

EEFI 10TH
**NATIONAL
CONFERENCE**

PART 1

ECONOMIC & POLITICAL SITUATION

ELECTRICITY EMPLOYEES' FEDERATION OF INDIA

EEFI 10TH
**NATIONAL
CONFERENCE**

DEAR DELEGATES,

Ninth National Conference of Electricity Employees Federation of India (EEFI) was held on 13-15th October 2022 in Chandigarh. After almost two and a half years, we are meeting on 10-12th March 2025 at Thiruvananthapuram, Kerala, to hold our 10th National Conference. The interim period has been a great learning experience for our organization. At the same time, we can claim with conviction and confidence that we have honestly tried to reorient our organization and strengthen the movement during this period.

However, it is undeniable that these efforts were not sufficient. The forms of attacks have been rapidly transforming, with private players directing profit-oriented alterations in technology, policy, and workforce compositions. These changes, driven by ruling policymakers, are increasingly pushing working-class movements to the margins. Privatization in various forms and through multiple routes is expanding its grip over the sector. This new situation demands a completely reshaped and rejuvenated organization, along with a clear and concrete future course of action.

From this 10th Conference, we must assemble and assess all our experiences of the past years. We will thoroughly discuss this Report presented at the Conference, critically identify our lapses and lacunae, and evaluate the opportunities before us. Undoubtedly, efficient planning for the future requires a holistic understanding of the global and national economy and polity, and their relationship with the energy sector. We will briefly discuss these issues and attempt to locate ourselves within a broader and interconnected framework of analysis.

This time, we are presenting the GS Report in three parts – Part I, Part II and Part III. Each part consists of two small booklets (A & B), as provided to you. Part I will deal with the current International and National Economic and Political Situation [Section (A) and (B)], Part II will consist of the International and National Energy Scenario – Industry and Policy Outlook [Section (A) and (B)]. Part III will focus on Organisation and EEFI Struggles with Future Tasks [Section (A) and (B)].



**10th National
Conference**
10-12th March 2025

1 (A)

THE INTERNATIONAL ECONOMIC & POLITICAL SITUATION

THE INTERNATIONAL ECONOMIC & POLITICAL SITUATION

The world politics has been undergoing extreme turmoil for the last several years. The rise of far-right forces in European countries or the ascendancy of Donald Trump in the US presidency is nothing but the reactionary expression of the anger and rage within people against the neoliberal-bourgeois-democratic system and its advocates.



The absence of a strong and organized Left is pushing the people of these countries towards chauvinist, jingoist, and fanatic forces driven by some of the largest monopoly corporations in the world.

The leading role played by Elon Musk in Trump's campaign blatantly exposes that corporations are not even attempting to hide their control over the entire bourgeois-parliamentary system.

Instead, they are utilizing it as a show of power to attract further future investments. Undoubtedly, the world capitalist system is in crisis—a crisis that has persisted for almost two decades since 2008. This crisis has revealed all the symptoms of being systemic in nature. For the first time in the history of capitalism, a crisis has emerged that grotesquely affects all realms of human civilization—economic, political, societal, cultural, moral, institutional, and ecological—spreading its impact across the globe.

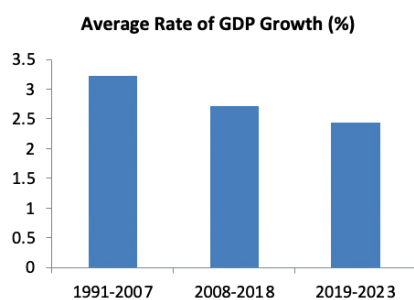
We must keep in mind that to achieve the constitutional objective of EEFI, i.e., to transform Indian society towards a socialist egalitarian one, we need a concrete understanding of the causes, signs, nature, and periodicity of the global crisis. It is only at the juncture of crisis that the system becomes ready to transform. The strength of the working class and its organization determines whether we can respond at the right time, during the most vulnerable moment of the capitalist system.



A. PARAMETERS OF GLOBAL ECONOMY

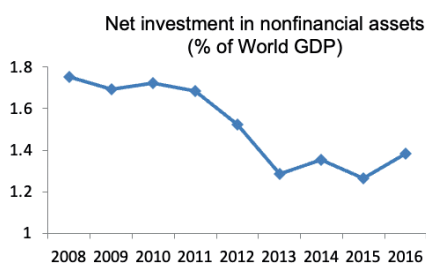
With this in mind, we will try to examine the trends and contemporary status of some key economic parameters and features controlling the global capitalist economy.

a)



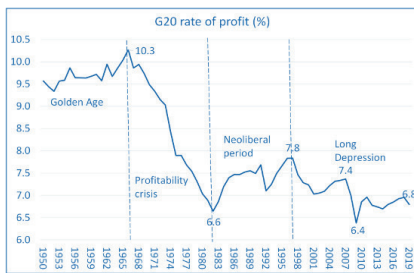
The Rate of Growth: The Rate of Growth of economy is the most generalized and popular parameter for measuring the economic progress of a society. The World Bank data shows that the average GDP Growth Rate in the first phase of the Neoliberal period (1991-2007) was 3.22%, which came down to 2.72% during the period since 2008 Crisis till Pandemic (2008-2018) and in the post-Pandemic time, the growth is hovering around 2.40%. 2024 ended with six out of top seven capitalist countries under stagnation or recession! Certainly, this reflects a decaying global economic scenario.

b)



b) The Investment Scenario: Growth originates from the investment of the Capital. The Foreign Direct Investment (FDI), a parameter of Capital investment by the Private sector, was 2.41 Trillion Dollar in 2021. By 2022 it had declined to 1.88 Trillion Dollar and in 2023, it further dropped to \$0.87 trillion (almost one-third of the figure from two years prior). This is not merely a post-pandemic or temporary phenomenon. Net investment in non-financial assets as a percentage of GDP has been secularly falling since 2008. The attached data clearly portrays this trend.

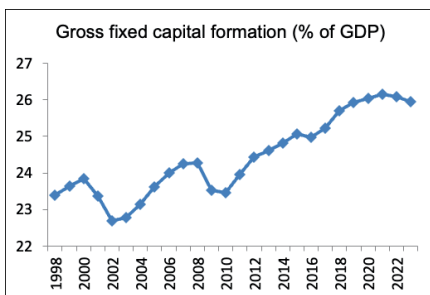
c)



Source: World Bank

The Rate of Profit: But what does the lowering of investment signify? The Capitalist system is driven by the thirst for Profit. If the rate of profit from production-related investment is temporarily high, investment will be robust. However, with the fall in the profit rate, money is hoarded by capitalists. This phenomenon is the origin of crisis in the capitalist system. If we examine the historical data on the rate of profit, we can observe a peculiar trend. There is a consistent decline in the rate of profit, with noticeable crunches in 1983, 1992, 2000 (Y2K crisis), 2008 (subprime crisis), and a prolonged depression with a dip in 2015. Clearly, the crisis has a cycle of 7-8 years!

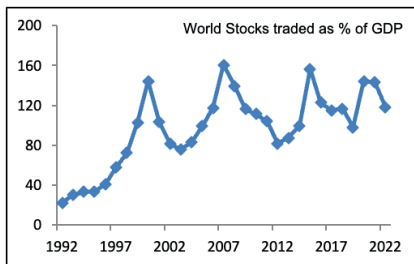
d)



Source: World Bank

The Accumulation Cycle: Strikingly, with the rise and fall of the rate of profit, the pattern of capital accumulation also changes. Gross Fixed Capital Formation (GFCF) refers to new investments in machinery and infrastructure, which are outcomes of capital accumulation. The historical plotting of GFCF as a percentage of GDP shows an accurate pattern match with the rate of profit curve. This indicates that when investment in fixed capital is highest, the general profit rate falls. Obviously, this shows that profit originates from the surplus of human labor, not machines! Thus, when capital accumulation is at its highest, the profit rate reaches its lowest, and the crisis begins. This pattern was observed in 2000, 2008, 2015, and 2021. It clearly demonstrates that the periodicity of the crisis cycle is shortening, representing its systemic nature.

e)



Source: World Bank

The Speculative vs. Real economy: When the rate of accumulation is highest, investment in production-related activities saturates, and the production-linked profit rate falls. At this point, there is a tendency for investment to shift towards speculative markets. The peculiarity of the current stage of capitalism is that speculative-related investments may yield higher rates of return temporarily, and the expectation of future profits can attract more investment.

Stock trading is a measure of speculative investment. If it is measured as a percentage of real GDP, a very interesting picture emerges.

The years of highest accumulation, lowest profit rates, and crises are also the years when speculation reaches its peak and begins to decline. This phenomenon is commonly referred to as the 'Bubble Burst' in market terminology.

So, now we have a general understanding of the periodicity and indicators of the crisis; however, it is also crucial to understand the capitalist mechanisms adopted for temporary recovery.

B. Capitalist Mechanisms for Temporary Recovery

Capitalism has five established avenues to come out of any crisis; those are:

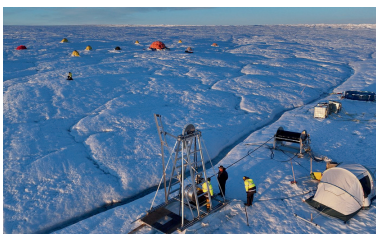
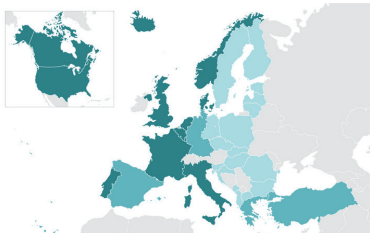
a) Unleashing of War and destabilizing the Geo-Politics

Generating a war economy led by imperialist aggression, extortion and exploitation is the primary means of imperialism to come out of the Crisis. Military threats and wars, sabotages and economic blockades, interferences to sovereign politics of foreign countries all over the world, particularly in Latin America, Middle East, Asia-Pacific and Europe are the naked traits of US led imperialist geopolitics of our time.



i.Palestine – the emblem of Resistance: After 15 months of Genocidal killings of 48,000 Palestinian people, majorly children and women, the Zionist Netanyahu led Israeli government finally was compelled to sign a ceasefire treaty in January 2025. The Heroic Struggle and Sacrifice of the Palestinian People have created a new epic of our time. People across the globe have undoubtedly responded to resistance with unprecedented solidarity and militancy.

UNLEASHING OF WAR AND DESTABILIZING THE GEO-POLITICS:



ii. US military funding: Meanwhile, US military funding to Israel topped at US\$ 3.8 billion in 2023, and same amount in 2024, cumulating to massive US\$ 267 billion between 1946 and 2024. In 2022, America's top five weapon contractors made US\$ 196 billion in military related revenue.

iii. NATO aggression towards East: The desperate expansionist drive of NATO in Ukraine was responded strongly by Russia. The long war and the unilateral US sanctions imposed on Russia resulted in massive shortage of supply of food, fuel and fiscal turmoil all across the globe. We will discuss these in details in the later part of the Report.

iv. The fall of Assad in Syria: The Regime Change in Syria will also have a very severe repercussion on the correlation of forces in the Middle East; the US intervention in the Kurd question may further destabilize the region.

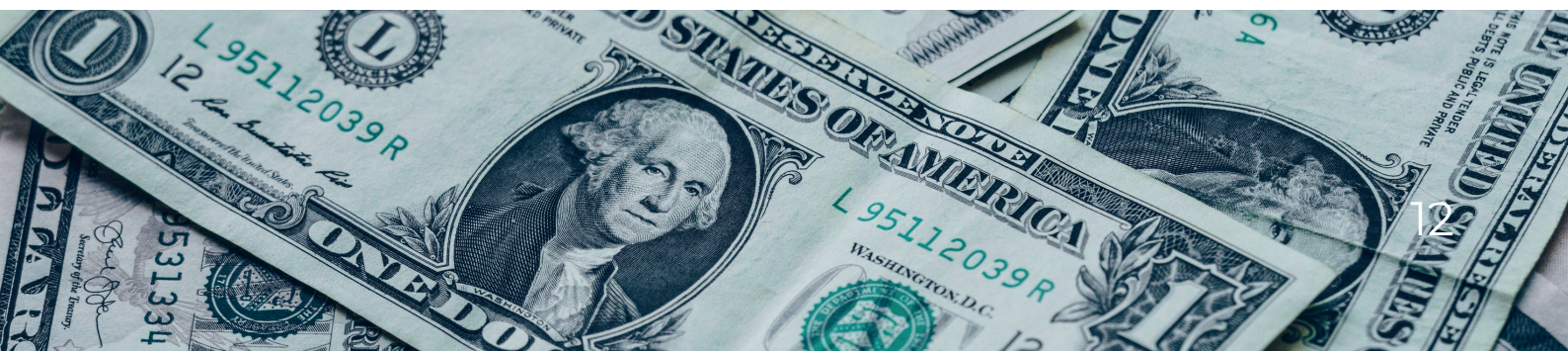
v. Inter-Imperialist contradictions: Finally, the newly elected Trump's war-cry to take-over the Greenland, Canada or the Panama Canal clearly divulges that the Inter-Imperialist contradictions will be sharpened in coming days.

We must remember that the U.S. Dollar and U.S.-led financial sanctions are the strongest instruments of U.S. hegemony. These tools are used to exert control over independent nation-states and their populations. The U.S. benefits from the Dollar being the primary medium of trade for the majority of nations. To address their domestic crises, the U.S. can inject substantial amounts of currency and raise national debt, which grew from approximately \$10.7 trillion in 2008 to over \$33 trillion by 2023. As the global reserve currency, the Dollar's inflationary effect is offset by its global demand.

However, current bilateral and multilateral economic efforts are shifting significantly towards non-Dollar trade deals, leading to a substantial decline in Dollar reserves, now below 50%. Interestingly, the risks and constraints associated with U.S. or IMF loans are driving countries closer to China, whose sovereign lending increased from \$333 billion in 2012 to \$952 billion in 2022. This trend is undoubtedly contributing to growing de-Dollarization and suggests a gradual weakening of U.S.-led unipolar dominance.

b) The creation of the new branches of industry:

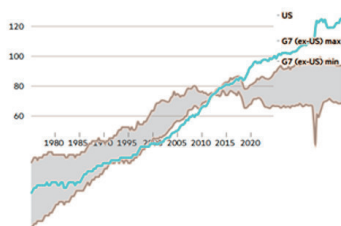
During the deepened Crisis, Capitalism tries to introduce new branches of the Industry which are or expected to be the most profitable at that specific juncture of time; in the era of speculation, the possibility of profit attracts profit and thus investment! We can remind that, after the 2000 Crisis, the Internet was introduced as an instrument of mass use; now it has entered all avenues of human lives. The call for the Transition towards Green or Renewable Energy was first brought in the popular discourse by the US Corporations just after the 2008 sub-prime crisis. Global Green energy investment is set to exceed USD 2 trillion in 2024. Huge investments were made in vaccine technology during 2020-21, the Covid Crisis.



THE CREATION OF THE NEW BRANCHES OF INDUSTRY

US labour productivity growth has outpaced the rest of the G7

Output per hour worked, rebased (100 = Feb 2004)



Source: World Bank

AI and US Exceptionalism:

The latest branch obviously is the Artificial Intelligence (AI) and till the December 2024, US was the epicentre of its technological ownership and control. And so, US business investment growth has outpaced even rest of the G7 countries. The AI hope has fueled the market's mood, with the major AI chip designer Nvidia adding more than US\$ 1trillion in market value, equivalent to about one-fifth of the total gain for global stock markets for 2024, even surpassing Apple and Microsoft!

Strikingly, within the top 500 listed US companies, the growth remained extremely uneven, having been driven almost totally by the seven large social media, tech and chip companies – the so-called Magnificent Seven (Alphabet, Amazon, Apple, Meta, Microsoft, Nvidia and Tesla). These 7 companies now hold a market capitalization of around US\$ 12 trillion, while other 493 companies suffering stagnation and decline.

The blow of the Open Source Chinese AI

– DeepSeek: The US exceptional growth was based upon the speculation that no other country can have such developed AI tools and Nvidia's Graphics Processing Units (GPUs) are essential chips for the development and deployment of the AI applications. In January 2025, Chinese Company Hangzhou lunched DeepSeek-R1, an open source AI. The startup's AI assistant app has already surpassed major competitors like ChatGPT, Gemini, and Claude to become the number one downloaded app.



When compared to OpenAI, DeepSeek's R1 slashes costs by a staggering 93% per call. This is despite the sanction over export of AI Chips in China imposed by the US Government.

Just after introduction of DeepSeek in the market competition of AI, Nvidia saw \$600bn of its market value disappear; Microsoft shares declined 2.1% and Alphabet stock price plunged 4.2%, while Dell Technologies share price dropped 8.7%. Apple shares rallied 3.18%, while Vistra stock dropped 28.3%. It shows the vulnerability of the speculative market and the instability of the US growth – certainly, the storm to root-out the empire is yet to come!

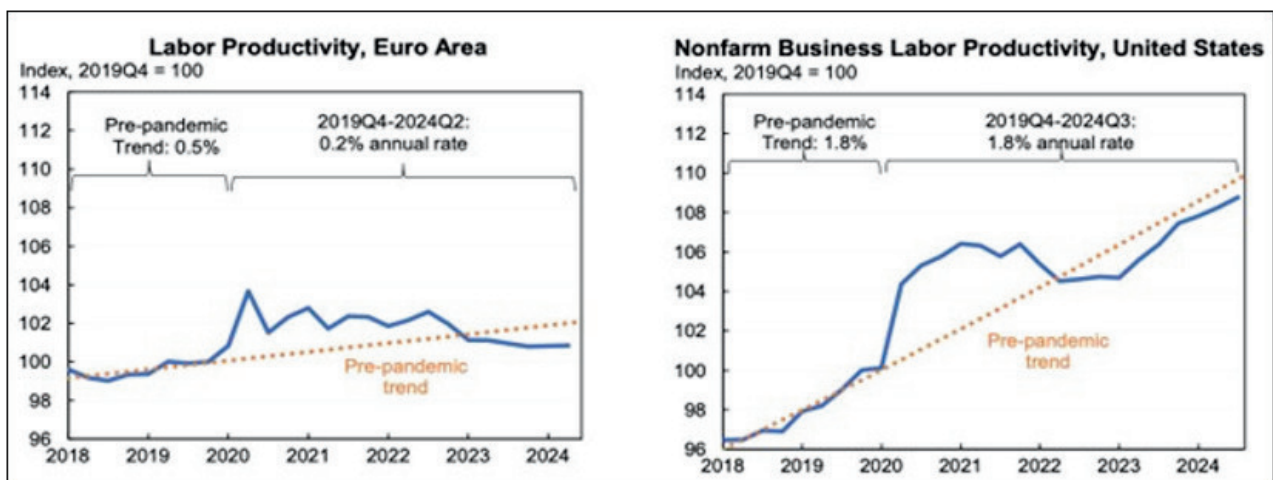
c) Increase of Productivity and siphoning off of the burden:

The rise of the new technologies is actually linked with the desire to speed up the competitive productivity – and, certainly, only the firms with large capital can invest in machines and increase productivity. Their profit rises for the time being comparing to other firms.

In a globalised economy, The IMF-WB controlled free flow of finance is accompanied by the deregulated movement of goods and capital across borders. But, labour remained significantly restricted within national boundaries. The international labour – market is fragmented and there exists a huge gap in the prices of labour power in the global-north and global-south representing the historic colonial time wage differences. This feature has shifted the manufacturing and service industries to the global south while the capital centers are concentrated in global north. With only 21% of global population, the countries of the global north are home to 69% of private wealth.

International finance dictates all countries of global south to implement inhuman labour policies to ensure maximum extraction of surplus and squeeze the petty-production beyond the sustainable level, and thus imposes terrible livelihood conditions over the people.

On the other hand, with high productivity growth in emerging technologies and high prices commodities, the global North wipeout all competitors of other regions. But, due to the crisis, the contradiction between Imperialist countries has sharpened again and it is originating from the differential productivity growth of US and Euro Area.



To tackle the Crisis, the European Governments are imposing austerities upon the working class and the far-Right forces are taking advantages of the anger of the people. Further eexploiting the troubled geo-political situation originated from Ukraine War, the US energy firm Exxon Mobil registered a record-double profit of over US\$ 55 billion in 2023. The Ukraine-NATO conflict has raised the crude prices. The counter attacks in response to the Israeli genocide in Red Sea have already impacted in 40% increase of freight charges. 12% of global trade is carried out through this region. Now the slogan is roaring in Europe: With US, even the Europe is not safe!

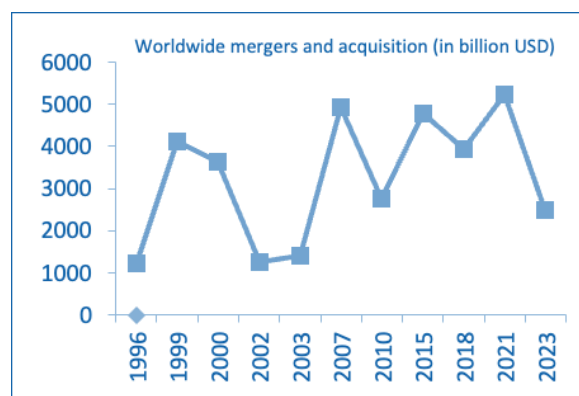
While talking about the Productivity Growth by introduction of new technologies like AI, we must keep in mind that, companies mainly introduce automation in areas that may boost profitability, like marketing, accounting or fossil fuel technology. So, the introduction of new technology will not raise productivity for the economy as whole or try to meet social needs.

d) Monopolisation through Centralisation and Primitive Accumulation:

While the general Rate of Profit falls, the monopolies can extract higher Rate of Profit by setting the Monopoly Profit Rate. Through this process, the Big Companies swallows the smaller one during the time of Crisis and tries to evade the Crisis.

Here we have put the worldwide merger and acquisition chart. It shows that during the years of crisis, the amount of mergers reached peaks; so the merger process also has a periodicity very similar to the other parameters of crisis. And obviously these are integrally linked parameters to assess the dynamics of Capital.

At the same time, monopoly Companies compel the National Governments to hand-over all the Public properties and Natural resources to them in throwaway prices. The imperialist forces loot the natural resources of the World and try to make all National Governments subverted to it. But, we must say, global resistance is also strengthening against these plunders and loots.



Source: World Bank

The Sahel region of Africa with Mali, Burkina Faso, Chad and Niger has formed the Alliance of Sahel States (AES) and came out of the US led regional bloc ECOWAS. This region was treated as the supply ground of precious minerals like oil, gold and uranium for EU and US. Niger supplies 25% uranium need for entire EU. The idea of an "OPEC for lithium" has come up, with Argentina, Bolivia, Chile, and Brazil potentially creating a cartel to coordinate production and pricing. All these are resistances against the primitive loot of imperialist Capital. Another very significant trend can be seen through the critical examination of the World Inequality Data.

The data reveals that, since 2008, the share of income of top 1% has remained almost same i.e. 21%; but the share of top 10% has fallen from 56.6% to 53.5%. This clearly shows that, top 1% is squeezing even the rest of the top 10% of the World; Centralization process of Capital is undergoing within the top 10% also and the predatory nature of Monopoly capital is getting exposed. Another important feature that emerging out of this data is that, the Rate of Accumulation by the top Monopolies is not slowed down during any segment of the mentioned period, be it Critical or normal!



Source: World Inequality Database

e) The Attack on Working Class:

Along with the previously mentioned factors, the creation of massive unemployment, reduction of wages, extension of working hours, and transferring the burden onto the working class are the most common and favored mechanisms used by the capitalist class to recover from economic crises.

In recent years, the global unemployment rate has hovered around 5%, with an additional two million workers losing their jobs in 2024. The global youth unemployment rate stood at 13% in 2023, affecting approximately 64.9 million young individuals. In May 2024, while part-time jobs in the U.S. increased by 286,000, full-time employment declined by 625,000.

This has led to a significant rise in the number of Americans holding multiple jobs, reaching 8.4 million—a rise of 3 million since 2020—as people increasingly need more than one job to make ends meet. Many other advanced economies are experiencing similar trends, with the quality of employment degrading over time.

As we advance into 2025, the global workforce is facing unprecedented challenges and transformations. The transition to digital and remote workspaces has accelerated dramatically, with projections indicating that by 2025, about 36.2 million Americans will be working remotely, marking an 87% increase from pre-pandemic levels. However, these changes have not necessarily resulted in job security or improved job quality.

The global unemployment rate remains steady at about 5%, while the youth unemployment rate is significantly higher at 13%, underscoring the structural barriers young people face in securing stable employment. The mismatch between available jobs and workforce skills is evident, with only a quarter of the workforce feeling adequately prepared for career advancement, highlighting issues of mal-employment and underemployment.

The rampant introduction of various new forms of non-regular work forces like Apprentices, Trainees and many others is also being weaponized by the ruling class to extract more surplus and push the working people to further precarious situation.

The International Labour Organization (ILO) Report on Trends 2024 indicates that real wages have declined in most G20 countries, with the number of workers living in extreme poverty growing by about 1 million globally. The decline in wages is also apparent in the falling labour income share, which decreased globally by 0.6 percentage points from 52.9% in 2019 to 52.3% in 2022 and has since remained flat. These trends underscore the challenging working conditions faced by the global workforce, as the world deals with the long-term impacts of economic disruptions. The ILO further predicts a decline in labor market participation rates in 2025, with global unemployment expected to rise by 2 million.

These labor market imbalances are structural rather than cyclical in nature. These conditions represent a capitalist onslaught aimed at extracting more surplus from labor and reducing its bargaining capacity by fostering precarious employment and unemployment.

f) Threats to Social and Economic Equity

The issue of social and economic equity remains a pressing challenge on the global stage. As we progress through 2025, the global economy is projected to experience modest growth, hovering between 2.8% and 3.3%, according to institutions like the World Bank and IMF. Such growth rates are below the historical averages, pointing to underlying vulnerabilities and persistent uncertainties in the economic landscape. These economic conditions exacerbate existing inequalities, as wealth continues to concentrate in the hands of a few. The global North, with only 21% of the world's population, controls a staggering 69% of private wealth, highlighting the asymmetric distribution of economic power.

In light of these challenges, there are signs of resistance and adaptation. Countries are increasingly exploring economic models that reduce reliance on the U.S. Dollar, a concept known as "de-Dollarization," which could potentially rebalance economic power globally. Additionally, efforts like the proposed formation of a lithium cartel by South American nations suggest a strategic move towards asserting control over critical resources and resisting economic exploitation by more developed nations. Despite these promising developments, the path to achieving true social and economic equity is fraught with obstacles. Substantial systemic changes are essential to address these disparities effectively, requiring collaborative global efforts and innovative policy solutions that prioritize inclusive growth and equitable resource distribution.





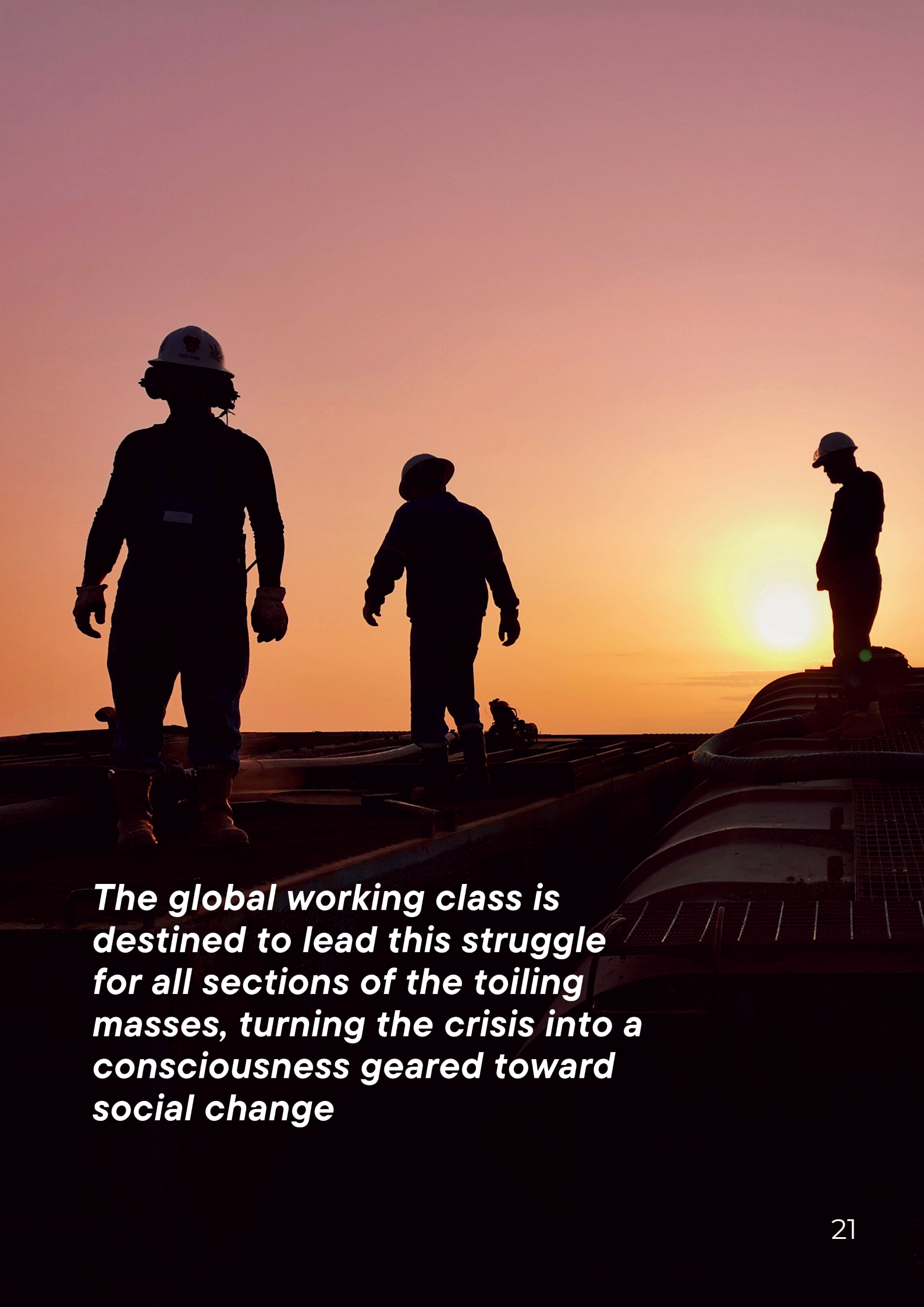
The Road Ahead

We have identified the major trends in the global economy, the ongoing crisis, the ruling class's responses, and the political ramifications. In the modern era, far-right and neo-fascist movements represent a global order in which financial interests transcend national boundaries, while economic recessions deepen as the crisis centers continuously shift.

The vacillations, compromises, and failures of liberal democratic forces create fertile ground for far-right movements worldwide. These far-right groups are capitalizing on the anti-establishment sentiments of the populace. Workers in the global North are also being significantly affected. The protectionist policies exemplified by figures like Trump aim to win over the poorer segments of the U.S. electorate by positioning immigrant workers as adversaries. Essentially, neo-liberal democracy and neo-fascist regimes now coexist, manifesting sporadically around the world. Achieving a permanent resolution of the contradictions between the neo-liberal and neo-fascist orders and the people requires a radical transformation of the social order. Meanwhile, we must advance the struggle for alternative policies beyond the neoliberal framework.

Workers in the global South must integrate their struggles with those in the North. We need to organize workers across different stages of production, located at various points along the value chain, commodity, and company lines, to mount international movements capable of countering the power of capital—striking it at all points along its length.

In this spirit, we must coordinate our daily struggles into a unified and strategic effort against international finance capital—there is no solution to the crisis within the current capitalist framework. The global working class is destined to lead this struggle for all sections of the toiling masses, turning the crisis into a consciousness geared toward social change.



The global working class is destined to lead this struggle for all sections of the toiling masses, turning the crisis into a consciousness geared toward social change



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1 (B)

**NATIONAL ECONOMIC &
POLITICAL SITUATION**

A.

NATIONAL SITUATION EXPERIENCES & TRENDS

As we navigate through a complex global landscape characterized by the systemic crisis and its impact, it becomes increasingly vital to assess and understand the specific dynamics shaping India's national context. With the NDA governing for a third term, the interplay between these international patterns and domestic challenges—such as intensified economic disparities, communal tensions, and strategic privatization—demands astute attention and robust response.



Against this backdrop of global trends, we must identify the parameters and patterns specific to India as we convene for our 10th National Conference. The NDA has once again formed the government

at the Centre, marking their third term in power. However, the election results have provided some relief, as the BJP did not secure an absolute majority on its own.

This outcome reflects a significant shift in the political landscape, suggesting a rejection of the perceived invincibility of Modi's image as constructed by the corporate media. It is a moment that highlights the collective consciousness and resistance of the Indian populace, providing a renewed sense of confidence across the nation.

The collective consciousness and resistance of the Indian people have fostered a heightened confidence across the country. The results, particularly in the Hindi heartland, have been significantly influenced by popular discontent and organised resistance led by farmers. This was further bolstered by movements involving other societal segments, including students and youth, women, Dalits, Adivasis, and other marginalised groups. These results demonstrate that the fascistic corporate-communal nexus can be challenged, stalled, and even halted if issues of livelihood are brought to the forefront of socio-political discourse.

Nevertheless, there is no room for complacency, as the third term of the Modi Government has already shown itself to be more desperate and treacherous than its previous iterations. The government is frenziedly pushing to implement the Labour Codes and has already enacted the BNS (Bhartiya Nyay Sanhita). Privatisation efforts, as seen through the National Monetisation Pipelines in sectors like electricity, telecom, mines, railways, highways, ports, and docks, are rapidly accelerating.

During this period, communal hatred and attacks on minorities have surged. The ruling forces are attempting to exploit identity politics to fracture and disintegrate the people's voice. Meanwhile, the working class and other segments of the toiling masses are increasingly being pushed below the subsistence level of the economy. Thus, the challenges will intensify, and contradictions between the corporate-communal nexus and the people of India will sharpen.

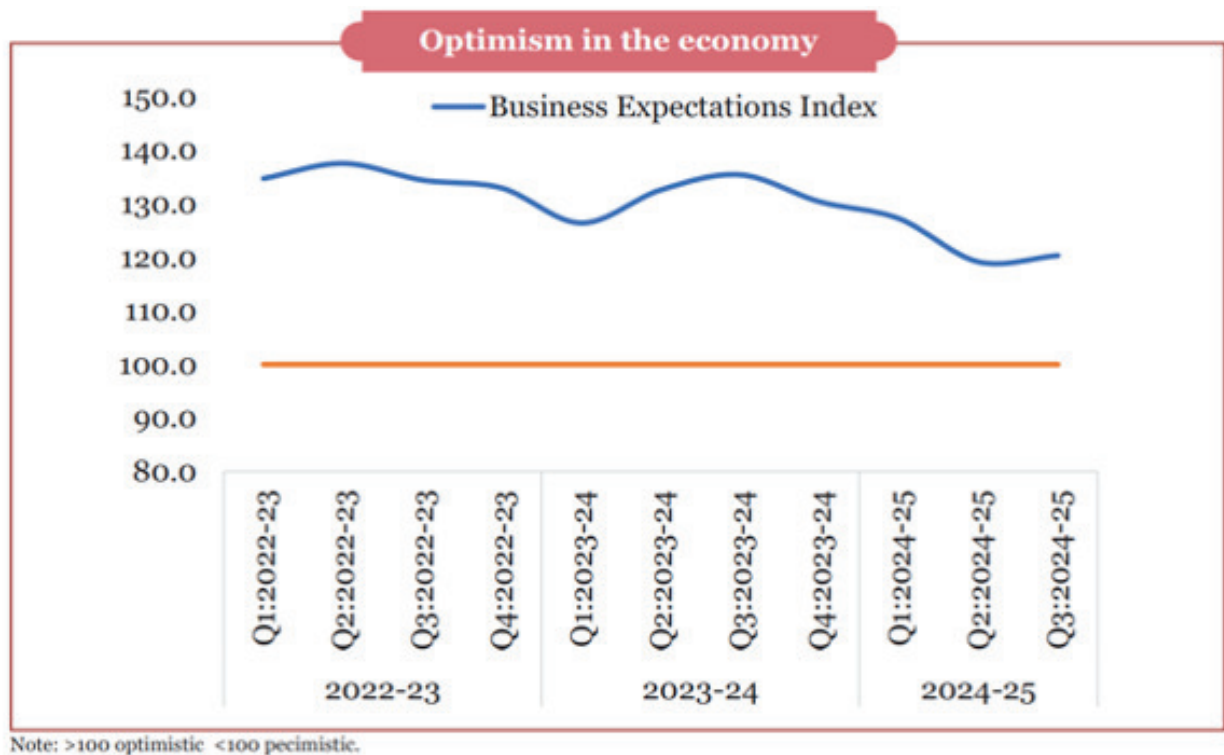


In this socio-economic and political reality, let's first provide a brief overview of past struggles along with some broad future pathways:

1. The worsening subsistence-level crisis is affecting larger sections of the population, including the middle-income group.
2. This crisis is expanding and intensifying the conditions for broader popular resistance.
3. Experience shows that only through resistive movements can the masses be mobilised into collective action. Building organisations in current times is integrally linked with the imagination, scope, and militancy of the movement.
4. Struggles should focus on concrete, case-specific resistance and defiance.
5. The success of the Kisan struggle indicates the potential for diverse local-level, community-based resistance to neo-liberal onslaughts, provided sincere effort is made.
6. A community-based approach to working-class resistance can be developed by organising consumers of various service sectors through our employees.
7. Workers and employees should be organised in their residential areas to build a community-based structure. Long-term socio-cultural initiatives in working-class residential areas should be prioritised.
8. Organising the most dynamic segments of the working class, particularly non-regular workers in organised and strategic sectors, should be a top priority at all levels.
9. The suppressed anger and frustration within young workers and unemployed youths should be channeled into militant struggles.
10. Our independent strength and actions can attract other trade unions towards united struggles.
11. Joint actions with agricultural workers and peasants should extend beyond solidarity to real united actions on specific local issues.
12. Strengthening the left through the advancement of alternative policies is the only way to alleviate the plight of people amid systemic crises.
13. Continuous collective interventions and campaigns must be intensified against the divisive communal machinations by the RSS and its affiliates. Our task is to raise public consciousness and isolate hate-mongering forces.
14. All activities should be linked with transformative politics, aiming to turn the crisis towards a heightened consensus and praxis for social change.

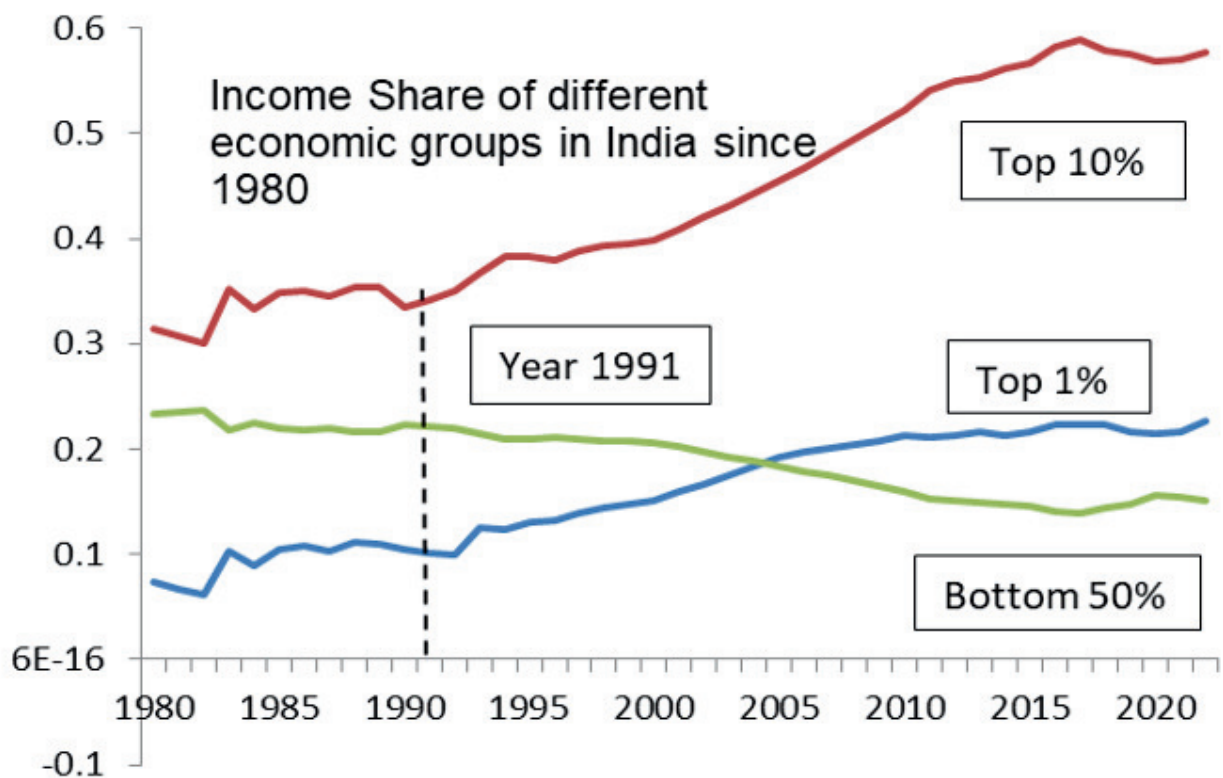
B.

WHY THE DROWNING OPTIMISM IN INDIA'S ECONOMY



All popular media outlets, business community spokespersons, and even government institutions, including the RBI, are repeatedly highlighting that India's private sector investment is not exhibiting its "animal spirit," leading to bleak economic growth prospects. The Economic Survey 2025 indicates a decline in the Business Expectation Index.

Conversely, the same Economic Survey reports that corporate profitability reached a 15-year peak in FY24, driven by robust growth in the financial, energy, and automobile sectors. Among Nifty 500 companies, the profit-to-GDP ratio surged from 2.1 percent in FY2003 to 4.8 percent in FY2024, the highest since FY2008. Simultaneously, the RBI continues to emphasize that without a boost in domestic consumption, the projected growth rate cannot be achieved. This presents a contradictory situation where profits are soaring despite a fall in consumption, and despite rising profits, investment levels remain stagnant. To address this issue, let's first examine who the so-called 'consumers' are in today's India.

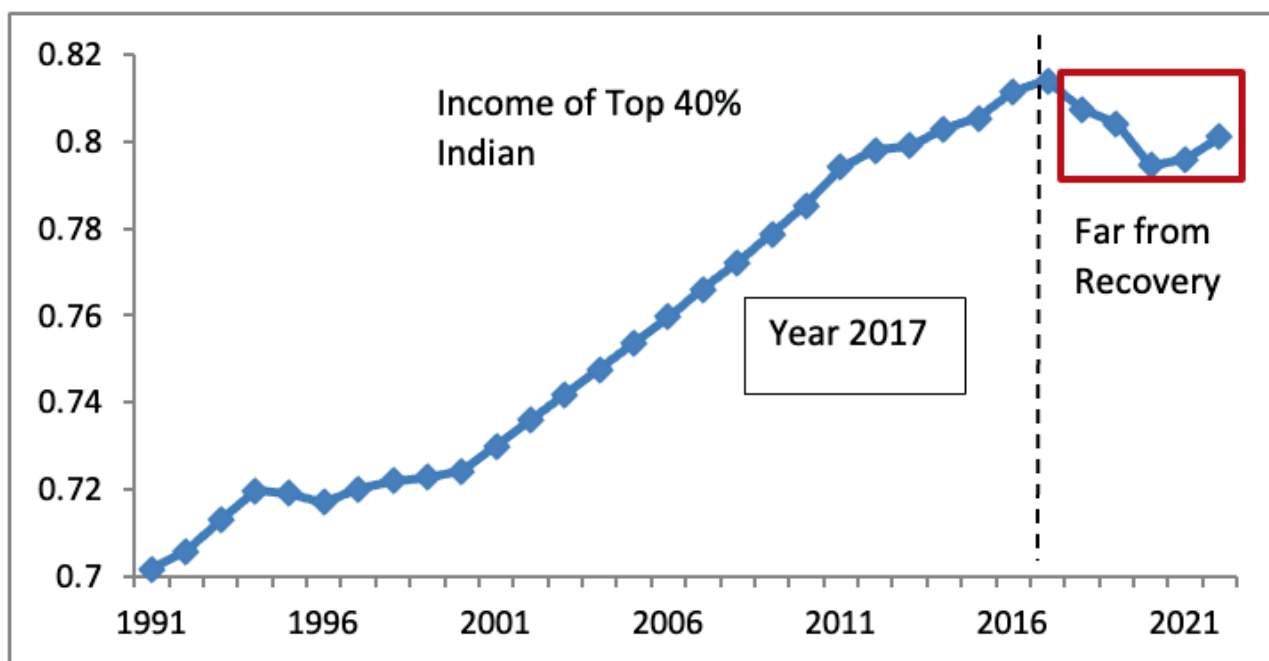


Source: the World Inequality Data Base

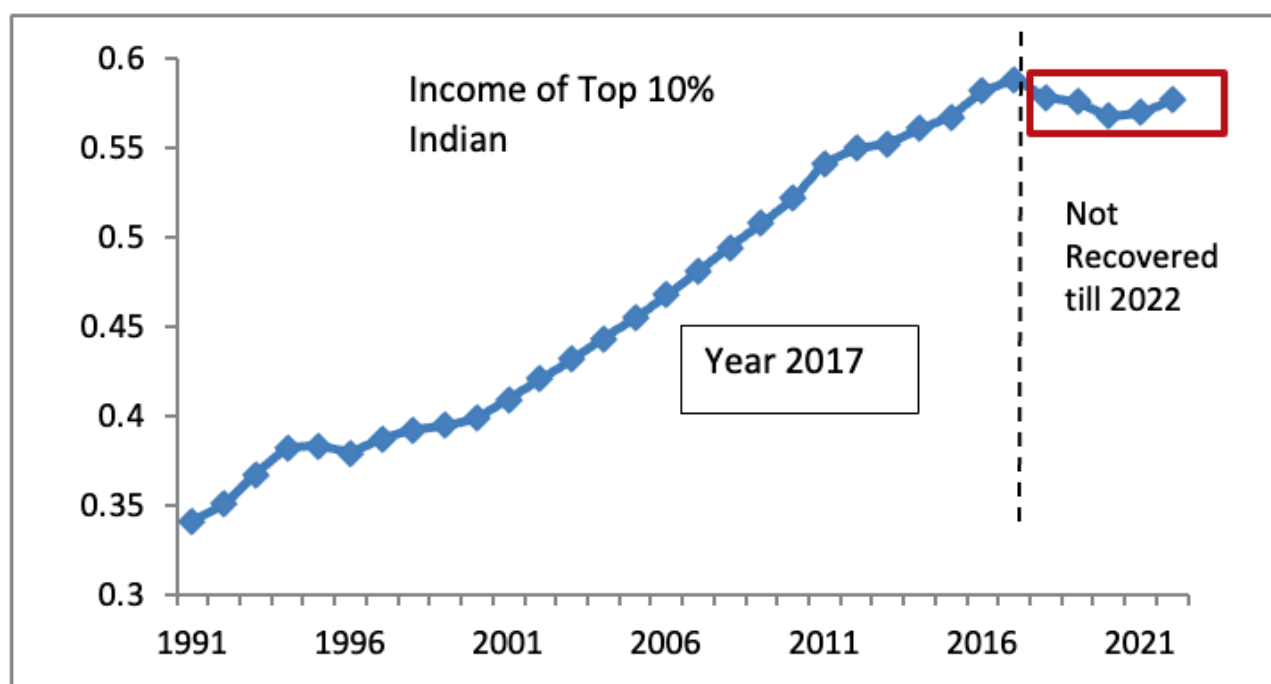
a) The Neoliberal Consumer Classes of India: The graph above clearly depicts the impact of neoliberalism in India since 1991. Prior to 1991, the income share of the bottom 50% was significantly higher than that of the top 1%. After the introduction of neoliberal policies, the income share of the top 1% steadily increased, while the income share of the bottom 50% declined rapidly. Around 2004, the income share of the top 1% surpassed that of the bottom 50%. Throughout this period, the income share of the top 10% of the population rose consistently, reaching nearly 60% of the total income.

Undoubtedly, the bottom 50%, representing India's laboring population, is in a precarious condition, struggling to secure merely subsistence-level income. As a result, their consumption capacity has steadily decreased over the years. Since their consumption primarily involves inelastic goods, such as food, clothing, and basic necessities, there hasn't been a drastic fall, though they are increasingly pushed towards inhumane, below-subsistence-level conditions.

The following charts will demonstrate that the top 10%, and even up to the top 40%, have benefited significantly from neoliberalism, with their incomes increasing steadily during this period. They constitute the middle-income consumer class of India, frequently purchasing high-priced goods produced by large monopoly companies.



Source: the World Inequality Data Base



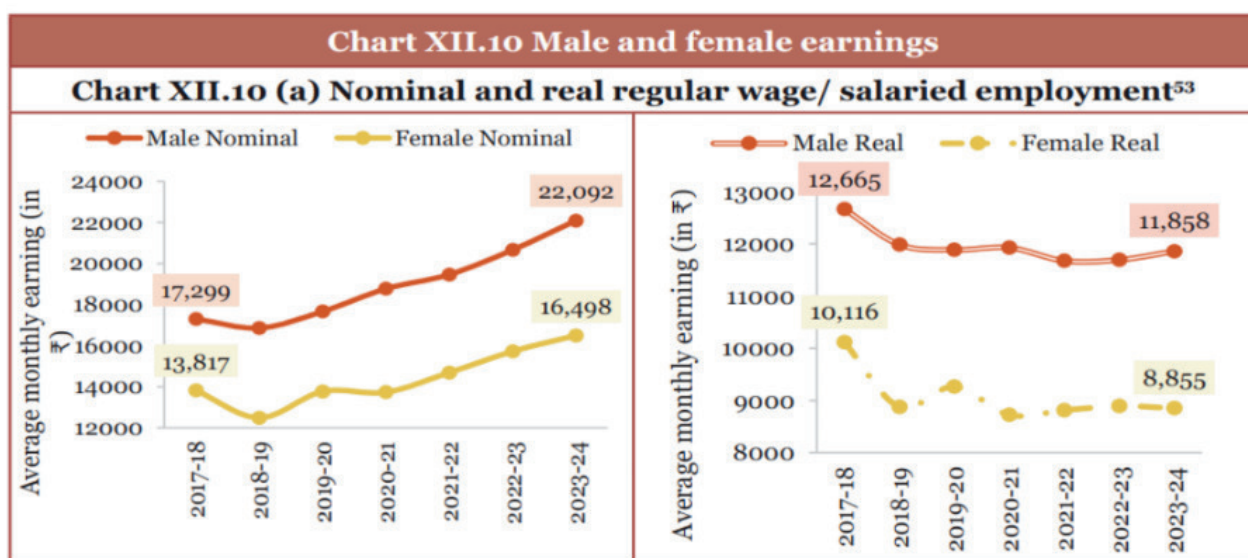
Source: the World Inequality Data Base

b) The Crisis Crippling Neoliberal India

The average monthly family income of the top 10% of the population is around Rs 4 lakhs. This indicates they are high-paid employees, upper-middle-income service providers such as doctors, established advocates, middle-income businessmen, and other employer classes. The average monthly family income of those between the top 10% and the top 40% hovers around Rs 50,000. They are also prolific consumers.

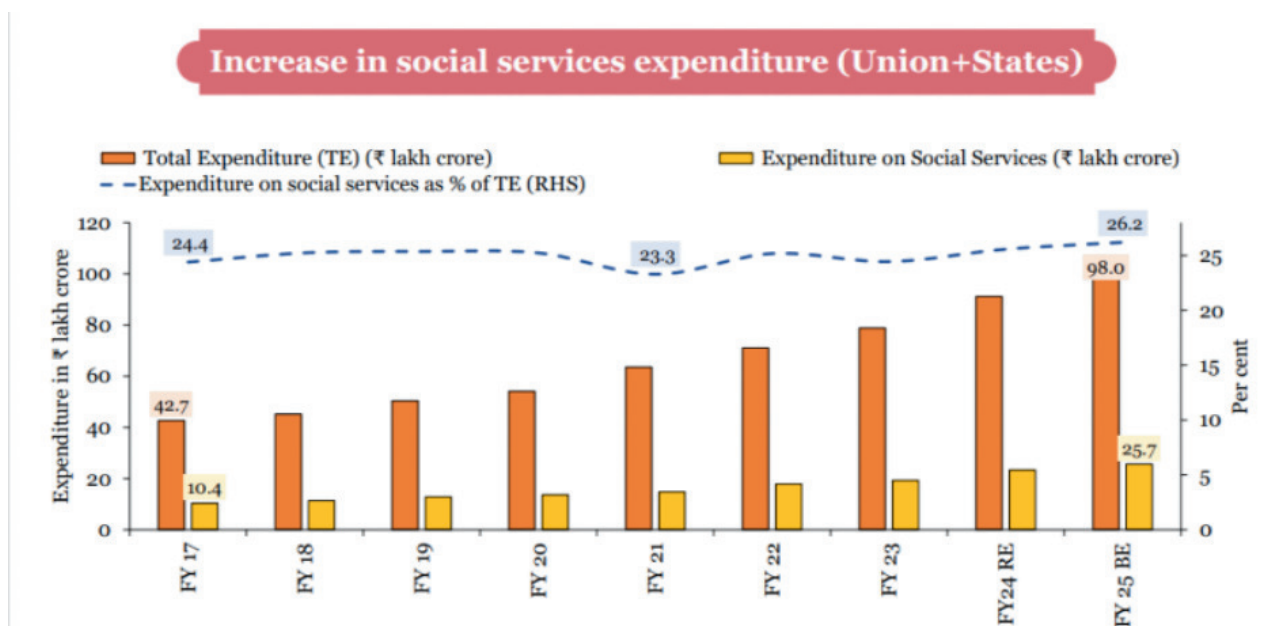
However, as the graph shows, the income of the top 10% of consumers began to fall in 2017 and has not recovered as of 2023. The income of the top 40% has significantly dipped and remains far from recovery. Consequently, the consumption of high-priced goods is declining, highlighting a consumption crisis under neoliberalism.

The next question is why the income of this middle-income group is falling. These individuals are employees of large corporations and government institutions or belong to socio-economic sectors providing high-paid services to these groups. Through the process of surplus extraction from the bottom 50% of the population, these groups were receiving a comparatively higher share of wages. Meanwhile, contractual or other non-permanent workers in the same companies used to receive only a tiny fraction of their salaries.



The Bottom 50% in Inhuman Conditions: Now, the bottom 50% is virtually submerged below the subsistence level; wages have not increased for several years and, in real terms, are decreasing. The following figure illustrates the decline in real wages for regular salaried employees in India. Certainly, there is very little scope to further enhance the rate of surplus extraction from this segment and, thus, to raise the rate of profit.

Actually, the Central and State governments are transferring direct cash through various schemes to provide bare minimum financial assistance for survival and to quell the growing dissent among the population. Due to continuous struggle, the governments are compelled to increase spending year after year. Obviously, these measures are intended to enable the employer class to extract even higher rates of profit from them. Thus, the impact is also affecting the comparatively high-paid sections of the working class, reducing their consumption capacity.



c) Raise the Productivity

Another approach is to raise productivity, reduce the workforce, and thus lower input costs, while simultaneously maintaining commodity prices to amass higher profit rates. However, the reality is that there was a 2.38% drop in India's productivity growth in 2022-23 compared to 2021-22. India is also lagging in developing AI and related technologies, despite the loud proclamations of Atmanirbhar Bharat! Certainly, despite receiving massive incentives, private corporations are not investing in upgrading machinery and increasing productivity.



C.

THE NEXT QUESTION IS

If India's consumer class is not consuming voraciously and there is no growth in productivity, how are profits soaring?

Centralization is the Only Truth of Capital: A detailed study of the top 500 listed companies in India reveals a dangerous level of oligarchical monopolization even within the top 500.

Top 500 Listed Co.	Market share of Top 500 (%)	5y average Profit gr (%)
Top 10	25.46	33.68
Top 50	54.04	19.23
Rest 450	45.96	9.19

So, for the top 10 companies, the growth of the rate of profit is very high, for the top 50 companies also, it is high and for the rest 450, it is comparatively low. In the question of employability, the low capital-intensive companies employ more. So, the higher share of the profit of the Indian Corporations are absorbed a small group of companies.

Actually, there is ongoing tremendous concentration of wealth even within the top 10% of India's rich. The infamous Big-5 reigning India's corporate world is Reliance group, Tata group, Aditya Birla group, Adani group and Bharti Telecom. These 5 groups hold more than 20% of India's non-financial assets.

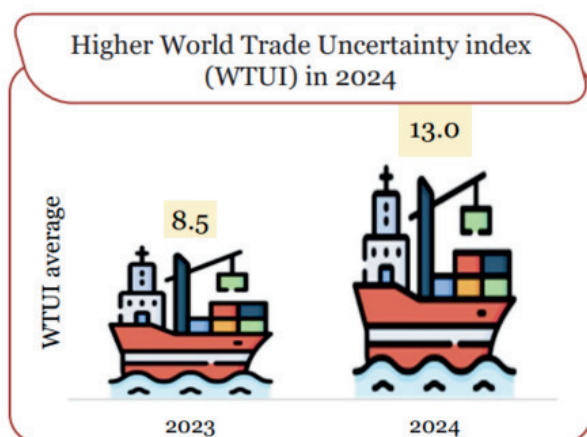
To compete with them, the rest of the companies are becoming desperate to curb the benefits of their comparatively affluent sections of the employees also and thus the capacity of the consumption of this group is coming down. The Income Tax rebate of Budget 2025-26 is nothing but to address the problem.

But with the increased competition, the companies are not much interested to invest in production and thus private sector investment is not coming.

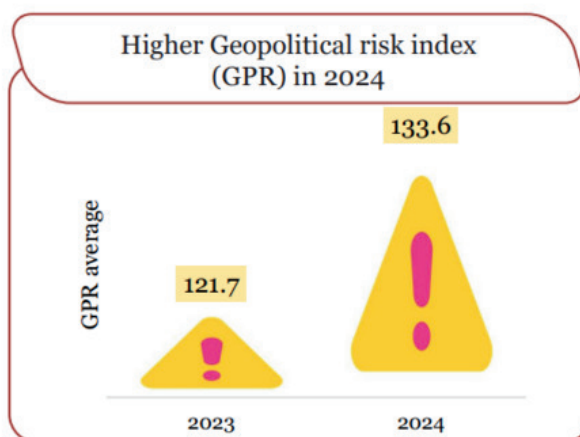
The other three main Capitalist techniques to recover from this critical situation are:

a) Increase export and trade: One way of restoring the growth of the Market in neo-liberalism is to enhance the export based growth. But, with the increasing geo-political conflicts and surging protectionist moods of the developed countries, the scope of export based growth is reducing in India. On the other hand, the import components are growing more rapidly than the export and there is almost no scope of sustainable recovery. Following diagrams will explain it clearly.

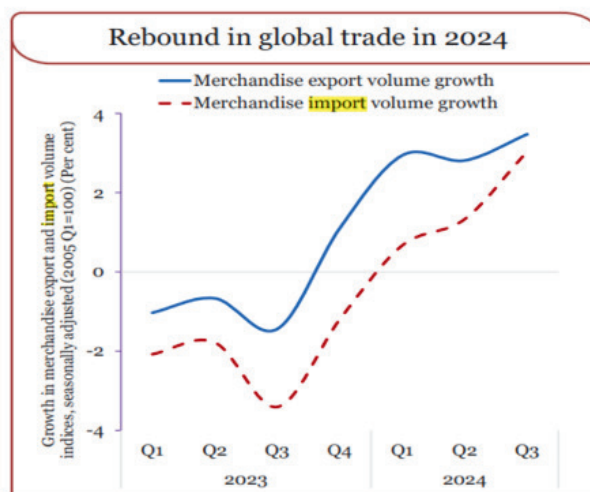
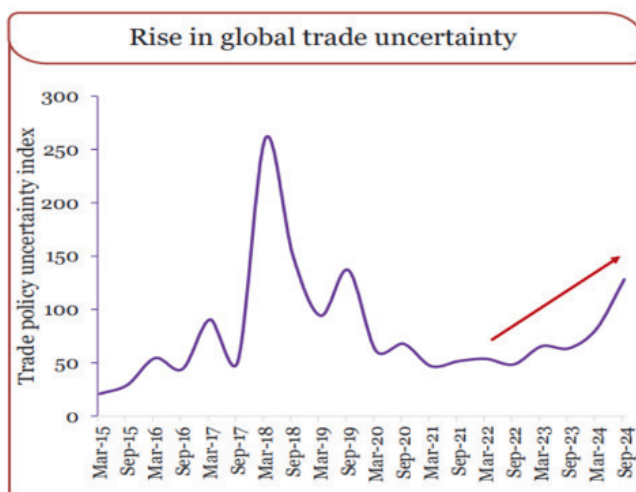
Elevated global uncertainties



Source: Economic Policy Uncertainty <https://www.policyuncertainty.com/gpr.html>



Source: Economic Policy Uncertainty <https://worlduncertaintyindex.com/data/>



b) Government Expenditure in Infrastructure, Gift-Over of Public Money and National Assets to Private Entities:

Another approach to keep the economy rolling is through government expenditure. However, government funding comes either from taxes or by increasing the fiscal deficit. Neoliberal policies typically do not allow governments to pursue either of these options.

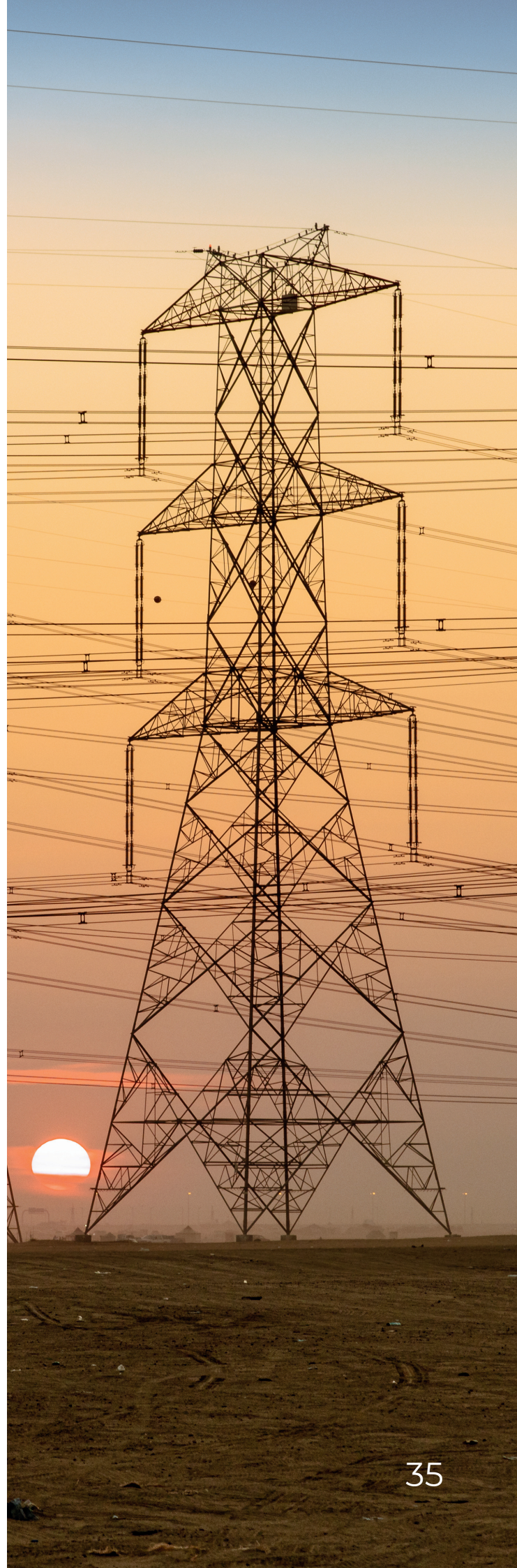
Nevertheless, the Modi government is exploring all possible ways to expand government support to corporations. Simultaneously, it is transferring national assets to its corporate allies for free.

- Significant investment is sanctioned in infrastructure, particularly in highways, railways, and urban development sectors, which are slated to be handed over to private corporations through the National Monetization Pipeline (NMP). Three companies, L&T, Megha, and Tata, hold the majority market share in the construction industry. The Aditya Birla Group and the Adani Group are major cement producers, while Tata dominates the construction rod industry.



TRANSFERRING NATIONAL ASSETS TO CORPORATE ALLIES

- The second feature is the transfer of India's vast natural resources and national assets, including the electricity sector, to foreign and national private players (to be discussed in detail in the Industry Part).
- The third feature involves gifting public money to private corporates under various incentive schemes. The Production-Linked Incentive (PLI) scheme is India's key industrial policy with an outlay of Rs. 1.97 lakh crore over five years; Capital Investment Incentive and Employment Linked Incentives are other routes for directly transferring money to corporates.
- Recently, loans amounting to Rs 2.14 lakh crores were written off in 2023 alone, totalling a gigantic Rs 15.32 lakh crores during the Modi era.
- Liberal writing off of corporate loans and resolution of loan default-related bankruptcies via the Insolvency Bankruptcy Procedure in the name of haircuts.



Despite these boons from the national exchequer and national/natural assets, they have not added anything substantial to the country's economic health. On the contrary, the purchase of financial assets by non-financial companies in the corporate sector amounted to Rs 9.9 lakh crores in 2022-23. The numbers indicate that corporate income growth is not being channeled towards employment-generating investment but rather towards speculation, which further dampens the domestic demand and employment scenario.

c) Attack on Labour and People: As the crisis deepens, the attacks on the collective rights of workers to unionize become more grievous. The heroic battle of the Samsung India workers in this regard can be recalled.

The government is now desperate to notify the Labour Codes to strip away the remaining hard-earned rights of the workers. The ruling class's conspiratorial attack on labor to shift the crisis burden is threefold: first, by informalizing the formal sector; second, by increasing the use of automation and artificial intelligence in manufacturing, rendering the existing workforce redundant; and third, by enhancing dependence on the GIG and service sectors in the economy.





Informalization of Employment: The most pressing matter in today's labor movement is to acknowledge, internalise, and reorient our plan of action to address the rapid informalization of employment relations. The share of contract workers in the total workforce in public sector manufacturing and engineering industries has already exceeded 50 to 60 percent, and in certain sectors like petroleum, BHEL, Powergrid, NTPC, and NHPC, it has reached over 70 to 75 percent on average or more.

Additionally, a newer and more fragile form of labor force is emerging in the form of apprentices/trainees through various government-sponsored schemes. Permanent workers are conspicuously reduced to an insignificant presence, even below 10% of the total workforce in some industries. Over and above that, the new labor code is set to legalize fixed-term employment in perennial forms of work, further attacking the scope of unionisation.

These forms of non-regular workers, working for very meager amounts, having no labor rights or security, and allowed to work only for a stipulated tenure, can be cast off into the uncertain market of unemployment at the whim of their employers. This workforce, armed with the knowledge and skills to operate the most modern technologies and machines, is emerging as the most vulnerably exploited link in current production relations. They may rise as the most promising force to strike back, provided they are organised and brought into the leadership of the mainstream movement.

The Corporate desperation for more Surplus Extraction: In the relentless pursuit of profit maximization, corporate leaders are intensifying efforts to extract greater surplus value from their workforce. This extraction primarily manifests through the extension of working hours, compelling employees to work longer shifts with minimal additional compensation.

This relentless drive for increased profitability has led to a significant rise in industrial accidents. Every day, approximately three workers lose their lives in Indian factories due to unsafe working conditions exacerbated by extended hours. Unfortunately, these tragedies underline a systemic negligence towards industrial safety standards and employee well-being.

Moreover, severe lapses in safety and security arrangements are evident across various sectors, including electricity lines, mines, and manufacturing plants. Essential safety protocols are either inadequately enforced or entirely absent, leaving workers vulnerable to hazardous environments. The pursuit of profit should never come at the expense of human lives, yet the current trends suggest a troubling disregard for workforce safety in the race for economic gains.



The Effect on the State of Indian People: Employment Scenario – What is Reality?

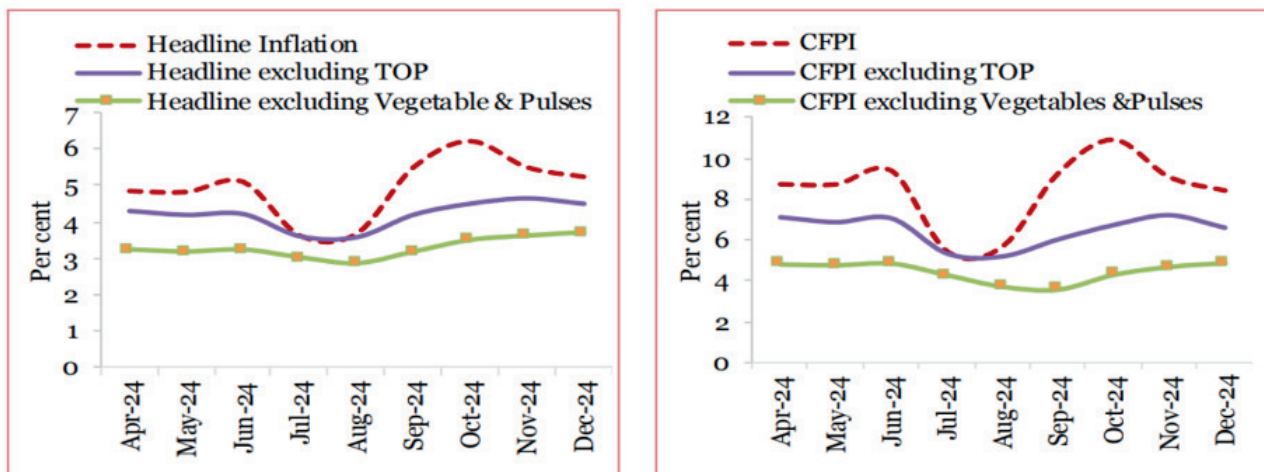


The Citigroup report for 2024 has unambiguously revealed that India will not be able to provide jobs for its youth over the next decade, even if the economy grows at a rapid pace of 7% without interruption. An analysis of official data shows that about 46% of the workforce is still employed in the low-productivity agriculture sector. Only 21% in India had regular jobs in 2023, compared to 24% before the pandemic. The most badly hit are the MSME sectors.

The proportion of self-employed workers in the workforce has risen from 52.2 percent in 2017-18 to 58.4 percent in 2023-24, with an average real per capita earning that has decreased from Rs 9,454 in 2017-18 to Rs 8,591 in 2023-24. With microfinance loans, the whole population is being increasingly pushed to a destitution level while striving to meet the necessity of bare minimum subsistence. Household debt surged to 5.8% of GDP in FY23, marking the second-highest annual increase since Independence, with the highest growth at 6.7 percent of GDP in FY07.

Inflation: The state of the people is further degenerated by the blow of unbridled inflation, which is disastrous, especially in the essential commodity sector. The following diagram will explain how inflation, particularly food and headline inflation, is repeatedly surging during this period.

Headline and food inflation driven by few food items



Poverty and Distress: The UNDP has estimated that 228 million people (16% of the population) in India are poor, earning less than Rs 1,268 per month in urban areas and Rs 1,089 per month in rural areas. Still, this is a gross underestimation.

Undoubtedly, the state of the economy is not in good shape, and the RSS-led Modi government is trying to divert people towards their communal line. The state is sponsoring attacks on minorities and attempting to sow seeds of hatred among the new generations. It has paralyzed all democratic and autonomous institutions.



D.

TASKS BEFORE US

The task ahead of us, the task that emanates from our political responsibility and constitutional objective, is to fight this corporate-communal nexus and their fascistic government at the Centre with our full strength and conviction. This task opens up two simultaneous fronts of battles before us.

a) Resist Attack on Constitution and All Democratic Institutions:

The government has unleashed an unprecedented degree of aggressive authoritarianism in political governance, reducing the Indian state to a corporate-communal Raj. Long imprisonment without justice is a regular phenomenon in today's India.

The RSS has swallowed all the instruments of parliamentary democracy and autonomous/democratic institutions, and constitutional values are being severely undermined. Notorious communalisation of the police and other state agencies under the dictate of the head of the state is ongoing. The Prime Minister, serving his third term, is reluctant to even visit the burning Manipur.

The federal structure is almost subverted by the Centre. We must take special note of the LDF Govt in Kerala, which is practically flowing against the current of the all-round neoliberal onslaught and blatant and brutal discrimination by the Central Government on all counts. The central government is not releasing even the constitutionally allocated share of resources admissible to the state government in a federal structure. The battle of Kerala people against the Centre's injustice is a struggle for democracy and the safeguarding of federalism and the constitution.

We must understand with full conviction that no trade union right will remain if we can't protect the essence of our democracy. The struggle to uphold the Directive Principles of our Constitution should be made an integral part of our trade union activity.

b) Resist communalisation of Society:

Secondly, there are communal-diversionary mechanisms implanted by the RSS to distract people from their real livelihood agenda. They are communalizing Indian society at its core, creating a permanent rupture in the diverse fabric of Indian populace. Communal hatred, irrationality, and backwardness are increasingly gripping the minds of workers.

Socially oppressed sections of people—Dalits, Adivasis, and minorities—are increasingly becoming prey to attack, humiliation, and discrimination. There is no shortcut to fighting this. Certainly, united militant class action is the only antidote to this religious-jingoist fanaticism. Building conscious mass unity across exploited classes, toiling masses, and all oppressed and marginalized sections, with an intention to activate the huge section of apparently dormant or fanatically impacted population into a vibrant, conscious, progressive political force, is the task before us.

c) Working Class Assertion in All Spheres of Life is the Task Before Us:

To awaken, educate, empower, and organize the masses requires consistent, honest, passionate work among the people with revolutionary zeal and firm patience. This work should have short, middle, and long-term organizational perspectives with an ideological focus to establish the working class as a leader of society, as an instrument to defeat this neo-liberal-neo-fascist force, and as a driving impetus for social transition.

The agitations on the street should emerge as an expression of people's anger and resistance against this corporate-communal nexus ruling at the Centre—to save the people and save the nation.

In the face of these profound challenges, the path forward demands unwavering commitment and solidarity. By channelising the growing consciousness and resistance of the Indian populace into organized, transformative movements, we can advance towards a future that prioritizes equity and justice. Together, we must strive to dismantle oppressive systems with heightened consciousness and spirit.

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