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What we need today is socialism

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Public education and health are the worst hit by capitalism

The world celebrated the 200th birth anniversary of Karl Marx, which was on May 5, 2018, for a year. Marx was not like other philosophers who interpreted the world in various ways; he made it a point to change it. Marx and Friedrich Engels laid the formulations for the theory and practice of scientific socialism. They applied dialectics to the study of human society and human consciousness. They strove for the liberation of humanity from all forms of discrimination and exploitation. They argued that Parliament should be used as a forum to articulate the concerns of the working people. Marxism as a science, as an ideology, and as a methodology keeps demonstrating its relevance every day.

In the present election campaign to the Lok Sabha, the Left parties have been raising several ideological and political questions in order to save the Republic of India so that it ensures a dignified life to all the people and empowers them in every respect. But it is ironical that several ideological questions are being raised over the relevance of the Left and its future in India. While admitting the widespread influence of communist ideology, some people say communism is dead and the Left as a political force is dead.

The march of capitalism

After the disintegration of the Soviet Union, some proclaimed that there was no alternative to neoliberalism. Since then, the so-called triumphant march of neoliberal capitalism has seen many hurdles, such as the 2008 financial crisis. The worst victims of this march and its consequent crises have always been the disadvantaged sections. This shows the presence of class conflict in society. Needless to say, the vulnerabilities of the disadvantaged are a creation of capitalism itself. The French economist Thomas Piketty exposed the essence of neoliberalism, which leads to unprecedented inequalities and disparities.

In the Indian context, liberalisation of the economy was initiated on the premise that the seemingly socialist and centrally planned economy had outlived its utility and that private ownership and market forces would efficiently replace public sector undertakings and provisions. Such an opening up of the economy was also tried in other parts of the world with only one consequence — unprecedented concentration of wealth in the hands of a few and a marked shift in the actual centres of power. Crony capitalism was soon making fast inroads into the policymaking coteries of India, and this new-found confidence of the private sector bore fruits. But for whom? Definitely not for the masses, as shown in a recent study which named India as the second most unequal society in the world. According to Credit Suisse Research Institute’s Global Wealth Report, 1%

of the Indian population owns 51.5% of the wealth in the country, and the top 10% own about three-fourths of the wealth. On the other hand, the bottom 60%, the majority of the population, own 4.7% of the total wealth.

Public education and health are the worst hit by capitalism. Education spending by the Centre has been showing a downward trend — from 6.15% in the 2014-15 Budget to 3.71% in the 2017-18 Budget. Instead of expanding higher education horizontally (to more far-flung areas of the country) and vertically (to the disadvantaged sections of society), the Central government is allowing the Higher Education Financing Agency to allow the private sector to dominate the education sector and make higher education a distant dream for the deprived classes. Similarly, in the health sector, the government has chosen private insurance companies and private healthcare lobbies as its partners, effectively taking away the attention from public healthcare infrastructure and its upgradation.

In a country like India, which is plagued with social problems such as widespread poverty, a deepening agricultural crisis, a very high unemployment rate, and abysmal health indicators, giving away public sector assets to private players and shifting the discourse away from realising socialism could prove fatal for a vast majority of the population.

Rhetoric over real issues

In India, in this election season, real issues of the people are considered secondary to vague appeals of nationalism and national security. The last five years are witness to the fact that the ruling elites of India favour improvement in ‘ Ease of Doing Business’ to improvement in the Human Development Index. India is doing badly on many parameters — nutrition, peace, human development, and press freedom — while a section of the media is celebrating improvement in the Ease of Doing Business Index. In other words, ensuring that people live a decent life is subordinate to ensuring that business becomes easier for crony capitalists.

The ruling party's appeals to nationalism and its use of the sacrifices of the Army for votes are attempts to hide its failure in giving employment to the youth, providing remunerative prices to farmers, ensuring social justice to the marginalised sections, and creating a conducive environment for the overall development of society. The government has presided over the gradual undermining of constitutional institutions, the giving away of national assets to the private sector and the increase in violence against minorities. It brands any opposition to its policies and views as 'anti-national'. All of these, however, are symptoms of a deeper problem. One has to look beyond the cacophony of high-pitched TV debates that are centered on sensationalism. As Noam Chomsky wrote, "It is easy to be carried away by the sheer horror of what the daily press reveals and to lose sight of the fact that this is merely the brutal exterior of a deeper crime, of commitment to a social order that guarantees endless suffering and humiliation and denial of elementary human rights."

The tying of national interest to global capital has not only produced adverse and livelihood-threatening consequences for the masses of the country, it has also deprived India of the higher moral pedestal in foreign policy. Deep-rooted socialism is the only true alternative to this 'post-truth' world where rhetoric has dislodged real issues.

Marx and Engels wrote in The Communist Manifesto: "The history of all hitherto existing society is the history of class struggles... [where] oppressor and oppressed, stood in constant opposition to one another, carried on an uninterrupted, now hidden, now open fight." It is the duty and the responsibility of socialism to carry on that struggle for humanity, and to bring politics back to where it belongs — to the people. Only by saying a big 'no' to brutal capitalism and by following what the Constitution envisages in its Preamble — social justice — can we remedy the problems that we face today.

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and a member of Parliament

Economic growth revival will be priority of the next govt

May 7, 2019

THE FINANCIAL EXPRESS

The next government may have its task cut out to revive flagging economic growth. We believe a combination of monetary stimulus and structural reforms may help revive growth over time

The weak volume growth reported by consumer staple companies in Q4, FY19 underlines the slowdown seen in housing over the past five to six years and automobiles over the past year. The next government may have its task cut out to revive flagging economic growth. We believe a combination of monetary stimulus and structural reforms may help revive growth over time. The current slowdown may not be a mere cyclical one, as is generally believed.

Pattern of consumption slowdown is disturbing

An analysis of macro (household savings data) and micro (sector and company volume data) suggests that households may have gradually reduced consumption due to insufficient income growth. In our view, lower property purchases by households over FY2013-18 (as can be seen in household physical savings), sustained consumption (household physical savings rate partly replaced by consumption) for the past few years before possible low household income growth sapped consumption also, as can be seen in the current slowdown in demand for both discretionary items and staples, could be a reason.

Houses, auto & general consumption slowdown

We note that housing demand has been weak for the past several years and property prices broadly stable. The overall expenditure (savings) on residential real estate is down meaningfully, which is amplified as a larger decline in household physical savings rate in national savings data as the base (nominal GDP) has grown over this period. Auto sales volumes saw a slowdown from 2HFY19 and general consumption (at least based on volumes of consumer staple companies) from Q4FY19.

Growth revival will be key for the next govt

The priority of the next government will be to revive economic growth although the macro-economic set-up is not very favourable. India's high and persistent fiscal deficit, faltering tax revenues, broken business models in agriculture and infrastructure rules out further fiscal stimulus. We see scope for a greater monetary stimulus (100 basis points (bps) rate cut and 100-200 bps CRR cut) in the context of manageable inflation but the RBI may be reluctant to change course so drastically.

The central government may want to focus on reforms in factors of production including labour and land and the role of government in business, including privatisation of public sector undertakings and review of extant ownership and pricing policies, to encourage greater foreign direct investment (FDI) and private investment in the critical infrastructure sector.

India may also want to increase the foreign portfolio investment (FPI) limits for government bonds in order to increase inflow of foreign capital (savings) to make up for the decline in domestic savings. In our view, a combination of the three (not just one or two) can kick-start economic growth.

Improving outlook for banks a positive

We note that increase in financial liabilities of households and related decline in net household financial savings have also supported household consumption over the past two to three years. The liquidity problems of non-banking finance companies (NBFCs) in general and possibly solvency challenges of certain housing finance companies (HFCs) in particular may further dampen credit growth and consumption demand.

Nonetheless, we note that the ongoing improvement in the balance sheets of banks can support overall credit growth by offsetting NBFCs' likely lower loan disbursement.

If jobs are being created, why is consumption sputtering?

The Financial Express | May 7, 2019
THE FINANCIAL EXPRESS

The data on private final consumption expenditure for Q3FY19—a growth of 8.4%year-on-year (y-o-y)—was somewhat puzzling given the festive season had been a particularly dull one

The consumption engine that was expected to drive the economy, in the absence of meaningful private sector investments and slowing government expenditure, seems to be sputtering. That has been evident, for some time now, from the lacklustre home sales and weak passenger vehicles sales. Moreover, the pace of growth in retail loans from banks, too, has been trending down since November, 2018. Now, the sales of consumer staples have slowed. In fact, the data on private final consumption expenditure for Q3FY19—a growth of 8.4%year-on-year (y-o-y)—was somewhat puzzling given the festive season had been a particularly dull one. But then, there has often been a lack of correlation between the macro-numbers and the high-frequency data.

While smaller spends on relatively big-ticket items such as homes is not so surprising in a slowing economy, the limited purchases of two-wheelers and cars, for nearly six months now, is worrying. Moreover, the loss of momentum has been seen in both rural and urban markets. True, there has been a fairly sharp increase in prices of cars and bikes, thanks to changes in the regulations. But, if the economy is doing so well and so many well-paying jobs are being created, as the government claims is the case, spends on these items should be more robust. Hero MotoCorp reported an 11% fall in volumes in Q4FY19 while TVS Motors reported a volume increase of just 2.1% y-o-y. That established products aren't able to push through volumes reflects how purchasing power has been limited. Economists point out this is due to incomes growing slowly or staying flat, or even, in some instances, shrinking. Household savings have fallen over the past few years. The physical plus net financial savings of households as a share of GDP was 18% in FY16, 17.1% in FY17 and 17.2% in FY18.

These levels were much lower than the 20%-plus seen in earlier years—the recent peak was 23.6% in FY12. Physical savings, which were 15-16% of GDP in FY12 and FY13, dropped to sub-10% in FY16, recovering to 10.8% in FY17 and 10.6% in FY18. Again, the net financial savings of households—as a share of GDP—has come off to 6.3% in FY17 and 6.6% in FY18.

Unless incomes rise meaningfully, neither spending nor savings can pick up. The new government cannot afford to spend beyond a point since tax revenues are not particularly buoyant. An uncertain regulatory environment, tax terrorism and weak labour laws have sapped the confidence of the business community. There needs to be better regulation, whether in telecom, oil & gas or labour; else, companies will not invest. Since the government does not have the ability to kick start the economy with a stimulus, better governance is the only way out.

Jet Airways pilots union moves Supreme Court; asks for funds from banks

The NAG blamed the banks for going back on their promise to infuse Rs 1,500 crore

Prince Mathews Thomas MONEYCONTROL.COM

National Aviators Guild (NAG), the union of Jet Airways pilots, has approached the Supreme Court asking it to intervene and effectively rescue the airline, just days before the deadline for its bidding expires.

May 10 is the last day to submit bids, and four bidders - Etihad Airways, TPG Capital, Indigo Partners and the NIIF.

But there is an increasing concern that none of the bidders may bid, and that may have prompted the NAG to approach the Court.

Blaming the banks for circumstances that forced the airline to suspend operations on April 17, the petition asked the Court to direct the lenders to release money and restart operations. The union said banks had failed to fulfill their promise to inject Rs 1,500 crore into the airline.

The petition lists eight respondents, including the Indian government, State Bank of India - the lead lender, industry regulator DGCA and Jet Airways itself.

The Union has also asked the Court to prevent the government and the DGCA from allotting Jet Airways' slots in airports to its competitors, "on a permanent basis."

The government last month said it will allot 440 Jet Airways slots in Mumbai and Delhi airports to other airlines for three months.

Through the petition, they also asked the Apex Court to intervene and prevent the government from allotting seats under bilateral agreements on international sectors to other airlines.

They also highlighted the worry that Jet Airways aircraft are being de-registered and given to competition.

NAG said, giving away these assets "are totally inexplicable decisions taken without having regard to its effect on the future of 22,000 employees of Jet Airways."

With fewer slots and aircraft, Jet Airways employees fear that none of the bidders will find the airline attractive as an asset.

Consequently, another group of employees had approached SBI Caps, which is overseeing the process, and had offered to take over the airline.

Naresh Goyal offers Rs 250 crore for Jet Airways' immediate needs

08 May 2019, Rhik Kundu, LIVEMINT

- **In March, Goyal was forced to cede control of the airline he had founded more than two decades ago**
- **The consortium of banks has, meanwhile, thrown open a bidding contest to find a new investor that is expected to be completed in the June quarter**

MUMBAI: Naresh Goyal, founder of Jet Airways (India) Ltd, has offered to infuse Rs 250 crore of his own funds into the grounded airline in a new twist to protracted attempts to revive the Mumbai-based carrier.

In a letter addressed to Jet Airways' employees on Monday, Goyal said he had made the funds available to the banks that now control the airline.

Goyal, who stepped down from the board and chairmanship of Jet Airways in April, said he would invest the funds from Jetair Pvt. Ltd, a company that he controls. Mint has reviewed a copy of the letter.

"Since stepping down from our respective positions, Neeta (Goyal) and I have had no role at Jet Airways after having made every possible sacrifice and commitment to ensure that the best interests of our Jet Airways family are served," Goyal said in his letter to employees, most of whom have not received salaries since January.

Mint had on 14 April reported that Jetair had agreed to provide the airline Rs 250 crore as loan collateral, and had also considered investing in the airline at an extraordinary general meeting on 14 January.

Goyal's latest attempt to placate the banks comes after they rejected a potential bid by him in April to retain control of the carrier citing non-eligibility conditions for an ongoing bidding process.

In March, Goyal was forced to cede control of the airline he had founded more than two decades ago, after Jet Airways, saddled with more than $1 billion in debt, defaulted on payments to banks and aircraft lessors. Jet Airways eventually suspended operations on 17 April.

The sudden grounding of Jet Airways, which was once India's largest private airline, has forced the Indian government to take steps to address the shortage in flights and minimize disruptions in the domestic civil aviation market. The government has since alloted slots of Jet Airways at domestic airports to other airlines for a period of three months to start new flights.

The consortium of banks has, meanwhile, thrown open a bidding contest to find a new investor that is expected to be completed in the June quarter. Potential investors have until Friday to submit their bids.

Mint reported on 16 April that Etihad Airways PJSC, India's National Investment and Infrastructure Fund and private equity firms TPG Capital and Indigo Partners had been shortlisted to place binding bids for Jet Airways (India) Ltd.

Three of the four qualified bidders—Etihad Airways, TPG Capital and Indigo Partners—have, however, not signed non-disclosure agreements necessary for conducting due diligence before they can submit final bids, The Economic Times newspaper reported on 2 May, citing people with knowledge of the matter.

Separately, a group of minority shareholders and frequent flyers of Jet Airways have reached out to SBI Capital Markets Ltd, which is running the bidding process, on 25 April to present a proposal to lenders that would revive the airline.

In a letter addressed to SBI Caps, Sankaran Raghunathan, representing the minority shareholders and frequent flyers, said that Jet Airways' lenders should not entertain any proposal or bid from any party that sought haircut from banks on the debt obligations of the airline, as that would result in a loss for the banks.

SBI and Naresh Goyal did not respond to emailed queries seeking comments until press time on Tuesday.

According to the bidding eligibility conditions, strategic bidders looking to invest in Jet Airways should have a minimum net worth of Rs 1,000 crore or at least three years of experience in the aviation sector. For financial investors, the qualifying conditions are minimum assets under management of Rs 2,000 crore or at least Rs 1,000 crore in committed funds for investment in Indian firms or assets.