

## **The Significance of the Transfer Schemes\***

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First the Modi government in its last budget announced a scheme of transferring Rs.6000 per annum per household to a targeted group of small peasants (about 12 crores), obviously with an eye on the coming elections. But the amount promised was so trivial, and the exercise so fraught with non-seriousness of intent (except perhaps to make some money available to local cronies in the election season), that Modi himself has refrained from tom-tomming it in his election speeches. The BJP has gone back instead to its usual game of inflaming communal passions for garnering votes, by fielding candidates like Pragya Thakur.

Now the Congress in its election manifesto has come up with a more ambitious scheme, the NYAYA scheme, which aims to give Rs. 6000 per month to the bottom quintile of households, numbering about 5 crores. The total expenditure is estimated to be Rs.3.6 lakh crores, per annum as against the Modi government scheme's Rs.72000 crores per annum. Even though no details of its financing or execution have been announced as yet, the scheme is meant to be a more serious one.

While any succour for the poor in this country is welcome, there are two obvious problems with the NYAY scheme. The first is that it a cash transfer scheme, and even if we make the assumption that cash transfers will not merely replace existing welfare programmes, but will actually be in addition to such programmes, the scheme amounts to the government's washing its hands off the poor by handing over some money to them, and shirking its obligation to provide universal essential services like education and health. The transfers in this case therefore will simply end up in the pockets of private providers of such services who would jack up the prices they charge.

The second problem is that the scheme is a targeted one. Any targeting creates problems of exclusion. Additionally, it is also highly arbitrary: for example, a household just below the threshold would get Rs.6000 per month while a household just above it, with even a one rupee extra income, would get nothing, which creates unwarranted contradictions among the poor.

Besides, any such targeted scheme amounts in effect to a largesse on the part of the State, an act of favour for which the recipients have to supplicate. This is fundamentally anti-democratic; what should be a universal right, of every citizen to a certain bundle of goods and services that the State must make available, becomes instead an act of charity. A set of universal economic rights incidentally also removes any scope for these contradictions among the poor which targeting generates.

But leaving aside one's attitude to the scheme, a question that needs to be asked is: why are such transfers being suddenly mooted? Modi won the 2014 election talking about "development"; earlier too the talk had always been about GDP growth rates, about India's emerging as an "economic superpower", about "India shining" and so on, but rarely about transfers to the poor. Even the Mahatma Gandhi National Rural Employment Guarantee Scheme which was introduced under the UPA-I government had not been a major talking point during the 2004 election. In other words, it was

taken for granted until recently that a high GDP growth could occur and would ipso facto benefit all. This proposition clearly is no longer credible to the electorate.

The schemes of transfers being mooted in short are indicative of the crisis of neo-liberal capitalism, where the ideology it propagates, namely that it would bring about a rapid development of productive forces to the benefit of all, has lost its credibility.

This fact is also evident in the BJP's recourse to the most rabid communal propaganda, which shows that its earlier promise of "development" now rings hollow and cannot be repeated any more. The people at large are now aware through experience that the "development" slogan will not bring them an iota of relief in the present context (which is marked by a crisis of neo-liberal capitalism).

Put differently, the crisis of neo-liberal capitalism has made one bourgeois formation that has been committed to it resort to rabid communalism to garner support for itself. At the same time this crisis has forced the other bourgeois formation that has also been committed to it, but has been broadly secular in its outlook, promise to revise the neo-liberal trajectory by putting a "human face" to it, through substantial transfers to the bottom quintile.

Such transfers of course, in terms of the resources involved, are eminently feasible; they amount to just over 2 percent of the GDP; but the logic of neo-liberal capitalism precludes any such transfers. This 2 percent of GDP has to be raised either through taxes on capitalists or more generally on the affluent segments of society (taxing the working people to effect such transfers would merely alter the inter se distribution of income among the poor, rather than alleviating poverty), or through an enlarged fiscal deficit, or through a combination of the two. Both these ways of raising resources however are anathema for globalized finance, which is why any government wishing to effect such a transfer will either have to make some alteration in the neo-liberal arrangement (and that in turn will set off its own dialectic), or shift resources from existing welfare schemes, in which case the whole purpose of the transfer will be defeated.

There is a tendency in certain Left circles to argue that the system can provide, and does in any case provide as a matter of course, a degree of succour to the poor, in order to sustain itself, so that welcoming such schemes of transfer, or more generally of welfare expenditure, amounts simply to "revisionism": it only applauds something which is perfectly compatible with the system's viability.

Ironically this view is exactly analogous to that of the proponents of neo-liberalism who also argue that the system is malleable enough to provide succour to the poor, that there are no barriers to such succour which are imposed by its own immanent logic.

When the "trickle down" view had been discredited, the new justification, advanced in the eleventh five year plan document, for the fixation on GDP growth that the neo-liberal regime promotes, was that a high GDP growth would permit a faster growth of government revenue and hence greater welfare expenditure for alleviating poverty. The pretense in other words was that the neo-liberal regime did not impose any immanent barriers upon resource mobilization by the government to alleviate poverty.

If this view were correct then there would have been no increase in the magnitude of poverty accompanying the high GDP growth of the neo-liberal era, no intensification of hunger, no accentuation of the degree of unemployment, no squeeze on the working population that has left its real per capita income even lower than what it had been prior to liberalization. All these have occurred, and they are undeniable on factual grounds, because neo-liberal capitalism is not malleable; there is an immanent logic within it that necessarily produces, alongside growing wealth at one pole, growing poverty at another, so that poverty alleviation, far from being potentially achievable within the system, requires its transcendence.

It is precisely for this reason that measures of relief to the poor that are promised, even by forces whose outlook does not extend beyond neo-liberalism, must be welcomed by the Left, for, given the logic of neo-liberalism, either there would be a renegeing on such promises on their part which the Left can highlight and fight against, or a dialectical process of transcendence of the neo-liberal order which the Left can be instrumental in bringing about.

In fact in the period of crisis of neo-liberal capitalism when the tendency on the part of the corporate-financial oligarchy is to promote a diversionary communal and divisive agenda, any focus on the material conditions of the people's lives, and any programme of effecting an improvement in these conditions, ipso facto acts as a progressive counter-force to the corporate-communal alliance. To the extent that even bourgeois formations, unaware of the contradiction between the logic of neo-liberal capitalism and such a programme of material improvement in the condition of the poor, advocate such improvement, so much the better.

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