India’s “rise” and the savage exploitation of the working class

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Beset by a catastrophic foreign exchange crisis that had forced it into the arms of the IMF, India’s ruling elite abandoned in 1991 the state-led capitalist development project it had pursued for decades, and set out to make India a cheap-labor haven for global capitalism.

If the Indian bourgeoisie and the western press are to be believed, the adoption of neo-liberal, “pro-market” policies has been a stupendous success. After all, between 1993 and 2014 India’s GDP grew in real terms at an annual rate of about 7 percent per annum, resulting in nearly a quadrupling of India’s total economic output.

But India’s “rise” has been based on ruthless capitalist exploitation and the plunder of state assets and natural resources. India’s rapidly expanding working class is condemned to poverty wages, Dickensian working conditions and precarious employment, and this in a country in which public services, if they exist at all, are dilapidated and even a rudimentary social-safety net has never existed.

India has become one of the most socially unequal countries in the world. Between 1980 and 2016, the richest 10 percent of Indians captured 66 percent of all growth in income. Just the top 1 percent appropriated 28 percent—or more than two-and-a-half-times the 11 percent share of income growth that fell to the poorest 50 percent of Indians.

Further light on the rapacious growth in social inequality is shed by the figures on national income. They show that between 1991 and 2013 the labour share of national income declined from about 40 percent to 35 percent despite a massive growth in the working-class population.

The crudest expression of the gargantuan appetite of the bourgeoisie, in a country where the Global Nutrition Report 2018 found 46 million children to be stunted due to malnutrition and a further 25 million “wasted,” is the exponential growth of India’s billionaires. Whereas in the mid-1990s India was home to two billionaires with combined assets of $3.2 billion, today it boasts 131, whose wealth of $340 billion is equivalent to 15 percent of India’s GDP.

While the elite crows about India’s arrival on the world stage, the widespread and intractable social deprivation in which the vast majority of the country’s 1.3 billion people eke out their existence defies imagination.

Many of the statistics cited in this article come from UN International Labor Organization (ILO) and United Nations Development Program (UNDP) reports. Some have been rounded for convenience, and although most apply to the years 2011 or 2012, the social crisis they document has certainly not abated and most likely worsened. Currently India is under the rule of the Bharatiya Janata Party, which combines veneration of the capitalist market and personal enrichment with rabid communalism.

Mass joblessness and under-employment

One of the most striking features of the Indian economy is its feeble labour force participation rate.

According to the latest ILO report on India, out of the country’s 860 million working-age population, that is, persons between the ages of 15 and 64, only 405 million (47 percent) are “wage-earners”—which under the ILO’s definition refers to all persons earning a living, whether as a worker, salaried professional, farmer, artisan, street-vendor or corporate executive.

India has a rapidly expanding working-age population, with young people between the ages of 15 and 34 accounting for 35 percent of India’s population. But only a fraction of the 1.3 million youth who, according to the World Bank, are entering the workforce each month, are finding employment.

In the 1970s and 1980s, when GDP grew by 3–4 percent annually, employment increased by 2 percent per year. In the 1990s, with the adoption of India’s pro-investor agenda and the closing down of sections of state-owned industry, job growth slowed to less than 1 percent per year. Currently employment growth is close to zero.

Mass joblessness and underemployment are taking a vast social toll. Business, needless to say, exploits the vast pool of unemployed and under-employed labour to depress wages and working conditions. But the scarce job opportunities also mean there is tremendous competition to enter even semi-reputable educational institutions and obtain better qualifications.

Under conditions where the Stalinist parties and the unions have suppressed the class struggle, the bleak employment prospects facing youth have fueled reactionary caste-based agitations for reservations (affirmative action) to dole out the few public sector jobs and university places on more “equitable” lines. Youth unemployment and the competition for jobs and education are also a major factor in India’s youth suicide rate, which at 35.5 per 100,000 is the highest in the world.

The following graph, excerpted from the 2018 UNDP Asia-Pacific Human Development Report, shows the increasing gap since 1991 between the numbers of working-age population and their “participation rate” in the national economy—a phenomenon which attests to the growth of “hidden” unemployment.

However, even this graph is misleading since 206 million or 51

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percent of the persons deemed employed are “self-employed.” Large numbers of these subsist by engaging in small-scale vending or hawking, tilling small plots of land, and other marginal economic activities.

According to a UNDP estimate, during the period spanning 1991 to 2013, while the working age population increased by 241 million, employment increased by only 144 million.

Another striking feature of the Indian economy is the division between the so-called formal and informal sectors. The formal sector includes large-scale industry and businesses and has traditionally been subject to labour standards providing for regular employment with some sort of benefits.

The informal sector, comprised of small and medium enterprises, is almost entirely unregulated, with employers free to dictate wages and working conditions. Fully 82 percent of wage workers work in the informal sector where in 2012 the average wage was a miserable 147 rupees ($2.00) per day. In the formal sector, the average wage was considerably higher, Rs. 247 ($3.50) per day, but still by any definition a poverty wage.

Increasing “informalization” of the economy

If employment in the formal sector was once associated with more stable employment, this is no longer the case. There has been a vast increase in contract labour and other forms of precarious, lower-paid employment in the formal sector, with state-owned enterprises very much spearheading the drive to increase exploitation and gut job security.

In a 2018 report the ILO emphasizes that “[although] the organized sector has often been used synonymously with formal regular/salaried work, since the economic reforms in 1991, wage employment in the organized sector has increasingly become casual or contractual in nature, without access to social security and other benefits to the workers.”

The Modi government has peddled the lie that the solution to chronic joblessness is to allow companies to hire and fire workers at will. In March 2018, Modi and a small coterie of his ministerial minions amended labour laws to allow what they termed as “fixed-term” employment, lasting from a week to up to two years, in all industries. Even the category “fixed-term” has no meaning since the employers are allowed to terminate the “fixed-term” employees anytime.

Poverty wages

The earnings of the working class in India can only be described as ranging from the miserable to the abominable. The following graph displays the median income, which defines the midpoint of income distribution, among rural, urban and all Indian workers. According to the ILO, in 2011-12 half of rural workers earned less than US $1.85 a day. In urban areas, half earned less than $3.20 per day. Nationally the median was just $2.15 per day. It needs to be stressed that the overwhelming majority of Indian workers are casual workers whose access to even these miserable wages is precarious.

The plight of agricultural labourers and other rural workers

As indicated above, the plight of rural workers, including the tens of millions who work as agricultural labourers, is especially grave.

Faced with widespread rural distress, the Congress Party-led United Progressive Alliance (UPA) government introduced a program in 2005 that nominally guarantees 100 days of menial minimum-wage labor to one member of every rural household, the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS).

The UPA did this at the urging of the Stalinist Communist Party of India (Marxist) upon whose parliamentary support it depended for survival. Touted as the exemplar of “reform with a human face,” the MGNREGS gave the Congress Party the requisite populist cover for proceeding unencumbered with implementing pro-market “reform.”

Although the Indian government has failed to live up to even the meagre promises of the MGNREGS, the scheme has come under concerted attack from the Modi government and big business for distorting the “agricultural labour market”—that is, for driving up wages!

The BJP government has slashed support for it, even though the program has been significantly oversubscribed, that is many more people have sought to exercise their MGNREGS rights than the government has places for. According to a recent report in the Indian business daily *Business Standard*, the funding of MGNREGS as a percentage of GDP has steadily fallen from 0.53 percent of GDP in 2010–11 to 0.42 percent in 2017–18. Adjusting for inflation the budget allocation for 2017–18 should have been greater than Rs. 710 billion ($10 billion) but the actual allocation in the budget was a mere Rs. 480 billion ($6.9 billion).

Most cruelly, the Modi government has purposely delayed paying wages for months to these impoverished workers so as to discourage them from availing themselves of this mandated “benefit.”

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