**Who pays for the wall?**

**Farm Protests and the Budget**

*Nikhil Damodaran*, Assistant Professor, Jindal School of Government and Public Policy

11th Feb 2021

Published as: “Taxpayers money is being deployed to erect wall between protesting farmers and govt” at

<https://indianexpress.com/article/opinion/farmers-protest-farm-laws-delhi-police-7192943/>

The US taxpayers ended up paying for the wall – fortification of border security – which was Donald Trump’s key campaign statement[[1]](#footnote-1). Similarly, Indian taxpayers will most likely end up paying for iron nails on concrete, the barbed wire fences, the immovable boulders, and the wage laborers who were employed to erect the wall between farmers protest and Delhi. Well, you certainly would if you are a tax paying, income earning *deshbhakt*. It does not matter if you support the cause or get anguished by it. It does not matter whether you worship Ram or pray to Allah. What matters is the fact that government expenditure will invariably come and bite you as taxes in the future and this time it would sting. Here are four reasons which connect the protest with the union budget and your income.

First, all central government expenditure[[2]](#footnote-2) is procedurally sanctioned by the parliament after the budget is presented by the Finance minister. Thus, either the funds provided to the Delhi police would come from the money already sanctioned to them or they would have to come from a special request to parliament in anticipation of expenditure. In either case it is going to be paid forth by taxes on you and me – either on our incomes or GST. However, there is a procedural nuance which we need to understand.

The money first allocated to the budget needs to be ratified by a parliamentary sub-committee, but this does not always happen. If a certain sum in not ratified by the parliament then it is guillotined[[3]](#footnote-3) i.e., passed as if everyone agrees to it. Our money, which was taxed by the government finds its way into the hands of Delhi police, which then digs a hole in our pockets as well as cordons off our farmers in our own country.

Let us assume that the Delhi police did not have the money to meet their expenses – there have been many protests in the national capital region and the police is overworked in keeping democracy at bay. The next step for individuals is to take a loan from the bank or to borrow from friends. But for the Delhi police to get more funds, all it needs is to get an additional request to the parliament.[[4]](#footnote-4) Historically, such requests are not discussed in detail and are sanctioned without scrutiny. But it is sufficient to say that the actions of the government are our voices, and our voices are creating a barricade using our toil.

Second, if we think about our past actions, we will find the year, months and more precisely days when we cemented this wall against the farmers. We did this somewhere between 11th April 2019 and 19th May 2020, the duration of the 2019 Indian general election in which this government was sanctioned by our votes. The BJP itself won about 56% of the total votes casted and resurged stronger as a singular voice of an increasingly Hindu India. When we vote, the economic ramifications of our consent are often too complicated to understand, and hence political theatrics dictates the swing. But now we must stop and understand the consequences of our consent.

More importantly, our simple choice of voting has led to a scenario where there is no singular opposition to the government in a parliamentary democracy. This political plight also intensifies perverse economic incentives. Without adequate checks and balances, neither is the initial budget examined for its allocation nor are the subsequent additional requests validated. Thus, what seems to be mere political one sidedness gets fueled with the taxpayer’s money into an institution which is devoid of counterbalances. Somehow, we do not understand the true ramifications of our vote.

Third, all government expenditure need not be paid now, but all government expenditures must come out of taxes either current or future. Thus, the sanctioned amount to building the walls and deploying the force in Delhi borders is financed by revenue accumulated previously and sanctioned in the budget. There is a possibility that you do not have to pay for this protest if the government borrows to pay for such expenditures. This leads to fiscal deficit, which for the central government is projected to be 9.5% for the next fiscal year[[5]](#footnote-5), which assumes an ambitious growth target. Only if the government maintains its income in line with its projections will it be possible for it to limit the deficit to 9.5%.

This deficit is going to affect you when you grow old in two ways. To pay for the fiscal deficit the government amasses now, it could increase indirect taxes in the future which would imply higher commodity prices when you are older. This is assuming the possibility that it cannot borrow any more in the future. It could also imply less government services because it is constrained in its spending. Thus, the actions of the government now are going to decide your economic pathways.

Fourth and final point is that you could still do something about it. When you push for the government to be more accountable, you are forcing your elected representatives in the parliament to ask pertinent questions about budget allocation – all of which is your money at the hands of the government. There is another way you could make the government accountable – by becoming an *aandolan jeevi*. You could and you should go out there in the streets and ask these questions demand an explanation. In fact, to uphold the democracy, voting is the minimum you must do, but you should go out there and talk to your elected representative and ask them about the budget. It is your right to know, and you should know who paid for the wall erected between the rural farmers and the government in Delhi.

1. The Border Wall That the U.S., Not Mexico, Is Paying For, [Bloomberg](https://www.bloomberg.com/news/articles/2020-09-01/the-border-wall-that-u-s-not-mexico-is-paying-for-quicktake), 2 September 2020. [↑](#footnote-ref-1)
2. Steps of sanctioning the budget in short “[All you wanted to know about the Budget](https://www.thehindu.com/business/all-you-wanted-to-know-about-the-budget/article11623999.ece)”, in long “[Overseeing Public Funds - How to scrutinise budgets](https://www.prsindia.org/budget/primers/overseeing-public-funds-how-scrutinise-budgets)”. A couple more informative pieces on the union budget: “[Understanding the Budget process](https://www.indiainfoline.com/article/news-sector-others/understanding-the-budget-process-113111404476_1.html)”. Analysis of budget (a) health, infrastructure and disinvestment - <https://www.bbc.com/news/world-asia-india-55884215>, [↑](#footnote-ref-2)
3. “[Budget terms: What is the guillotine?](https://economictimes.indiatimes.com/budget-terms-what-is-the-guillotine/articleshow/18512403.cms)” Economic Times, 15 Feb 2013. [↑](#footnote-ref-3)
4. “[Bulk Of Additional Spending Will Go Towards People-Centric Schemes: Nirmala Sitharaman](https://www.ndtv.com/india-news/bulk-of-additional-spending-will-go-towards-people-centric-schemes-nirmala-sitharaman-2297736)”, NDTV 18 September 2021. Well historically how many such requests are made, what percentage of total budget do they represent, and which ministries do they accrue to are questions worth asking. However, if one tries to find out the data, it is difficult to find one. [↑](#footnote-ref-4)
5. Credit Impact of Indian Budget Hinges on Growth Outlook, [Fitch ratings](https://www.fitchratings.com/research/sovereigns/credit-impact-of-indian-budget-hinges-on-growth-outlook-10-02-2021), 10 Feb 202. India’s union budget and fiscal policy, [East Asia Forum](https://www.eastasiaforum.org/2021/02/10/indias-union-budget-2021-22-and-fiscal-policy/), 10th February 2021. Understanding the Anatomy of India's High Fiscal Deficit, [The Wire](https://thewire.in/economy/budget-2021-india-high-fiscal-deficit), 01st Feb 2021. [↑](#footnote-ref-5)