Economic Reforms and Backward Communities - A call to Resist BJP and it's Crony Corporates

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Swadeshi Andolan

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Tile	:	*Economic Reforms and Backward Communities - A call to Resist BJP and it's Crony Corporates*
Language	:	*English*
Author	:	*K.V. Biju (Mob : 9871368252)*
First Edition	:	*2024 May*
Copies	:	*1000 Nos*
Cover Design & Type Setting	:	*iMAC Creations, Thrissurs*
Printing	:	
Publisher	:	*Swadeshi Andolan*
Distribution	:	*Swadeshi Andolan*
E-mail	:	*swadeshibiju@rediffmail.com*
Price	:	*Rs. 100/-*

About the Author

K.V. Biju, MA (Economics), LLB, is a 'Swadeshi' activist involved in many agitations like anti-Enron and anti-Coco-Cola movements. He started social work as a campaigner against globalisation in 1991 and became full time activist in 1994. He is the National Convener of Swadeshi Andolan, National Convener of Anti-FTA Committee, National Co-ordinator of Rashtriya Kisan Mahasangh (forum of 136 farmer organisations) and the Convener of Plachimada Anti-Coca-Cola Struggle Committee. He is one of the 18 members who founded Samyukta Kisan Morcha. He observed hunger strike for fifteen days continuously before the Coca Cola Plant in Plachimada, Palakkad district, Kerala. Action Council won the case in Supreme Court. As convener of the Anti-Free Trade Agreement Committee, he is one of the leading campaigners against Indo-European Union Free Trade Agreement (FTA). The first protest against the Indo-EU FTA was organized under his leadership. As per the campaign committee's request government appointed a Parliamentary Standing Committee of Commerce 'On Free Trade Agreement'. He represented Anti-FTA Committee and farmers' group and presented his view before the Parliamentary Standing Committee. He successfully mobilized many organisations' representation to the committee. The Committee could understand the problems very well and it unanimously requested Hon. Prime Minister to stop Free Trade Agreement negotiation with EU. Government stopped the FTA negotiation soon. He initiated the first protest against Indo-ASEAN Free Trade Agreement. He participated in the WTO Ministerial Meeting in Nairobi, Kenya in December 2015 and February 2024 in Abu Dabi. He was one of the key persons to lead protests inside and outside the venue of the Ministerial Meeting in Nairobi. In Abu Dabi he is arrested while distributing memorandum to the delegate. First protest against RCEP FTA was organized in Delhi under his leadership. When the 19th Round of RCEP FTA was held in Hyderabad he participated in the Stake Holders' Consultation and protest. Police arrested him during the protest. He participated in the RCEP Stakeholders Consultation in July, 2018 in Bangkok, Thailand. He addressed the representatives of 16 countries and also distributed notes during the RCEP negotiations. As co-ordinator of Rashtriya Kisan Mahasangh he is one of the key persons to organize the protests in 256 districts all over India. Same as played a role in protests against the Indo-US trade Agreement in more than 200 places.

He organised more than 120 workshops for manufacturing swadeshi products; and more than 6000 women were trained in the manufacturing of bath soap, washing soap, detergent powder, dish wash, bio-enzyme, LED bulbs, umbrella, ornaments and many other village products.

He filed revision petition against Metofluthrin of Sumitomo Chemicals Ltd. (Japanese MNC) and succeeded in ensuring the cancellation of the registration of this dangerous pesticide (Registration Committee awarded the registration again and now the case is pending before the Kerala High Court). He is the first activist to submit the memorandum before the Ministry of Agriculture to review pesticides banned outside India but were sold here. After the formation of the expert committee to review, he filed a case before Delhi High Court praying for the public hearing of the committee. Later Government of India accepted the expert committee's report and banned 22 pesticides out of those 66, till date. Case is pending before Supreme Court. The plea is to ban all the 66 pesticides which underwent review. He filed another case in Supreme Court to ban 18 pesticides which affect children's health. In response to his petition Green Tribunal ordered the manufacturers of pesticides to obtain Environmental Clearance within six months, otherwise close the factories. His revision petition against 'Nativo' of Bayer is pending before the revision authority.

He has authored seven books -'Quit WTO', 'Special Economic Zone - New Native Kingdoms', 'FDI in Retail Trade, 'Kerala Development', 'Stop Free Trade Agreements,' 'RCEP The Dangerous

Free Trade Agreement,' 'Indo-US Trade Agreement - Imperialist Attack on Farmers' Livelihood' and Three agriculture ordinances doubling who's income?. As a resource person of globalization and related issues he wrote more than 200 articles in news papers and periodicals and presented papers before many national seminars. Asia Pacific Coconut Community has published his paper on Globalization and Agriculture.

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Introduction

BJP governments' aggressive push for privatisation, corporatisation and automation – deviously dubbed 'economic reforms' and 'innovation' – is undoing the gains made backward communities in recent decades, and must be resisted at all costs.

'Economic reforms' – it's a catchphrase that India's media pundits have repeated for three decades like a mantra, a sleight of hand meant to suggest that these are but the economic equivalent of 'social reforms,' the celebrated transformative efforts led by the towering figures of modern India, from Jotiba Phule to Sree Narayana Guru.

In reality, they stand for a socially and environmentally disastrous policy package (consisting of Liberalisation, Privatisation and

Globalisation) that was implemented top-down in many countries in the fourth quarter of the 20th century, and in India in early 1990s. This dubious set of policies – dubbed 'neo-liberalism' by critics - has a singular purpose: to facilitate the unrestricted entry of big corporations into every sphere of life, with the state acting as private capital's guarantor, protector and agent of dispossession. In fact, India's 'economic reforms' are not only undoing modern-day labour and human rights protections instituted under the purview of the Indian Constitution, but may even be undermining the hard-won gains achieved by its pre-Independence era social reformers.

Our research study, undertaken on behalf of our organisation Swadeshi Andolan, found that not a single SC or ST person is present on the board of directors of India's top 25 private corporations, while only six from OBC communities are present. Of the total of 270 executives and investors on the boards of directors of these companies, 86 (31%) are Brahmin, 52 are Bania (19%) while other savarnas like Khatris and Kayasthas (12%), middle castes like Patels and Reddys (5%), and a handful of minorities like Jains, Parsis and Muslims make up the rest. (Another notable factor is the relatively high number (38) of foreign citizens, who form 14% of the total; while women number 37, some of whom are foreign citizens).

According to the National Sample Survey Organisation (NSSO) 61st Rounds (2004–05) survey, forward castes account for about 31% of the population based on Schedule 10 of available data. However, our findings reveal an overwhelming savarna dominance of Indian business, who account for more than 90% of these roles if you leave the foreign citizens out. Interestingly, while business in India is widely perceived to be the stronghold of the bania communities, the numbers show that those belonging to the numerically negligible community of Brahmins dominate the top decision-making roles in the country's leading corporations.

Further, the boards of the top 25 corporations are chaired overwhelmingly by savarnas; Brahmins and Banias occupy nine each of these positions, while Khatris occupy four. Of the remaining three positions, two are shared respectively by a Shia Muslim (Wipro), and a foreign citizen (Nayara Energy), while Shiva Nadar of HCL Technologies is the only non-savarna on this list.

Growing disparity

Study after study has confirmed the deeply discriminatory nature of the Indian business and industry, and particularly the world of big corporations. They have also revealed the role of 'economic reforms' in worsening economic inequality and in creating new forms of disparity. One such study, titled *Wealth Ownership and Inequality in India: A Socio-religious Analysis*, was jointly conducted by the Savitribai Phule Pune University (SPPU), Jawaharlal Nehru University and Indian Institute of Dalit Studies from 2015 to 2017, and is based on NSSO data from 1.10 lakh households across various states[1].

According to this study, the savarnas - dubbed 'Hindu High Castes' or HHCs - boast four times more wealth than those classified as

Scheduled Castes (SCs). Moreover, HHCs hold 41% of the total wealth in the country, which is almost double their population size of 22.28%. The next biggest slice of the wealth pie is cornered by Hindu Other Backward Classes (HOBCs) at close to 31%, a little less than their population size (35.66%). Muslims own 8% of the country's total assets while their share of households stands at nearly 12%. And, as expected, SCs and STs own a substantially less share of assets (11.3% combined) as compared to their population (over 27%).

Another comprehensive research study published in the *Economic & Political Weekly* in 2012 found that "The average board size of the top 1,000 companies in India was found to be nine members; nearly 88% of them were insiders and 12% were independent directors. The distribution of board members according to caste shows that nearly 93% were forward caste members; 46% Vaishya and 44% Brahmin. The OBCs and SCs /STs were a meagre 3.8% and 3.5% respectively[2].

These numbers are a stark illustration of the fact that highest echelons of corporate India lack even a semblance of diversity and equality, and is essentially a savarna club; indeed, a savarna men's club at that. Our findings show that very little has changed in the caste constitution of India's economic hierarchy in the decade since this study was conducted. In fact, the higher you go up that hierarchy - the top 25 corporations as opposed to the top 1000 – the greater the concentration of corporate power in savarna hands.

Given the fact that backward communities comprise the overwhelming majority of India's population, this extremely skewed representation reveals a systematic bias in the corporate world, where the board of directors are the highest decision makers. Since reservation is mandatory only for government jobs, these findings are an indicator of the fate that awaits backward communities if they allow the BJP governments to go ahead with its policy of privatising and corporatising every sector of the India economy including agriculture, where the overwhelming majority of the backward communities are employed.

1. (https://journals.sagepub.com/doi/full/10.1177/2394481118808107).

2. (https://www.epw.in/journal/2012/32/insight/corporate-boards-india.html).

Privatisation peril

The present government has announced a series of moves for privatisation of Public Sector Undertakings (PSUs). Given the excessively corporate-friendly attitude of this government – which has become obvious on many fronts – it's safe to say that its privatisation drive is essentially a euphemism for the wholesale transfer of publicly owned assets to private hands for a pittance.

The PSUs have historically played a stellar role in nation building, and social and economic development of the country, but now more than 25 of them are in line for privatisation. These include such high profile firms as Bharat Petroleum Corporation Ltd (BPCL), Bharat Earth Movers Limited (BEML), the steel plants of Steel Authority of

India Limited (SAIL), National Mineral Development Corporation (NMDC), Indian Medicine & Pharmaceuticals Corporation Ltd. (IMPCL), Shipping Corporation of India (SCI), Container Corporation of India (CONCOR) and Neelachal Ispat Nigam Ltd (NINL), apart from the iconic Indian Railways. Not only companies, but essential services like water supply and health services too have been proposed to be privatised. The 2020-21 Union Budget has suggested private participation (PPP) even in district hospitals.

Under the Modi government, even the behemoth that is Indian Railways, one of the biggest job providers in the world with over 13 lakh employees, is under risk of privatisation, but carried out by stealth. These includes an increasingly bigger role for private players in the non-fare revenue segment, leasing out its vast pool of vacant land and, most importantly, opening doors for Public Private Partnership (PPP) for its trains and stations. These moves have come in the wake of a 2015 report drafted by a committee led by then Niti Aayog member Bibek Debroy, which called for a complete overhaul of the Indian Railways, making an economic case for privatisation.

In a recent report to the UN general assembly, the Special Rapporteur on extreme poverty and human rights, Philip Alston stated that "Widespread privatisation of public goods is systematically eliminating human rights protections and further marginalising the interests of low income earners and those living in poverty." Experiences of other countries show that left unchecked, privatisation eventually spreads to social protection and welfare services, school education, pension systems, parks and libraries, policing, criminal justice and the military sector, leading to extremely harmful consequences for the public, and especially for those already disadvantaged.

In India, privatisation holds serious implications for the future of SCs, STs and Other Backward Communities, who stand to lose most from such policies. Privatisation marginalises low income earners, the majority of whom in India are from backward communities. The reservation policies implemented by PSUs and public services played a big role in creating employment opportunities for the backward communities and facilitated their economic and social development. When these are privatised, these opportunities are lost permanently, undoing the progress made by these communities in recent decades. It also implies that the educated youth in these communities will permanently lose any opportunity to get high status and high income jobs that have helped their communities advance in recent times.

Corporatisation as exclusion

After Independence, backward communities got reservation in education and in government services, which also helped them start enterprises, especially in agriculture and retail trade, apart from small scale industries. Many OBCs and SCs started such ventures, and have demonstrated themselves capable of thriving in industry. And because they would often employ people from their own community in these firms, this helped their communities as a whole to progress.

The A.B. Vajpayee-led NDA government had initiated the de-reservation of many small scale industries. These policies opened up these sectors for big corporations, most of who are run by savarnas, and which therefore invariably employ upper caste staff at higher salaries. In fact, these policies have already led to the closure of many small scale industries run by entrepreneurs from backward communities.

Impact of Accelerating Inequality

According to Oxfam India's latest report, titled *Survival of the Richest: The Indian Story*, "The top one percent of wealthy people in India owned more than 40% of the total wealth created in the country from 2012 to 2021, while only 3% of the wealth has gone to the bottom 50%." The report further details how, during the Covid-19 pandemic period, starting from the first lockdown in March 2020 to November 2022, billionaires in India have seen their wealth surge by 121% or Rs 3608 crore *per day*. While the Indian rich have done extremely well for themselves during the pandemic, the number of hungry Indians increased from 19 crore to 35 crore in the same period.

In March, 2024, the Paris-based World Inequality Lab released a paper on the state of inequality in India. Titled, *Income and Wealth Inequality in India, 1922-2023: The Rise of the Billionaire Raj*, it has found on analysing data between 1922 and 2022 (a century of data on incomes and wealth), that "By 2022-23, top 1% income and wealth shares (22.6% and 40.1%) are at their highest historical levels and India's top 1% income share is among the very highest in the world, higher than even South Africa, Brazil and US." It finds that while inequality has been rising sharply in India since the 1980s, "between 2014-15 and 2022-23, the rise of top-end inequality has been particularly pronounced in terms of wealth concentration." Based on historical data, the paper concludes that "the 'billionaire raj' is now more unequal than the British colonial raj"[1].

These reports on the increasingly dire nature of income disparity in India highlight an unmistakable fact: the combination of corporatization and crony capitalism has made India's super rich more richer than ever, while proving fatal for the Indian poor, who have been pushed deeper into the morass of unemployment, malnutrition and hunger. What the report is too shy to say is that in India, 'the poor' is but a euphemism for backward castes, dalits and adivasis, while the rich, whether they hold inherited wealth or are beneficiaries of the windfalls from corporatization and cronyism, are invariably savarnas. The Oxfam and World Inequality Lab reports, in other words, merely state in cold print the harsh reality of discrimination and exclusion that India's backward communities live with on a day to day basis.

1. https://thewire.in/uncategorised/indias-inequality-at-historic-high-wealth-concentration-shot-up-sharpest-between-2014-5-and-2022-3

Impact of indirect taxes

Addressing poverty and economic inequality is paramount for the sustainable growth and development of any nation. These issues lie at the heart of societal well-being, affecting not only individuals and families but also the overall economic prosperity and stability of a country. The urgency of tackling these challenges has been heightened in the wake of the global COVID-19 pandemic.

The pandemic has inflicted widespread devastation, amplifying the pre-existing disparities within societies. Low-income households have borne the brunt of the crisis, facing disproportionate barriers to accessing essential services such as healthcare and education. Economic downturns resulting from the pandemic have exacerbated poverty levels, pushing vulnerable populations further into financial hardship.

To foster inclusive growth and resilience, it is imperative to prioritize initiatives that uplift marginalized communities and narrow the gap between the rich and the poor. Investing in social safety nets, such as robust healthcare systems and education programs, can help mitigate the adverse impacts of economic inequality. Moreover, implementing policies that promote equitable distribution of resources and opportunities can foster a more conducive environment for sustainable development.

By addressing poverty and economic inequality, nations can unlock the full potential of their human capital and drive productivity gains. A more equitable society not only benefits individuals by improving their quality of life but also creates a conducive environment for entrepreneurship, innovation, and long-term economic prosperity.

The Inclusive Development Index (2021) of the World Economic Forum placed India in the 62nd position out of 74 emerging economies. India fell behind neighbours such as Nepal (22), Bangladesh (34) and Sri Lanka (40); among the neighbours, only Pakistan (74) and among the BRICS nations only South Africa (69) ranked lower than India. The report looked at economic growth, development and social indicators that measured a country's potential to contribute simultaneously to higher growth and wider social participation so as to make that growth process more inclusive.

The same report estimated that tax policies can play a pivotal role in addressing inequality by supporting equitable distribution and raising resources to finance public expenditure on essential services. Taxes, after all, are any government's major source of revenue. In the Indian context in 2022-23, a total of Rs 19.34 lakh crore, constituting 88 per cent of the government's total revenue, was estimated to come from taxes. In 2019, the Central Government reduced the corporate tax slabs from 30 per cent to 22 per cent, with newly incorporated companies (start-ups) paying an even lower percentage (15 per cent). These tax cuts resulted in corporate tax collections declining by approximately 16 per cent in their first year[1].

Over the last two years, this new taxation policy resulted in a total loss of Rs 1.84 lakh crore and had a significant role in the 10 per cent downward revision of tax revenue estimates in 2019-20. In fact, corporate tax collections in 2020-21 fell to levels below 2016-17 and were 82 per cent of the collections in 2019-20 and 68 per cent of the collections in 2018-19. Here, it should be noted that the world over, national governments have been changing their tax systems to suit private corporations and investors. In just about every country, corporate income tax rates are falling while indirect taxes targeting consumers are increasing.

Data from June 2020 shows that not only did companies fail to reinvest their profits, but also the loss in revenue was much more drastic than anticipated. The tax cuts could be seen as a mistimed policy, seeking to increase supply at a time India faced a rapidly worsening demand. It is argued that "the corporate tax cut attempted to… boost supply – the exact opposite of what was required… Even before the Covid pandemic, corporations simply pocketed the tax relief – estimated to be anywhere between Rs 1.5 lakh crore to Rs 2 lakh crore – and used it to either pay off their debts or boost their profits, without even a single penny rise in net investment[2] .

Incredibly, these windfall tax gains were granted to corporations at a time they were reporting record profits: a 70 per cent increase in 2021-22 compared to the previous year, while 84 per cent of households saw a decline in their income. To increase revenue following the shortfall, the Union Government adopted a policy of hiking GST rates while simultaneously cutting down on exemptions. The increase in GST rates was expected to generate additional revenue of more than Rs 15,000 crores a year. Simultaneously, the state also sought to maximize its revenue from fuel at a time when the price of oil fell to record lows (Rs 1,722 per barrel in April 2020). This was done through constant hikes in the excise duties on diesel and petrol, which in April 2020, the government had hoped, would have generated an additional Rs 39,000 crore.

Due to further such hikes, the excise duty collections of the central government exceeded pre-Covid collections by 79 per cent (Rs 3.89 lakh crore in 2020-21, compared to Rs 2.39 lakh crore in 2019-20 (Page 16, Survival of the Richest: The Indian Story, Oxfam, 2023). Between 2014-15 and 2021-22, the excise duties on petrol increased by 194 per cent, while the excise duties on diesel were hiked by 512 per cent. In October 2021, PRS Legislative Research reported that taxes made up 54 per cent of the price of petrol (of which 31 per cent were central excise duties and 23 per cent were States' Sales Tax/VAT or Value Added Tax). For diesel, taxes comprised 49 per cent of the retail price (of which 34 per cent were central excise duties and 15 per cent were States' Sales Tax/VAT).

Notably, the indirect nature of both the GST and fuel taxes make them regressive, which invariably burdens the most marginalized. Given the rising prices of crude oil and relatively constant excise duty hikes, the average consumer has been made to pay an increasingly larger amount of their household income on fuel, and on essential commodities[3]. It reduced their ability to purchase other goods and services, thereby increasing their financial burden.

1. Page 20, Survival of the Richest: The Indian Story, Oxfam, 2023

2. Page 15, Survival of the Richest: The Indian Story, Oxfam, 2023

3. Page 16, Survival of the Richest: The Indian Story, Oxfam, 2023

Unequal impact of inflation

According to the Ministry of Statistics and Program Implementation, food inflation in India (as of September 2022) stood at 8.6% (over September 2021). Though this declined slightly in October 2022, but 9.5 in December 2023, all these years it remains higher than 7%. Food inflation has increased the financial burden on the most vulnerable, leading to higher expenditure on food essentials. Notably, food inflation was higher than non-food inflation during the same period. As a consequence of the uninterrupted inflationary trend, especially in food, we risk pushing our most vulnerable populace further into what Guy Standing, a British labour economist, has referred to as the "Precariat." The exploitation of the marginalized and the subsequent exacerbation of inequalities cannot be simply seen as a product of a widening gap between the incomes of the wealthiest and poorest. However, these inequalities are only reinforced by the disproportionate impact inflation has on the marginalized, compared to its burden on the wealthy[1].

The impact of inflation on the margins of society directly threatens the most vulnerable communities, who face the prospect of deepening inequalities and reduced life choices and chances. For instance, the Sahariya tribe of Madhya Pradesh, already plagued with chronic malnutrition, are made extremely vulnerable due to consistent price rises in commodities[2]. A study by the Asian Development Bank posits that a 1 per cent increase in food inflation in developing countries leads to a 0.5 per cent increase in undernourishment and a 0.3 per cent increase in both infant and child mortality rates. The World Bank finds that one fourth of the Indian population, who fall in the lowest income quartile, spends more than 53 per cent of its earnings on food, compared to less than 12 per cent for the wealthiest quartile. For one fifth of the population, who fall under the lowest income quintile, expenditure on housing, health, and education stood at 5.62 per cent, 4.59 per cent, and 2.15 per cent (of their income), respectively[3], revealing how the overwhelming bulk of their meager incomes are spent on procuring basic necessities.

Due to the financial pressures exerted by food inflation, the poor will be impelled to reduce their already low expenditure on health, education, clothing, and shelter. This would likely precipitate a standard of living crisis, with prices pushing essential commodities and services further and further out of the hands of the poorest sections[4].

While urban India evidenced a 7.27% inflation in September 2022, the figure for rural India stood at 7.56%. Though overall inflation declined in October, the gap between rural and urban inflation only widened, reaching nearly 2.5 times the gap in September 2022. Notably, the calculation for urban inflation places a 22% weightage on the category of "housing", compared to 0% in the estimate for rural inflation. Furthermore, the weightage for "food products" in the inflation calculation is nearly double in rural India compared to urban India. This reflects how food inflation in rural India has primarily driven the average increase in prices of commodities. Due to a more significant incidence of poverty in absolute and proportional terms, urban-rural inflation inequality risks further exacerbating existing inequalities.

1. *Page 17, Survival of the Richest: The Indian Story, Oxfam, 2023.*

2. *Ibid.*

3. *Ibid.*

4. *Ibid.*

Growing poverty, hunger and malnutrition

The impact of inflation must also be contextualized within existing social conditions. The World Bank reports that, in 2019, the poverty rate in rural India stood at 11.6 per cent compared to 6.3 per cent for urban areas. According to the recently published Global Multidimensional Poverty Index 2021 published by UNDP, five out of six multi-dimensionally poor people in India live in households whose head is from a Scheduled Tribe (ST), a Scheduled Caste (SC), or Other Backward Class (OBC). The ST group – also known as Adivasis – is the poorest. Overall, half of India's tribal people, or 65 out of a population of 129 million, live in multidimensional poverty. The estimate of the same for for Dalits is 94 million, out of a total population of 283 million.

One of the most grievous impacts of growing poverty and inflation is on the nutritional levels of people, especially that of children. In March 2024, a study conducted by population health researcher S.V. Subramanian from Harvard University and his colleagues, and published in *JAMA Network Open*, a peer-reviewed journal, revealed some shocking findings about the nutritional status of children among India's most vulnerable groups.

The study, which used data from the Union health ministry's national family health survey for 2019-2021, found that India's prevalence of so-called "zero-food" children – ie, infants or toddlers aged between six months and 24 months who have not received any milk or solid or semisolid food over a 24-hour period, as assessed through snapshot surveys – was comparable to the prevalence rates in the west African nations of Guinea, Benin, Liberia and Mali, which typically have had the worst records in nutritional status of children. India's prevalence of zero-food children stood at 19.3 per cent, numbering about 67 lakh children, the third highest after Guinea's 21.8 per cent and Mali's 20.5 per cent. The corresponding figures are much lower in Bangladesh (5.6 per cent), Pakistan (9.2 per cent), DR Congo (7.4 per cent), Nigeria (8.8 per cent) and Ethiopia (14.8 per cent).

As an analysis of the study by *The Quint* pointed out, malnutrition in India, especially in children, is an issue that has been highlighted time and time again. Answering a question in the Rajya Sabha in May 2023, Union Minister Smriti Irani had said that according to data from the government's Poshan Tracker, there were more than 14 lakh 'severely malnourished children' in India.

Health researcher Dr Anant Bhan told The Quint, "This is an age during which the child undergoes a lot of development that has significant health outcomes throughout their life. At this time, they need good quality nutrition for growth. If they're devoid of that, it will have an impact on not just them, but their family and communities too, in many ways." Dr Bhan goes on to add that several other inferences can be made from this data, indirectly. He says: The data might be able to show that the parents and primary caregivers of these children might be struggling with food access and food scarcity too – since most families prioritise the nutrition of children.

Here, it is important to note that nutrition, including child nutrition, in India has clear linkages to caste and class status. For example, a 2015 study by National Institute of Nutrition found that 32-33% of scheduled caste/tribe boys under five years of age are underweight, compared to 21% in the general population. The study found that social exclusion prevents backward communities, particularly scheduled caste and scheduled tribes from accessing government health services and programmes and this worsens their health and nutritional status[1].

1. https://www.telegraphindia.com/india/indias-zero-food-children-shame-6-7m-kids-have-nothing-to-eat-for-entire-day/cid/2004741

https://www.hindustantimes.com/india-news/caste-father-s-education-sanitation-affect-child-malnutrition-says-new-study/story-tHWiXrb9IZsxe0CeKBUfJN.html

Road Privatization and inflation

The impacts of inflation are often indirect, and therefore invisible. Take the case of the privatization of the Indian highway system which was initiated by the government as part of economic reforms. All over India, new roads are being built by private corporate houses. Almost every such instance is plagued by allegations of the cost of the construction being inflated. The promoters loot the public at both ends: first, by inflating the project costs way above the actual costs, and then by charging high toll fees for an indefinite period, supposedly to recover these costs.

Most people think that these charges only affect those who own private cars, who can afford it, and not the poor and marginalized. This is not so; high toll charges extracted from carrier transport vehicles directly contribute to transportation costs of goods, leading to an increase in prices, thus adding to the burden of already high living costs. A primary study conducted by Swadeshi Andolan showed that almost 15 to 20 percent of the increase in transportation is due to high toll charges alone.

Impacts Trade policy

The NDA government's recent customs duty reduction is a good example, and also of how these perks for big corporations are tied to Free Trade agreements – one of the biggest avenues of corporate facilitation. Even as all the farmers unions and trade unions have strongly opposed free trade agreements, the NDA government has signed several free trade agreements and is presently in the process of negotiating seven new agreements.

Another method of corporate facilitation is import duty reduction, which is especially rampant in relation to agricultural produce. In September, 2022, the Central government reduced the import duty on crude palm oil and soyabean oil drastically to 5.5%, on refined palm oil and soyabean oil to 12.5%. This import duty reduction extended till March 31, 2024. During this period, there has been a notable increase in edible oil imports. From November 2022 to April 2023, edible oil imports rose by 22.32% to reach 8.00 million metric tons, compared to 6.54 million metric tons imported during the same period last year. Meanwhile, the farmers' gate price of all edible oil nuts has been falling steadily in India; there has been a 10% reduction for mustard, 15 % for soyabean and 30% for coconut. As a result, coconut prices have been slashed by up to 50 % in some areas of south India. The main reason for the current price decline is the import duty reduction and consequent increase in imports, which means lower gate price for farmers. The biggest beneficiary of the NDA government's import duty reduction policy has been the Adani Group, which is also the biggest importer of crude palm oil, crude sunflower oil, and soyabean oil.

The reduction in import duty by the government to facilitate greater corporate profits, also extends to other goods. On September 13, 2016, the government of India reduced the import duty of wheat to 10 percent; and on 9th December the same year, the government removed the import duty of wheat altogether. Following this move, wheat imports climbed to a record level of 5.9 million tonnes in 2016 -17. The primary beneficiaries of this reduction in import duty for wheat were companies like ITC, Cargill and Adani, who are the biggest sellers of branded wheat flour or atta.

As per the Indo-Malaysia Free Trade Agreement, India reduced the import duty on crude palm oil from 44% to 40%, and on purified palm oil from 54% to 45%. As a result, from January to June 30, 2019, Malaysian imports of purified palm oil increased by 516 percent! Beneficiary of these import is the biggest importer Adani group!

During 2019-20, India had allowed imports of 1 lakh tonnes of maize under the tariff rate quota (TRQ) system. In 2020-21, India allowed 5 lakhs tonnes of maize under TRQ.

Horticultural produce is also similarly affected by import duty reductions. On July 19, 2023, the Central government reduced the import duty of apples from the United States from 70% to 50%. The import duty on apples from Iran and Turkey is 50%. In comparison, US apples are cheaper, owing to the high subsidies received by American apple farmers. This duty reduction will give an unfair advantage to American apples over other apple exporting nations, while also seriously affecting apple farmers in India.

In sum, import duty reductions calculated to benefit big corporations in India as well as big exporters abroad, is a form of systematic betrayal and cruelty by the government towards India's farmers, which is deeply damaging the agricultural sector and agriculture related industries. It is important to note here that that this is a sector where many enterprises are run by those belonging to backward communities. Equally important is the fact that any crisis in the agriculture sector directly hits the backward communities first, because they form the large percentage of labourers engaged in agricultural activity.

Impacts of fiscal policy

In 2020-21, the projected revenue foregone of the government in the form of incentives and tax exemptions to corporates was Rs 1,03,285 crore. In comparison, revenue foregone in 2014-15 was Rs 65,067 cr, in 2015-16 it was Rs 76,857 cr, and in 2018-19, 108,785 cr. A major item under the revenue foregone was custom duty reduction. During the time of the UPA government, the revenue foregone in 2012 -13 financial year was Rs 5,33,582 cr, of which customs duty exemptions amounted to Rs 2,36,852 crore. In the financial year 2013-2014, these figures were Rs 5,73,626 cr and Rs 2,53,967 cr respectively.

However, we see a drastic change in these numbers under the NDA government. The NDA's 2023-24 budget document pegs revenue foregone on account of basic customs duty in 2021-22 at Rs 3,66,345 cr, and in 2022-23 at Rs 3,89,849 cr. In other words, there is a jump of more than rupees one lakh crore in customs duty exemptions under the NDA when compared to the UPA. What this amounts to is corporate facilitation, where benefits accrue to private corporations at the expense of the public.

On August 8, 2023, in response to question on the floor, the minister of state for Finance Bhagwat Karad told the parliament that the government had adjusted NPAs of large industries worth Rs 7,40,968 cr during the period from April 1, 2014 to March 31, 2023. These large defaults by corporate borrowers largely go unnoticed, but also because each year, the Modi government has been infusing large amounts of government funds into the banking sytem to recapitalize the banks, so as to compensate for the impaired banking assets resulting from NPAs.

It is not a coincidence that the beneficiaries of this government largesse are a handful of upper caste, upper class businessmen and investors. If such a liberal policy was extended to the agriculture sector, and farmers' loans were to be waived, it would have provided some much needed relief to the backward communities who constitute the majority of India's farming population. Yet, despite a longstanding demand and protests, such a move has not been forthcoming.

It is clear that the present fiscal policy and trade policy are designed to exclusively benefit corporate houses. But their combined impact is such that it creates fiscal deficit and worsens inflation, both of which affect the backward communities most. Even as the NDA government forfeits more and more tax revenue in the form of reduction of import duties etc, it similarly curtails social sector spending, which again affects the backward communities most, these communities being the biggest beneficiaries of social sector spending.

Ironically, the lower income groups are taxed disproportionately higher in India than higher income groups. Approximately 64% of the total Rs 14.83 lakh cr collected as GST came from the bottom 50% of the population in 2021-22, while 33% of GST was from the middle 40% and only 3% of GST from the top 10%, according to the Oxfam report. The bottom 50% of the population pays six times more on indirect taxes as a percentage of income compared to the top 10%[1].

Who constitutes the bottom layer of the population in India but the backward communities? The present situation is reminiscent of the atrocious tax policies of the erstwhile kingdom of Travancore which fell in the southern part of present day Kerala, in the 19th century. To increase state revenues, the king imposed what was known as ‘Thalakkaram’ (literally, head tax) and ‘Mulakkaram’ (breast tax) exclusively on men and women of the already heavily exploited backward communities.

1. Page 19, Survival of the Richest: The Indian Story, Oxfam, 2023.

Impacts of corporatisation of agriculture and retail trade

World agriculture and the global food chain is now under the control of a handful of big corporations, effectively forming a global corporate oligopoly. This did not happen overnight. Some 25 years back, world agriculture was already being controlled by around 10 dominant corporations in each sub-sector. Today, they are further concentrated into the hands of just four to six firms, which accounting for the more than 40% of each sub-sector.

For instance, the top two companies control 40% of the seed market, while the top six companies control 58% of the same. The top four firms control 62% of the pesticide market. Arising from merger of two top companies in the fertilizer sector, Nutrien is now the largest fertilizer company producing 25% of potash, and has become the third largest producer of nitrogen. The top ten companies account for 40% of the chemical fertilizers market. The only reason that control appears relatively less concentrated in fertilizers is because in many countries state owned enterprises are still active in this sector.

In agriculture commodity trading, the US company Cargill is number one, while the Chines state-owned COFCO Corp is the second largest and Archer Daniels Midland (ADM) the third largest company respectively. Ten companies account for 40% of the business in this sector. Again, in agricultural trading also state owned enterprises continue to play an important role, thus limiting the power of these giant corporations. The top 10 grocery retailers control 11% global consumer spending on groceries, of which, Walmart alone accounts for almost one third. This concentration stifles competition. The effects were visible for all during the time of the pandemic,a s well as in instances of conflict-led inflation, where these corporations were found to have profited more than any other time in their history.

When the government allowed 100% FDI in agriculture and food processing, many of our food processing companies were taken over by multinational companies. In 2017, The government approved three foreign direct investment proposals in food retail, including that of e-commerce major Amazon. The government has allowed 100% FDI in food retail, making way for companies such as Amazon to sell food items on online and offline platforms. Already, the US firms KFC, Pizza Hut, and Subway have entered this sector and started food retailing in

India. Walmart-owned Flipkart has also applied to get permission for food retailing. All this will seriously affect small and medium retail traders. The government argues that this move will bring more investment and lead to the development of more processing industries, cold storages, warehousing and retail infrastructure. What they fail to mention is that this will also lead to the corporate takeover of Indian agriculture.

Before Modi became the prime minister, sections of the BJP and the Sangh parivar used to oppose FDI in retail trade. In 2009, a parliamentary standing committee led by Prof. Murali Manohar Joshi recommended that corporate players whether it is Indian or multinational should be disallowed from entering the retail trade, arguing that the corporatisation of the retail trade will in turn lead to the corporatisation of Indian agriculture as a whole. The committee feared that this process would expel large number small retail traders and farmers from the economic system. However, after Narendra Modi came to power, the BJP seems to have reversed their stance, and the new dispensation seems hell bent on promoting corporatisation in retail trade and agriculture despite the stiff resistance put up by farmers organisations.

Most of these corporate giants have entered India and the corporatization of agriculture and retail trade is well underway in the country. The entry of corporate monopolies into wholesale and retail trade and into the import of agricultural produce is causing monopolistic corporatization of agriculture and retail trade. At present, the top position in agriculture commodity and retail trade is occupied by crony capitalist Indian firms, many of whom have partnered with global agribusiness.

The Adani Group, for example, is the biggest importer and wholesale trader of agricultural products in India. Reliance Retail is the biggest in retail business in India with more than 16,000 stores, and also the largest in terms of revenue. It was mostly to benefit these two corporations, as well as others like them, that the Modi government sought to amend The Essential Commodities Act and to introduce two other anti-farmer black laws (now withdrawn). Time and again, the Union Government has reduced import duties of several agricultural products to benefit Adani and Ambani, causing a lot of harm to the people engaged in agriculture. If these sectors are corporatized, then most of the enterprises started by backward communities in these sectors will perish, severely impacting the members of these communities who derive their income and employment from them.

The government of India now negotiates Free Trade Agreements and implements policies, such as a reduction in import duties, so as to benefit these very same corporate entities who dominate these sectors. That these imports reduce the gate prices for farmers, and therefore has a devastating effect on them, seems to be no one's concern. With government support, these corporations are now taking up dominant positions in warehousing, communication, logistics, energy, and infrastructure leading to complete end-to-end control of the economy.

This is the reason our agitation aims to boycott Indian oligarchs such as Adani and Ambani, apart from boycotting the foreign digital retail and digital agriculture corporations. It must be remembered that it is the sectors of agriculture and retail trade that provide the highest number of employment opportunities in India, including a large proportion of self-employment, especially in the bottom layers of the economy. Earnings from these sectors further percolate to other groups in the lower layers of the economy.

The deep structural changes that are beginning to take place in these sectors will therefore have a devastating effect on lower ends of the economy, and consequently on those sections of Indian society that are already among the most marginalised. Digitalisation of both these employment intensive sectors is further creating huge monopolies, deskilling, dependencies, and loss of livelihoods. It will eliminate small farmers and retail traders, while creating reduced choices and higher prices for consumers as well. The combined effects of these policies could eventually lead to mass unemployment, with massive cascading effects which could prove suicidal for the Indian economy and especially impoverished and socially disadvantaged majority.

The threat of automation

As our survey has revealed, the world of big corporations is almost exclusively controlled by the upper castes. The few backward community members who enter this world must be content with lower grade and blue collar jobs. To make matters worse, increasing levels of automation – a policy embraced by the present government on behalf of big corporations - is threatening to wipe out not just jobs, but whole industries. According to a World Bank research paper, "Automation threatens 69 per cent of the jobs in India, and 77 per cent in China".

The prime vehicle for implementing automation in India is the Samarth Udyog Bharat 4.0 (Smart Advanced Manufacturing and Rapid Transformation Hubs) under the Department of Heavy Industries.

Initiatives such as NMP, Make in India, Digital India and now, the Atmanirbhar Bharat Abhiyaan, add up to a wide-ranging and comprehensive policy framework and fiscal plan being put in place by the Centre for enabling automation, which also follows a PPP (Public Private Partnership) model.

A 2017 McKinsey study found that "50% of current work activities are technically automatable by adapting currently demonstrable technologies." The study estimates that between 400 million and 800 million jobs could be displaced by automation by 2030. It further states that India's labour force is expected to grow by 30% or 138 million people by 2030, and the country can accommodate them only by creating enough jobs to offset the effects of automation.

A 2018 Federation of Indian Chambers of Commerce (FICCI) report on the future of jobs in India, modelled on the WEF reports, found that 20-35% jobs in the IT/BPM sector "will face an existential threat to their jobs" by 2022. Figures for other sectors are as follows: Automotive (10-15%), Textiles (15-20%), Banking & Financial Services (20-25%) and Retail (15-20%).

Lists of jobs that could disappear entirely due to automation in the next ten years feature not only predictable ones such as manufacturing workers, cashiers and bank tellers, but also telemarketers, stock traders and travel agents. More surprisingly, construction workers and waiters, and even traditional occupations such as farmers and soldiers, too are among those endangered.

Automation threatens even those areas where backward communities have recently found employment, such as industrial manufacturing, and the lower ends of the service/knowledge economy. As for those sectors where automation poses no significant threat, the government's new labour code ensures that workers will be reduced to the status of slaves anyway. The Modi government's policies to promote drone-assisted farming and the corporatisation of food production indicates that even agriculture, where the overwhelming majority of backward communities find employment, will not be immune to automation-induced unemployment.

The consequences of such rapid scaling up of automation are unthinkable, especially given the massive loss of jobs globally in the post-lockdown scenario, and all the more so in India's case. In 2017-18, the National Sample Survey Office's periodic labour force survey (PLFS) report revealed that the Indian economy was already in deep trouble, with the country's unemployment rate at its worst ever in 45 years. The findings were deemed so damaging that the Centre did not release the report, forcing two expert members of the National Statistical Commission to resign.

It was in this already bleak situation that the government implemented the national lockdown, which had a catastrophic effect on the economy. The Centre for Monitoring Indian Economy estimated that a staggering 14 crore people were rendered jobless by the national lockdown implemented in March 2020. Joblessness remains at record-breaking levels in India.

The debate around automation is particularly crucial for India, expected to be the world's most populous country as early as 2027. Why then is the Modi government, whose record on employment in the pre-lockdown period was already abysmal, actively promoting automation in the post-lockdown scenario? And that too in the middle of record joblessness? Indeed, how wise is it for a demographically booming India to blindly embrace a technological shift conceived by highly industrialised nations with declining populations? These are questions every Indian should ask, and before it's too late.

Electoral bonds show the emperor has no clothes

The Modi government's thoughtless and aggressive push for automation in the middle of a jobs crisis is but one more instance of how the financial muscle of corporate entities, both domestic and foreign, have started to dictate the policies and plans of the Indian government to an unprecedented degree. Their total domination over almost every sector of the economy has led to a situation where the people of India now exist, in effect, to vote for the BJP and to create profits for their cronies.

The illegal practices and profiteering of these corporate entities have now started to become public, especially with the Central government forced to disclose details of electoral bonds under pressure from the

Supreme Court. They have clearly demonstrated how Narendra Modi's BJP, which came to power promising to wipe out corruption at all levels, has been the biggest beneficiary of corporate-led corruption in today's India.

Leading corporations across all sectors of the Indian economy have been revealed to have purchased electoral bonds worth hundreds of crores, with the overwhelming majority of the donations, worth more than Rs 8,000 crores, going to the ruling BJP. Some of the biggest donors, such as Megha Engineering, Keventer Agro and Reliance (via an alleged subsidiary called Qwik Supply Chain) are known to be close to the ruling dispensation. Observers have pointed out how many of these donations seem to be made in return for favours granted by the government in the form of contracts and exemptions, amounting to hundreds of thousands of crores.

According to the civil society activists who approached the Supreme Court to expose the scheme, "The electoral bonds represented a "racket" of extortion, quid pro quo and rule-bending that mostly favoured the BJP. The BJP was the biggest beneficiary of electoral bonds paid by loss-making companies and certain corporate groups that made donations after being raided by central investigating agencies. Several companies bagged huge government contracts after donating via electoral bonds, which allowed donors and recipients to remain anonymous."

Farmers and workers agitation is an existential struggle of backward communities

The growing trends of privatisation, corporatisation and automation, implemented by an openly corrupt government in league with crony capitalists, poses a systematic and existential threat to the Indian population, especially its majority formed by backward communities.

All three policies directly threaten the welfare and the future of backward communities. Privatisation ensures that backward communities have fewer and fewer opportunities for relatively secure employment that are presently guaranteed to them in the form of reservations in government jobs, including PSUs. Corporatisation ensures that the small and medium industries, especially those related to agriculture and retail trade, where a large number of backward community members are proprietors and employees, are systematically destroyed and taken over by savarna-led big corporations. Automation, on its part, ensures that employment itself is minimised, bringing windfall profits to savarna-helmed big corporations while stealing jobs from the informal sector and small industries, where the overwhelming majority of backward communities find employment.

For backward communities, these trends sound a clear warning. In simple terms, privatisation means more corporatisation, which is now subject to greater automation and destruction of small scale businesses and trades, which in turn means increased job loss and greater profits for the corporations who benefit from these processes. The Modi government's policies therefore herald the coming of an unprecedented catastrophe that threatens to wipe out not only the Constitutional rights and protections guaranteed to backward communities in the post-Independence era, but also the deeper-rooted socioeconomic gains made by them due to the changes ushered in by pre-Independence era social reform movements.

After three decades of 'economic reforms,' it's clear who has gained from these policies and who has lost. The governments in power have consistently brought in tax regimes, fiscal measures and policies such as land acquisition laws designed to favour the savarna-dominated corporate world, while the backward communities are crushed under the weight of these policies, or are locked into desperate struggles to protect their land and livelihoods from being stolen by these polices. It is time those community organisations, various Left groups and Gandhian organisations who lead popular struggles take stock of these policies and their impacts, and combine forces to effectively mobilise against them.

It may be recalled that Sree Narayana Guru of Kerala, the spiritual teacher who was also one of the most influential social reformers in the state's and the nation's history, took the initiative to collect funds from the community so that enterprising members of the backward communities could start their own ventures. This initiative helped tremendously in enabling the social and economic progress made by these communities in the state in the second half of the 20th century.

Similarly, three decades ago, the legendary Karnataka farmer leader late Prof. Nanjunda Swamy brought together farmers and retail traders and backward communities, to initiate a powerful campaign and direct action against multinational giants such as Cargill, KFC, Coca-Cola, Monsanto etc. He opposed any kind of monopolistic corporatisation in agriculture and retail food sectors. Agriculture and retail trade is the mainstay of India's rural economy, and the chief source of income for its backward communities.

The time is now ripe to launch an all-out resistance against corporate monopolization, especially in agriculture and retail trade, a campaign that can start by strengthening ongoing farmers' agitation in the national capital region. All farmers, traders and workers, and backward communities must come together to push back against corporatisation as represented by the likes of Adani, Reliance, Amazon, Flipkart, Cargill and other big corporations. They must also call to account the BJP whose patronage via electoral bonds and other means have allowed these corporations to flourish at the cost of the ordinary Indian worker and farmer.

Today, backward communties must take inspiration from the likes of Sree Narayana Guru and Prof. Nanjunda Swamy to undertake a campaign that will resist these anti-farmer, anti-worker, anti-backward community policies of the Central government.

It is time all backward communities come together pool their resources to start their own enterprises while simultaneously resisting these ‘reforms’ which threaten their very existence.

This resistance must be two-fold: on the one hand, they must push back against savarna-dominated corporatisation in favour of small scale industries where backward communities can once again find a footing; on the other, they must aim to teach an unforgettable lesson to the political parties which have been championing such destructive ‘reforms.’

The choice is clear : BJP and its economic reforms poses an existential threat to India’s historically disadvantaged groups. The backward communities of India have no choice but to come together to resist this corrupt and authoritarian nexus, or perish.

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The BJP governments' aggressive economic reforms, characterized by privatization, corporatization, and automation, have disproportionately favored savarna-led corporations while exacerbating inequality and impoverishing backward communities. Research reveals a stark disparity in corporate representation, with savarnas overwhelmingly dominating top positions despite being a minority. Economic inequality has soared to historic highs, with the wealthiest 1% owning a disproportionate share of wealth and income. Poverty, malnutrition, and unemployment afflict backward communities disproportionately, while discriminatory taxation further burdens them.
The corporatization of sectors traditionally employing these communities threatens their livelihoods, exacerbating unemployment and dependency. The government's promotion of automation and privatization, coupled with corruption and inflation, further entrenches this inequality. The recent electoral bonds scandal exposes the BJP's ties to corporate interests, underscoring the need for resistance against this nexus. For backward communities, these policies pose an existential threat, necessitating unified opposition to safeguard their rights and livelihoods.

Economic Reforms and Backward Communities - A call to Resist BJP and it's Crony Corporates

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