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Modi Government's Economic Policies Pose an Existential Threat to Backward Communities that Must be Resisted

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

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

In reality, they stand for a socially and environmentally disastrous policy package (consisting of Liberalisation, Privatisation and Globalisation) that was implemented top-down in many countries in the fourth quarter of the 20th century, and in India in early 1990s. This dubious set of policies – dubbed neo-liberalism by critics – has a singular purpose: to facilitate the unrestricted entry of big corporations into every sphere of life, with the state acting as private capital's protector and agent of dispossession. In fact, India's 'economic reforms' may even have undone some of the hard-won gains achieved by its social reformers, our recent research suggests.

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

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

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

Growing disparity

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

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

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

These numbers are a stark illustration of the fact that highest echelons of corporate India lack even a semblance of diversity and equality, and is essentially a savarna club; indeed, a savarna men's club at that. Our findings show that not only has very little has changed in the caste constitution of India's economic hierarchy in the decade since. In fact, the higher you go up that hierarchy – the top 25 corporations as opposed to the top 1000 – the greater the concentration of corporate power in the hands of savarnas.

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

Privatisation peril

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

The PSUs have historically played a stellar role in nation building, and social and economic development of the country, but now more than 25 of them are in line for privatisation. These include such high profile firms as Bharat Petroleum Corporation Ltd (BPCL), Air India, Bharat Earth Movers Limited (BEML), the steel plants of Steel Authority of India Limited (SAIL), National Mineral Development Corporation (NMDC), Indian Medicine & Pharmaceuticals Corporation Ltd. (IMPCL), Shipping Corporation of India (SCI), Container Corporation of India (CONCOR) and Neelachal Ispat Nigam Ltd (NINL), apart from the iconic Indian Railways. Not only companies, but essential services like water supply and health services too have been proposed to be privatised. The 2020-21 Union Budget has suggested private participation (PPP) even in district hospitals.

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

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

Corporatisation as exclusion

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

Now that the Modi government has allowed FDI in every sector, it is leading to the corporatisation of each of these sectors. In tune with the WTO and Free Trade Agreements, India has reduced import duties across sectors, which has severely impacted small scale industries. A.B. Vajpayee-led NDA government which de-reserved many small scale industries. These policies opened up these sectors for big corporations, most of who are run by savarnas, and which therefore invariably employ upper caste staff at higher salaries. In fact, these policies have already led to the closure of many small scale industries run by entrepreneurs from backward communities.

Another way government helps corporations is through external commercial borrowing (ECB), which is an instrument to facilitate extremely low interest loans for these big companies. When the corporations fail to repay such loans – mostly taken from public sector banks – it is termed 'NPA' (Non Performing Assets) which is often forfeited. The loss is adjusted by compensating the banks by injecting taxpayers' money into them through a process called 'bank recapitalisation'.

A report by leading financial firm Credit Suisse says that in the first five years of Modi government, it adjusted NPAs worth Rs 7,77,800 crore that was owned to public sector banks by corporations. But the same government failed to offer any relief to India's struggling agriculture and small scale industries sectors where the majority of backward communities find employment. This, despite these sectors being already in bad shape due to ill-conceived policies such as GST and demonetisation, which hit small scale industries and retail traders the hardest. These were body blows delivered to backward communities, who are already victims of a lack of access to education, credit etc.

The three new farm laws are yet another attempt by Modi government to facilitate corporatisation in agriculture and retail trade. If these sectors are corporatized, then most of the enterprises started by backward communities in these sectors will perish, severely impacting the members of these communities who derive their income and employment from them.

The threat of automation

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

Automation threatens even those areas where backward communities have recently found employment, such as industrial manufacturing. As for those sectors where automation poses no significant threat, the government's new labour code ensures that workers will be reduced to the status of slaves.

How to resist

For backward communities, these trends sound a clear warning. In simple terms, privatisation means more corporatisation, which leads to greater automation and destruction of small scale businesses and trades, which in turn means greater job loss.

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

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

It is time all backward communities come together pool their resources to start their own enterprises while simultaneously resisting these reforms which threaten their very existence. This resistance must be two-fold: on the one hand, they must push back against savarna-dominated corporatisation in favour of small scale industries where backward communities can once again find a footing; on the other, they must aim for nothing less than the elimination of the political parties which are championing such destructive 'reforms.'

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