

Statistical Jugglery, Reverse Redistribution and Corporate Absolutism*

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I have become tired of quoting Benjamin Disraeli on three kinds of lies – lies, damned lies, and statistics, because all the governments since the launching of neoliberal reforms in India have practised it. There are two major areas where statistics have been manipulated by the central government. First, they have manipulated the rate of growth. The highest estimated rate of growth of GDP or national income for the previous year was given at the time of the presentation of the Economic Survey and the budget, because a supposedly high rate of growth would please the big investors, and hence stimulate the stock market. Then, when the reality could no longer be hidden, the estimate would be revised downwards, and finally the Central Statistical Organization (CSO) would come up with its estimate, which would generally turn out to be the lowest.

The second kind of lies that would be spread through the budget concerns the state of the poor: estimates of the proportion of the poor would be underestimated and the budget would rarely concern itself with the undernourishment and hunger suffered by the majority of people of this great democracy.

Let us first look at the kind of statistical jugglery that has been practised.

In the 2004-05 series of National income, repairing was grouped with trade, hotels, transport and communication and repairing was grouped with ship-building as part of transport. In the new series, a separate group has been created, namely, transport, storage, communication and services related to broadcasting. Moreover, new data sources have been employed such as MCA21 which has data from the e-governance initiative of the Ministry of Corporate Affairs (MCA). Other kinds of tricks have been used, such as distinguishing between gross value-added (GVA) of head offices, ancillaries etc. instead of clubbing them under the actual enterprises. By these means, while the previous 2004-5 series yields a growth rate of GVA at factor cost of 4.7%, and of GDP at market prices of 5.0% for the year 2013-14, with the 2011-12 series these growth rates in the same year went up to 6.6% and 6.9%, respectively. According to the Economic Survey for the full financial year, 2014-15 the economy will grow at 7.4 per cent, making it the fastest growing economy in the world. We will have to wait and see whether this corporatist dream is realized, because make no mistake, even according to the current methodology, most of the growth will accrue to the corporate sector, leaving the rest of the people to lick whatever trickles down from the heights of Mukesh Ambani's Antilla, and other Godzilla-like palaces being planned by the corporate honchos.

The Modi government is keen to privatize most of the public sector units and hand them over to foreign enterprises. [Foreign direct investment \(FDI\) has been invited into the railways](#) – a move that even the British colonial government had interdicted in the nineteenth century, when they brought all major railways into the public sector. Another major sector targeted by this government for privatization is our remarkably successful public sector banks (PSBs), - according to most criteria of profitability and the residual social welfare functions they are made to perform. As Soumya Ghosh, Chief Economic Adviser of the State Bank of India, [has pointed out](#), 'For the decade

ended FY14, cumulative capital infusion into PSBs was at Rs. 60,000 crore, but the dividend payout (at 20%) was roughly Rs. 64,000 crore and the cumulative income tax paid was around Rs. 1.30 lakh crore. Thus, on a combined basis, dividend and tax paid to the government was more than 300% during the past decade’.

If capital has been infused into PSBs, the sum is much, much lower than the \$127 billion injected into the Chinese system and the \$172 billion injected directly into the US system. In fact, the latter figure may be a gross underestimate, if we take into account the costs of bail-out of US banks and finance and insurance companies. Moreover, for one of the sectors the government emphasises for delivering development, namely, infrastructure, the PSBs are by far the biggest lenders. Again for the [Dhan Yojna scheme](#), which is a pet project of the Modi government, PSBs are responsible for opening more than 80 per cent of the number of accounts opened. But the cost of opening these accounts is far higher than that of opening normal accounts. Moreover, there is a major contradiction between this project and the normal accounts of banks, for which they demand in the name of Know Your Customer (KYC), a number of documents that many ordinary Indians are unable to supply. Moreover, many of the rural branches have been closed, so that they then resort to fly-by-night chit funds, and are cheated in their millions.

Thus privatising PSBs in the name of efficiency is only a ploy and is a frontier of corporate absolutism that should be resisted by all democratically minded persons.

This brings me to the danger facing the economy, namely, the competition among major financial institutions in India and abroad for getting a share of the microfinance industry (MFI). According to Atmadip Ray of The Economic Times, this is where the real growth in profitability of major players lies. To quote him, “The MFI industry is well poised for growth given the 42% unbanked population. According to minority affairs minister Najma Heptulla, about 10-crore households — or 42% of the 24.64-crore households in the country — don’t have access to banking facilities. About 45% of 16.76-crore rural households and 33% of 7.88-crore urban households don’t have bank accounts.”

Microfinance in these cases is a new form of money-lending- a form of exploitation created by the exclusion of the poor from formal banks and basic social services – education, health care and food security - that should be universalised with public funding. This brings us to the fiscal problem. India’s super-rich – at most .01 per cent of the population enjoying more than 60 per cent of total income - should be taxed at the rate of 45 per cent of their income (a moderate proposal: Piketty and his collaborators have claimed that high net value individuals should be taxed at the rate of 80 per cent without any deleterious incentive effects). The long-term gains tax should be brought back and the immoral incomes enjoyed by all private health care units, and educational institutions by running them as tax-exempt trusts should be made subject to taxation. That the ordinary people, including the huge numbers who live in slums and squatteries are deprived of basic necessities was amply proved by the way they voted for AAP in Delhi, because AAP promised them cheaper electricity and clean drinking water. The middle classes should join them because otherwise, even the ordinary middle class professional may face unpredictable attacks by terrorists claiming allegiance to some kind of identity such as belonging to a particular ethnic group, allegiance to their version of Maoism, their version of Hindutva or their version of Islam. Such attacks would also justify a more

authoritarian, in fact, fascist style of governance. There is still time to act as democrats and not just as complacent lovers of pleasure at any cost.

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