ALL INDIA INSURANCE EMPLOYEES' ASSOCIATION

LIC BUILDINGS SECRETARIAT ROAD HYDERABAD 500 063

(E-mail: aiieahyd@gmail.com)

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To
All the Zonal /Divisional /State /Regional Units

<u>Budget 2023- A Big Let Down for the Insurance Industry and the People</u>

The Budget for 2022-23 presented by the union Finance Minister yesterday has been a big letdown for millions of Indians battered by the Covid19 pandemic. Millions of people had lost their jobs to the pandemic. Small businesses, already devastated by demonetization and GST, had to close shops because of the pandemic. Subsequently, price rise hit all of them like a whiplash. These people had been waiting to see how the intertwined challenges of alarming increase in unemployment, growing poverty and deepening inequality was going to be addressed by the government in the budget. The budget that was presented yesterday, however, did not give any relief to the common people. Instead, it has announced a huge bonanza for those rich sections of society who have already amassed huge wealth.

The budget was full of rhetoric and devoid of any substance. There was no attempt, whatsoever, to make an honest appraisal of the past commitments made by the government. India should already have become a $5 trillion economy by now if one were to go by the past commitments of this government. Similarly, farmers' income should have already been doubled by now as was promised by the Prime Minister and Finance Minister. There was also a deafening silence in the budget as to how many smart cities have been actually built up ever since they were announced with much fanfare. New commitments, nay dreams, were nevertheless rolled out once again without remorse. A careful reading of the budget documents makes it amply clear that most of the projections made are unrealizable since the premise on which these are based is itself wrong.

The Finance Minister has claimed that India will clock a nominal GDP growth of 11.1 per cent in the fiscal year 2022-23. Accounting for inflation, she says that GDP growth in real terms would be around 8-8.5 per cent. It is thus clear that the Finance Minister has assumed an inflation rate of around 2.6 per cent while making her projections. When the present rate of inflation based on the wholesale price index and consumer price index are 13.56 per cent and 5.6 per cent respectively, it is utterly illogical to expect that inflation would come down to 2.6 per cent in the next financial year. Similarly, the claim that a huge increase of 35 per cent in capital expenditure would take care of all problems is also erroneous. Capital expenditure when compared to the revised estimates of the current year has increased not by 35 per cent but by 24 per cent. The government makes a bombastic claim that capital expenditure would go up to Rs.7.5 lakh crore in the next fiscal. But it is interesting to note that as at November 2021, hardly 50 per cent of the budgeted capital expenditure had been spent in the current fiscal. It is well neigh impossible for the government to spend the balance fifty percent within the next four months. There is no guarantee therefore that the amount budgeted for the next fiscal will actually be spent by the government.

While the people groaning under poverty expected some relief, there has been a savage cut in food, fertilizer and fuel subsidy. The very fact that GST collections have reached a record high is indicative of the fact that the taxation policy of the government is regressive. It goes on to show that a disproportionately high amount of tax is being collected from the common people by way of indirect taxation. The huge cut in expenditure for MGNREGA from Rs.98,000 crore to Rs.73,000 crore will exacerbate the unemployment situation in the country. Expenditure commitments for other social sectors like health and education have either been slashed or minimally increased. The government appears to have been particularly harsh for the farmers. The overall budget for agriculture and allied activities has come down from 4.26 per cent in the last fiscal to 3.84 per cent this year. While there is a marginal increase in the absolute amount of funds for welfare of Scheduled Castes and Scheduled Tribes, this would amount to a reduction once inflation is factored in.

The reliance placed by the budget on the transformative potential of the PM GatiShakti, especially via the 'seven engines' of roads, railways, airports, ports, mass transport, waterways and logistics infrastructure, seem to be misplaced. Given the already declared intent of the government to privatise the whole gamut of infrastructure in the public domain under the National Asset Monetisation Pipeline, this reliance on the seven engines is nothing but a roadmap for privatisation of the public sector. As if to reinforce her reformist credentials, the Finance Minister said in the initial parts of her speech rather proudly that **"the strategic transfer of ownership of Air India has been completed. The strategic partner for NINL (Neelanchal Ispat Nigam Limited) has been selected. The public issue of the LIC is expected shortly." Elsewhere in the budget documents, there is a self congratulatory declaration of the paths having been cleared for privatisation of India's public sector general insurance companies.** The writing on the wall is thus clear.

Beyond the reiteration of commitments to privatizing insurance, the budget had absolutely nothing for India's insurance industry. The AIIEA (and a large section of the industry, of late) has been continuously demanding withdrawal of the GST on life insurance and medical insurance premium on sound reasoning. The AIIEA has also been demanding the provision of a separate tax exemption limit for life insurance premium, over and above the Rs.1.5 lacs granted under Section 80(C). These demands were in the interest of the industry, the people and the economy. But a government committed to neoliberalism had no time to address the genuine concerns of the industry and the people. The budget is being rightly described as **"Amrit Kaal' for the rich and 'Jehrila (poisonous) kaal' for the working people at large.**

Insurance employees must therefore spare no effort in making common cause with the toiling people and give a powerful resistance to the sinister designs of the ruling class.

With Greetings,

Comradely Yours

Shreekant Mishra

General Secretary