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## A DECADE OF ECONOMIC REFORMS

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*Economic reforms are going to complete their decade of implementation. Present paper examines the impact of economic reforms on Indian economy. It examines how reforms have failed to fulfil the promise of high growth rates, employment, globally competitive industries, accelerating exports etc. It discusses in detail the politico-economic forces creating and magnifying contradictions and instabilities in India's political economy.*

In a few months' time we should be witnessing completion of a full decade of the so-called economic reforms. The proponents of the reform were promising a definite turnaround in a five years' time and India entering the new millenium on a strong base, with a high rate of growth, rising employment, globally competitive industries, accelerating exports and balanced budgets. And incidentally, faster eradication of poverty, albeit as a by-product of the accelerated growth.. Promises have remained undelivered. On the contrary, what we are witnessing is a faltering rate of growth, burgeoning unemployment, debilitating competition from abroad, stagnating industries, retrenchments and closures, mounting trade deficit, and persisting and large revenue deficits. What is more, agriculture has been starved of public investment, the policy of state intervention to guarantee remunerative prices has been virtually abandoned and agricultural products have been exposed to unfair and sudden import competition resulting in widespread and unprecedented distress in the rural hinterland. To compound the misery of the common man, the public distribution system has been rendered meaningless for vast sections of the low - income population in urban and semi-urban

areas. The increasing costs of electricity, transportation, kerosene, cooking gas, staple food and accommodation have made the life of teeming lower middle classes an unending, losing marathon to make both ends meet. And there is evidence that in the initial years of reforms, the proportion of population living below the official poverty line had, in fact, increased.

The decade of reforms has increased the vulnerability of the economy and deepened the duality within the polity. Finance, food and energy typically illustrate the increasing vulnerability. As a result of a deliberate policy, the ratio of direct tax revenues to the GDP has been brought down. The saving potential of the economy has not been fully tapped. The globalization of economy and increasing incomes and wealth in the hands of the richer sections of the population have resulted in increasing trade gap. The situation thus created is being met through increasing dependence on largely speculative inflows of external capital, propitiating which has become a major, if not the main, objective of the financial policy. The relative isolation of the Indian financial system had played a major role in saving us from the fate of the South-East Asian tigers a few years ago. But it

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seems that the lesson have not yet been learnt by the policy makers. And the vested interests of the ruling elite are unlikely to allow them to imbibe the lessons.

Agriculture which was insulated from the forces of notoriously volatile global market has been suddenly exposed to global competition. Distress has seized various sectors such as oilseeds, horticulture, sugarcane, plantation crops such as tea and coconut, and even dairy industry and the problem is not far off in respect of staple food crops of rice and wheat. In the name of reducing fiscal deficit, subsidies to the food supplied through the public distribution system have been reduced or eliminated. The off-take has naturally slackened and the Food Corporation is reluctant to procure food grains on one pretext or the other. The faith of the farmers in the procurement system which was the cornerstone of the policy aimed at food self-sufficiency has been shaken. This coupled with the declining rate of public investment in agriculture, which again is a direct consequence of the deliberate policy of reducing government expenditure and investment, is threatening the return of the nightmare of food shortages and dependence on imported food grains which marked the 1950s and 1960s.

The energy sector has been subjected to fundamental changes, institutional, technological and economic. Increasing dependence on imported energy has been accepted as the basis of perspective planning. Dependence on imported capital and management in the energy sector has been encouraged. One third of the extractive capacity is lying unutilized in the oil sector. The hydroelectric potential is not being fully tapped. The alternative of biomass produced energy is not even being seriously explored. The pricing of electricity

is being determined to guarantee high returns to private producers, both indigenous and foreign. The state electricity boards which, over years, have created a reservoir of technical and managerial competence, and which were denied financial support they were entitled to under the statute, are being decimated systematically. The indigenous power equipment industry is being starved of orders and rendered helpless in the face of unfair and state-aided competition from the multinationals.

Economic reforms have deepened the quality within the Indian polity. There has emerged a class of not more than five percent of the Indian population which has never had it so good. They have had unprecedented rise in their income and wealth, thanks to the entry of multinationals, particularly in the financial sector. Another contributing factor has been the boom in the information technology industry. The tax relief generously bestowed on the rich in the name of new economic policies ensured that rising income remained in their hands. And the liberalized import regime provided them with the imported goodies. The inevitable counterpart was increased burden of indirect taxes, including inflation, on the poorer and not-so-well-off sections. Closures and retrenchment which followed in the wake of the pursuit of "efficiency" and "open markets" under the reforms, have added to their misery. With the growing casualization of employment and encouragement of lax implementation of labour laws, the quality of employment has deteriorated. The women workers have been the worst hit. The withdrawal of the State from a number of economic activities, the slowdown of the social sector expenditure and privatization of public sector enterprises- all spell stagnation, if not decline, of employment opportunities,

particularly for the weaker sections.

The direct result of the slowdown of the social sector expenditures has been a marked deterioration in the vital public services of education and health. As it was, these services were never of high quality and universal in reach, particularly in the rural areas. But in the decade of reforms, the reach has been severely compromised and the quality has gone down drastically. On the other hand, there has been conscious encouragement of the "health care industry" in metropolitan centres, where, the rich can avail of, the state-of-the-art health care. The urban and semi-urban areas are witnessing a spurt of private schools promising high quality education for those who can afford to pay steep admission and tuition fees. For the rest, we have poorly equipped, inadequately staffed apologies for schools.

With the quality of public services going down; with the reduced or nil outlays on the rural infrastructure of roads, irrigation, land improvement, drinking water supply; with no prospect of gainful employment; - the quality of rural life has become intolerable. Take any index: drinking water, housing, health facility, roads and transportation, electricity consumption, educational opportunity, employment prospect - the contrast between the urban and the rural, between the advanced and the backward regions, between the elite and the commoner, between the rich & powerful and the poor & weak, was never so stark..

The brunt of the process is being borne by the weak. The artisan class and the self-employed poor, comprising the backward and minority communities, dalits, and women are the victims of the ongoing mass annihilation of the small, cottage and tiny sectors of industry. Poor fisherfolk are being deprived of their means of subsistence as

rapacious fishing by big multi-national companies is being encouraged in the name of export promotion. Farmers, plantation workers and landless labourers are facing the assault of the unfolding integration of the Indian agriculture with the world agriculture. Dispossession of agricultural land is being expedited through amendment of the Land Acquisition Act. Liberal grant of prospecting and mining leases in forest lands is threatening the survival of adivasis. Construction of mega projects of dams is given green signal without even a pretence at rehabilitation of lakhs of adivasis and rural poor facing ouster and destitution.

The inevitable exodus from the rural hinterland that is taking place is being treated merely as a problem in urban area planning or worse still, a law and order problem. The ruling elite think nothing of proposing and enforcing ouster of people from the miserable, makeshift shelters that they have built for themselves in metropolitan cities and imposing fines and other punishment on them for the "crime" of being driven to their plight by the very system ruled by the same elite. The most insensitive act of this type of thinking on the part of the ruling elite has been a recent move on the part of a state government to deny public health facility to occupants of slums who have more than two children.

While the mass transit facilities in the big metropolitan centres are either missing or under tremendous strain, while the rural road network is languishing for want of funds, there is a spree of construction of fly-overs and expressways. While the existing energy efficient, less polluting and more economical network of railways is long suffering for want of adequate funding, grandiose plans are afoot to build network of freeways across the length and breadth of the country, plans that are of great interest to the giant automobile manu-

facturing conglomerates; plans that will increase our dependence on imported energy.

The massive productive assets built with the sacrifice, toil, and talent of the working people of India over the last five decades, and held in the name of the President of India on behalf of the entire people of India, are being handed over on a platter to big capital, Indian as well as foreign, in the name of raising resources, promoting efficiency, and, hold your breath, "wider distribution of wealth"! No critical sector seems to be outside the purview of the process except defence equipment, atomic energy and railway transport. Foreign consultants are being engaged to work out valuation and the strategy of sale. The process is being carried out "on a case by case basis", leaving a good deal of scope for manipulation and worse. While, in theory, loss-making units are on offer as well as profit-making ones, in practice, the process seems to be tantamount to "privatization of profits and nationalization of losses". This process of squandering away of strategic public assets of enormous value is as indiscriminate as it is irreversible.

The scarce resources of the country are being diverted into ever-expanding militarization due to an avoidable arms race with Pakistan, including in nuclear weapons and missiles. On the other hand, growing subservience to the US capital finds its reflection in a 'strategic partnership' with the USA. In place of an independent foreign policy, India runs the risk of ending up as a pawn at the service of the US geopolitical interests.

Corruption, dubbed sometimes as a 'system failure' or 'global phenomenon' by the rulers, has become one of the fundamental defining features of the system itself. From former captains of the council of ministers

to the cricket teams, the list of those who have had their innings in corruption is endless. The judiciary which got into a fit of activism over 'havala' and a host of other scams in the past, has made an about-turn and, of late, come up with a series of socially insensitive, unjust and even highhanded verdicts, leading to the uprooting of lakhs of workers and tribals.

The ruling elite is never tired of projecting the vision of India emerging as a great technological and economic power in the coming years. The media is doing a high pressure salesmanship job for them. The language itself is being distorted and appropriated : systematic deprivation of the poor masses is described blandly as "liberalization"; handing over of the people's productive assets to the powerful capitalist clique, is called simply "disinvestment"; onslaught of the neo-colonial forces, is heralded as "globalization"; and ruthless furtherance of these tendencies is christened "second generation of reforms". The stark contrast that India of the working and deprived poor masses presents is sought to be obliterated, not only through the media jugglery. More substantial means are being devised to contain and control the explosive reality. The answer is being found in the form of augmented reserve police force, special rapid action force, and ever expanding "anti-naxalite" expeditions. Police firings on peaceful demonstrations against the harsh consequences of globalization-in AP, in UP, and in Delhi itself-have become a routine affair. The state is arming itself with draconian laws. Increasing authoritarian character of the state and intensifying state repression are the inevitable byproducts of this anti-people globalization.

But a more vicious diversionary tactic adopted by the present rulers to deflect

growing resentment of the masses against the reform policies is the whipping up of communalism, chauvinism and war hysteria. Hate campaign against minorities; vandalization of their places of worship; saffronization of the school curriculum; witch-hunt against progressive and dissenting artists and cultural works; raising storm-trooper goon squads; and systematic penetration of higher rungs of the state machinery by the communal-fascist outfits, often under state patronage, constitute the other side of the globalization coin. The recent statements by Prime Minister Atal Bihari Vajpayee defending the 1992 demolition of the Babri Masjid as an "expression of national sentiment" and also referring to the "unfinished task; provide an incontrovertible proof of the growing communal fascist tendency. This accentuation of the communal stance is accompanied by a perceptible lowering of the so-called "Swadeshi" pitch. The pseudo-opposition of the "Swadesh" lobby of the Sangh Parivar to globalization thus stands thoroughly exposed.

But the scenario on the ground is not bleak. To be sure, the mighty forces of globalization have unleashed powerful protests in India. The trend is the same the world over. Starting with Seattle, a series of protests have been witnessed in Washington, Melbourne, Prague and many other cities. A wide array of political forces have participated in these protests. These protests have primarily targeted the key institutions of global capital, namely, WTO, World Bank, IMF.

In India too, anti-globalization sentiment is gathering strength in factories and fields. The trade unions are gearing up and are launching united all-India protests and industrial actions. Recent nation-wide strikos of the bank employees and postal

workers constitute unmistakable signs of the growing resistance. The successful struggle of UP power sector workers has set up a model for the workers to emulate. Not a day passes without the news of farmers' protests in some part of the country or the other. Popular protests against power sector reforms as in Andhra Pradesh and Rajasthan reveal the shape of things to come in every state. Vigorous specific issue movements have set up sterling examples for many more to follow. Narmada movement has valiantly espoused the cause of the poor and downtrodden facing ouster and extinction. Fishermen on the western coast have launched powerful struggles against the state-sponsored tyranny of trawlers. Brisk campaigns on seed and patents have rekindled the spirit of patriotism among out intelligentsia. Enron generated a series of movements and struggles challenging the very core of the globalization process. Activism is on the ascendance, be it on denuclearization or environmental protection. From the organized left to autonomous social activists and radical Gandhians, covering a broad spectrum of communists and socialist forces and democrats of various schools, an Indian rainbow in numerous shades is in the making against the challenge of globalizaton.

The globalization offensive is all-pervasive and well orchestrated. To meet it effectively and defeat it decisively, the vigorous but scattered struggles, intensive but sporadic protests need to acquire a more unified expression. For this to happen, we need to differentiate between those who merely criticize this or that aspect of globalization and those who offer determined opposition and resistance to the forces propelling globalization. We would need to move forward from particular struggles against specific impacts of globalization to a broader and coordinated confrontation with the

process of globalization itself, its dynamics and its manifestation in various forms.

- \* We believe that the first and foremost task is to resist and defeat the ongoing ruthless process of mass annihilation of the means of livelihood of the vast masses of poor working people in fields and factories, the peasants and the self-employed in small, cottage and tiny sectors of industry. To this end, the WTO propelled integration of Indian agriculture and industry with the global market must be halted and rolled back. Our right to resort to quantitative restrictions to curb or ban imports must be full preserved and exercised immediately.
- \* We believe that the small and marginal farmers and landless labourers must constitute the centre-piece of our national agricultural policy. Security of their means of livelihood, improvement in their level of living, enhancement of their technological and economic capability and egalitarian distribution of land among the tillers; should form the touchstone of the validity of our policies and programmes; not the imaginary prospect of massive exports to global market through encouragement of corporate farming.
- \* We believe that right to work must be the objective of our economic policies and planning, not the obsession with global competitiveness. We believe that our own physical, intellectual, technological and financial resources will provide adequate foundation to realize this objective. We believe that it is unnecessary and undesirable to predicate our development and wellbeing upon the massive inflows of foreign capital. Equally inappropriate and unacceptable, we believe, is the fiscal fetishism propounded by IMF

which, on the one hand, places arbitrary and severe limitations on the state's discretion to incur fiscal deficits; and, no the other, prescribes substantial lightening of the burden of direct taxes on personal and corporate sectors and steep reduction in imports duties.

- \* We believe that, in its essence, the process of globalization is anti-democratic. It is being supported by the elitist, meritocratic, anti-federal, communal and capitalist elements. Its determined pursuit by the powers that be is fraught with the imminent danger of the rise of the fascist forces. We, therefore, believe that resisting and defeating globalization is the necessary condition for preserving and promoting democracy.
- \* We believe that in this task the vast majority of our working masses, particularly women, dalits, adivasis, backward communities, religious minorities, peasants, workers and the self-employed in the small, cottage and tiny sectors of industry will play the decisive role.

As the contradictions are deepening in the polity and distress and discontent are spreading in the economy, particularly in the rural sector, the objective situation is now ripe for launching a broader political initiative, an initiative which should extend beyond the electoral calculus, an initiative which should provide a platform for bringing together the wide spectrum of political forces, activists' organizations and concerned citizens who are opposed to the onslaught of the process of globalization and the so-called "economic reforms", which is but a euphemism used by the domestic collaborators of the global capital; and who are committed to the ideals of secularism, democracy and socialism, against all odds.