

Political Economy of India

2014-24: Future Direction

Dr. Shrinivas Khandewale
Dr. Dheeraj Kadam

Translation : Com. Sukumar Damle



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Dr. Shreenivas Khandewale
(Mob. : 7447561544)

Dr. Dheeraj Kadam
(Mob. : 9922281541)

Translated by : Com. Sukumar Damle

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FOREWORD

We are pleased to present "Political Economy of India: 2015-2025", authored by the renowned economist Dr. Shreenivas Khandewale, and his co-author Dr. Dheeraj Kadam and published by Dada Purav Research and Training Institute, for the benefit of the Readers.

The Annapurna Pariwar completed 31 years this year. And Dada Purav Research and Training Institute 16 years. We celebrate 18th August, the death anniversary of Com. Dada Purav as the Founders' Day and publish a book on the occasion. We have published books on various subjects in the past 15 years. Many books out of these handled the subjects of small finance and small insurance. We have published books on major social events in the economy of Maharashtra, the country and the world. Sometimes, banking business and its future has been written on. During the Corona pandemic, a book about Corona was published. A book even on Religion and the Constitution has been published. Writings on Gandhiji and Samyukta Maharashtra Movement have been published.

Translations of most of these books are published in January next year. Books in Marathi and English are printed and distributed. They are made available on our website too.

The chief aim of Annapurna Pariwar is to empower the bottom rung of the society. Therefore, the economic and political policies followed in our country are important

for us, as they affect this bottom strata. The economic and political situation in our country has changed so much during the past 10 years that on the one side, 80 Crore people are surviving on free ration provided by the government every month, while, on the other, Indians are climbing up the "most rich people" ladder of the world.

The GDP, Sensex numbers are being discussed from the rooftop, while the farmers and students are committing suicides. One becomes speechless when one hears about the atrocities on minorities, sexual attacks on women and girls. Our Editorial Board felt the need to publish a book explaining the effects of economic and political policies of the past 10 years on society this Founders' Day.

That Dr. Shreenivas Khandewale, an author perfectly suited to write on the subject, readily said yes, was a lucky break. We are deeply indebted to Dr. Sreenivas Khandewale and his co-author Dr. Dheeraj Kadam.

New Age Printing Press team prepared this small booklet, written in simple flowing language and enabled us to give it to you in time. Prachi Bapat handled the production of the book on behalf of the Editorial Board.

We at Annapurna Pariwar would like to convey our warmest regards and are thankful to Com. Sukumar Damle for extending his timely help in translating the booklet written originally in Marathi. He has been successful in conveying the real essence of the subject through this translation.

Now it is up to the Readers to decide if this book helped them make sense of the events taking place around them at a fast pace, and whether it has set them thinking.

Dr. Medha Purav Samant
CMD, Annapurna Pariwar.

CHAPTER 1

AN OUTLINE OF THE SUBJECT

Inflation (Rising prices) and unemployment are the two issues at the core of the economic activity of the entire society, especially at the core of the economic dealings related to the lives of the toiling masses. How the people of a country or region carry on their economic activities? How they build the institutions necessary to carry on those activities and how they achieve their all-round progress in an organized manner, is termed as behavioral science. Economics is the main of the various disciplines comprising, that is the study of how people go about feeding themselves, a study of how the people of a given country resolved or did not resolve the issues that confronted them. It shows how that society behaves in all such situations. Therefore, a study of economic affairs involves various aspects of political science, law, social science, culture, etc. in the course of social development. There are stages when humans have to resolve complicated issues of big dimensions. Today, India and the world are facing such a situation while in the course of industrial development. The computers, robots, space research give a glimpse of future development but there are human issues being thrown-up by the same developmental process that seems to have stumped thinkers in all walks of life (scientists, philosophers, religious leaders, common people etc.).

Many people have explained these changes taking place in their own way. But it is akin to the proverbial six blind men describing an elephant. It is necessary to understand the economics of this process. To understand who gain and who loses in this process. Without understanding these and without resolving them. It is insufficient to say that this technology is very good, mind-boggling etc. Unless we go to the root of this in all seriousness, it is not possible to find a way forward but Marxism shows the way.

Between the years 1760 and 1850, production by hand was replaced by production by machines in England. This industrial revolution spread quickly across Europe. The world was impressed by this marvel. (The condition of the working class in England in 1844 - by Engles, 1892, Monshino Publishing). England, Europe and the world was also witness to the extreme poverty that the working class was pushed into by the industrial revolution. These industries expanding at a fast pace wanted raw materials either from their home country or from their colonies, also at a fast pace, and wanted markets to sell their produce at same speed, which was essential to realise the profits. This led to colonizing various countries of the world, thus giving rise to imperialism that exploited those countries. France, Germany, Spain, Holland, Portugal - almost all the European countries followed England to colonize Asian and African continents in order to exploit them and to make fast profits. This exploitation ultimately resulted in exploitation of productive assets and toilers of those countries.

When Marx, Engles and Lenin studied these developments, they came to the conclusion that the industrial capitalism rose on inhuman exploitation of toiling people throughout the world. Long working hours, extremely low levels of hygiene and food intake resulted in premature ageing and death. This was the common situation. Marx

and Engles wrote the Communist Manifesto in 1848, suggesting a way out of this exploitation and concluded the inevitability of socialism to end that exploitation. Many who read their writings, thought that socialism will be achieved as soon as the toilers demanded it. But in reality, the capitalist class tries with all its might to defend capitalism and to prevent any march towards socialism, by opposing the working class. It pressurizes the State power, uses religion and culture for their continued profits. Thus, the capitalism continues to exist for many centuries and the working class has to struggle against capitalist class through the production process. This, therefore, is a slow process. In many countries, in the concrete conditions obtaining there, even if the struggle between the capitalists and the labour results in socialism, the capitalist class continues its struggle against socialism in various ways. The struggle between technology, production process, the state and the capitalists and the working class continues. This has been the experience so far.

The industrial revolution was followed by computer technology in the latter half of 20th century. Now Artificial Intelligence has appeared in that struggle in the 21st century. This calls for going back to the practical philosophy of Marx and Engles to understand what shape socialism will take in this new context. It is generally observed that with every new technological change, the working class position deteriorates. But then the working class too has learnt from their own experience that they cannot expect any justice from the capitalist system. It is Marx and Engles, who said there was no alternative for them but to struggle. This is where we all are at the moment. The American socialist economist, Robert Heilbroner, in his book, "The Worldly Philosophers", addresses the capitalists saying, "You grant wage-rise, bonus etc. to the workers; Yes, do stop that largesse. Next day, you will find

Marx knocking at your doors!" (Heilbroner, R. L. 1953. The Worldly Philosophers: The Lives, Times and Ideas of the Great Economic Thinkers. New York, Simon & Schuster. Reprinted by Penguin Books Ltd, 2000).

Today there is a tremendous increase in production due to technological changes and is likely to continue to do so. If the profit is to keep pace with that production increase, there is no other way in the capitalist system than keeping the wages, overall employment and their earnings suppressed, just like in 18th -19th centuries. Most of the countries in the world are reporting such increase in profits (If one keeps South Africa aside, India tops this list of profit-making countries). This can be seen from the extreme income inequality everywhere. One may ask what all this has to do with the subject at hand. But if one looks at the economic and political changes that have taken place during the period from 2015 to 25, we see the use of advanced technology, leading to quickly expanding production base, leading to increased exploitation of the working class and leading to extreme income inequality! The political and social movements are born out of the above changes taking place.

Based on the framework of the above changes, we are going to look at the decade prior to 2015, which led to the changes in 2015-25 and based on that analysis, we will try to make informed inferences as to what shape the economy and the state power is likely to take.



CHAPTER 2

INFLATION AND UNEMPLOYMENT

Inflation

In the year 2024 and during some of the preceding years, the prices remained high. But in 2024, the RBI and the Central government jointly curtailed the credit available in the market, as well as reduced the expenditure on developmental projects, thus controlling the price rise to some extent. But one cannot be sure it will remain under control for long. Let us look into the price rise, it's collateral economic slowdown and a situation where both co-exist, called "Stagflation".

One of the reasons for price rise is, due to some reason, the supply falls short of the usual level or the demand goes up above the usual level. For example, when the new agricultural produce comes to the market, the prices temporarily fall, while wars, climate change can increase prices over a longer period, because the supply remains restricted over a longer period.

If one looks at how the price rise affects different sections of the people, we find that those who get dearness allowance as a legal provision, are not affected much by the price rise. The traders and industrialists can pass on the effects of price rise to their customers and thus are also

insulated from the effects of price rise. But the farmers, agricultural workers, artisans, adivasis living near the forests are adversely affected due to price rise, as their income does not increase proportionately to the price rise. Today, the workers working under Employment Guarantee Scheme are faced with this situation, where the prices in the market are rising, but there is no proportionate increase in their wages. If the factory owners, feel uncertain about their profits, they reduce the level of production and remove some workers. Thus high-income and high middle-income strata are not affected by price rise, whereas middle-income, low-income and bottom level working class are affected by the price-rise. The only way out of this predicament of rising prices and stagnated or falling incomes for workers is to reduce expenses even on the essentials like food and nutrition, medicine, education and other minimum standards of living. Thus price rise affects most of the people in terms of unemployment, falling income and falling living standards. There is ample evidence of this all around us in today's situation. The climate change has made rains very irregular, affecting agriculture produce. This has led to persistent uncertainty of farm products, resulting in persistent price-rise while making employment of workers uncertain. The government is trying desperately for damage-control by announcing free rations, monetary donations etc. to various sections of the people (See Maharashtra Supplementary Budget, 29th June 2024).

The collateral effect of price rise is economic slowdown. Various reasons can lead to the demand falling below the normal level or the supply overtaking the normal level of demand, which causes prices to fall. Adequate rain and good climate may give abundant agricultural produce in a given year. The prices have to be reduced to sell such a bumper crop. Customers are of course, happy, while the farmers

are not, because they hardly benefit from the bumper crop. The same holds true for the industrial sector where falling demand on bumper production leads to falling prices. This may be a temporary phenomenon or a long-lasting too. But whether the price fall is temporary or long-lasting, the producing class tries to match the demand by curtailing production. For example, immediately after the WW I of 1914-18 or the WW II of 1939-45, the demand of the war years suddenly contracted, all surplus soldiers of the armies were discharged leading to a huge slow-down in the markets which lasted for a long time. As the production was curtailed to match the reduced demand, number of jobs available also went down. This shows economic slow-down results in unemployment, drop in earnings, adversely affecting food-intake, health, education, which is a very dire situation. When WW I ended in 1918 and the demand suddenly dropped, economic slowdown started rearing its head. The government took up some programs to counter the slowdown. The American history shows that between 1921 and 29 economic slowdowns lasting short spans occurred 6 to 7 times. In 1929, it turned into a long-lasting slow-down. One of the effects of this slow-down on agriculture was that the market price level for agricultural produce was lower than the production cost. Therefore, the farmers were unable to sell their produce and they simply burnt their produce. Even today, In India, as the market prices are lower than production cost, the farmers are not able to repay their loans and committing suicide is the only option available to them. Vidarbha's suicides are for all of us to see. Punjab, Haryana, Rajasthan, UP farmers are leading the all-India agitation for "Minimum Support Price". As per the annual economic survey for the state of Maharashtra (27th June, 2024), the rate of increase of agricultural output has dropped. This drop is more pronounced in rain-fed areas and expectedly, it is

resulting in dire economic consequences. To sum it up, the adverse effects of price rise and economic slowdown are more on the middle and the low-income strata of society.

Many a times, it so happens that the government with a view to score high in the global competition, pushes for production rise and the producing class too joins the effort expecting higher profits. But how unemployment and rise in profits too are interrelated can be seen from two columns published in Lokmat (1st July 2023), Nagpur. One column has a title "New jobs to be affected" and the other column next to it asks, "Will the Sensex cross 80,000?"

Stagflation (Price rise along with economic slowdown)

If, for some reason, the government is unable to control the price rise and so are the producers, then the prices continue to rise. Since there will be no demand for goods at such inflated prices, the producers reduce the production, curtails future plans for production increase. The economy crosses the common assumption that rising prices will fetch more profits, leading to production rise. An odd situation develops where the prices remain high, but unemployment, economic slowdown appear as the production is reduced. This is price rise along with economic slowdown. The middle and low-income groups are badly affected. If this situation lasts for a short time, then things can normalize, but if it lasts for long, the industrialists cannot resolve it and if the people find that even the government is unable to bring relief, it can have political consequences too.

Unemployment

Goods were produced by hand and by use of animal energy before machine-based production arrived. Production in that era was almost entirely decentralized. Goldsmiths, Tailors, Carpenters, Blacksmiths, Weavers,

all these artisans worked from home. The toiling people carried forward their family businesses. Only with the exception of great disrupting events like wars or famines, people had employment. Though the GDP (Products X Prices) increased at a slow pace, everybody got a share out of that wealth. The Balutedari system of Maharashtra had one positive aspect that all the artisans working in the village and contributing to the production of wealth, were paid a certain portion of that wealth. That ensured equitable treatment of all. If there was a surplus to go around, everybody benefitted and if there was a shortage everybody was hard up. Prabhat Patnaik, the Economist in his latest article, "Capitalist Poverty" notes that the capitalist, with swings in the rates of his profit, curtails employment at his own sweet will and thousands of toiling people get thrown out of production system (The Hitvada, 30th June, 2024). While reducing employment, he is not even expected to bother about the future of such unemployed people. The capitalist class puts the responsibility of tackling that problem on the government. When the Cloth Mills in Mumbai and Vidarbha closed down, the people have experienced this problem. In the old Balutedari system, the good times or bad times were shared by the owners of the farm lands and the Balutedar workers between them. But in the capitalist system, once the worker is removed from the rolls of the factory, there is no relationship between the worker and the industrialist. Patnaik observes that the workers are at a loss to know what was their fault that they were thrown out of employment. If, during rising prices or economic slowdown, they do not get an alternative employment, they blame the circumstances for their plight and when they are unable to face the family responsibilities, he is mentally crushed. During the Mughal period, the land revenue was proportionate to the level of produce, but the Britishers fixed the rates irrespective of

the yield. The farmers had to pay at that fixed rate, whether they lost the yield for any reason whatsoever. This led to extreme poverty of agriculturalists. In this background, after India became independent, investment in all sectors, including in agriculture, was consciously done so that all-round balanced progress is achieved. In short, the more the production system is kept in private hands, the more leverage about employment/unemployment will remain in private hands. On the other hand, if the production system is in public sector, employment can be maintained even in adverse conditions and concerned power rest with the Parliament and the government.

The entire world was reeling under the economic slowdown and rampant unemployment in 1929. Keynes had propounded that during the period of prolonged recession and unemployment, the rich did not spend in proportion to their incomes. This was the cause that the economic system did not generate enough demand to provide employment to all. He suggested a capitalist solution that the drop in the total spending of a nation due to less consumption by the rich should be compensated by state expenditure (Compensatory Spending) and for that purpose the state should borrow. But during the period after WW II, this borrowing by the state was accepted as a "revolutionary remedy in Capitalism". The world-over, the governments, instead of increasing taxes on the rich, started borrowing on a continuous basis, which continues to this day – 2024. As a result, the richest nation in the capitalist world, the USA, has notched up its borrowings that are 124% of its GDP. India, along with many other nations, is facing a similar situation. Now the International Monetary Fund (IMF) is advising all the nations again and again to reduce their public borrowing. Therefore, Keynes, who was hailed in his times as a propounder of revolutionary economic theory of capitalism, has lost

much of that glory. As the government had borrowed more than in the normal times, money supply increased, resulting in price rise. But the problem of unemployment remained as intractable as before. (Keynes, due to his work referred to above, that helped world capitalism to survive, was awarded the title of "Lord" in the English royal tradition. Otherwise the world had the Soviet model as an alternative).

The developed nations had claimed that the 1991-92 programme of Liberalisation, Privatisation and Globalisation would increase production, reduce unemployment and the common man would benefit. Shri S. P. Kher, an economist who has studied this question, says "Keynes had imagined when his grandsons would inhabit this world, these economic questions would recede to the background and man's creativity would flourish without any inhibitions. This has not come about." (See: S. P. Kher, New Era of Economic Reforms - Dilipraj Publications, Pune 1999, Page 279). Even after accepting Globalisation, the issue of unemployment has not been resolved. In the 2024 Lok Sabha elections, this question became one of the central issues and because the ruling dispensation was not paying attention to it, the people did not vote for them.

In Keynes' own England, the 4th July 2024 election proved to be the debacle for the Conservative Tories and the Labour party has come to power with thumping majority. This change too is a result of the unemployment not being tackled. The entire Europe is now facing a crisis of maintaining their standard of living due to increasing prices. Production is going up everywhere due to new technology, but employment is not being generated in that proportion. Therefore, though the GDP (Products X Prices) is increasing, it is not resulting in proportionate employment. All the nations in the world are facing this

dichotomy.

The capitalist production system cannot solve the twin questions of price rise and employment. What is the alternative? This is the question people the world-over are asking. Socialist Economy is there as an alternative. It necessarily means a struggle against capitalism on ideological as well as practical level. France also went to polls within 3 days of the British polls. It was a preponed election. The Centre and Right of Centre forces were expected to win, but the exit polls suddenly showed Left forces forging ahead. Therefore, the political churning there, will decide what form the new government will take. Since the Labour Party and the Left parties are against capitalism, the people have voted for the Left. This shows the way the winds are blowing.

In India too, the ruling front had claimed that they would cross the 400 mark in a 550 seat Lok Sabha contest. But in this largest political battle, the world witnessed that the ruling party was restricted to 240 seats - that is even below the simple majority in the Parliament. A coalition government was formed, nonetheless, accommodating some parties with their own agendas. But their internal dissensions and pulls and pushes appear to be increasing. This election too had inflation and unemployment as the main issues.

The key question that is ideological as well as practical, is why employment does not keep pace with increasing population? The present government of India is telling the people that by 2047 - the centenary of India's independence - India will be a developed nation and that in terms of the GDP, it will rise to the third position in the world. But the government does not say that by 2047 we will create an economy without inflation and unemployment.



CHAPTER 3

INFLATION AND UNEMPLOYMENT

When we start looking at the situation on the ground, after going through the analytical overview as above, we find political, administrative and economic factors influencing each other. Marx used "Dialectics" and "Dynamics" to study the situation obtaining on the ground. It means that the process of development is not unidirectional or linear, but is a product of the continuous interplay of the influence of the State, Technology, the Working Class, the Economic Decisions related to production and the current social values, which may be positive or negative. Sometimes, there is regression too. It depends on which of these factors is more effective and that decides the direction the development process will take.

Prior to 1991, India followed a mixed economy with socialist goals. The Government of the day paid attention to employment generation, income disparity, etc. But since 1991, the then Government accepted the free market economy and decided to give up the earlier equitable policies. To make sure that the new policies do not show even an inkling of the earlier socialist policies, it was named "the New Economic Policy" (Liberalization,

Privatization and Globalization). This meant privatization of public sector industries and free international trade. It was said that this will lead to increase in production and all the people would benefit from the same. Since 1995, the World Trade Organization was formed, that will insure free trade without any restrictions and lead to production rise and adequate employment generation. Free Trade was therefore named the "Engine of Development."

The main effect of these changes was that the economic policies of the Indian government became totally capitalistic. Soon enough, it was clear that globalization was not beneficial as claimed. These policy changes were made under the leadership of Shri Narasimha Rao and Dr. Manmohan Singh, but the Congress lost the Lok Sabha elections in 1996. Kapil Sibal lost to Sushma Swaraj of the BJP. When reporters asked him the reason for his defeat, he said, *"What we claimed would be the benefits of globalization and free-trade regime, were not seen during 1991-96."* The BJP had criticized the Congress for having accepted globalization. But when the BJP came to power in 1999, they not only continued with the policy of globalization, but brought in even more liberalization. When the then Prime Minister Shri Atal Bihari Vajpayee was asked by the reporters, why were they following the policy they had opposed earlier, his reply was, *"We are simply continuing the legacy we inherited from the previous government"*.

Those policies did cause some production increase. But those who didn't even have the word "capitalism" in their discourse, were criticizing that policy. The BJP Government had coined the slogan *"India is shining"* for the 2004 Lok Sabha elections. They were almost certain to win that election. But when the counting of votes revealed quite the opposite and the BJP fell into minority, many of them were shocked.

2005 to 2015

The Congress (United Progressive Alliance) came to power in 2005 and Dr. Manmohan Singh became the Prime Minister. 2008 came with global recession. It caused unemployment even in India. The Indian government incentivized the industrialists in those days on the production level they achieved. This did reduce the severity of unemployment to some extent, but the issue was serious. The steps taken by the government to open coal mining to private bidding and operation, with attendant corruption charges, coupled with similar charges in bidding for 2-G spectrum, rendered the government paralyzed and ineffective. The industrialists were very disappointed at this policy paralysis of the government as their demands were just not being attended to. This led to the government becoming even more ineffective. In the 2-G spectrum bidding, the concerned minister dealt with it too casually prompting the Hon'able Judge to remark, "Spectrum is a property of the Nation and not the private property of the Minister", because the Minister did not adhere to the set procedures. Even when the coal mines permits were sold, the government carried the impression that those who bought those licenses, were themselves interested in increasing coal production and its efficiency. What happened was that those who bought those permits, sold them at higher prices to others, making money in the process. The question of unemployment was not addressed in all these shady deals. This needs to be underlined.

After the 2004 Lok Sabha elections, Left Parties had supported the United Progressive Alliance (UPA) led by the Congress. A Common Minimum Program (CMP) was drawn up for the conditional support, but by 2008 it was apparent that the UPA government was not adhering to the CMP. Government was not paying attention to the burning issues of the people. This led to the people getting

disillusioned about the government policies. The prices of essential items kept rising uncontrolled. The crisis in agriculture was not being attended to. Resulting suicides of the farmers did not cause any pangs of anxiety in the ruling circles. This led to the Left Parties withdrawing their support to the government. The policies and their implementation by the government became quite ineffective. The March 2012 Congress of the Communist Party of India summed up the issues that had cropped up in this way: "The economy was gripped by the monopoly and crony capitalism. Corruption spread unchecked. The budget slanted in favour of the Big Corporates. Poverty and extreme economic disparities, Black Money, marketization of education, ignoring gender equality and empowerment of women, were noted." (*See biography of Com. Bardhan by Prof. Tanaji Thombre, published by Com. Govind Pansare Silver Jubilee Celebrations Samiti, Kolhapur, February, 2015, pp 107-8*).

These failures made it easier for the BJP to campaign effectively and win the Lok Sabha elections.

2015 – 25

In the ensuing Lok Sabha elections of 2014, these economic issues were used by the opponents to attack the government. The 2014 elections differed from the usual Lok Sabha elections in India in that instead of asking for votes to a particular party, an individual was projected as the new government. Normally it is the task of those elected to Lok Sabha to decide their leader. Only then the government formed is known as the Government led by that individual. This was definitely an erosion of our democratic values. The shortcomings of the Manmohan Singh government were used to the hilt and many promises were made to the voters to undo the shortcomings of the previous government. For example, people were promised

two crore new jobs every year in every, it was promised that black money stashed away in foreign banks would be brought back and distributed to the common people, each of whom would get 15 lakhs in his/her bank account. It was promised that the people will experience "*Achchhe din*" (good times). This did attract the young voters and common people and the front led by the BJP got elected with a thumping majority. The government went about its business as if all these issues and their solutions were already worked out and what was needed was only the implementation of the plan. The actions included hurried demonetization, writing off the loans of Big Corporates, very tardy recovery of bank loans (only about 6 to 7%), privatisation of public sector banks as well as other public sector units, etc. These policies were what the capitalist class wanted and it moved close to the ruling BJP. The ruling front was showered with financial donations, so much that the BJP became the richest party in the world. The ruling front coined slogans such as "*Sabka Sath, Sabka Vikas*" (With Everyone's Support, For Everyone's Progress). This also led the common people to support the ruling front and it became easy for them to win 2019 Lok Sabha elections also. All this was being attributed to just one person, who took all the decisions and implemented them ruthlessly. This also led to the question of any alternative leadership in the ruling coalition simply not even being articulated. But after 2019 elections, 2 years were foreshadowed by the Corona pandemic and the remaining 3 years were used to drive those issues that were close to the ruling front, other than the economic issues, such as promoting Hindutva, changing educational curricula to promote Hindutva, doing away with reservations in government posts through lateral entry and so on, in a big way. Many a times constitutional provisions were given a go-by. Doubts began to be expressed if the ruling front was out

to subvert the Constitution. The ruling front announced the target of 400 MPs, when 272, a simple majority, was enough to form a government. It was feared that they are really preparing to amend the Constitution. This led to a political consolidation to defend the Constitution. This political consolidation as well as the other economic policies followed by the ruling BJP front, led the BJP not even reaching the simple majority mark of 272. They were pushed down to 240. Only with the support of Janata Dal United of Bihar and Telugu Desam Party of Andhra Pradesh, they have been able to cobble up 294 seats to form the government. But these parties have their own agenda (such as, special status of being a backward region – entailing extra funds for development). Therefore, it is likely that the new coalition would not show the traits of concentrated power in the hands of one man, as in 2014-19 or thereafter. This again raises the fear amongst the people that the question of rising prices and unemployment will be given a back seat.

Now let us look at the past 10 years of the BJP coalition government from the economic perspective.



CHAPTER 4 ECONOMIC POLICIES : 2015-25

Loan Waiver for Big Corporates

The present government followed and has been following a policy of writing off the bad loans of Big Corporates from the books of accounts of PSU banks, which had advanced these loans and then to recover through some other authority. This helped the Corporates in a big way and opened the road for them to realise higher production and profits. The Government created a legal impression that the PSU banks do not have any bad loans, simply by writing off the bad loans from their books of accounts. The Government insisted that these loans of Big Corporates haven't been waived off but have only been taken off the account books and would be recovered later. The authorities which were tasked with recovery of these loans, reported a recovery of just 6% in 2024, which, in other words, meant that 94% of the loans were not recovered. This was a windfall for the Corporates, but a loss for the banks; in the alternative, the people, who had deposited their savings in the banks, have lost in the process. The recovery of bad loans was made out of bank profits, (provisioning from bank profits) and banks were shown in good health. But to present such a rosy

picture of the health of banks by the route of provisioning, may be acceptable in accounting practice, but should be condemned as immoral practice that it is.

Table No. 1

Loans of Big Corporates written off during 2014-24

Year	Loans Written Off Rs.)
2014	50,000 Cr
2015	60,000 Cr
2016	1,80,000 Cr
2017	2,00,000 Cr
2018	2,20,000 Cr
2019	1,90,000 Cr
2020	2,10,000 Cr
2021	1,80,000 Cr
2022	1,70,000 Cr
2023	1,70,000 Cr
2024	1,50,000 Cr
Total	17,70,000 Cr

(The above figures have been culled from various sources).

It is obvious that the benefits of loan waiver, which the Big Corporates enjoyed, were neither available to the farmers nor to the MSMEs. This could be seen as a favour for Big Corporate Sector of economy, while the agriculture and MSME sector were always hard up for funds.

The growth of Gross Domestic Product (GDP)

The economic development is an ongoing process, with no breaks. As the Governments change over time, their policies affect development process, i.e., changes are seen in the growth rates of GDP. Government policies, state of economy in the country as well as abroad, affect this rate of growth. When this growth drops, since the situation

on the ground cannot be changed, it is the Government policies that have to be changed. These rates reflect the effectiveness of the policies adopted and how well they are implemented. GDP growth rate affects people's income, wealth, employment opportunities etc. Therefore, everybody wants to see growing GDP.

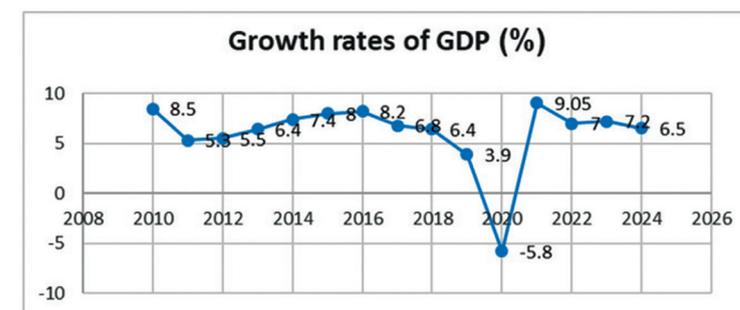
Table No. 2

GDP Growth Rate (2010 to 24)

Year	GDP Growth rate (%)	Year	GDP Growth rate (%)
2010	8.5	2018	6.4
2011	5.3	2019	3.9
2012	5.5	2020	-5.8
2013	6.4	2021	9.05
2014	7.4	2022	7
2015	8	2023	7.2
2016	8.2	2024	6.5
2017	6.8		

Source : World Bank Open Data and Ministry of Statistics and Program Implementation (MoSPI) of India.

Graph No. 1



Source : World Bank Open Data and Ministry of Statistics and Program Implementation of India.

Dr. Manmohan Singh's government tried to counter the adverse effects of the recession of 2008. While coming out of the recessionary period, the Indian economy was growing during 2009-10 at 8.5%. It dropped to 5.2% in 2010-11. Thereafter, it continuously improved: 5.5% in 2011-12, 6.4% in 2012-13, 7.4% in 2013-14 and 8% in 2014-15, when the new government had just taken over and the policies of the previous government were still effective. The sliding down started from 8.2% in 2015-16 till 2019. The rate became negative in 2020 due to Corona lockdown. Taking that negative rate as the base, the rate for 2020-21, suddenly shot up to 9%, as the reference level was negative. The shooting up in the next year is called as "Base Effect". From 2021-22 to 2023-24, this rate is 7%, 7.2% and 6.5% respectively.

Why was the rate of growth low during 2014-15 to 2018-19? One explanation is that the private sector was not taking the risk of investing due to unpredictability of government policies and also their impracticability. Government's reduction of tax rates and other incentives also did not have the desired effect. This was the worry of the government and it expressed this worry several times. The government goaded the industrialists to show animal spirit, take risks and to invest. But even in 2024, there is no improvement and the government's capital expenditure is the main source of investment. The official data shows that India has not been able to attain the GDP growth rate of 2015-16. Even if we accept that Indian rate of growth is higher than other countries, the Indian economy has not been able to sustain its own growth rate. This too, one must accept.

State Borrowings

As explained above, development requires capital investment at a certain rate. To a certain extent, it is

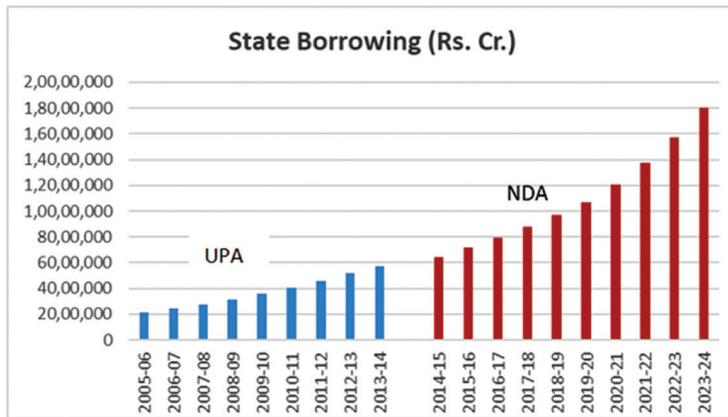
immaterial how much is contributed by private capital and by the State. But after that, it is important as to who is investing and from where the capital is being sourced. The private sector was not willing to invest due to uncertainty in this situation, nor was it willing to accept increases in tax rates. Therefore, there was only one way to achieve development, and that was for the state to invest and to raise the necessary capital by borrowing from domestic market as well as from foreign markets. The table below makes this point clear.

Table No. 3
State Borrowing (From 2014-15 to 2023-24)

UPA		NDA	
Year	State Borrowing (Rs. Cr.)	Year	State Borrowing (Rs. Cr.)
2005-06	2,168,906	2015-16	7,157,056
2006-07	2,429,380	2016-17	7,944,544
2007-08	2,758,421	2017-18	8,765,033
2008-09	3,150,615	2018-19	9,690,297
2009-10	3,599,672	2019-20	10,714,082
2010-11	4,059,805	2020-21	12,026,568
2011-12	4,586,273	2021-22	13,710,275
2012-13	5,159,485	2022-23	15,744,837
2013-14	5,755,662	2023-24	18,028,793

Source : CEIC global database

Graph No. 2



Source : CEIC global database

State borrowings have to be repaid by the entire nation through taxes. Those who buy loan bonds are from the rich strata of the society and repayment is done by common people mainly through indirect taxes. Therefore, the proportion of borrowings to the GDP (about which the IMF has been laying stress while advising the nations) indicates the capacity of the State (and the Nation) to repay that loan. But it is the middle and low income groups that bear the burden of repayment out of their incomes. Therefore, though the GDP seems to be increasing, its costs and benefits leave the common man mired in indebtedness and his capacity to enjoy the fruits of that increasing GDP gets limited to that extent. One cannot ignore this aspect. According to the IMF, the ratio of India's public debt is about 84% of GDP. The IMF has been cautioning all the nations to reduce the proportion of their respective debts. Therefore, development through public debt means impoverishment of the common people. This connection needs to be understood properly. That even the US does not pay heed to this caution (it has debt to GDP ratio of

124%) does not mean that India can afford to ignore it too. On the one side, one sees development taking place, but simultaneously, the capacity of the common people to enjoy the fruits of that development gets limited due to the task of repaying the public debt. This new dichotomy seems to be taking shape, but it is neither a matter of concern in the government circles nor in the RBI. Is this to be taken as a new developmental paradigm?

Demonetisation 2016

On 8th November 2016, the Prime Minister announced on the TV, at 8pm, that the currency notes of Rs. 500 and Rs. 1000 will go out of circulation after 12pm and they would be replaced eventually. This sudden announcement threw the finances of the poor people in complete disarray. The rich people were of course, not affected.

The government claimed that the step of demonetisation was taken to plug the flow of fake currency notes from Pakistan coming into India via Nepal, to reduce the black money that had accumulated within the country and abroad due to those fake currency notes, to stamp out corruption in the country etc. It is said that even the RBI Governor was kept in the dark about this demonetization move. Next day saw people lining up in front of all the bank branches throughout the country, whether in urban or rural centres, trying to exchange the demonetized notes for legal currency. But since there were not enough notes of legal currency, at many places, the people were put to the distress. Marriages, health issues, raw material for industries, wages for the workers, everything was adversely affected. But the government insisted that this will dry up black money economy. Even trade with foreign countries through the medium of Rupee was affected. PM said, "Give me 50 days, I'll clean up the entire system". Lakhs of people, including farmers, artisans, small

traders, MSMEs were badly affected. Their economic activity and businesses came to a halt. The Annual Survey of unregistered businesses, showed all the branches of production, producing goods and services shed 16.45 lakh jobs in 7 years from 2015-16 to 2022-23. Since unskilled workers did not get jobs in organised industry, they too started their businesses in unorganized sector. Therefore, the number of businesses did increase, but, as explained above, employment went down. We are still wallowing in the same situation even in 2025.

It was claimed that in 2023-24, employment increased by 2 crores, but it was learnt that this figure was reached because the women had to do manual work due to their dire economic situation. After Mr. Modi took over as the Prime Minister the third time, he announced that basic infrastructure projects will be taken up to create employment. But these projects give employment only for a short duration, on contract basis. It is not a permanent employment. If the government follows the guidelines of IMF and reduces public debt, reduces capital expenditure to reduce their budgetary deficit, employment situation will be worsened and the economy will be saddled with huge unemployment. The unemployment, which increased in small businesses during the past 7 years, whether in rural or urban areas, clearly shows that unemployment and poverty has increased in the low-income strata of population.

The government that had come to power on the promise of generating employment, allowed even the existing avenues of employment to shut down. The All India Manufacturers Association, regularly sent reports to the government on how production, wealth generation and employment are getting adversely affected, but they were not taken note of. Simple economics tells us that ending any employment avenue must be avoided by government

in power. Lakhs of businesses closed down and were never restarted. Some new businesses did start, which happens in development process, but the government claimed it to their credit. When the 50-day duration asked for by the PM ended, it was realised that no fake notes sourced from Pakistan were unearthed, nor was any black money stashed in the country or abroad was unearthed and 97% of the money kept in Rs. 500 and Rs. 1000 currency notes, was deposited in the banks within the government's timeframe. Consequently, the government could not tell where and how much black money was.

However, businesses of ordinary people closing down, employment avenues going down hurt the most. The limit of insensitivity was seen when the Parliament was informed that more than 100 people died while queuing up to exchange their demonetized notes. The then Finance Minister remarked that those people would have died anyway! What is surprising is that till now, it is not officially known what was the outcome of the policy adopted by the government. Besides, the people have a right to know how many businesses closed down, how many out of those were restarted, how much employment was generated by them. But even this right of the people was ignored. One puzzle that has not been solved is, how did the big businesses, big social organisations continued to get new currency notes without any hitch. There were no complaints from them. Only the common people lived 2-3 years of their lives in anxiety and mental agony. (See- Dr. Shrinivas Khandewale: "Experiment of Demonetization-2016, Inviting Tsunami" published by CPI Maharashtra Rajya Council, Mumbai, April 2027).

The Question of Unpaid Loans

Unpaid loans are a common feature in running a business. But since it is just not paid attention to, it starts

affecting banking, finance management and businesses. Then it becomes a question of development and the system. During 2008-09 to 2013-14, when Dr. Manmohan Singh was the Prime Minister, the total loans pending were Rs. 5,04,021 crores. When the new government took over in 2014-15, a complacency in respect of repayment of loans set in and it became a common practice not to repay the loans and since it was felt that even the government was not keen about it, the banks also could not do much to recover those outstanding loans. As a result, the outstanding loans from 2014-15 to 2019-20, more than tripled to Rs. 18.28 lakh crores. Besides, the loans that were written off in Dr. Manmohan Singh's Tenure-I amounted to Rs. 32000 crores. In 2019-20, the amount of written off loans increased twenty-one times to 6 lakhs, 83000 crores.

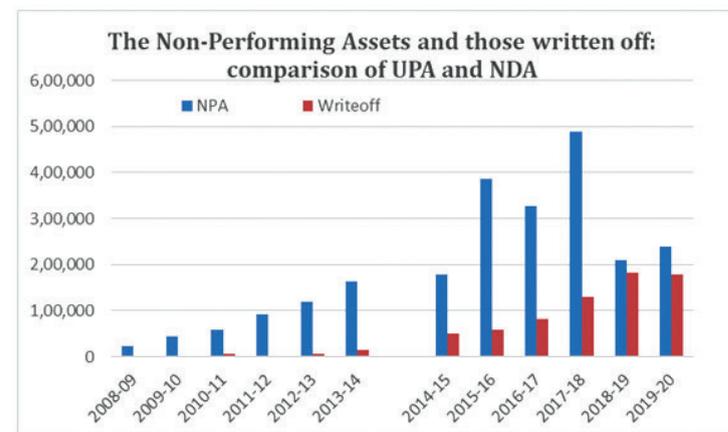
Table No. 4

Non-performing Assets (NPA) and Loans Written Off

UPA			NDA		
Year	NPA	Written Off	Year	NPA	Written Off
2008-09	24,094	0	2014-15	1,77,860	50,978
2009-10	44,817	2,897	2015-16	3,85,961	59,444
2010-11	58,227	5,884	2016-17	3,27,593	81,990
2011-12	93,152	2,347	2017-18	4,88,175	1,29,503
2012-13	1,19,811	7,187	2018-19	2,10,531	1,83,168
2013-14	1,63,920	13,794	2019-20	2,38,464	1,78,305
Total	5,04,021	32,109	Total	18,28,584	6,83,388

Source : RBI Data

Graph No. 3



This shows deliberate indiscipline in public finance management. Since the loans written off were taken by the Big Businesses, the banks were not in a position to provide loans to the small businesses. Consequently, the businesses, income and employment avenues of small-income strata was adversely affected. It is obvious that the rural economy was affected even more.

When India claims to run a welfare state, it is not correct to ignore the situation of urban and rural businesses. Because rural population accounts for 55% and proportion of low and middle-income strata in urban areas being about 20%, one can say that almost 70 to 75% of the people got adversely affected.

During this regime, about 5,00,000 citizens gave up their Indian citizenship and migrated to other countries with whatever money they could collect. This should give one an idea how much the society suffered due to these policies.

Hazy Ideas of Rural Development

The government did try encouraging rural industrial development. One has to give credit to the government for that. The government announced "Mudra Loans Scheme" for rural development and also tasked the banks to disburse those loans. But due to the lack of any planning of rural industrial organisations and development, the effect of this scheme was not discernible in rural areas. While the banks were pressurized by the government to disburse Mudra Loans, the bank officers opined, how could they disperse the depositors' money as Mudra Loan when it was obvious that those will not be repaid. Most of those loans are remaining either unpaid or have turned Non Performing Assets. As this government avowedly is against planning, (they even wound up the Planning Commission), though Mudra Loan was a good scheme, it did not materialise into rural industrialization. The rural employment and people's income have remained at a low level. Had planning been done, the industrial technology, industrial skills, small businesses could have all been created out of those bank loans, but that was not to be!

Corona Period

The Corona pandemic spread throughout the world, including in India, by the end of 2019. Many political parties alerted the government about it. The then American President Donald Trump, visited India in the beginning of 2020. The government kept all matters related to Corona under cover, and as soon as the Trump visit was over, the budget for 2020-21 was presented in the Parliament and the government prorogued the parliament and started a massive industrial lockdown. The workers who had come to the cities from villages, were helpless and remained in the cities in the search of alternate employment. But the lockdown prevented even that. Money saved dried

up in no time. Even though the government wanted the workers to stay, it had no practical basis. Workers, in their thousands, started returning from various cities to their villages in UP, Haryana, Rajasthan, Bihar, Odisha, Chhattisgarh, etc. Since the nation was rocked by this unprecedented situation, the government had to provide trains on all routes. The workers rushed to their villages by whatever means (rail, trucks, on foot) to save their lives. It was shocking to hear a Central Minister advising the industrialists in Kolkata to recall the workers heading home and to start their industries!

When the workers returned to their villages, the shortcomings in the development of rural India were exposed. Because, rural areas of many states, lacked housing for them, employment avenues, health system, infrastructure for education etc. Those working in skilled jobs in urban centers, had to fall back on very low paying unskilled (employment guarantee scheme) work in their own villages. This showed that we have never planned decentralised development in India at all. And when a calamity of this proportion occurs, the people are left to fend for themselves. This also proves that we have never anticipated and prepared ourselves to face such calamities. The neglect of rural housing, health, education and employment opportunities was starkly exposed during Corona pandemic. This situation continues to this day.

Post-Corona Pandemic - Industrial Incentives Production Linked Incentives (PLI) Scheme:

The government started Production Linked Incentives (PLI) scheme with a view to put production system and employment back on rails. But even after this initial goal was achieved, the industrialists are insisting that these Schemes not be withdrawn if the nation is to develop and become the third largest economy in the world (especially

in the Solar Energy Sector).

Income Disparity

It is quite common that in the process of development more money is made available and that money, through various goods and services produced, gets distributed in the population at large. But the industrialists and management class get a lion's share while the middle and lower rungs get only a small share. In the study of income distribution, the top 10% of highest income stratum, the 40% of the middle stratum and 50% of the bottom level income from working class has become a standard classification. The period since 1960, when the planning process started till 1991-92, is considered to be a period of socialist perspective in the development process. The period since 1991-92 is marked by Liberalisation, Privatisation and Globalisation. The economic indicators for India have been studied by many experts. Government figures show that though income disparity was increasing even during the socialism period, the pace was slow and even the middle and low-income groups got an increasing share of the gross domestic product. But since 1991-92, industries were given huge incentives, tax rates for industry and high income people were reduced, but the government did not pay equal attention to increasing the wage rate. Development through the private sector by offering them huge loans was the main thrust. Consequently, the increasing income disparity was conveniently overlooked by the government. Today in 2025, barring South Africa, the income disparity in India is the highest in the world. In a simple language, the rich are getting super-rich, while the middle and low-income strata are getting a smaller pie of the gross domestic income. The World Inequality Lab has published a report in which this phenomenon has been termed as "Rising Billionaire Raj". This whole process has

been laid bare by Oxfam and other social organisations in the Whorls Economic Forum every year. Ms. Nisha Agrawal, the CEO of Oxfam India, published a statement on 21st July, 2024, as follows: "Increasing the number of billionaires doesn't mean a good economic system, but a sick one. Those who are working hard to feed the Nation, building infrastructure, working in the factories, have to struggle to pay their children's school fees, to buy medicines, or to manage two meals a day. The increasing gap of income between the rich and the poor is turning democracy into an empty shell, with no substance. This is giving rise to corruption".

The changes in the inequality in terms of Income and Wealth are shown in Table No.5 and Graph No. 4 and 5.

Table No. 4

Non-performing Assets (NPA) and Loans Written Off

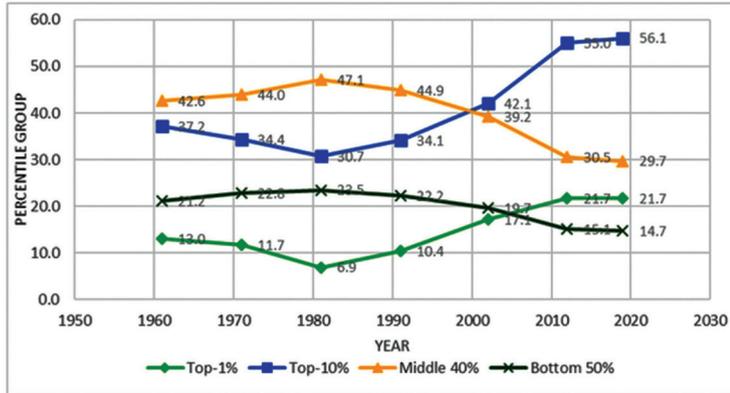
Year	Top 1%	Top10%	Meddle 40%	Bottom 50%
1961	13.0	37.2	42.6	21.2
1971	11.7	34.4	44.0	22.8
1981	6.9	30.7	47.1	23.5
1991	10.4	34.1	44.9	22.2
2002	17.1	42.1	39.2	19.7
2012	21.7	55.0	30.5	15.1
2019	21.7	56.1	29.7	14.7

Source : World Inequality Report, 2023

Graph No. 4

Income inequality in India

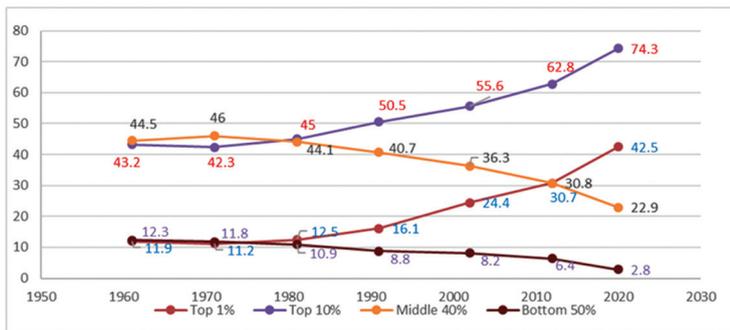
Trends in % share of population percentiles in total income (1961-2020)



Graph No. 5

Wealth Inequality in India

Trends in % share of population percentiles in total wealth (1961-2020)



Source : World Inequality Report, 2023

Both graphs illustrate trends in inequality in India from 1961 to 2020, focusing on income and wealth distribution among different population percentiles (top 1%, top 10%,

middle 40%, and bottom 50%). The wealthiest segments (top 1% and 10%) captured a growing share of the nation's income and wealth, the middle and lower-income groups experienced a decline in their shares. The declining shares of income and wealth for the middle 40% and bottom 50% highlight systemic disparities in the distribution of resources and opportunities. These trends underline the growing polarization in India's economy and the need for structural interventions to promote inclusive growth and reduce disparities in both income and wealth.

The government has completely ignored the increasing income gap in the period from 2015 to 2024 and keeps harping on how India will become a strong nation by 2030 due to increasing production and how the nation will become a developed by 2047. Unfortunately, the governmental and non-governmental organisations are repeating the same tune, but the government does not say whether by 2030 or by 2047 it will reduce inequality and build an egalitarian society.

The examples of increasing inequality given above raise some important questions :

(1) If the resources that are supposed to belong to all the people, are being monopolised by a few and the 90% people (middle and lower classes) are made only to slog, will they accept it happily?

(2) If the people lose control of these resources (land, water sources, minerals, forests, etc.), what will happen to the development of far-flung rural population?

(3) Does development mean only increase in production value, but keeping the majority deprived? Does the government not want the people to own these resources which they should use diligently, for the benefit of all?

(4) Do the people accept deprivation of basic necessities of life, such as housing, education, health etc. that makes their future uncertain and their present insecure?

(5) If the share of 90% of the people in national income goes on declining, does it not mean that they will never see development, will experience increasing deprivation and which will lead to an unstable Society. And,

(6) Increasing lawlessness, thefts, murders, attacks on women, cyber heists are signs of this unstable society. Does it not show what is in store as our future?

This underlines the need for the legal machinery, the citizens and organisations of low-income toilers to take a firm and active stand against the inequality and suggest solutions to reduce it. The inequality figures till 1991 show that the economic policies followed till then, did benefit the common people, however much slow the speed of their implementation may be. We have to demand those socialistic policies again and struggle for their implementation.

The RBI Bulletin of June, 2024 has published an article "The State of the Economy", contributed by the researchers of RBI. It says that the price rise of food items is not short-lived as we thought and it is not possible to control it in near future either. This brings forward the following two points.

1. Grain production is becoming extremely unpredictable in the era of climate Change. Therefore, the price-rise of cereals and grains can become an issue over long-term. It hits the common people more than anyone else. When the situation in India in respect of hunger, malnutrition and nutritional diet is already serious, the price-rise caused by Climate Change can make it intractable, and

2. The Central Government has declared that 80 crore people will be supplied free ration for the next 5-8 years. It is necessary that the government lives by its promise. It will be necessary to make planned budgetary provisions for it. It should not become a matter of political one-up-man-ship.

Policy of Disinvestment: Attack on Public Sector

One of the chief planks of the economic policy of present government is to privatise public sector units, whether making profit or making losses. In the industrial sector, if only a few industrialists control the production of any particular goods or services, it is known as "Oligopoly" and if only one manufacturer controls production of those goods or services, it is known as "Monopoly".

The basic tenet of the market economy is that production should be decentralised in as many producers as possible. There should be a competition amongst those producers so that the consumers will not be exploited by jacked-up prices. If a public sector unit is the only goods/services provider, there is no possibility of exploitation of consumers as the prices are controlled by the Government and therefore by the Parliament. But since 2024, the government has pushed the policy of privatising all PSUs built through people's money over the past 70 years. Various organisations affiliated to the party in power are putting pressure on the government to speed up the work of privatisation. As explained above, it is clear that oligopolies and monopolies will be formed. In the development of the nation, the taxes collected from the people, have been invested for defense, basic industries, railways, power generation, pharmaceutical production, metal production, water and air transport etc. and the state investment in these fields is being handed over to the private sector. The main benefit to the society of these big establishments being in public sector was that the quality of their product was maintained whether it resulted in profit or not. Even more important was that the workers of PSUs were well paid and had a secure future. Therefore, from the point of view of the workers, not only the PSUs should be protected, but those private industries, which do wilful default in returning the loans, should also be

nationalised. Due to the peculiar policy of the government, it's actions are just the opposite: the wilful defaulters of loans given from the depositors' money, are being handed over to the Private sector! This is fraught with danger for the economy. For example, all the ports (from Kuchh to Bengal) are being handed over to one owner or to one management, all the airports in the country being handed over to the same company. This is being done in respect of 5-7 big private companies in India. The government has no plans to review or change this policy. On the contrary, in the regular annual budget for 2024-25, the government has revealed its plans to monetise all the mines owned by them by selling them to the private parties. As the clout of the party in power has diminished in the 2024 Lok Sabha elections, it remains to be seen what the government may be able to do. But from 2015 to 2024, this was the major plank of the government policy which was against the interests of the people. But the party's overwhelming majority in Lok Sabha was being used for it, which was detrimental to the interests of the nation. Private big businesses constantly use new technology to increase their profits and the people have seen the ill-effects it has on employment and wage incomes. Therefore, if more and more PSUs are privatised and the private players make use of new technology, not only the avenues of new employment would dry up but even the existing jobs may get extinguished. Looking at the rise and use of Artificial Intelligence (AI), many observers and Catholic religious leader, the Pope, have expressed fear that many employment avenues will be lost in the near future. (See: Milind Kirti, Aristocracy to Technocracy, Lokvangmaya Griha, Mumbai, August 2023).

Support-Prices for Agricultural Produce

The reason behind farmers' suicides not declining

during the past decade and no new rural industry or employment avenues getting generated, the reason behind that there is no assurance of a support price for the agricultural produce. Everyone is aware that farmers of North India are struggling for the demand of Minimum Support prices for agricultural produce. As the question of Minimum Support Price is the responsibility of the Central government, the capital city of Delhi is the focus of farmers' agitation. Farmers from Central, South and Eastern India go to support the agitation for that demand. The Central government has not been able to take clear stand on this issue. The government has refused to talk to the farmers on the issue so far, and the farmers have descended on Delhi, demonstrating their strength to force the government for talks. The government has tried to prevent farmers from Punjab, Haryana etc. to proceed to Delhi by digging up the approach roads, by fixing spikes and nails on the road surface etc. In the third week of July 2023, the High Court of Haryana has opined that the government has no authority to block the roads in this way. The government has tried to maintain that the Minimum Support Price was always there in the country, exists even now and will remain so in future too. The farmers organisations want the government to enact a law to ensure Minimum Support Price. What is surprising is that the farmers are struggling for Minimum Support Price, they are not struggling for profitable prices. The government says the farmers should enter into agreements with the buyers, which should be within the accepted market principles. In Western countries, the population is low and vast tracts of agricultural lands are available. Consequently, there is abundance of agricultural produce- fruits grains, animal products, which the farmers have to export for survival. The farmers there are in small numbers. If they take up industrial employment, a question will arise as to who will

do the farming? Therefore, the farmers there are given so much subsidy that they can afford to sell their produce even below the production cost, and those prices cause the world prices to get depressed. The farmers from the countries where agricultural land available is limited and the farmers are more in number, cannot sell their products at the depressed prices.

This leads to low productivity of farming; farmers and agricultural labour being poor, unemployed and debt-ridden; low investment in agriculture and so on. Big companies dealing in food grains and agricultural products, have built up huge air-conditioned storage capacity in North India. The farmers fear that these companies will buy agricultural products from them at low prices and make profit by storing and selling them at higher prices. While buying farm produce, they will flood the market with their stored material of last year and again fill up those store houses with new produce, bought at low prices. The farmers are convinced that the government is determined to hand over the entire trade in agricultural produce to the Big Corporate Houses. Therefore, a three-cornered struggle is going on: the farmers at one corner, the capitalist class at the other corner and the government at the third corner. The ruling party did not take any stand on the issue in 2024 Lok Sabha elections. Therefore, this struggle between the farmers and the government is going on for the last 10 years. When the capitalist class entered the scene to buy agricultural produce, the issue has assumed a character of class struggle. The farmers, feeling let down, have even threatened to destroy these new warehouses. As the government has not resolved this issue to the satisfaction of the opposing sides during the past 10 years, the government had to face farmers' ire in the elections. This makes one wonder if the third term of the ruling coalition, starting from 2024-25 will see

resolution of this issue. In everyday life, even a vendor selling snacks (Pani-purees) by the roadside or selling fruits and vegetables, cannot carry on his business unless he makes some minimum profit. Then how can we say that the farmer should continue farming even if he does not get Minimum Support Price? If the farmer remains poor, the agriculture labourers and other rural labourers too will remain poor. That this government has not given justice to farming that supports nearly 55% of the population, has made the farming community sad and disappointed.

Focus Only On Production Increase

Today various countries of the world are trying to achieve development within the capitalist system. India is leading this lot and hopes to become a superpower by 2047. The development policy adopted to achieve that goal mainly rests on production increase. If one looks at various budgets presented since 2014-15, the trend of expenditure makes it clear that the development strategy of this government too, is the same. With a view to increasing the rate of growth of gross product, the government is spending huge amounts on basic infrastructure (which includes building highways, railways, metros, ports, air transport, power generation, etc.). Spending on basic infrastructure is of course essential, but should not be at the cost of other important sectors. While doing so, only urban areas are given priority to the neglect of the rural areas. Besides, when there is a socialistic development paradigm which keeps human beings at the centre, investment in education, health, nutrition, skill development becomes as important as investing in building roads, electricity, transport, if not more. This is especially true for India. The world over the Human Development Index is accepted as a measure of all-round development. If one considers this index for 2022, India was at 134th position in a list of 193 nations.

Though this is unbecoming for an emerging super power, the government has not prioritised human development. Besides, this government is extremely negligent and non-serious about education, health and skill development of working women in rural and urban areas. This is not just a criticism, but a fact of life. In the race for productivity in this capitalist system, the environment is getting damaged to a great extent. The man has become only an ineffective, helpless onlooker in the production-centred development process. Naturally, a question arises as to what direction should the development process take in the future.



CHAPTER 5

CONCLUSION

Why Socialism only?

The progress made by technology in the past 200 to 250 years of the capitalist economy, was and is astounding. But every step of technological development resulted in toilers being thrown out of the production process and the industrial profits climbing up. Therefore, in the third decade of the 21st century, one is forced to ask if capitalism cannot resolve its own crises and nor can it solve the issues it has thrown up (unemployment, lack of housing, education, health etc.) then what is in store for the society? If technology-based production regime calls itself "Industrial Democracy", then why does this democracy restrict the rights of people to voting alone? Are the people not entitled to fair share of the means of production and of the wealth created from those means of production? Everywhere these questions are being asked these days. The fast development under capitalism has caused pollution of water, air and the Earth itself. Climate Change has become a topic one cannot afford to ignore. When these questions are discussed on the world stage, it is claimed that developed rich nations will bear major portion of the funds required to counter the adverse effects of Climatic Change. But experience shows that the developed nations are only making promises but find

various ways to wriggle out of their commitments. One of the candidates in the presidential election, slated for November 2024 in the USA, Mr. Donald Trump, actually denied that there is any issue of Climate Change. But due to continued unpredictability of rain the world over, agriculture is in crisis everywhere. The health issues due to pollution are going beyond what Governments can handle. The political power is getting concentrated in the hands of high-income strata of the society. Increasing poverty is leading to wars among nations and yet all nations, in competition with each other, are spending more and more in the hope of finding much needed minerals on the outer planetary bodies. If one looks closely, a sense of suspicion towards each other, cynicism, increasing lawlessness, pessimism, dissatisfaction seem to be on the rise everywhere. Can one call these to be successes of capitalism? Is increase in national income to be the sole determinant to be a superpower? Is this the deliverance of the Mankind?

One American economist listed the future issues the man is likely to face, in the first half of his book he expounded the Buddhist philosophy and necessity of Socialism to resolve those issues, in the remaining half of his book. He simply says that we have piled up various needs and demands for our everyday living. Naturally, it takes huge resources to meet those needs and demands. He says limiting our needs to the minimum is an important solution for this problem. He further says, he went to Bhutan as economic consultant, but learnt a lot there himself. Call it Buddhist philosophy, or Marxist philosophy or a mixture of both.

The Constituent Assembly for framing the Indian Constitution, had 296 representatives of various castes, religious faiths, out of which 211 were from the Congress, 73 from Muslim League and the rest remained

vacant. This Assembly worked from December 1946 to November 1949, preparing the draft and adopting it. The fourth part of the Constitution carries Directive Principles of State Policy, in which article 39- B and C state that the material means of the country and their management will be decentralised for the benefit of all and will not be concentrated to the detriment of the people at large. If our review above shows that in the last 10 years there has been concentration of the means of production as well as concentration of wealth, then one can ask what has the government done about the Directive Principles enshrined in the Constitution during those past 10 years? Therefore, one has to conclude that ownership of the means of production in the country and a concentration of income and wealth of the nation taking place at a fast pace, is completely opposed to what the framers of the Constitution expected of the following generations. It is quite obvious that those Directive Principles are the basic principles of Socialism. If we accept the principles laid down as Constitutional Justice and are bound by them, then we will have to control the capitalism that is harming the society, give it a new direction and build a new economic and political system, taking a shape of socialism more suited to the present times. If we fail in this project, the common man is sure to be crushed under the pressure of insensitive and blind capitalism.

Above all, on November 25, 2024, the Supreme Court of India, while addressing petitions seeking the removal of "socialism" and "secularism" from the Constitution, held that these principles are integral to the constitutional framework and, therefore, cannot be eliminated. This unequivocally defines the policy direction for both the central and state governments.



People do comment :

The economic and political policies of the Government of the past 10 years have been detrimental for the people as well as for the country.

One shudders to think of the management of Corona pandemic, the production system and plight of the workers during 2020-21 and 2021-22. When the government started taking steps, factories were shut down for undefined duration, leaving the workers in a situation where they would not be able to find work anywhere in the cities. Therefore, the migrant labour in the cities had no choice but to start back to their home villages by whatever means they could manage. The total neglect of housing, health, education in rural areas was starkly exposed. This showed the shortcomings in the rural development.

Since the state power has been following policies tailored to help the capitalists, one can hardly see this government giving any importance to the labour that built this nation to begin with.

85% of the poor are closely related to the land. But due to uneven ownership of natural resources, working population in caste division, women suffering gender discrimination and single women are languishing in poverty.

Dada Purav Research and Training Institute

Late Com. Dada Purav was a far-sighted leader, wedded to the cause of upliftment of the toiling people. He took part in India's freedom struggle in his school days. Then he took part in Goa Freedom Movement along with his wife, Padmashree Premati. He joined the Communist movement after India attained freedom. He realised that political freedom for the common people hardly mattered in the absence of economic freedom. This led him to organise bank employees as well as cloth mill workers.

He lived a short span of 54 years. Yet he commanded respect as a skilled Trade Union leader. He was a national leader in the largest organisation of bank employees, the All India Bank Employees Association (AIBEA). He also made major contributions in the mill workers union. He was a member of the Communist Party of India and held important positions in the Party. He passed away in 1982. The trustees of Annapurna Pariwar planned a fitting memorial for the departed leader, but no concrete steps were taken in that direction. Then, on his 26th death anniversary, Dada Purav Research and Training Institute was founded in Pune on 18th August, 2008. A portion of the funds provided by Indian Overseas Bank to Annapurna Pariwar was used to launch this institute.

It is a research institute named after Com. Dada Purav, dedicated to research. The institute studies the economic policies that affect the poor. Com. Dada Purav took keen interest in the challenges before the young people and the rights of women. Therefore, this centre organises lectures and other programs to encourage them. Besides, many

postgraduate students from various institutions come to Annapurna Parivar to get hands-on experience of the work being done on micro-finance, micro-insurance, social engineering, empowerment of women etc. These include Indian as well as foreign institutes. Well-known intellectuals, seasoned trade unionists and researchers are on the Managing Team of the Research Centre.



Annapurna Pariwar Information

Annapurna Pariwar is working in Pune and Mumbai for last 32 years with families of poor women by providing them a comprehensive solution to poverty.

In 1993, Dr. Medha Puro Samant established "Annapurna Pariwar" in Pune. She started giving small loans to poor women. Medhatai gave 9 vegetable vendors a loan of Rs.1000 each from one 8 by 8 feet room below her house. Annapurna Pariwar has continuously expanded and diversified, since 1993. Starting in Pune it has spread in Mumbai & many parts of Maharashtra.

Annapurna Pariwar seeks to empower the poor self-employed women and their families through the following services:

1. We provide a comprehensive package of Micro Credit & Savings to the poor by giving small repetitive loans without any collateral security and guarantor. Annapurna Mahila Credit Co-op Society Ltd. is 650 slums in Pune and 1250 slums in Mumbai covering over 1,25,000 members.
2. We run a Community Based Insurance program covering Health, Life & Family and Asset Loss.
3. We implement a Long-term Saving Scheme for Old Age financial security (pension) called Adharpurna for our members.
4. We run Day Care Centers in the slums of Pune and Mumbai with 350 children from the age group of 1 to 6 years of working parents from poor families who are provided 8 hours, six days a week of day care.
5. We provide educational sponsorship to children of single mothers, so that they can pursue their education.
6. Through Dada Puro Research & Training Institute, we publish a quarterly magazine called "Samvaad" and publish books on various social issues. We also provide training and research facility to students and researchers.
7. Purna E-Solutions Foundation provides Inhouse software services exclusively to the organizations within the Annapurna Pariwar group. This organisation has 12 lady software engineers.

Annapurna Pariwar's Head office is at Warje, Pune and Regional office is at Vashi, Navi Mumbai. There are 12 Branch offices in the 650 slums of Pune and 10 Branch offices in the 1250 slums of Mumbai. Annapurna Pariwar has nearly 350 staff, majority of them are women.

Today, Annapurna Pariwar has 6 independent bodies working to enrich the lives of the poor through a comprehensive developmental approach.

For More Information : www.annapurnapariwar.org



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