

GLOBAL ECONOMIC CRISIS AND ITS IMPACT ON THE PEOPLE OF INDIA

M.K. Pandhe, President, CITU

Published by:

BSNL EMPLOYEES UNION

CHQ, *Dada Ghosh Bhawan, 2151/1, New Patel Nagar,*
Opp. Shadipur Bus Depot, New Delhi-110 008 Email:
chqbsnleu@sify.com, Website: www.bsnleuchq.com

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**(Presented in BSNL Trade Union class at
Thiruvananthapuram on 6th July, 2009)**

Crisis in the Capitalist System

The whole capitalist system all over the world is in the grip of severe economic crisis, the bottom of which is yet to be seen by the people. It commenced in the middle of September, 2008 in the richest capitalist country - USA! The entire world was shocked to hear the news that one of the topmost U.S. investment bank in U.S.A. Lehman Brothers declared bankruptcy and openly pleaded inability to pay money to the depositors. The bank had accumulated huge doubtful assets which could not be recovered. It indulged in reckless housing mortgages without assessing the capability of the debtors to repay the loans. The Bush administration had to pump huge amount to save the bank. The crisis created by irresponsible behaviour of the bankers was to be resolved by using the poor and middle level tax payers' money.

This was only the beginning. Big names in the financial circles in the world such as Merrill Lynch, Morgan Stanley and Goldman Sacks had also followed suit and Government of U.S.A. could save them by merging them and taking over their doubtful assets. These banks had to give up their character as investment banks and function as ordinary commercial banks. Another investment bank Bear Stearns reached the verge of bankruptcy and had to be saved by its merger with JP Morgan Chase Bank. Before people could realize the gravity of the situation, the crisis spread like wild fire affecting several banking and financial institutions. Many found it difficult to believe when the largest insurance company in the world, American Investment Group (AIG), faced bankruptcy and could be saved only when U.S. Government had to shell out \$150 billion to save it from liquidation. Fannie Mac and Freddie Mac, leading investment companies faced total collapse which could be saved only by nationalisation by the U.S. Government. Washington Mutual and Wachovia had to be taken over by the U.S. Government without which they could not have been saved.

These sudden developments naturally resulted in panic all over U.S.A. and U.S. Presidential candidate Barrack Obama had to say that crisis in Wall street had become a crisis in all the streets. The champions of globalisation and free market economy had no explanation to the people why such a crisis occurred in U.S. economy. When Socialist system in Soviet Union and Eastern European countries was dismantled, the capitalist economists started singing virtues of capitalist system as the highest stage of human development. One economist had the temerity to give title for his book "The End of History" to explain how Socialism has failed which proved the superiority of the free market economy. Some economists tried to explain that it was greed of some individual businessmen which brought the collapse of the economic framework.

To understand the background of the crisis we must see the reckless policies pursued by Bush administration. Public debt of U.S.A. doubled during the Bush rule reaching a figure of \$10.3 trillion. His reckless and unjust war in Iraq cost U.S. over one trillion dollars to public exchequer. At the end of his eight year tenure the bubble of U.S. economy busted. The most powerful capitalist economy which advocated reduction in budget deficit for the developing countries itself was indulging in budgetary deficit. The U.S. budget deficit which was \$140 billion in 1997 rose to \$800 billion in 2006 and exceeded \$ one trillion in 2008.

The U.S. citizens were living on borrowed money. The average expenditure of a U.S. citizen was estimated to be 60 per cent more than the average income.

Utter Failure of Market Economy

The global financial crisis exposed the utter failure of the market economy advocated by the World Bank, IMF and the WTO. The concept that the Government should not play any role in economic matters indicated privatisation of all economic undertakings at throw away prices. Moreover it visualised that the market should be left to decide all matters relating to economy without any regulation of the Government. It resulted in reckless business practices to make quick money, high salaries and bonuses to Chief Executives of undertakings without any restrictions from the Government and creation of the phenomenon of subprime loan without ensuring that the indebted persons can repay the loans. U.S.A. witnessed huge crisis of housing mortgages wherein the persons failed the repay the loan creating toxic assets for the financial institutions.

The phenomenon of concentration of capital gave rise to the growth of monopolies to control the global market. The cut throat competition among the leading Multi National Corporations to increase the market share gave rise to several malpractices among the big capitalists with tacit support from the capitalist Governments. Several bureaucrats of the Government were also involved in the process of quick money making. A bubble economy was created, and as several economists warned earlier, the bubble was bound to burst one day and it actually took place in September, 2008.

Paul Krugman, the Nobel Prize winning economist of U.S., who warned about the crisis earlier stated, "Now the housing bubble has burst in turn leaving the financial landscape strewn with wreckage. Even if the ongoing efforts to rescue the banking system and unfreeze the credit markets work - and while it is, early days. Yet, the initial results have been disappointing - it is hard to see housing making a comeback any time soon. And if there is another bubble waiting to happen, it is not obvious (New York Times News Service).

Similar statements have been made by several economists in U.S.A. There is complete unanimity now among all the economists that the crisis is going to be a long drawn one. However few realised that the crisis is shaking the very foundation of capitalism itself.

Impact on the Capitalist World

The globalisation has strengthened the trend of internationalisation of finance capital. For instance, several mining companies in U.S. are in control of foreign financial companies while U.S. financial agencies are controlling several industrial units in foreign countries. The finance capital showed a trend of going from one country to another depending on a higher profit margin. Finance capitalist increasingly gave emphasis on speculative share market transactions.

The economy in European countries were already facing acute recession during 2008. The second, third and fourth quarters of 2008 showed a decline in growth of gross domestic product. The projected fall of GDP in European countries is estimated at 0.4 per cent.

The decline in production also was seen in Japan in the year 2008 while the projections for the year 2009 show further decline. The trend in other advanced capitalist countries also showed the same picture.

The volatile prices of oil in the world showed clearly how by creating artificial scarcity the oil cartels have been minting money. The oil price per barrel shot up more than twice during 2008 but then drastically came down to \$40 per barrel in 2009, when the global meltdown became a reality. However, the retail oil price was still high in the market. In India for example, the price was brought down only by Rs. two per liter.

The bailout packages prepared by several advanced countries included partial or full nationalisation of banks or other financial institutions, taking over toxic assets of financial institutions. Those who were advocating privatisation of banks and financial institutions had to advocate taking over these institutions by the Government as a means to save those companies. The total bailout packages all over the world are estimated to be above \$2 trillion.

To overcome the effect to economic meltdown most of the capitalist countries have imposed job cuts on the working class. Over and above, the imposition of deteriorating working conditions on the workers and even wage cuts have been resorted to by the Governments of capitalist countries.

Several restrictions and even ban on migrant workers in advanced capitalist countries were resorted to in a big way. The Obama administration imposed restrictive taxes on companies who outsourced their jobs outside the country or engage foreign labourers. Drastic action is being planned against illegal migrant labour with a view to throw them out of the country.

In the name of taking protectionist measures, U.S. and other countries are advocating purchase of their domestic products to reduce dependence on imports. These measures will adversely affect the developing countries whose exports-will be drastically cut!

The G-20 meeting of major heads of the State in London on 1st and 2nd April, 2009 could not come to definite conclusion to meet the global crisis. France and German Governments opposed U.S. proposals while developing countries representatives criticised the protectionist trends in advanced capitalist countries. The bailout package of over \$ one trillion visualised helped the capitalists to help their liquidity problem. The financial assistance planned for developing countries is not likely to materialise. The bailout packages do not give any relief to the workers who lost their jobs due to economic melt down. It did not even accept the proposals given

by Prof. Joseph Stiglitz Commission to face the economic crisis and to come out of it. Though the G-20 countries were representing overwhelming majority of the world population, it failed to tackle the problems of the developing countries. Due to controversies among different countries, a patch up declaration was drafted. Only some of speeches in the meeting indicated that the crisis is likely to be a long drawn one whose bottom had not yet been reached.

The massive demonstrations organised prior to the G-20 meeting and during the meeting reflected the anger prevailing among the people all over the world. The WFTU also gave a call to organise demonstrations in all the countries to oppose the policies of globalization and capitalist meltdown. These demonstrations reflect the growing discontent prevailing among the people in the world against the policies of globalisation and neo-liberalisation.

Pointing out the drawbacks of measures taken by leading capitalist countries to overcome the crisis, Fidel Castro noted, "these measures will bring more inflation, more devaluation of the national currencies, more unequal exchange". He further observed that the crisis would bring more knowledge of the truth of the capitalist system, more consciousness among the workers, more rebellions and more revolutions (Gamma'-JournalofCuba).

No worthnoting Impact in Socialist Countries

While the entire capitalist world was engulfed in a deep crisis, the impact on the socialist countries was minimal.

The economy of China was affected to the extent it had exports to advanced capitalist countries. As is known, China has surplus balance of trade in major capitalist countries including U.S.A. Due to fall in exports to these countries due to the capitalist global downturn Chinese economy had to find a way to increase domestic consumption and avert the crisis.

Chinese Government prepared a package of 4 trillion Yuan (\$586 billion) providing creation of new jobs, improving wage level of low paid workers. The basic thrust of the Chinese policy makers was to improve the living standard of the people which would absorb the additional production generated due to expansion of industrial and agricultural output. Though in some quarter the rate of growth of Chinese economy declined during 2008 the overall growth target of 8 per cent was

fulfilled by the Chinese economy. Even the Western economists have admitted this achievement by the Chinese socialist society.

The Vietnam faced certain problem due to decline in exports but the Govt. took the step of increasing domestic consumption and maintains the growth rate.

The economy of Cuba and North Korea had not many relations with advanced capitalist countries and therefore did not face the impact of the global slowdown.

Setback to Unipolar World

The present global financial crisis has hit the influence of U.S. in the world and it has shattered the dream of U.S. imperialists to dominate the world economy. The hegemonistic policies adopted by the U.S. Government with a view to create a unipolar world received a big jolt and possibilities of emerging a multipolar world have become powerful. The aggressive position taken by U.S. imperialists to expand NATO and establish U.S. missile defence system in Europe is being resolutely opposed by Russia. Latin American countries have opposed U.S. dominating designs and expressed solidarity with Cuba. The emergence of Shanghai Club for developing strategic alliance between Russia, Central Asian Republics, China and others have resulted in emergence of a new power centre. The growing opposition to U.S. policies all over the world including West Asia have undermined U.S. role in the world.

The global financial crisis has further aggravated the world situation against U.S. imperialism and U.S. model of capitalism is no more acceptable to many capitalist countries. The opposition to U.S. policies in G-20 meeting in London by French and German Governments has highlighted this phenomenon.

The set back received by the concept of unipolar world has no doubt strengthened the anti-imperialist forces all over the world. The emergence of multipolar world with collapse of U.S's hegemonistic role is a welcome development which has been buttressed by the global capitalist meltdown.

Bail out package for whom?

The UFA Government first claimed that the fundamentals of Indian economy were strong and the global financial crisis would not adversely affect it. Former Finance Minister P. Chidambaram had repeatedly assured the Indian people that Indian economy is insulated from the global financial crisis. However, the impact soon

began to be felt by the Indian economy when export started falling and Indian units were forced to cut their production.

The Reserve Bank of India was first to announce the bailout package by reducing restriction on banks to give loans to needy corporate sector. Pressure was brought on Indian banks to reduce rate of interest so that more credit was available to the corporate sector. More concessions were given to housing loans which actually helped the builders lobby.

Despite these concessions the production did not increase since these measures failed to increase the purchasing power of the people. Many Corporate houses utilised the cheaper credits to repay their costlier loans.

The UPA Government announced tax cuts and reduction in excise duty on some items. However, the employers did not pass on the concession to the consumers which failed to boost the market. Despite giving liberal concessions to export industries, the exports did not pick up but export houses tried to misutilise the concessions.

The UPA Government did not take any measures to restore the import restrictions which were withdrawn due to WTO conditionalities. Foreign goods continue to enter Indian market freely adversely affecting the Indian commodities.

The stimulus package offered by the Government of India failed to overcome the crisis but only added to the coffers of the Super rich. The 2008-09 budget of UPA Government only added to the sops for the capitalists to enable them to garner higher profits. The UPA Government miserably failed to protect the large number of workers who lost jobs as a result of meltdown of the economy. The survey conducted by the Union Labour Ministry found that five lakh workers lost their jobs due to global financial crisis but no relief was given to the workers. Only ESI Corporation announced some allowance for a period of one year which did not give any benefits to most of the workers because their units were not covered by the ESI Act.

The net result of the UPA Government's policy was that the capitalist class was trying to put on the burden of the crisis on the shoulders of the working class and the toiling people. The budgetary losses due to liberal concessions given to the capitalist class were recovered by imposing tax burden on the common people.

The capitalist class which was responsible for the crisis was given relief to come out of the crisis while the working class and the toiling people who were not at all responsible for the crisis had to pay the cost for overcoming the crisis.

To maintain profitability of the capitalists, hours of work for the workers were increased. A large number of units were working for 12 hours a day without paying any overtime wages to the workers. Several units illegally announced wage cut for the workers while some declared lay-off without taking statutory permission from the Government of India and without paying wages to the workers. Illegal closure of units became the order of the day. Despite labour laws were being violated openly by the employers, the Union Labour Ministry connived at the steps taken by the management in the name effacing the economic meltdown. In the Indian Labour Conference held in February, 2009 all the central trade unions criticized the policy of the UPA Government and demanded full implementation of the Labour Laws and introduction of the employment insurance scheme but these appeals fell on deaf years.

Role of Left and Trade Unions

The role played by the Left parties and the trade union movement in opposing the UPA Government's policies of neo-liberalisation and privatization compelled the Govt. to go slow on their programme of economic reforms. The Left parties prevented UPA Govt. from disinvesting profit making public sector undertakings. They did not allow Bill to privatize the Pension Scheme to be passed, they prevented putting PF money of workers in share market, they prevented increasing FDI in banking and insurance companies they prevented entry of FDI in retail trade they did not allow UPA Govt. to handover Indian banks to MNCS etc.

These measures of the left parties prevented the global crisis from having wider effect on the Indian economy. The former Governor of Reserve Bank of India had to admit that the global crisis did not affect the Indian banking industry since they were in the public sector. Despite collapse of AIG, the largest insurance company in the world became bankrupt, but LIC and GIG remained unaffected since they were in public sector. The PF money and Pension funds of workers remained safe since they were not privatized and not entered the share market in a big way as visualized by the UPA Government.

Trade Union movement organized 3 nationwide strikes during UPA regime to oppose the policies of globalization. It compelled the UPA Govt. to slowdown their reform agenda which saved the country to some extent. The working class and the people of India should note the positive role played by the left parties in not allowing UPA Government to pursue neo-liberal policies recklessly.

Scandalous Participatory Notes

Despite the demand by the left parties to ban the operation of participatory notes in the share market operations, the Ministry of Finance continue their role in the share market manipulations. With the global financial crisis looming large the Govt. of India did not take steps against the depredations of participatory notes but withdrew certain restrictions imposed on these notes earlier by the Government of India itself.

Participatory notes are defined as "Financial instruments used by investors or hedge funds are not registered with the Securities and Exchange Board of India to invest in Indian Securities".

Many persons do not know what is hedge fund. According to its definition it is "an investment company that is organized as a limited partnership and uses high-risk techniques in the hope of making large profit". It thus indulges in speculative activity and plays an important role in manipulations in the share market operations.

The participatory notes have become a device to make black money white or to permit Havala money freely in share market. The Foreign institutional investors who operate in Indian share market are also utilizing these notes for making quick money and indulging in clandestine deals. According to an article published in Hindu Business Line estimated that outstanding participatory notes account for over 51 per cent of foreign money in India. It further states that Foreign Institutional Investors control most of the floating stocks in the Indian share market. According to an estimate the participatory notes increased from 2004 to 2007 by 11 times which shows the seriousness of their problem.

Business Line reports, "There have been estimates that show FIIS including participatory notes holders, owning around 15-20 per cent of stock of the top 1000 companies in the bourses.

Now consider the promoters; they own over 50 per cent but those shares rarely ever come to the market. The means that the FIIS have had a near ruling of the market. In effect, they control the market because they not only own a chunk of floating shares, they are also the most active".

Women - The Worst Sufferers

The global economic meltdown has affected the women most severely. The recent ILO publication "Economic Meltdown Has a Woman's Face" has noted that 14 crore mothers in the Asian Pacific region's developing countries would be forced into extreme poverty.

The ILO Report further points out, "For policy makers, failure to take into account this gender dimension, especially at the lower end of the socio-economic scale could be a critical miscalculation, worsening the working and living conditions of millions, deepening economic and social inequalities and wiping out of a generation of hard-won gains in pay inequality and workplace inequality. The report continues "Shrinking global demand for clothes, textile and electronics as well as for related business services use hotels, and restaurants means that women will be the first to lose their jobs".

The capitalist society is trying to use women as a cheap source of labour. In a period of global meltdown the capitalist class had been increasing their hours of work and lowering their earning and thus making them cheaper. The conditions of Anganwadi, ASHA and mid-day meal workers is a clear example of this. The conditions of women workers in Bidi and Plantation industry had further been deteriorated invoking them to adopt a path of struggle.

Satyam Swindle

The harrowing swindle by the management of Satyam Computer Services, the fourth largest IT sector company of India has highlighted how the corporate undertakings are minting money by resorting several illegal practices at the connivance of the state administration. The Raju family having close contacts with Chief Minister of Andhra Pradesh have been blatantly making a mockery of corporate governance.

The amount of swindle is estimated by some researchers works out to Rs.8000 crores. The dubious \$1.6 billion deal to take over Matyas firm owned by one of the

promoters came to the forefront which exposed the greedy promoters who accumulate ill-gotten wealth at the cost of vital interests of the company. The shocking news had come that the company had over 13,000 fictitious employees whose salary was paid by cheques. This involves the co-operation of the banks in siphoning of the funds to Raju regularly by manipulating banking accounts. In this case one of the auditors Price water Coopers role in helping the company to prepare fictitious balance sheet and hide the misdeeds of Raju family has been of crucial importance. The manipulations in the share market operation by the company has also shocked the country.

Though the Government of India intervened and the company was taken over by Mahindra, the bungling that is going on in the corporate sector is yet to be fully brought to light. It is a clear case of a capitalist management taking full advantage of a deregulated free market economy with full patronage of the state administration. The CBI has opposed release of Raju brothers on the ground that they were influential persons and may destroy the evidence!

There are several such Satyams who are yet to be exposed. The length to which the degenerated capitalism can go is exposed in this case but defenders of capitalist system are trying to cover up such instances at the cost of genuine development of national economy.

Swiss Bank Fraud

When India is suffering from the impact of global meltdown, reports had been published of Indian Super rich depositing billions of dollars in secret Swiss Bank accounts. Press reports estimate vary from Rs.40 lakh to 70 lakh crores of rupees of such deposits!

This illegal money is the outcome of tax evasion, kickbacks received secretly while signing collaboration agreements with foreign companies, havala transactions or garnering of black money, commission demanded by Ministers, bureaucrats or intermediaries of foreign companies have also been responsible for such secret accounts. Before gun scam highlighted how the money goes to Swiss Banks as a result of secret deal which is yet to be fully revealed to the Indian public.

Recently, UBS the largest Swiss Bank agreed to provide information to the U.S. Government about secret accounts of American citizens. The U.K. Government has also followed suit. However, despite demand of the left parties, the UPA Government has not demanded such details about Indian citizens holding such

secret accounts in Swiss Bank. The lack of keenness by the Government of India has been noted by Swiss newspapers.

The money deposited in such secret accounts is actually Indian assets illegally flushed in Swiss Banks for money laundering or using it for wrong purposes. The Government must confiscate these huge resources and use them for improving the standard of living of the Indian people. Several Ministers and bureaucrats as well as Industrial houses may be holding such secret accounts but the UPAGovt. is protecting these elements for their ulterior objective.

The policy of over reliance on foreign capital by the NDA and UPA Governments has increased the inflow of foreign in India since the commencement of the present century. In the year 2001-02 the total inflow stood at \$8.2 billion which increased to \$15.7 billion in 2003-04. It rose further to \$21.4 billion in 2005-06 while in 2006-07 it jumped to \$29.8 billion and further to \$63.8 billion in 2007-08. A sizable portion of this inflow was in the share market and speculative activities.

However, after the global financial crisis foreign capital started withdrawing from India which drastically brought down the share market index. It also brought down retail credit flow in the country. As pointed out by a well known economist Prof. C.P. Chandrashekhar, "..the credit stringency generated by the exodus of capital from the country and the uncertainties generated by the threat of default of retail loans that now constitute a high proportion of total advances could freeze up retail credit and curtail demand as in happening in the developed industrial countries!!"

Adverse Impact on Informal Sector

The National Commission for Enterprises in the Unorganized Sector in their memorandum to the Govt. of India on the Global Economic Crisis and the informal Economy in India on 26th November 2008 has noted, "It is critical for our country to pay focused attention to protect, at the least, the livelihood security, employment and income of the vast majority of the people who are either poor or vulnerable and so doing stimulate overall economic growth". The size of such people is estimated by the Commission at 88 crore! The Commission earlier estimated that 77 per cent of Indian population in the unorganized sector live with an average per capita daily consumption below Rs.20 per day. It now observes, "However, during the current slow down, it is precisely these people, the poor and vulnerable engaged in informal sector enterprises or formally employed by the formal sector, who will be affected the most adversely."

The Commission studied at length the impact of the crisis in the following manner.

1. Forty five per cent of the employment in the organized sector is without any job security. In a period of crisis this strata is the first to lose jobs.
2. Thirty percent of Indian exports are contributed by small producers with declining exports due to melt down sectors as handlooms, textiles, wearing apparel, leather products, gems and jewellery, meal products, carpets, spices and marine products are adversely affected. In March 2009 alone 70 diamond cutting workers in Gujarat committed suicide. The total loss of jobs in the last six months is estimated at 15 lakhs.
3. Due to so called credit crunch the banks and financial institutions are refusing to give credit to the small industry which is facing closure and sickness.
4. Due to slow down in the organized sector the ancillary units who supply components to the larger units are starving for orders. The competition from big manufacturers also is adding to the critical conditions of such small and traditional units.
5. With steep price rise of essential commodities and absence of rise in their income levels the vendors, workers in small units and marginal farmers are experiencing drastic curtailment in their living standards leading to starvation.
6. Due to fall in international prices cheaper imports of several commodities such as cotton, oilseeds are putting strain on Indian producers. The failure of the Govt. to protect such sectors from cheaper imports is making them more vulnerable. The withdrawal of quantitative restrictions on import of several commodities have opened floodgates of imports of several commodities which are produced in India in sufficient quantity.

As the Commission noted, "The combined impact of all the above effects on the informal economy would be an increase in livelihood insecurity, decline in income and an intensification in the conditions of poverty and vulnerability. The worst affected segment of India's poor and vulnerable would be the casual laborers of whom the poorest segment is constituted by the agricultural workers."

The commission has not dwelt with the plight of the migrant workers due to this meltdown, who are among the worst sufferers in a period of crisis.

The left parties and the trade union movement demanded several measures to help the worst affected persons so that they can face the crisis and maintain their standard of living. The following are some of the urgent measures.

The Government of India must take steps to generate demand in the economy. For this purpose through public expenditure infra-structural projects can be undertaken which would generate jobs and create more demand in the economy.

The National Common Minimum Programme visualized employment guarantee scheme for urban, rural and poor middle class sections of the society. Every family was to be guaranteed 100 days job for one person in every family. However, the programme was implemented only for rural areas and only a small segment was covered. It was controlled by bureaucrats who indulged in corrupt practices preventing genuine benefit to the needy people. The central trade unions demanded that the scheme should cover all urban areas and a minimum of 180 days job as proposed by ILO should be provided. Action should be taken against corrupt officials and the scheme should be implemented in its true spirit.

The minimum wages of all informal sector workers should be increased at least by 20 per cent to increase their purchasing power so that they would be able to consume more to maintain a proper standard of living. This would also boost the demand for goods in the society and would result in reducing the extent of economic meltdown.

Several lakhs of people are forced to do the work of Hawking and Vending to make both ends meet. They do not get adequate earning to meet the essential requirements of their families and are living an existence below the poverty line. They do not get adequate facilities of micro-finance from the financial institutions. If the Govt. arranges financial assistance to them their conditions will improve and this process will lead to increase in the domestic demand. Though these persons are grouped as self-employed they are forced to adopt this occupation due to non-availability of work as a wage labourer.

The marginal and small farmers are also facing the brunt of the crisis since they are unable to get a proper price for their products. The procurement price fixed by the Govt. is low and uneconomic for them. Moreover, the forward trading permitted by the Government to purchase their products in advance at low prices by the unscrupulous traders. The demand by the left parties and central trade unions to ban the forward trading in essential commodities has not been accepted by the Government of India with the result that this exploitative practice continues unabated.

The small and tiny sector of our industry gets less than 2 per cent of the total credit available to the industrial sector as most of the credit is appropriated by the big capitalists in the country. The democratic movement in the country must prevail upon the Govt. to give credit to the small and tiny sector at concessional rate and the share of credit to them must increase sizably. They require facilities of marketing their product which the Govt. must give through a net work of sales organization.

The Government of India has not investing much in granting social security to a large section of our vulnerable population. The Human development of India is extremely poor while the gains of economic development have been pocketed by the affluent section of the society. Forty eight rich persons in India have income of over Rs.5000 crores per annum who control one fourth of the total national income of India while three fourth of our population are unable to get two square meals a day. In Human Development, India ranks 128 among the 177 countries studied by UNDP in 2007. Three years earlier India ranked 123 which shows that in human development there is severe deterioration. Under these circumstances, the Government of India must invest substantially in granting social security benefits to the vast deprived sections of the society. This improvement in their living conditions will increase the demand in the economy and which act as a real stimulus to the industry in the country.

Struggle for Revolutionary Social Transformation

The global crisis of capitalism has raised to the forefront the basic issue that capitalism cannot solve a single issue faced by humanity in the world. The bail out package is only an attempt to save capitalism and profits of capitalists.

However, ideologically the working class all over the world does not fully understand the real game of global capitalism. A large section of the working class is still having illusion about the capitalist system who think that they would get justice within the capitalist framework. The class collaborating leaders by the trade union movement are hoodwinking the workers that the capitalist system can be reformed and working class interests can be duly protected within the framework of capitalist system. Though the working class is realizing the true nature of capitalism the process needs to be made faster.

One must note that growing interest is taken all over the world to understand what Karl Marx said about the capitalist system. The leading book stores all over the world are displaying Marxist classics prominently and the number of readers buying these books is swelling day by day.

Karl Marx and V. Lenin are no more absolute today. What they predicted about capitalist system has proved to be correct.

This is an occasion for us to educate the working class about the real nature of capitalist system and stress the need for transformation of the exploitative system. Establishment of a Socialist system is the only alternative to capitalist system. Those who criticized Karl Marx for calling profit as theft by the capitalists are now compelled to speak about "greed for profit of some CEO's was the cause of the present global financial crisis."

Ninety two years ago in 1916 while analyzing the role of Finance capital, Lenin pointed out. "Financial Capital concentrated in a few hands and exercising a virtual monopoly, extracts enormous and ever increasing profits from floating of companies, issue of stock, state loans etc, strengthens the domination of Financial oligarchy and levy tribute upon the whole society for the benefits of monopolists" (Imperialism: The Highest stage of Capitalism).

Without ideological preparations of the working class, it is not possible to launch powerful struggles against capitalist system. We must tell the workers that it is not sufficient to fight against the effects of exploitation. We must ultimately prepare ourselves to fight against the cause of exploitation itself.

It is, therefore, the duty of people of India to fight against every attempt of the capitalist class to pass on the burden of the crises on the shoulders of the working class. At the same time we should also call on the working class to be prepared to fight against the moribund capitalist system itself which alone ensure establishment of a world without crisis and exploitation. History has given the responsibility on the working class of the world to be the "grave diggers" of capitalism.
