

***The
Unemployment
Crisis:***
Reasons and Solutions

Lokayat

INTRODUCTION

The country is facing its worst economic crisis since independence. The Modi Government's incompetent and apathetic handling of the corona pandemic has resulted in the country having the second largest number of cases in the world—total cases at the end of December 2020 were more than 10 million—and the third largest number of deaths in the world (official reports put the total fatalities at nearly 1.49 lakh as on 31 December 2020). It has also sent the economy into a tailspin. The GDP figures for April–June 2020 showed the economy to have declined by 23.9 percent over the same quarter last fiscal—one of the largest falls among the major economies of the world. Even this shocking figure does not fully capture the actual decline in the Indian economy, as data for the decline in the unorganised sector is not included in it—and this sector had completely shut down during the lockdown. Taking into account the collapse of the unorganised sector, which accounts for 45 percent of the output, the actual decline in GDP could be as much as 50 percent.¹

The unprecedented economic crisis has resulted in a catastrophic unemployment crisis. The official figures are not available—as the government stopped collecting these figures a long time ago. But the severity of the unemployment crisis in the country is evident from the fact of crores of migrant workers losing their jobs due to the collapse of unorganised sector. With the government doing practically nothing to alleviate their misery, all these people, who live on the margins of subsistence, were forced to walk hundreds of kilometres back to their villages.

The lockdown prevented the youth from marching on the streets to protest the worsening unemployment crisis. But they found a novel way to highlight their plight. They took to posting tweets on the social media on PM Narendra Modi's 70th birthday on 17 September 2020, to remind him of the growing joblessness the country is facing. On that day, the hashtag #NationalUnemployment Day had over 4.18 million tweets, while, #राष्ट्रीय_बेरोजगारी_दिवस had over 1.68 million tweets;² and the day was soon being called as National Unemployment Day on social media.

What is the reason for this terrible unemployment crisis? It is not the corona pandemic. The real reason lies in the economic development model being implemented in the country—whose basic orientation is corporate profits, and not the creation of decent, satisfying jobs for the people. That is why unemployment in the country was already very high before the pandemic struck; the economic collapse during the

pandemic has only worsened it.

Had there been a pro-people government in power at the Centre, it would have taken timely and firm steps to bring the pandemic under control. Then the fatality rate would have been much less. It would also have taken effective steps to alleviate the economic and unemployment crisis.

If we want to build an alternate society which is oriented towards providing all people, decent livelihoods which could provide them the opportunity to develop their inherent potential and live like dignified human beings, then we will have to understand the real reasons for the unemployment crisis. The mainstream media / intellectuals / politicians wants us to believe that we are unemployed because we do not want to work hard, or because we are not capable enough, or because of our country's large population, or because of reservations for Dalits and Backward Classes, or because crores of Bangladeshi migrants have flooded the country, or some such barmy reason. And so we keep fighting each other. Meanwhile, unemployment continues to worsen.

Once we understand the real reasons for the unemployment crisis, then we can buckle down to the job of building a mass movement that will raise demands which will genuinely create jobs, and go a long way in tackling this crisis.

This booklet was written a year ago, in January 2020, before the pandemic struck the world and India. The analysis made in this booklet is as relevant today as it was then, as its focus is on explaining the logic of the economic development model that is being implemented in the country, and how unemployment is a necessary by-product of it.

Therefore, we have not made any significant changes to this booklet written a year ago; only a few minor changes and additions have been made on account of the changes that have taken place during the past year.

Hope you enjoy reading this booklet,

Editorial team, Lokayat; and Editors, *Janata Weekly*.

December 2020

I. THE UNEMPLOYMENT DEMON

- 4 April 2016: *Two sisters, Komal, 27, and Shilpa, 25, committed suicide by shooting themselves with their father's licensed revolver at their home in Bhuna in Fatehabad district of Haryana. They had failed to get jobs for a long time despite being highly educated. Komal had completed her MCom while Shilpa was an MBA.*
- 4 May 2018: *Abhishek Chakraborty, aged 31 years, hanged himself from the ceiling of his room in Ranchi. He had done his BTech in electronics from Burdwan University a few years ago, and had not been able to get a job.*
- 23 July 2018: *A 25-year-old MBA graduate, Bharat Lal, jumped in front of a train in Ghaziabad and committed suicide. He was under stress as he had not been able to get a job after completing his MBA course in 2017.*
- 12 June 2019: *Bharat Ashok Kharat, a 28-year-old youth, committed suicide by hanging himself from the ceiling at his home in Naregaon, Aurangabad. He had been employed in a private company, and had lost his job a few months ago.*

1. Bhagat Singh on Youth

In 1925, Bhagat Singh wrote in his epic essay *Youth* (when he was just 17 years of age):

Youthhood is the spring season of life. This is the age when human beings are delirious with joy. They are intoxicated as though they have drunk a thousand bottles. All the energies given to them by God burst out in innumerable streams. Youthhood is unrestrained like a drunken elephant, indomitable like the River Sonbhadra during rains, colossal like a tempestuous storm, delicate like the first buds of jasmine of recently arrived spring, unbridled like the volcano, and sweet like the notes of *Raag Bhairavi*. Youthhood contains within itself the radiance of a luminous dawn, the lustre of a tender evening, the sweetness of a *sharad* (autumn) moonlight, the intense heat of mid-summer, and the fierceness of midnight of the new moon day in the month of *Bhadon* (August–September). Youthfulness in the body of a human being is like a sword impatient to surge in the hands of a warrior.... The history of the world is filled with achievements of youth.... They are carefree like the rising tide of the sea. They are awesome like the first cry of the beginning of the battle of the

Mahabharata, succulent like the long kiss of the first tryst, fearless like the dignity of Ravana, and firm like the satyagraha of Prahlad. If you are looking for someone with a large heart, search the heart of youth. If you desire a self-sacrificing hero, ask the youth.... Youth are the outstanding example of the creativity of God.... Their courage is amazing. Their enthusiasm is boundless.... If they so desire, staying up through the night is their left-hand job. For them, the noon of the summer months is like the moonlight of spring, the ceaseless drizzle of the rainy season is like the shower of flowers during festivities, and the silence of the cremation ground is like the chirping of birds in a park. If they desire, they can awaken society and humanity, save the country's honour, bring glory to the nation, and overthrow the biggest empires. The threads of uplifting the downtrodden and galvanising the world are in their hands.

Bhagat Singh is not at all exaggerating. Such indeed is the power of youth. The youth of any country have immense strength, inexhaustible energy, unlimited enthusiasm, prodigious creativity, and infinite abilities! No wonder that any society concerned about its future development looks after its youth with loving care and affection, and seeks to harness their infinite energies for its development.

In our country, unfortunately, our policy makers who are immersed neck-deep in self-aggrandisement have cut both the hands of our youth and enfeebled them. Instead of harnessing the boundless energies of our youth for the development of our country, they have been rendered unemployed. Instead of having dreams in their eyes, shine on their faces and spring in their feet, crores of our youth who are unable to find meaningful and decently-paid jobs suffer humiliation, feel deeply frustrated, and are engulfed by a sense of helplessness.

2. The Unemployment Crisis in India

The severity of the unemployment crisis gripping the country can be seen from just a few statistics:

- 31 January 2017: The West Bengal Group-D Recruitment Board invited applications on-line for recruitment of 6,000 Group D personnel in various categories. The job required an educational qualification of Class 7 and carried a salary of about Rs 16,000. More than 25 lakh candidates applied for these posts, including graduates, postgraduates and even PhDs.³

- 30 August 2018: Over 93,000 candidates, including 3,700 PhD holders, 50,000 graduates and 28,000 post-graduates, applied for 62 posts of messengers in UP police. The post required a minimum eligibility of Class V, and knowledge of how to ride a bicycle.⁴
- 22 November 2019: Nearly 5 lakh graduates, post-graduates, MBA and MCA degree holders applied for 166 Group D vacancies (that is, jobs of peons, gardeners, gatekeepers, cleaners, etc.) in Bihar's *Vidhan Sabha*. The eligibility criterion for the job was Class X.⁵

i) Suppressing Data to Hide Unemployment Crisis

Prime Minister Modi has repeatedly asserted that the economy is doing very well, and there is no unemployment crisis in the country. In an interview to *ANI* given on 11 August 2018 (which was bereft of any serious cross questioning), when asked about the present employment scenario in India, he replied that with the economy growing at a fast pace, in fact fastest among the major economies, with investment in and the pace of execution of infrastructure projects at an all-time high, with FDI inflows at an all time high, with India having emerged as one of the top start-up hubs, with App-based aggregators flourishing in India across innumerable sectors, with foreign and domestic tourism growing, and with 3.5 crore first time entrepreneurs given MUDRA loans, how is it possible that jobs are not being created? He in fact claimed that “all this has led to creation of more than one crore jobs only in the last year.”⁶ PM Modi repeated this argument while speaking in the Lok Sabha on 7 February 2019. Countering opposition arguments that unemployment in the country was at its highest in 45 years, he claimed that during the previous five years, crores of jobs have been created in sectors like transport, hotel industry, highway construction, new airports, railway station modernisation, etc.⁷

However, employment survey data belie these Modi claims. During the second year of the first term of the Modi Government, in September 2016, data from the fifth round of the Annual Employment–Unemployment Survey (EUS) conducted by the Ministry of Labour and Employment was released. This report showed that unemployment rate in India had gone up to a five-year high of 5 percent in 2015–16. The government panicked, and not only scrapped all subsequent Annual EU Surveys, but also the quinquennial Employment–Unemployment Survey conducted by the National Sample Survey Organisation (NSSO)—whose next round was due in 2016–17. This survey on employment and unemployment had been conducted regularly every five years since

1972–73 in rural and urban areas, and provided extensive information about the volume and structure of employment and unemployment in the country, and also about several other indicators of the quality of workers and non-workers.⁸

Consequent to the scrapping of these surveys, the government released no official data on the unemployment situation in the country for the next three years. It came in for extensive criticism for scrapping the EU surveys, and so belatedly instituted another employment survey, the Periodic Labour Force Survey (PLFS), to be done by the NSSO. This survey was conducted between July 2017 and June 2018. But with Lok Sabha elections coming, the Modi Government decided to withhold the release of this data too. It did so despite the National Statistical Commission (NSC)—the apex body that coordinates India’s statistical activities—approving its release. The NSC is an autonomous body; the government is not supposed to interfere in its functioning. In protest, on 28 January 2019, two members of the NSC, including the acting chairman, resigned.⁹

Finally, after the 2019 Lok Sabha elections were done and dusted with, the Government released the suppressed PLFS data. The data showed that joblessness was at a 45-year high of 6.1 percent in 2017–18.¹⁰ Worse, they showed that instead of the creation of more jobs, the total number of jobs in the economy had actually fallen during the period 2011–18 (see Table 1). This is the first time this has happened since independence.

Since then, the government has not released any more unemployment data. But we can get an idea of the unemployment situation from GDP growth figures. Figures released by the Central Statistical Office show that the economy was already slowing down to near-recession before the corona outbreak: India’s GDP growth rate declined from 6.1 percent in 2018–19 to 4.2 percent in the year ending 31 March 2020, and 3.1 percent in January–March 2020. This must have worsened the unemployment crisis.

Thereafter the economy contracted sharply, by 24 percent during the April–June 2020 quarter. Unemployment must have zoomed to record highs.

ii) A Preliminary Estimate of Unemployment Rate in India

There is an important problem with the data collection methodology of official surveys, which artificially reduces unemployment figures. The number of unemployed is the difference

between the labour force (total number of people employed and unemployed) and the work force (the number of people employed). Therefore, even if the work force does not increase, unemployment will decline if the labour force reduces. This is precisely what is happening with India's official employment statistics. According to official figures, over the period 1983 to 1993–94, India's labour force grew at 2.05 percent per annum, but during the period 1993–94 to 2010–11, this growth rate fell to 1.40 percent, and then during the period 2010–11 to 2017–18, fell further to just 0.33 percent (Table 1).

Table 1: Labour Force, Work Force & Unemployment Rate¹¹ (in million)

Year	Labour force	Work force	Unemployment Rate	Period	Growth Rate of Labour Force
1983	308.6	302.8	1.88%		
1993–94	381.9	374.5	1.94%	1983 to 1993–94	2.05%
2010–11	483.7	472.9	2.23%	1993–94 to 2010–11	1.40%
2017–18	495.1	465.1	6.06%	2010–11 to 2017–18	0.33%

Let us estimate the labour force in 2017–18 if it had continued to grow at the same rate as during 1983 to 1993–94, that is, at 2.05 percent per annum. *In that case, the labour force in 2017–18 would have been 620.8 million instead of 495.1 million.* This means that as many as 125.7 million people are missing from the labour force.

What can account for the sharp drop in the labour force?

One argument given by mainstream economists is higher enrolment in colleges. This would no doubt reduce the size of the labour force, and enrolment in higher education has indeed increased during the last three decades. The question is, by how much? The All India Survey of Higher Education (AISHE) gives the figures for total enrolment at all levels of higher education, including diploma courses. This survey was first conducted in 2010–11. The AISHE reports for 2010–11 and 2017–18 show that total student enrolment in higher education (enrolment in the regular mode) has gone up from 24.1 million in 2010–11 to 32.6 million in 2017–18, an increase of 8.5 million over 7 years. This works out to a compound annual growth rate (CAGR) of 4.36 percent.¹² Assuming that enrolment in higher education had grown at the same

CAGR during the previous period of 1993–94 to 2010–11 too (actual growth rate must be lower), the enrolment in higher education for 1993–94 works out to 11.7 million. This means that total enrolment in higher education has, at the most, increased by $(32.6 - 11.7 =) 20.9$ million over the period 1993–94 to 2017–18. So, of the 125.7 million people missing from the labour force, not more than 16.6 percent are because of increase in enrolment in higher education. Even this figure is actually an overestimate, as a significant number of students in higher education are actually in the labour force even though they are enrolled in colleges—they are either doing part-time or full time jobs, or are in search of jobs. This is especially so for students enrolled in Arts and Commerce courses; students enrolled in these courses at the undergraduate level account for 39 percent of total student enrolment in higher education.¹³

With higher enrolment in colleges accounting for only a small part of the sharp drop in labour force, the only other reason that can plausibly explain this drop is that many workers have simply given up looking for jobs out of frustration—because they have not been able to find a job for a long time. In official parlance, they are known as ‘discouraged workers’; such workers are not included in the official figures of the unemployed, nor are they included in the labour force.

But actually they should be included in both, as they have not dropped out of the labour force willingly, but due to frustration! Any pro-people system oriented towards providing decent jobs to all its people would seek to bring these workers back into the labour force.

Let us calculate the unemployment rate in 2017–18, including all the discouraged workers:

- Total number of missing workers in the labour force over the period 1993–94 to 2017–18 (A) = 125.7 million;
- Increase in student enrolment in higher education over the period 1993–94 to 2017–18 (B) = 20.9 million;
- Total number of discouraged workers = $(A - B) = 104.8$ million;
- Official labour force in 2017–18 = 495.1 million;
- Actual labour force in 2017–18 (C) = $495.1 + 104.8 = 599.9$ million;
- Official number of unemployed = 30 million;
- Actual number of unemployed (D) = $30 + 104.8 = 134.8$ million;
- Actual unemployment rate, 2017–18 = $(D/C) = 22.5$ percent.

That’s almost 4 times the official unemployment rate of 6.1 percent as estimated by PLFS 2017–18. Since then, as we have discussed above, the unemployment situation has further worsened.

Youth Unemployment

NSSO / PLFS surveys also show that youth unemployment levels in the country are far worse than overall unemployment figures. The figures are absolutely mind-boggling. Youth unemployment rate in the country has leapt from 5.4 percent in 2004–05 and 6.1 percent in 2011–12 to 17.8 percent in 2017–18 (Table 2). This figure is three times the official overall unemployment rate of 6.1 percent in 2017–18.

Table 2: Youth (15–29 years): Labour Force & Unemployment Trends, 2005–18¹⁴ (in million)

Year	Labour force	Work force	Unemployment Rate	LFPR (%)
2004–05	163.1	154.2	5.46%	56.4
2011–12	147.0	138.0	6.12%	44.6
2017–18	140.7	115.7	17.77%	38.3

Even this high figure is an underestimate. That is obvious from the sharp fall in Labour Force Participation Rate (LFPR) [LFPR = Total number of people in labour force /total population of that age group]. It has fallen from 56.4 percent in 2004–05 to 38.3 percent in 2017–18. Increase in student enrolment can only account for a part of this fall, as the fall is very steep. This means that a large number of youth are falling out of the labour force due to frustration at not being able to get a job. If we include the discouraged youth in the labour force and unemployment figures, the youth unemployment rate zooms to 40.2 percent for 2017–18!¹⁵ (Since then, the economy has slowed down, which must have further worsened youth unemployment.)

Actual Unemployment Even More

Even these high unemployment figures are an underestimate. That is because in our country, there is no unemployment allowance. Therefore, the poor have no option but to do any kind of work, or take up any kind of job available, even if it is hazardous and low paid, to somehow stay alive. All such workers should actually be considered as unemployed or at the most underemployed. Yet, government statistics consider all such people to be employed. Including all such workers in the figures for unemployed given above would take the unemployment rate in the country to staggering levels! We return to discuss this issue and make an estimate of the real unemployment rate in the country later in this booklet.

iii) The Pain of Unemployment

It is difficult to imagine the pain and torment of unemployed youth. They are at a time in their lives when their energies are boundless, when their spirits are just waiting to soar, when their extraordinary creativity is just straining to be unleashed—but because they are unemployed, they are not able to do anything, and feel deeply depressed/ frustrated/helpless. They suffer humiliation all the time. Shops filled with alluring but costly consumer goods, enticing cinema malls with highly priced tickets, tempting Starbucks and Barista coffee shops, and fast-paced motorcycles tease them. Their parents, relatives and neighbours call them incapable, unsuccessful, good-for-nothing. The future appears bleak; life itself appears to be meaningless.

And so they immerse themselves in drugs and alcohol. Become followers of all kinds of devious religious gurus. Join criminal gangs. Dance in bars or sell their bodies to somehow eke out a living.

They are exploited by all kinds of unscrupulous elements. *Hridayasamrats* and sugar barons promise them jobs; others promise them a *vada pav* stall or a petty contract. They take advantage of the helplessness of youth and make them their lackeys for doing their double dealings, election campaigning, street fighting, fake social media handling, etc. Caste leaders promise them reservation in government jobs and mobilise them in the name of protecting caste 'honour'. Communal and fascist organisations take advantage of their frustration, and get them to attack and even lynch 'others' in the name of protecting 'religious dignity' or 'national pride'. And so tens of thousands of youth mobilise to defend caste and religious honour; lakhs turn out for rallies demanding reservation in government jobs. They participate in huge numbers in processions taken out during religious festivals and in gatherings celebrating the birth anniversaries of great caste/community leaders, dancing late into the night to the beats of ear-shattering DJ music.

Unemployed youth either live life worse than death, or commit suicide out of frustration. India has one of the world's highest suicide rates for youth in the age-group 15 to 29. Every hour, one student commits suicide in India; in the five years 2011–15, 40,000 students killed themselves. According to news reports, a large number of these suicides were related to unemployment.¹⁶

II. MYTHS ABOUT UNEMPLOYMENT

Before we discuss the real reasons for the massive unemployment crisis facing the country, let us examine some commonly held beliefs about the reasons for this crisis.

Discuss with any group of young people, whether educated or uneducated, and they come up with the same 2 or 3 or 4 explanations for the prevalence of unemployment in the country. These commonly held beliefs are all actually false. Nevertheless, most people have come to believe them, because our policy makers and paid-intellectuals have been deliberately propagating them. These myths put the blame of unemployment on the youth themselves, or on society—in other words, the policy makers are not to blame for the lack of jobs in the country.

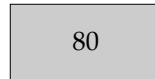
Myth 1: India's population is so large that it is not possible to provide everyone jobs.

Joseph Goebbels, Hitler's propaganda minister, is reported to have said: 'If you repeat a lie often enough, people will believe it.' Following in his footsteps, our country's establishment intellectuals have been propagating the myth that India's large population is responsible for the country's unemployment crisis. Once people accept this argument, it absolves the policy makers of all blame for this crisis. Then they can claim: we are trying so hard to create jobs, but all our efforts are in vain, as our country's population is so large. The blame then falls on us, the people: we are unemployed, because there are so many of us. The establishment spin doctors have been so successful in their propaganda that probably 98 percent people in the country believe it.

This myth can be debunked by a simple argument. Suppose there are two areas, A and B. A has an area of 10 sq km, and B has an area of 20 sq km. A has a population of 50, and B has a population of 80. Which area has larger population?



A: Area 10 sq km



B: Area 20 sq km

Most readers will immediately answer: A has more population. Why is that so, when the number of people living in B is more than in A? They will answer: that is because the population density of A is more than of B.

This means that what matters is population density, and not population. Well, most readers will now say, India must be having a very high population density too.

So, let us compare the population density of India with some other countries (Table 3). Except for India, all the other countries in this table are high income countries. India is classified as a lower middle income country (World Bank classification). Even though the population densities of these high income countries are more than or comparable to India, yet their unemployment and poverty levels are much less. This therefore means that the unemployment rate in a country has nothing to do with its population density.

Table 3: Population Density of India and Other Countries, 2019¹⁷

<i>Country</i>	<i>Population Density (per sq km)</i>
Japan	348
Belgium	381
Israel	394
Netherlands	507
South Korea	527
Taiwan	671
India	460

Let us take a different type of example. Brazil has a population of 208 million, and a population density of around 25 inhabitants per sq km (in 2017). These figures are way below the population and population density of the European Union (EU-28), whose population is 506 million and population density is roughly 116 people per sq km.¹⁸ And yet, Brazil is facing double digit unemployment, while unemployment rate in the EU-28 is comparatively much less, at 7.5 percent.¹⁹

Obviously then, it is not large population that is responsible for India’s unemployment crisis. Actually, if we examine this issue more closely, we will find that population growth and employment generation are not adversely related, but complement each other. Greater the population, more is the production required—of food, soap, oil, clothing, housing, etc.—and so more will be the workers needed for producing all these goods. Society will also need more schools,

hospitals, transportation facilities, etc.—all this means more jobs in all these areas too. Therefore, it is not India's large population or population density that is responsible for the huge level of unemployment in the country; the reasons lie elsewhere.

But the myth about overpopulation being the reason for our country's ills is so deep-rooted that many of our readers will still be finding it difficult to accept the above logic. Let us therefore take a look at another set of statistics. The argument about overpopulation comes across most strongly for resources—that our resources are limited, and obviously cannot sustain such a large population. This is used to justify the huge hunger levels in the country—the argument given is that we do not have enough arable land to produce enough to feed such a large population. Now, if we compare agriculture in India and China, we will find that though India has one-third the land area of China, our arable land is marginally bigger than China's. Yet, China produces 40 percent more wheat and rice than India, and China's fruit production is three times India's production!²⁰ So obviously, we can produce much more foodgrains and pulses and fruits than what we are doing today—it is a question of policies. Secondly, even though our agricultural production is much less than China, yet our godowns are overflowing with foodgrains. At the same time, while China's population is only a little more than that of India, as per the Global Hunger Index, levels of hunger in China are much less than India. The terrible hunger levels in India are not because of our large population and shortage of foodgrains, but because our people are too poor to buy foodgrains. It is again a question of policies. The government can tackle this hunger crisis by distributing foodgrains to the people at subsidised rates. But it is not willing to do so; instead, it is exporting them to earn dollars—India has become the world's largest exporter of rice!²¹

This unconcern of our policy makers for the people has become nakedly obvious during the present corona pandemic. The foodgrain stocks with the Food Corporation of India (FCI) have gone up to 104 million tonnes as of end-June 2020, which is well above the buffer stock the FCI is supposed to maintain (41 million tonnes).²² At the same time, the country is facing an unprecedented hunger crisis, due to the Government's unwillingness to universalise the ration system. Even if the government distributed 10 kg of foodgrains per person to 80 percent of the population who need it, that is, to 100 crore people, for the next six months, the total foodgrain requirement for this would be only 60 million tonnes; the FCI would still have more than enough buffer stocks

even after this. In other words, the hunger emergency being faced by the people is not because of our large population, but because of our government's policies, its unwillingness to spend on the people.

Myth 2: We are unemployed, because we are not capable enough.

This is another common answer given by unemployed young people, that they do not have a decent job because they are not capable enough.

Ask them what degree they have taken, and most would answer—BA / BCom / BSc. Ask them, why did they pursue a degree which is not going to fetch them a job today, and why did they not pursue an engineering / management / medicine course, and they will reply that it is because they are poor, and so did not have enough money for paying the fees for these courses.

Ask them why are they poor, and they will answer that it is because their parents are not capable enough. And why are their parents not capable? Because they did not have money for a decent education. And why did they not have money for a decent education? Because their grandparents were not capable ...

Isn't this argument—that we / our parents / our grandparents are responsible for our present fate—very similar to the *karma* philosophy propagated in ancient times by wily Brahmins to justify the caste system! We do not ask why have engineering / management / medical education become so costly? Why is the government not spending enough on education so that good quality and affordable school and college education can be accessed by all children, irrespective of their economic backgrounds? On the contrary, why is the government privatising education, because of which school and college fees are zooming and good quality education is becoming reserved for the children of the rich? Instead of raising these questions, we blame ourselves / our fate for our inability to take admission in a good professional course that can get us a decent job.

It is another matter that today, even if one somehow manages to raise the money needed to take admission in an engineering or management college, the chances of landing a good job are not very high. According to the All India Council for Technical Education, out of the 8 lakh graduate engineers who pass out from technical institutions in the country every year, more than 60 percent remain unemployed!²³ And many of those who do get a job get low-paid jobs. Similarly, an ASSOCHAM study found that a large number of graduates from the

5,500 Business schools in the country remain unemployed; if at all they are able to get a job, most earn less than Rs 10,000 a month.²⁴

This was not the situation three decades ago, when even a Class 12 pass student could hope to get a decent job. So, obviously, there has taken place a huge change in the economic situation in the country that is responsible for the unemployment crisis. The youth do not have decent jobs NOT because they are incapable, but because of this changed economic situation in the country.

Myth 3: There are many jobs, but people don't want to work. They only want cushy arm-chair jobs.

This is actually upper class propaganda. Ironically, this is true for the upper classes—it is they who are ashamed of getting their hands dirty doing manual labour.

On the other hand, the millions who migrate from villages to cities in search of work live in horrible conditions in slums, and do the hardest and the most dangerous jobs. They work at construction sites, or in roadside eateries, or as loaders in market places, or as autorickshaw drivers, or as contract labourers in factories. The upper classes, who believe that ordinary people in our country don't want to do hard work and so there is unemployment, forget that their luxurious houses have been built by the hard labour of these very ordinary people working long hours in the blazing sun, the highways on which their SUVs run have been built by ordinary people working under the open skies in hazardous conditions, the food on their dining tables comes from the backbreaking toil of farmers working night and day on their fields ...

Myth 4: Reservation for Dalits, women entering the workforce, and migrants taking over jobs for locals—are responsible for the unemployment crisis.

Many upper caste youth believe that they are not able to get jobs because of reservations for Dalits. Many men believe that they are not able to get jobs because women have started taking up jobs. Many people believe that they are unemployed because migrants have stolen the jobs in their region / state.

a) The question of reservation

Any democratic and just society that believes in providing equal opportunities to all its members provides special facilities and opportunities for educational, economic and cultural growth to those sections of society who have suffered social and economic

discrimination / oppression for centuries. The USA implements such policies, which are called affirmative action policies, to address long histories of discrimination faced by minorities (such as Afro-Americans) and women. In India, this took the form of providing reservations to seats in the various legislatures, government jobs and higher educational institutions for the historically deprived castes and tribes. Of course, providing reservations will not by itself end caste discrimination and bring into being a casteless society. But at least this much needs to be done to provide social and economic justice to those who were deliberately denied this in the past.

Over the past few decades, as the unemployment crisis has worsened, upper caste youth have begun agitations against reservations for Scheduled Castes and Scheduled Tribes, in the belief that such reservations are responsible for this crisis. They are entirely mistaken. Eliminating reservations is not going to result in an increase in the total number of jobs available; at the most, what will happen is that some jobs that are today going to Dalits will be taken up by upper caste youth. But the total number of unemployed will remain the same.

Today, this opposition to reservations among the upper caste youth has taken a strange turn. The dominant castes in several states, such as *Marathas* in Maharashtra, *Jats* in Haryana, *Patels* or *Patidars* in Gujarat, *Gujjars* in Rajasthan, and *Kapus* in Andhra Pradesh are themselves agitating for reservations. They are demanding that their castes be given reservation in public sector employment. To placate them, in early 2019, the Modi Government got the Parliament to amend the Constitution and grant 10 percent reservation for general category poor in jobs and education. This Constitutional amendment actually violates the spirit behind the policy of reservation as introduced in the Constitution at the instance of Dr. Ambedkar. Reservation is not a job creation or poverty alleviation program; it is a recognition by society that the upper castes have humiliated and oppressed Dalits for centuries; it is a step towards healing the deep wounds caused by this dehumanising discrimination; our country's founding fathers saw it as a part of a program to ultimately annihilate caste.

Be that as it may, in all this jostling for a share of the 'reservation pie' in government jobs, the fact of the matter is, there is no 'pie' on the table. As it is, public sector employment in the country has never been very high—it was just 5.2 percent of the total employment in the early 1990s.²⁵ With the Government of India beginning globalisation and privatisation of the economy in 1991, this fell to 3.71 percent in 2012. It

even fell in absolute terms over these two decades. The government’s *Economic Survey* admits that total public sector employment, aggregated over all levels and forms of government, fell from 19.1 million in 1991 to 17.6 million in 2012 (Table 4).²⁶ With privatisation accelerating under the Modi Government, it must fallen further since (this must be the reason why the Modi Government has stopped releasing figures of total public sector employment ever since it came to power).²⁷

**Table 4: Total Government Employment
(Centre + State + Local Govt. + Quasi Govt.) (in million)**

<i>Year</i>	<i>Total Govt. Employment</i>
1961	7.05
1981	15.48
1991	19.06
2012	17.61

Why are the upper castes demanding reservation in jobs that do not exist? They are being misled—devious political leaders are taking advantage of their ignorance.

The unemployment situation is desperate. Employment generation in the private sector has collapsed. On the one hand, agriculture is in crisis, because of which the youth are leaving farming and seeking jobs in the non-farm sectors; and on the other hand, there are very few jobs available in the private industrial and service sectors (we discuss these issues later in this booklet)—and even the few jobs available in these sectors are insecure, contractual jobs with very low salaries. Crafty politicians have taken advantage of this crisis and the resulting discontent among the youth to mobilise them along caste lines for demanding reservation for their respective castes in government jobs—and the youth have blindly followed their caste leaders, without realising that they are treading a path to nowhere.

The Maratha agitation for reservations

To take a concrete example, let us take a look at the demand for reservation raised by the *Maratha* youth in Maharashtra during the last few years. For this, they took out nearly 60 rallies—and each rally saw the participation of as many as one to five lakh youth. Finally, in November 2018, the Fadnavis-led BJP Government passed a bill in the State Assembly, granting them 16 percent reservation in government

jobs, after which the agitation subsided. But it was actually an empty victory. Let us explain.

In Maharashtra, the most important recruitment for state government jobs is done through exams conducted by the Maharashtra Public Service Commission (MPSC). The total number of posts for which recruitment is done by the MPSC has been falling over the years, and in 2018, it came down to only 69. For these 69 seats, around 4 lakh youth appeared for the MPSC exams in 2018. It is estimated that around one-third of the population of the state belongs to the *Maratha* community; so we can assume that around 1.3 lakh *Maratha* youth must have appeared for the MPSC exam in 2018. Had the 16 percent *Maratha* quota been applicable in 2018, 11 (16 percent of 69) *Maratha* youth would have got state government jobs through this quota. Which means that 1,29,989 *Maratha* youth, or more than 99.99 percent of the *Maratha* youth who sat for the MPSC exam in 2018, would still have remained unemployed. So, did the *Maratha* youth really win anything after agitating for years for reservation?

Now, the Supreme Court has stayed reservation for *Marathas*, and the *Maratha* youth are mobilising once again.

Had the *Maratha* youth raised the demand that the Centre and states should take urgent steps to fill up the government posts lying vacant—according to one estimate, there were 60 lakh government posts lying vacant under the Modi Government in 2019 (and even this is a very conservative estimate)²⁸—youth from all the castes would have joined them, it would have led to a countrywide movement against unemployment, and the government would have been forced to fill up these vacancies and thus genuinely create jobs. The youth would have won some genuine gains.

b) Jobs for women

Many men even today oppose women going out of their homes for jobs and becoming economically independent. They argue that it reduces job opportunities for men; they also raise the issue that if women take up jobs outside their homes, who will look after their children and housework?

First, the hard facts—which completely refute the above claim. The reality is, participation of women in the labour force in India is half of that of men, and as the unemployment crisis has worsened, has fallen even further. Over the period 2005–18, while the LFPR for men has remained constant at 56 percent, for women, it was 29 percent in 2004–05

and fell to an even more dismal 18 percent in 2017–18.²⁹

More important than this fact, there is a fundamental problem with the above logic. It is a typical patriarchal view, which considers a woman's independence to be immoral, and believes that ideally her role should be confined to within the four walls of the house. It is only when a woman takes part in social production that she develops an independent identity in society, one that is different from her being someone's mother, sister, wife, or daughter. It is only when a woman steps out of her home and becomes economically independent that her personality develops, she gains the freedom to develop her inherent potential, and she develops the confidence to face the challenges of the outside world.

This tragic reality, that a majority of women in our society even today are still trapped within their family cages, and do not go to work outside their homes—as proven by the above LFPR statistics—has adversely affected society's development. Society has not been able to utilise their inherent brilliance and enormous capabilities for its growth. We need to support women in their struggle to step outside their homes and take up jobs, and become economically independent. We need to raise the demand that the economic policies of our country should be such that all men and women desirous of jobs should be able to get decent, secure and well-paid jobs, rather than fighting each other for a share of the limited jobs presently available.

c) Invasion by migrants

Movements against migrants have taken place in several states, including Karnataka, Punjab, Rajasthan and several North Eastern states, demanding reservation of jobs for the local population, and asking migrants to return to their native states. In Maharashtra, the Shiv Sena and the Maharashtra Navnirman Sena have periodically organised agitations against migrants, especially from the states of Bihar and Uttar Pradesh, because of which migrant workers in the state have been victims of xenophobia, prejudice and violence.

What most people do not know is that most of the migrants to the big cities of these states are not 'outsiders', but people from other regions from within the same state. This fact comes out from the data on migration available from the Census of India. According to the 2011 Census, migrant population in India (45.36 crore) has been growing faster than the population growth in the country, because of which migrants constitute 37.8 percent of India's 121.03 crore population.³⁰ In

other words, every third Indian is a migrant. But most of these migrants are intra-state migrants; inter-state migration (4.36 crore) has declined to an estimated 3.6 percent of the total population, from 4 percent in 2001.³¹ For example, a study based on NSSO data found that over 70 percent of migrants to the city of Mumbai were from rural or urban areas within Maharashtra itself.³²

We need to understand and be sympathetic to why people migrate long distances in search of jobs, often leaving their loved ones behind. The reason why migration takes place is because of unequal development. In the development model being implemented in the country today, known as capitalism, the more developed parts tend to develop faster than the more backward parts, because industrialists and investors prefer to invest in the more developed areas as costs here are lower, and markets are more developed. This results in more jobs being created in the more developed areas. If therefore more jobs are available in the more developed cities of the country such as Delhi, Mumbai and Chennai, or in the southern states and Punjab, it is not because those living in these areas are more capable or hardworking as compared to those living in the more backward areas, but is a result of the development model being implemented in the country. Therefore, people living in the more developed areas should not have preferential access to these jobs; those living in the more backward areas also have an equal right to them.

Myth 5: Foreign migrants are swamping the country.

And now, the BJP has released the red herring of foreign migrants, especially Muslim migrants from Bangladesh, swamping the country. A prominent politician even compared them to “termites”. After spreading these rumours, the ruling fascist regime is now planning to conduct an all India drive to identify all illegal migrants (by preparing a National Population Register, and then from it a National Register of Citizens), and then detain them in detention centres—and then ... (they will probably be held there for the rest of their lives, as Bangladesh will not take them back as India has no deportation treaty with that country). But hard numbers on the number of illegal immigrants into India has been missing from this debate.

Now, the figures are available. The long delayed data from Census 2011 has just now been released, and proves this story to be false.

According to Census 2011 data, the number of immigrants in 2011 (on the basis of those who reported their last residence outside the

country) was 55 lakh. Of this, 23 lakh (42 percent) came from Bangladesh, and 7 lakh (12.7 percent) from Pakistan.

This means that the total number of immigrants in India is less than 0.5 percent of the total population of the country (121 crore in 2011)! And not all of them are illegal; a significant number of these migrants are legal.

Even if it is argued that these figures underestimate the actual number of illegal foreign migrants in the country, an analysis of Census data completely debunks all the stories about an increasing number of illegal Bangladeshi migrants swamping India:

- The number of migrants from Bangladesh is falling. Based on the place of last residence, it fell from 31 lakh in 2001 to 23 lakh in 2011.
- A part of this decline would be due to mortality effect on old migrants who came to India decades ago. But Census data also shows that the total number of Bangladeshis migrating to India has been declining over the years. Of the total 23 lakh Bangladeshi migrants in India in 2011 (on the basis of last residence), 76 percent or 17.6 lakh came to India before 1991; 2.7 lakh came during the decade 1992–2001; and this number fell further to 1.7 lakh for the decade 2002–11. Even if there is some under-reporting in these figures, the under-reporting would be the same for both 2001 and 2011.
- This also gels with official data from Bangladesh about Bangladeshi emigration, which shows that an increasing number of Bangladeshis prefer to emigrate to the Persian Gulf and Europe rather than India. An important reason for this is that Bangladesh's human development indicators are higher than India's.³³

With such a low number of recorded Bangladeshi migrants in India, and with their numbers declining over the years, it is obvious that the number of undocumented / illegal Bangladeshi migrants in India would not be very large—at the most a few lakh, less than 0.2 percent of the population of the country.

And yet, taken in by the propaganda unleashed by the right wing brigade, an anti-illegal-Bangladeshi-immigrant chorus has gripped India. A figure of more than 2 crore Bangladeshis having illegally entered India has been making the rounds for more than a decade. It was a number stated by the Government in the Rajya Sabha in 2016 in response to a question. It is a number circulating on social media. But there is little factual basis to it.

There is little reason to fear immigration into India of a few lakh poor, desperate immigrants, who have come into the country in search of a better life. The nation must have the self confidence not to feel threatened by them, and should be large hearted to absorb them and gradually naturalise them. That is what is expected of a country that claims to be the largest democracy in the world.

Instead of that, the ruling BJP is creating fear in the minds of the majority Hindu community that the country is being swamped by Muslim immigrants from neighbouring countries, and that we must identify them and send them to detention camps—very much like the Nazi concentration camps. It is a continuation of the British colonial policy of divide and rule—divert the attention of the people from the slowdown gripping the economy and the worsening unemployment crisis.

False Propaganda

The real reason why dominant castes are fighting for reservations in government jobs, or why men feel that women have taken over their jobs, or why people are demanding reservations for locals, or why people are becoming paranoid about foreign immigrants, is that there is an acute shortage of jobs. As Table 1 shows, despite millions of young people entering the job market every year—probably around 9 million people enter the labour force every year³⁴—official figures admit that the total number of employed in the country has declined over the period 2010–11 to 2017–18 in absolute numbers.

So, on the one hand, absolute employment is not increasing. And, on the other hand, of the few jobs available, most are informal or contractual jobs, that is, jobs without any kind of job security or legal rights (we discuss this later in this booklet).

Most young people are not aware of the severity of the job crisis gripping the Indian economy, for the simple reason that facts about the acute shortage of jobs in the country are not publicised by the media. Taking advantage of their ignorance, duplicitous politicians trick the youth into believing that ‘others’ have taken away their jobs, and so they attack migrants or mobilise in lakhs demanding ‘reservations’.

Rather than fight the ‘others’, or demand ‘reservation’ for our caste or ‘religion’, we all need to unite, across caste and religion and region, and demand more jobs! But for that, we need to understand why there are no jobs, as only then can we raise meaningful demands that would genuinely go some way towards tackling the unemployment crisis.

III. REAL REASONS FOR UNEMPLOYMENT

1. Feudalism vs. Capitalism

We have got so used to seeing so much unemployment around us, unemployment is so ubiquitous, that we have come to believe that unemployment has been there forever. But that is not so. Unemployment is a product of capitalism. It was not there during the medieval period, when the social order, the legal–military–governmental system around which society was organised, was known as feudalism. In a feudal society, while poverty, destitution and oppression exist, there is no unemployment. Unemployment comes into being only with the birth of capitalism. Let us take a brief look at feudalism and capitalism to understand why unemployment is an inevitable result of capitalism.

The feudal system was present both in Western Europe and in Asian countries like India and China. While the outer appearance of feudalism was different in Western Europe and India, like for instance in India it took the form of caste, the essential principles, such as hierarchy and privileges based on birth, were the same in both places. Our discussion below is based on feudalism and capitalism in Western Europe, as that is where capitalism developed from within feudalism, eventually overthrew the feudal system, and fully developed.

Feudal society is a hierarchical or pyramidal society, with the king at the top, and the mass of peasants at the bottom. In European feudalism, the king owned all the land. He parcelled out this land to tenants-in-chief (these grants were called fiefs), who were normally called lords or barons, in return for which they swore their loyalty to the king, agreed to give him money (or a part of the taxes they collected from their fiefs), and provided him soldiers for fighting in his army. The king also gave land grants to the Church in return for its support to his rule. The peasantry were at the bottom of the pyramid; the lords leased out a part of their lands to the peasants, in return for which the peasants had to work on the lands of the lords for a certain number of days, and/or give a share of the produce on the lands worked by them. The peasants lived in village communities close to the manors of the lords, and were generally not free but were tied to the land. These bonded peasants were also known as serfs. Apart from working in the fields, they also looked after the animals, repaired buildings, stitched clothes, and in general did all the manual work that their lord asked them to do. Apart from the peasants, there were also craftsmen in the villages like

blacksmiths, millers and carpenters; most of them were also serfs of the lord of their village. There were very few towns; there, craft production was carried out by master craftsmen and their assistants, who again were not free like the serfs in the countryside. Each craftsman owned his tools. The craftsmen were organised into guilds. Only guild members could produce and sell goods in the region. Guilds also set limits on how much each member craftsman could produce, thus restricting competition. On the whole, in feudalism, social and economic life was characterised by dominance of agriculture, and production was geared to meet immediate local needs (including those of the feudal landlords). Trade was limited, and the amount of money in circulation was small. As regards unemployment, while the labouring classes, that is, the serfs in the countryside and the assistants to the master craftsmen in the cities, were not free, they suffered no unemployment; this term was unknown in the middle ages.

In Western Europe, the growth of capitalism in the interstices of feudalism gradually undermined the feudal system, leading to its eventual overthrow and replacement by the capitalist system. This long and complex historical development took place over several centuries. Discussing this is beyond the scope of this short essay.³⁵

In contrast to the feudal system, characterised by unfree labour and no competition, the capitalist system is characterised by free labour and intense competition. Production geared to meeting local needs is replaced by production oriented towards maximising profits. Individual owners of capital employ hundreds and even thousands of free workers to produce goods, and then indulge in intense competition with each other to sell them in the market and earn profits. An inevitable by-product of this is unemployment. Let us examine this in greater detail.

2. Capitalism and Unemployment

Capitalism is a system where individual owners of capital invest their money in a business (this can be of any kind, from a factory manufacturing goods to agriculture to trading, or it can be in a private school or hospital, or it can even be in speculation like investing in the stock market) to earn a profit, reinvest the original capital plus the profit (minus what they have consumed) to earn yet more profit, and so on.

The sole aim of production under capitalism is earning profits. Profits, more profits, maximum possible profits. Under capitalism, the aim of production is not satisfaction of social needs, but maximisation of profits. Thus, the aim of capitalists investing in healthcare is not to make

it available to people at affordable costs, but to maximise profits, even if it results in healthcare becoming inaccessible for the poor; while the aim of those investing in education is not to provide free and good quality education to all children, but to earn the maximum possible profit out of their investment, even if it results in lakhs of children not being able to attend schools and colleges because of high fees, adversely affecting the very development of human society itself. Capitalists have no qualms about creating artificial scarcity of food to hike up food prices and earn super-profits, even if it results in people dying of hunger; they have no scruples about manufacturing and selling illegal drugs to earn super-profits, even if it leads to destruction of entire societies; they have no compunction about manufacturing and selling weapons of mass destruction, even if it leads to genocide.

The flip side of this is that capitalists are not at all concerned with job creation. Whatever jobs are created under capitalism are a by-product of profit accumulation, the driving force of the system. To understand this, we need to discuss the economics of capitalism in some more detail.

A capitalist invests money M to build a factory, buy raw materials, and hire workers, all to produce a commodity C , which he then sells in the market for M' amount of money, which is obviously more than its production cost M . The difference ($M' - M$) is his profit. He consumes some of this profit, but the greater part is reinvested in production. Since total investment has increased, the volume of goods produced increases, which he then sells in the market to earn yet more profit. $M-C-M'$ leads to $M'-C-M''$ to $M''-C-M'''$.³⁶ And so on. In capitalism, there is no such thing as 'enough profits'.

The capitalist is not alone in the market. There are other capitalists too, manufacturing the same or very similar commodity. To sell his commodity in the market, he therefore has to compete with them. If he is not able to sell his commodity, the money he has invested in production gets stuck, and he runs the risk of going bankrupt.

In this cut-throat competition engaged in by the different capitalists, all seek to lower their production cost in order to defeat their competitors. And so they employ the minimum possible workers, make them work long hours, and strive to increase the efficiency and intensity of work, so as to extract the maximum possible production out of workers while paying them the lowest possible wages.

Cut-throat competition also compels the capitalist to mechanise and replace the old machinery in his factory with the latest available

machinery. This enables him to increase the productivity of labour. The new machinery also enables him to lay off workers, so that he is able to increase production with lesser number of workers. Those not able to employ the latest technology lose out in the competition and eventually close down, or their factories are taken over by the more successful capitalists. While those successful in increasing production with lesser and lesser number of workers survive in the competition, become bigger and bigger, and also richer and richer.

Over the past three centuries, the capitalist system has seen enormous growth and colossal increase in production. Expansion of capitalism leads to setting up of new factories and therefore an increase in jobs. But at the same time, this expansion is accompanied by introduction of new technologies, which leads to workers being thrown out of jobs. Therefore, expansion of capitalism does not necessarily lead to a reduction in the number of unemployed.

This inherent logic of the capitalist system means that the enormous increase in production and the huge increase in wealth of the capitalists that has accompanied the massive expansion of the capitalist system since the eighteenth century, has not benefited the workers. Even though the biggest capitalists have become billionaires, they continue to employ the minimum number of workers and pay them the minimum possible wages. Therefore, unemployment and poverty are a necessary by-product of capitalism; the capitalist system is simply not oriented towards job creation and sharing of wealth with the working people.

In fact, existence of unemployment is beneficial for capitalist profiteering. Capitalists take advantage of the huge mass of unemployed workers to lower wages, and increase working hours and intensity of work of those employed in their factories. If the workers protest, go on strike demanding higher wages and better working conditions, they can be dismissed and replaced by unemployed workers willing to work at even lower wages. Therefore, this huge army of unemployed workers has also been called the 'reserve army of labour'—which the capitalists use to divide workers and lower the wages of those employed.

Capitalism: A System of Unequal Development

Capitalism is thus a system of unequal development. Capitalist development is always accompanied by a huge increase in the gap between the rich and poor. At one pole are the capitalists, whose wealth continually increases. And at the other pole are the huge masses of workers living in dire poverty. Those able to find employment work at

subsistence wages, with the sword of retrenchment continually hanging over their heads. Alongside them exists a huge army of unemployed workers, living in destitution, desperate to find work at any wage.

This was the situation in Western Europe a century after the industrial revolution took off in the mid-18th century. Production had increased by several times in just a few decades. Thus, in Britain, the country where the industrial revolution first broke out, in the cotton textile industry (where the industrial revolution first began), output of cloth zoomed from 40 million square yards in 1785 to 2,025 million square yards in 1850. A key innovation that gave a huge fillip to the industrial revolution in the early decades of the 19th century was the railway. Once railway was proven technically feasible and profitable in the 1820s, railway construction simply skyrocketed. In 1830, there were only a few dozen miles of railways in the world. By 1850, there were over 23,500 miles. The rapid growth of railways created a huge demand for coal, iron and steel. Within just two decades, 1830–50, production of both coal and iron trebled in Britain.³⁷

But the workers did not benefit from this massive increase in production. Unemployment was rife; according to one excellent study, in almost all trades, one-third of the hands were fully employed, one-third partially employed, and one-third unemployed throughout the year. The huge unemployment kept wages low. Taking advantage of the huge reserve army of labour, the employers increased the working hours to as many as 14, 16 and even 18 hours a day in the factories. The intensity of work increased, leading to increasing factory accidents, but there was no injury compensation for workers. The workers lived in horrific conditions, because of which mass epidemics of contagious diseases, such as typhus and cholera, often swept Europe; but workers got no sick leave, so were often forced to work even when sick due to poverty. Child labour was widespread, with children as young as five working in the factories and mines for twelve hours a day and more, because of which their limbs became crippled and backs deformed.³⁸

Then what explains the improved working conditions of workers in Western Europe and USA today? These have not been granted out of generosity by the capitalist classes as they became wealthier, but have been won by the working classes after prolonged and intense struggles. The first concessions were won by the workers in the mid-19th century itself. Subsequently, important welfare measures were won in the years before the First World War; and yet more concessions were won in the 1930s during the Great Depression. The greatest expansion of the

welfare state took place during the first two decades after the Second World War, when the capitalist classes, scared by powerful people's movements such as the civil rights movement and the anti-Vietnam war movement in the USA and the challenge posed by the rise of an alternative, non-capitalist system in the Soviet Union which had instituted extensive welfare measures for its people, conceded major welfare benefits.³⁹

3. Capitalism and Colonialism

The price for the industrial revolution and development of capitalism in Western Europe and USA (also called developed countries or Western countries), and the accumulation of wealth by the capitalists of these regions, was paid not just by the workers of these countries, but by the people of Africa, Latin America, and Asia too. How?

Capitalism has always been a global system. The drive to accumulate profits is the very essence of capitalism. From the very beginnings of capitalism, capitalists have been more than willing to exploit the resources of other countries for this accumulation process. In fact, historians trace the origins of capitalism to the ocean voyages of Columbus and others that opened up the Americas to plunder by the Europeans.

With that began a 400-year history of barbaric plunder without precedent in human history. Taking advantage of the superiority of their weapons, the Europeans conquered the Americas, enslaved the people, and plundered the gold and silver resources of that region. It is estimated that over the next 300 years, that is, from around 1500 to 1800 AD, they looted more than 150,000 tonnes of gold and silver (gold and silver have been converted into a single unit using the relative price of gold in terms of silver) from the mines of Latin America—this constituted more than 80 percent of the global production of these precious metals over this time span.⁴⁰ The price of the tide of avarice bearing down on this region was genocide of the indigenous population. The Europeans committed hideous atrocities on the native people—burning down entire cities, slicing off the heads of captured natives or the breasts of women for sport, feeding their babies to dogs ... The mining practices of the Europeans were so deathly that the life expectancy of the native population forced to labour in the South American silver mines was about the same as that of forced labourers at the Auschwitz concentration camp⁴¹—three to four months. It is estimated that this region had a population of between 70 to 100 million

before the 1492 voyage of Columbus; a century and half later, it had been reduced to 3.5 million.⁴²

After they had wiped out the native Latin American population, the Europeans took to raiding the West African coast, capturing the local people and shipping them to Latin America to work as slaves: first on the mines, and then when the mines got exhausted, to work on the sugar, coffee and cacao plantations they had set up on the fertile lands there. As the plantations expanded, the number of slaves shipped from Africa to Latin America expanded hugely. This slave trade continued for nearly 400 years, starting from the early 16th century. During this period, it is estimated that at least 12 to 15 million captured Africans survived the ordeal of forced migration to work as slaves on the plantations in the Americas; the number of those who died while being forcibly enslaved and shipped across the Atlantic was several times this number—probably around 36 million to 60 million or even more!⁴³

While European merchant adventurers were easily able to conquer the Latin American civilisations, and use their superiority in ships and cannon to dominate trade with coastal Africa and capture Africans and ship them to the Americas as slaves,⁴⁴ when they reached India (and China), they found a society whose manufacturing and craftsmanship as well as trading ability and finance were not inferior, and in all probability superior, to that of Europe.⁴⁵ And so, till the 17th century, European traders had very little to offer to India in the form of goods. On the other hand, the demand for Indian goods in Europe was huge; so European traders bought goods from India by paying with gold and silver plundered from Latin America.⁴⁶

By the mid-18th century, conditions had been created for the industrial revolution in Western Europe. The huge demand for manufactures from the Latin American colonies and the captive regions in coastal Africa provided the stimulus for a huge increase in production; while the colossal plunder of gold and silver from Latin America and the massive profits from the slave trade provided the huge amounts of initial capital needed for the industrial revolution to take off.

It was the industrial revolution, stimulated by the colonisation of Latin America and coastal Africa, that enabled the Europeans to gain a decisive edge over India and gradually colonise it during the 18th–19th centuries. It also enabled them to colonise the interiors of Africa. And so, in less than a century, by 1878, European nations had spread their control (in Europe itself as well as in the colonies and ex-colonies) to 67 percent of the globe's land surface, from 35 percent in 1800.⁴⁷ These

colonies of Asia, Africa and Latin America then provided Europe with the enormous quantities of raw materials as well as the markets needed for its industrial revolution to continue without interruption.

4. Capitalism Transforms into Monopoly Capitalism

In the mid-19th century, the typical capitalist firm in Western Europe and the United States was a small firm. Competition between capitalists gradually led to the weaker firms being taken over by the stronger ones. By the turn of the century, this led to a profound change in the very nature of capitalism itself in these countries (which are today called developed capitalist countries): the small firm gave way to the giant corporation. The economies of the capitalist countries now came to be dominated by giant monopolies. This brought about important changes in the economics of capitalism. The monopoly corporations had enormous amounts of capital and an enormous capacity to expand production. Because of this, they quickly realised that if they indulged in price competition, it would be destructive for all. And so, they stopped engaging in price competition with each other and instead began to form cartels and manipulate prices upwards to earn super profits. (This does not mean that competition between them ended; it now took the form of competition for market shares.) And with the merger of banking and industrial capital, there arose in the capitalist world a new aristocracy of monopoly capitalists who presided over enormous pools of capital.

In the past too, competitive pressures, the incessant drive to accumulate more and more capital, and the advantages of controlling raw material sources, had spurred capitalists to reach beyond national borders. With the rise of monopoly capitalism, this took the form of competition among the developed capitalist countries to control sources of raw materials and markets of other nations. This was the most important factor behind the race among the developed countries in the 19th century to colonise the world, discussed in the previous section. It is for these reasons that the developed capitalist countries are also known as imperialist countries.

Monopoly Capitalism and Unemployment

Capitalists continually strive to earn more and more profits. For this, they invest their capital to produce goods, sell these goods in the market for a profit, and reinvest most of the profits to produce yet more goods to earn yet more profits. An essential factor for this cycle to continue without interruption is that the goods must be sold. But at the

same time, to maximise profits, capitalists strive to employ the minimum number of workers and pay them the minimum possible wages. This restricts the growth of the market, ultimately leading to a situation where capitalists are unable to sell their goods. The profit accumulation process thus breaks down. The capitalist system enters a crisis, also called recession.

During the period of small-scale capitalism in the 19th century, capitalism in Europe was being built virtually from scratch. Building up basic industries and constructing the infrastructure of roads, railways, canals and ports required enormous amounts of capital. Consequently, the periods of crisis were brief, the economy quickly recovered, and it appeared that the opportunities for capital investment were virtually unlimited.

The transformation of small-scale capitalism into monopoly capitalism changed this situation. On the one hand, the basic industries had been built and infrastructure was in place. Therefore, investment opportunities were now limited. And on the other hand, the replacement of the small firm by the monopoly corporation meant that these firms now had enormous amounts of capital at their disposal; since they cartelised with each other to keep prices high, it meant that their investments earned very high profits; and with mechanisation reaching very high levels due to the growth of giant corporations, this meant these firms could increase output very quickly. Under these circumstances, capitalism was faced with a new problem—where to get the large amount of investment opportunities needed to invest the growing pool of accumulated capital. Consequently, since the beginning of the 20th century, the developed capitalist countries have been faced with a crisis which is not of a temporary nature like the crises of the 19th century. Their economies are stuck in a condition of slow growth, high unemployment and excess (unutilised) capacity—what economists have dubbed as ‘stagnation’. It is not that the developed capitalist countries have not seen periods of rapid growth in the last century, but these have been due to special historical factors; the inner logic of the system propels it towards stagnation.

If on running their plants at full capacity, the goods produced do not sell, then the giant corporations will run their plants only at limited capacity and produce only that many goods that can sell. If their plants do not run at full capacity, they are not going to need all the workers they have employed, and so they will lay off their excess workers. Consequently, unemployment rises. This results in a further fall in

demand for goods. So corporations further reduce their investment, the unutilised capacity in their plants further increases, and so they lay off yet more workers. And so on. In other words, stagnation leads to a further deepening of stagnation.

This problem first came to the fore during the Great Depression of 1929–38. Originating in the United States, it spread to the entire capitalist world. It caused drastic declines in output, as factories shut down, and mills and mines were abandoned. Between 1929 and 1932/1933, industrial production declined 47 percent in the USA, 41.8 percent in Germany, 31.3 percent in France, and 33 percent in Italy. Recovery began in 1933, but even before full recovery had taken place, several economies experienced yet another severe downturn in 1937.⁴⁸

It resulted in severe unemployment in almost every country in the capitalist world. In the advanced countries, the entire decade (1929–38) saw double-digit mass unemployment, and at the peak of the crisis (in 1932), it had climbed to a stunning 31.4 percent.⁴⁹ In the USA, nearly 25 percent of the workforce was unemployed by 1933. It then gradually declined during the recovery of 1933–37 to 14.3 percent, which was of course still very high, but then the economy collapsed once again and unemployment rose to 19 percent in 1938.⁵⁰

Golden Age of Capitalism and Rise of the Welfare State

What brought the Great Depression to an end was the Second World War. The war led to a recovery of growth in the developed countries because it created a huge demand for war material; World War II was so big and created so much demand for war material that civilian production had to be stopped in several sectors to cater to military demand.⁵¹

After the war ended, the boom continued, due to special external factors such as: repairing war damage in Western Europe; a huge automobilisation of the economy which also led to suburbanisation and both together opened up huge avenues for investment in several other industries; big regional wars in Asia (Korean War and Vietnam War); and continued rise in military spending under the excuse of the Cold War—all of which provided huge investment opportunities. Because of this, the 1950s–60s are also known as the Golden Age of capitalism.

Accompanying this was the rise of the Welfare State in the USA and Western Europe. The spectre of working class insurrection and the threat of an alternative model of development in the USSR forced the developed countries to grant generous social security provisions,

increased educational opportunities and universal healthcare to the working people. With their economies growing rapidly for almost a quarter of a century after the end of the War, the capitalist classes had no problems in moving towards welfare capitalism.

However, all the factors which caused the boom to continue in the years after World War II were special factors, external to the working of the capitalist economy. As they began petering out by the late 1960s–early 1970s, the economies of the developed countries began sinking into stagnation once again—beginning with the recession of 1974–75.

5. Neoliberalism

To tackle the economic slowdown, towards the end of the 1970s, the capitalist classes in the West resurrected an old economic doctrine that had first been proposed in the 1920s—neoliberalism. This says that:

Human well-being is best advanced by free markets and free trade.

Neoliberalism calls for privatisation and creation of free markets even in areas such as education, health and drinking water, where so far public spending dominated and governments had restricted the operation of free markets.

Neoliberalism has been accompanied by the creation of several new forms of profit making for big business, such as: the development of a huge marketing apparatus for selling goods in saturated markets; the creation of a huge financial superstructure on top of the productive base of the economy, to absorb the trillions of dollars flowing into speculation in the face of lack of investment outlets in the real economy; globalisation—a euphemism for the forcible opening of the markets of the underdeveloped countries of Asia, Africa and Latin America for the monopoly corporations of the imperialist countries; and global labour arbitrage—the shifting of production by Western corporations from the developed economies to underdeveloped economies to take advantage of the low wages there.

Neoliberalism has been a huge success for these corporations of the developed countries: it has enabled them to spread their tentacles all over the globe, and amass huge profits.

But in terms of rescuing capitalism from the crisis of stagnation it has been facing since the 1970s, neoliberalism has been a complete failure. The economies of the developed countries have continued to slow down. In the USA, real GDP growth declined from around 4 percent a year in the 1950s–60s to around 3 percent a year in the 1970s–

90s to less than 2 percent a year for the period 2001–18. The slowdown has been sharper in the European Union and Japan.⁵² Their economies even suffered a major financial crash in 2007–09 that pushed them into such a severe recession that a decade later, they were still struggling to recover from it.

Neoliberalism and Assault on Working Classes

Neoliberalism is naked capitalism—in the face of a worsening economic crisis, the capitalist classes are resorting to every possible means to maintain and maximise their profits. And so, an important component of neoliberalism is that they have launched a fierce offensive to rollback all the gains made by the working people in the 1950s–60s. This includes:

- reducing labour costs by replacing permanent workers by contract workers; and
- increasing intensity of work;
- reducing government expenditure in welfare of working classes and transferring the savings to the capitalist classes.

And so, unemployment returned to haunt the economies of the developed countries on a scale not seen since the Great Depression years. In the USA, job creation has been slowing down since the 1970s—from around a 2 percent increase per annum in the 1970s–80s to less than 0.3 percent per year for the decade 2002–2012.⁵³ Consequently, unemployment has soared.

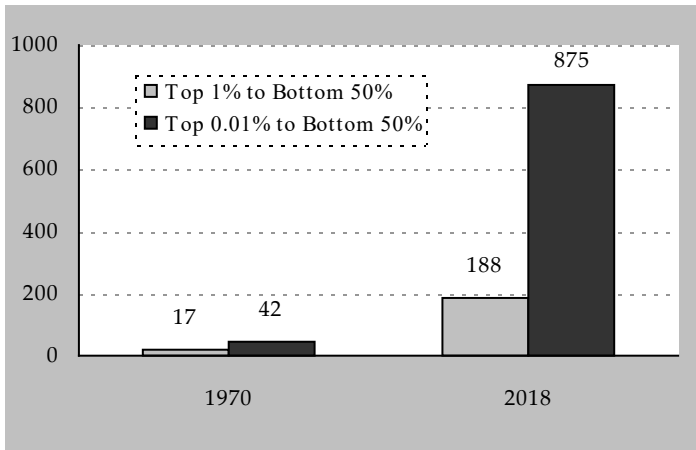
Thus, in the USA, while the official unemployment rate was between 3.5 and 4 percent in 2019, the actual unemployment situation was far worse. That is because this figure does not include the workers in part-time jobs who are desirous of full-time jobs, as well as the very large number of workers who have stopped looking for work out of frustration (known as discouraged workers). For example, official unemployment rate in April 2019 was 3.6 percent. But including the part-time workers desirous of full time jobs plus the discouraged workers, the unemployment rate goes up to a shocking 12.7 percent for April 2019.⁵⁴

Even this figure is an underestimate. It does not include the workers in temporary jobs, who are also called contingent workers—in what has been given the name of ‘gig economy’. According to various surveys, these workers total as much as from one-quarter to one-third of the workforce. Even if we assume that quarter of them want full-time

employment and so should be included in the number of under-employed, the un- + under-employment rate goes up to 18.3 percent for April 2019—a figure comparable to the Great Depression years.⁵⁵ Rising unemployment in the USA has been accompanied by: (i) decline in quality of jobs, with full-time workers being replaced by part-time workers; and (ii) stagnation in real wages—real wages for all workers, corrected for inflation, are today more than 10 percent below their level over 40 years ago.⁵⁶

Stagnant real wages and rising unemployment have resulted in huge rise in poverty. About 15 percent of the population, 46 million people, were living below the poverty level; and over 100 million people, a figure that equals one-third of the US population, were living below twice the poverty income.⁵⁷ And all these figures are for before the corona pandemic struck the USA in early 2020—that enormously increased this ‘unemployment and poverty’ crisis. (We discuss this in the next section.)

Chart 1: USA: Ratio of Wealth of Very Rich to Bottom 50% of Population, 1970 and 2018



At the other end, the incomes of the rich have simply exploded: in the five decades since 1970, the earnings of the top 1 percent increased at 100 times the growth rate of the bottom 50 percent. This, plus an increasingly regressive tax structure—another consequence of neoliberalism, because of which the very rich are now paying less taxes than the lower income groups—has resulted in rising inequality: over the period 1970 to 2018, the ratio of the average wealth of the richest 1 percent and richest 0.01 percent to that of the bottom 50 percent has

zoomed to mind-boggling levels (Chart 1).⁵⁸ The wealth gap has risen to such extremes that in 2018, the combined fortune of the three richest Americans was more than the total wealth of bottom 50 percent.⁵⁹

The situation is equally bad in Europe. Official unemployment statistics for EU-28 put the employment rate at 8.5 percent for 2016; but including the underemployed part-time workers and workers available to work but who have given up looking for a job, the unemployment rate doubles to a huge 16.2 percent.⁶⁰

Poverty levels in Europe are shockingly high. In 2016, at least 122 million people in the 28 countries of the European Union (EU-28)—24.1 percent of their total population—experienced some form of poverty: low paid/part-time job, inability to pay electricity and rent, or inability to eat decent, nutritious food.⁶¹

Corona Pandemic and Unemployment

The economies of the developed countries had yet to recover from the 2007–09 crash—in fact they had begun slowing down again in 2019—when the corona pandemic hit them in early 2020. The pandemic itself was a product of the destructive environmental practices of the global monopoly capitalist system in its search for more and more profits.⁶² In their quest to maintain corporate profits, the developed capitalist countries delayed taking steps to control the spread of the pandemic. As the mortality rates spiralled, panic spread and finally their governments were forced to act and imposed a lockdown. Even then, they did not adopt a people-centred approach, and did not take the required measures to protect public health and break the chain of infection.⁶³ And a short while later, under pressure from corporations whose profits were hit because of the lockdown, they began opening up their economies once again—even before the pandemic had been fully brought under control. Consequently, in the USA and most European countries, corona infections are surging once again in what is being called a second wave, and lockdowns have had to be reimposed. It has resulted in death rates in the developed countries being the highest in the world (death rates per million population as on 15 December 2020 were: USA - 938; UK - 953; France - 904; Spain - 1035), while those in non-capitalist countries or countries with progressive governments are far lower (China - 3; New Zealand - 5; Venezuela - 34).⁶⁴

Another upshot of this profits-before-people approach is that the economies of the developed countries have sunk into their deepest crisis since the Great Depression. Latest news reports expect the global

economy to contract by at least 5 percent in 2020, the biggest decline in the past 70 years.⁶⁵

This has had terrible consequences for an already bad unemployment situation. Even mainstream economists admit that unemployment levels in the USA were close to Great Depression years in April–May 2020. If we adjust this figure to include the discouraged workers and the underemployed seeking full time employment, it is obvious that the unemployment situation would be even worse than during the 1930s.⁶⁶

The situation in other countries of the OECD is equally bad—unemployment rates are at their highest levels since the Great Depression years.

6. Globalisation

During the last two decades of the 20th century, important changes took place in the world economy. They have enabled the imperialist countries to impose neoliberalism on the global economy. In the doublespeak of mainstream economics, this is called as globalisation. To understand these changes, we need to go into a bit of history.

In the first two decades after the Second World War, most countries of Asia and Africa became free, following a wave of anti-colonial struggles. After winning freedom, most of these countries attempted to develop their economies by implementing a model of supporting autonomous indigenous capitalist development while keeping strategic sectors in the public sector. One of the essential components of this policy was limiting the penetration of foreign capital in their economies.

While this model is much maligned today, this was precisely the strategy adopted by the developed capitalist countries, from England and Germany to the United States, when they carried out their industrial revolutions in the 18th–19th centuries.⁶⁷ But when the underdeveloped countries (that is, the ex-colonies of Asia, Africa and Latin America) attempted to implement this same model in the second half of the 20th century, their attempts failed! Why?

Because capitalism has always been a global system of unequal development, in which the development of one region takes place at the cost of impoverishment of others! USA and Europe are developed because Asia, Africa and Latin America are underdeveloped. This has been very poignantly brought out by Eduardo Galeano in his epic book *Open Veins of Latin America*:⁶⁸

For those who see history as a competition, Latin America's backwardness and poverty are merely the result of its failure. We lost; others won. But the winners happen to have won thanks to our losing: the history of Latin America's underdevelopment is, as someone has said, an integral part of the history of world capitalism's development. Our defeat was always implicit in the victory of others; our wealth has always generated our poverty by nourishing the prosperity of others—the empires and their native overseers.... The whole process was a pumping of blood from one set of veins to another: the development of the development of some, the underdevelopment of others.

The developed countries are 'developed' because of their barbaric loot of the rest of the world—the plunder of gold and silver in the Americas, the enslavement and entombment in mines of the indigenous population of that continent, the conversion of Africa into a preserve for the commercial hunting of black skins, and the conquest and plunder of India.

The developed countries did not just plunder their colonies and massacre their indigenous populations to finance their industrial revolutions; their method of plunder was such that they crippled the economies of their colonies. The empires deliberately wrecked the agriculture and industry of their colonies and restructured them to meet the raw material and investment needs of the conquerors; strangulated the skills of their people; destroyed their education systems, culture and traditions; and imposed their foreign culture and language on them.

After winning independence, when the countries of Asia, Africa and Latin America attempted to carry out their industrial revolutions, their development was constrained by a number of factors: (i) their economies were totally devastated due to centuries of colonial plunder; (ii) their economies were not just ravaged by their colonial rulers, but crippled too; and (iii) they suffered from lack of capital to finance their development.

Additionally, the developed countries sought to deliberately sabotage the independent development of their ex-colonies by every possible means, including: conspiring to murder the more radical among their leaders; organising coups (and where that was not possible, sending in troops) to overthrow independent-minded governments and replacing them by puppet rulers; military interventions (the US has militarily intervened in dozens of countries of Latin America since

WWII); and use of economic aid to prop up pro-Western governments.

It is these factors that caused the failure of the development models of the ex-colonial countries by the 1970s.

As their development models sank into crisis, these countries began borrowing from the developed countries. Gradually, their foreign debt accumulated and eventually became unpayable. That is why these countries are also known as dependent countries.

To understand this, it is important to understand the difference between 'internal debt' and 'external debt' for these countries. They can repay an internal debt in their domestic currencies, but not an external debt. Due to inequalities in world trade, international trade only takes place in the currencies of the developed countries, like the dollar, euro or yen. Therefore, when a dependent country, like say Argentina, accumulates foreign debt, it cannot repay it in its domestic currency, in this case pesos. It has to repay it in international currency like say dollars. And if it does not have enough foreign exchange earnings to pay the service charges on this debt, it will then need to borrow yet more dollars for this, leading to a further rise in its external debt, eventually pushing the country into an external debt trap.

This is precisely what happened with the newly independent countries of Asia, Africa and Latin America. By 1982, the total debt owed by these countries to the developed countries had climbed to an astronomical \$785 billion.⁶⁹ That year, 22 of these countries announced that they did not have the necessary foreign exchange to pay the interest and amortisation due on their loans.⁷⁰

Meanwhile, by the 1970s, the economies of the developed countries had become mired in stagnation once again—meaning that their markets were saturated. The giant corporations of these countries were now desperately looking for investment opportunities abroad. The opportunity presented itself in just a few years. In the early 1980s, several countries of Asia, Africa and Latin America declared foreign account bankruptcy and began negotiations with their Western creditors—the developed country banks and their governments—for debt rescheduling. This created conditions for the imperialist countries to once again impose their hegemony over the markets of their former colonies. They now imposed their will on these countries and forced them to open up their economies to plunder by Western corporations once again. This is the essence of what mainstream economists call the 'globalisation of the world economy'.

To hide the reality of globalisation from the people, the imperialist

countries got the indebted countries to sign agreements with the World Bank (WB) and the International Monetary Fund (IMF)—international financial institutions that are decisively controlled by the USA and Western Europe—wherein they agreed to implement a ‘Structural Adjustment Programme’ (SAP) in return for a foreign loan to tide over their external debt crisis.⁷¹ One of the conditions of this SAP was that they open up their economies to inflow of foreign capital and goods. In the 1980s and ‘90s, more than 70 dependent countries signed these agreements, sealing their dependency on the capitalist centre of the world economy once again.

When a foreign corporation enters an underdeveloped country, it brings in much needed foreign currency (dollars / euros / yen). But it invests to make profits, which it repatriates back to its parent country—this profit outflow is also in dollars / euros / yen. While a corporation brings in foreign direct investment (FDI) once, it repatriates profits every year. As FDI inflows into the underdeveloped country increase, profit outflows in subsequent years rise at an even faster pace. Over time, the profit outflows exceed the FDI inflows. This forces the dependent country to either further open up its economy to more FDI inflows, or take on yet more external debt. It is a vicious cycle, akin to a debt trap!

And so, while on the one hand, the dependent countries are more and more opening up their economies to plunder by foreign capital, at the same time, their external debt is also increasing. Their combined external debt zoomed from \$510 billion in 1980 to \$1,966 billion in 2000 and \$7,070 billion in 2017. This has taken place despite strenuous efforts made by them to repay their debt! For example, over the period 1970 to 2017, the total debt stock of the countries of Latin America and Caribbean increased from \$8 billion to \$1,502 billion—even as they had made total debt repayments of \$3,707 billion over this period!⁷²

So massive is this loot of the dependent countries that a former Executive Director of the World Bank exclaimed:⁷³

Not since the conquistadores plundered Latin America has the world experienced a flow in the direction we see today.

Globalisation is thus nothing but the continuation of “pumping of blood from one set of veins to another” (to quote Eduardo Galeano once again). This is why in this booklet we have described the now independent (ex-colonial) countries of Asia, Africa and Latin America as ‘underdeveloped countries’ or ‘dependent countries’, instead of ‘developing countries’ used by mainstream economists.

Globalisation has resulted in rollback of all the gains made by the people of these countries since winning independence from colonial rule. An important condition imposed on these countries as a part of SAP is that governments must make steep cuts in their social sector expenditures, and privatise these services. Consequently, it has led to deterioration in their public education and health systems, and catastrophic increase in poverty and hunger levels.

Monopoly Corporations Become MNCs

We have discussed the growth of monopoly corporations in the developed capitalist countries in a previous section. One important consequence of globalisation has been that it has enabled these corporations to penetrate into the markets of the underdeveloped countries. Since the Western corporations are so big, competition with them is simply not possible. Therefore, when developed country corporations enter an underdeveloped country, they quickly gobble up the local corporations (or the latter become their junior partners). By the 1980s, the corporations of the developed countries had become truly giant behemoths with tentacles spread into each and every country in the world, transforming them into what are known as multinational corporations or MNCs.

While expanding their operations across the globe, MNCs are also engaged in intense competition with each other for global market shares (as mentioned earlier, big corporations do not indulge in price competition). At the same time, they are suffering from lack of investment outlets for their profits, and so have enormous amounts of surplus capital. So they are using this capital to buy into each other. The intense global competition between the MNCs has accelerated this merger frenzy. It has led to a wave of mergers and acquisitions sweeping across the corporate world, with values reaching trillions of dollars annually.

The result of these developments is that only a few MNCs today dominate each and every economic activity at the global level, be it manufacture of automobiles or semiconductors or medicines, or be it retail or transportation or information technology, or be it banking and finance, or be it the various sectors of agriculture—from seed and pesticide manufacture to wheat and rice production. Note that here we are not talking of a few firms dominating a particular economic activity in a particular country, but their dominating that economic activity at the global level. The same MNC operates in 20 or 50 or more countries,

and along with a handful of other such MNCs, dominates global production in that particular sector. To take an example, today five multinational firms produce nearly half the world's motor vehicles, and the ten largest firms produce 70 percent.⁷⁴ Just two corporations supply most of the world's large commercial jets—Boeing Co. and Airbus Industrie;⁷⁵ five corporations account for 90 percent of the global music market;⁷⁶ the world's top 10 semiconductor makers account for more than half of the global production;⁷⁷ and so on.

Three decades of globalisation has enabled MNCs to become so big that they are now bigger than entire countries! A study made by the anti-poverty charity Global Justice Now found that in 2015, of the 100 biggest economic entities in the world, 69 were corporations (measured by their corporate turnover) and only 31 were countries (measured by their government revenues).⁷⁸

The power wielded by these giant corporations over the global economy is best illustrated by a single statistic: the combined revenue of the top 500 corporations in the world is of the order of 35–40 percent of the global GDP!⁷⁹

MNCs Shifting Production to Underdeveloped Countries

As the external debt of the dependent countries has worsened, they have become more and more desperate to invite foreign capital into their economies.

The MNCs are always on the lookout for opportunities to maximise their profits. The labour costs in the developed countries are much more than in the underdeveloped countries. The MNCs quickly realised that if they shifted their production from the former to the latter—from the centre of the globalised world economy to the periphery—they could take advantage of this difference in labour costs and further enhance their profits. Taking advantage of the desperation of the dependent countries to invite foreign investment into their economies, the MNCs now began dictating terms for investing in these countries—they demanded that the latter relax their labour laws and environmental laws, so that goods can be produced in these countries at the lowest possible costs. The latter have meekly bowed to their demands.

And so, the big corporations of the capitalist countries of USA, Western Europe and Japan are shifting their production to the dependent countries in a big way. In 1980 the share of world industrial employment of the dependent countries was 52 percent; by 2012 this had increased to 83 percent.⁸⁰

Deepening Underdevelopment

This tectonic shift of production by Western MNCs to underdeveloped countries has not resulted in any betterment of employment opportunities for their people. That is because MNCs destroy many more jobs than they create. While because of their high technology levels, they create very few jobs, the entry of these MNCs into these economies results in decimation of the local industry, causing massive job losses. Consequently, globalisation has resulted in a huge rise in unemployment in the underdeveloped countries.

Not only that, since the MNCs force the governments of these countries to dismantle their labour laws, the quality of jobs created by these giant corporations is simply abysmal—workers are forced to work for MNCs at dirt wages. A few examples:

- In the international garment industry, where production takes place almost exclusively in the underdeveloped countries, direct labour cost per garment is typically around 1–3 percent of the final retail price! Wage cost for an embroidered logo sweatshirt produced in the Dominican Republic is around 1.3 percent of the final retail price in the United States, while the labour cost (including the wages of floor supervisors) of a knit shirt produced in the Philippines is 1.6 percent. Labour costs in countries such as China, Indonesia, Vietnam, Cambodia and Bangladesh are even lower than this.
- To give a different type of example: in 1996, a single Nike shoe consisting of 52 components was manufactured by subcontractors in five different Asian countries—South Korea, China, Indonesia, Thailand and Vietnam. The entire labour cost for the production of a pair of Nike basketball shoes retailing for \$149.50 in the United States in the late 1990s was 1 percent of this, or \$1.50.⁸¹
- **Condition of workers in China**

This is also the situation of the workers working in MNCs that have shifted their operations to China. (The difference between China and other underdeveloped countries is that while the latter have opened up their economies to Western MNCs under globalisation conditionalities, China has done so voluntarily. Despite this, the condition of workers in China is as bad, if not worse, than other underdeveloped countries.) Labour laws in China are so lax that MNCs are able to make workers in China work as many as 14–16 hours a day, without weekly off and without any overtime

payments, in terrible work conditions. Wages in China are only 4 percent of the wages in the USA, and 3 percent of the wages in the European Union.⁸² And so Western MNCs have shifted their operations to China in a big way. To give an example of the conditions of workers in China, we discuss the situation in Meitai Plastics and Electronics Factory in Dongguan City, Guangdong.

Here, 2,000 workers, mostly women, assemble keyboards and computer equipment for Microsoft, IBM, Hewlett-Packard and Dell. These young workers, mostly under thirty, toil while sitting on hard stools as computer keyboards move down the assembly line, one every 7.2 seconds, 500 an hour. A worker is given just 1.1 seconds to snap each separate key into place, repeating the operation 3,250 times every hour, 35,750 times a day, and more than a million times a month. Workers work 12-hour shifts seven days a week, and only get two days off in a month. Chatting with other workers during work hours can result in loss of half a day's pay.

Meitai workers have to stay in dormitory accommodation provided by the factory in the factory premises. Fourteen workers share each dorm room, sleeping on narrow bunk beds. They are given small plastic buckets to haul hot water up several flights of stairs for a sponge bath. They do mandatory unpaid overtime cleaning of the factory and the dorm. The food consists of thin, watery rice gruel in the morning, while on Fridays they are given a chicken leg and foot as a special treat. For such food and room, 35 percent of the wages are deducted.⁸³

Thus, the shifting of production by Western MNCs from the capitalist centres to the dependent countries has not resulted in any change in the relationship between these two groups of countries—it has only deepened their underdevelopment and made their economies even more dependent on the developed capitalist countries.

The more the capital inflow into the dependent countries, the more the profit outflow. As profit outflows from the dependent countries to the capitalist centres of the globalised world economy have soared, the developed countries and their corporations have once again come to acquire decisive control over the markets and raw material resources of their former colonies. This is the real essence of what is being glorified as 'globalisation' of the world economy.

There is actually nothing new in this latest phase of global expansion of capitalism, euphemistically being called 'globalisation'. It is only the third phase of capitalism's expansionism, the first being the

conquest of Americas and Black slavery, and the second being the industrial revolution and the colonial subjugation of Asia and Africa.

Globalisation, MNCs and Global Unemployment

In this new phase of global capitalist expansion, a handful of MNCs dominate the world economy and earn huge profits. The MNCs have so much capital at their disposal that they are able to employ the latest labour-saving technologies to produce an enormous amount of goods with very few workers. And so MNCs create very few jobs. In 2018, the world's 500 biggest corporations (known as the Fortune Global 500) generated \$32.7 trillion in revenues, which equalled 38.5 percent of the world's GDP. Yet, they employed a mere 69.3 million people worldwide,⁸⁴ which is just 2 percent of the global labour force.

This is the main reason why unemployment has grown to shocking levels at the global level. According to figures put out by the International Labour Organisation (a UN body), the total size of the global labour force in 2018 was around 3617.4 million people. Of this:

- Total employed workers (including part-time) = 1,817.3 million;
- Total unemployed workers (defined as those who have looked for work in the past few weeks) = 172.5 million;
- Total vulnerably employed workers (that is, the underemployed, especially in poor countries, who have taken up whatever jobs are available because there is no unemployment allowance) = 1,487.4 million.

Apart from this:

- Economically inactive workers = 139.6 million.⁸⁵

A significant number of employed are only part-time employed, and therefore should be included in the vulnerably employed. But since we do not have the break-up, let us consider them to be employed. The total number of employed was 1,817 million in 2018. On the other hand, the vulnerably employed are all actually under-employed; they have taken up whatever informal sector jobs are available. The economically inactive workers should all be included in the unemployed; they have given up searching for jobs out of frustration, because of the terrible job situation across the world. The unemployed, vulnerably employed and discouraged workers total 1799.5 million people—which is 49.7 percent or nearly half of the global labour force. The real global un- + under-employment rate is nearly 50 percent! Such is the scale of unemployment in capitalism's latest phase of globalisation.

Obscene Global Inequality

Capitalism is a system of unequal development. Monopoly capitalism has further deepened this inequality. And the growth of global monopoly capitalism have taken this inequality to extreme levels.

Capitalism and monopoly capitalism have created so much wealth in the world that it is possible to feed, clothe, house, educate and provide healthcare to the entire human race, to meet the basic needs of all the people in the world. And yet, because of the very logic of capitalism, 3.4 billion people (46 percent of the world's population) struggle to make their ends meet—they live on less than \$5.50 a day, the World Bank's poverty line of 2018. Of this, a shocking 1.9 billion people—a quarter of the global population—live in dire poverty, on less than \$3.20 per day.⁸⁶

At the other end of the spectrum, the richest 1 percent people in the world own more than 50 percent of the global wealth, implying that they have more wealth than the remaining 99 percent people in the world. Their wealth amounts to more than 180 trillion dollars!⁸⁷ And the top 10 percent own 82 percent of the global wealth. Even within the rich, there is a growing concentration of wealth at the top of the pyramid. In 2019, the world's 2,153 billionaires had more wealth than the bottom 60 percent of the global population (4.6 billion people).⁸⁸

Jeffrey Sachs, considered to be an expert on economic development, estimated in 2005 that if the world's wealthy countries spent \$175 billion every year for 20 years (on investment in local farms, education for both children and adults, enhancing access to health services and leveraging renewable energy resources in the poor countries), it would be possible to end extreme worldwide poverty. Updating Sachs' calculations, today the investment required to end extreme poverty would need to be around \$400 billion per year.⁸⁹ In another estimate made by the United Nations in 2015, meeting the sustainable development goals in the areas of water and sanitation, education, health care and agriculture and food security for all low- and lower-middle income countries would require a total public investment of \$453 billion per year.⁹⁰ Just a 0.25 percent wealth tax on the world's richest one percent would raise enough money (\$450 billion) for either of these investments, and thus eliminate extreme poverty in the world.

Then, why are the world's governments not doing this? Why are they not taking measures to ensure that all the people in the world have the means to lead decent, fulfilling lives? Because, while they rule in our

name, actually all these governments are beholden to the capitalist classes. And capitalism is all about making more and more profits, maximising profits. It is the inherent logic of capitalism that it leads to the accumulation of wealth at one pole, and simultaneously, the accumulation of misery, agony of toil, ignorance, brutality and mental degradation at the opposite pole. To eliminate poverty, destitution and unemployment in the world, we'll all have to unite and fight—to change the capitalist system, and replace it with an alternate system that is oriented towards the well-being of the common people.

Inequality Worsens during the Corona Pandemic

The brutality of the capitalist system stands completely revealed in all its nakedness during the ongoing corona pandemic. For the poor, the human cost from the economic fallout of the pandemic is proving to be worse than the virus itself. The 2020 edition of the United Nation's *State of Food Security and Nutrition* report estimates that a minimum of 83 million extra people, and possibly as many as 132 million worldwide, will go hungry as a consequence of the coronavirus-related economic collapse. Oxfam says that as many as 12,000 people could die every day from COVID-linked hunger, which is more than those dying daily from the virus itself.⁹¹ On the other hand, the world's billionaires have done extremely well; their number increased to 2,189, and their combined wealth surged by 27 percent in just 4 months—April to July 2020—to reach a record high of \$10.2 trillion!⁹²

IV. UNDERSTANDING UNEMPLOYMENT IN INDIA

1. Colonial Loot, Underdevelopment & Unemployment

The Indian subcontinent till the early 18th century was one of the world's most developed regions. Europe caught up with it and became more developed because of its industrial revolution, financed by the barbaric plunder of Latin America and Africa. This made it possible for Europe to colonise and plunder India. It is British colonial rule that destroyed India and transformed this thriving civilisation into one of the world's poorest countries.

This would sound surprising to many of our readers who have come to believe the propaganda of the Hindu fundamentalists about India's past. They describe the late medieval period (the period from

around 1200 AD to 1700 AD, that is, the period of the Delhi Sultanate and the Mughal Empire) as a dark age, during which the Muslim kings looted India, carried out large scale massacres of Hindus, destroyed thousands of temples, and so on.

This false history, which depicts medieval India as being under the despotic rule of Muslim kings who subjected Hindus to immense persecution, was first 'manufactured' by the British in the early 19th century to justify their colonisation of India. They used it to portray themselves as liberators of Hindus, from Muslim tyranny. Hindu fundamentalists have appropriated this distorted colonial history and shamelessly propagate it, as it helps to create the social conditions for implementing their agenda of transforming secular India into a *Hindu Rashtra*.

Through a rigorous scientific analysis of historical facts, independent India's historians have proven this fundamental version of history to be completely false. The reality is that the advent of Islam and Muslims in India during the medieval period led to the intermingling of the diverse indigenous culture of the Indian subcontinent with Islamic culture. A new syncretic culture was born, resulting in great advances in the realms of art, literature, music, architecture, painting and the crafts. An important contributing factor was the policy of religious tolerance pursued by the kings of the Delhi Sultanate and the Mughal Emperors. This period also saw the birth of the Bhakti movement, which several scholars have described as the Indian renaissance, when thinkers like Kabir, Nanak, Basav and Tukaram were questioning the feudal social system, including the caste system, social hierarchies, and even the power of religion over the individual. These thinkers were not marginalised voices, but voices of dominant groups like the traders and artisans.⁹³

This socio-cultural development was paralleled by considerable economic progress. During the period of the Mughal Empire, India was the world leader in manufacturing, producing around a quarter of the world's industrial output up until the mid-18th century.⁹⁴ The American Unitarian minister, J.T. Sunderland, has described the wealth created by India's 'vast and varied industries' in beautiful words:

Nearly every kind of manufacture or product known to the civilised world—nearly every kind of creation of man's brain and hand, existing anywhere, and prized either for its utility or beauty—had long been produced in India. India was a far greater

industrial and manufacturing nation than any in Europe or any other in Asia. Her textile goods—the fine products of her looms, in cotton, wool, linen and silk—were famous over the civilised world; so were her exquisite jewellery and her precious stones cut in every lovely form; so were her pottery, porcelains, ceramics of every kind, quality, colour and beautiful shape; so were her fine works in metal—iron, steel, silver and gold.

She had great architecture—equal in beauty to any in the world. She had great engineering works. She had great merchants, great businessmen, great bankers and financiers. Not only was she the greatest shipbuilding nation, but she had great commerce and trade by land and sea, which extended to all known civilised countries. Such was the India which the British found when they came.⁹⁵

To give just one example of the development of Indian industry during the 17th–18th centuries: in terms of shipbuilding tonnage, the annual output of Bengal alone totalled around 2,232,500 tons, larger than the combined output of the Dutch (450,000–550,000 tons), the British (340,000 tons), and the North American (23,061 tons) shipbuilding industries.⁹⁶

The reason for this development during the period of the Delhi Sultanate and the Mughal Empire was that these Muslim kings had not come to colonise and loot India. They settled here, integrated with the indigenous culture which led to the development of a beautiful syncretic culture, and contributed to India's development, making India one of the world's most prosperous regions.

This flourishing civilisation was destroyed by British colonial rule. The British had come to colonise India, and so after defeating the native princes in battle, they systematically went about plundering and raping India. They deliberately destroyed our vibrant industry. They ruined our flourishing cities and depopulated them. This hugely increased the population dependent on agriculture, which was already burdened with high taxes. Terrible famines occurred—in a country with some of the most fertile lands in the world. One-third of the population of Bengal, or 50 lakh people, starved to death during the famine of 1769–70; there were another 20 such big famines during the 120 years from 1770 to 1890, and this sequence continued till the Great Bengal Famine of 1943 which devoured 40 lakh people.⁹⁷

Even after India won freedom from British rule, this legacy of colonial plunder has continued to fetter India's development. Because the British did not just destroy the indigenous progress that was taking place in India—thereby pushing us back several centuries—they also crippled us. They remoulded our entire economy to suit their development needs. They deskilled our people famed the world over for their manufacturing skills. They destroyed our beautiful syncretic culture leaving behind a society plagued by communal divisions ever since. They even exacerbated and magnified the depth and scope of the caste system.⁹⁸

This crippling of our development potential due to 200 years of British colonial rule is one of the most important reasons for the failure of the development model implemented by independent India's leaders after winning freedom from colonial rule. One consequence of this failure was rising unemployment.

➤ This is the first reason for India's employment crisis—the crippling of our development potential due to British colonial loot.

2. Nehruvian Model, Capitalism, and Unemployment

When India finally won freedom in 1947 to become a democratic republic, two centuries of colonial rule had made it one of the poorest countries in the world.

The leader of India's freedom struggle, Mahatma Gandhi, wanted India to follow a decentralised path of development that empowered the people both politically and economically. Since the overwhelming majority of India's people lived in the villages, Gandhi wanted the country's leaders to adopt a development model that focussed on the development of villages, by re-vitalising agriculture and developing rural-based industries—both essential for providing gainful employment to India's teeming millions.⁹⁹

However, free India's leaders led by Nehru ignored Gandhi's advice. Nehru wanted to rapidly industrialise India—in his words, “within a relatively brief period of time, maybe ten years, fifteen years”. But he did not want to do so by adopting a path that would promote capitalism and bring into existence a society where land and capital were monopolised by a few, with “the others living on the verge of existence”. He was inclined towards socialism; he wanted to build a society where there was economic growth along with social justice and equality, and so wanted to industrialise India drawing lessons from the

‘planned economy’ model of the Soviet Union. But he also had reservations about the Soviet model of development and did not want to build a fully controlled economy, as he thought it promoted authoritarianism and totalitarianism. And so he advocated a model that was the synthesis of the two systems, that he called the ‘mixed-economy model’, wherein basic and strategic industries were reserved for the public sector, and production and distribution of consumer goods remained open for the private sector. He did not see any contradiction between the two sectors. For Nehru, the most critical ‘socialist’ element of his economic development model was a planned economy, and for this the Planning Commission was set up in March 1950 and the National Development Council in 1952, both headed by the Prime Minister himself.¹⁰⁰

Except for Nehru’s vision of a planned economy, most other essential features of his economic model—the public sector and the private sector, the Industrial Policy Resolutions of 1948 & 1956 and restrictions on foreign capital inflows—were very similar to the so-called ‘Bombay Plan’ proposed by a committee of Indian capitalists led by J.R.D. Tata and G.D. Birla.¹⁰¹ In other words, the Indian capitalists too wanted the Nehru Government to: (i) implement a ‘mixed economy model’; and (ii) impose restrictions on foreign capital and protect nascent Indian industry. While both these policies are being much derided today by establishment intellectuals, the fact of the matter is, in the conditions prevailing in India in the immediate years after independence, the Indian capitalists too felt that this was the best way to facilitate the development of capitalism in the country. Their thinking had a historical justification—as we have discussed earlier, all developed countries had implemented similar policies during the early phase of their capitalist development.

It is possible that Nehru felt that with the Planning Commission deciding the orientation of the economy and with the infrastructural sectors in the public sector, capitalist growth would be restricted and the economy would gradually advance towards socialism. The Second Five Year Plan was in fact called a socialist plan, and the Lok Sabha even passed a resolution in December 1954 saying that the objective of the government’s economic policies was achievement of socialism. Looking back, it is obvious that Nehru was mistaken and the Indian capitalists understood capitalism much better, which is why the mixed economy model as proposed by them and implemented under Nehru’s leadership did not lead to the development of socialism but capitalism.

In 1947, the Indian capitalists preferred that infrastructural industries like railways, roads, oil, telecom, heavy machinery and electricity be set up in the public sector, as they had neither the capital nor the technology needed to set up these industries, and without the development of these industries development of other industries was not possible. Furthermore, while the gestation period for projects in the infrastructural sector was long, returns on investment in these sectors were low. The capitalists preferred to invest their limited capital in the consumer goods industries where there were quick profits to be made. This was precisely the essence of the 'mixed economy model', which is why they supported it. And so, despite whatever Nehru may have wished, his economic model only laid the foundations for the development of capitalism in India.

Nehru's Self-realisation of the Limitations of His Model

During his last years, Nehru himself had started realising the limitations of his economic model, and the need to go back to Gandhiji's teachings. He is reported to have told a friend, "We must go back to Gandhiji's teachings. We should not have abandoned them."¹⁰²

He elaborated on this at a seminar on 'Social Welfare in a Developing Economy' on 22 September 1963, "My mind was trying to grapple with the problem of what to do with more than 5,50,000 villages of India and the people who live there.... [I]t is ultimately a question of planning with a view to raising the whole level of living in the country.... [I]n India, the basic problem still remains agrarian. If we were to think purely in terms of output, all the big and important factories in India are not really so important as agriculture.... [W]hat Gandhiji did was fundamentally right. He was looking all the time at the villages of India, at the most backward people in India in every sense, and he devised something. It was not merely the spinning wheel; that was only a symbol. He laid stress on village industries ..."

A few months later, on 11 December 1963, Nehru again spoke of learning from Gandhi's emphasis on rural-based small industries while replying to a debate in Parliament on planning.¹⁰³

It was a very late realisation of Nehru. He died in 1964.

Limitations of Capitalist Development in India

Duplicating the industrial revolutions of the West was simply not possible for India. As discussed above, capitalism is a global system; nay, it is a global system of unequal development. The Western countries had

fertilised their industrial revolutions with colonial wealth: the wealth and markets of the colonies had provided the initial stimulus for their industrial revolutions, and then as their industrial revolutions advanced, the colonies had provided them the necessary raw materials and markets. The colonies also helped absorb the surplus peasant population displaced from villages as capitalism penetrated the rural areas—it is estimated that around 50 million people emigrated from Europe to the ‘New World’ over the period 1820–1915.¹⁰⁴

In contrast, when India began its industrial revolution, it did not have any colony to plunder, and its own economy had been devastated and crippled due to two centuries of British pillage.

Therefore, the efforts of India’s leaders led by Nehru and our leading capitalists like Birla and Tata to rapidly industrialise India along the lines of the Western capitalist countries were bound to fail, and this is precisely what happened.

Even within these constraints, the limited capitalist development possible in India was throttled by the failure of independent India’s leaders to empower the people by investing in education, health, nutrition and gender equality, which would have unleashed the inherent potential of the people. One important reason for the rapid development of the East Asian countries during the 1960s–70s (apart from the aid provided by the USA for geopolitical reasons) was that their governments invested heavily in providing welfare benefits to their people.¹⁰⁵

Despite Nehru’s attempts to build socialism, the strong right-wing lobby in the Congress ensured that no serious attempt was made to eliminate medieval backwardness. Religious backwardness, casteism and patriarchy continued to hobble the creative power of the masses. Limited land reforms were done; there was a limited focus on development of agriculture and related village industries; the large mass of peasantry continued to wallow in desperate poverty. This seriously limited the growth of the market in the countryside. With focus on growth of large industries, industrial growth did not generate sufficient employment to create a significant increase in demand.

By the late 1960s, the Nehru model was in crisis. As we have pointed out above, Nehru himself had begun to ponder over the limitations of India’s development model. After his death in 1964, his successors were unabashedly pro-business. Therefore, instead of thinking over the questions raised by Nehru, and changing direction, they further accelerated the development of capitalism in the country during the 1970s–80s.¹⁰⁶ But this only deepened the economic crisis. As

we have explained earlier, a logical consequence of capitalism is unemployment. The birth of the JP Movement in the early 1970s, in which tens of thousands of students and youth participated, made it evident that the country faced a severe economic and unemployment crisis.

➤ This is the second reason for India's unemployment crisis—India's capitalist development model.

3. Globalisation and Unemployment

In an attempt to revive economic growth, the Government of India now began to take loans from the developed countries. However, this entrapped the economy in external debt. Gradually, the debt accumulated: it quadrupled during the 1980s, from around \$20 billion in 1980 to more than \$80 billion in 1990.¹⁰⁷ By the end of the 1980s, the country was well and truly caught in an external debt trap (due to the inherent logic of external borrowing for underdeveloped countries that we have discussed earlier)—we were borrowing from abroad to pay even the service charges on our previous debt.

The imperialist countries were looking for just such an opportunity. India's external debt crisis provided them with a golden opportunity to bring the Indian economy back under their hegemony, so that they could once again control its raw material resources and exploit its markets. They withheld fresh loans to the Indian Government, demanding that it first restructure its economy and remove all restrictions on inflow of foreign capital and goods.¹⁰⁸

With foreign loans drying up, India's foreign exchange reserves plummeted to just \$1.2 billion by end-December 1990. By early 1991, the Indian Government was entrapped in a situation wherein, if it wanted to avoid external account bankruptcy (which is an essential condition for remaining within the global capitalist framework), it had no option but to accept the demands of its international creditors.¹⁰⁹

1991: Globalisation Begins

The Nehruvian model of development had gradually led to a huge increase in the wealth of the capitalist classes—the capitalists, big farmers, big traders, politicians, bureaucrats, smugglers, dealers, distributors, blackmarketeers, mafia, etc. They constituted less than 5 percent of the population, but due to their economic power, had now

exercised a decisive influence over the mainstream political parties and political power in the country.

Considering both the international situation—where a large number of underdeveloped countries had surrendered to imperialist pressure—and the growing domestic crisis, the capitalist classes concluded that to expand their profit accumulation, they must now abandon their dream of independent capitalist development. They decided to accept the conditions imposed by the imperialist countries, dismantle the Nehruvian model, and open up the economy to foreign investment and imports.

Elections to the Indian Parliament were held in May 1991. In July 1991, the minority Congress Government of Narasimha Rao–Manmohan Singh came to power at the Centre. It immediately signed the WB–IMF’s ‘Structural Adjustment Programme’, pledging a thoroughgoing restructuring of the Indian economy in return for a huge foreign loan to overcome the foreign debt crisis. The most important conditions imposed on India as a part of this SAP were:¹¹⁰

- i) **Free Trade:** Removal of all curbs on imports and exports.
- ii) **Free Investment:** Removal of all restrictions on foreign investment in all sectors of the economy.
- iii) **Reduction of Fiscal Deficit:** Bringing down the fiscal deficit to near-zero, by reducing government subsidies to the poor, including food, health and education subsidies.
- iv) **Free Market:** No government interference in operation of the market. This means:
 - Privatisation of public sector corporations, including public sector banks and insurance companies.
 - Privatisation of essential services provided by the government, like drinking water, health, education, etc.;
 - Removal of all government controls on profiteering, even in essential services.

Thus began the ‘globalisation’ of the Indian economy. India’s ruling classes too decided to walk down the path taken by more than 70 underdeveloped countries during the past decade and implement the neoliberal ideology—which essentially means that they now decided to run the economy solely for the profiteering of big business houses, abandoning all concern for India’s impoverished masses.

MNCs and Unemployment in India

An important component of globalisation is opening up the economy for investment by the giant corporations of the developed capitalist countries, infamously known as MNCs.

And so, ever since India began globalisation in 1991, successive governments at the Centre have gradually opened up different sectors of the Indian economy to foreign investment. The entry of MNCs has had a severe impact on the employment situation in the country.

i) Destruction of Jobs

While MNCs create very few jobs, they destroy many more jobs than they create:

- Agriculture provides livelihood to more than 50 percent of the Indian people. As agribusiness corporations gradually enter the agricultural sector, it is becoming corporatised. It has led to a drastic fall in employment generation in this sector.
- The entry of MNCs is forcing many companies, especially the small companies, to close down.
- Since MNCs employ the latest labour saving technologies, their entry is forcing large Indian companies to employ similar technologies and reduce their workforce.

Consequently, globalisation has led to a huge rise in unemployment in the country.

Table 5: Total Employment, Employment Growth Rate and GDP Growth Rate, 1983 to 2011–12¹¹¹

	<i>Total Employment (in million)</i>	<i>Period</i>	<i>CAGR</i>	<i>GDP Growth Rate (at constant 1999–2000 prices)</i>
1983	302.8	1972–73 to 1983	2.44%	4.7%
1993–94	374.0	1983 to 1993–94	2.03%	5.0%
2004–05	459.1	1993–94 to 2004–05	1.88%	6.2%
2011–12	474.2	2004–05 to 2011–12	0.46%	8.3%

This is borne out by employment growth rate figures. NSSO survey data show that employment growth rate has been decelerating ever since the economic reforms began in 1991. The compound annual growth rate (CAGR) of employment in the country was above 2 percent

during the 1970s and '80s; it slowed down to 1.88 percent during the period 1994–2005, and then sharply decelerated to an abysmal 0.46 percent during the period 2005–12 (Table 5).

ii) Decline in Quality of Jobs

The only meaningful jobs in the country are what are called organised sector jobs (the organised sector includes all units with 10 or more workers if using power and 20 or more workers if not using power). Ever since globalisation began in 1991, to incentivise the MNCs to invest in the country, governments at the Centre and states have been dismantling labour laws, won after decades of struggle by the working classes. This has allowed corporations to retrench permanent labour and employ contract labour in its place. They also began subcontracting out work to smaller units in the informal sector who are able to produce goods at much cheaper rates due to low wage costs.

This has resulted in massive informalisation of the workforce in the organised sector—in 2009–10, nearly 60 percent of the organised sector jobs were informal jobs (Table 6).

Table 6: Formal & Informal Employment, 2009–10¹¹² (in million)

Total Work Force	460.2
Organised Sector Employment	72.9
<i>of which:</i>	
<i>Formal Employment (1)</i>	30.7
<i>Informal Employment (2)</i>	42.1
Unorganised Sector Employment	387.3
<i>of which:</i>	
<i>Formal Employment (3)</i>	2.3
<i>Informal Employment (4)</i>	385.1
Total Formal Employment (1+3)	33.0
Total Formal Employment as % of Total Employment	7.2%
Total Informal Employment (2+4)	427.2
Total Informal Employment as % of Total Employment	92.8%

Consequently, even the Planning Commission in its Twelfth Plan document admitted that total number of formal jobs in the country—where workers have at least some legal rights such as security of employment, minimum wages, sick leave, compensation for work-related injuries and right to organise—constituted just 7.2 percent of the total work force in 2009–10. The remaining 92.8 percent workers were in informal jobs—insecure jobs with very low wages / earnings and no social security (Table 6).

iii) Employment Growth Delinks from GDP Growth

The sharp fall in employment growth rate since the 1990s, and the accompanying decline in the quality of the few jobs available, has taken place despite a sharp acceleration in the country's GDP growth rate (Table 5).

This is precisely what globalisation is all about. It is a strategy to maintain, and even increase, corporate profits even in times of deepening economic crisis—by squeezing the working people, even if it means pushing large numbers of them into immiseration.

➤ This is the third reason for India's appalling unemployment crisis—the acceptance by India's rulers of World Bank imposed neoliberal economic reforms (better known as globalisation).

4. Modi Govt., Fascist Neoliberalism & Unemployment

The implementation of neoliberal policies by successive governments at the Centre since 1991 (including the BJP-led NDA during 1998–2004), while enabling India's business houses to rake in huge profits, led to rising inflation, worsening unemployment and a huge increase in poverty. Worried about these impacts, the UPA Government (2004–14) got the Parliament to pass laws like the National Food Security Act and Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) to provide some succour to the poor.

Meanwhile, Narendra Modi, during his chief ministership of Gujarat, had become the darling of India's corporate houses because of the favours he had bestowed on them. At an investor meet in Ahmedabad, Ratan Tata drenched Modi in praise saying that a state would normally take 90 to 180 days to clear a new plant but, "in the Nano case, we had our land and approval in just two days." 'Modi sops' enabled Gautam Adani, a small-time Gujarati businessman, to become one of India's richest corporate honchos in a little over a decade—during

the very years when Modi was the chief minister of Gujarat.¹¹³

And so, as the 2014 Lok Sabha elections approached, India's top corporate houses decided to back Modi for prime ministership. Anil Ambani stated: "Narendrabhai has done good for Gujarat and [imagine] what will happen if he leads the nation." His brother Mukesh Ambani gushed, "Gujarat is shining like a lamp of gold and the credit goes to the visionary, effective and passionate leadership provided by Narendra Modi."¹¹⁴ India's richie rich liberally poured money into Modi's election campaign, making his campaign expenditure the highest ever in India's election history. It was an unprecedented election campaign, what with 3D holographic rallies, extensive use of the social media as never before, and a mesmerising media campaign.

The BJP swept the elections. But in reality, it was a victory for India's corporatocracy; they had succeeded in installing their man as the prime minister. In the 2019 Lok Sabha elections, Modi came to power with an even bigger majority.

After coming to power, in accordance with the wishes of its corporate backers, the Modi Government has implemented neoliberalism at a ruthless pace.

i) Modinomics = Corporatonomics

The Modi Government has accelerated the opening up of the economy for foreign corporations. It has announced a huge liberalisation of FDI rules for foreign investors,¹¹⁵ even permitting FDI in the defence sector!

Simultaneously, it has been transferring enormous amounts of public funds and national resources to foreign and Indian corporations and the super-rich. Here is a snapshot of some of these transfers:

a) Tax Exemptions

During the six years it has been in power, the Modi Government has given tax exemptions to the rich—in corporate taxes, income taxes and excise duties—of several lakh crore rupees every year. An analysis of the Union Budget documents reveals that these exemptions totalled at least Rs 33 lakh crore over the period 2014–20.¹¹⁶

It is because of these tax concessions that the overwhelming majority of the ultra-rich in the country pay hardly any taxes. Data made available by the Income Tax department reveals that in 2017–18, just 20 individuals paid a tax of more than Rs 50 crore.¹¹⁷ This, despite the fact that in 2018, according to the *Forbes* list of world's billionaires, India had 141 dollar billionaires!

b) Loan Waivers

During the first five years of the Modi Government, public sector banks have waived loans given to big corporate houses of at least Rs 4.55 lakh crore.¹¹⁸ This figure does not include the interest accruing on these loans; including that, the loss would be four times this amount.¹¹⁹

Additionally, public sector banks have restructured loans of the ‘high and mighty’—a roundabout way of writing off loans—probably of the order of several lakh crore rupees (the actual amount is not known).

Even after all these write-offs, the total non-performing assets (a euphemism for bad loans) of public sector banks had gone up to Rs 8.06 lakh crore as of March 2019.¹²⁰ Most of these are loans to big corporate houses. Considering the nature of the ruling regime, the great majority of these are also going to be written off very soon.¹²¹

Adding up all these amounts, it means that since it came to power in 2014, the Modi Government has written off, or is in the process of writing off, at least Rs 15–20 lakh crore (probably even more) of loans to big corporate houses.

c) Other Transfers

The Modi Government has handed over control of the country’s mineral wealth and resources to private corporations in return for negligible royalty payments, transferred ownership of profitable public sector corporations to foreign and Indian private business houses at throwaway prices, given direct subsidies to private corporations in the name of ‘public–private–partnership’ for infrastructural projects, and so on. These transfers of public wealth to private coffers have resulted in enormous losses to the public exchequer.

To give just one example of this open dacoity on public wealth, the Modi Government has indulged in an accelerated privatisation of public sector enterprises during the past six years. During its first term, it sold off government stake in public sector companies to earn Rs 2.79 lakh crore.¹²² During its second term, it set a target of earning Rs 1.05 lakh crore from disinvestment for the year 2019–20, and for this year (2020–21), it has upped this to an even more ambitious Rs 2.1 lakh crore. For achieving these targets, it plans to sell off some of the best performing public sector companies, including IOC, NTPC, Oil India, GAIL, NALCO, BPCL, EIL, BEML, etc., and also privatise public sector banks and insurance companies.¹²³ While mainstream economists and a docile media have hailed these disinvestment targets as a “record”, what no one mentions is that this privatisation is actually causing a huge loss to

the government. Thus, for instance, the government has begun the process of selling of its entire 53 percent stake in Bharat Petroleum Corporation Ltd (BPCL)—a vertically integrated oil and gas company with investments in refining, marketing, upstream and gas business. The government, according to news reports, is hoping to earn Rs 40,000 crore from the sale. According to the Public Sector Officers' Association, the present worth of BPCL's physical assets is Rs 9 lakh crore, which would mean that the government's stake is worth at least Rs 5.2 lakh crore (even without adding a premium for handing over control of the company)—more than 13 times what the government expects to earn from its sale!¹²⁴

This is the case with each and every public sector unit being privatised by the Government—each of these public assets has been sold at heavily discounted prices to foreign and Indian private corporations. So, when the Government claims that it is hoping to earn Rs 2.1 lakh crore in disinvestment income in 2020–21, actually in this process the (notional) loss to the public exchequer is going to be of the order of 10–20 lakh crore rupees.

Consequence: Sharp Increase in Wealth of the Rich

This vampire-like loot of the nation's wealth has led to a meteoric rise in the wealth of India's uber rich during six years of Modi rule. When the Modi Government came to power in 2014, the *Forbes'* list¹²⁵ had 56 Indian billionaires, with a combined wealth of \$191.5 billion. Within just five years, by 2019, their number had nearly doubled to 106, and their collective net worth had zoomed to \$408 billion. That is equivalent to Rs 28.97 lakh crore—an amount larger than India's budget outlay for 2019–20 (Rs 27.86 lakh crore).¹²⁶

ii) Modinomics = Assault on the Working Classes

Simultaneously, the Modi Government has launched a frontal attack on the working people.

a) Demonetisation and GST: Attack on the Informal Sector

On 8 November 2016, Prime Minister Narendra Modi announced that currency notes of Rs 500 and Rs 1,000 denominations would no longer be legal tender from midnight that night. It led to complete chaos in the economy, with people forced to stand in long queues outside banks for hours, first to exchange their old notes, and then to withdraw their money.

The PM claimed that the government had taken this step to curb black money; almost two years later, the RBI indirectly admitted that the government had completely failed in achieving this objective as more than 99.3 percent of the demonetised currency had come back into the banking system. This is not at all surprising, because demonetisation simply cannot curb the black economy! Actually, the Modi Government has never been serious about attacking accumulated black wealth and black income generation in the Indian economy. Had it been so, there were several effective measures it could have taken—which it has deliberately avoided taking. On the contrary, it has diluted anti-corruption legislations (discussing these issues in greater detail is beyond the scope of this booklet¹²⁷).

If demonetisation was not an attempt to curb black money, then what was the real intention behind it? The actual intent was to attack India's vast informal sector, in an effort to corporatise it. Since high denomination currency notes constituted 86% of the currency with the public, their demonetisation resulted in a huge shortage of cash in the economy. This badly affected all the sections of the unorganised sector—the small farmers, small retailers, micro enterprises, street vendors, etc. All of them are dependent on cash transactions; it is simply not possible for them to shift to cashless transactions and electronic means of conducting businesses. And so, the entire unorganised sector was badly affected by demonetisation.¹²⁸

In July 2017 the Government introduced the Goods and Sales Tax (GST). This further set back the unorganised sector, because on the one hand, it greatly increased its costs (both 'transaction costs' and 'working capital costs'), and on the other hand, it increased the average tax rate on this sector (while reducing the tax rate on the large capitalist sector). The complexity of the new tax and its flawed design further strangled the unorganised sector.¹²⁹

The combined effect of both these measures hit the unorganised sector so hard that even a year later, it was yet to recover from it. In late 2018, a survey by the All India Manufacturers' Organisation—which represents over three lakh units, including a large number of micro, small and medium enterprises—showed that the number of jobs in micro and small enterprises had declined by roughly a third since 2014. In medium-scale enterprises, about a quarter of jobs had been lost, and in the trader segment the job loss was over 40 percent.¹³⁰

This attack on the informal sector was not unintentional, it was

deliberate. The Modi Government is completely beholden to the large corporate houses. The latter want to destroy the informal sector which presently contributes to around 45 percent of the GDP, so that they can acquire a decisive control over the Indian economy. No wonder that India's premier industry body Assocham praised the Modi Government for implementation of GST, saying that it "will feature on the top of the government's list of achievements".¹³¹

It is the first time in independent India that a government has launched an offensive to decimate the informal sector. More than 90 percent of the country's workforce is in the informal sector. Only a fascist government can attack the livelihoods of such a large section of the working people to benefit big corporations.

b) Dismantling Labour Laws, Enslaving Labour

An important agenda pursued by the Modi Government ever since it came to power in 2014 has been to gradually dismantle the country's labour laws, so that corporates can maximise their profits. After winning the Lok Sabha elections in 2019 with an even bigger majority, it accelerated the implementation of this agenda, and decided to scrap all the existing 44 Central labour laws and replace them with four Labour Codes.

The first step was taken in August 2019. Trashing the recommendations of the Indian Labour Conference, the government got the Parliament to approve a new Code on Wages that announced a new rock-bottom minimum wage of Rs 178 per day, or Rs 4,628 per month for workers—rejecting the recommendation of the Labour Ministry's own expert committee of Rs 375–447 per day, and the demand of the Central Trade Unions for Rs 692 a day (Rs 18,000 a month). This new minimum wage is nothing but 'starvation wage'! Additionally, the new wage code makes it possible for states to announce their own, even lower, minimum wage. Given the competition among different states for inviting foreign investment, this is precisely what is going to happen in the future!¹³²

In September 2020, taking advantage of the corona pandemic, the Modi Government called a the truncated monsoon session of the Parliament, and rammed through the remaining three Labour Codes—the Social Security (SS) Code, the Occupational Safety, Health and Working Conditions (OSHC) Code and the Industrial Relations (IR) Code. The SS Code consolidates existing legislation on social security and protections, in the process dealing a severe blow to labour

protection, and leaving crores of informal sector workers out of social security protection. The OSHWC Code considerably weakens the existing laws regulating occupational health, safety and working conditions of workers—in fact, with the passage of this Code, more than 90 percent of our workforce will not be under any ambit of workplace safety. While the IR Code brings the overwhelming majority of India’s industrial establishments and industrial workers under the hire and fire regime, allows employers to hire workers on short-term contracts and accelerate the contractualisation of the workforce, makes it harder for workers to negotiate better terms and wages with employers, and makes strike actions more difficult.¹³³

These changes essentially rollback all the rights won by workers through a century of struggles. They will bring back the barbaric conditions that prevailed in our factories in the 19th century.

c) Modinomics Consequence: Total Employment Falls

Modinomics—the acceleration of neoliberal reforms under Modi rule—has led to a calamitous spike in the unemployment rate in the country. Official data released by the government show that during Modi’s first term, unemployment had gone up to a 45-year high of 6.1 percent in 2017-18. Even this is an underestimation, as this data excludes the very large number of workers who have dropped out of the workforce due to frustration at not being able to find a job. Including them in the unemployed, we have calculated in Chapter 1, Section (ii) that the unemployment rate goes up to 22.5 percent, and youth unemployment rate to an even more mindboggling 40.2 percent.

Table 7: Total Employment, 2012 to 2018¹³⁴

	<i>Total Employment (in million)</i>
2011–12	474.2
2017–18	465.0

These figures become even more credible if we take a look at the same unemployment data released by the government from another angle—the total number of employed in the economy. The PLFS data show that employment generation in the economy has suffered an absolute collapse during Modi’s first term: total jobs in the economy actually fell by 9 million over the period 2011–12 to 2017–18 (Table 7).

iii) Modinomics and Neoliberal Fascism

It is to cover up its real agenda—allow big corporations to plunder public wealth, allow them to mint profits even at the cost of destruction of livelihoods and impoverishment of crores of people—that the Modi Government has unleashed the lynch mobs looking for beef eaters, the goons searching for *love jihadis*, and the frenzied hordes attacking the ‘other’ in the name of avenging some imagined humiliation five centuries ago. It is to hide its unabashedly pro-corporate and anti-working people character that the Modi Government is creating fear in the minds of the majority that the nation is in danger from ‘enemies’ and whipping up nationalistic fervour among them to attack the minorities and opponents of the ruling dispensation.

iv) Modinomics and the Corona Pandemic

Modi Government’s handling of the pandemic completely exposes its absolute disdain for the people of the country.

The unplanned lockdown led to total shutdown of the informal sector. More than 90 percent of the country’s working people work in the informal sector—most of them lost their livelihoods. Informal sector workers do not have any legal or social protection that will provide them some income when they lose their livelihood. Since many of these workers already live at the margin of subsistence, the lockdown generated severe economic distress. The worst affected were migrant workers (estimated to be around 10–15 crore in number).

Instead of making serious efforts to tackle this humanitarian catastrophe, Prime Minister Modi only indulged in glib talk, asking people to practice “restraint, penance and sacrifice”, and giving empty slogans like *thali bajao* (bang pots and pans) and *diya jalao* (light lamps). In the face of mounting criticism for not providing significant relief to the crores of people badly affected by the lockdown, finally, on 12 May, nearly two months into the lockdown, Modi announced a Rs 20 lakh crore relief package (this included the relief packages announced earlier), equivalent to almost 10 percent of the GDP. The sycophantic media immediately lapped it up, calling it one of the largest relief packages in the world.

Modi’s announcement turned out to be sheer bombast of the highest order. The bulk of the financial assistance promised by the government was in the form of loan offers; the actual expenditure made by the government from its budget, which alone can be called a ‘relief

package', was less than Rs 2 lakh crore, less than one percent of the GDP, or one-tenth of the amount announced by the PM, a ridiculous sum compared both with the scale of the massive economic devastation being faced by the people and also to what other countries are spending.¹³⁵

Several economists, civil society groups and even Opposition political parties had called upon the government to provide cash transfers to all non-income tax paying households of at least Rs 7,000 per month, for at least 3 months. That would not only have provided much needed relief to people, it would also have put purchasing power in their hands, stimulating an economic recovery once the government began lifting the lockdown.¹³⁶ It was an entirely doable proposal, but the government simply ignored this plea, and many other similar appeals. The reason: giving a decent relief package would have led to an increase in the fiscal deficit, which would be a violation of the conditions imposed on India by the imperialist countries. The Modi Government, for all its rhetoric about *swadeshi* and *atmanirbhata* (self-reliance), does not have the courage to defy the international capitalist class that dominates the world.

This is the real reason behind the record contraction of 23.9 percent suffered by the Indian economy in the first quarter of financial year 2021 (and even this is likely an underestimate).

The Modi Government's callousness towards the people is matched by its obsequiousness towards the rich. It has used the pandemic as an opportunity to speedup its neoliberal agenda and allow them to accumulate even more wealth!

Taking advantage of the fact that the fear of the pandemic would make it difficult for the people to unite and come out on the streets to protest, the government in September called a short session of the Parliament, and despite vociferous protests by the Opposition, forced through it three agricultural bills to accelerate corporatisation of agriculture (we discuss these bills in greater detail later in this essay). Soon after, it also got the Parliament to pass the three Labour Codes that we have discussed in the previous section. Both these sets of laws will have ruinous consequences for our farmers and workers.

While the country was in lockdown, the Government unveiled a whole package of measures to quicken the transfer of public wealth to private corporate houses: it announced an accelerated programme of privatisation of public sector undertakings, including important sectors like agriculture, coal, defence production, aviation, space, and atomic energy; it declared that it was going to privatise most public sector

banks and insurance companies; it also announced a further opening up of mineral production, including coal, for private, including foreign, capital! To speedup clearance for corporate projects, in March 2020, two days before the lockdown was declared, the Ministry of Environment proposed a modification to the Environmental Impact Assessment process, that will allow several kinds of projects to be given clearance without an assessment of their environmental impact. Making capital of the lockdown, the government cleared several environmentally destructive projects which will result in massive displacement of tribal communities.¹³⁷

Pandemic and Unemployment

Unemployment levels in the country were already at calamitous levels before the pandemic struck India. And then the tiny corona virus unleashed a dramatic economic collapse and humanitarian catastrophe in the country—because of the Modi Government’s utter timidity. It was unwilling to offend the international monopoly capitalist class, which does not like fiscal deficits, and increase its expenditure and provide a substantial relief package to the people.

Even within the framework set out by imperialism in which it has bound India’s ruling regime, the Modi Government could have used the pandemic as an excuse to defy their conditionalities, especially when the governments of Europe and USA themselves were resorting to high fiscal deficits to provide relief to their crisis-ridden economies. But it did not have the courage to do so, nor the concern for the people that would have induced it do so.

The unplanned lockdown hit both the formal as well as the informal sectors hard. While there are no official figures available about the extent of jobs lost due to the lockdown, the Centre for Monitoring Indian Economy (CMIE), a leading private business information company, estimates that about 21 million salaried jobs were lost during the period April–August 2020 (this number includes both organised as well as unorganised sector workers—industrial workers, white collar workers, maids, cooks, gardeners, etc.).¹³⁸

The overwhelming number of jobs in the economy are non-salaried jobs, in the informal sector. This sector provides employment to 92 percent of the workforce. The lockdown devastated this sector—according to one reliable estimate, it declined by around 70–80 percent during the first quarter of fiscal 2021. Crores of people working in this sector in non-salaried jobs (such as daily wage workers, self-employed

workers, etc.) must have been rendered unemployed. Unemployment must have soared to staggering levels.

The government gradually started lifting the lockdown from June onwards. As is to be expected, the economy has recovered slightly from the abyss it had fallen into during the lockdown. Data released by the government estimate the GDP for the second quarter of 2020–21 (July–September) to be -7.5 percent, an improvement over the contraction for the previous quarter (-23.9 percent).

However, because of the miserliness of the government's relief package, this recovery is not based on any improvement in the condition of the mass of the people. This can be inferred from official data about the components of the GDP, that show that this recovery has not been accompanied by a recovery in the per capita consumption of the working people; the recovery has basically taken place because of an increase in private investment by the corporate sector. Such a type of recovery cannot continue for long, as private corporate investment can pick up to any significant degree only if there is an increase in demand, which is constrained because the government is not willing to put purchasing power in the hands of the people. Therefore, such an economic recovery is simply not sustainable; it is going to get aborted before long.¹³⁹

Mainstream economists are predicting that with the easing of the lockdown, the Indian economy is heading towards a V-shaped recovery. As analysed about, there are very good grounds to doubt these claims. But what can be said for sure is: with the Modi Government lacking the guts to confront the imperialist powers and sanction a decent relief package for the people, unemployment is going to remain at catastrophic levels.

➤ The acceleration of the neoliberal agenda under the fascist Modi regime is the fourth, and the most important, reason for India's cataclysmic unemployment crisis.

5. Impact of Fascist Neoliberalism on Various Sectors

Conventionally, the economy is divided into three sectors: agriculture, industry (sub-divided into manufacturing and non-manufacturing) and services. For a better understanding of this unemployment crisis, we now take a closer look at the impact of neoliberal economic reforms on each of these three sectors, with particular focus on their acceleration under the fascist Modi regime.

i) Agriculture

While the contribution of agriculture to the country's GDP has fallen from 41.3 percent in 1960 to 27.3 percent in 1991, and further to just 14.6 percent in 2018,¹⁴⁰ from the point of view of livelihoods, this continues to be the most important sector. In 2017–18, of the total workforce in the country, 44 percent people depended on this sector for their livelihoods (see Table 11).

When the Modi Government came to power in 2014, agriculture was already in deep crisis, because of more than two decades of neoliberal policies. Since 1991, successive governments had:

- reduced public investment in agriculture;
- cut subsidies given on major inputs needed for agriculture (such as fertiliser, electricity and irrigation subsidies);
- gradually reduced output support to agriculture (in the form of public procurement of agricultural produce);
- gradually reduced subsidised credit given to agriculture (by public sector banks); and
- allowed imports of heavily subsidised agricultural produce from the developed countries into India.¹⁴¹

This multi-pronged onslaught on Indian agriculture had resulted in a huge increase in rural indebtedness. The most extensive survey of farm households to date conducted by the NSSO in 2012–13 found 52 percent of the total agricultural households in the country to be in debt. The average debt was Rs 47,000 per agricultural household, in a country where the yearly income from cultivation per household was only Rs 36,972.¹⁴²

Two decades of battering by hostile policies and the worsening debt crisis pushed the hardy Indian peasants into such despair that they began committing suicide in record numbers. The total number of farmer suicides in the country since 1995 crossed the 300,000 mark in 2014.¹⁴³

Modi Govt.: Most Anti-Farmer Govt. Since Independence

During the 2014 Lok Sabha elections, Modi-led BJP promised to take concrete steps to tackle this farm crisis and make farming profitable. It swept the elections. Since then, it has made a complete U-turn on every single promise made by it during the elections, and has in fact accelerated the implementation of the neoliberal agenda for

agriculture.

Take for example its important election promise that it would implement the Swaminathan Commission recommendations and give farmers a minimum support price (MSP) that would be 50 percent above the comprehensive cost of production (called C2). In 2015, the Modi Government filed an affidavit in the Supreme Court that it was not possible to fulfil this promise as it would distort markets. Subsequently, from 2018 onwards, it has been claiming that it has fulfilled its 2014 election promise, and announced MSP for all crops at 50 percent above the cost of production. In doing so, the Modi Government has resorted to a simple trick: it has changed the formula for calculating cost of production, effectively lowering it!¹⁴⁴

The problem facing farmers is not just how profitable is the MSP; the bigger problem is that most farmers do not get this price for their crops. Government procurement takes place mainly for two crops—wheat and rice. Even for these two crops, government procurement is only around one-third of the total production of these crops in the country; the remaining is purchased by private traders. According to the Shanta Kumar committee report, submitted in 2015 to the government, only 6 percent of the farmers in the country benefit from government procurement and sell at MSP.¹⁴⁵

So, the government should have increased its procurement of farm produce, and taken steps to ensure that farmers get a reasonable price for the produce purchased by private traders. Instead, the government has reduced its budgetary allocation for procurement. This allocation is made under the budget head ‘food subsidy’. Budget documents show that the Modi Government’s allocation for food subsidy in the 2020–21 budget is even less than 2014–15 actuals; as a percentage of budget outlay, the allocation has nearly halved over these six years (Table 8).

Table 8: Budget Allocations for Food Subsidy, 2014 and 2020 (Rs crore)

	2014–15 A	2020–21 BE
Food Subsidy	1,17,671	1,15,570
Food Subsidy as % of Budget Outlay	7.07	3.8

The absolute insensitivity of the Modi Government towards our farmers is also revealed in its attitude towards another long standing demand of the farmers movement—waiver of farm loans. While this by itself will not solve the agrarian crisis, any policy package aimed at

revitalising agriculture will have to start from this, so that the farmers can start from a clean slate. It is the worsening debt crisis that is responsible for the suicide wave sweeping our countryside. But the Modi Government has refused to concede this demand. Newsreports estimate that it would have cost the government around Rs 3 lakh crore in 2017.¹⁴⁶ It is not that the government cannot afford this—it has waived/restructured corporate loans several times this amount. An agriculture loan waiver is also far more beneficial for the economy and the people as compared to corporate loan waiver: India’s corporate houses provide employment to barely 1.5 crore people,¹⁴⁷ while agriculture provides employment to more than 20 crore people. But then, that is what neoliberalism is all about!

The statistic that best reveals the lack of concern of the Modi Government for agriculture is its budgetary spending on this sector. The 2020 budget papers show that the government’s allocation for Ministry of Agriculture and Farmers’ Welfare, together with allocation for the related Ministry of Fisheries, Animal Husbandry and Dairying, is a lowly Rs 1.47 lakh crore. This amount is a mere 4.8 percent of the total budget outlay, and 0.65 percent of the GDP—for a sector on which nearly 50 percent of the population depend for their livelihoods. The experience of the previous budgets of the Modi Government indicates that actual spending may be much less than the budget estimate.

Table 9: BJP Government Allocation for Agriculture Related Sectors, 2019–21¹⁴⁸ (Rs crore)

	2018–19 RE	2018–19 A	2019–20 BE	2019–20 RE	2020–21 BE
Ministry of Agriculture and Farmers’ Welfare + Ministry of Fisheries, Animal Husbandry and Dairying (1)	79,026	56,791	142,301	113,240	146,877
(1) as % of GDP	0.42	0.30	0.70	0.55	0.65
(1) as % of Budget Outlay	3.22	2.45	5.11	4.20	4.83

The intensification of neoliberal policies in agriculture during the Modi years has resulted in a worsening of the agrarian crisis. Average agricultural growth rate during the past six years (2014-20) has fallen to an average of 3.2 percent, from 3.7 percent during the previous UPA

years (2004–14). There has been no let up in farm suicides. NCRB data show that during the six-year period 2014-19, 67,000 farmers committed suicide.¹⁴⁹

Why is the Modi Government Strangling Agriculture?

The real intent behind the Modi Government's agricultural policies is revealed in a recent document of the NITI Aayog. It says:

With the corporate sector keen on investing in agribusiness to harness the emerging opportunities in domestic and global markets, time is opportune for reforms that would provide healthy business environment for this sector. Small scale has been a major constraint on the growth of this industry.¹⁵⁰

This report of the government's think tank clearly elucidates the ruling regime's agenda for agriculture—it is seeking to replace small scale farming by corporate agriculture. Another official document specifies the target to be achieved—the government is seeking to bring down the population engaged in agriculture by 20 percent over the next five years.

Corona Pandemic Reveals the Hidden Agenda of Modi Govt.

Taking advantage of the pandemic, the Modi Government has accelerated the implementation of this nefarious agenda. In June 2020, it promulgated three ordinances related to agriculture, and then in September, rammed through the Parliament three agriculture related bills replacing these ordinances, despite vociferous protests by Opposition parties and farmers.

Taken together, these three laws will lead to the ruin of small farmers, force them to abandon agriculture, and allow agribusiness corporations to gradually acquire control over their lands and set up huge farms. This is an agenda that the giant agri-business corporations of the imperialist countries have long sought to impose on India as a part of globalisation. The Modi Government is dutifully implementing their dictates.

Additionally, these reforms will destroy the livelihoods of lakhs of *arhtiyas* (small traders), who presently buy the produce from farmers in the *mandis*. They will also result in a huge increase in the country's alarming 'hunger and malnutrition crisis'—as these laws will lead to the dismantling of our public distribution system (popularly known as the ration system).

Most importantly, the passage of these three laws by the ‘nationalistic BJP Government’ will endanger the food security, and hence the very sovereignty, of our country.¹⁵¹

Result: Fall in Agricultural Employment

As the agricultural sector has fallen into crisis due to the implementation of the World Bank dictated neoliberal reforms since 1991, employment growth in agriculture gradually slowed down and then turned negative (Table 10).

The acceleration of these reforms during the Modi years has worsened the agrarian crisis to such an extent that employment in this sector has simply collapsed— by 2017–18, agricultural employment had fallen to even below the 1983 level! Had employment generation in agriculture during the post-reform years continued at the same rate as during the period 1983 to 1993–94 (when CAGR was 1.47 percent), total employment in agriculture in 2017–18 would have gone up to 347.5 million instead of the present 205.3 million—an additional 14.2 crore people would have been employed in agriculture!

Table 10: Agricultural Employment, Pre- & Post-Reform Years¹⁵²
(in million)

	<i>Agricultural Employment</i>	CAGR
1983	207.23	1983 to 1993–94
1993–94	241.5	1.47
1999–00	246.6	Projected employment with CAGR 1.47
2009–10	244.9	
2017–18	205.3	347.5

[Note that in our above argument, we are rejecting conventional development theory, which says that decline in agricultural employment is a sign of economic progress. This theory assumes that as capitalism penetrates in society, the decline in employment in agriculture due to removal of peasants from land will be more than compensated by generation of jobs in the manufacturing and service sectors. But this did not happen even in the West. The advance of capitalism in agriculture in Western Europe during the 19th century did not cause a huge unemployment crisis there, not because industrialisation created sufficient jobs, but because Europe exported its surplus population to the Americas and to various colonies. That is not possible for India; to where do we export the population displaced from agriculture? Mahatma Gandhi was absolutely right in emphasising that our

development model will need to be different from the West, we will have to focus on developing our rural areas and creating employment opportunities there—which Nehru too came to realise a short while before his death.]

ii) Manufacturing Sector

Mainstream economics claims that globalisation and the entry of MNCs will lead to the creation of enormous number of jobs in the manufacturing sector. This hope has been totally belied. Share of manufacturing employment in total employment has increased only marginally, from 10.4 percent in 1993–94 to 12.1 percent in 2017–18 (Table 11). This is not surprising; as we have argued earlier, this is common sense economics: MNCs destroy many more jobs than they create.

And so, as globalisation has advanced and more and more MNCs have entered the Indian economy, employment generation in the manufacturing sector has gradually slowed down. Employment growth rate (CAGR) in manufacturing fell from 3.01 percent in the period 1994–2005 to 1.49 percent during 2005–12.¹⁵³ In absolute numbers, the total number of jobs created in the manufacturing sector during the 18-year period 1994 to 2012 was only 20.9 million (Table 11). Assuming that 9 million youth are entering the job market every year, this means that of the $9 \times 18 = 162$ million who entered the job market during this period,¹⁵⁴ only 12.9 percent got jobs in the manufacturing sector.

Table 11: Share of Employment in Various Sectors¹⁵⁵ (in million)

<i>Sector</i>	1993–94	2004–05	2011–12	2017–18
Agriculture	241.5	268.6	231.9	205.3
Manufacturing	38.9	53.9	59.8	56.4
Non-manufacturing	15.8	29.4	55.3	58.9
<i>of which: Construction</i>	11.7	25.6	50.3	54.3
Services	77.7	107.3	127.3	144.4
Total workforce	374.0	459.1	474.2	465.1

During the Modi regime ...

The escalation of neoliberalism under the Modi regime, including the launching of an offensive on labour laws, and allowing capitalists to implement hire and fire policies, has led to manufacturing employment suffering an absolute collapse—total manufacturing sector jobs declined during the six years 2011–12 to 2017–18 (Table 11).

Actual Situation Far Worse

The actual job situation in the manufacturing sector is even more dismal than that suggested by the above figures. The manufacturing sector conjures up the image of a modern sector with relatively high labour productivity and well-paying jobs. But the actual picture is much different! Only 18.1 million of the 56.4 million manufacturing jobs in India are in the organised sector; the remaining, that is, more than two-thirds jobs are informal jobs in the unorganised sector—such as workers making *papads* or rolling *bidis* at home. In the diction of our government, these jobs are also ‘manufacturing jobs’, in what the government euphemistically calls “micro” enterprises (Table 12).¹⁵⁶

Table 12: Share of Organised /Unorganised and Formal /Informal Employment in Manufacturing Sector, 2017–18¹⁵⁷ (in million)

	<i>Formal</i>	<i>Informal</i>	<i>Total</i>
Organised	7.4 (40.9%)	10.7 (59.1%)	18.1
Unorganised	1.3	37.0	38.3
Total	8.7 (15.4%)	47.7 (84.6%)	56.4

(Figures in brackets are percentage of total.)

And even within the organised sector, due to increasing contractualisation of the workforce, a majority of the jobs (59 percent) are in the informal sector (Table 12).

The upshot of this—a consequence of the dismantling of labour laws as a part of globalisation—is, only 15.4 percent of the total jobs in the manufacturing sector are formal jobs, with good pay, security of employment and some social security benefits. In absolute numbers, this figure is a mere 8.7 million, or 1.9 percent of the total workforce of 465.1 million (in 2017–18).

iii) Non-Manufacturing Sector: Construction

This sector is dominated by the construction sector: it accounts for 92 percent of the jobs in this sector (Table 11).

During the 24-year period 1993–94 to 2017–18, 42.6 million jobs were created in the construction sub-sector. It now employs nearly as many people as the entire manufacturing sector.

Around one-fourth of the jobs in the construction sector are organised sector jobs (Table 13).¹⁵⁸ These jobs would be in the big

construction companies involved in large scale projects. But most of these are informal jobs: just 0.5 million, or a mere 3.2 percent of the jobs in the organised construction sector, are formal jobs! Taking advantage of the lax labour laws in the country, construction companies simply do not employ formal workers.

Table 13: Share of Organised /Unorganised and Formal /Informal Employment in Non-Manufacturing Sector, 2017–18¹⁵⁹ (in million)

	<i>Formal</i>	<i>Informal</i>	<i>Total</i>
Organised	0.5	14.9	15.4 (26%)
Unorganised	2.6	40.9	43.5 (74%)
Total	3.1	55.9	58.9

Unorganised/informal workers in the construction sector work in terrible conditions, devoid of medical facilities, disability compensation, education for children and decent housing. And yet, such workers constituted 95 percent of the total employment in the sector that saw the fastest rate of job creation in India’s globalising economy!

iv) Services Sector

This sector continues to be the biggest employer in the country after agriculture, and accounts for more than 50 percent of all non-farm jobs. It is also the area where the largest number of jobs have been created under globalisation: 66.7 million jobs were created in this sector during the 24-year period 1994–2018 (Table 11).

Table 14: Share of Formal Employment in Services Sector, 2004–05 and 2017–18 (in million)

	<i>2004–05</i>	<i>2017–18</i>
Total Formal Jobs	20.6	31
Formal Jobs as % of Total Jobs in Service sector	19.2%	21.5%

This is also the sector with the most formal jobs in the economy—it accounts for 72 percent of all formal jobs.¹⁶⁰ These jobs are mainly concentrated in Finance, Insurance, Real Estate, Other Business Activities, and Other Social Services (like Media and Entertainment).

Within the service sector, the share of formal employment has

marginally increased over the period 2004–05 to 2017–18 (Table 14). Nevertheless, even within this sector, the overwhelming majority (nearly 80 percent) of jobs are informal jobs.

More than half of the service sector jobs (56 percent) are concentrated in just four sub-sectors:

- retail trade—37.3 million (25.8%);
- land transport: taxis, autorickshaws, trucks, cycle-rickshaws, etc.—20.9 million (14.5%);
- hotels and restaurants—8.7 million (6%); and
- education—14.1 million (9.8%).

What is the nature of these jobs? ‘Trade’ includes all sorts of petty vendors; land transport means auto and taxi and truck drivers, driving night and day to somehow eke out a living; while ‘hotels and restaurants’ includes horribly low-paid jobs in tiny roadside tea shops and eateries. And most of the education jobs too must be contractual, low-paid, insecure jobs in the private schools and colleges mushrooming across the country.

v) Public Sector vs. Private Sector Employment

The above figures combine both public and private sector employment.

Public sector employment in the country continuously increased in the decades after independence, from 7.05 million in 1961 to 19.06 million in 1991 (see Table 4).¹⁶¹ But with the beginning of globalisation, this has got reversed.

The WB-dictated neoliberal agenda demands that the Indian Government privatise public sector enterprises, as well as reduce its expenditure on welfare services such as education, health, sanitation and even food and drinking water, and privatise these services too. This has led to a drastic fall in public sector recruitment. We have given the figures in Table 4: total public sector employment [in every form of government—Central, state, local government as well as quasi-government (public sector enterprises, electricity boards, road transport corporations, etc.)] over the period 1991–2012 fell in absolute numbers, from 19.06 million to 17.61 million. This decline has taken place in every sphere of economic activity, from manufacturing, construction and transport to community, social and personal services.¹⁶²

These are official figures for formal public sector employment. Apart from formal jobs, ever since globalisation began, government and

public sector enterprises are also employing workers on a contractual basis. Some idea of their number can be had from NSSO surveys, which estimate total public sector employment to be 31.7 million (including both formal and informal employment) in 2011–12.¹⁶³ Of this, informal employment must be around 14.1 million (as formal employment in the public sector in 2012 was 17.6 million). This means that nearly 45 percent of the workforce employed in the public sector now no longer has secure, well paid, decent jobs, but is contractually employed.

Public Sector Employment Under Modi Government

As mentioned in a previous section, the Modi Government has indulged in an accelerated sale of public sector enterprises. It has also made huge cuts in its investment in the social sectors.¹⁶⁴ Therefore, public sector employment must have further decreased during the Modi years. The Modi Government has stopped releasing data of formal employment in the public sector, so we do not have any official figures of formal public sector employment in the country after 2012. Assuming that it has continued to fall at the same rate as during the period 1991–2012 (actual rate of fall must be more), total public sector employment for 2018 works out to 17.26 million.¹⁶⁵

Had public sector employment continued to increase at the same rate as during the pre-globalisation years, total public sector employment in 2018 would have been at least 33.4 million.¹⁶⁶ In other words, neoliberal policies have led to the destruction of as many as 16.1 million jobs in the public sector! And the creation of so many well-paid jobs in the public sector would have led to the creation of as many, if not more, jobs in the private sector too.

vi) Summary

With their autonomous capitalist development model becoming crisis-ridden in the 1980s, the Indian ruling classes adopted a neoliberal development strategy to maintain capitalist growth. While this development model has succeeded in maintaining and even increasing growth rates, and the wealthy classes have enormously prospered, growth has stopped trickling down. It has got decoupled from employment generation:

- Over the past three decades, agricultural employment generation has suffered such a regression that total agricultural employment is less than what it was in the early 1980s.
- Job generation in the non-farm sectors has been very inadequate to

compensate for this collapse, leading to a massive rise in unemployment. Worse, the overwhelming majority of jobs in industry and services are low wage, insecure, informal jobs. Such jobs account for:

- o 85 percent jobs in the manufacturing sector;
 - o 95 percent jobs in the construction sector; and
 - o nearly 80 percent of the total jobs in the services sector.
- Even in the public sector (which provides employment to a very small fraction of the total workforce), nearly 45 percent of the workforce is today contractually employed.
 - The acceleration of neoliberal policies during the past six years of the Modi regime has resulted in such a worsening of the unemployment crisis that total employment in the economy has actually fallen, the first time it has happened since independence.

V. ACTUAL UNEMPLOYMENT RATE IN INDIA

We have discussed above that official data estimated unemployment rate to be 6.1 percent in 2017–18; but if we include the discouraged workers in the unemployed, then the unemployment rate goes up to 22.5 percent.

Even this high figure is an underestimate.

Of those considered as employed, more than 92 percent work in the informal sector. As we have seen in the previous chapter, the overwhelming majority of them work in either insecure low paid jobs, with no social security, like in the construction sector or in roadside eateries or in tiny enterprises, or are self-employed—as street vendors selling *idlis* or *pani-puris* or vegetables by the roadside, as rickshaw pullers and autorickshaw drivers, as home workers making *agarbattis* and or rolling *bidis* at home, etc.—and earn barely enough to eke out a living. Why do all these people work in such low-paying jobs? Because: *there is no unemployment allowance in India*. Therefore, people are forced to take up whatever jobs are available, or do any kind of work, to somehow earn something and stay alive.

All the unemployment surveys in India, be it the Labour Bureau survey or the NSSO survey, consider all these workers in the informal sector to be ‘gainfully employed’, even if they are earning barely subsistence level wages. Calling these people employed is actually ridiculous; they are all victims of an economy that is unable to create

decent jobs. Any humane society would consider them to be unemployed, or at least under-employed.

This is also recognised by modern human rights declarations adopted by international bodies. The historic 'Universal Declaration of Human Rights' adopted by the United Nations General Assembly way back in 1948 explicitly says:¹⁶⁷

Everyone who works has the right to just and favourable remuneration ensuring for himself and his family an existence worthy of human dignity, and supplemented, if necessary, by other means of social protection.

Subsequently, the United Nations General Assembly also adopted 'The International Covenant on Economic, Social and Cultural Rights' in 1966, which commits all countries to recognising the "right of everyone to the enjoyment of just and favourable conditions of work", and ensuring that all workers get "fair wages" that allow a "decent living for themselves and their families".

It is in recognition of these international conventions that the developed countries, at least in their supplementary data, consider all people working part-time and desirous of full-time jobs as underemployed, and include them in the number of unemployed. By recognising them as "underemployed", they at least acknowledge that they have failed to provide them decent employment.

It was at the very time that the world was drafting the Universal Declaration of Human Rights that our nation's founding fathers were drafting the Indian Constitution. Part IV of the Constitution, known as the Directive Principles of State Policy, calls upon the State to endeavour to secure for all workers a living wage that ensures a decent standard of life and full enjoyment of leisure and social and cultural opportunities (Article 43). While it is true that the Directive Principles are not legally enforceable, it does not mean they are not important. Elucidating the importance of the 'Directive Principles', Dr Ambedkar stated in a speech to the Constituent Assembly on 19 November 1948:¹⁶⁸

It is the intention of this Assembly that in future both the legislature and the executive should not merely pay lip service to these principles enacted in this part, but that they should be made the basis of all executive and legislative action that may be taken hereafter in the matter of the governance of the country.

All these international covenants and declarations, and our own

Constitution, make it clear that all workers have a right to a decent job that ensures them and their families a life of dignity. This means that all workers whose earnings are so low that they are able to provide only the bare necessities of life should be recognised as ‘under-employed’ and included in the unemployed.

What is the extent of underemployment in the country? One way of getting an idea of this is by estimating how many working people in the country earn subsistence level wages.

Such an estimate can be made from a study based on the Labour Bureau’s Fifth Annual Employment–Unemployment Survey released in September 2016 (Table 15). The study found that of the total workforce in the country:

- 43.4 percent people earned less than Rs 5,000 per month; and
- 84.1 percent people earned less than Rs 10,000 per month.¹⁶⁹

Table 15: Types of Employment and Monthly Earnings, 2015–16

	<i>Self-employed</i>	<i>Wage/Salary Earners</i>	<i>Contract Workers</i>	<i>Casual Labourers</i>	<i>Total</i>
% of Workforce	46.6%	17.0%	3.7%	32.8%	100%
<i>Monthly Earnings</i>					<i>As % of total employment</i>
Less than Rs 5,000	41.3%	18.7%	38.5%	59.3%	43.4%
Less than Rs 10,000	84.9%	57.2%	86.7%	96.3%	84.1%

These are jaw-dropping figures.

From the arguments given above and the data given in Table 15, it follows that *at the very least*, all those earning less than Rs 5,000 per month, who total 43 percent of the working people, should be considered as underemployed and included in the unemployed.

Adding this figure to the preliminary estimate we had made earlier of the unemployment rate in India for 2017-18 [made in Chapter I, Section 2 (ii)]—where we had estimated the unemployment rate to be 22.5 percent—the real under-employment rate in the country goes up to a dumbfounding 65 percent.

That was before the pandemic struck, and sent the economy crashing due to the government’s inept handling of it. It must have sent the unemployment rate in the country to stratospheric levels.

VI. INDIAN ECONOMY IN DEEP CRISIS

It is the inherent logic of globalisation that the more an underdeveloped country implements neoliberal policies under the dictates of its international creditors, the more it sinks into external debt—because the more the debt and FDI inflows, the more the debt repayment and profit outflows (we have explained this in detail in Chapter III, Section 6). This is precisely what is happening with India too.

As the Modi regime steps up its neoliberal policies, our external debt is also increasing: during the past six years, it has gone up from an already large \$446.2 billion in end-March 2014 to \$557.4 billion in June 2019.¹⁷⁰ India is one of the world's most indebted countries today.

Our finance ministry officials and mainstream economists are telling us not to worry. They claim that our country's external accounts situation is much better than it was in 1991, because of our large foreign exchange reserves.

However, foreign exchange reserves are not equivalent to the foreign exchange earnings of a country; they include all the foreign capital inflows that have come into the country too. This implies that if foreign investors start withdrawing their money from the country, the reserves will fall.

Of course, not all the foreign investment can be taken out at short notice. Therefore, to get an idea of the actual safety buffer provided by the country's foreign exchange reserves, they should be compared with the amount of foreign capital inflows that can leave the country very quickly—what are also called the 'short-notice' or potentially volatile foreign exchange liabilities of a country. These include: (i) short term debt (i.e., debt repayable within a year); (ii) portfolio investments (i.e., FII investments in the share markets and in debt instruments), which can be withdrawn at any time; and (iii) those NRI deposits which are fully repatriable at any time [Foreign Currency Non-Resident Bank (FCNR(B)) Account and Non-Resident External Rupee (NRER) Account].

We estimate these components of our vulnerable external liabilities as of end-June 2019 to be:¹⁷¹

- i) Short term debt by residual maturity = \$240.6 bn;
- ii) Portfolio investments by FIIs = \$267.1 bn;
- iii) Outstanding FCNR (B) and NRERA deposits (excluding that included in short-term debt figures) = \$36.7 bn.

Adding up the above, our total vulnerable external liabilities as of end-June 2019 were \$544.4 bn.

In comparison, our foreign exchange reserves as on 30 June 2019 were \$429.6 bn—21 percent less than our total vulnerable external liabilities.

This means that if foreign investors decide to pull out their money from India—which they can do at the tap of a computer key—our foreign exchange reserves are not enough to prevent the economy from once again plunging into foreign exchange bankruptcy, similar to what had happened in 1990–91. Therefore, the claims of our country’s leaders and mainstream intellectuals that India is on its way to becoming an ‘economic superpower’ is absolute nonsense. Our country is entrapped in a serious external debt crisis. The Indian economy has become totally dependent on foreign capital inflows—foreign direct investment inflows and speculative capital inflows—to stay afloat. Our economy is thus firmly in the clutches of our international creditors—the foreign corporations and their concubine governments. They are imposing conditions on the Indian Government, so that they can gradually take control of the Indian economy, and the Modi Government is meekly submitting to their dictates.

This is the reason why the Modi Government is implementing a programme of accelerated neoliberalism even during the pandemic, including: enactment of three farm laws that facilitate takeover of Indian agriculture by foreign agribusiness corporations; amendment of the country’s labour laws and so that corporations can brutally exploit workers and maximise their profits; dismantling our environmental regulations to give speedy clearance to corporate projects, even if they have a devastating impact on the environment and people; and announcing an accelerated programme of privatisation of the country’s best and most profitable public sector corporations and financial institutions.

The country is up for sale. All the rhetoric about nationalism is only Goebbelsian propaganda—meant to divert attention from the real intentions of the government. It also enables them to label all critics and opponents as anti-nationals and attack / imprison / even murder them.

As the country’s external debt crisis worsens, the Modi Government is going to further intensify neoliberalism. The agricultural crisis is going to worsen; privatisation is going to accelerate; and the corporatisation of the economy is going to quicken. But this only means that the unemployment crisis gripping the country is going to worsen in

the coming days.

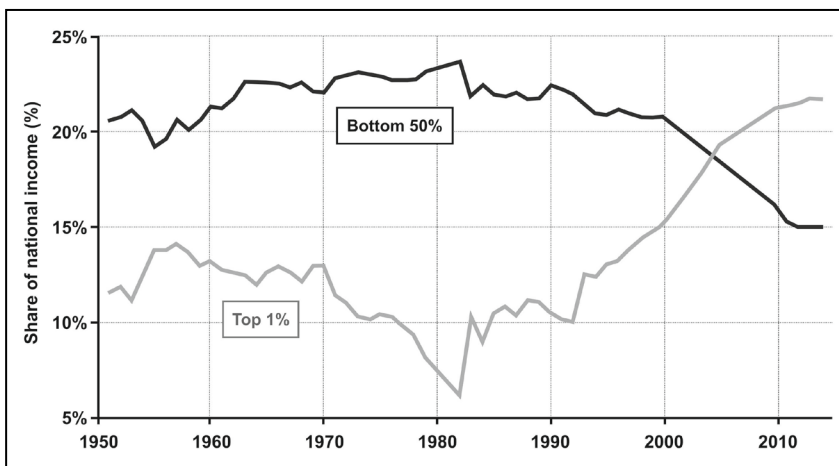
Be prepared for yet another hefty dose of 'Hindutva' nationalism, mixed with more minority bashing ...

Obscene Inequality

Such then is globalisation. It is not going to transform backward and poor India into a developed country like Sweden, Japan or the United Kingdom—there is absolutely no possibility about that. On the contrary, it has enabled the imperialist countries to once again plunder our wealth and people—it's a return to the colonial era once again!

But the rich are not bothered. They have divorced themselves from the country and its people, and are only interested in accumulating ever more profits, even at the cost of mortgaging the sovereignty of our country. Consequently, India today is seeing inequalities never seen before in its recorded economic history.

Chart 2: Top 1% and Bottom 50% Income Shares in India, 1951–2014¹⁷²



Chancel and Piketty, both renowned economists and co-directors of the World Inequality Lab at the Paris School of Economics, have done extensive research to produce one of the most authoritative estimates of the distribution of adult pre-tax income in India over the period 1922–2015. They find that during the period 1951 to 1980, that is, during the pre-globalisation years, income inequality in the country had declined; after that, inequality has sharply increased. The share of the bottom 50 percent of the country's population in the national income increased from around 20 to 23 percent over the period 1951 to 1980; after that, it started declining and fell to 14.9 percent in 2014–15 (see Chart 2). In

contrast, the income share accruing to the top 10 percent people in the country fell from around 36 percent in the early 1950s to 30 percent by the early 1980s; after that, it steadily increased to more than 55 percent in 2014–15. Even within the top 10 percent, there is huge inequality—the income share of the top 1 percent went up from 6 percent of the national income in the early 1980s to 21.3 percent in 2014–15 (see Chart 2).

That was the situation when the Modi-led BJP Government came to power at the Centre. Since then, inequality has accelerated. According to a report by Oxfam, 73 percent of the wealth generated in the country in 2017 went to the richest one percent, while the 670 million Indians comprising the poorest half of the population saw only 1 percent increase in their wealth.¹⁷³ Predictably, the latest (2019) report of Credit Suisse found that the top 10 percent of Indians have cornered 74.3 percent of the country's wealth, while the bottom half of the people own a mere 2.1 percent of it.¹⁷⁴

Neoliberalism has also worsened poverty in the country. While the Modi Government has stopped release of all data on economic status of the people, *Business Standard* published a leaked copy of the NSO survey report of 2018 on consumer spending data. The suppressed report shows that the average amount of money spent by an Indian in a month, adjusted for inflation, fell by 3.7% over the period 2011–12 to 2017–18. The figure for monthly per capita consumption expenditure fell from Rs 1,501 in 2011–12 to Rs 1,446 in 2017–18. This is the first time in four decades that consumer spending has fallen in the country. Fall in consumption expenditure means that poverty levels in the country have increased.

The most potentially alarming bit of news is that there has been a dip in food consumption for the first time in decades. Monthly spending of rural Indians on food fell from Rs 643 in 2011–12 to Rs 580 in 2017–18 (both figures in real terms).

The Pandemic and Inequality

This obscene inequality has further worsened during the pandemic. According to the *Billionaires Insights Report 2020* published by UBS and PwC, the net worth of Indian billionaires between April and July increased by a third (35 percent) to \$423 billion.¹⁷⁵ According to the IIFL Wealth Hurun India Rich List 2020 that used a cut-off of 31 August 2020, the wealth of India's richest man, Mukesh Ambani, increased by Rs 90 crore every hour since the lockdown began in March!¹⁷⁶ This has happened at the very same time when the economy contracted by nearly

50 percent, and crores of people working in the unorganised sector were thrown out of work, and due to the apathy of the government, pushed to the edge of starvation.

VII. SOME PROPOSALS FOR CREATING JOBS

Through the extensive arguments given in the previous chapters, what we are basically trying to establish two points:

One, if you are unemployed, it is not because our country's population is very large. If you do not have a decent, well-paid, formal job, it is not because you are not capable, or not educated enough, or because your parents were too poor to give you good schooling. The reason is that there are simply no well paying, formal sector jobs. The reason why there are only a few good jobs with decent salary and some job security, the reason why there is so much unemployment in the country, is because of the inherent logic of capitalism and capitalist globalisation.

The second point flows from the first. If the reason for the unemployment crisis is the economic logic of capitalist globalisation, then it follows that we are unemployed not because of the 'other', we are unemployed not because the minorities or Dalits or women or people from outside our state (or foreign migrants—the BJP's new bashing bag) have taken away 'our' jobs—but because the system is not oriented towards generating jobs. Once we well and truly understand this, we will realise that instead of fighting the 'other', we need to unite with the 'other' and unitedly raise demands that challenge the logic of the economic system and truly lead to creation of decent jobs for all.

We give below some examples of the kind of demands we need to raise, which will genuinely lead to job creation.

Many of these demands will require increased government investment. Where will this money come from—as the government claims that it is financially constrained? We discuss this issue towards the end of this chapter.

1. An Employment Guarantee Scheme for the Poor

Because of the enormity of the unemployment crisis, the government should urgently take steps to implement an employment guarantee scheme for the poor, in the rural as well as urban areas. This should be done immediately, because all the other measures mentioned below are going to take time to implement.

For the rural poor, the scheme already exists—MGNREGA; the problem is in its implementation. The government needs to seriously and honestly implement this scheme, especially by allocating the necessary funds. In rural areas, if this rural job guarantee scheme is actually made to provide 100 days of employment to every job-card holder at a wage rate of Rs 200 per day, then the total cost would come to Rs 2.5 lakh crore. The allocation for this scheme in the present budget is only Rs 60,000 crore. (During the lockdown, the finance minister announced that this is being increased to Rs 1 lakh crore.)

Additionally, the government also needs to institute a similar employment guarantee scheme for the urban poor, especially for those living in smaller cities where the employment crisis is huge. Economist Prabhat Patnaik, one of India's best known economists, has given estimates for the allocation needed for such an employment guarantee scheme. If the government undertakes to implement such a scheme for providing employment for 100 days per household per year to 37.5 million urban households (living in towns with population less than one million), at wage rates which vary according to skill-level—Rs 300 per day for the bottom 30 percent, Rs 500 for the next 30 percent and Rs 700 for the next 20 percent (the top 20 percent are assumed not to avail of such work)—the total cost, including both wages and material costs (in the ratio 50:50), will come to Rs 3.2 lakh crore per annum.¹⁷⁷

The cost of both these schemes, urban and rural adds up to Rs 5.7 lakh crore. Excluding the Rs 1 lakh crore already allocated for MGNREGA, the additional government investment needed for implementing these proposals comes to Rs 4.7 lakh crore.

2. Increase Spending on Agriculture

Indian agriculture is in crisis because of the neoliberal economic reforms. Employment in agriculture is declining in absolute numbers. To revive growth and stimulate job creation in this vitally important sector, the government needs to make farming profitable by:

- reducing input costs for farmers by increasing subsidies on fertilisers, electricity, water, etc.;
- providing output price support, by taking measures such as increasing crop procurement, and guaranteeing farmers profitable price for their produce;
- increasing public investment in areas like irrigation, agricultural research, agricultural extension services, crop insurance, etc.; and

- taking immediate steps to tackle the debt crisis gripping Indian farmers by waiving all their debts, including debts to private moneylenders, and ensuring availability of institutional credit to them at subsidised rates.

This would require the government to increase public investment in all agriculture related sectors. The Modi Government allocated a mere Rs 1.47 lakh crore for all agriculture related ministries in the 2020–21 budget. Including expenditure on other related heads like food subsidy and fertiliser subsidy, this amount goes up to Rs 3.34 lakh crore. If the government is serious about reviving agriculture, it needs to at least double its investment in agriculture and related areas. This will also reverse the fall in agricultural employment. As estimated by us earlier, had employment generation during the post-reform years continued at the same rate as during the 1980s, that is, before globalisation began, total agricultural employment would have increased by 140 million, or 14 crore, by 2017–18!

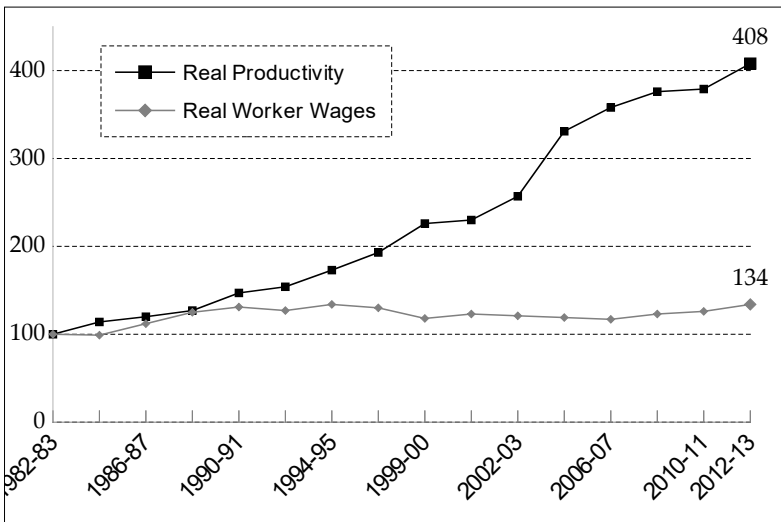
3. Create More Jobs in the Organised Factory Sector

Globalisation has led to a sharp slowdown in job creation in the factory sector. Total number of jobs in the organised factory sector is only 15.6 million—in other words, it provides jobs to just 3.3 percent of the total workforce in the country. Of these, 77 percent workers are employed in large factories employing 100 or more workers.¹⁷⁸

Large firms employ relatively less workers per unit of capital invested, due to high mechanisation levels. In recent years, taking advantage of the dismantling of labour laws by the government, they are retrenching permanent workers and replacing them by contract workers. This can be seen from data given in the *Annual Survey of Industries* report, according to which the share of contract workers in total workers in factories has more than doubled, going up from 15.7 percent in 2000–01 to 36 percent in 2017–18.¹⁷⁹ While these contract workers are often forced to work longer hours than permanent workers, they are paid much less and they also have no social security.

Therefore, the increase in productivity due to increasing mechanisation has not benefited workers. Data from the *Annual Survey of Industries* shows that while real productivity of workers over the period 1983–2013 has increased at an annual average of 7 percent, real wages of workers during this period have remained virtually stagnant, increasing at an average annual rate of only 1 percent (Chart 3).

Chart 3: Productivity and Wages in Indian Industry, 1982–83 to 2012–13¹⁸⁰ (1982–83 = 100)



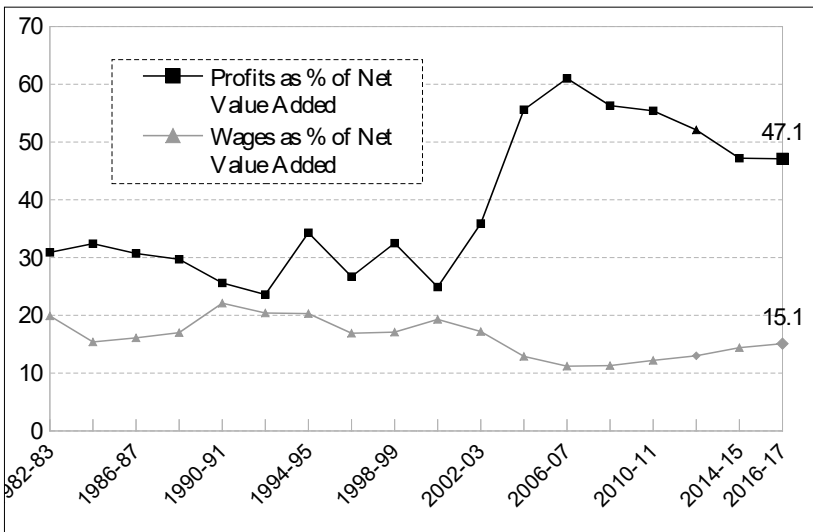
This means that the owners of these firms have almost exclusively cornered the gains resulting from this rise in productivity, resulting in a huge increase in their profits. This can be clearly seen from Chart 4 which shows that:

- Wages as percentage of net value added in industries have fallen from 30.9 percent in 1982–83 and 25.6 percent in 1990–91 to 15.1 percent in 2016–17;
- Profits as percentage of net value added have more than doubled over the post-reform period, going up from 19.9 percent in 1982–83 and 22.1 percent in 1990–91 to 47.1 percent in 2016–17.

Such being the huge profits being made by large-scale industries, an important way in which additional jobs can be generated in the economy is by getting the factories, at least the large factories employing more than a hundred workers, to double the number of workers employed by them by reducing working hours from eight hours to four hours per day (without reducing wages).

Orthodox economists are going to ridicule our proposal, claiming it would lead to huge losses for industries, forcing them to shut down. But as we can see from Chart 4 above, in 2016–17, while wages as percentage of net value added were only 15 percent, profits as percentage of net value added were 47 percent.

Chart 4: Profits and Wages as % of Net Value Added in Indian Industry, 1982–83 to 2012–13¹⁸¹



Therefore, if wage costs for large-scale industry doubled, they would not be driven into loss, they would still be making considerable profits—their profits would still be 17 percent of net value added (which is more than the profits they were making in the 1980s). Furthermore, since employment will increase, it will lead to an increase in demand. Therefore, large industries—which today are working at much below full capacity (capacity utilisation in Indian industry is at around 72 percent today¹⁸²)—will be able to increase production and improve capacity utilisation, leading to further rise in profits.

Even after the above explanation that a four-hour work day would not shut down large industries, but rather be beneficial for them, many readers will still consider our proposal to be outlandish. This reaction is because we have got used to the eight-hour work day, it has become so very ubiquitous. But we forget that a century ago, a 10- or 12-hour work day was the norm, and when workers agitated demanding an eight-hour work day, many felt that if the demand was conceded, it would sound the death knell for businesses. Eventually the workers won their demand; history tells us that it helped in the expansion of capitalism.

Here are some more facts for those still finding our proposal weird. A shorter work day, of six hours, is actually under discussion in Europe. Some local councils in Sweden are experimenting with it, and initial results suggest that the results have actually been good for the economy,

as worker productivity has increased to make up for the increased cost to business. In Finland, the new Prime Minister Sanna Marin has called for either cutting the work-day to four days a week, or alternatively reducing working hours to six hours. In 2019, Microsoft launched a four-day work week experiment in Japan, giving employees five consecutive Fridays off. The company reported on its website that the shorter work week gave a big boost to productivity.¹⁸³

All this proves that a four hour workday is very doable. Large industries employing 100+ workers employed nearly 12 million workers in 2017–18. Doubling employment in large-scale industry would therefore lead to the creation of another 12 million jobs, and more via the multiplier effect.

4. Give Incentives to Small Scale Sector

In both the manufacturing and service sectors, the majority of jobs are informal jobs. Most of these jobs are in the so-called Micro, Small and Medium enterprises (MSMEs), of which 99 percent are Micro enterprises (with capital investment less than Rs 25 lakh if involved in manufacturing, and less than Rs 10 lakh if in the service sector).

Three decades after the introduction of neoliberal economic reforms, which favour large scale industry at the cost of the small scale sector, the MSMEs continue to provide many more jobs than the organised factor sector: 111 million as compared to 15 million. More than 97 percent of these jobs were in Micro enterprises. MSMEs also clocked a higher employment growth rate (CAGR 3.63 percent over the period 2006–07 to 2015–16) than organised sector factories (CAGR 3.34 percent).¹⁸⁴

Despite this, the Modi Government has sought to strangulate India's small scale sector and corporatise the economy, first through demonetisation and GST, and now during the lockdown by refusing to provide any significant relief to this sector which was very badly hit. These policies have devastated this sector; thousands of units have shut down and lakhs of jobs lost.

But then what about the Mudra Yojana, whose declared objective is to promote small entrepreneurship and thereby create jobs in the small scale sector? As detailed in Box 1, it is yet another big hoax of the Modi Government, meant to delude his gullible *bhakt*s.

To return to the issue under discussion: if we are to tackle our unemployment crisis, our economic development model will need to

BOX 1: The Mudra Yojana Hoax

On 8 April 2015, PM Modi announced the launch of the Pradhan Mantri Mudra Yojana, whose declared objective is to provide easy loans to small entrepreneurs and boost self-employment. Under this scheme, people wanting to set up tiny or small enterprises can avail of low interest loans of between Rs 50,000 and Rs 10 lakh, without any collateral. Four years later, in a ‘staged interview’ given to *Republic Bharat TV* on 29 March 2019, just before the 2019 Lok Sabha elections, Modi claimed that “17 crore people took loans under the Mudra Yojana. Four crore are such people who have taken a loan for the first time. They would have started some employment. They would have given jobs to some people.” Implying that the scheme must have created anywhere between 4 to 8 crore jobs.¹

Modi was unabashedly lying. Statistics available on the official website of Mudra Yojana² show that of the total 18.26 crore loans disbursed in the four years up to March 2019, 16.31 crore (89 percent) loans were Shishu loans (of up to Rs 50,000). The total sanctioned value of these Shishu loans was Rs 3.96 lakh crore, and amount disbursed was Rs 3.90 lakh crore. The average size of loan sanctioned works out to Rs 24,280, and average amount disbursed Rs 23,904. This amount is simply too inadequate for setting up any kind of small business; how can such tiny loans create several crore jobs?

1. “PM Modi’s Exclusive Interview to Republic Bharat”, 29 March 2019, <https://www.youtube.com>.

2. “Mudra”, <https://www.mudra.org.in>.

focus on creation of jobs—which is not the central orientation of the present neoliberal development model being implemented in the country. After three decades of implementation of neoliberalism in India, it is obvious that the large-industry centred Western model of development cannot generate the massive number of jobs required for an underdeveloped country like India. For this, we will need to focus on developing decentralised and small-scale production, especially village based industries in the rural areas. This will require that the government provide financial incentives for the development of these industries—including making available easy loans at low interest rates for those wishing to set up small units. This also means that the government needs to substantially scale up its budget allocation for this—as the interest subsidy would have to come from the budget.

But only this much would not be sufficient. It would also require that the government takes steps to change the economic atmosphere in the country, and create conditions in which small scale industries can flourish. For instance, instead of building huge coal / gas / hydro / nuclear based electricity generation plants, we need to focus on building small hydro or renewable energy based power houses. This will also require, among other things, that the government reserve production of several items for the small scale sector, and ban imports of these items—to protect this sector from unfair competition with subsidised products of recession hit automated plants of Western multinational corporations.

5. Create More Government Jobs

Lakhs of youth are mobilising across the country demanding reservation for their castes—when there are no government jobs! They are all fighting for a slice of the public employment ‘cake’, when there is no cake on the table.

Instead, we all need to unite, across castes and communities, and demand more government jobs. To make an estimate of how many government jobs can possibly be created in India, let us compare the number of government jobs in India with that in the USA and other developed countries, as a percentage of population.

Unlike the propaganda being daily fed to us by our politicians and bureaucrats, public sector employment in India is not high; on the contrary, it is very low when compared to the developed capitalist countries. The number of people in public employment as a percentage of the total population in the Scandinavian countries like Sweden and Norway is as much as 12 times that of India, while that in other developed countries like France and Great Britain is around six times more (Table 16).

Table 16: Public Sector Employment as % of Total Population¹⁸⁵

Sweden	14.47
France	8.81
UK	7.77
USA	7.17
India	1.20

The USA has one of the lowest levels of public sector employment among the developed countries. If we take this as the level that India should reach, then to have the same ratio of public sector employment to total population as the USA, India's public employment needs to increase to at least 96 million.¹⁸⁶ India's public sector employment is around 17 million at present.¹⁸⁷ This means India would need to create an additional nearly 79 million jobs to reach the same level of public sector employment as the USA!

This is going to sound unbelievable to our readers. That is because we have used to hearing that India has a mixed economy while the developed capitalist countries are free market economies; so people automatically assume that the public sector is bigger in India than in USA and Europe and must be giving more employment.

An important reason why public sector employment in the developed countries is so high and in India is so low is because of the huge difference in their social sector expenditures—while average social sector expenditure of the countries of the European Union is around 31 percent of the GDP, that of India is just 6.7 percent.¹⁸⁸ Most developed countries have a very elaborate social security network for their citizens, including universal health coverage, free school education and free or cheap university education, old age pension, maternity benefits, disability benefits, family allowance such as child care allowance, allowances for those too poor to make a living, and much more. Governments there spend substantial sums for providing these social services to their people, which therefore also requires that they employ a large number of people in the social sectors (such as school teachers and healthcare professionals) to provide these services to their population.

Therefore, instead of fighting amongst ourselves on the basis of caste, religion, region and so on, we need to unite and demand that the government should increase its social sector spending from the present 7 percent of the GDP to at least 15 percent, and create more public sector jobs. As explained above, this would lead to the creation of at least a few crore jobs. This will also lead to the creation of at least as many private sector jobs if not more, as the creation of so many well-paid jobs in the public sector will give a big boost to demand and will therefore lead to a huge increase in private sector production—as Keynes had pointed out several decades ago.

To explain the eminent feasibility of our proposal, let us make an estimate of the number of additional teachers the government needs to recruit to improve the quality of school education in the country.

Recruiting Teachers for a Genuine Right to Education Act

Present State of Education in India

Education is fundamental to human as well as societal development. Which is why in all developed countries, governments take the responsibility of providing FREE, EQUITABLE and GOOD QUALITY school education to ALL their children (the private sector invests only for profit).

Unfortunately, in India, our government is totally unconcerned about educating all our children. The 2011 Census figures, the most reliable data source in the country, show that of the 20.8 crore children between the age of 6–13 in the country, 3.2 crore or 15.4 percent children have never attended any school! That is huge.¹⁸⁹

This lack of concern for the development of our children is also reflected in very low government spending on education. Consequently, our schools are in a very bad shape. According to government data:

- A majority of the primary schools in the country had three or less than three teachers; and three or less than three classrooms.¹⁹⁰
- This implies that a single teacher is teaching two or three different classes at the same time in a single room in a majority of the primary schools in the country!
- The situation is equally bad in the senior-level schools in the country.¹⁹¹
- A majority of our schools lack even basic infrastructure like electricity and computers.¹⁹²

Because of this terrible condition of our schools, the quality of education given to our children is so bad that nearly half the children in Class 5 are not able to read Class II-level text, and nearly three-fourths (72 percent) cannot solve a simple division problem.¹⁹³

Therefore, it is not at all surprising that nearly 50 percent of the children enrolling in school in Class I drop out before completing secondary education. The drop-out rates at the various levels are:¹⁹⁴

- Drop-out rate at the primary level is 15.5 percent (this means that of 100 children enrolled in Class I, 15.5 percent do not complete Class V);
- Drop-out rate at the elementary level is 30 percent;
- Drop-out rate at the secondary level is a huge 47.3 percent.

Additional Teachers Needed to Improve Quality of Education

Let us now calculate the number of additional teachers the government will need to recruit if it decides to improve the quality of education in the country and bring it to near international standards. We first do the calculation for primary and elementary schools.

- Primary-only schools have an average of 3.1 teachers per school (see Table 17), whereas they should have at least 5 (actually, even 5 teachers per school is less, this number should be at least 6; but let us take this as the initial minimum standard to be achieved). This means that the government will need to recruit an additional ($1.9 \times 8.4 =$) 15.96 lakh primary teachers. The total number of primary school teachers will then go up to ($15.96 + 26.06 =$) 42.02 lakh.
- The drop-out rate at the primary level is 15.5 percent. If all these children are brought back to school, the number of primary teachers will need to increase to 49.4 lakh.¹⁹⁵

Table 17: Elementary Education Data for Schools, 2015¹⁹⁶ (in lakh)

	Total Schools (1)	Primary-only Schools		Elementary-only Schools	
		Total	% of (1)	Total	% of (1)
Number of Schools	15.17	8.4	55.4%	2.82	18.6%
Number of Teachers	86.92	26.06	30%	20.38	23.4%

- Elementary-only schools have an average of 7.2 teachers per school (see Table 17), whereas they should have at least 9. This means that government will need to recruit an additional ($1.8 \times 2.82 =$) 5.08 lakh elementary school teachers; the number of elementary teachers will then increase to ($5.08 + 20.38 =$) 25.46 lakh.
- Drop out rate for elementary level is 30 percent. If all these children are brought back to school, the number of elementary school teachers will need to increase to 35.75 lakh.¹⁹⁷
- Adding the above, total number of primary-only and elementary-only school teachers will need to increase from ($26.06 + 20.38 =$) 46.44 lakh at present to ($49.4 + 35.75 =$) 85.15 lakh.
- For good education, it is not enough to have one teacher per classroom; the student–teacher ratio must also be low. The number of students per classroom in countries known for good quality

school education is not more than 20. In India, the ratio is much higher, especially in private schools where it can go up to 40 or 60 or even more. If this ratio is to be brought down to near 20, then we will need to at least double the number of teachers. For our calculation, let us assume that initially the government sets a target of bringing down the student–teacher ratio to around 30, for which it increases the number of teachers in schools by 25 percent. That will require the total number of primary and elementary school teachers to increase from 85.15 lakh to 106.44 lakh.

- 3.2 crore children in the age group 6–13 have never gone to school. Bringing them back to school is not going to be easy. The government will need to mobilise the entire society, especially the educated youth and people’s organisations, for a huge literacy programme, and even after that, it is going to take a huge motivational campaign to get them to enrol in school. For the present, therefore, we are not making an estimate of how many special teachers the government will need to appoint for this task; let us assume that initially, this task is taken up by the college youth on a voluntary basis.

The primary- and elementary- only schools employ 53.4 percent of all teachers. The remaining schools are secondary and higher secondary schools, and they employ 40.48 lakh teachers. The drop-rate for secondary and higher secondary education is much higher than that for elementary education, and the student–teacher ratio is also higher. Assuming that at this senior level, in the first phase, the number of teachers is increased by 50 percent of the increase for primary and elementary schools, the number of secondary and higher secondary teachers would need to increase to 66.63 lakh teachers.¹⁹⁸

Therefore, to raise the quality of school education in India to near international standards, the number of school teachers needs to be increased from 86.92 lakh at present to $(106.44 + 66.63 =)$ 173.07 lakh, which means that the government would need to recruit an additional 86.15 lakh teachers.

Further, if so many school teachers are recruited, it would call for a big increase in the number of associate staff, from clerks to laboratory assistants to peons and so on. So many schools would need to be constructed, furniture made, school textbooks printed, and so on. This would lead to a big increase in jobs in all these industries. So many unemployed youth getting recruited as school teachers and associate

staff with decent salaries would lead to a big increase in the demand for consumer goods, and so there would be much job creation in these industries too. Even if we take the multiplier to be 1.5 (means the number of additional jobs created if one teacher job is created), it means that the creation of 86.15 lakh teacher jobs would lead to the creation of an additional 1.29 crore jobs, mainly in the private sector—for a total of more than 2.1 crore jobs. That too, just by improving the quality of our education sector!

It is not just education, all welfare services are in a terrible state in our country. Therefore, we are not at all exaggerating when we assert that if the government indeed decided to provide good quality welfare services to all people in the country, it would lead to the creation of several crore jobs.

6. Where Will the Money Come From?

After giving all the above proposals for creating jobs, the question that needs to be addressed is—where will the money come from for implementing these proposals? The Indian Government claims that it needs to reduce its fiscal deficit, and hence its expenditures, and so it is actually seeking to reduce its subsidies to the poor.

That the Indian Government has is facing budgetary constraints is a myth, propagated by the government and its intellectual pen-pushers. The reality is that the Indian Government has been doling out subsidies to the rich to the tune of several lakh crore rupees every year, some examples of which we have given earlier in Chapter IV, Section (4i). These huge concessions / subsidies / transfers being given to the rich, both in the form of tax concessions and non-tax concessions, are responsible for the government's low revenues, and therefore, low budgetary outlay. India's total government revenue as percentage of GDP is amongst the lowest in the world. It is more than 40 percent for most countries of the European Union, going up to above 50 percent for countries like Belgium, France, Denmark and Finland. It is 29.7 percent for South Africa, 36.6 percent for Argentina and 31.6 percent for Brazil. The world average is 30.2 percent. While total government revenue of India (Centre + States combined) is only 20.8 percent of GDP.¹⁹⁹

Let us make an estimate of the increase in government revenues if the government only partially withdraws some of the tax concessions, subsidies and transfers of public wealth being given to the rich, and imposes some additional taxes on them.

i) Reducing the Huge Tax Concessions Given to the Rich

The Modi Government has been giving at least Rs 6 lakh crore in tax concessions to the rich every year. Even if the government reduces these concessions by 75 percent, it will result in an increase in the government's annual tax revenues by Rs 4.5 lakh crore.

ii) Reducing the Huge Transfers of Public Funds to the Rich

The government is writing off bank loans given to the rich to the tune of a few lakh crore rupees every year; it is transferring ownership of public sector corporations to the private sector at throw-away prices; it is allowing private sector corporations to exploit our country's mineral resources and earn huge profits in return for negligible royalty payments; it is giving corporate houses enormous subsidies on their investments in the infrastructure sector; and so on. Even if it partially withdraws these concessions, it will increase government revenues by several lakh crore rupees every year. For our calculations, let us conservatively assume this increase to be Rs 3 lakh crore every year.

iii) Imposition of Wealth Tax on the Richest 1 percent

There is nothing anomalous about a wealth tax. In fact, inequality in the world has grown to such extremes that even the annual jamboree of the world's super rich held at Davos, Switzerland has expressed concern, and 'establishment' economists across the world have been demanding imposition of wealth taxes on the rich to reduce it. Wealth taxes exist in several European countries. In the USA, progressive Democratic Party candidates advocated it as a means to finance an increase in welfare expenditures during the recent Presidential elections.²⁰⁰

According to an estimate made by Credit Suisse in 2019, the richest one percent in India own 42.5 percent of the total wealth of the country, which works out to \$5361 billion or Rs 380.631 lakh crore.²⁰¹ Imposition of a low 2 percent wealth tax on this would earn the government Rs 7.6 lakh crore in revenue. (Incidentally, during the 2020 USA Presidential elections, both Warren and Sanders had proposed a minimum wealth tax of 2 percent, rising to 6 / 8 percent for those with fortunes over \$1 billion).

iv) Imposition of Inheritance Tax on the Richest 1 percent

This tax is also perfectly in sync with the ideology of capitalism. While supporters of capitalism argue that the rich are so because of their

special qualities like ‘innovativeness’ and ‘entrepreneurship’, there is no reason why their children should be in possession of all their wealth; and so it is perfectly justified if governments impose a substantial inheritance tax on the very rich. Several developed countries had a large inheritance tax till the 1980s; during the past three decades, due to the rise of neoliberalism, many have either removed or reduced it. Recently, an OECD report called for (re-)introduction of inheritance tax as a way of reducing wealth inequality. Inheritance tax rate in France continues to be 45 percent, and in South Korea and Japan is 50 percent.²⁰²

For India, if the government imposes a modest inheritance tax rate of 33 percent on the richest 1 percent people in the country, then, assuming that about 5 per cent of the wealth of these top 1 per cent gets bequeathed every year to their children or other legatees, the government would earn $380.6 \text{ lakh crore} \times 0.05 \times 0.33 = \text{Rs } 6.28 \text{ lakh crore}$ as inheritance tax revenue every year.

v) Total

Adding up all the four suggestions given above would fetch the government an additional $(4.5 + 3 + 7.6 + 6.3 =)$ Rs 21.4 lakh crore in revenue. This amount is more than enough to finance job guarantee schemes for both rural and urban poor, double the investment in agriculture, increase subsidies for small-scale industry, as well as finance a huge increase in the social welfare expenditures of the government—measures suggested by us above that will result in the creation of several crore jobs in the economy.

vi) Increasing Government Expenditure by Borrowing

Finally, another important way in which the government can finance the above-mentioned schemes for creating jobs is by increasing its borrowings, that is, by increasing the fiscal deficit. That fiscal deficit is bad for the economy, and governments should not raise money for increasing welfare expenditures by indulging in deficit financing, is bunkum! This fraudulent theory is a part of the neoliberal ideology. It had been debunked long ago by John Maynard Keynes, one of the greatest economists of the 20th century. He had argued that in an economy where there is poverty and unemployment, the government can, and in fact should, expand public works and generate employment by borrowing, that is, by enlarging the fiscal deficit; such government expenditure would also stimulate private expenditure through the ‘multiplier’ effect. All developed countries, when faced with

recessionary conditions, have implemented Keynesian economic principles and resorted to high levels of public spending and high fiscal deficits—such as during the 2007–09 financial recession and now during the pandemic crisis.²⁰³ The reason why Nirmala Sitharaman (and all our previous finance ministers since the beginning of globalisation) harps on the need to reduce India’s fiscal deficit is because it is a condition imposed on the Government of India as a part of the World Bank-dictated SAP, whose sole aim is to run the economy for the benefit of giant foreign and Indian corporations.

To Conclude

Clearly, the unemployment crisis facing the country is a result of the economic policies of the Modi Government. If the government wants, it can implement alternate policies that can generate crores of decent, good quality and secure jobs. It is a question of orientation ...

VIII. UNITE TO CHANGE THE SYSTEM

*We worked to build this country, Mister,
While you enjoyed a life of ease.
You’ve stolen all that we built, Mister,
Now our children starve and freeze.
So, I don’t want your millions, Mister,
I don’t want your diamond ring.
All I want is the right to live, Mister,
Give me back my job again.*

– Jim Garland

The solutions mentioned in the previous chapter are only medium term solutions to the unemployment crisis. They will not eliminate the root cause of this crisis, which is the capitalist system itself. This system is solely oriented towards maximising profits for the owners of capital; providing jobs to people is only a byproduct. Depending upon the demand in the market, the capitalists produce only that many goods as can be sold for profit, and accordingly, employ only that many (minimum) people as are required for producing these goods, paying them the lowest possible wages. When demand falls, they kick out the workers not required. A large mass of workers are deliberately kept unemployed; this ‘reserve army of labour’ is used to lower the wages of the employed workers.

In a capitalist economy, the working people are mere pawns. When

needed, they are employed by the capitalists; when not required, they are thrown out.

So, if we want to eliminate unemployment by its roots, we will need to change this capitalist production system itself, and bring in its place a new system, whose basic orientation would be the happiness and well-being of the common people, a system whose every member would have the birthright to a meaningful job, a steady income, good quality education and healthcare, a decent home and security in old age.

While building such an alternate system is not easy, and can only be a very long term goal, the first step towards building such a society is to believe that it is an achievable goal! Yes, indeed, building *another world is possible!* This is actually happening in some countries of Latin America, such as Venezuela and Nicaragua and now Bolivia. In these countries, powerful people's movements have won power through democratic means. These revolutionary governments that are implementing an alternate economic model, oriented towards providing jobs to everyone. They are using government revenues and national resources to massively increase social sector spending and improve the living standards of the poorest of the poor, instead of transferring them to the coffers of the rich. It is of course a tough struggle, as the local capitalist classes backed by the governments of the developed countries and their giant corporations are trying their utmost to overthrow these revolutionary governments through economic sabotages and blockades, assassination plots, coups, and multimillion-dollar funding to extremist right-wing opposition groups. Despite these obstacles, these governments have made significant strides in implementing alternate policies.

- The Venezuelan Constitution guarantees free education to all citizens up to university undergraduate level. The government has also launched programmes to educate all its adult citizens who have not completed basic schooling and is even providing them the opportunity to pursue higher education if they so wish.
- The government has undertaken several initiatives to provide free / affordable healthcare to all its people. Hundreds of high quality medical centres have been set up across the country, including in the remotest areas. To meet the shortage of doctors, it has launched a free medical education programme to train thousands of young people imbued with a spirit of social concern as doctors.

- It has launched a ‘mission’ to provide good quality houses to all people at subsidised rates; the poor are provided these houses free. To improve the standard of living of the people, they are also being provided essential household appliances and furniture at very cheap rates.
- To provide security to senior citizens, the government has increased the old age pension and made it equal to the national minimum wage. The minimum wage has been raised significantly to provide a decent standard of living.
- The government has taken numerous initiatives to provide people with decent livelihoods both in the rural as well as the urban areas. Across the country, people have taken the initiative to form collectives, with the backing of the government. These collectives, known as communal councils, are organs of self-governance. They promote grassroots democracy by involving ordinary people in the governance of their area / region. The communes conceive and implement projects in production and distribution, partially funded by the government, oriented towards providing livelihoods to the people as well as improving their quality of life. Thousands of such communal councils have been formed in Venezuela.
- Despite suffering losses of billions of dollars due to US sanctions, the Venezuelan government has been amongst the most successful governments in the world in controlling the corona pandemic. The secret behind this success is the participation of the people of Venezuela in every aspect of the fight against COVID-19. Because of this, the rate of infection per million population in Venezuela was 3,822, and the death rate per million population was only 34, as on 15 December 2020; whereas these rates were: 20,625 and 938 respectively for the USA; 27,722 and 953 for the UK; and 7,154 and 104 for India.

If people in Venezuela and Nicaragua and Bolivia are striving to build a new system, so can we in India! In fact, this was precisely the dream of our nation’s founding fathers, when they fought to free our country from British colonial rule. Their dreams are encapsulated in our Constitution’s Directive Principles, which call upon the State to strive to: build an egalitarian society, provide good quality education, health care and nutrition to all citizens, and provide all citizens meaningful work and a living wage that ensures them a decent standard of life and full enjoyment of leisure.

Dear friends,

We must stop being sceptics, dream of a better future, and believe that it is possible to change the world. Yes, *Another World is Possible!* But to make it a reality, we must start our own small struggles—against injustice and exploitation, in defence of democracy. We also need to participate in the local struggles being waged by people all across the country on their specific demands, be it struggles of farmers for waiver of farm loans and profitable price for their produce, or struggles of youth demanding jobs, or struggles of students demanding reduction in college fees, or struggles of factory workers against dismantling of labour laws and demanding increased wages, or struggles of unorganised workers demanding better working conditions and social security, or struggles of women against violence, or struggles of Dalits against caste atrocities, or struggles of minorities against the increasing attacks on them by right-wing vigilante groups, or struggles for protecting Constitutionally guaranteed right of dissent, freedom of religion, etc. We need to strive to unite these different struggles. While participating in these struggles, we need to gradually increase the consciousness of people that the root cause of all these injustices against which they are fighting is the system of capitalist globalisation, and that they need to advance the aims of their struggles to fight and change this exploitative system itself.

Gradually, as the consciousness of people advances, these different struggles will unite into a powerful nationwide movement. The aim of this people's movement will be to democratically win power and change the present economic system and replace it by a new system that organises economic activity not for the maximisation of profits of capitalists, but to meet the needs of people to lead decent, fulfilling, secure, and to the extent possible, creative lives.

About Us: Lokayat

It is in keeping with this perspective that some years ago, we started this forum, *Lokayat*. Since its inception, Lokayat has organised innumerable programs to make people aware of the real reasons behind the deepening economic crisis gripping the country—the neoliberal economic policies being pursued by the government at the behest of the WB–IMF, and motivate them to unite and raise their voices in protest.

Of late, apart from the crisis created by globalisation, Indian society is facing another serious crisis—of fascism, the twin brother of

globalisation. The rapid growth of fascist forces in the country is threatening the very conception of India as a secular and democratic republic as visualised by our country's founders and enshrined in the Constitution of India. To fight the twin dangers of capitalist globalisation and fascism, Lokayat has been striving to form joint platforms with like-minded groups across the country to spread awareness amongst the people about the values of the Indian Constitution and mobilise people to unite to fight the fascist threat looming over the country.

Lokayat has organised umpteen programs to raise public awareness about the neoliberal fascist danger, including seminars, film screenings, song concerts, street campaigns, street plays, poster exhibitions, solidarity hunger fasts and rallies–dharnas, on the following issues:

- i) Making people aware of their Constitutional duties outlined in Article 51A of the Constitution, that call upon the citizens
 - to cherish the noble ideals that inspired our freedom struggle, including the values of freedom, equality, democracy and secularism;
 - to promote fraternity amongst all the people transcending religious, linguistic and regional or sectional diversities;We believe that true nationalism means upholding these ideals and values.
- ii) Making people aware that the Constitution also contains directives to all future governments regarding the policies that they need to pursue. These are included in Part IV of the Constitution, also called the Directive Principles. Explaining the reasons for their inclusion in the Constitution, Dr Ambedkar stated: "Our intention is (that) ... even under hard and unpropitious circumstances, (future governments shall) always strive in the fulfilment of these Directives."²⁰⁴ The Directive Principles direct the State to strive to:
 - build an egalitarian society; ensure that there is no concentration of wealth; ensure that all citizens have the right to an adequate means of livelihood that ensures them a decent standard of living; ensure availability of adequate healthcare and nutrition to all citizens without discrimination; and, provide equitable and good quality education for all children.

Dear friends, if you would like to know more about us, or participate in our activities, you may contact us at any of the addresses given on the last page of this booklet.

REFERENCES

- 1 Arun Kumar, "What the 23.9% Drop in Q1 GDP Tells – and Doesn't Tell – Us About the Economy", 2 September 2020, <https://thewire.in>; "Economic Contraction is 40% Not 24% - Prof. Arun Kumar", *Newsclick*, 9 September 2020, <https://www.newsclick.in>.
- 2 "'National Unemployment Day' Trends on Twitter on PM Modi's Birthday", 17 September 2020, <https://thelogicalindian.com>.
- 3 "This State Received 25 Lakh Applications, Including Phds for Posts of Peon and Guard: Shocking!" 31 January 2017, <http://indiatoday.intoday.in>.
- 4 "Over 93,000 Candidates, Including 3,700 PhD Holders Apply for Peon Job in UP", 30 August 2018, <https://economictimes.indiatimes.com>.
- 5 "Nearly 5 Lakh MBA, BTech, Postgraduates Apply for Group D Jobs in Bihar", 22 November 2019, <https://www.indiatoday.in>.
- 6 "PM Modi Counters Opposition on Unemployment, Economy, GST, NRC", 11 August 2018, <https://www.narendramodi.in>.
- 7 "Most Unemployment Surveys are Skewed, PM Narendra Modi Tells House", 8 February 2019, <https://www.business-standard.com>.
- 8 "Survey Discontinued, Centre Clueless about Unemployment", 6 March 2018, <https://www.dnaindia.com>; Sona Mitra, "The Indian Employment–Unemployment Surveys: Why Should it Continue?" 13 August 2018, <http://www.cbgaindia.org>; Rosa Abraham et al., "A (Failed) Quest to Obtain India's Missing Jobs Data", 1 February 2019, <https://thewire.in>.
- 9 James Wilson, "Lies, Deceit and Invented Truths in the Modi Regime", 10 February 2019, <https://www.telegraphindia.com>; "2 More Members of NSC Quit on Feeling Sidelined", 30 January 2019, <https://economictimes.indiatimes.com>.
- 10 "Cat Finally Out of the Bag: Unemployment at 45-Year High, Government Defends Data", 31 May 2019, <https://www.indiatoday.in>.
- 11 Data for 1983 and 1993–04 from: *Economic Survey, 2001–02, Labour and Employment*, Tables 10.6 and 10.7, <http://indiabudget.nic.in>; Data for 2010–11 from: *Economic Survey, 2014–15, Human Development*, Table 9.1, p. 135, <http://indiabudget.nic.in>; Data for 2017–18 from: Santosh Mehrotra, Jajati K. Parida, *India's Employment Crisis: Rising Education Levels and Falling Non-Agricultural Job Growth*, October 2019, CSE Working Paper, <https://cse.azimpremjiuniversity.edu.in>.
- 12 *All India Survey on Higher Education, 2017–18 and 2010–11*, Department of Higher Education, MHRD, Government of India, <https://mhrd.gov.in>.
- 13 *All India Survey on Higher Education, 2017–18*, *ibid*.
- 14 Santosh Mehrotra et al., *India's Employment Crisis*, 2019, *op. cit*.
- 15 Calculated by us. Assuming the LFPR had remained the same as in 2004–05, the youth labour force for 2017–18 works out to 207.19 million. Of the total missing youth workers (207.19 – 140.7 =) 66.49 mn, at most 13.87 million can

be accounted for by increase in student enrolment over the period 2004–05 to 2017–18. So, youth labour force for 2017–18, including the discouraged workers, is $207.19 - 13.87 = 193.32$ million, and youth unemployment is $193.32 - 115.7 = 77.62$ million.

- 16 “Red Alert – Rising Cases of Student Suicides Sound Alarm Bells Across India”, 5 May 2017, <http://www.hindustantimes.com>; Devanik Saha, “A Student Commits Suicide Every Hour in India”, 6 April 2017, <http://www.indiaspend.com>.
- 17 “List of Countries by Population Density” (sourced from: World Population Prospects 2019, UN), <http://statisticstimes.com>.
- 18 “List of Countries and Territories by Population Density”, *Wikipedia*, <https://en.wikipedia.org>. All figures based on latest censuses and official estimates.
- 19 Patrick Gillespie, “Brazil’s Unemployment Hits Record High: 14 Million People Out of Work”, 1 June 2017, <http://money.cnn.com>; “Unemployment Statistics”, <http://ec.europa.eu>.
- 20 Lakshman Krishnamurthi, Sugandha Khandelwal, “Agriculture Journal: China Versus India by the Numbers”, 20 September 2011, <https://blogs.wsj.com>.
- 21 For more on this, see our booklet: *Is the Government Really Poor*, Lokayat publication, Pune, 2018, <http://lokayat.org.in>.
- 22 C.P. Chandrasekhar and Jayati Ghosh, “Central Government Fiscal Stance during the Pandemic”, 8 September 2020, <https://www.networkideas.org>.
- 23 Manash Gohain, “60 Per Cent of Engineering Graduates Unemployed”, 18 March 2017, <http://economictimes.indiatimes.com>.
- 24 “Only 7% MBA Graduates Employable; Most Earning Less than Rs 10,000 a Month: Assocham”, 27 April 2016, <http://www.dnaindia.com>.
- 25 This figure is for 1994: total workforce in 1994 was 374.7 million, and total public sector employment 19.45 million. Public sector employment data taken from: *Statistical Appendix, Economic Survey, 1999–2000*.
- 26 R. Nagaraj, “Public Sector Employment: What has Changed?”, 2014, <http://www.igidr.ac.in>; *Economic Survey, Statistical Appendix: 2010–11*, Table A 52 and 2018–19, Table A 65.
- 27 The NSSO and PLFS surveys give a much higher figure and also show that public sector employment has increased over the period 2004–05 to 2017–18. This difference is probably because the government has been outsourcing services to private contractors, and the NSSO surveys do not seem to be so finely designed as to distinguish between those directly employed by government, and those employed through contractors. For a discussion on this, see: R. Nagaraj, *ibid*.
- 28 Subodh Varma, “Over 60 Lakh Government Posts Lying Vacant Under Modi Raj”, 27 January 2019, <https://www.newsclick.in>.
- 29 Santosh Mehrotra et al., *India’s Employment Crisis*, 2019, op. cit.

- 30 Zeeshan Shaikh, "Every 3rd Indian Migrant, Most Headed South", 5 December 2016, <http://indianexpress.com>.
- 31 Avijit Mistri, "Estimation of Internal Migration in India, 2011 Census Based on Life Table Survival Ratio (LTSR) Method", 2015, <https://mpr.aub.uni-muenchen.de>.
- 32 Madhavi Rajadhyaksha, "70% Migrants to Mumbai are from Maharashtra", 17 September 2012, <http://timesofindia.indiatimes.com>.
- 33 Chinmay Tumbe, "India is Not Being Overrun by Immigrants", 28 July 2019, <https://www.livemint.com>; Nikhil Rampal, "Maximum Immigrants from Pakistan and Bangladesh Entered India More than 30 Years Ago", 14 December 2019, <https://www.indiatoday.in>.
- 34 We have calculated this as follows: Total increase in labour force over 1993–94 to 2017–18 = 600.1 – 381.9 = 218.2 million. Increase per year = 218.2 / 24 = 9.1 million/year.
- 35 For more on this history, we recommend reading: Leo Huberman, *Man's Worldly Goods*, Aakar Books, Delhi.
- 36 Since consumption by capitalists is a very small part of their profits, we can assume that the entire profit M' is invested.
- 37 Eric Hobsbawm, *The Age of Revolution, 1780–1848*, Abacus, London, 1962, pp. 54, 61; Kenneth L. Campbell, *Western Civilization: A Global and Comparative Approach: Volume 2*, p. 129, <https://books.google.co.in>.
- 38 "Factory Labour and Physical Deformaties", <http://spartacus-educational.com>; Anwar Shaikh, *Capitalism: Competition, Conflict, Crises*, p. 132, <https://books.google.co.in>; "Working Conditions in Factories", <http://www.encyclopedia.com>; "Poverty of Urban Industrial Workers in Britain in the Early 19th Century", December 2007, <https://www.zum.de>; E.P. Thompson, *The Making of the English Working Class*, pp. 249–250, <https://uncomradelybehaviour.files.wordpress.com>.
- 39 See for example: Arthur J. Miller, "What Ever Happened to the Eight Hour Day?" Industrial Workers of the World, <https://www.iww.org>; "Where Did the 40-Hour Workweek Come From?" 1 September 2014, <http://www.nbcnews.com>; Meg Luxton, June Shirley Corman, *Getting by in Hard Times: Gendered Labour at Home and on the Job*, p. 8, <https://books.google.co.in>; Danny Lucia, "The Unemployed Movements of the 1930s: Bringing Misery Out of Hiding", <http://isreview.org>; David Matthews, "The Working-Class Struggle for Welfare in Britain", *Monthly Review*, 1 February 2018, <https://monthlyreview.org>.
- 40 Dennis O. Flynn, Arturo Giráldez, "Born with a Silver Spoon: The Origin of World Trade in 1571", <https://www.researchgate.net>; Nuno Palma, André C. Silva, "Spending a Windfall: American Precious Metals and Euro-Asian Trade, 1531–1810", November 2016, <http://www.ggd.cnet>.
- 41 A network of concentration camps and extermination camps built and operated by Nazi Germany in annexed Polish areas during World War II.

- 42 Eduardo Galeano, *Open Veins of Latin America*, Monthly Review Press, New York, 1973, p. 50; David E. Stannard, "Genocide in the Americas", 19 October 1992, <http://www.skeptic.ca>; Adam Jones, *Genocide: A Comprehensive Introduction*, Chapter 3, <https://books.google.co.in>.
- 43 David E. Stannard, *American Holocaust: The Conquest of the New World*, p. 317, <https://books.google.co.in>; Henry Epps, *A Concise Chronicle History of the African-American People Experience in America*, pp. 68–70, <https://books.google.co.in>.
- 44 See for example: Walter Rodney, *How Europe Underdeveloped Africa*, 1973, Chapters 3 and 4, <http://abahlali.org>.
- 45 "16th – 17th Centuries", www.eablanchette.com; "Economic and Social Developments under the Mughals", <http://www.columbia.edu>; "Great Divergence", <https://en.wikipedia.org>.
- 46 Christopher V. Hill, *South Asia: An Environmental History*, p. 77, <https://books.google.co.in>; Johannes Lang, "Effects of Europe's Commercial Expansion into the Indian Ocean on Asian and African Coastal Economies, 1600–1650", <http://www.centrum3.at>.
- 47 "Western Colonialism: European Expansion Since 1763", <https://www.britannica.com>; Harry Magdoff, "Imperialism: A Historical Survey", in *Imperialism: From the Colonial Age to the Present*, p. 108, <https://books.google.co.in>.
- 48 "Great Depression", <https://www.britannica.com>.
- 49 Nicholas Crafts, Peter Fearon, "Lessons from the 1930s Great Depression", *Oxford Review of Economic Policy*, 1 October 2010, <https://academic.oup.com>.
- 50 Paul Baran, Paul Sweezy, *Monopoly Capital*, K.P. Bagchi and Company, Calcutta, 1994, p. 232.
- 51 *Ibid.*, pp. 222–225.
- 52 John Bellamy Foster, R.W. McChesney, "The Endless Crisis", May 2012, <https://monthlyreview.org>. For the period 2001–18, calculation done by us.
- 53 Fred Magdoff, John Bellamy Foster, "The Plight of the U.S. Working Class", *Monthly Review*, January 2014, New York, <https://monthlyreview.org>.
- 54 Calculation done by us, based on US employment data for April 2019 available at: *The Employment Situation – Bureau of Labor Statistics*, <https://www.bls.gov>. Total employed = 156.65 mn; total unemployed = 5.82 mn. To this unemployed figure, we have added; part time workers desirous of full time jobs (4.65 mn), marginally employed workers (1.41 mn) as well as the workers who have given up looking for jobs for more than a year (10.22 mn). [We have calculated this latter figure from the decline in the labour force participation rate from 67.3% in 2000 to 62.8% in April 2019. Statistics for this taken from: *Labor Force Statistics from the Current Population Survey*, <https://www.bls.gov>.] This gives: total unemployed = 22.1 mn; total labour force = 156.65 + 5.82 + 10.22 + 1.41 = 174.1 mn.
- 55 Our calculation. We have calculated this by assuming that a quarter of the

employed workers are in the gig economy = 39.16 million (for April 2019). Of this, we assume that half are working part-time—both for economic and non-economic reasons. Then, the other half or 19.6 million are included in the full-time employment figures, and of this, we assume that half are desirous of traditional full time employment. That means the un- and under-employment rate = $(22.1 + 9.8) / 174.1 = 18.3$ percent.

- 56 Fred Magdoff et al., “The Plight of the U.S. Working Class”, op. cit.; “Real Median Household Income in the United States”, <https://fred.stlouisfed.org>.
- 57 Fred Magdoff et al., *ibid.*
- 58 Julia Conley, “‘Staggering’ New Data Shows Income of Top 1% Has Grown 100 Times Faster Than Bottom 50% Since 1970”, 9 December 2019, <https://www.commondreams.org>.
- 59 “Wealth Inequality in the United States”, <https://inequality.org>.
- 60 Calculated from: *Underemployment and Potential Additional Labour Force Statistics*, Eurostat, <http://ec.europa.eu>; *Unemployment Statistics*, Eurostat, <http://ec.europa.eu>; George Pepper, “Eurostat: Real Unemployment Double than the Official Rate”, 21 January 2014, <https://europeansting.com>.
- 61 *Europe 2020 Indicators – Poverty and Social Exclusion*, 26 May 2016, <http://ec.europa.eu>.
- 62 See for example: Robert Wallace et al., “Covid19 and the Circuits of Capital”, *Janata Weekly*, 29 March 2020, <https://janataweekly.org>.
- 63 This is in stark contrast to the approach of China – which took firm steps to control the virus, implemented a rigorous lockdown, tested everyone, provided free health care to all affected, and free necessary relief to all affected by the lockdown. These steps helped break the chain of infection, and the disease never really spread across the entire country. Consequently, China with a population of 1.44 billion had 85,194 COVID-19 cases and 4,634 deaths by early September, while the USA with less than one-fourth the population (332 million) had 6.7 million cases and 198,680 deaths. For more on this, see: Vijay Prashad and John Ross, “The Difference between the U.S. and China’s Response to COVID-19 is Staggering”, 15 September 2020, <https://www.counterpunch.org>.
- 64 Calculated from data available on: www.worldometers.info.
- 65 “Global Economy to Contract by 5.2 per cent in 2020: Report”, 8 July 2020, <https://economictimes.indiatimes.com>.
- 66 “Why the Real Unemployment Rate is Likely Over 11%”, 8 September 2020, <https://www.cnbc.com>; “3 Reasons Unemployment Is Already at Great Depression Levels”, 19 May 2020, <https://www.forbes.com>.
- 67 Noam Chomsky, *Class Warfare*, Oxford University Press, Delhi, 1998, p. 19.
- 68 Eduardo Galeano, *Open Veins of Latin America*, op. cit.
- 69 Walden Bello et al., *The Dark Victory: The United States, Structural Adjustment and Global Poverty*, Third World Network, Malaysia, 1994, p. 69.
- 70 Paul Sweezy, Harry Magdoff, “The Two Faces of Third World Debt”,

- Monthly Review*, January 1984, <https://monthlyreviewarchives.org>.
- 71 Walden Bello, Shalmali Guttal, “Crisis of Credibility: The Declining Power of the International Monetary Fund”, July–August 2005, <http://www.multinationalmonitor.org>.
- 72 Eric Toussaint, “Debt Against the People: An ABC”, 29 January 2020, <https://www.cadtm.org>. This figure is total for all countries of the South.
- 73 Walden Bello and Shea Cunningham, *The World Bank and the IMF*, July 1994, <https://www.tni.org>.
- 74 John Bellamy Foster et al., “Monopoly and Competition in Twenty-First Century Capitalism”, *Monthly Review*, April 2011, <http://monthlyreview.org>.
- 75 “What Companies are the Major Players in the Airline Supply Business?” 4 May 2015, <http://www.investopedia.com>.
- 76 “The Global Music Machine”, <http://www.bbc.co.uk>.
- 77 “Worldwide Semiconductor Revenue Grew 2.6 Percent in 2016, According to Final Results by Gartner”, 15 May 2017, <http://www.gartner.com>.
- 78 Duncan Green, “The World’s Top 100 Economies: 31 Countries; 69 Corporations”, 20 September 2016, <https://blogs.worldbank.org>; “Study: Big Corporations Dominate List of World’s Top Economic Entities”, 12 September 2016, <https://www.theguardian.com>.
- 79 John Bellamy Foster et al., “Monopoly and Competition in Twenty-First Century Capitalism”, op. cit.
- 80 John Bellamy Foster, “The New Imperialism of Globalized Monopoly–Finance Capital”, op. cit.
- 81 Ibid.
- 82 John Bellamy Foster et al., “The Global Reserve Army of Labor and the New Imperialism”, *Monthly Review*, November 2011, <http://monthlyreview.org>.
- 83 John Bellamy Foster, Robert W. McChesney, “The Global Stagnation and China”, *Monthly Review*, February 2012, <http://monthlyreview.org>.
- 84 *Fortune Global 500*, <https://fortune.com>.
- 85 *World Employment and Social Outlook: Trends 2019*, <https://www.ilo.org>. In our calculation, we have included the global potential labour force figures in the global labour force figures.
- 86 “World Bank: Half the World Lives on Less Than \$5.50 a Day”, 17 October 2018, <https://www.usnews.com>
- 87 *Global Wealth Databook 2019*, October 2019, Credit Suisse, Switzerland. This report says that the richest 1 percent own 45 percent of the global wealth. But this report underestimates the wealth of the rich, as it does not include the (estimated) \$21–32 trillion that have been stored away by the rich in tax havens. (See: Jason Hickel, “Global Inequality May Be Much Worse than We Think”, 8 April 2016, <https://www.theguardian.com>.) Including this, the wealth of the top 1 percent crosses 50 percent of the total global wealth. Total global wealth was 360.6 trillion dollars in 2019.
- 88 *Time to Care*, Oxfam, 20 January 2020, <https://www.oxfam.org>.

- 89 “How Much Does it Cost to End Poverty?” 16 December 2017, <https://borgenproject.org>; Ben Harack, “How Much Would it Cost to End Extreme Poverty in the World?” 26 August 2011, <https://www.visionofearth.org>. Calculation of \$400 billion is for 2018. Sachs based his estimates on values for 2002; then, that amount was less than 1% of the total GDP of the OECD countries. In 2018, 1% of total GDP of OECD countries amounted to \$400 billion. Total GDP of OECD countries taken from: *GDP (current US\$) – OECD members*, <https://data.worldbank.org>.
- 90 “Investment Needs to Achieve the Sustainable Development Goals: Understanding the Billions and Trillions”, 28 September 2015, <https://resources.unsdsn.org>.
- 91 Alan Macleod, “Aid Groups Call for Worldwide COVID-19 Bailout Amid Fears of Mass Hunger”, 17 July 2020, <https://www.mintpressnews.com>.
- 92 “Billionaires See Fortunes Rise by 27% During the Pandemic”, 7 October 2020, <https://www.bbc.com>.
- 93 See for instance: Purshottam Agrawal, *Akath Kahani Prem Ki: Kabir ki Kavita aur Unka Samay*, Rajkamal Prakashan, 2009.
- 94 David Clingingsmith, Jeffrey G. Williamson, *India’s Deindustrialisation in the 18th and 19th Centuries*, Harvard University, 2005, <http://www.tcd.ie>; Professor Angus Maddison, “The World Economy (GDP): Historical Statistics”, <http://www.theworldeconomy.org>.
- 95 “The Looting of India”, 10 December 2016, <http://www.indialegalive.com>.
- 96 Indrajit Ray, *Bengal Industries and the British Industrial Revolution (1757–1857)*, p. 174, <https://books.google.co.in>.
- 97 Purshottam Agrawal, op. cit., p. 118.; “Remembering India’s Forgotten Holocaust”, 13 June 2014, <http://www.tehelka.com>.
- 98 This was also the opinion of Dr. Ambedkar. See for instance: Sasha Riser-Kositsky, “The Political Intensification of Caste: India Under the Raj”, *Penn History Review*, University of Pennsylvania, Fall 2009, <http://repository.upenn.edu>.
- 99 G. Gangadhara Rao, “Inevitability of Gandhian Village Reconstruction in Rural India”, *Mainstream*, 6 October 2014, <http://www.mainstreamweekly.net>; Shelley Douglass, “Studying Gandhi: A Brief Introduction to Gandhi’s Life and Ideas”, <http://www.context.org>; Sudarshan Iyengar, “Gandhiji and Nehru on Economic Policies on the Eve of Independence and After”, *Janata Weekly*, Mumbai, 26 January 2018, <https://lohiatoday.files.wordpress.com>.
- 100 Brij Kishore Sharma, “Jawaharlal Nehru’s Model of Development”, *Proceedings of the Indian History Congress*, Vol. 73 (2012), <https://www.jstor.org>; H.K. Manmohan Singh, “Jawaharlal Nehru and Economic Change”, *Economic and Political Weekly*, August 1975, <https://www.epw.in>.
- 101 Aditya Mukherjee, *Imperialism, Nationalism and the Making of the Indian*

- Capitalist Class*, Sage Publications, New Delhi, pp. 49–50, 358, 396–401.
- 102 Shelley Douglass, “Studying Gandhi”, op. cit.; Jivanta Schöttli, “Strategy and Vision in Politics: Jawaharlal Nehru’s Policy Choices and the Designing of Political Institutions”, 2009, <http://archiv.ub.uni-heidelberg.de>.
- 103 Both quotes of Nehru taken from: *Full Text of ‘Selected Speeches of Nehru’*, Vol. 5, <https://archive.org>.
- 104 Prabhat Patnaik, “The Myths of Capitalism”, 4 July 2011, <https://mronline.org>
- 105 Joseph Stiglitz in *Research Observer*, World Bank, August 1996—quoted by Noam Chomsky in *Profit over People*, Madhyam Books, Delhi, 1999, p. 32; see also: “India and its Contradictions: A Dialogue with Amartya Sen, Gurcharan Das, Meghnad Desai”, 28 July 2013, <http://www.ndtv.com>.
- 106 Amit Basole, “Income Inequality in India: Trends from the World Top Incomes Database”, 31 August 2015, <http://www.ideasforindia.in>.
- 107 Philip Oldenburg (ed.), *India Briefing: 2001*, <https://books.google.co.in>; Arvind Panagariya, *India in the 1980s and 1990s: A Triumph of Reforms*, 6 November 2003, <http://www.imf.org>.
- 108 Dalip S. Swamy, “The World Bank and Globalisation of Indian Economy”, in: *Economics Development and the Quest for Alternatives Essays in Honour of Professor M.A. Oommen*, p. 114, <https://www.google.co.in>.
- 109 *Ibid.*, pp. 117–19.
- 110 See for example: *Ibid.*; *Structural Adjustment in India*, World Bank, 2012, <http://lnweb90.worldbank.org>; Montek S. Ahluwalia, *Structural Adjustment and Reform in Developing Countries*, April 1994, www.planningcommission.nic.in; Ashwini Deshpande, Prabirjit Sarkar, “Structural Adjustment in India – A Critical Assessment”, *Economic and Political Weekly*, 9 December 1995, <http://www.epw.in>; David Harvey, *A Brief History of Neoliberalism*, Oxford University Press, 2005, pp. 7–8, 29, 64–66.
- 111 First two rows of GDP growth rate figures taken from: T.S. Papola, Partha Pratim Sahu, *Growth and Structure of Employment in India*, March 2012, <http://isidev.nic.in>. Remaining GDP growth rate figures calculated by us from data given in: *Data | Ministry of Statistics and Program Implementation*, <http://mospi.nic.in/data>. CAGR for 1972–73 to 1983 taken from: S. Mahendra Dev, *Employment and Growth in India*, <http://www.aigppa.mp.gov.in>. Remaining CAGR calculated by us. For this, employment figures for 1983 taken from: *Economic Survey, 2001–02: Social Sectors – Labour and Employment*, <http://indiabudget.nic.in>; and remaining employment figures taken from: Santosh Mehrotra et al., “Explaining Employment Trends in the Indian Economy: 1993–94 to 2011–12”, *Economic and Political Weekly*, Mumbai, 9 August 2014, <https://www.epw.in>; Santosh Mehrotra et al., *India’s Employment Crisis*, 2019, op. cit.
- 112 *Twelfth Five Year Plan: Volume 3 – Social Sectors*, p. 131, <http://planningcommission.gov.in>.

- 113 Siddharth Varadarajan, "The Cult of Cronyism", 31 March 2014, <http://newslick.in>; Lola Nayar et al., "All Along the Waterfront", 10 March 2014, <http://www.outlookindia.com>.
- 114 Siddharth Varadarajan, *ibid.*
- 115 "It's 100% FDI in Most Sectors, Including Defence", 20 June 2016, <http://www.thehindu.com>.
- 116 Our estimate. Budget documents reveal that in 2014–15 and 2015–16, the Modi Government gave tax exemptions to the country's uber rich totalling Rs 11 lakh crore. In 2016–17, the government changed its methodology of making this calculation to show a much lowered figure—we have calculated that actual tax concession had actually increased. In the subsequent years, the government stopped making a full estimate of these tax concessions. Considering the overall attitude of the government towards giving subsidies to the rich, we can safely estimate that tax concessions for the subsequent years must be at least at the same level as the first two years, if not more. For more on this, see our article: Neeraj Jain, "Pandering to Dictates of Global Finance", *Janata*, 19 February 2017, <http://www.janataweekly.org>.
- 117 "Two Crore Indians File Returns but Pay Zero Income Tax", 23 October 2018, <https://economictimes.indiatimes.com>.
- 118 According to a report in *Business Today*, public sector loan write-offs during the first five years of the Modi Government total Rs 4.94 lakh crore, of which loans pertaining to agriculture total only Rs 39,000 crore: "Bad Loans Worth Rs 80,893 Crore Written Off by Banks Till September Quarter", 3 December 2019, <https://www.businesstoday.in>. See also: Prasanna Mohanty, "Reality Check: RBI Acts Penny-Wise-Pound-Foolish in Dealing with NPA Crisis", 6 November 2019, <https://www.businesstoday.in>.
- 119 Sucheta Dalal, "Loan Write Offs Is the 'Biggest Scandal of the Century'", 9 May 2016, <https://www.moneylife.in>.
- 120 "Gross NPAs of PSBs Declines to Rs 8.06 Lakh Crore End March 2019: FM", 25 June 2019, <https://www.business-standard.com>.
- 121 "Banks May Have to Take 60% Haircut on 12 Largest NPAs: Crisil", 26 June 2017, <http://www.thehindubusinessline.com>; "Haircuts: A Way to Address NPAs in Banking System", 24 February 2017, <https://economictimes.indiatimes.com>.
- 122 "Government Raises Rs 2.79 Lakh Crore Through Divestment in Last 5 Years", 3 December 2019, <https://economictimes.indiatimes.com>.
- 123 "FM Sticks Revenue Stamp: Disinvestment Targets Treble in New Budget", 2 February 2020, <https://www.indiatoday.in>; "Centre Proposes to Cut Stake in Select Firms to Under 51%", 11 September 2019, <https://www.outlookindia.com>.
- 124 "Government All Set to Disinvest 'Revenue Churner' BPCL; Here's What it Means", 25 November 2020, <https://www.dnaindia.com>; Piyush Pandey

- “Notional Loss in BPCL Sale Plan at Rs 4.5 lakh cr.”, 10 December 2019, <https://www.thehindu.com>.
- 125 An annual ranking by documented net worth of the world’s wealthiest billionaires by the American business magazine, *Forbes*.
- 126 Soutik Biswas, “India’s Billionaires and the Wealth of the Nation”, 12 October 2012, <https://www.bbc.com>; “Global Billionaire Wealth Scales New Heights; India Disappoints”, 4 March 2014, <https://economictimes.indiatimes.com>; #TimeToCare (India Supplement), Oxfam India, 16 January 2020, <https://www.oxfamindia.org>.
- 127 For more on this, see our publication: *Demonetisation: Yet Another Fraud on the People*, Lokayat publication, Pune, 2017, <http://lokyat.org.in>.
- 128 Ibid.
- 129 Prabhat Patnaik, “A Year of Wilful Economic Disaster”, 8 January 2018, <http://www.networkideas.org>; Arun Kumar, “A Broken Tax Chain”, 30 June 2018, <https://www.thehindu.com>.
- 130 Arun Kumar, “Falling Fortunes”, 30 January 2019, <https://caravanmagazine.in>.
- 131 “GST to be ‘Biggest Achievement’ of Modi Government: ASSOCHAM” 21 May 2017, <https://economictimes.indiatimes.com>.
- 132 “Craftily Written Labour Codes Exclude Millions, Pay Little Heed to Equality”, 26 July 2019, <https://thewire.in>.
- 133 “Why the New Labour Codes Leave India’s Workers Even More Precariously Poised Than Before”, Working People’s Charter, 23 September 2020, <https://scroll.in>; “Enslaving Labour”, 4 October 2020, <https://peoplesdemocracy.in>.
- 134 Santosh Mehrotra et al., *India’s Employment Crisis*, 2019, op. cit.
- 135 Prabhat Patnaik, “The Mendacity of the ‘Rescue Package’”, 24 May 2020, <https://www.networkideas.org>; “Modi’s Rs 20 Lakh Crore Package Will Likely Have Fiscal Cost of Less Than Rs 2.5 Lakh Crore”, 17 May 2020, <https://thewire.in>.
- 136 Jayati Ghosh, “India’s Response to Covid-19 has been Sadistic”, 11 June 2020, <https://www.networkideas.org>; “Lockdown: More Activists, Academics Raise Pitch for Additional Relief, Cash Transfers, Rations”, 2 April 2020, <https://thewire.in>.
- 137 Mayank Aggarwal & Sahana Ghosh, “While Everyone was in Lockdown, India Cleared Infrastructure Projects in Protected Areas”, 15 June 2020, <https://scroll.in>; “Letter on Need to Recast Altogether the Environment Impact Assessment Policy 2020”, Constitutional Conduct Group, 12 July 2020, <https://constitutionalconduct.com>.
- 138 “CMIE: ‘Slump in Growth Starts Showing: About 21 Million Salaried Jobs Lost in Apr-Aug’”, 9 September 2020, <https://indianexpress.com>.
- 139 Prabhat Patnaik, “What the Second Quarter GDP Estimates Reveal”, 7 December 2020, <https://www.networkideas.org>; Prabhat Patnaik,

- “Immiserisation Behind the Recovery”, 23 November 2020, <https://www.networkideas.org>.
- 140 “India: GDP Share of Agriculture”, <https://www.theglobaleconomy.com>.
- 141 For more discussion on this, see our article: Neeraj Jain, “Budget 2017–18: Is it Indeed a Pro-Farmer Budget?” *Janata*, 12 February 2017, <http://janataweekly.org>; and our publication: *Spectre of Fascism*, Lokayat publication, Pune, 2016, pp. 54–59, <http://lokyat.org.in>.
- 142 “Farmers Indebtedness: Into the Abyss?” 30 January 2015, <http://www.downtoearth.org.in>.
- 143 P. Sainath, “The Slaughter of Suicide Data”, 5 August 2015, <http://psainath.org>.
- 144 Kirankumar Vissa, “For India’s Farmers, Budget 2018 Is Nothing But a Hoax”, February 2, 2018, <https://thewire.in>; “Amid Opposition Protests, Parliament Okays Two Agriculture Bills”, 20 September 2020, <https://univarta.com>.
- 145 Shoaib Daniyal, “Modi Insists Farm Bills have Nothing to do with MSP – So Why are Farmers Protesting?” 23 September 2020, <https://scroll.in>; Bharath Kancharla, “Part-2: How Much of the Rice & Wheat Produce in the Country Is Procured by the Government?”, 6 June 2020, <https://factly.in>.
- 146 “India Faces Rs 3 Lakh Cr Farm Loan Waivers – 16 Times 2017 Rural Roads Budget”, 17 June 2017, <http://www.business-standard.com>.
- 147 See Chapter VII, Part 3.
- 148 All figures from Union Budget documents. GDP figures taken from: *Second Advance Estimates of National Income, 2019–20*, Press Release, Government of India, 28 February 2020, <http://www.mospi.gov.in>.
- 149 “Farmer Suicides Up 42% Between 2014 & 2015”, 6 January 2017, <http://timesofindia.indiatimes.com>; “Steady Decline in Farm Sector Suicides from 2016 to 2019, NCRB Data Shows”, 3 September 2020, <https://indianexpress.com>.
- 150 “Raising Agricultural Productivity and Making Farming Remunerative for Farmers”, NITI Aayog, 16 December 2015, <http://niti.gov.in>.
- 151 Neeraj Jain, “The Three Agriculture Related Bills: Handing Over Control of Agriculture to Foreign Corporations”, *Janata Weekly*, September 20, 2020, <https://janataweekly.org>.
- 152 Figures for 1983 taken from: *Economic Survey, 2001–02: Social Sectors – Labour and Employment*, <http://indiabudget.nic.in>. Remaining figures taken from: Santosh Mehrotra et al., “Explaining Employment Trends in the Indian Economy”, 2014, op. cit.; and: Santosh Mehrotra et al., *India’s Employment Crisis*, 2019, op. cit.
- 153 Our calculations, based on data in Table 11.
- 154 We have estimated that 9 million people enter the job market every year in search of jobs – see endnote 34.
- 155 This data is taken from: Santosh Mehrotra et al., “Explaining Employment Trends in the Indian Economy”, 2014, op. cit.; and: Santosh Mehrotra et al.,

- India's Employment Crisis*, 2019, op. cit.
- 156 The *Annual Report 2018–19* of the Ministry of Micro, Small and Medium Enterprises gives data for 2015–16, and says that MSMEs provided 36 million manufacturing jobs. Micro enterprises accounted for 99% of all MSMEs, implying that nearly all these jobs were provided by Micro enterprises. (*Annual Report 2018–19*, Ministry of Micro, Small and Medium Enterprises, New Delhi, <https://msme.gov.in>.) This very closely matches the data for informal unorganised sector jobs in Table 12, which is based on PLFS data for 2017–18.
- 157 Santosh Mehrotra et al., *India's Employment Crisis*, 2019, op. cit.
- 158 The figures given in Table 13 are actually for the entire non-manufacturing sector; we do not have separate figures for the construction sector. But since the construction sector accounts for 92 percent of the jobs in the non-manufacturing sector, we can safely assume that the percentages given in Table 13 would be for the construction sector too.
- 159 Santosh Mehrotra et al., *India's Employment Crisis*, 2019, op. cit.
- 160 Ibid.
- 161 R. Nagaraj, 2014, op. cit.
- 162 Ibid.; T.S. Papola, Partha Pratim Sahu, 2012, op. cit.
- 163 Santosh Mehrotra et al., *India's Employment Crisis*, 2019, op. cit.
- 164 For more on this, see this series of articles: Neeraj Jain, "Modinomics = Corporatonomics, Part III, IV and V", *Janata Weekly*, 28 April, 5 May and 12 May, 2019, "Janata – Lohia Today", <https://lohiatoday.com>.
- 165 Our calculation.
- 166 Public sector employment growth rate had fallen from 4.01% in 1961–81 to 2.10% during 1981–91. Using the latter CAGR of 2.1, the public sector employment growth for 2018 works out to 333.7 lakh. Figures for public sector employment taken from: R. Nagaraj, 2014, op. cit.
- 167 *International Covenant on Economic, Social and Cultural Rights*, <https://www.ohchr.org>
- 168 *Friday, 19th November, 1948 – Parliament of India*, Constituent Assembly of India – Volume VII, <http://parliamentofindia.nic.in>.
- 169 Vivek Kaul, "Book Excerpt: The Real Story Behind India's Low Unemployment", 19 April 2017, <https://www.firstpost.com>.
- 170 *India's External Debt as at the End of June 2019*, 30 September 2019, www.rbi.org.in.
- 171 Our calculations, based on the methodology given in our book: Neeraj Jain, *Essays on Contemporary Indian Economy*, Aakar Books, Delhi, 2016, pp. 155–57.
- 172 Lucas Chancel and Thomas Piketty, "Indian Income Inequality, 1922–2015: From British Raj to Billionaire Raj", March 2018, <https://wid.world>.
- 173 *India: Extreme Inequality in Numbers*, <https://www.oxfam.org>

- 174 *Global Wealth Databook 2019*, op. cit., p. 168.
- 175 “Wealth of Indian Billionaires Rose by Over a Third During the COVID-19 Lockdown”, 16 October 2020, <https://thewire.in>.
- 176 “Mukesh Ambani Earned Rs 90 Crore Every Hour Since Lockdown”, 29 September 2020, <https://economictimes.indiatimes.com>.
- 177 Prabhat Patnaik, “Resources for Welfare Expenditure”, 19 February 2019, <https://www.networkideas.org>. Prabhat Patnaik has given cost estimates for 2019. We have updated this for 2020, taking inflation at 8%.
- 178 All figures for 2017–18. Total workers in large factories taken from: *Annual Survey of Industries::CMS, ASI Result: 2017–18*, Summary Results for Factory Sector, S7-3, <http://www.csoisw.gov.in>.
- 179 *Annual Survey of Industries*, *ibid.*, reports for various years.
- 180 Prabhat Singh, “Higher Productivity Equals Higher Wages? Not for the Indian Industrial Worker”, 10 October 2017, <http://www.livemint.com>.
- 181 *Ibid.*
- 182 “India’s Manufacturing Capacity Utilisation Weakened Further: RBI Survey”, 4 October 2017, <https://www.bloombergquint.com>.
- 183 “Finland’s New Prime Minister Backs Four-Day Working Week”, 6 January 2020, <https://www.independent.co.uk>; “Microsoft Tested a Four-Day Week in Overworked Japan. This Is What Happened”, 5 November 2019, <https://www.nzherald.co.nz>.
- 184 Employment results for 2006–07 and 2015–16 taken from *NSSO 2015–16* and *Fourth All India MSME Census of 2006–07*. See: *Annual Report 2018–19*, Ministry of Micro, Small and Medium Enterprises, op. cit.
- 185 Calculations done by us. For developed countries, public sector employment data taken from: “Employment in General Government”, given in *OECD Government at a Glance, 2019*, <https://www.oecd-ilibrary.org>; total employment figures taken from *OECD Labour Force Statistics 2019*, <https://read.oecd-ilibrary.org>; population figures taken from: *Population data – OECD Statistics*, <https://stats.oecd.org>. All figures for 2017. Public sector employment figure for India taken from data given in Chapter IV, Section (5v) in this essay. Population figure for India for 2017 taken from: *Population, Total – India*, <https://data.worldbank.org>.
- 186 Total population in 2017 was around 1339 million. $1339 \times 7.17/100 = 96$.
- 187 See Chapter IV, Section 5v.
- 188 Figure is for EU-27, and is for 2017. This includes general government expenditure on education, health and social protection (this includes sickness and disability, unemployment, old age, housing, etc). Within this figure, EU-27 public expenditure on health and education was 11.6% of GDP; India’s public expenditure on health and education (both Centre and states combined) totalled 4.2% of GDP. [Source: for EU: *Government Expenditure on Social Protection*, <https://ec.europa.eu>; for India: *Economic Survey, 2019–20*.]


- 189 “India’s Missing Millions of Out of School Children: A Case of Reality Not Living Up to Estimation?” 2 November 2015, <https://www.oxfamindia.org>.
- 190 Figures for primary only schools, which constitute 58% of all elementary schools; calculated from figures for 2015 given in: *Elementary Education in Urban India, Analytical Report, 2015–16* and *Elementary Education in Rural India, Analytical Report, 2015–16*, NUEPA, New Delhi
- 191 Ibid.
- 192 See the statistics given in: *School Education in India, 2015–16, Flash Statistics*, U-DISE 2015–16, NUEPA, New Delhi, 2016, <http://www.dise.in>.
- 193 Tish Sanghera, “Fewer Children Out of School, But Basic Skills Stay Out of Reach: New Study”, 16 January 2019, <https://www.bloomberquint.com>.
- 194 Calculations done by us, based on data given in: *School Education in India, 2015–16, Flash Statistics*, op. cit. We have taken the annual drop-out data for primary level, and used it to calculate the overall drop-out rate for primary education. Then, we have used the Transition Rate data and annual drop-out rate for upper primary level, to calculate the overall elementary level drop-out rate.
- 195 Calculation done as follows. Annual drop-out rate for primary level = 4.13%. So, if all these children are back in school, number of teachers will have to increase from 42.03 lakh at a CAGR of 4.13% for 4 years = 49.4 lakh.
- 196 *School Education in India, 2015–16, Flash Statistics*, op. cit.
- 197 Calculation done as follows. Annual drop-out rate at elementary level, for overall drop-out rate of 30%, is 4.97%. So, for all these children to be brought back to school, number of teachers would have to increase from 25.46 lakh by a CAGR of 4.97% for 7 years = 35.75 lakh.
- 198 Calculated as follows: $108.44/46.44 \times 40.48 = 94.52$; $94.52 - 40.48 = 54.04$; $54.04/2 + 40.48 = 67.5$
- 199 “General Government Revenue (% of GDP) Data for All Countries”, Data Source – IMF, Year 2015, <http://economywatch.com>; OECD countries data also available at: “General Government Revenue”, <https://data.oecd.org>.
- 200 Martin Hart-Landsberg, “A Wealth Tax: Because that’s Where the Money Is”, 19 November 2019, <https://mronline.org>.
- 201 *Global Wealth Databook 2019*, op. cit.
- 202 “Use Inheritance Tax to Tackle Inequality of Wealth, Says OECD”, 12 April 2018, <https://www.theguardian.com>; “Inheritance Tax: A Hated Tax but a Fair One”, 23 November 2017, <https://www.economist.com>; Michael Förster et al., “Trends in Top Incomes and Their Taxation in OECD Countries”, May 2014, <https://www.researchgate.net>.
- 203 We have discussed this in greater detail in our booklet: *Is the Government Really Poor*, op. cit.
- 204 *Friday, 19th November, 1948 – Parliament of India, Constituent Assembly of India – Volume VII*, op. cit.

*Educate yourselves because we will need
all your intelligence.
Rouse yourselves because we will need
all your enthusiasm.
Organize yourselves because we will need
all your strength.*

LOKAYAT

Address: Lokayat, 129/B-2, Opposite Canara Bank, Law College Road,
Nal Stop, Pune – 411 004.

(We meet every Sunday from 5 to 7 pm at this address.)

 Rishikesh - 94235 07864 Alka - 90670 03838

 www.lokayat.org.in  www.janataweekly.org


 lokayat.india@gmail.com   Lokayat.India  lokayatpune

 KafilaOfficial  JanataWeekly  Abhivyakti.Pune  @Lokayat

JANATA WEEKLY, MUMBAI

Editors: G.G. Parikh, Neeraj Jain

Address: D/15, Ganesh Prasad, Nausheer Bharucha Marg,
Grant Road (W), Mumbai – 400 007.

 022 – 23870097


 www.janataweekly.org  janataweekly@gmail.com

Subscribe to Janata Weekly: janataweekly.org/subscribe

(Janata Weekly is available free online.)

YUVA BIRADARI

Address: C/o Sadanand Co-Operative Credit Society, First Floor,
(Above 'Guru Glass' shop), Radha Nivas, Near Mahavir Universe
society, LBS Marg, Bhandup (W), Mumbai – 400 078.

 Guddi – 77380 82170

 yuvabiradari.india@gmail.com  facebook.com/YuvaBiradari

The Unemployment Crisis: Reasons and Solutions

Ever since India began globalisation in 1991, the country's GDP growth rate has rapidly accelerated. So many foreign companies have come into the country, there is so much prosperity all around—giant-sized malls filled with luxury brands, express highways, plush airports even in smaller cities, luxury cars, five-star hospitals, glittering office towers, gated communities with villas and manicured gardens . . .

And yet:

Why is there so much unemployment in the country?

- Is it because our population is so large?
- Or, is it because people don't want to work?
- Or, is it because of reservation?
- Or, is it because people don't have the necessary skills?
- Or, is it because people from other states and migrants from Bangladesh have stolen our jobs?

Is unemployment a problem only afflicting India—what is the situation in the developed countries?

Modi had come to power in 2014 promising to create 2 crore jobs a year. To what extent has he kept his promise?

What can be done to create jobs in the country? What kind of demands do we need to raise for this? Is it indeed possible to build a society where there are decent jobs for everyone?

This booklet seeks to answer these and several other questions related to the massive unemployment crisis gripping the country.

Yuva Biradari
Mumbai



JANATA WEEKLY
Mumbai