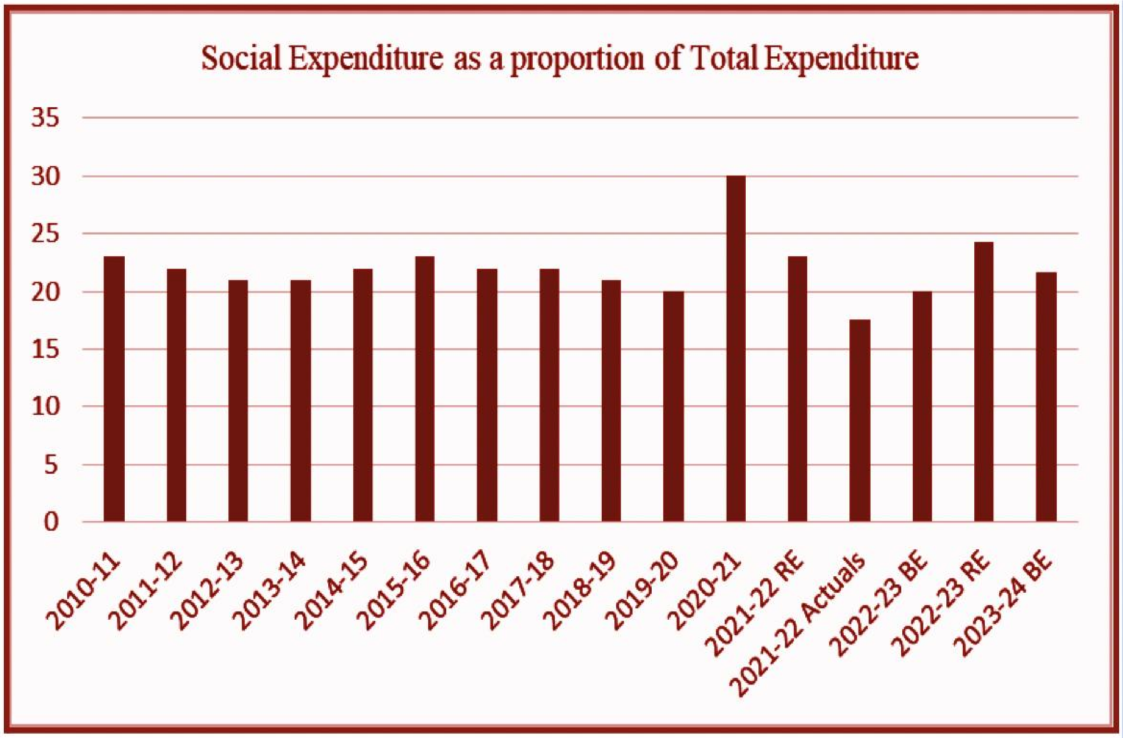
SBI and LIC still stand as the largest creditor and investor respectively in Adani Group globally according to data collected by Profundo collating multiple publicly available databases between 2016 and July 2022. According to this data State Bank of India has nearly 21 thousand crore rupees worth of credit to the group of companies and LIC stands as the largest investor with nearly 36,000 crore rupees. There is no way that financial institutions and regulators can wash their share in the largest con in corporate history. These are the institutions where common citizens have invested their savings. Any erosion of capital from such institutions will be erosion of investments of citizens. It is a sad state of affairs that ultimately it was a short seller that exposed big corporations to bleed their shares for its own profit managed to do in days, what Indian institutions of accountability - financial, judicial, executive or otherwise failed to do for close to a decade!

2. In election year, government sells the pipedream of development without really spending on the people

The budget has directed a slew of cuts in social sector spending which seem to get buried in the cacophony. Here are the relevant details from the budget in this regard:

1. ***In this budget the Union Ministry of Health and Family Welfare has been allocated Rs 89, 155 crores, a pithy 12.6 percent increase on Revised Estimate (RE) for FY 23, barely covering inflation.***
2. ***Allocation for the MNREGA has been cut by around one-third from to only Rs. 60,000 crore.***
3. ***Food subsidy has been cut by one-third.***
4. ***The incentive on fertilisers, the budget said, will be reduced to Rs. 1.75 trillion rupees from Rs. 2.25 trillion.***
5. ***PM Swasthya Suraksha Yojana: Allocation of 10,000 crore last year. This year only Rs. 3,365 crore was allocated.***
6. ***The Pradhan Mantri Poshan Shakti Nirman (the mid-day meal scheme) budgetary allocation reduced to Rs. 11,600 crore in FY'24 from Rs. 12,800 crore in FY'23 (RE)***
7. ***Miniscule increase in Ministry of Women and Child Development's budget from Rs 25,172 crore in 2023 to Rs 25,448 crores. Allocations for 'Mission Vatsalya, Mission Shakti, the Nirbhaya Fund and the SAMBAL scheme, which includes Beti Bachao Beti Padhao, Pradhan Mantri Matru Vandana Yojana and One-Stop centres, have shown no increase.'***
8. ***Budget for Pradhan Mantri Awas Yojana (PMAY) has seen a big ticket increase of 66% from the previous budget, to Rs 79,000 crore.***
9. ***Market Intervention Scheme: Allocation has fallen from rupees 1500 crore to rupees one lakh***
10. ***Out of the total Scheduled Caste and Scheduled Tribes, there are approximately 50% of the Schemes numbering around 46 Schemes which are general with no physical targets for SCs or STs.***
11. ***Allocation to Ministry of Minority Affairs has been slashed by 38%***
12. ***Scheme for Implementation of the (Rights of) Persons with Disabilities Act has seen fund cut by Rs. 90 crore***

With big announcements on capital expenditure the government seems to be persistent with a strategy that has clearly not worked: spend on big infra and industry and hope that somehow it will lead to economic growth, attract more investments and lead to solutions for unemployment, the informal sector, MSMEs etc. The hollowness of this strategy is shown by the fact that this capex push comes at the cost of spending on people and social infrastructure, which is at the foundation of any idea of development. For instance, even though demand for MNREGA jobs continues to be higher than pre-pandemic levels, the budget outlay for the same has declined to one of the lowest ever. Unemployment for December 2022 rose to 8.33% from 8% in November. For key schemes related to women and child development either there are no significant increases or a decline in allocations. The much-touted 66% increase in PMAY has finally come through owing to the context of upcoming state and national elections.



The Finance Minister's flawed policy approach, that somehow government spending on capex will boost consumption, is unlikely to raise consumer demand which lies at the heart of the economic downturn and the lack of investment by the private sector and flight of FDI from India.

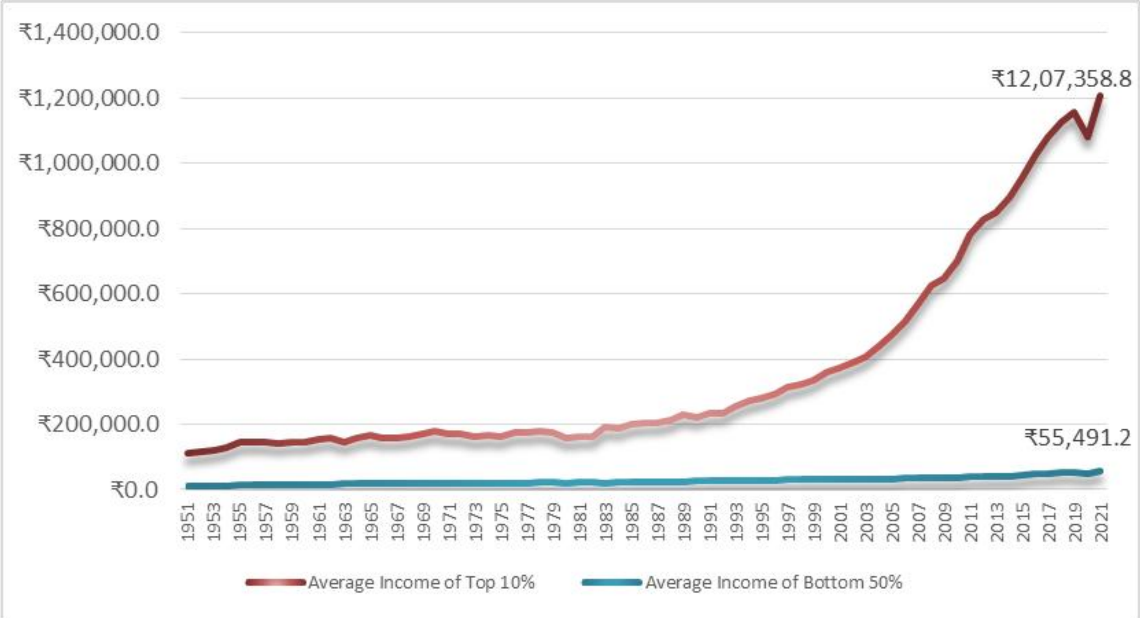
For boosting demand, not only money needs to be put in people's hands, but also investments are required in long term capacity building growth drivers. This includes primary and higher education; affordable health care; employment generation for the youth through revitalised public sector; focus on financial, educational and employment benefits for women; and safeguarding interests of marginalised communities who have evidently faced the brunt of the pandemic induced lockdowns. If one digs a little, as done by NCDHR, one finds that there are about 50,000 Crores that are completely obsolete schemes which is considered a total diversion from the SC and ST welfare and development. These funds should be returned to the ministries for MOTA and MSJE for relevant schemes

3. Growing inequality and an Upside down tax regime

The Finance Minister in her budget speech seemed perturbed about the height of our highest tax rate. Few years back she was similarly concerned about the corporate tax rates and decided to bring it down. This year while talking about personal income tax she decided to reduce the highest surcharge rate from 37% to 25% thereby bringing down the maximum tax rate from 42.74% to 39%. The other relaxations pertain to rebates in personal income tax slabs that are aimed at wooing the middle class. She declared that no tax need to be paid for incomes up to 7 lakh rupees per annum

The Finance Minister while counting the achievements of the government said that the "government's efforts since 2014 have ensured for all citizens a better quality of living and a life of dignity. The per capita income has more than doubled to 1.97 lakh."

There could not have been a more misleading figure than this. Let us assume a two people economy. Person A and Person B, both having the income of Rs 5 each. The per capita (average) income in this case would be ((5+5)/2 =) Rs 5 Similarly, if Person A had income of Rs 9 and Person B had income of Rs 1, even then the per capita income would be Rs 5. Now, let us assume further that Person A's income rose from 9 to 18 rupees and Person B's income rose from 1 to 2 rupees. Then the per capita income would have risen by 100%! But one can clearly see that the increase in per capita income is largely accounted for by Person A. Using per capita income as a metric of growing incomes proportionately for all income-earning individuals is misleading. This is particularly true when income distributions are highly skewed, which, in India's case, is true. Of course the FM is aware of this. So, the misdirection is deliberate.



Source: World Inequality Report 2022

As per the World Inequality Database, India has one of the most extreme income inequalities, which have been consistently increasing. According to the World Inequality Report 2022, the Top

10% of the country's population account for 57% of the national income, of which, 22% is held by the Top 1%. This shows that FM's claims that the per capita income of the country has more than doubled may actually be due to the large increases in the average income of the Top 10% and should not be attributed to an equal increase in average income of the overall population.

In such a scenario, the decision in the budget to lower the direct tax rates for the well-off is misplaced. The much celebrated no tax for earnings up to 7 lakh per annum needs to be contextualized. 90% of Indians do not earn even 3 lakh a year. So the much rejoined rebate applies to a section of the middle class that represent a very thin slice of our population. Given that crores of contract workers, daily wage workers, agricultural or domestic workers do not even earn minimum wage - a large chunk of our working class in fact will not even qualify for this rebate. It does not benefit the vast majority of the working class - contract workers, minimum wage workers,

The fact that the organised sector is growing at the cost of the unorganised sector means that a section of the population, the super-rich, are doing extremely well. They are also enjoying the wealth effect by profiting from the stocks. Taxing them would have generated the revenue required to spend more liberally on social welfare for those below. The fact that the budget did not heed to the idea of wealth tax on the top 1% shows no intent on the part of the government to reverse the grotesque inequality gripping the country.

The poor continue to bear the brunt of the disproportionately large indirect taxes which, economist Prof. Arun Kumar says, is regressive and inflationary. While the government is banking on keeping more disposable income in the hands of the rich, it is the poor who spend the major share of their income which in turn generates demand in the economy. What we need instead is a wealth tax on the super rich, the top 1%, enabling the government to enhance its fiscal space to spend more effectively on public goods thereby lifting demand in turn.

4. Going green without environment and social safeguards is a crisis in the making.

The budget proposes to implement many programmes for green fuel, green energy, green farming, green mobility, green buildings, and green equipment, and policies for the efficient use of energy across various economic sectors. These green growth efforts, it says, will help in reducing carbon intensity of the economy and provide for large-scale green job opportunities.

13 GW renewable energy from Ladakh will be constructed with investment of Rs. 20,700 crore including central support of Rs. 8,300 crore.

For encouraging behavioural change, a Green Credit Programme will be notified under the Environment (Protection) Act. This, it says, will incentivize environmentally sustainable and responsive actions by companies, individuals and local bodies, and help mobilise additional resources for such activities.

IPCC sixth assessment report says that South Asia is one of the high human vulnerability global hotspots and Asia in particular is most vulnerable to climate change, especially to extreme heat, flooding, sea level rise, and erratic rainfall. Hence, ecological protection and sustainable development has to be at the core of India's development agenda. And it should be spread across all forms and covering all facets of development projects. Ecological and environmental concerns and sustainable development concerns cannot be reduced to one vertical of Green growth. It should be a framework that is part of planning and implementations of all existing and future development projects, regulatory frameworks and ministerial clearances for the projects, policies of financial institutions and market instruments used to finance projects and monitoring and redressal authorities and not just those that belong to the 'green category'. Unless this holistic understanding is developed and implemented one is likely to see contradictory approaches to the climate crisis as it is evident in the policies of the government.

The result of this faulty understanding is evident even in this budget. For example, it proposes an inter-state transmission system for evacuation and grid integration of 13 GW renewable energy from Ladakh to be constructed with investment of Rs. 20,700 crore including central support of Rs. 8,300 crore. It is proposed as a part of green growth because it is a renewable energy project but if one takes into account the impact such a project would have on the complex and ecologically sensitive himalayan region, it cannot be considered a green growth particularly on the heels of the Joshimath disaster! Even as the people of ladakh are still fighting for inclusion in the 6th schedule to protect their unique ecology and culture.

Similarly, the introduction of the Mangrove Initiative for Shoreline Habitats & Tangible Incomes (MISHTI) to protect the coastline does not sound as sweet when India has 12 major ports and 200 minor port projects, 236 port modernisation project, 235 port connectivity projects and 35 port led industrial projects under sagarmala along the coastline. Similarly the expansion of off-shore energy production, expansion of aquaculture and marine biotechnology and ocean mining projects under blue economy have all indeed put the ecology of the ocean and the lives of the ocean people under duress. Without proper environment and social safeguard policies governing the projects many of them have resulted in extensive erosion and accretion along the coasts.

The budget mentions “Local communities have always been at the forefront of conservation efforts. The government will promote their unique conservation values through Amrit Dharohar, a scheme that will be implemented over the next three years to encourage optimal use of wetlands, and enhance biodiversity, carbon stock, eco-tourism opportunities and income generation for local communities.” This is in contradiction to the conservation projects that in reality in both forest and ocean have denied access of the local communities to the natural resources, resulting in loss of livelihood.

The claims in the budget do not reflect reality. The amendments to the EIA and FRA, deregulations to further ease of business, reducing the environmental and social concerns to a ESG reporting framework, the push towards hard infrastructure expansion, ever increasing capital investments without incorporating environment and social safeguard policies and accountability mechanisms will in the long term result in exacerbating impacts of climate crisis, despite ‘green’ investments and fancy schemes and innovative acronyms

5. Deregulations to ease business never a sustainable option

The FM said that to meet the needs of Amrit Kaal and to facilitate optimum regulation in the financial sector, public consultation, as necessary and feasible, will be brought to the process of regulation-making and issuing subsidiary directions.

The budget speech says that to simplify, ease and reduce cost of compliance, financial sector regulators will be requested to carry out a comprehensive review of existing regulations. For this, they will consider suggestions from public and regulated entities. Time limits to decide the applications under various regulations will also be laid down.

It says that to improve bank governance and enhance investors' protection, certain amendments to the Banking Regulation Act, the Banking Companies Act and the Reserve Bank of India Act are proposed.

The Budget has announced that for optimum regulation in the financial sector, public consultations are necessary. In principle, public consultation should be a part of the regulatory process. But the very next announcement gives the direction of regulations - ease and reduce the cost of compliance. The financial sector, which has been lending heavily in infrastructure and other large development projects, needs to strengthen regulations relating to due diligence, impact assessment and other safeguard mechanisms. Public consultations can be effective for identifying the impacts and problems that have been primary reasons for project delays and thereby financial loss. But public consultations by financial regulators and institutions are limited to announcements on their websites in English and time for response is very limited. This will not be effective in serving all stakeholders. Public consultations can only be effective if it is done in various regions and states in local languages. Unless these steps are taken into consideration, public consultation will not involve people, but only financial institutions or business houses. Regulations, in which case, will only be limited to those that help the business and not the people or the economy at large.

Similarly, the idea of a National Financial Information Registry is important and needs to be publicly accessible. The information registry should include information on term loans, project details, source of credits, etc. Without such information and accessibility to the public, the registry would not be effective in fostering financial stability as it claims.

Government is more bothered about easing of business and not with evolving better and stronger regulations. The FM, mentions that 39,000 compliances have been reduced and 34,000 legal provisions have been decriminalised to ease business. In 2017, the number of legislative changes for ease of business was at 1000!

Massive changes have been brought over the years that have diluted the environment, labour protection and protection of natural resources in recent years. Between 2015 and 2017, state pollution control boards have exempted 146 out of 206 classes of polluting industries from routine inspections, on instructions from the union government. The Labour Code Bill that does away with social security of the workers and their right to strike, Amendments to EIA and Indian Forest Act all are being done in the name of ease of doing business.

6. Credit boost for MSMEs, but does that substantially benefit the 99%?

The budget has infused Rs. 9000 crore in the corpus of credit guarantee scheme for MSMEs that received desk-thumping appreciation from the ruling party. But figures show that beneficiaries of such credit are overwhelmingly the medium and small enterprises, while the micro enterprises that form 99% of MSMEs get only about a quarter.

As per the TU Cibil and SIDBI report on MSMEs, the demand for MSME loans has in fact picked up and has grown to 1.6 times of pre-pandemic levels. The report also says that MSME credit disbursements have also doubled compared to pre-pandemic levels. As such, the commitment of Rs. 9000 crore in this corpus does give the support that is needed.

But one should also qualify the above. Over 99% of enterprises in the MSME category are micro units that have turnover of less than Rs 5 crore. That is, out of the 6.33 crore MSMEs in India, 6.30 crore are in fact micro enterprises, while 3.31 lakh are small units, and only 5,000 are medium businesses. The micro enterprises employ nearly 108 million workers. Compared to this, the small enterprises employ 3.2 million and the medium employs a meagre 0.18 million workers. Studies and common sense both show that it is this massive chunk of micro enterprises that suffered the most from the shocks of *notebandi*, GST and lockdowns. Over 50% of the micro firms reported having no coping strategies or mechanisms to cushion the pandemic's impact. These however were the ones that found it most difficult to access credit.

So while overall credit disbursal figures may give a certain picture, what it entails for 99% of the sector needs more nuance. Even in the last quarter of FY22 that showed the highest uptick in loan disbursal, the combined share of small and medium was 256.6 thousand crores while the micro accounted for 68.9 thousand crores. This is a problem that has exacerbated since the change in definition of the MSME sector in 2020 by the present government that brought 99% of all businesses in India under the banner of MSMEs. Firms that have turnover of less that 5 crore aren't comparable to businesses with turnover up to Rs 250 crore. Even if we look at the average size of loans in the last quarter of 2022, we find that for medium it was 140 lakhs, for small 59 lakhs and for micro it was a mere 9 lakhs.

Merely a credit based recovery model will not significantly help the bulk of the sector unless there is a substantial change brought about in demand which in turn requires higher govt investment in the social sector. That aside, there have been demands ranging from a separate ministry for micro enterprises, exemption from GST and so on. Would a government that insisted on a corporate tax rebate, consider such a demand from the micro enterprises? The budget clearly says no.

7. Result-based development financing: But what is measurable? And who is measuring?

The Finance Minister in her budget speech spoke of Result Based Financing. She said that to "better allocate scarce resources for competing development needs, the financing of select schemes will be changed, on a pilot basis, from 'input-based' to 'result-based'."

Here is a corporate governance lingo, borrowed from the World Bank lexicon, that has gained currency in recent years to "streamline" government's development financing. It is supposed to incentivize recipients of funds, bring efficiency and yield results giving thereby the best returns from the taxpayer's money. Sounds all great on the face of it, but like most neo-liberal rhetoric, has serious implications in terms of crucial development schemes.

To start with there are some worthwhile goals that are prohibitively difficult if not impossible to enumerate. Particularly in a country like India, changes in intimate and stigmatised behaviours (relating to say caste or patriarchy) are ones that cannot be reported accurately in terms of immediate results. Many a time good and effective schemes do not yield results that are immediately observable as they have a long gestation period. Schemes involving behavioural shift are such. Again, result based development financing tends to have an effect such that numbers become more important than depth of reach for the implementers. So, for instance, in a scheme to enhance girls' education, reaching more girls can override the aim of reaching the most marginalised. So, narrow outcomes can run the risk of emphasising short term "results" over longer term development as "results" tend to emphasise quantity over quality. Also, several studies have raised scepticism saying there is no sufficient evidence to support that such incentives trigger better performance. Finally, the conditionality that result based financing attaches in effect further curtails the fiscal elbow space for the states at a time when states already are curtailed. There are in fact also apprehensions from the states regarding centre holding the stick of measuring thereby having powers to stifle funds.

The purported aim of the proposal is to "better allocate scarce resources for competing development needs". Here is a classic neoliberal emphasis on spending, instead of asking why are the resources available for welfare spending always so "scarce". Instead we ought to raise enough revenues. One obvious route is to tax the rich. But instead the government has enabled concentration at top, and then speaks of streamlining spending through scrutinising "results".

8. The weakening of fiscal federalism continues with budget 2023-24

In this budget the total fund transfers to states is expected to come down. From Rs 4,60,575 crore in 2021-22, the transfers are slated to come down to Rs 3,59, 470 crore in 2023-24. Also the share of tax revenues has come down to 30.4% in the proposed budget. The borrowing limit for states has been set at 3.5% of the GSDP, with an additional 0.5 allowed for development of the power sector. **The mention of outcome oriented inputs has raised concerns among states about who will assess the outcomes and whether revenue allocation will be tied to it.**

The budgetary provisions thus mark a further shrinking of fiscal space for the states. This is even more alarming owing to the fact that the share of social spending by states has tended to be much more than the union government. As economist Jayati Ghosh points out, "State governments accounted for nearly two-thirds (around 62.4%) of the total public spending in India in 2019-20 but received only 37.3% of the total resources raised." With the union government withdrawing effective volumes of its own funding for key schemes like MNREGA, child nutrition, mid-day meals, health, provisions for minorities and the disabled, this portends a grim outlook for India's marginalised. Demands for raising the borrowing limit by some states were also ignored in the budget. As if GST and sudden announcements of economic shocks like demonetisation and lockdown were not bad enough. While states are severely affected by such measures they have little say in decision making of such nature. These developments have political implications too as states more often than not find themselves begging for funds from the union government.

The union government has failed to facilitate a participative consultation with the states to decide the share of revenue allocated to them and the borrowing limit. From the perspective of fiscal federalism the approach of the Modi government is deeply damaging. An overall emphasis on expenditure on public goods and infrastructure would have eased to an extent the tenuous relationship between the union and states that has evolved over the last few decades. In addition, the federal framework of the fiscal relationship between union and the states calls for institutional mechanisms and safeguards.

9. Eerie silence on privatisation

As was expected, in its pre-election budget, the government cleverly avoided any mention of privatisation or disinvestment, apart from passingly wherein the FM allows carry forward of losses on strategic disinvestment including that of IDBI Bank.

In a way, this was an admission of failure of the disinvestment policy. Not only did the govt was not able to muster the resources it claimed it will, the govt also lost some of the most strategic industries/projects in the process.

Being a touchy and still largely an unpopular subject, and also being forced to retract on some of its bids to privatise banks and PSUs (like the Central Electronic Limited), the government avoided any clear mention of its intent vis-à-vis privatisation in the budget. This however, is in no way reflective of the mood and intent of the government if one is to go by the statement last month of Tuhin Kanta Pandey, Secretary of the Department of Investment and Public Asset Management (Dipam). He said in January that the government aims to complete the disinvestment process in IDBI Bank within the first half of the next fiscal year and has in fact received bids from prospective buyers in the first such transaction in the banking sector. He also added that the disinvestment of Shipping Corp. of India (SCI) and BEML Ltd would also be taken up in the next fiscal. Also, he clarified that the disinvestment of Bharat Petroleum Corp. Ltd (BPCL) and Pawan Hans were “not off the table”. What this entails is further erosion of the ideas of accessibility, affordability and public service at the altar of “animal spirits”.

10. Rapid changes in regulatory frameworks could lead to lack of protection to domestic industries and agriculture in international trade

The wide changes/ amendments relating to Indirect Taxes including customs Act, Anti-Dumping Duty, Countervailing Duty (CVD), and Safeguard Measures and customs tariffs have been proposed in the budget 2023 for the purpose of trade facilitation. These trade agreements can have already vulnerable sectors which require protectionism like agriculture, small scale industry, retail etc.

India's external debt, at US$ 610.5 billion as of end-September 2022, grew by 1.3 per cent (US$ 7.6 billion) over US$ 602.9 billion as of end-September 2021. Loans were the largest component of external debt, with a share of 30.9 per cent, followed by currency and deposits (22.2 per cent), trade credit and advances (21.0 per cent) and debt securities (17.8 per cent). IMF (SDRs) allocation at US$ 21.2 billion at end of September 2022 remained almost same as (US$ 23.3 billion) at end of September 2021. India's current account balance recorded a deficit of US$ 36.4 billion (4.4 percent of GDP) in Q2FY23 in contrast to a deficit of US$ 9.7 billion (1.3 percent of GDP) during the corresponding period of the previous year.

The Government's focus for the next year will continue to be on facilitating trade agreements and launching schemes. In the year 2022, India signed Free Trade Agreements with the UAE and with Australia. India has so far concluded 13 FTAs and 6 Preferential Trade Agreements). The most recent being India-UAE Comprehensive Economic Partnership Agreement (CEPA) and the India-Australia Economic Cooperation and Trade both being signed in 2022. Further, India is presently engaged in FTA negotiations with some of its trading partners, notable among these FTAs are – India-UK FTA, India-Canada CEPA/ Early Progress Trade Agreement (EPTA), and India-EU FTA.

In keeping with the principle of export-led growth of the government, the Export Preparedness Index (EPI) was also introduced in 2022 to evaluate States' potentials and capacities. It will guide all stakeholders towards strengthening the export ecosystem at both the national and sub-national levels. The EPI ranks states and UTs on 4 main pillars—Policy; Business Ecosystem; Export Ecosystem; Export Performance. The EPI's primary goal is to instil competition among all Indian states to bring about favourable export-promotion policies, ease the regulatory framework to prompt subnational export promotion, create the necessary infrastructure for exports, and assist in identifying strategic recommendations for improving export competitiveness. This is much similar to World Bank's much tainted Ease of Doing Business rankings, which was adopted in India and which remained responsible for watering down environmental, and labour laws in India.

11. G20 presidency and the budget

The Finance Minister did not miss to mention that the G20 presidency is a "unique opportunity to strengthen India's role in the world economic order".

The G20 has more often than not acted as a self appointed club of developed nations to gain legitimacy to their own diktats. India does have an opportunity to raise the critical issues of third world countries with this capital driven body. Instead, Indian government is using this as another opportunity to gain more brownie points for the upcoming elections with phrases like "mother of democracy" and "vasudev kutumbkam" whereas the ground realities are completely different. The Indian government has completely taken over the autonomous spaces designated for civil society to raise people's issues with G20 by appointing groups supporting the government's views and ideology.

Recession, Inflation, Unemployment: Issues that seemed to have slipped the Finance Minister's mind

The RBI's Financial Stability Report last December forewarned that global growth is expected to fall to 2.7 per cent and apprehended a significant output slowdown. An union minister last month in fact acknowledged that the anticipated global recession will hit India after June this year. This is expected to have a crippling effect on exports, growth and jobs. Last December the unemployment rate in urban India shot up to 10.1%, the highest it has hit in non-Covid times in the last five years. Instead of facing it, the government has bent upon hiding the reality. The Global Risk Report identifies the cost of living crisis as one of the biggest concerns for India. Persistent price rise is acting as an extra slab of tax on the poor.

And yet, the words recession, inflation or unemployment doesn't even feature once in the finance minister's speech. While referring to exports, she doesn't give us a clue as to how we brace for the slowdown. The words around "skilling" sound hollow given that the emphasis on capital intensive mega infra, the refusal to employment generating social sector, and the neglect of the unorganised sector all point towards no serious efforts towards job creation. And there are no directions towards reigning in the prices.

2

Continued Capex push in Infrastructure

Continued Capex push in Infrastructure

Highlights:

- Increase in capex spending for infrastructure continues, with Railways and Roadways getting close to 50% share of capex spending.
- Focus on attracting private investments, privatisation and PPPs in project implementation and operations as a policy direction
- Urban Infrastructure Projects and Reforms - No lessons taken from similar plans in the budgets in the years before
- It cannot be assumed that the capex spending could replace the social sector spending required for the large section of the poor and marginalised sections of the population.
- Does increase in capex help cut in the social welfare schemes spending, unemployment, inequality and poverty?
- Is infrastructure construction overriding environmental and social issues? The larger concerns around mega infrastructure projects

1. Increase in capex spending for infrastructure continues

It is stated that this year the budget increased the capital investment outlay for the third year in a row to Rs 10 lakh crore, by 33%, around 3.3% of GDP. In the year 2022-23, the capex was pegged at Rs 7.5 lakh crore, translating to 2.9% of GDP, which was a 35.4% increase from the previous year announcement of Rs 5.5 lakh crore in 2021-22 or 2.5% of GDP. It is worth noting that not only has there been a staggering jump in the capex figures since the last couple of years, but there is also a visible shift in capex as a percentage of GDP.

The major sectors/ministries this year that have been allocated higher budgets are - railways, road transport and highways, defence, communications, petroleum and natural gas, housing & urban affairs and port & shipping. On the other hand, between 2021-22 and 2022-23, Ministry of Road Transport and Highways had got a significant jump of 73.47% r eaching Rs 1,87,744 crore from Rs 1,08,230 crore in terms of Budgetary Estimates. This year the Ministry has registered a growth of 37.74% to reach Rs 2,58,606 crore capex a llocation. These two ministries alone have garnered close to 50% of capex allocation.

While the Ministry of Railways had a modest increase in capex from 2021-22 to 2022-23 from Rs 1,07,100 crore to Rs 1,37,100 crore, registering a 28% year-on-year growth, but this year it got a major boost with a 75.01% increase, reaching the figure of Rs 2,40,000 crore.

As discussed earlier it has also been observed that Internal and Extra Budgetary resources (or IEBR that constitutes resources raised by the PSUs through profits, loans and equity) plays an important role in increasing the capital expenditure of specific ministries.

In order to give a further push to Capex, the government had also launched a ‘Scheme for Special Assistance to the States for Capital Investment’. This scheme was announced in Budget 2022-23 and was launched in September 2022 to provide financial assistance to the States Governments in the form of 50-year interest free loan for capital investment projects. The scheme has been extended for one more year with an allocation of Rs 1.3 lakh crore, taking the tally for Effective Capital Expenditure to Rs 13.7 lakh crore or 4.5% of GDP. In the last year’s budget, an allocation of Rs 1 lakh crore was announced under this scheme. For the year 2022-23, the Effective Capital Expenditure was slated to be Rs 10.68 lakh crore or about 4.1% of the total GDP. The role of state-centre relationship and states willingness to front-load the expenditure would also be important in utilising these loans in implementing infrastructure projects. The Union Government expects states too to spend on capex without consultation with their governments. The states already make up for bulk of social spending, a burden which is growing as the Union government strategically withdraws from financing public welfare and rights.

2. Private investments, privatisation and PPPs

This is a follow up on the earlier measures to increase private sector participation in infrastructure projects like National Infrastructure Pipeline, National Monetisation Pipeline, Viability Gap Funding, etc. For mobilising more private investments in infrastructure space, it was mentioned by the Finance Minister that the Infrastructure Finance Secretariat would be playing a key role. The Infrastructure Finance Secretariat, established in July 2022, was formed by merging two infrastructure divisions under the Department of Economic Affairs, Ministry of Finance, viz. Infrastructure Policy and Planning and Infrastructure Support and Development. And it had been entrusted with reworking the existing PPP policy to bring a new PPP framework to give a higher push to PPP projects. Apart from the PPP framework, the Secretariat is working on various infra-financing issues like deepening municipal bond markets, real estate and infrastructure investment trusts (REITs and InvITs). It also deals with asset monetisation, dispute resolution and other myriad subjects.

One of the key objectives behind raising the allocation for capex spending is towards attracting higher levels of private investments in the economy. The government's spending on capex acts as a leverage for drawing in higher levels of private investment.

The Economic Survey also elaborated on the role of PPPs in implementation of infrastructure projects. The survey noted that - "the Public Private Partnership Appraisal Committee has cleared 79 projects with a total project cost of Rs 2,27,268.1 crore from FY15 to FY23. From 2014-15 to 2022-23, under the VGF (Viability Gap Funding) Scheme, 56 projects with TPC of ₹57870.1 crore were granted In-Principle Approval and 27 projects with TPC of Rs 25263.8 crore were granted final approval with a Total Viability Gap Funding approval of Rs 5813.6 crore (Both GoI & State Share)".

It also mentioned that - "India Infrastructure Project Development Fund Scheme (IIPDF) was notified by the government on 3 November 2022. The aim of the scheme is to develop quality PPP projects by providing necessary funding support to the project-sponsoring authorities, for creating a shelf of bankable, viable PPP projects by on-boarding transaction advisers. The scheme has a total outlay of Rs 150 crore for a period of 3 years from FY23 to FY25.

Under the VGF scheme of the central government, economic sector projects may get up to 40 per cent of Capex as a VGF grant. It would also include higher provisions of the VGF grant for social sectors.

The government has continued with its efforts to promote the private sector in the infrastructure sector with several financing and other support to the private companies. This has been despite not so encouraging response from the private sector in project implementation and operation. The sector has been looking towards the public sector to provide long term and subsidised financing for these projects as well as legal and regulatory support for smooth execution of the projects.

3. Urban Infrastructure Projects and Reforms - No lessons from the past?

Urban infrastructure and the reforms for financing urban infrastructure projects were mentioned in the budget speech. The urban infrastructure projects have seen several missions being implemented to improve the infrastructure and bring in reforms to privatise delivery of services and implementation of projects. Private sector participation through PPPs have been sought in urban projects for the past several years.

This comes with reform measures that have been proposed in the urban areas such as - increasing taxes and user charges on residents like property tax. The push for raising funds through municipal bonds is also featured in the speech, though it is not a new idea. The proposal to create an Urban Infrastructure Development Fund (UIDF) was also mentioned.

This comes in the backdrop of a World Bank report that was released in November 2022, the report discussed some of these measures to raise funds for building urban infrastructure projects. The financing mechanisms discussed in the report were municipal bonds and debt mechanisms on the basis of increasing user charges to finance these mechanisms.

It needs to be said that these are not new mechanisms and have been in discussion for several years. However, implementation of private projects and reforms in the Indian context in urban areas have not been a success over a period of the past couple of decades. The previous missions like Jawaharlal Nehru National Urban Renewal Mission (JNNURM), Urban Infrastructure Development Scheme for Small and Medium Towns (UIDSSMT), Smart Cities Mission and Atal Mission for Rejuvenation and Urban Transformation (AMRUT) have attempted to implement these measures without much success. These missions had mandates to implement privatised PPP projects with reforms in hundreds of large and medium cities included in these missions.

The lack of success of these missions shows that in national policies to implement urban projects and their financing the lessons from the past experiences have not been learnt.

4. Capital expenditure vis-a-vis Social expenditure

The promise of capex spending as a magic wand for ushering growth and prosperity for the entire population of the country seems like a hollow one, when one juxtaposes the increase in capex spending with the concomitant reduction in various social welfare schemes which cater to a vast majority of the population heavily dependent on such schemes.

It cannot be assumed that the capex spending could replace the social sector spending required for the large section of the poor and marginalised sections of the population.

For the first time since 2009, social sector expenditure as a share of total expenditure has fallen below 20% and stands at 18%. For the year 2023-24, social sector expenditure is budgeted at Rs 8.28 lakh crore, compared to Revised Estimates of Rs 8.84 lakh crore in 2022-23.

MGNREGA Scheme saw a reduction of 18% from the Budget Estimate of the last year to come down to Rs 60,000 crore from the last year's figure of Rs 73,000 crore. Moreover, this is 33% lower than the Revised Estimates of Rs 89,000 crore for MGNREGA. This is despite the Economic Survey mentioning that the demand for MGNREGA continues to be very high.

Despite the increase in Capex spending, CMIE data shows that total employment in the country has been stagnant at 405-410 million every fiscal year since 2019-20, except the year 2020-21 seeing a sharp dip due to Covid situation. However, there has been no increase in employment despite higher capex spendings.

The budgetary allocation for food and public distribution has seen a major reduction by 30% to Rs 2,05,513 crore which is 30% less than the revised estimate of Rs 2,96,303 crore for 2022-23. Programs that provide nutritional support for women and children have also seen inadequate and lower allocations. The allocation for Saksham Anganwadi, which includes Anganwadi services, POSHAN Abhiyaan and a scheme for adolescent girls remains almost the same at Rs 20,554 crore compared to Rs 22,263 crore last year (BE and RE). PM-POSHAN has been allocated Rs 11,600 crore compared to the RE of 12,800 crore for 2022-23. Allocations for old age, widow and disabled pensions under the National Social Assistance Programme have remained stagnant at Rs 9,600 crore.

One cannot overlook the fact that any increase in capital expenditure has come at the cost of government spending in other areas and its promised benefits may fall short in a country facing ever widening inequality.

5. Infra vis-a-vis social & environmental issues

As per the budget directions of this and also the previous years, increasing the pace of infrastructure construction in the country to boost economic growth rates has been the major focus of the government.

However this increased pace of construction of roads, power projects, ports, waterways, etc have led to social and environmental problems across the country from mountains to the coasts. The incidents which have been reported for these geographical reasons have been claimed to have occurred due several of such projects being implemented.

In ecologically sensitive places like Joshimath experts have opined that construction of 4 lane highways, tunnelling for power projects and rail links have led to the increasing incidents of subsidence and cracks in the mountain slopes. Similarly in places like Andaman and Nicobar Islands where the new trans-shipment port is being proposed, experts say it would lead to irreparable damages to the local ecology. The environmental clearances granted to several infrastructure projects have been questionable and in some instances they have even been given exemption from obtaining environmental clearances.

The local communities have been displaced and have faced loss of livelihoods to facilitate the implementation of these large infrastructure projects without adequate compensation and rehabilitation. The local communities have been raising their voices about the problems that these projects create. Despite these concerns the projects have gone ahead.

It is critical to have proper due diligence regarding social and environmental impacts of these projects in consultation with the local communities. Environmental and social safeguards frameworks have also been advocated for financial institutions financing such projects. These are the kinds of measures that are important to ensure the long term sustainability of the projects, the local ecology and the communities.

The government’s push for mega infrastructure projects also puts an additional strain on the financial institutions as several of these projects face cost and time overruns and many of these projects may result in NPAs, putting the public money at risk. Further, the financial viability of several infrastructure projects have come under heavy scrutiny and despite that they have been given a push by the government institutions and private players.

What was forgotten?

People's memory is such that celebrated and gloating announcements of past years tend to get buried under newer announcements or are simply forgotten. One ought to ask why high profile announcements from previous years find no mention in the current budget.

For instance, in last year's budget, PM Gati Shakti Scheme was one of the major announcements under the infrastructure sector. However, this year Gati Shakti found no mention in the budget speech, though the Finance Minister mentioned about one hundred critical infrastructure projects for last and first mile connectivity for ports, coal, steel, fertiliser, and food grains sectors which have been identified.

Similarly, other high profile announcements in the budget speech in the previous year's like National Bank for Infrastructure Development (NABFID), foreign private investors like Sovereign Wealth Funds and Pension Funds, investment mechanisms like InvITs and REITs, Smart cities Mission, Bullet train, National Infrastructure Pipeline and National Monetisation Pipeline did not find mention in the budget speech this year.

3

New Energy, Old Blunders

New Energy, Old Blunders

Highlights:

- The budget speaks about a lifestyle for environment on the one hand and on other has announced an addition of 5 airports and heliports and an allocation of 75,000 crores for transport infrastructure. Additionally, problematic and climate impacting projects in eco sensitive areas like the Nicobar Islands, a Coal to PVC plant in the already heavily polluted Gulf of Kutch are in various stages of approval.

- The government is going ahead with producing hydrogen using renewable energy without addressing the concerns surrounding land conflicts, disposal of batteries and other issues with renewable energy. Further, the production of electrolysers will also use non-renewable energy sources, therefore raising questions about how green, green hydrogen really is

- The budget bears witness to an event where the government for the third consecutive time has prioritised capital investment over social safety nets.

- There is no push for decentralised solar or rooftop solar which are better options for increasing solar production without impacting on land use issues.

1. Look London Talk Tokyo

On one hand the budget speaks about a lifestyle for the environment and on the other has announced an addition of 5 airports and heliports and an allocation of 75,000 crores for transport infrastructure. Additionally, problematic and climate impacting projects in eco-sensitive areas like the Nicobar Islands, a Coal to PVC plant in the already heavily polluted Gulf of Kutch are in various stages of approval.

The Hon'ble Prime Minister has given a vision for "LiFE", or Lifestyle for Environment, to spur a movement of environmentally conscious lifestyle. India is moving forward firmly for the 'panchamrit' and net-zero carbon emission by 2070 to usher in a green industrial and economic transition. This Budget builds on our focus on green growth.

The government in the Economic Survey 2022 - 23 states, "...some correctly argue that not doing whatever we can to make the planet more liveable and less dangerous may amount to criminal negligence. The problem is that the people and nations making this argument have their priorities correct for themselves but not for the countries yet to climb the ladder of prosperity. It is an enduring principle of economics that resources have competing uses and that there are always trade-offs". It appears that the government is already foregrounding reasons for not taking stringent measures to address detrimental impacts of continued fossil fuel based development while offering mere lip service to establishing a sustainable energy transition plan.

The government is intent on pushing the establishment of RRPCL, a 60 million tonnes per annum refinery at Raigad on the West Coast of India and touted that it would be the largest refinery in the world, building on the megalomaniac dreams of the current government. According to the International Energy Agency, CO2 emissions from the chemical sector contribute about 1.5 gigatonnes or 18% of industrial CO2 emissions. An extremely polluting Coal to PVC plant has been cleared by the EAC and is located in the eco-sensitive Gulf of Kutch. PVC is considered particularly bad plastic since it contains Persistent Organic Pollutants and for the problematic chemicals involved in its manufacture. Additionally, coal based plastic creates three times the GHG emissions than conventional plastic. A transhipment port is being implemented in the Nicobar Islands. 81% of these islands are notified as Tribal Reserve.

There are several such examples of infrastructure, industrial and manufacturing projects all of which will contribute to the destruction of the coasts and forests. How then are these projects considered green and how do they serve to establish an alternative economic regime are questions one is left with.

2. Colour Colour Which Colour Do You Choose?

The recently launched National Green Hydrogen Mission, with an outlay of Rs. 19,700 crores, will facilitate transition of the economy to low carbon intensity, reduce dependence on fossil fuel imports, and make the country assume technology and market leadership in this sunrise sector. Our target is to reach an annual production of 5 MMT by 2030.

The government is going ahead with producing hydrogen using renewable energy without addressing the concerns surrounding land conflicts, disposal of batteries and other issues with renewable energy. Further, the production of electrolysers will also use non-renewable energy sources, therefore raising questions about how green, green hydrogen really is.

While we need to move away from fossil fuel based energy, it would be important for the government to tread cautiously with the promotion of hydrogen as an energy source, including green hydrogen. There are several challenges with renewable energy which have been repeatedly highlighted. It appears that the government intends to address the lack of availability of large swathes of land by grabbing land in remote islands. According to the National Green Hydrogen Mission document released in January 2023, "...For remote islands, renewable energy can be utilised to produce Green Hydrogen in a decentralised mode to meet the local energy requirements. This would save the requirement of land for setting up RE capacities and also help in development of the island regions." That renewable energy needs large parcels of land to produce enough to make a dent in the energy basket is indeed a reality. While undertaking genuine attempts to increase the production of renewable energy, it is critical that the government also starts envisaging development and an economy which moves away from its current consumptive and exploitative nature.

3. The lull around Just Transition in steering the economy on the roads of sustainable development

The bitterness around Panchamrit's goal is its myopic vision and lack of consideration for social safeguards. While presenting the proposal for the installation of 4000 MWh Battery Energy Storage System, plans and programs for the rehabilitation of communities with a chance of losing their lands to such green infrastructures have been absent.

Keeping in mind the Conference Of Parties commitment towards Green Growth, the budget has allocated an amount of 35,000 Crores rupees towards achieving energy transition, security, and net-zero targets. A 4000 MWH Battery Energy Storage System, supported by Viability Gap Funding, has been proposed as one such means to achieve development enshrouded around the Green Growth program.

While there is mention of transition to clean energy, there isn't any talk about reducing or shutting down fossil fuel sources of energy production. In fact there has been a recent announcement that coal plants that were near to being closed will now be kept running to deal with increased energy demand.
There is only talk of increased energy production in all sources. There is no talk of reducing fossil fuel.

Also, the FM's energy transition narrative is silent about jobs, clean up and rehabilitation of toxic sites, and laying a new economic path for such areas where the transition is happening. Without which, it's only additional energy through various RE projects and not a transition.

The budget bears witness to an event where the government for the third consecutive time has prioritised capital investment over social safety nets. Industry experts and representatives have lauded the outlay of 35,000 Crore rupees Green Budget as a rocket ship. But the minister’s rocket ship runs the risk of drifting away in space. Though the budget lays down a proposal for the establishment of a large 4000 MWh Battery Energy Storage System, there prevails a staggering silence around the concerns of environmental and social safeguards, such as issues around land acquisition needed for such infrastructure. Without any provisions of social safeguards, such absences in plans of action can translate into instances where green credentials are called upon to justify the appropriation of land.

4. Falling short of solar targets

The Ministry of New and Renewable Energy has received a budgetary allocation of ₹10,222 crore, a 45% hike from the ₹7,033 crore it expects to spend in the current financial year. The most significant hikes in the Ministry's programmes are for 'off-grid' solar projects, on which the government is expected to spend ₹61 crore in the current fiscal but has budgeted ₹360 crore for the coming financial year.

India had a target of installing 100 gigawatt (GW) of solar power projects by 2022 but has only installed 63 GW. Off-grid solar projects constitute less than 5% of the target. The allocation for solar power expected to be supplied to the grid has been raised to ₹4,970 crore, up from the ₹3,469 crore expected to be spent by March 2023.

It is not clarified if the off-grid solar projects will be large scale projects. There is no push for decentralised solar or rooftop solar which are better options for increasing solar production without impacting on land use issues.

Conclusion

The budget keeps pinning its hopes on supply side solutions. From the capex push to the deregulations, from the lack of safeguards and hand-holding in the energy transition to the tax benefits to the rich, the government hopes to appeal to the “animal spirits” of the private sector that refuses to invest. What such policies are effectively yielding is a consolidation of the organized sector at the cost of the unorganized sector that holds the key to employment. Such steps are effectively fueling the grotesque inequality that plagues us.

While concluding we can only say that this is an upside down budget that uses only rhetoric of *sabka saath sabka vishwas* to take the people for a ride in the bandwagon of Amrit Kaal even as the social sector spending has been falling. What we needed instead is a bottom-up model of development that would have invested on the people instead of aiding the corporates.

So, while increased spending on infrastructure is welcome, but it is crucial to determine what infrastructure, particularly at a time when the teeming millions are trying to recover from a humanitarian crisis like the pandemic. The government preferred to put money on flashy mega infrastructural projects instead of arterial, rural and social infrastructure - healthcare, education and so on that has the potential of creating more decent jobs.

Similarly, while the Finance Minister has relied heavily on the rhetoric of “green” and “just transition”, neither its past trajectory not the present intent reflects a serious commitment to address environmental protection, livelihood of the natural resource-based communities or climate crisis.

Annexures

Annexure 1

Announcements around Capex

In the Budget speech announcing the budget for FY 2023-24 for the infrastructure sector, the finance minister stated that the - "Investments in infrastructure and productive capacity have a large multiplier impact on growth and employment. After the subdued period of the pandemic, private investments are growing again. The Budget takes the lead once again to ramp up the virtuous cycle of investment and job creation. Capital Investment as driver of growth and jobs."

In the major budgetary announcements this year it was said that - "capital investment outlay is increasing for the third year in a row by 33 per cent to ₹10 lakh crore, which would be 3.3 percent of GDP. This will be almost three times the outlay in 2019-20. This substantial increase in recent years is central to the government's efforts to enhance growth potential and job creation, crowding private investments, and provide a cushion against global headwinds. Infrastructure has been one of the main pillars to increase the economic growth rates especially in the post covid years".

The announcement further added that - "The direct capital investment by the Centre is complemented by the provision made for creation of capital assets through Grants-in-Aid to States. The 'Effective Capital Expenditure' of the Centre is budgeted at ₹13.7 lakh crore, which will be 4.5 percent of GDP. The 50-year interest free loan to state governments has been continued for one more year to spur investment in infrastructure and to incentivise them for complementary policy actions, with a significantly enhanced outlay of ₹ 1.3 lakh crore."

To attract the private investors in infrastructure projects the budget added - "Enhancing opportunities for private investment in Infrastructure The newly established Infrastructure Finance Secretariat will assist all stakeholders for more private investment in infrastructure, including railways, roads, urban infrastructure and power, which are predominantly dependent on public resources."

In terms of specific sectors for which the budget announcements were made for example - roads and highways, railways, jal shakti, ports and shipping, communications, civil aviation, housing and urban affairs, defence, etc. A capital outlay of ₹ 2.40 lakh crore has been provided for the Railways. This highest ever outlay is about 9 times the outlay made in 2013- 14.

One hundred critical transport infrastructure projects, for last and first mile connectivity for ports, coal, steel, fertilizer, and food grains sectors have been identified. They will be taken up on priority with investment of ₹ 75,000 crore, including ₹ 15,000 crore from private sources. Fifty additional airports, heliports, water aerodromes and advance landing grounds will be revived for improving regional air connectivity.

In the budget speech urban infrastructure and the reforms for financing urban infrastructure projects featured prominently, it was mentioned that - "states and cities will be encouraged to undertake urban planning reforms and actions to transform our cities into 'sustainable cities of tomorrow'. This means efficient use of land resources, adequate resources for urban infrastructure, transit-oriented development, enhanced availability and affordability of urban land, and opportunities for all.

“Through property tax governance reforms and ring-fencing user charges on urban infrastructure, cities will be incentivized to improve their creditworthiness for municipal bonds. Urban Infrastructure Development Fund (UIDF) will be established through use of priority sector lending shortfall. This will be managed by the National Housing Bank, and will be used by public agencies to create urban infrastructure in cities. States will be encouraged to leverage resources from the grants of the 15th Finance Commission, as well as existing schemes, to adopt appropriate user charges while accessing the UIDF. We expect to make available ₹ 10,000 crore per annum for this purpose.”

Table 1 - Budgetary Allocations for Major ministries -

Ministry	Actual 2021-22 (₹ Crore)	Budget 2022-23 (₹ Crore)	Revised 2022-23 (Rs Crore)	Budget 2023-24 (Rs Crore)
Ministry of Railways	1,35,242	1,40,367	1,62,312	2,41,268
Ministry of Road Transport and Highways	1,23,551	1,99,108	2,10,027	2,70,435
Ministry of Housing and Urban Affairs	1,06,840	76,549	74,546	76,432
Ministry of Jal Shakti	83,467	86,189	74,029	97,278
Ministry of Ports, Shipping and Waterways	1,528	1,709	1,793	2,219

Table No. 1 *shows the budgetary allocations of some of the major ministries from 2021-22 to 2023-24. The major ministries include railways, roads and highways, ports and shipping, housing and urban affairs and Jal Shakti. The total outlay for these five ministries is Rs 6.88 lakh crore.*

This continues the trend of increasing budget outlays for railways and roads and highways ministries for increasing the pace of infrastructure building in the country.

Table 2 - Major Ministry-wise Capex including Budget Support and IEBR -

Central Ministry	Actual 2021-22 (Rs Crore)			Budgetary Estimate 2022-23 (Rs Crore)			Budgetary Estimate 2023-24 (Rs Crore)		
	Budget Support	IEBR	Total	Budget Support	IEBR	Total	Budget Support	IEBR	Total
Ministry of Railways	117271	73388	190659	137100	108500	245600	240000	52783	292783
NHAI under Ministry of Road Transport and Highways	57061	65150	122211	1340150	…	1340150	162207.	–	162207
Ministry of Ports, Shipping and Waterways (Loans to Credit Cooperatives)	…	3165	3165	544	4460	5004	1006	3633	4639
Ministry of Housing and Urban Affairs	19018	9973	28991	23792	17873	41665	23116	16963	40079

__Table No. 2__ shows the break up capex of budget support and internal and extra budgetary resources (IEBR) for a few major ministries. The numbers show that this year railways, ports and shipping and housing and urban affairs have a component of IEBR also as additional capital expenditure.

Interestingly, the budget support for NHAI has almost tripled from 2021-22, but in that year it also had an IEBR component of Rs 65,150 crore. It appears that this year for roads and highways, like the previous year, IEBR has been included as part of the budget support as compared to FY 2021-22.

Over the previous years IEBR has formed an important component for capital expenditure for these ministries. However, in some cases it has probably been included under the budget support to demonstrate the increase in budgetary support.

Table 3 - Capex Ministry-wise Breakup

Central Ministry	Budget Estimate 2021-22 (Rs Crore)	Budget Estimate 2022-23 (Rs Crore)	YoY Change (%)	Budget Estimate 2023-24 (Rs Crore)	YoY Change (%)
Ministry of Railways	1,07,100	1,37,100	28.01%	2,40,000	75.05%
Ministry of Road Transport and Highways	1,08,230	1,87,744	73.47%	2,58,606	37.74%
Ministry of Defence	140234	1,60,420	14.39%	1,71,375	6.83%
Ministry of Finance (mainly Transfers to States)	13,168	1,11,899	749.78 %	1,46,353	30.79%
Ministry of Communications	26,844	55,039	105.03%	63,089	14.62%

Ministry of Petroleum and Natural Gas	427	600	40.52%	35,509	5818.16%
Ministry of Housing and Urban Affairs	25,759	27,341	6.14%	25,997	-4.91%
Ministry of Ports, Shipping and Waterways	183	574	213.67%	1,068	86.06%
Other Ministries	1,32,291	69,529	-47.44%	58,964	15.19%
Grand Total	**5,54,236**	**7,50,246**	**35.36%**	**1,00,0961**	**33.42%**

***Table No. 3** gives capital expenditure for some major central ministries with a comparison between FY 2021-22, 2022-23 and 2023-24. It can be observed that since the last couple of years, capex spending has been one of the key focus areas of the Union Budget, with capex being pitched as the key driver for pushing the economic growth and its potential to play the multiplier effect leading to job creation and spurring consumer spending.*

Annexure 2

Statement by New Trade Union Initiative

The BJP Government's Budget 2023-24: In the face of Growing Inequality, Tax Breaks for the Rich whilst claiming to address the needs of the poor

At a time when working people are faced with job losses and rising unemployment, inflation and the erosion of real wages and rapidly widening income and asset inequalities, Prime Minister Narendra Modi and the BJP government think it is just the right time to lower income tax for the middle class, the rich and the superrich whilst cutting the government's expenditure on food rations, MNREGA, ICDS, healthcare and education in the Budget Statement 2023-34 (BS). They want us to believe that all this is possible because the 'Amrit Kaal' (golden age) has arrived. What has certainly arrived is the institutionalised capacity of government, under the BJP, to fudge and fabricate numbers hoping to create an illusion that all is well.

The economic crisis today is deep and there are no easy solutions out of it. The truth also is that, for India, the economic crisis began with the introduction of demonetisation in 2016. It has persisted and gotten aggravated by covid, the supply chain crisis that followed and then the commodity price shock caused by the Ukraine War. We are today such a heavily indebted economy that the single largest expenditure of the government is interest payments on borrowings. Twenty out of every hundred rupees of government expenditure today will go to interest payment on the loans taken by the government. In a year from now, government debt will be more than 50% of our GDP making our economy even more unstable than it already is.

The government debt also comes at the cost of reduction in income taxes which will in 2023-24 alone result in a loss of revenue to government of Rs. 35,000 crores. The reduced income taxes will most of all benefit the superrich (people with annual incomes of above Rs. 5 crores) most of all who will pay about three percentage points of their income less in taxes. With this, there is also an increased tax shelter on profits from the sale of high-value property.

The reduction in income tax brings no benefit to anyone who earns less than Rs. 25,000 a month which means this keeps out the vast majority of the working class – contract workers, the crores of workers who are on the minimum wage and of course honorarium, domestic and agriculture and other rural workers who don't even earn the minimum wage. With the Goods and Service Tax on medicines and food products the poorest worker, in the country, contributes a greater share of their wages in taxes to the government than the superrich pay in all forms of taxes. The BS will only contribute to the ever-growing inequality between the rich and the poor in the country.

To add to this gains for the rich and decline in benefits for the working people: the BS has reduced expenditure by nearly one-third on food rations (by Rs. 100,000 crores) and on NREGA (by Rs. 28000 crores) as compared to the last year (2022-23). This means there will be less food available through the PDS and even less employment under the NREGA. Even funds for the Pradhan Mantri Kisan Samman Nidhi have been reduced. So much for the promise of doubling farmers income by 2022! The expenditure on healthcare, ICDS and education has barely been touched. This means in reality the expenditure will be lower for all these services when adjusted for inflation.

Reduced expenditure on social security and social protection will mean lower earnings for working rural households (reduced NREGA), increased expenditure on food (reduced rations) and additional expenditure in the private sector because of reduction in healthcare, ICDS (both healthcare and nutrition for children under 6) and education expenditure by the government.

The possibility of any of this reduced union government expenditure being compensated by increased expenditure by state governments also does not exist with central transfers to state governments being increased only by a fraction and at any rate lower than the rate of inflation.

The rich and the superrich will in contrast have more money to spend on luxury goods as a result of their reduced tax payments. More demand for luxury goods does not grow the economy because there is already an excess supply of them and a lot of them are imported.

In 2019, just before the pandemic, the BJP government had dramatically reduced taxes on private companies lowering them by one-third. The BJP said it will increase private investment creating more jobs and higher wages. That did not happen. Private companies distributed their increased profits as dividends to their owners and shareholders.

It is widely accepted that reduced taxes on the rich and on companies do not contribute to investment and growth but the BJP continues to spread this myth.

Despite all the bombast about government investment being high and being increased dramatically to a level higher than in 2015, it is still lower than before the BJP came to government. The rate of savings and investment by the private sector have at all times been lower than they were in 2014. Despite the BJP's clearly pro big business policies, the capitalist class has as a whole expressed little, if any confidence, in the BJP. There is no evidence that government investment is helping to raise private sector investment. Added to that, government investment figures are in name only – less than half the roads, water lines and houses that were promised in the last budget have been built.

Low levels of investment result in fewer new jobs, lower wages, lower demand for basic goods and therefore lower economic growth which then leads the cycle to repeat. When it comes accompanied by high inflation especially in basic goods and food products it wipes our working class incomes and lives as the last several years have done.

As if this was not bad enough today we received data for the month of January 2023 which tell us that manufacturing exports have declined while our import expenditure keeps rising. If this situation persists, as the BJP government's Economic Survey 2022-23 admits is a likelihood, then our foreign exchange balances (current account deficit) will come under threat. With no goods worthy of sale in international markets, despite all the sloganeering, of Make In India and Atmanirbhar Bharat, this situation will lower the value of the rupee in relation to the US dollar and other strong foreign currencies resulting in an even sharper rise in prices and greater economic instability.

With the Indian capitalist class having subordinated themselves to foreign and imperialist interests, for their capital investment needs, ably assisted by the BJP government for nearly 9 years now, our economy stands at a precarious place that will only cost the working class dear.

This situation calls upon the trade union to be vigilant and build resistance against the reduction in expenditure on social security and social protection and a stop to all income tax breaks. Our resistance must be lead us to a struggle for an economic policy that delivers a job for every worker, a just minimum wage for every job, universal access to health, free education for all and a roof over every head to reverse the growing inequality and to create an equitable and just society.

To this end, the New Trade Union Initiative will take forward a countrywide agitation from Monday 13 March 2023 the day parliament resumes following its recess.

Gautam Mody

General Secretary

Annexure 3

Press Release by National Campaign on Dalit Human Rights-Dalit Arthik Adhikar Andolan

DALIT-ADIVASI Budget 2023-24

Is it really Amrit Kal for the Scheduled Caste and Scheduled Tribes?

With much fanfare, the Finance Minister Ms. Nirmala Sitharaman presented the budget yesterday and time and again referred to Amrit Kal signifying a new tomorrow of development and great things to come. Inflation is at an all-time high and unemployment has also risen in the last few years however this budget is far from addressing some of the people-centric issues. The total Union Budget 2023-24 is Rs. 49,90,842.73 Crs and the total allocation for the welfare of the Scheduled Caste is Rs. 1,59,126.22 Crs and for the Scheduled Tribes is Rs. 1,19,509.87 Crs. Out of this the targeted funds that will go directly to the Dalits is Rs. 30,475 Crs and to the Tribals Rs. 24,384 Crs.

Dalit organizations have been demanding 10,000 crores for the Post Matric Scholarship for a long time now, although the total allocation is lesser than the demand, it's encouraging to see that there is an increase in PMS where Rs. 6359.14 Crs is allocated for the SCs and Rs.1970 Crs for STs. Under the Ministry of Women and Child Development, the total allocation for the umbrella schemes called Saksham Anganwadi and Mission Shakti is Rs. 20,554 Crs, a total of Rs 5038 Crs is allocated under the welfare for Scheduled Caste women, and Rs. 2166 Crs is allocated under the welfare of the Scheduled Tribe women. However, when one examines the schemes in the outcome budget, there are no physical targets for these and hence it is not specific to the community.

Despite the pressing need for targeted public welfare schemes to address the systemic injustices and disparities faced by these marginalized groups, it appears that a significant portion of the allocated funds has been directed towards irrelevant and general schemes, neglecting the urgent and specific needs of these communities.

According to NCRB data for 2021, there is a total of about 50,000 crimes and more than 8000 crimes of violence against Dalit Adivasi women However, just Rs. 150 Cr. of the budget is set aside to combat atrocities against Dalit women out of the total Rs. 500 Crs allocated for the implementation of PoA and PCR Act.

As usual, the majority of the plans are just rhetorical and offer no tangible advantages to the communities. Amrit kal should signify development of the SCs and STs, however this is not the case.

It is quite regrettable that manual scavenging continues to be one of the most demeaning jobs notwithstanding The Prohibition of Employment of Manual Scavengers and their Rehabilitation Act. A total of 58,089 manual scavengers had been discovered nationwide, according to the information provided by the MSJE. It is disappointing to see that the scheme called the self employment scheme for the rehabilitation of manual scavengers has been removed in this fiscal year and there is zero allocation for it. The scholarship of those children whose parents are involved in hazardous and unclean occupation sadly has no separate funding either. A new scheme has been introduced called NAMASTE with an allocation of Rs. 97 Crs to look at the mechanization of sanitation work. It is a welcome move to form a PVTG Mission and an allocation of Rs. 256 Crs for the development of PVTGs. Focus on Eklavya model residential schools is critical to the development of SCs and has got an increase in allocation, a total of Rs. 5943 Crs.

While the budget should have had more people-centric programs, on the contrary, there is more focus on infrastructure and less on development plans for SCs and STs. We call upon the relevant authorities to take immediate action to rectify this situation and ensure that the allocated funds are utilized in a transparent and accountable manner for the betterment of the Dalit and Adivasi communities. This must include measures to ensure that the funds are directed towards the implementation of specific public welfare schemes that address the specific needs and challenges faced by these communities.

KEY RECOMMENDATIONS AND SUGGESTIONS:

1. Out of the total Scheduled Caste and Scheduled Tribes, there are approximately 50% of the Schemes numbering around 46 Schemes which are general with no physical targets for SCs or STs. It is recommended that the Finance Ministry and NITI Ayog direct the concerned ministries to design clear physical targets and transparent processes for SCs and STs to access these schemes.

2. There are about 50,000 Crores that are completely obsolete schemes which is considered a total diversion from the SC and ST welfare and development. These funds should be returned to the ministries for MOTA and MSJE for relevant schemes

3. All obligatory ministries should allocate population proportionate funds for Dalits and Adivasis as per the NITI Ayog guidelines of April 2018

4. Allocation to direct benefit schemes like Post-Matric Scholarships, hostels, skill development schemes should be increased and timely transfer of funds should be ensured to the beneficiaries at all cost. A higher allocation for the National Overseas scheme should be implemented

5. Allocation of 50% for Dalit women and a special component plan for Dalit women should be established with strong mechanisms to monitor and ensure effective implementation.

6. Schemes for the rehabilitation of the women engaged in manual scavenging should be reintroduced and an adequate allocation to eliminate the practice should be in place. They have however introduced a new scheme called Namaste for mechanization of sanitation, it should be ensured that this should be given to women.

7. All schools and hostels must be made disabled-friendly keeping in mind the needs of people with disabilities funds should provide to ensure this happens.

8. Lack of legislative framework for implementation of SC & ST schemes has led to lack of implementation of most schemes. There is therefore an urgent need for passing of SCP/TSP legislation.

9. The following recommendations are being made to urge the Government to recognize distinct climate vulnerabilities and differential impacts on the SCs and STs and provision along the principle of equity embedded in the Common but Differentiated Responsibilities and Respective Capabilities framework to protect them from adverse impacts and build resilience to climate change;

a. Institute the National Climate Budget with earmarking for adaptation and mitigation by mainstreaming climate actions across the central sector and centrally sponsored programmes/schemes

b. Enhance the budget for climate actions under the AWSC and AWST proportionate to SC and ST population taking into consideration regional and socio-economic vulnerabilities and exposure to climate risks.

c. Mandate clear SC/ST targets and reporting for ministries earmarking for climate adaptation and mitigation schemes under AWSC and AWST

d. Adopt a matrix-based allocation and utilization of budgets for adaptation and mitigation disaggregated by caste and tribal status, gender, age and disability.

e. Specify the coverage targets for SCs and STs across climate adaptation and mitigation budgets under the AWSC and AWST

f. Converge the Climate Adaptation budget with the existing Gender budget, Child budget, and SC & ST welfare and development budgets

g. Introduce measures to include the landless, homeless and sharecroppers under existing and new schemes/programmes for land allocation and alternative local and stable livelihood and income generation for climate resilience

h. Acccelerate the recommendations of the 15th FC Report in particular the methodology for determining allocations, vis. a combination of capacity, risk exposure (area and population with caste, tribe, age, disability and gender-disaggregated data) and hazard and vulnerability for determining state-wise allocation for disaster management.

i. Obligate AWSC and AWST allocations under the National Disaster Response Fund schemes to extend immediate assistance for the losses and damages of informal workers, landless and homesteadless to enable immediate recovery after disasters.

j. Obligate AWSC and AWST allocations under National Disaster Mitigation Fund to undertake targeted disaster mitigation projects/schemes for SC/STs

k. Institute disaggregated data and targets for existing and new central sector and centrally sponsored schemes on disaster mitigation.

10. All schemes that have direct benefit transfers should be encouraged both for quickness of pace of transfer and to reduce transmission losses.

11. Allocation for the implementation of PoA should be increased to prevent crime against Dalit women, men, children, people with disabilities and queer and trans persons. There is a need for establishing clear mechanisms to provide protection and security to any victims of caste-based discrimination and violence. The current allocation is grossly inadequate. Special Courts should be set up for speedy trials of cases, and increased compensation should be given to victims of caste and ethnicity-based atrocities.

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