

Sarthak edit

Caste-based budgeting is a bad idea, don't embrace it

The recommendation of the Maharashtra ministerial sub-committee examining issues affecting Other Backward Classes (OBCs) in the state – that there should be caste-population based budgeting – is a dangerous one and the state government should reject this immediately; indeed, given how bad ideas spread rapidly, were Maharashtra to accept this, other states will also follow suit and there can even be pressure for the Union government to do the same. The genesis of the demand, of course, is the Supreme Court staying the implementation of the Maratha reservation a few months ago; a constitutional bench is now hearing the case. Once the Maharashtra government said it would give special concessions to the Marathas, OBCs demanded the same. The logic seems to be that if certain groups are not going to get enough reserved jobs, and places in colleges, they should get increased government expenditure directed towards them. The issue of whether a group as politically powerful as the Marathas should be demanding – and getting – reservations apart, it is not even clear what the sub-committee is hoping to achieve, though in fairness to it, the central government may have set the ball rolling by going in for gender-based budgeting several years ago. Every year, the Union budget has details of allocations for women, for children, SC and ST. The amounts mentioned, though, make it clear just how symbolic the allocations are. Women may comprise half the population, but they got just Rs 1.4 lakh crore of the total projected expenditure of Rs 30.4 lakh crore in FY21; children got Rs 1 lakh crore, SC Rs 0.8 lakh crore and ST Rs 0.5 lakh crore.

The reason why the allocations are so small, as it happens, is that budget allocations in themselves have limited power to help any one group. As a share of the projected pre-Covid GDP for FY21, the total expenditure in the budget is just 13.5%; as a share of the value of output it is half that. So, the real difference that occurs is not from the amount of money that is spent, but from the policy changes the budget unleashes. If, as a result of the budget proposals, there is a fresh round of investments, then everyone benefits from the jobs this creates. If, in the context of the farm laws' controversy, the added marketing freedom for farmers pushes up farmer incomes, this will help both farmers as well as workers, and the benefit may have little to do with the actual allocation; as it happens, the fall in the share of agriculture in GDP over the years has been a big reason for the Maratha unrest as the community is largely agrarian. It is, in

any case, next to impossible to allocate investment in an irrigation project – for an area – by caste or gender groups; if a series of small irrigation projects are carried out, to cater to the needs of various groups, most will be sub-optimal in their impact. And keep in mind that once this is done for Marathas, other groups/sub-groups will also want the same; at some point, groups who are contributing more will demand their share be limited to the 'benefits' they receive. Caste- and identity-based budgeting – and that includes what the Union government is doing – is a slippery slope, and there is nothing to be gained by going that way; the government needs to focus on stimulating GDP growth as well as investment in education, health and other such critical facilities for all groups to benefit.