

## Nationalisation, an Opening for Progress in Totality

There have been several meetings by the bank unions to observe the 55<sup>th</sup> anniversary of Bank Nationalisation, to remember the 23 year long battle to reach this historic day of July 19, 1969 not only as a victory of unions but the achievement to the advantage of national development and an opening for progress in the lives of farmers, artisans, deprived sections of society, tribals, dalits, women, economically poor sections of all caste and creed, the marginal and small businesses, those engaged in the rural economy and in animal husbandry etc. Not only women got opportunities to join bank services, with ensured parity in pay and benefits at par with men, the credit goes to strong unions for that, but also the women at large gained as the entrepreneurs and self employed.

The nation benefitted in urban and rural developments and the nationalized banks became wheel for progress of various sectors of economy and social progress.

The students had immense opportunities for education loans to dream high for their carriers.

Most of the government welfare schemes for various sections of society started getting implemented through nationalized banks. The affirmative agenda for socially deprived sections as enshrined in Indian Constitution could also be imple-

mented in this sector.

Even the failed private banks were salvaged by the public sector banks.

One can go on to list many things while discussing about the benefits the nationalized banks provided to nation and the people at large.

Here it is important to understand and assess the political aspects of bank nationalisation and the policy of present incumbent regime bent to destroy the nationalized banking system. BJP is so much determined and ruthless to undermine, disinvest, privatise and put on sale the PSUs and Public services to its Corporate friends that it chose to push this policy on fast track during Corona time when the disaster management act was imposed to curtail any protests. The merger of banks was pushed, the employees and the customers have been grappling with various problems till date due to these mergers done in haste. The announcement of the decision for privatisation of two banks made, three farm laws enacted by throwing out eight MPs from Rajya Sabha, three labour codes passed when whole opposition was outside on boycott, demanding reinstatement of expelled MPs.

Let us understand that the RSS, the fountain head of BJP was never in participation of freedom movement, that they did

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not endorse the tri-color flag adopted for the freedom struggle, that they were opposed to Quit India movement, that they promoted the British rulers' strategy of divide and rule, that they promoted communal divisive politics fragmenting the social fabric, that they matched it and were in competition with the communalists of other religious groups which had ultimately led to blood bath at the time of partition of our great nation which has inheritance of great inclusive civilization.

The people in rural and urban India were busy in contributing their might to the yajna of freedom movement, the workers fighting for their rights and also adding to the battle of liberation, farmers became a strong force to challenge foreign rule, students, teachers, writers, artists, journalists etc, no body left behind in this great war of independence from colonial masters. Mighty trade union movement forming into a national organizational centre as AITUC in 1920, in the background of October revolution in Russia and end of first world war giving boost to the working class movement the world over. The communist groups coming together in 1925 to form the Communist Party of India in Kanpur. Thereafter we witness in the history that the commu-

nists and the trade unionists were being hounded by the British Raj, imposing conspiracy cases on them to keep them in jail to kill the movement. That was not to be.

These movements inspired students-youth of our country expanding the freedom struggle. The trade union leaders in this background started organising in all sectors including in banks. Victimized but not down, fought vigorously for their rights and for free India. They were initiators and participants of the debate, what after freedom, how to manage resources of our country to salvage from extreme poverty, hunger, illiteracy, ill health and drudgery of its population. As the freedom movement intensified the committees were formed to discuss the agenda of free India. The leaders into the work of three different committees came out with clear understanding that the natural resources and the assets out of that would belong to public and that the wealth of people to be nation's wealth as public wealth for public welfare.

The battle of nationalisation of assets and resources, public services including the finance sector find genesis there. The trade unions were leading these battles. The victimised leaders in the banks who drew inspiration from the AITUC led trade union struggle and the ongoing freedom

movement led the movement of unionisation of bank employees. It was but natural that the union leaders of AIBEA understood that the common people should have access to banking system and that their savings should be for the national development and for the betterment of people in free India. It was important battle for self reliant economy, sovereignty and for our deep routes of independence. It was for 23 years that this struggle went on.

The opportunity came when the ruling party INC had a crises within and split happened. The left parties who stood with the struggles of working class, farmers and the have-nots, when approached by the left to the centre faction among split groups to support in the floor test that they played significant role for achieving nationalisation of banks, insurance, coal sector among other steps including universal Public Distribution System and land reforms, abolition of privy purses etc. Bharatiya Jansangh Party (the earlier name of BJP) had opposed the policies of Nationalisation in continuity of their understanding which is well recorded in Parliament debates when they opposed the establishment of Public Sector enterprises in core areas and the public services for common people.

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Supreme court stays the Kanwar Yatra row. In its interim orders to Uttarakhand and Uttar Pradesh, it said, "Do Not force the owners of eateries along the Kanwar Yatra route to display their names outside shops." According to legal news website "LiveLaw," The court also said that the very order was discriminatory.

Many Hotel Owners in western UP removed Muslims workers from their Dhabas till Kanwar yatra is over (on August 5). They were working there since last several years. The owners say that they had to remove Muslim workers because of the police directive in Uttar Pradesh's Muzaffarnagar district asking eateries and food stalls along the Kanwar Yatra pilgrimage route to display the names of their owners and staff. Entire initiative had no legal grounds. The directive on food is unconstitutional too. It has come from the police without any formal written order and becomes more difficult to challenge it in court. Police is not unaware of it.

The step was not without its consequences. Political leaders, civil rights activists and lawyers were criticising the directive as unconstitutional and discriminatory. It was also asked under which law the police had issued the instructions. Attempts were made to quench the outrage, and police tried to avoid any formal directive. From Muzaffarnagar police a statement was circulated on the internet that stated that the managers of food outlets along the Kanwar yatra route were "requested" to "voluntarily" display the names of their owners and staff. However, the very next sentence in the statement refers to this as an "order".

Senior superintendent of police in Muzaffarnagar Abhishek Singh also in his bite to television crews was speaking with same ambiguity in his language. In India, where the police has a reputation of using extraordinary coercive powers over citizens both within and outside the bounds of law, people have naturally no choice. The expressions like "request" become in reality "order", "voluntarily" is a tattered expression of the actual word

## So Much is There in a Name!

"use of force". According to one of the legal experts, a written order would have to indicate the law under which the police is empowered to issue a particular directive. However, when it was an oral directive, the question of whether it was even issued by the police can become a contested issue in court. Only if the police admit that they issued a particular order would the court ask

### *Editorial*

them to justify the legality of their instructions, he said. But it was clear that the entire initiative was in violation of fundamental rights, like the rights to equality, non-discrimination and privacy guaranteed under the Constitution. There was no legal requirement for any restaurant or vendor to publicly display the names of their owners and staff. Asking for such a disclosure violated the right to privacy, which was part of the rights guaranteed by Article 21 of the Constitution, of those whose names were mentioned on the disclosure. About the contention of equality and discrimination, it is true that superficially the directive had nothing to do with religious identity or minority groups. In the written statement, Muzaffarnagar police claimed the intention was not to create a religious divide but to ensure the well-being of devotees, called Kanwariyas, who abstain from certain food items in the holy Hindu month of Shravan while walking hundreds of kms to collect water from the Ganga and carry it back to their villages and towns.

It was obvious that the directive had come with a strong intent to discriminate, and make economic boycott of Muslim vendors. But economic boycott of any religious group is illegal, unconstitutional. There is every possibility that they could face economic boycott or be targeted during the time of communal violence. In fact the directive could appear to be neutral, but it

was only about the form, the content could be deciphered as gross display of communalism only.

The police knew that this was clearly religious discrimination. What was unfortunate for them was that it was still considered not appropriate and decent to be said officially and loudly. However police viewpoint was reflected in this statement itself. It said that it was found that on previous occasions some shops were deliberately named so as to confuse the Kanwariyas.

It was clear in this directive of Uttar Pradesh that it specifically wanted to take care of the convenience of the devotees. There was nothing wrong in that but how could it force others to change their behavior for their convenience? How can the state privilege one section over the other? This was an attempt by the state to promote religious segregation in society and deepen discrimination on religious grounds. The real motive of the police orders to eateries in Western Uttar Pradesh was not about maintaining order along the routes of Kanwar yatra; it was about implementing one of the critical formulations of RSS leader M S Golwalkar, as mentioned in his book that constitutes the blueprint for making India a Hindu Rashtra.

Published in 1939, about a year before Golwalkar became the chief of the RSS, the book contains the clearest, uncensored expression of his virulent ideas. He unambiguously compares the Sangh's Hindu Rashtra project with Adolf Hitler's anti-Semitism by prescribing the mantra of total assimilation or ethnic subjugation for minorities.

"To keep up the purity of the Race and its culture, Germany shocked the world by her purging the country of the Semitic Races - the Jews," Golwalkar wrote in his 1939 book. "Germany has also shown how impossible it is for races and cultures, having differences going to the root, to be assimilated into one united whole, a good lesson for us in Hindusthan [India] to learn and profit by."



# Changing Face of Banking

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the period major disruption took place on account of mergers in public sector banks. In 2019 Dena and Vijaya Bank was merged in Bank of Baroda while in 2020 mega merger took place whereby six banks extin-

State Bank of India was asked to bail out new generation private sector bank, Yes Bank by infusing Rs. 11,760 crores that

## Merger proved to be a fallacy

It is even more interesting to note that during the period, only bank from amongst public sector banks, is Bank of Maharashtra, of which market share is im-

in the implementation of demonetization, Jan Dhan, Jeevan Suraksha, Jeevan Jyoti, Atal Pension, Mudra, Swanidhi, crop loan, crop insurance, Emergency Credit Line Guarantee Scheme that is ECLGS during pandemic and assigns the role of payment of Garib Kalyan Nidhi, Kisan Kalyan Nidhi, all sorts of government payments covered under Direct Benefit Transfer that is DBT, salary and pension of government, semi government employees and even of Labourers who are working under Mahatma Gandhi National Rural Guarantee Scheme. Most of the role and responsibility which public sector banks are discharging from amongst the above, in economic terms is loss making, maybe profit making in social terms. This is an age-old dichotomy. Accounting Profits versus social profits. Thus, before comparing public sector banks with private sector banks, government should decide on the role and responsibility of public sector banks in the economy.

## Change in Business Model

This is the period, during which business model of public sector banks has undergone major changes, mainly because those banks were confronting with profitability consequent upon Asset Quality Inspection at the instance, of the then RBI Governor Raghuram Rajan. In order to turn around from loss making to profit making entity there was very little scope to tinker with the rate of interest on deposits or advances.

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Presently, public sector banking is passing through stage of "feel good" and yes, there is every reason to say so, since in 2024 those banks have booked net profit amounting to rupees 1.47 lakh cr. as against 0.82 lakh cr. losses in 2019, gross NPA in percentage terms have gone down from 12.03 percent in 2019 to 3.49 percent as of 2024, while net NPA from 4.95 percent to 0.75 percent. Growth in business was 5.46 percent in 2020 as against 2019, while in 2024 it is 12.06 percent as against 2023. The only worry is market share, which it was 71.1 percent in 2019 has gone down to 64.40 percent in 2024 which it means market share of private sector banks has gone up from 28.90 percent to 35.60 percent and within that, market share of new generation private sector banks has gone up from 23.78 percent in, 2019 to 31.02 percent in 2024. During the period market share of public sector banks has gone down by 6.70 percent which is more than the market share of Bank of Baroda, which is 6.49 percent, which means during the period without privatizing any of the public sector banks, banking business of the bank, equivalent to the size of Bank of Baroda stands privatized. If this situation continues, in the days to come, public sector banking in India will be marginalized further. This is worrisome!

## Why it is so?

This is the manifestation of the policy prescriptions by the regulator that is Reserve Bank of India and owner, that is Government of India together. During

guished. As a consequential effect of this merger, number of branches of public sector banks has gone down from 89,870, as of 2019 to 87,009 in 2024 that is reduction by 2861 branches as against which in case of private sector banks this number has gone up from 27,380 in 2019 to 38,216, that is addition of 10,838 branches. Thus share of branches of public sector. Banks have gone down from 76.65 percent in 2019 to 69.48 percent in 2024 as against private sector banks which has gone up from 23.35 percent to 30.52 percent. Within that share of new generation private sector banks has gone up from 16.95 percent to 23.87 percent. This is one reason why public sector banks have lost market share as against private sector banks.

## Yes Bank Dilemma!

This is the period during which that is in 2020,

is 49 percent stake which Bank was struggling hard for profit since in 2017-18, it had booked loss of Rs 6,547 crore and marginal profit of Rs 862.23 crore in 2018-19. In 2020 despite having infused Rs. 11,760 crores in Yes Bank, State Bank of India was able to book impressive profit of Rs 14,487 crore. The government which was championing, the cause of privatization and market economy, itself compelled State Bank of India to bail out, ailing Yes Bank, but did not allow them to infuse couple of hundred more to acquire 51 percent stake, since it would have changed the character of Yes Bank from private sector to public sector. This, in the government's view, would have proved to be counterproductive and self-defeating on the background that government is committed to pursue so-called reforms further.

proved from 1.15 percent in 2019, to 1.32 percent in 2024, which is small in size. This bank was first amongst all public sector banks to turn around from loss making to profit making and is ranked number one in almost all parameters of performance. Thus, this bank has proved that it is not the size which matters. This again has proved to be self-defeating to the policy prescription of mergers in public sector banks.

## Accounting Profit Vs Social Profit

As and when government takes review of the performance of public sector banks, they are being compared with the private sector banks and that too, with new generation private sector banks without making available level playing field.

Thus it becomes comparison amongst 'unequals'. Government expects Public sector banks to be on forefront





# Bank Nationalisation and its Challenges

Celebrations of the 55<sup>th</sup> anniversary of Bank Nationalisation are still going on. It was July 19, 1969, when with one sweep, fourteen banks, all owned by monopolies like Tata, Birla and others, were nationalized. Again in 1980, six more banks were nationalized. The huge task, accomplished thus, meant a direct attack on the big capitalists or the monopolies. In dealing with all these issues, it was the Communist Party of India that had a major role along with the all the progressive forces including the Left that had joined the initiative. It was a time when rightist forces opposed sharply the steps. Those who were opposing the steps taken by the ruling party of the Congress, split the party calling themselves Congress (O). Those who did not agree with the rightist forces formed another party called Congress (I). It was led by Indira

Gandhi.

CPI had been emphasizing on nationalization of banks since independence. CPI MP Prabhat Kar, general secretary of AIBEA, stressed in his address to the third conference of the organization as early as in 1950, that all industries including banking must be nationalized with effective workers' control.

After we attained freedom, we were busy preparing on behalf of the party a blue print for our economic agenda and nationalization was its one major point. Another was abolition of privy purse that was accomplished soon after nationalisation. All these events came as a shock to the right reaction, supported by the monopoly section of the bourgeoisie that promoted finance capital. Another section of the Congress supported Prime Minister Indira Gandhi with all their might. CPI had also come out in support of

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the cause. Our leaders like C Rajeswar Rao, the general secretary of the party, Bhupesh Gupta, national secretary and veteran Parliamentarian, and many other CPI leaders among others were also active in the campaign for nationalization.

After 1980 the scene has changed. The capitalist class is aggressive and dominant. New technology has forced changes that are cleverly used by this dominant class to reduce the influence of working class and progressive forces on state power! However, we saw that AIBEA and bank employees very cleverly intervened to implement agreements which paved the way of gradual computerisation of Banks and also getting wage rise and social benefits like pensions

during this period as well as fighting to protect nationalisation. There were umpteen one-day strikes for this demand. This is the way forward. But new challenges, new situations demand new methods of interventions and for this we must prepare ourselves and our organisation.

Efforts to organize unorganised workers working in banks, exposing government for using banking capital to help capitalists class and working for profit over people, exposing increasing NPA due to government policy are few notable struggles which must be appreciated. But is it enough? We must use Bank nationalisation day to ponder over this question.

We must tell people that bank nationalisation led to expansion of banking services and branches, employment was increased and bank

services were made available to farmers, small enterprises and other sections like auto rikshaw drivers etc and capital was made available to people from marginalised sections of society leading to acceleration of process of social justice. We must aggressively tell people how many jobs were lost due to privatisation and how reservations were negatively impacted.

Support of People to change government policies is crucial, we must work for that. In this task slogan of AIBEA "people's money for people's benefit and not for only profit" should be useful! Today's struggle is to bring people's welfare to the center of our struggle when profit and only profit is dominating the scene.

Glorious traditions of bank employees union will certainly help in this task.

## *Nationalisation, an Opening for Progress...*

From front page...

The Bhartiya Jansangh Party went to the court through one of its leaders to challenge bank nationalisation. Finally there had to be an act through Parliament for the bank nationalisation to be implemented for the good of the nation.

Rest is the history.

In mid 1990s with

GATT dismantled and WTO made a new body, the developing economies were put on several conditions for wanting aid for development purposes.

With neo liberal economic policies pushed by the Brettenwood institutions, the World Bank and IMF on the behest of the world capitalism, the Structural Adjustment programmes were made the preconditions for

procuring any development funds. Privatisation of PSUs and the Public services and even the welfare measures should be abandoned were the conditions. The bank denationalization was brought in the agenda that was fought back through mass mobilizations and strike actions during respective governments.

The nation faced the truth, for Indian

economy with strong public sector including the banks and insurance sectors could survive the crises of world recession largely except for impact on some export oriented sectors.

Narendra Modi led BJP government for ten years and now NDA government is pushing the agenda of neo-liberal economy to the advantage of Indian and foreign corporates, in-

creasing vulnerability for indigenous industry and businesses, endangering economic sovereignty of the country. Markets and the markets alone to decide the fate of people is the politico-economic philosophy of BJP. That is why the workers and farmers movements have termed these policies as anti-national.

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# Budget against People

## Denying Reality of Food Inflation

In the very first statement on budget, the finance minister Nirmala Sitharaman made a factually incorrect statement, making a blatant effort to deny the reality of high food inflation. Opening her speech with reference to inflation, she 'noted' (!) that India's inflation "continues to be low, stable and moving towards the 4 per cent target." She 'observed' that 'core inflation' is 3.1 per cent.

The stark reality is that the food inflation is rather high. The finance minister has tried to pitch so-called 'core' inflation against food inflation, thus dividing the country between mass of the people and a handful of corporate. The *Economic Survey* for 2024-25 has noted that the food inflation increased from 6.6 per cent in 2022-23 to 7.5 per cent in 2024-25. In fact, the inflation rates of food items have crossed 10 per cent, a fact government tries to hide.

As per reports, headline retail inflation has remained above 5 per cent during the last 8 months, mainly due to high food prices. Headline inflation is the total inflation, covering all the commodities.

Food items contribute about 46 (forty-six) per cent to the consumer price index ('CPI'). The retail 'core inflation', meaning non-food and non-fuel areas, stood at 4.3 per cent in the financial year 2024, according to official figures. Thus, the claims of the government and finance

minister run directly counter to even the official agencies. The RBI governor said recently that "When we are at 5 per cent and our target is 4 per cent, I would feel it is too premature to talk about interest rate cuts." (Newspapers of July 23, 2024)

So, on what basis did the finance minister and the government claim that the inflation continues to be low and is 'moving towards' 4 per cent. The reality is clearly otherwise.

On the other hand, contradicting the government claims, the Monetary Policy Committee (MPC) of the RBI has said that the inflation has risen and is driven primarily by rise in the prices of vegetables, eggs, meat and fish.

### Absurdity has no limits

Government has 'found' a strange way out of the inflation crisis: take out the food items from the calculation of inflation, and the crisis disappears like 'maya'! Simply deny inflation, and the problem is solved! Inflation is turned into a mirage. The *Economic Survey* and chief economic advisor to the government have advised the exclusion of food prices from calculation of inflation, thus denying their 46 per cent contribution to consumer price index!

A 'theory' has been propounded to mislead the people: higher food prices are 'supply-induced' and not demand-induced!

Anil Rajimwale

How on earth the food prices are 'supply-induced'?! One need not be a profound economist to know that vegetables, cereals, pulses, rice, wheat, eggs, meat, etc are the basic day-to-day needs of the people. Their prices are by no means supply induced. What does supply-induced price mean? It means that there is so much of supply that the prices fall. But millions of people are unable to buy even the bare necessities simply because they have no money due to rising inflation. The Covid lockdowns have destroyed the purchasing capacities of the mass of people, yet to be normalized.

It is surprising that the chief economic advisor, a new player fielded by the government, could arch back absurdly the economic logic to justify, without success, the anti-people policies of ruling dispensation.

The food items are not supply-induced but *demand-induced*, consequent upon bare necessities. Had they been supply-induced, there would have been no inflation or very little. Therefore, the argument to take out the food items from the inflationary sources is distorting facts. It hides the role of hoarders, black-marketeters and monopoly corporate houses causing rise in food prices. How can in-

flation be 'supply-induced' when the unemployment rate stands at 9.2 per cent?

At ten per cent inflation rate, the prices of specific food items are growing at a rapid pace: cereals at 11 per cent, vegetables 15 per cent, spices 19 per cent, milk 7 per cent, etc. The situation is worsening not only for the poor and lower sections, it is getting worse even for the middle classes, cutting into their budgets. Their budget stands in *direct conflict* with the ruling party's budget.

According to survey, India's retail inflation hit 5.09 per cent in June this year, up from 4.75 per cent from May last year. Food price index rose from 8.69 per cent in May 2023 to 9.36 per cent this June, belying government budget claims.

### Massive transfers of rural profits

The demand for MSP by the multi-millions of farmers confirms that in the recent years, increasingly massive transfers of the vast profits generated by farmers and others are taking place to urban speculation, 'real' property (realty), unprecedented misuse, unheard of mergers and demergers, combined with huge destruction of the public sector. This has left the farmer defenseless, having no alternative to commit suicide. Farmers are unable to meet even the basic cost of production, leading to starvations and deaths. It is class ex-

ploitation, pure and simple by the giant corporate of the whole farming class, artisans, small producers and the MSMEs.

### Price stabilization fund, a 'footnote'!

Government has invented new ways to hoodwink the people on inflation. Having denied existence of high food inflation and rise in food prices, it wants to offer sops to or to appear as caring for the poor. The allocations to the Ministry of Consumer Affairs, Food and Public Distribution have suddenly been raised, from ₹ 258 crore (under 'revenue') in the revised estimates for 2023-24, to ₹ 10,237 crore for 2024-25. This is because ₹ 10000 crore of the 'price stabilization fund' have been allotted. This is despite the fact that the finance and other ministries consistently deny rise in prices of food and other items.

It is stated in a *footnote* to the Ministry's expenditure budget that: "The provision (for the price stabilization fund) is for maintaining buffer stock of pulses, onions and potatoes and making sufficient availability of said commodities in the market *so as to cool down the prices* as and when required". (Emphasis added) So, if the ministry 'thinks', there is a price rise, it will take steps to 'cool' it down, otherwise not.

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## Economic Survey 2023-24

# Cautions on India's Growth Story

Economic Survey 2023-24 does present a rosy picture of India's growth story and recognizes the short-term prospect as satisfactory, but does not fail to flag several areas of concern that require clear forward-looking vision for better prospect in the long term.

It underscored the pressing needs for comprehensive reform in agriculture. "Despite its centrality in India's growth trajectory, the agriculture sector continues to face structural issues that have implications for India's economic growth," it said while identifying several key challenges facing the sector, including the need to sustain growth while managing food price inflation, improving price discovery mechanisms, and addressing land fragmentation. It says that policymakers must strike a delicate balance between incentivizing farmers to increasing production and keeping food prices within acceptable limits. This dual objective requires careful policy interventions.

Though the Economic Survey said that India labour market indicators have improved, it warns that artificial intelligence taking root in several spheres of economic activity and therefore steering technological choices towards collective welfare will be key.

However, it puts onus on employers not on the government that they owe it to themselves to strike a balance between deploying technology and labour.

It says that many regulatory chekeholds, such as those related to land use, building codes, restricting sectors and hours open to women's employment, hold back employment generation.

The Survey noted the volatility of Rupee, but said it is one of the least volatile, which is nothing but a way of consolation. In FY24, the US dollar gained against virtually every major peer. The Rupee also came under depreciation pressure. Further, it exhibited the lowest volatility in FY24 compared to the previous years, the document emphasizes.

It also refers to global impact of China on world economy, and says that the world cannot completely look past China, even as it pursues China plus one. In support of its derivation the Survey says that nations like Mexico, Vietnam, Taiwan and Korea were direct beneficiaries of the US's trade diversion from China. Even while these nations increased their share to exports to the US, they also displayed a concomitant rise in Chinese FDI.

The example given has several hidden meanings in relation to India's march towards "Viksit Bharat" (Developed In-

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dia), and says it would be different from China's economic boom between 1980 and 2015 - and it won't be an easy road. Here one needs to know why? But no clarification comes on it.

It says that geopolitics was largely calm at the end of the Cold War, and western powers welcomed China and even encouraged its rise and its integration into the world economy. Globalisation was at the cusp of its long expansion, and concerns over climate change and global warning were not so pervasive or grave then as they are now. It points out the advent of Artificial Intelligence that casts a huge pall of uncertainty as to its impact on workers across all skill levels - low, semi, and high. These will create barriers and hurdles to sustained high growth rates for India in the coming years and decades. Overcoming these requires a grand alliance of union and state governments and the private sector.

As for Welfare economics of the country, it says we are moving forward with a reformed approach to welfare, focused on empowerment, saturation approach, universal access to necessities, efficiency, cost-effectiveness, and enhanced participation of the private sector and civil society. The claims

are however debatable, as far as their performance and intentions are concerned.

India's external sector remained strong, the survey said, amidst on-going geopolitical headwinds accompanied by sticky inflation. Inflation in India is dealt with dual standard. On the one hand it admits that food prices were affected by adverse weather conditions in the last two years, and the net impact of these developments was elevated by inflationary pressures in FY23 and FY 24. However, the inflation in FY25 or beyond is concerned, it estimates on normal climate conditions, and normal internal and external factors.

However, the Survey also admits something beyond this, that is the medium to long term inflation outlook will be shaped by the strengthening of price monitoring mechanisms and market intelligence as well as focused efforts to increase the domestic production of essential food items like pulses and edible oils for which India has a great degree of import dependence. Achieving long-term price stability requires a clear forward-looking vision, it says. Hence assessing progress in developing modern storage and processing facilities for fruits and vegetables is crucial to manage seasonal price spikes.

Praising India's growth story, the Survey says that India economy has recovered and expanded in an orderly fashion post pandemic. The real GDP in FY24 was 20 per cent higher than its level in FY20, is says adding, prospects for continued strong growth in FY25 beyond look good, but subject to geopolitical, financial market, and climate risks.

It further warns that any escalation of geopolitical conflicts in 2024 may lead to supply dislocations, higher commodity prices, reviving inflationary pressures and stalling monetary policy easing with potential repercussions for capital flows. This can also influence RBI's monetary policy stances.

The survey warns of increased fragmentation along geopolitical lines and renewed thrust on protectionism may distort merchandise trade growth impacting India's external sector. Global financial markets have scaled new heights, with investors are betting on global economic expansion. However, any corrections in elevated financial market valuations may have ramifications for household finances growth prospect.



# Govt Austerity on Education Indicate Privatisation

The latest Economic Survey, the document on the state of the economy, presented a dismal picture of education spending by the Union and state governments and offered vocational studies with community support as the way forward to train human resource.

The Economic Survey of 2023-24 tabled in Parliament suggested that expenditure on education in terms of its share in GDP, its share in total expenditure by Union and state governments together and its share in total expenditure on social services have declined compared to the pre-Covid-19 year 2019-20.

Budget session this time is likely to see the resurgent Opposition demanding discussion on various burning topics. Finance Minister Nirmala Sitharaman will present the Economic Survey, but Congress and its allies in the INDIA bloc are likely to corner government on variety of issues.

The National Entrance cum Eligibility Test (NEET) paper leak has rocked the country as it affected lakhs of students who appeared for the exam with career dreams in their minds. Even as Supreme Court of India deliberates on the matter, there is a sense of frustration among youth over the issue. Opposition will definitely try to corner Modi government. Congress MP Manickam Tagore has already given an adjournment motion demanding discussion on NEET issue.

The expenditure on education by the Union and state governments together was 2.9 per cent of the GDP in 2010-20. It has declined to 2.7 in 2023-24, according to the

budgetary estimates. The expenditure on education with respect to the total spending on social services also declined from 10.7 per cent to 9.2

per cent of the GDP. The government is not spending on education. The privatisation of education has already increased. Going this way, privatisation will further expand. Those who have money will be able to study and those who don't will be pushed out of education.

In the "way forward" section, the Survey indicates an increased focus

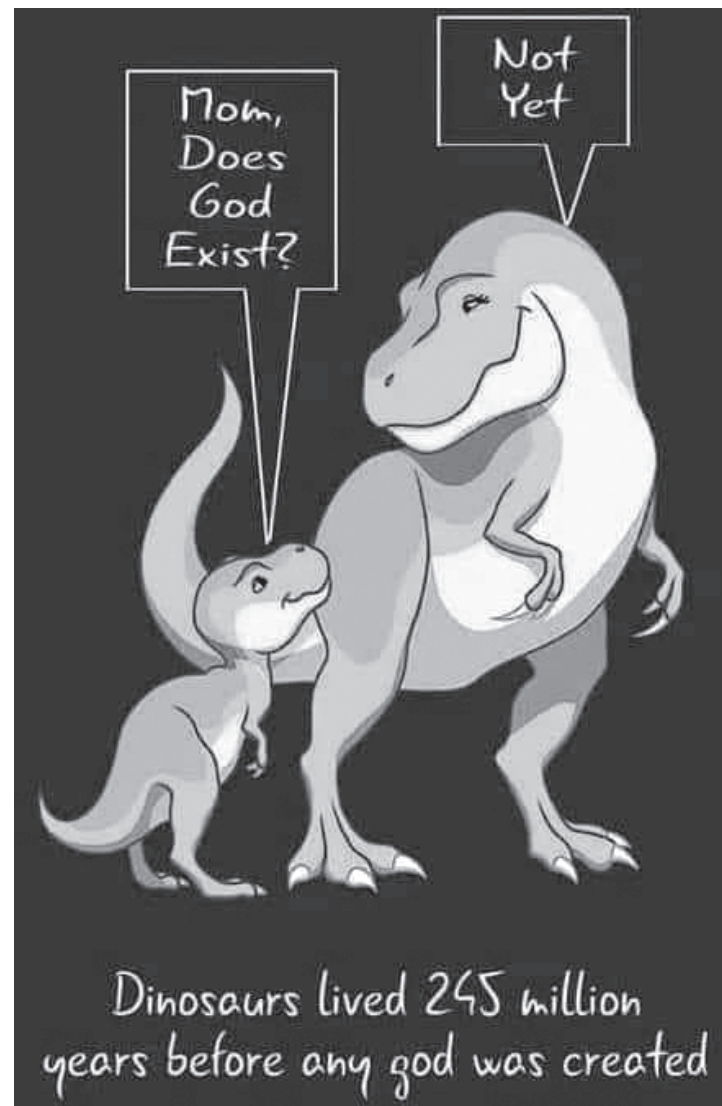
purely academic to vocational training and vice versa.

## Universities to Raise Fees, cut costs

On average, 78 per cent of Higher Education Institutions' revenue is fees. A review suggested moving a large chunk of higher education institutions out of loan financing. Education ministry didn't. The Institutions are going to raise the fees and cut the costs alarming affecting crores of poor and down-trodden community students. The parents are opposing, students and teachers are opposing but none is there to listen them. Institutions have also expressed their disquiet about HEFA to researchers from the National Institute of Public Finance and Policy (NIPFP).

The NIPFP was engaged to review the agency and its functioning which lasted from July 2022 to January 2023. Its report, was obtained through a Right to Information (RTI) application, reveals the extent to which HEFA strained the finances of public institutions.

With HEFA, the union government introduced a radically different system of funding infrastructure expansion in higher education. Set up in 2017 as a joint venture between the education ministry and Canara Bank, the non-banking finance company extends loans to government-run higher education institu-



per cent in this period.

Educationists fear an increased involvement of private entities in the education sector in the years to come, resulting in a commensurate increase in denial of access to education to the poor and socially deprived sections such as the Scheduled Castes (SCs), Scheduled Tribes (STs) and Other Backward Classes (OBCs).

The Survey report said India had 26.52 crore students in schools, 4.33 crore in higher education and more than 11 crore learners in skilling institutions. It mentioned the National Credit Framework (NCrF), announced under the National Education Policy (NEP) in April 2023, which aims at facilitating seamless mobility of learners from

on vocational education and training with the help of local people.

To operationalise vocational education across the learning ladder, the model of Lend A Hand India (Lahi), an NGO, is a good example. The Lahi model includes civil society's collaboration with the governments to introduce vocational education as a core curriculum component, establish labs, recruit and train vocational trainers, organise internships and offer placement support, says the survey.

The declining trend of public spending on education would harm students from the disadvantaged sections.

The gross budgetary support for education has remained less than 3



## STUDY & STRUGGLE

C Adhikesavan



tions (HEI), replacing grants. The institutions are expected to repay parts or the entire principal amounts, depending on the category into which they fall.

By early 2023, when the review concluded, heads of premier institutions such as Indian Institutes of Technology (IIT), Indian Institutes of Management (IIM), central universities and science education institutions were feeling immense financial strain almost collapsing them.

A second-generation IIT was more direct: "The HEFA loan should be replaced by the earlier system of grants by the ministry as it is putting a burden on the IRG of the institute." In fact, 91 per cent of 78 borrowers surveyed by NIPFP said they preferred the block grant system to the project-based loan financing.

On the prospect of hiking IIT fees, a second generation IIT, set up over 2008-09, told reviewers, "How can we put three people in one hostel room and raise the charges? It is only when we have better infrastructure that we can charge more fees." NIPFP recommended keeping all institutions under 15 years old out of the purview of HEFA, but they continue to be a part of it.



# K Damodaran, Marxist philosopher, CPI leader

## Early life

K e e z h e d a t h u Damodaran was born on February 25, 1912 to Kizhakkiniyakath Thuppan Nampoothiri and Keezhedathu Narayani Amma in Ponnani in Malappuram district, Kerala. He had his schooling in Government School, Tirur, and college education in Calicut in Samoothiri Zamorin College.

Being involved in student movement, he became secretary of 'Kerala Students Movement', soon joining the freedom struggle. He was arrested in 1931 for participating in the civil disobedience movement and sentenced to rigorous imprisonment for 23 months in Coimbatore Jail. He went to Kashi (UP) in 1935 to study Sanskrit from *Viswa Vidyalaya*, passing the Shastri examination. While at Kashi he also learned Urdu and Bengali. He was soon attracted to the Communist ideology through his senior Onkar Nadashasthri, thus becoming the 'first Malayalee' Communist.

Lal Bahadur Shastri was his classmate.

## In active politics

Congress took shape in 1931-32 in Travancore state. In 1934, Youth League conference was inaugurated by Dr Pattabhi Sitaramayya. The movement of the youth was developing against the Maharaja and for the formation of a responsible government. Damodaran took active part.

Damodaran, S Thampi, Kurup and others were arrested in 1938 and were lodged in Trivandrum Central Prison. It happened in this manner. Kamaladevi Chattopadhyaya was invited to inaugurate a Youth Congress conference in Trivandrum in 1938. She defied the externment order, and was arrested at the portico of the railway station itself. There already had gathered a huge crowd. K Damodaran immediately organized a protest meeting then and there and even inaugurated it, processions were taken out and meetings held. The conference went full steam ahead under his

chairmanship. Consequently, they all were arrested on August 23, 1938 and sentenced one year's RI. The jails were overflowing. They were released within two months in the course of a so-called 'general amnesty' on account of the Maharaja's birthday.

In fact, their release was not due to the Maharaja's birthday but due to agitation. A huge jatha of agitators went to the Diwan, and the Maharaja, on seeing the multitude, the duo escaped through the backdoor. Orders were issued for release of the prisoners, and it was presented as benevolence on HH's birthday!

## Formation of CPI in Kerala, and Damodaran

Communist groups had begun emerging in 1931-32 itself in various parts of what is now Kerala.

Damodaran had returned to Kerala in 1937. He says in his *Memoirs* that the first communist group in Kerala was organized in 1937 by five comrades. They included EMS Namboodiripad, Krishna Pillai and K Damodaran. At first they worked within Socialist Party or the Congress Socialist Party (CSP). As yet they did not call themselves Communist Party but constituted a big group inside the CSP. They disseminated Communist literature inside the CSP, which itself worked inside the Congress.

EMS, A. K. Gopalan, Krishna Pillai and, later, Damodaran, all became recognized leaders of the Kerala Congress. They organized trade unions, peasants' organizations, students' unions, and associations of progressive and anti-imperialist writers. They organized a regular Communist Party in Kerala by the end of 1939. Communists were identified with the nationalist aspirations. Thus Kerala became one of the important strongholds of post-independence communism.

After the elections of 1937 a Congress conference was organized in Madurai district in Bhatlagundu, leading to the formation of a CSP unit. It was



attended by K Damodaran and Madduri Annapurnaiah.

In 1938 he was already a member of the party, but in the eyes of the masses he was still regarded a nationalist agitator. What brought about his arrest was a speech made to a conference of Youth Leaguers in Trivandrum. He launched a diatribe against imperialism and the Maharajah of Travancore as embodying the oppression which was being meted out by British imperialism. It was in this meeting that he emphasized the necessity of involving peasants and workers in the struggle and concluded with the slogan of 'Inquilab Zindabad' (Long Live Revolution), joyfully taken up by the whole meeting. It was the first time that the slogan was raised.

At the outbreak of the WWII, the CPI firmly opposed the War and British imperialism. It pressurized the Congress to start a mass movement. Damodaran moved an amendment to the main resolution moved by Mahatma Gandhi in the Poona session of the Congress in 1940, calling for mass struggle. Damodaran was supported by Jawaharlal Nehru. Soon after, he was arrested and lodged in Vellore Jail. In the jail, a controversy started among the Communists on the nature of the War. Prof KB Krishna, an intellectual from CPI of Andhra, was also in the jail. He wrote theses to the effect that the character of the War had changed and the Communists should support War efforts. It was a 'People's War' now.

Damodaran wrote counter-theses saying even while supporting the USSR, the anti-British line must not change. Consequently, Damodaran was kept in prison till the end of the War. CPI leadership tried its best to get him released but to no avail.

He was arrested again during the Naval revolt in Bombay in 1946, and was released just 24 hours before independence, on August 13, 1947.

## BTR period, 1948-50

Damodaran was arrested during this period, in 1948. He was opposed to the left-sectarian and adventurist line of BTR, which did immense harm to the Communist movement and to the party. He described in his interviews the immense damage done to party and mass organizations.

## Organisational and legislative work

He organized coir and beedi workers. The party slowly entered the national mainstream. In 1951, he was elected Taluk secretary of the Malabar unit committee of Communist Party. He contested the assembly election in 1951 and the Lok Sabha election in 1957. He was the member of Rajya Sabha from 1964 to 1970. Damodaran was elected to the CC of CPI in 1956, to the national council in 1958, being re-elected at Vijayawada, Bombay and Patna congresses. He was elected to party central executive committee from 1958 to 1968. As a journalist and Communist, he edited CPI's first weekly *Prabhatham* in the 1930s. In the 50s and 60s, he edited the party weekly *Navayugam*.

Damodaran was the secretary of Malabar Provincial Committee of CPI. In the pre-Congress (Palghat, 1956) discussion in Malabar Conference of the Party, there were intense discussions on Congress-Communist coalition government.

All through these years he was intellectually active by way of writing articles and books, learning new languages and debating on various forums. He became a Rajya Sabha member (MP) in 1964. He visited many Asian and European countries



July 28-August 03, 2024  
including almost all of the Communist nations.

### Foreign visits

He visited Tashkent as a member of the Indian Writers' delegation to attend an Afro-Asian writers' conference. During a cultural program, Khrushchev, general secretary of CPSU, happened to come and sit next to him in an empty chair. Damodaran asked him a number of questions including on the ban on Boris Pasternak's novel, drinking habit in the Soviet Union etc.

Damodaran discussed various issues with Chinese Communists when he went to China in 1960. The delegation had a long session with Chou En-lai, who answered their questions, including on the border dispute. Damodaran returned disturbed and disillusioned with the Chinese leadership. Chou stated that there was danger of attack on China, not from America but from Nehru!

He also met Ho Chi-minh, who welcomed foreign delegates in six languages: Vietnamese, Chinese, Russian, French, English and Spanish!

Damodaran also visited Italy, France and other European countries in 1967-69. He also met Roger Garaudy of the FCP. That was the time of the rise of so-called New Left. Damodaran agreed with some of their criticism and also by Euro-Communists.

### Palghat Congress, 1956

During the pre-Palghat discussions, Damodaran argued, first of all, for a mass line for the struggles ahead, with the struggle being basically between classes and not parties. He argued that on the basis of class unity we should attempt to unite all progressive sections of the people, including Congress supporters, for the implementation of land reforms, for workers' rights, for more democratic liberties, for a firm anti-imperialist foreign policy, etc. and, through these struggles, wean away the masses from bourgeois influence and build hegemony of the working class. The political resolution moved by him on the above basis was passed by a

majority in the Malabar Party Conference.

Fourth Congress of the Party was held in 1956 at Palghat in Kerala. The emphasis of the majority was on an anti-Congress Front, arguing that the Indian bourgeoisie was subservient to British finance capital. P. C. Joshi, Bhowani Sen, K Damodaran and a few others moved an alternative resolution to the official one, saying the Congress government was not subservient to imperialism. The resolution was defeated but one-fourth of the delegates supported.

Damodaran was elected to the central committee.

By this time Damodaran had come round to support the positions of Khrushchev on criticism of Stalin. An intense debate raged in the party on the criticism of cult of personality of Stalin.

### Party split, 1964

According to K Damodaran 'Dange Letter' was merely the pretext to split the party. He was firmly against the split, and decided to remain in the CPI. In his opinion, the splits in the mass organizations were scandalous, which only helped the Congress and the rightwing reaction.

Damodaran was firmly against Stalinism and continuously fought against it. In his earlier days, when Stalin's cult worship was common, he too blindly worshipped Stalin. This he regretted later.

Setting up PC Joshi archives

After Cochin party congress (1971), Damodaran left active political work and joined the JNU in 1972. By 1974 K Damodaran was busy setting up PC Joshi archives in JNU, which is today a rich source of research into the Communist movement in India. Damodaran devoted his full time to conduct research into Indian Communist movement with ICHR fellowship. He later became deputy director of Archives of Contemporary History of India in JNU in the 1970s.

### Outstanding personal traits

Damodaran left a deep impact upon Kerala's civil society. He had amazing oratory skills.

Before starting an oratory explosion he would chew a handful of small onions with sugar crystals to clear his throat to speak long. The well known film maker K.P. Kumaran mentioned that when young, he had listened to Damodaran's public speech of four hours. Damodaran would wake up at 4.0' clock in the morning, a habit since childhood and by 4.30 he would start his work on a cup of tea.

After coming back from Rajya Sabha, he constructed a house in Trichur with loans. His writings barely met his needs for his books, forget the loans. He had a large library with extremely rare books, occupying more space than other items. Perhaps he would prefer books to rice!

At the time of paying fees, his son would go to his room and stand there. Damodaran, busy reading or writing, would look up after some time with a questioning look. The son (KP Sasi, later a famous journalist and cartoonist) would utter one word: 'fees'. Father would say: 'Tomorrow'. And the next day, he would borrow from somewhere and give him the money.

Most of the early communists in Kerala were more Gandhians in their lifestyle than the Gandhians themselves: Gandhians with a Marxist ideology! Famous people could live with limited needs. Apart from tea, cigarettes and books, Damodaran's personal needs were also extremely limited. His friends in Delhi told him that he deserved a flat from JNU on becoming deputy director of the Archives of Contemporary History of India, in JNU. They requested him to write a letter or meet the registrar, who respected him a lot. But he chose to live in two rooms subletted from the flat of his own private secretary! Before that it was only one small room of 10x12 square feet, in which five of the family lived, with no kitchen, with the toilet shared by another family.



He paid most of his debts of his life living like that.

Once he blasted his son for two hours for hiding his cigarette and not smoking in his presence: 'If you don't have the guts to smoke in front of your father, why do you smoke?!'

### Literary and philosophical contributions

K Damodaran is most well-known for his famous work on Indian philosophy, *Indian Thought: A critical survey*, which has been translated into Hindi and several other languages. It covers a wide range of the Indian philosophical schools from ancient times to the modern. Besides, he wrote *Man and Society in Indian Philosophy*, *Marx, Hegel and Sreesankara*, *Marx Comes to India* (along with PC Joshi), etc. He wrote a large number of articles and books. He wrote extensively in Malayalam including large number of books.

Damodaran was a multilingual scholar and translated many books from Russian to Malayalam. Apart from *Pattabaakki*, he wrote another play named *Rakthapanam*. The stories written between 1934 and 1935 are collected as *Kannuneer*. The best known of his works is *Indiyude Atmavu*. He completed only first part of *Kerala History* based on archeology, anthropology and numismatics.

Political activist and documentary director KP Sasi is the son of K Damodaran.

K Damodaran passed away on July 3, 1976, in Delhi at the Safdarjung Hospital while he was still conducting this research.



## 70-Hour Work Detrimental to Both Health and Productivity

## Indians Work Longest, Paid Lowest

The CEO of OLA, Bhavnish Aggarwal has endorsed a 70-hour work week call given by the Infosys founder Narayana Murthy some time back. He argues against the concept of work life balance saying that enjoyment of work naturally fosters happiness. Both of them are of the opinion that the 70-hour work week is important to build India as the largest economy and number one country in the world. This is not astonishing because primary motive of capitalism is profit. So they come out with several logics to prove their point including talking of pride in service to the nation. But hardly do they care about the basic needs of the workmen and their own responsibilities.

Nearly 94 percent of the workforce in our country is in the non-formal unorganised sector. They have nothing in store for them when they are unable to work after a particular age or in the event of any illness. They are devoid of any pension, healthcare support or educational benefits for the children. They lack proper housing or healthy working environment. With rising unemployment and economic crisis the uncertainty of jobs or means of livelihood always looms large in their mind.

Bhavnish Aggarwal sees happiness in a workman who is always living in physical and mental stress because of meagre income and no social security to fulfil basic needs to thrive. To mention the plight of the catering staff in the pres-

tigious Vande Bharat or Shatabdi Express trains, who get about Rs.12000 salary per month for nearly 16-18 hours work per day. This means that their salary for an eight hour work day is about Rs. 6000 only. They are always under the threat of being fired by the contractor if they raise voice to increase the salary.

That Capitalism thrives on unemployment and under employment is nothing new. But now, two major corporate magnates have come out openly for increasing the working time to 70 hours per week. This means that a worker should be on job for 10 hours per day for all the even days of the week with no holiday or else if he/she wants a holiday he/she has to work for 12 hours in a day for 6 days in a week.

The proposal for 70 hours work week needs to be analysed from various angles; the trade union angle, health angle, social angle and from the angle of impact of technological developments on production.

As a result of long drawn struggle workers were able to get legal right to eight hours of work, eight hours of sleep and the rest eight hours for recreation and the family. The Trade Unions have rejected 70 hours of work per week as it is clearly against the internationally accepted time framework for the workmen.

According to International Labour Organisation (ILO), people in India spend maximum time on work but are paid the least; meaning thereby, that there is too much exploi-

Dr Arun Mitra

tation of the workers and violation of the law. This is applicable to the organised as well as the un-organised sector. (Indians Work Longest, Earn Least With Virtually No Time for Leisure: ILO Report). India ranks fifth in the world among countries with long working hours. Only Gambia, Mongolia, Maldives and Qatar, where a quarter of the population is Indian, have average working hours longer than in India. According to global data also Indians work maximum but are least paid. Indians earn 20 times less than developed world peers.

There are millions who are working for long hours. Those employed in sweet meat shops or the Gig workers spend long hours on work every day. With the advent of new technological developments, the companies' production has increased manifold, so is their profit, but the gains have hardly been passed on to the workers.

It is a well-accepted fact that productivity increases if workers are healthy and happy. An exhausted person can never give better production. They are also liable to have more accidents and make mistakes. Due to circadian rhythm, that is to say, our daily biological cycles our organism is unable to be productive for 8 consecutive hours. How our body reacts during the day depends on many factors: our hormones, our diet, our exposure to daylight. Sci-

entists studying these issues have found that we have a very specific biological rhythm. Thus, we are more productive at certain times of the day, intellectually and physically speaking. So this affects all working manually or on the screens as many young people are doing these days.

According to an article "Are Shorter Working Days The Secret To A Happier, Healthier And More Productive Life?" published in Youmatter on September 25, 2017, 'being in the office for more than 8 hours a day is associated with poorer overall health and with a 40 percent higher risk of developing heart disease or stress related diseases'. Scientists generally agree that the ideal daily working time is around 6 hours, and more concentrated in the morning.

According to a study published by Insurance Journal, overworking increases the risk of being injured by 61 percent. They are also at higher risk of having chronic diseases like Diabetes, Arthritis, and Cancer. Research also reveals the damage to our physical health that overwork can cause. A study from the World Health Organization (WHO) found that working an average of 55 hours or more each week increases your risk of stroke by 35 percent and your risk of dying from heart disease by 17 percent, compared to averaging a 35-40 hour workweek. People who work long hours are twice as likely to have a major depressive episode, according to a study, especially if they work more than 11 hours

per day. Workplace culture is crucial for keeping employees motivated and satisfied. It's important to create a positive environment and encourage the employees.

The decision makers must realize that without a healthy workforce working in conducive environment and guarantee of safety and health, productivity will be hit badly which will be detrimental to the interests of the country, the society and the employers.

It would be an interesting case study to find out the level of happiness in the workmen who work long hours on meagre wages, as Bhavnish Aggarwal thinks. Mr Narayana Murthy and Bhavnish Aggarwal should have instead talked about workers' wages as per the inflation and that workers' wages should match the real profits of the companies. They should have exposed those who are evading taxes and not paying back loans taken from the banks as a result of which the NPA of the banks has increased to 25 lakh crore rupees in the last 10 years and is affecting our economy adversely. To say that workers will be able to think India as their own country only if they work for 70 hours a week is an insult to millions of working people who first fought against the British for our freedom and later put in hard labour for country's growth even in extremely hazardous conditions on meagre wages.



## Union Budget 2024-2025

# Decoding political economy of Economic Survey

The annual Economic Survey of 2023-2024 (AES) was tabled in the Union Parliament by the Union Finance Minister, and a brief presentation of it was given by the Chief Economic Advisor, V. Anantha Nageswaran, on July 22, 2024. Similarly, on July 23, 2024, the full Union Budget 2024-2025 was presented by the Union Finance Minister. The AES contains 13 chapters and 475 pages, which is, of course, a crucial document mirroring the state of the Indian economy, the bottlenecks, and the corrective course of action on the part of the public and private sectors for a robust and sustainable future, but the technicalities of the language itself are questionable, at least from the perspective of ordinary people and many elected representatives. The AES is meant to 'provide accurate account of the Indian economy based on empirical data and suggest ways and means to achieve the stated goals in the Constitution.' The Union Budget is a constitutional requirement under Article 112 of the Constitution of India to 'present estimated revenue and expenditure as well as the new initiatives to be taken in future by the Union Government in the current financial year, i.e., 2024-2025.' Apart from constitutional and economic domain technicalities, the AES and the Union Budget are also significant policy documents to understand and examine the dominant patterns of political

economy of development and growth in a particular ideological framework. These two documents provide us with the policy priorities and framework to examine the patterns and future course of action of the Union regarding revenue priorities, expenditure patterns, income generation, poverty eradication, inflation, growth rate, unemployment, etc.

**Policy shifts of the Annual Economic Survey:** Apart from the highlights of the resilience of the Indian economy amidst global changes of war conflicts and increasing protectionism, the AES has recommended significant changes that are crucial to observing the path of future India.

**Shifting sovereign duty to the private sector:** As unemployment has become a crucial issue, whether in the public sector or private sector, the AES is shifting the focus of employment generation to the private sector, whereas in the previous financial years, the news headlines were dominated by the layoffs by the significant market players in India. In contrast, their profits in the same years have quadrupled. The concentration of wealth patterns has also been established by the OXFAM report 2024 and an article on 'Billionaire Raj' by Piketty et al. The concentration of wealth and income in a few hands is a result of policy bias and a particular preference of union and state governments in favor of monopoly corporations.

Amit Kumar

Then, why did the policy decisions of the Union not result in sufficient employment generations? This is a crucial question that needs to be asked, and it must be understood that the AES is shifting the burden of the union government to create job opportunities and the welfare of people. Hence, it is anti-democratic and anti-social justice. This shift is prima facie in recognizing the entrenched crony capitalism in the Indian economy and persistent support for key aspects of global finance capital. The casualization of work and contextualization of employment in the private and public sectors show the real challenges, but the AES needs to pay attention to these aspects.

**AI and Jobs:** Artificial intelligence (AI) is resulting in disruptive challenges in many sectors of the economy, the AES underscores. The AES also highlights the crucial contradiction between adopting AI to boost productivity and increase efficiency and the possibility of laying off workers. The contradiction of the capitalist mode of production came to the fore. Where will the 'demand in the economy' come from if robots replace workers and AI-aided technologies in production and distribution? The demand-supply conundrum in the dominant capitalist model is an inherent feature of

capitalist-made production. Capitalist economists try to resolve this conundrum by suggesting a 'market mechanism' as a suitable measure, and some, like Maynard Keynes, suggest the government's invention for strengthening demand in the economy. The CEA (Chief Economic Advisor to the Government of India) emphasizes that 'to balance adoption of AI technologies in the production process and employment of labor forces as a means to revive demand in the economy.' In other words, the modern economic order and processes cannot go on without demand in the economy, which is one of the backbones of the market economy. Thus, generating significant-scale employment in the public and private sectors is essential to boosting economic growth. Are these prescriptive suggestions the result of AES in policy implementation and employment generation? The labor code during COVID-19 and de-unionization, as well as substantial cuts in the corporate tax in favor of corporate power houses, show the government's contradictory approach in favor of the selected few. The shrinking space of employment generation and laying off workers are examples of contradictions between AES's recommendation and actual policy direction.

Inflation has become a severe issue for the central bank of India, i.e., the Reserve Bank of India,

and the commoner, regarding the downfall of real wages and weakening of the demand side of the economy in rural India and urban centers. The AES 2023-2024 further favors the dominant policy paradigm to support big corporates and crony capitalists. The AES argues that the core inflation based on WPI is controlled and broadly headline inflation is also controlled except for some food items. The AES argues the need to revise its monetary policy to facilitate more money in the system and promote growth. This argument is pro-capitalist and loan economy without addressing the inflationary pressure and decreasing real wages of the workers in the economy. It will increase the distress of the working population in the lower strata of society, including farmers and middle-income groups.

Deregulation of MSME sectors boosts the capitalist orientation of economic policy; the deregulation of MSME has been emphasized as the 'nut and bolts' of the economy. It is a recognition of the partial failure of PLI (Production Linked Incentive) for the big fish in the manufacturing sector. The Employment Link Incentive (ELI) in the Union Budget 2024-2025 is another big corporation handout with no guarantee for adequate employment generation.

**On page 12...**



## Denying Reality...

From page 5...

The mass of the people are no more than a 'foot-note' in the government's budget schemes!

Another interesting fact is the likely use of 'food coupons', American style. Says the Survey: "Hardships caused by higher food prices for poor and low-income consumers can be handled through direct benefit transfers or coupons for specific purchases valid for appropriate durations." (Emphasis added)

So, the poor are going to be treated as dirt, and they will line up for coupons and food, American style. This trick is played even while the rationing system has been almost dismantled. Food coupons are nothing but guarantee of poverty.

Why this exercise? The whole exercise of food price rise denial is primarily meant to force the RBI to reduce the interest rates. Since the days of Raghuram Rajan himself, the government has been pressing the RBI to reduce the lending and bank rates. The purpose is to help the financial monopolies to further penetrate market economy, undermining RBI and other government agencies. Therefore, it has become essential for the government to simply deny the hard realities adversely affecting the people. Lowering lending rates from government banks will only help money expansion, inflation and raise prices.

RBI governor has denied any possibility of reducing bank rates. Thus the conflict between RBI and the government continues amidst denials.

### Nationalisation, an Opening for Progress...

From page 4...

This necessitates for the rulers to move towards crony capitalism at one hand and on the other side, in order to weaken the united opposition by the movements of trade unions, farmers and other sections of the society they play the card of polarization and hatred with the fear of 'the other'. India is confronted with that truth and the people had shown their disapproval to such politics in recently held elections to 18<sup>th</sup> Lok Sabha and in place of single party rule, a coalition of convenience is in place.

The unions have to be well aware of the politics behind the economic re-

forms agenda. Their campaigns and battles must be political education for them. It is not merely an issue of trade union right of workforce engaged in a particular public sector or the public services but it is the national task for defending the public sector enterprises of strategic importance and the PSUs in the service sector.

The tall leaders with inspiration from freedom movement and the general trade union movement gave their whole life in this endeavor. Our respectful homage to them and salute to millions of those who stood with them.

Let us pledge for the battle to go on.

## Decoding political economy...

From page 11...

The unequal treatment of the MSME through demonetization, GST chaos, and COVID-19, which resulted in the loss of about 1.4 trillion and tax benefits for big corporations of about Rs. 1 trillion, is a self-evident policy preference of the Union Government in the previous 10 years. The deregulation of MSMEs without supporting them through tax cuts and flexible GST will not bear fruit.

Moving Towards Loan Economy

Many issues in the AES and the Union Budget need separate discussion and examination. However, it has become crucial to note

that the Indian development policy and paradigm are shifting towards a loan economy. The Poorvotsava, through loans to the states and education loans, are a few examples, and the budgetary support to the big corporates is through PLI and ELI. Is it the surrender of a sovereign state to the finance capital? As AES 2023-2024 suggested and Union Budget 2024-2025 proposed, substantial reduction of the government's role in the economy (employment generation and supporting the employment generating sections of MSME) and financialization and contextualization of governments.

Conclusion

Thus, the AES 2023-2024 and the Union Budget 2024-2025 are the two documents that provide the emerging trends and policy priorities of the Government of India in the coming future, the evasion of the government from its essential duties, and complete surrender to market forces. The suggestion of the AES to the private sector regarding employment and the emphasis on deregulation of the MSME section, as well as a sign of charting its path in climate crisis management, is a sign of the ideological framework and future direction of economic policy.

## Changing Face of Banking...

From page 3...

The only option left with those banks was to reduce administrative costs and within that staff cost and precisely with this public sector banks resorted to outsourcing and contractual employment rampantly. Entire Part time Sub staff cadre stands abolished and Sub staff cadre is almost nearing it. All those jobs have been outsourced. In case of clerical staff, they have been substituted with Banking Correspondents that is BCs, Direct Sales Agents, Recovery Agents of whose number has gone to around 5 lakhs. This is phenomenal. In addition to this many more jobs have been outsourced. All this has helped to reduce the staff costs but has exposed the system, resulting in huge risk in operational fraud.

Indirect Lending

In addition to this, now banks are tempted to resort to co-lending or indirect lending instead of lending directly. Re-

serve Bank of India in the name of innovation in products and services has come out with various instruments such as Assignment of Debt, Sell - purchase of portfolios etc. to enable banks to evade from direct lending thus to save the overhead costs. All this is helping the banks to reduce the cost, but ultimately it is the customer who is paying for that.

Rampant Service charges?

This is the period during which to augment the income, Bankers have increased service charges rampantly. The services which otherwise were not being charged till recently and where being extended to the customers as an integral part for the accounts which they are maintaining by making available their savings at cheaper rate or with no returns are now being charged. Banking is the only service where customers are being levied higher charges even though they are availing

the services on alternative delivery channels. This is clueless. Thus now low net worth customers who were brought in the ambit of banking in the process of implementation of Jan Dhan are required to pay the costs for the services and resultantly now, they are quitting. If you go through the number, it validates the argument. All above ultimately is resulting in to change in phase of banking and thus before approaching all above issues government should clarify its stand on role and responsibility of banking in India, which is still developing economy and country is still struggling hard with the poverty, unemployment and economic disparity. No doubt banks should book the profit but let profit be not the only focus. While booking accounting profit, social profit also matters and if it becomes casualty, country cannot afford it!



# Left Alliance Seeks to Form Government in France



*Diary of  
International  
Events*

*C. Adhikesavan*

Supporters of the left and centrist parties thronged the streets of Paris on Sunday night chanting “No pasarán! (They shall not pass)”, the anti-fascist slogan during the Spanish Civil War, to convey their determination to keep the far right out of power. The far right has been thwarted at the cost of a hung parliament, and significant political uncertainty ahead. Despite growing popularity, the extreme right was unable to secure a majority in France’s election. While parts of Europe breathe a sigh of relief, France braces for the difficult process of forming a new government. France’s surprising parliamentary election results have left all three of the country’s political camps — the left, the far-right, and the center — feeling victorious.

All 577 constituencies vote in round one of the election, and candidates who secure more than 50 per cent of the voteshare, and a vote total greater than 25 per cent of the strength of the electorate in a constituency, are directly elected. RN had the decisive edge after the first round on June 30, getting more than 300 seats by some projections.

Against expectations, the far-right National Rally (RN) emerged in third place, but still managed to win a significant number of new seats. RN party leader Jordan Bardella, who had been eyeing the office of prime minister, complained that his party’s rise to power had been hindered by an “unnatural” and “dishonorable alliance.”

His malcontent was directed at the tactical withdrawal of many candidates in the centrist and leftist camps shortly before the runoff elec-

tions — which ensured that right-wing candidates would only compete against one other candidate, thereby effectively bundling votes against them.

Prominent far-right populist and RN member Marine Le Pen has since said that her party will win the absolute majority in the next election, which is slated for 2027. Then, she plans to make a fourth attempt at becoming the country’s next president.

The leftist New Popular Front (NFP) coalition also gained a number of new seats and has now become the strongest

(ECFR) political think tank, told DW. She added that the alliance members also disagreed on who to propose as France’s next prime minister.

Jean-Luc Melançon, leader of the strongest party in the alliance, the LFI, has now claimed the right to form a new government. But many in the alliance find his policies too radical.

French election: Projected final seat distribution: 182 | NFP – New Popular Front, 168 | ENS – Ensemble (Together), 46 | LR – Republicans, 143 | RN – National Rally\* and 38 | Others.



group in the French lower house, the National Assembly.

Consisting of the left-wing France Unbowed (LFI) party, the center-left Socialist party, the Greens, the French Communist party and other smaller parties, the alliance, which covers a wide spectrum of left-wing politics, was formed just a few weeks ago with the aim of preventing an electoral victory of the extreme-right RN.

“There are significant differences within the NFP,” Camille Lons, a policy expert at the European Council on Foreign Relations

Even if Macron succeeds in bringing the two together, there remains the problem of quieting a disgruntled electorate. “We know what people voted against,” Lons explained, “but we don’t know what they stand for.”

“Many European capitals breathed a sigh of relief following the election results,” said Celia Belin, head of the ECFR Paris office. She does not believe that Macron, a staunchly pro-European leader, had been as weakened as many feared. But when it came to foreign policy, she did not see much overlap between the top

NFP alliance and Macron’s centrist Together alliance.

On Sunday, Poland’s conservative Prime Minister Donald Tusk was one of the first European country leaders to respond to France’s projected election results. On X, formerly Twitter, he wrote: “In Paris enthusiasm, in Moscow disappointment, in Kyiv relief. Enough to be happy in Warsaw.”

Tusk, who assumed office last year after eight years of national conservative rule under the previous government, expects France to stand by Ukraine in its war

with Russia.

In Germany and Spain, social democratic parties also expressed their relief over the RN’s trailing results. Commenting on the surge for Labour in last week’s UK election and for the NFP in France’s weekend election, Spain’s socialist Prime Minister Pedro Sanchez said that, “this week, two of Europe’s largest nations have chosen the same path as Spain did a year ago: A rejection of the far right and to a clear commitment to a socialist Left that tackles the people’s problems.”

Foreign policy expert

Michael Roth of the German Social Democratic Party (SPD) is less optimistic about France’s election results. While the right’s rise to power had been stopped, he said, “it’s still too early to give the all-clear.”

Instead, he feared that nationalist populists on the right and left were stronger than ever. In an interview with German publishing house Funke Mediengruppe, the former minister of state at the German Federal Foreign Office said that Macron had “failed miserably” in his attempt to strengthen the political center.

But his party colleague, Anke Rehlinger, does not believe France’s election results will impact cooperation ties between France and Germany. She told the German public radio station Deutschlandfunk that she believed Germany and France would continue to be “a strong and stable axis in Europe.” Rehlinger is premier of Saarland, a state along Germany’s border with France that entertains close ties with the neighboring French region of Lorraine.

It remains to be seen if President Macron’s international standing has been affected by recent election results. The NATO summit in Washington D.C. might prove one such testing ground.



## Budget 2024-25: Another Show of Corporate Loyalty

The Union Budget for 2024-25 is a deceitful exercise in hiding the failures of the last 10 years of BJP-rule behind global policy uncertainties. BJP's pro-corporate policymaking and torturous decisions have resulted in widespread miseries for the common people and government is trying to shamelessly mask its failures on external developments in a period where crude oil prices have remained more favourable than before.

The Budget also shows that the BJP is uncertain about the survival of the NDA Government and trying to placate its allies from Bihar and Andhra Pradesh to continue in power. While the CPI has nothing against Bihar or Andhra Pradesh getting major allocations, the Union Government has ignored legitimate demands from states like Kerala, Tamil Nadu and Odisha, including funds for flood relief. States should be equal in the eyes of the Union with objective criterion for allocation of funds, the way it was with the Planning Commission.

BJP has again made rhetoric on job creation but has failed massively in execution. PM Modi promised 2 crore jobs per year a decade ago. That should have totalled 20 crore jobs till now but Budget 2024-25 has come up with new Jumlas on skilling 20 lakh youth in 5 years and giving internship opportunity to 1 crore youth in 5 years. Youth is restive because of unemployment but for the BJP, only rhetoric is important. Allocations for education, health and other social welfare schemes have remained stagnant.

Corporate tax for foreign companies is reduced from 40 percent to 35 percent but nothing is there for the common people. Domestic corporates are also being taxed at lower rates. As the Economic Survey said, corporates profits have grown four-times but the government is not taxing them in a show of loyalty. The share of indirect taxes in government receipts is more than corporate tax, which shows that the government is burdening the common people. Budget has made it clear that the government only makes noise on youth, women, poor and farmers, while furthering corporate interest exclusively.

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## CPI Concerned about Bangla Student Protests

*The National Secretariat of the Communist Party of India issued the following statement on July 20, 2024:*

The Communist Party of India expresses its deep concern on the massive student protests that have erupted across Bangladesh and the Bangladesh Government's handling of protesting students over the quota system. As per latest reports, more than 100 protesters have died and a nationwide curfew has been announced. Internet and media coverage are also on a halt.

CPI affirms its uncompromising stance that the universally acknowledged rights to peaceful assembly and protest should not be infringed on in a democracy. Killing of more than 100 students by security forces and suppression of civil liberties is condemnable. The Bangladesh government should engage in dialogue with the protesting students to peacefully resolve the issue.

CPI also urges the democratically minded people of South Asia and our brothers and sisters in Bangladesh to prevent the

spread of student anger by fundamentalist or external forces, intended to defeat the progressive and inclusive legacy of Bangladesh's liberation struggle. Student unrest should not become a pretext for

divisive external forces, eager to gain a foothold in South Asia, to interfere in the internal matters of sovereign nation states.



*Paid respectful homage to Late Com Nguyen Phu Trong, General Secretary of Communist Party of Vietnam by D Raja, General Secretary Of CPI, Pallab Sengupta, National Secretary and incharge, International Department, Ramkrushna Panda, National Secretary and Secretary of the International Department of CPI on July 25, 2024, at Vietnam Embassy, New Delhi.*

### On Record ...

Himachal Pradesh Chief Minister Sukhvinder Singh Sukhu directed the education department to explore the possibility of merging government schools with low enrolments. Expressing serious concern over the decline in the number of enrolments in government primary schools which was 1,30,466 in 2002-2003 compared to 49,295 in 2023-24, he said that there were 89 government primary schools with zero enrolment of students in the state. He said that 701 primary schools had less than five students, out of which 287 schools were located within a radius of two kilometres of another school whereas an additional 109 schools had a strength of only five students. - *Hindustan Times*, July 23.

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At least four chief ministers, including three from the Congress, are set to boycott the NITI Aayog meeting scheduled for July 27 in protest against the "discriminatory" Union Budget, presented by Finance Minister Nirmala Sitharaman.

While Tamil Nadu CM M K Stalin made the announcement at a press conference on Tuesday evening, Congress

general secretary K C Venugopal, in a social media post at night, wrote, "The Union Budget presented today was extremely discriminatory and dangerous, which completely goes against the principles of federalism and fairness that the Union Government must follow. In protest, INC CMs will be boycotting the NITI Aayog meeting. This government's attitude is completely antithetical to Constitutional principles. We will not participate in an event that is solely designed to hide the true, discriminatory colours of this regime." - *The Indian Express*, July 23.

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In a twist to the 2021 rape case against Jharkhand BJP chief Babulal Marandi's political adviser Sunil Tiwari, the complainant has filed a withdrawal petition in a Ranchi court. The complainant in her petition stated that she had filed the rape case "due to some misunderstanding without understanding the veracity of the allega-

tion" and she does not want to pursue the case against Tiwari.

The petition was filed on July 11 through her lawyer Amrendra Pradhan and the court will now decide whether or not the petition is maintainable.

Incidentally, a second FIR against Tiwari for "criminal intimidation" was registered at Arghora police station on July 16 following the rape victim wrote to the public prosecutor on June 26 that she was being "intimidated" at his behest. -- *The Indian Express*, July 23.

- Compiled by C. Adhikesavan



## AIKS National Council Meet



**A view of attendees**

All India Kisan Sabha (AIKS) in its national council meeting which was held at Ajoy Bhavan, New Delhi on July 15,16, 2024 has decided to launch nationwide agitation on various demands and issues. Despite losing single handed majority due to unrest of farmers Narendra Modi led BJP/NDA government has not changed its anti farmer anti people policies and continued with the interests of corporate houses along with communal agenda. The farmers are ready to take on this government which has failed to keep the promise given to farmers about legislation on MSP based on Swaminathan commission formula C2+50%. Despite having highest workforce in agriculture, the Modi government has neglected the issues of farmers. AIKS demands a separate Kisan budget along with necessary legal provisions for farmers and agriculture sector.

AIKS national council remembered its former general secretary Atul Kumar Anjaan and his contributions in Swaminathan commission in putting the C2+50% formula for MSP and crusading pension

for farmers. R Venkaiah presented the work report which was discussed by national council members from 18 states. The meeting was presided over by Rajan Kshirsagar. AIKS criticized Modi Government for withdrawing support of calamity affected farmers and people. Despite having severe drought and crop failure in more than 250 districts, government failed to even recognize the drought. The government has left farmers on the mercy of insurance companies that has paid crop insurance compensation of just 3.66 per cent of sum insured. Insurance companies has looted 14,500 crores in the name of Fasal Bima Yojana (PMFBY). The government through GST has imposed huge taxes on inputs such as fertilizers farm equipment etc. Under WTO regime the government has withdrawn input subsidies and paid subsidies to finance corporates.

A book on life and work of Krantisingh Nana Patil who was the national president of AIKS from 1950 to 1957 has also published with help of Peoples Publishing House in Presence of Dr Bhalchandra Kango

(Director PPH) and Ramkrushna Panda (AITUC).

AIKS has decided to join hands with other farmers organisations of Sanyukt Kisan Morcha to launch nationwide agitation with the slogan "WTO quit India" on August 09,2024. AIKS will also organising vibrant demonstrations during budget session for a separate Kisan budget on July 24 and 25, 2024. AIKS has also demanded to rollback the drought manual which denies recognising the drought conditions at village level and hiding of crop failure by drought

calamity. Global warming due to emissions from greedy corporates of developed countries has given rise to more and more natural calamities in which farmers & agricultural is ruined. The right and access to natural resources is being sabotaged and surrendered in corporate hands by the Modi Government. The Provisions of RTFCTLAR Act 2013 (Land aquisition act 2013) has been sabotaged and government is taking forceful land acquisition with out proper compensation has been observed in Maharastra and other states. Farmers

will fightback for their rights. It has been decided to form units of AIKS in every village.

AIKS national council elected Rajan Kshirsagar as President and Ravula Venkaiah as general secretary along with total 15 office bearers.

Vice Presidents: Tarasingh Siddhu, P. Sandosh Kumar MP, Masilamani, Ashis Kanungo, Ibobi Singh, Baldev Singh Nihalgarh

Secretaries: Sathyan Mokeri, K.D. Singh, Pashya Padma, Srikumar Mukherji, Rajendra Yadav, Ashok Prasad Singh.



*CPI national secretaries Rama Krushna Panda, Dr. B K Kango along with AIKS national leaders during book release*



**Ravula Venkaiah**  
General secretary



**Rajan Kshirsagar**  
President