

Hegemony: Explorations into Consensus, Coercion and Culture

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India: Development, Hegemony and Liberalisation

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Panel 6

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During the post-Independence period, India has gone through many momentous changes. Economically, it has shifted from a centrally planned, heavily licensed economy to a partially liberalised one, which is more export-oriented and more integrated into the global economy. Politically, complex forces have resulted in a polity that is institutionally weakened but has to accommodate a broader array of demands from different interests. There are many different explanations concerning the nature of these political and economic changes. Against neo-liberal positions, this paper argues that it is crucial to trace the role of different class forces in shaping policy.

A major tension in class relations within India derives from the way that the state is organised in relation to civil society. On the one hand, India is an authoritarian democracy, where the electoral process is secondary to the more significant class and caste-based interests, which are enforced coercively if necessary. On the other hand, the vast configuration of the structures of governance, as well as the substantial economic change induced by the state, have provided access to these mechanisms of power for groups that did not previously enjoy those rights. These mechanisms are increasingly regionally differentiated.

The liberalisation project, which has accelerated in the past decade, creates problems for the ongoing sustainability of the politics of class accommodation. Indeed, liberalisation has led to growing disjuncture between the economic and political base of power. A technocratic class who embrace closer global integration dominates economic policy. The upper and middle classes largely support these economic policies, since they are propagated in their interest. However, populist politicians representing the lower classes are increasingly significant in the polity. The constituency of these latter groups is maintained by patronage made possible through channelling the largesse of the state. This

contradiction-between an inclusionary, democratic polity and an exclusionary, economic pattern of development- has become perhaps the defining feature of the political economy of development in India.

The installation of a government headed by the Congress Party in 2004 poses an interesting strategic dilemma for the Left. The Congress is both the party of the bourgeoisie as well as the sometime guardian of the underprivileged classes and minorities. The appropriate position of the Left towards the Congress Party had been contentious since M.N. Roy's debate with Lenin in 1921; Lenin thought the Left should support an anti-imperialist Indian National Congress, despite it representing the elite¹. In the post-Independence period, discussion has focussed on whether the most appropriate form of struggle for political parties should be to participate in electoral processes or revolutionary activity. The most significant political parties of the Left, namely the Communist Party of India (CPI), and later breakaway parties such as the Communist Party of India (Marxist), have been absorbed into the electoral system and now operate on the basis of strategic relationships with the Congress Party.

This pragmatism is undertaken despite the knowledge that the Congress has consistently crushed any opposition from ethnic minorities, lower classes or the Maoist political parties. While this coercive power is still evident, it has been supplemented by reformist

¹ As the main parliamentary party of the Left, the CPI presented a fairly unified front throughout most of the 1950s. However, there were deep divisions between three factions: those associated with the Right, which initially dominated nationally and which favoured a closer association with progressive elements of the Congress party; the centrists, or electoral pragmatists, and the Left. The electoralists gained considerable standing in 1957, when the CPI in Kerala became the first party to lead a non-Congress State-level government. This development encouraged most factions within the CPI to pursue the parliamentary road. This also had broader repercussions since members of the CPI couldn't advocate things that were not achievable by the new government in Kerala. Franda argues that this period saw a greater degree of pragmatic cooperation between the Leftists within the CPI and the party's more moderate organisational wing. M. Franda (1971) *Radical politics in West Bengal* (Cambridge, Mass., M.I.T. Press), p. 84. The endorsement of the electoral role for the CPI was formalised in 1958 when the Amritsar thesis was adopted as a national platform. However, the imposition of President's Rule in Kerala in 1959 meant that those factions that had objected to the electoral role were vindicated and were more able to pursue action outside electoral considerations. These divisions became further pronounced after the Chinese invasion of Tibet in 1959, an invasion that those on the Left of the CPI refused to condemn. This pro-Chinese position was to become even more contentious during the 1962 Indo-Chinese War. As events heightened factional disagreements within the communist movement, a split within the CPI finally occurred in 1964, with those on the right of the party, who owed greater allegiance to the Soviets and the CPGB, consolidating their control at the national level of the party.

measures such as poverty alleviation plans and employment reservations for the designated needy groups. The support of Congress among the left has gained new impetus after the rise of the communal Bharatiya Janata Party (BJP), which has a stronger embrace of both cultural nationalism and economic liberalisation.

The ambivalence towards the Congress is also evident in the question of support for the Nehruvian mixed planned economy, which had been prevalent in India until very recently. This historical division within the Left on India's planning regime reflect different ideas on whether the state could develop with some autonomy from the dominant classes. An astute minority characterised the strong public sector and the usage of planning as more state capitalism than a precursor to socialism. Many nevertheless supported state capitalism, believing it had the potential to initiate development while at the same time providing an effective impediment to imperialism². Again, the support for the Congress has become more paradoxical since they began to support liberalisation in the mid-1980s under Rajiv Gandhi's government. Indeed, the BJP and the most bourgeois of the regional parties now only exceed the Congress's enthusiasm for reform.

The paper traces the historical development of this political and economic disjuncture to show how the current situation is the consequence of the evolving relationship between different classes. It thus suggests an alternative account of the forces driving the current phase of liberalisation. In doing so, it argues that the recently installed Congress-led United Progressive Alliance (UPA) government is likely to employ new mechanisms to try to manage this political and economic disjuncture. The first part of the paper gives a brief exposition of how we can conceptualise the role of class in this transition. A section that outlines how different class forces have influenced the historical pattern of development in India follows this. The final section discusses liberalisation and suggests some continuing contradictions within the polity that are likely to influence the future.

² However, this support was premised to a large extent on the introduction of radical asset reform, particularly land reforms P. Patnaik (1998) 'Some Indian Debates on Planning' in T.J. Byres (ed.) *The Indian Economy: Major Debates since Independence* (Delhi, Oxford University Press) p. 161. Indeed, B.R. Ambedkar argued that the rhetorical consensus of socialistic intent was shown to be hollow by the lack of any attempt to nationalise land.

Theorising Development and Hegemony

The question of the role class in the transition that has taken place in India has most frequently been analysed from a perspective that draws heavily from Classical Marxism. First used to examine the colonial period, this understanding of Indian political economy emphasises the inability of monopoly capitalism to appropriate and displace pre-capitalist modes of production³. The potentially progressive role of capitalism in eliminating feudal relationships is thus stunted. The ‘blocked dialectic’ thus prevents India replicating the transition thought to have occurred in the other paths to capitalism⁴.

However, this approach is limited in understanding the basis of transition in India. It uses an overly formal definition of what constitutes capitalism and an overly deterministic account of the transition⁵. Perhaps even more significantly, it has an unproblematic understanding of the relationship of different classes to the state and civil society at different historical junctures. These lead to an incomplete theorisation of the dynamics of capital accumulation and transition. Instead, we can more usefully theorise the Indian transition as a passive revolution of capital⁶. This necessarily historical approach must consider the limits of bourgeois hegemony at Independence as fundamental in shaping the subsequent pattern of development.

Rather than entirely displacing Marxist approaches to accumulation and transition, the use of this criterion of interpretation is a necessary corollary to any such approaches⁷. Thus, when examining the economic history of post-Independence India, it is clear that rather than the liberation of forces of production occurring via the ‘natural’ annihilation of precapitalism (thesis) by capitalism (antithesis), (*a la* the traditional interpretation of

³ A. Thorner (1982) *Economic and Political Weekly* for a review of these debates

⁴ See Byres

⁵ Modes of Production debate see A. Thorner (1982)

⁶ Framework taken from Gramsci's Piedmont Passive Revolution in the Risorgimento. *Gramsci (SPN, pp. 114-115, 118-120)* Indian contributions using this framework include A. Chakrabarti and S. Cullenberg (2003) *Transition and development in India* (New York and London, Routledge); Corbridge and Harriss (2000); Sanyal 1988 and 2001; S. Kaviraj (1988) ‘A Critique of the Passive Revolution’, *Economic and Political Weekly*;

⁷ Buci-Glucksman p. 222.

Marx's position), the state has to take on the role of a 'false universal'⁸. By temporarily resolving the political problems of an immature capitalist class attempting to develop productive forces and productive relations, the state assists in the creation of these conditions and so sustain bourgeois rule despite the political and economic crisis that may accompany this transition⁹. This in turn can suggest how and why state intervention is needed in order to create the economic and political conditions necessary for capital accumulation¹⁰.

To Gramsci, this can best be achieved in the integral state, as hegemonic leadership is supported by coercive power¹¹. The exact nature of the transition depends upon the balance of class forces. In situations where the emerging ruling classes are relatively weak relative to a popular movement, there is likely to be more emphasis on hegemony, rather than coercion¹². The base of support for this project can be the transformation of feudal classes to serve the interests of the bourgeois, which may reduce the necessity for agrarian reform program and the potential for revolutionary challenges. This base can then be expanded through coopting dissenting forces, either collectively or individually¹³. Anne Stowstack Sassoon conceptualises the role of this reformism in maintaining prevailing class relations during a transition as one that involves:

The acceptance of certain demands from below, while at the same time encouraging the working class to restrict its struggle to the economic-corporative terrain, is part of this attempt to prevent the hegemony of the dominant class from being challenged while changes in the world of production are accommodated within the current social formation¹⁴.

In many countries in the post World War 2 period, planning was one mechanism through which the state could attempt continue to resolve these tensions. By allocating resources to specific target groups, a process legitimised through the discourse of development, the state can appear to distance itself from any particular class position. The state therefore

⁸ Chakrabarti and Cullenberg

⁹ Showstack Sassoon, 'Passive Revolution and the Politics of Reform,' in her *Approaches to Gramsci*. p 143.

¹⁰ Buci-Glucksman, p. 220).

¹¹ R. Bocoock (1986) *Hegemony* (New York and London, Tavistock and Ellis Horwood) , p.28.

¹² Buci-Glucksman p. 217.

¹³ Buci-Glucksman, p. 208; Gramsci SPN, p. 119.

¹⁴ Anne Showstack Sassoon, 'p. 133.

has to have some autonomy from the ruling classes even if it is acting in their interests¹⁵. (but within ruling class also some contradictions or conflicts. However, as the bourgeoisie grows in strength it attempts to shift to a more dominant position and away from the use of hegemonic power. Whether this movement is done at period when class relations are sufficiently in favour of the bourgeoisie to be able to sustain this adjustment will depend upon the historical juncture. The analysis below suggests that in the case of India, the necessity for hegemonic forms of control have not completely diminished despite the fact that liberalisation is creating difficulties in sustaining class accommodation. This is most evident by the recent defeat of the BJP-led NDA government, which suggests a particular sequence of class relations involving the state and civil society.

India: The transition to Independence

When reviewing Indian history utilising some of the approach discussed above, it is apparent that a major factor conditioning the future direction of Indian development was the industrial bourgeoisie's inability to impose its hegemony after the withdrawal of the British colonial state. As a consequence, alliances were made with a semi-feudal landlord class, which was dominant in the rural areas¹⁶. Both these classes were subsequently dependent upon the state apparatus for advancing their interests, since they were not sufficiently strong to act autonomously.

It is this alliance of rural elites, industrial bourgeoisie and bureaucracy that has been the most significant in shaping the character of the Indian political economy since Independence¹⁷. However, since these classes remain dominant, rather than hegemonic, over time there has been a necessity to incorporate other, weaker groups in order to maintain legitimacy. In particular, the nation-building project of development has had some success in consolidating this legitimacy. Again, this process has largely, though not solely, been accomplished through the apparatus of the state.

¹⁵ See Raju for a recent analysis of debate about state autonomy. *Science and Society* 2004

¹⁶ Gramsci conceives of the passive revolution as criterion of interpretation rather than programme (SPN, 114).

¹⁷ P. Bardhan (1984) *Political Economy of Development in India* (Oxford University Press)

India is unusual in the post-colonial world in that its aspirant leaders had an extended period, prior to Independence, in which they debated and then mapped out their goals for the economy and polity. The agenda of the elite was by and large instituted in the post-Independence period. However, concessions were made to the aspirations of the mass movement that helped achieve Independence. Much of this was achieved through the machinery of the Congress Party, which was both a heterogeneous collection of rural and urban elites, as well as a mass party affiliated to all ends of the political spectrum. While many of the national level leaders were urban-based professionals, most of the State-level Congress Party leadership were large landholders. Their conservatism helped define the boundaries of action for the reign of early Congress regimes throughout India.

As a consequence of this conservatism, the shape of development carried out under the auspices of the state came to be conditioned by compromise and political accommodation. Economically, industrialisation was emphasised, although there was a great deal of contestation between different interests as to the respective significance of the various sectors of the economy. There was agreement, Gandhians notwithstanding, that the state should play a major role in promoting industrial development. Indeed, the broad consensus was that the objectives of nation building could be best achieved through the use of state planning, with groups from different ideological persuasions submitting their proposals¹⁸.

The nascent bourgeoisie did not completely support planning but many recognised the opportunities it presented for restructuring the economy to their benefit, including protecting them from stronger foreign capital and expanding the existing market by incorporating more remote areas¹⁹. Economically, the domestic bourgeoisie were at this

¹⁸ This was evident from the early experiments within the National Planning Committee of 1938-40, which argued for the use of planning as the best mechanism for industrialisation-as-economic progress. A.K. Bagchi (1995) 'Dialectics of Indian Planning: From Compromise to Democratic Decentralization and Threat of Disarray' in T.V. Sathiyamurthy (ed.) *Industry and Agriculture in India Since Independence*, (Delhi, Oxford University Press) pp. 46-48.

¹⁹ As articulated in the Bombay Plan (1944) put forward by G.D. Birla, J.R.D. Tata, Purushothamdas Thakurdas, Ardeshir Dalal, and John Mathai, For a discussion see P. Chaudhuri (1995) 'Economic

time relatively weak and did not have the capacity to initiate and sustain the proposed industrial transformation, instead relying upon the state for the supply of the inputs needed for industrialisation²⁰. Politically, this class were uneasy about the Congress Socialists and consequently were supportive of the Gandhian factions within the party, which had a large mass movement²¹. This movement was able to proceed to Independence without a large –scale revolution because the *ahimsa* doctrine and inclusiveness of the Congress mass movement meant that the more revolutionary peasant movements were confined to only certain regions. However, the domestic bourgeoisie were not so strong that they were able to carry out their agenda without gaining considerable support from other sections of society, specifically rich farmers. The Congress accommodated both these classes and was able to capture the state and utilise the state-bureaucratic apparatus to initiate and sustain transformation²². Hence, we can see that the transition to Independence constitutes a passive revolution²³.

1947-1964: The Nehruvian era

While the Independence struggle guaranteed a modicum of legitimacy for the Congress Government, there were at least two needs at this time for nation building. First, there was a nationalist need: to construct a collective identity that would unify the diverse groups within the new nation. The tensions associated with the period after Partition were immense: the large number of displaced persons, the incorporation of princely States and the process of subsuming vastly divergent local identities into a collective identity²⁴. Second, there was the need to reverse the economic decline suffered through the

Planning in India' in T.V. Sathyamurthy (ed.) *Industry and Agriculture in India Since Independence*, (Delhi, Oxford University Press), p. 97.

²⁰ Quoted in Corbridge and Harriss 'Reinventing India', p. 38.

²¹ S. Bose (1997) 'Instruments and Idioms of Colonial and National Development: India's Historical Experience in Comparative Perspective' in F. Cooper and R Packard (eds) *International Development and Social Sciences* (Berkeley, University of California Press), p. 51.

²² Corbridge and Harriss

²³ S. Kaviraj (1998), 'A Critique of the Passive Revolution' in P. Chatterjee (ed.) *State and Politics in India* (Delhi, Oxford University Press), pp. 45-87; P. Chatterjee (1997) 'Development planning and the Indian state' in T.J. Byres (ed.) (1997) *The State, Development Planning and Liberalisation in India* (Delhi, Oxford University Press); S. Corbridge and J. Harriss (2000) *Reinventing India: Liberalization, Hindu Nationalism and Popular Democracy* (Polity Press, Cambridge).

²⁴ P. Brass (2000) 'The Strong State and the Fear of Disorder,' in F. R. Frankel, et al. (eds) *Transforming India: Social and Political Dynamics of Democracy* (New Delhi: Oxford University Press), pp. 60-88.

exhaustive resource depletion associated with colonialism and to initiate the conditions that would set in motion the chosen economic path²⁵.

The institutions of the state, ostensibly embodying representation and accountability, were vital to this nationalist project. Modelled on the Western experience of the liberal political system, these included a parliamentary system guaranteeing universal franchise and a comprehensive judiciary. The bureaucracy, so long the 'steel frame of the raj', continued as the major instrument of governance. Since so many of the formal institutions of the polity were directly inherited from the colonial era, the 'project of development' was the most visible and potent nationalist symbol in the post-Independence era²⁶.

The state was organised as a unitary structure with rather weak mechanisms for federalism. The Central government assumes the majority of responsibility in matters related to both revenue (such as taxation) and expenditure through bodies such as the Planning Commission. The States are responsible for functions such as "police, administration of justice, public health and sanitation, education, agriculture, forests, fisheries and local government"^{27, 28}. There are many contradictions intrinsic to this federalist institutional system, especially national-regional elite competition, which was exacerbated over time. This eventually led to sub-national groups, particularly regional elites, agitating for greater autonomy and in some cases secession²⁹. The strains within the politics of Centre-State relations increased throughout the post-Independence era.

²⁵ P. Chatterjee (1998) 'Development Planning and the Indian State', in P. Chatterjee (ed.) *State and Politics in India* (Delhi, Oxford University Press), pp. 271-297.

²⁶ Quoted in Bose 'Instruments and Idioms', p. 48.

²⁷ S. Wolpert (2000) *A New History of India* (New York, Oxford, Oxford University Press), p. 357-58.

²⁸ The Constitution delineated areas where both the Union and State level had responsibility. This concurrent list, including things such as Economic and Social Planning, enabled the Centre to continue to intervene as it wished. Parts of the Union and State lists were identical to Provincial and Central lists of the Government of India Act 1935 see L. Saez, (2002) *Federalism without a Centre: The impact of Political and Economic Reform on Indian System*, (New Delhi, Sage), p. 35. For tensions in the making of the Constitution with regard to various elements of Centre-State relations (eg Articles 352 and 356) see Saez, p. 34-39.

²⁹ S. Wolpert (2000) *A New History of India* (New York, Oxford, Oxford University Press), pp. 368-369. This was evident in the Most evidently in the creation of Andhra Pradesh in 1953, the militant, DMK-led, Dravidian agitations from 1949 and the setting up of the States Reorganisation Commission (SRC), 1953/4-1955 and the Linguistic States Reorganisation, which commenced after 1955. This began with the linguistic

The role of Congress Party in promoting the interests of the domestic bourgeoisie is evident from its ambiguous position on economic policy. In promoting state capitalism, it publicly emphasised self-reliance. In reality, foreign aid financed a great deal of the early Five-Year plans. By the early 1960s, this position was even more ambiguous, as there were further shifts in the Congress Party's attitude towards outside involvement in the economy. After the disastrous war with China in 1962, the attitude towards foreign capital changed, with a lessening of restrictions towards trade³⁰. As defence spending increased significantly as a component of the national budget, a greater proportion of India's external finance was gained from the United States, in both aid and investment, although the bulk continued to come from Britain³¹.

The optimism and achievements of the Nehruvian era must be viewed within the broader global economic context, in that it took place during a long post-war boom within the world economy. At the most obvious level, much of the India's development apparatus was financed via aid from capitalist countries. As this boom came to an end, and as domestic upheavals began to occur with greater frequency, many of the contradictions that had been inherent in the process from the beginning of Independence were exacerbated, ushering in a series of political and economic crisis that required a search for new approaches. By the end of this period, dominant classes within the agricultural sector were beginning to create tensions and were able to block the full implementation of any agricultural policy shifts of which they did not approve³². With little surplus, poor management and a weak market, industrialisation was stagnating and the polity was beginning to fracture.

reorganization of the States and increased in the division of Bombay into Maharashtra and Gujarat in 1960; the division of Nagaland from Assam in 1963; Haryana and Punjab 1966; Kashmir and Punjab; as well as the peripheral States, such as in the North East.

³⁰ Patnaik, P., (1972) 'Imperialism and the growth of Indian capitalism', in R. Owen and B. Sutcliffe (eds) *Studies in the theory of imperialism* (London, Longmans),

³¹ Patnaik 'Imperialism and the growth of Indian capitalism', p. 221.

³² However they were not yet powerful enough to formulate their own strategies- most decisions remained a consequence of intra-governmental and top of Congress. A. Varshney (1995) *Democracy, development, and the countryside: urban-rural struggles in India* (Cambridge [England]; New York, Cambridge University Press), Chapter 3.

1965-1977

After Nehru's death the polity became increasingly fragmented and the limitations of India's development strategy were more obvious. The new Shastri-led Congress regime faced demands from both domestic and international interests to alter the direction of India's agricultural policy³³. On the one hand, the World Bank was strongly encouraging the Union Government to institute a reform process if it was to receive the aid it needed to cover its budget deficits. On the other hand, Shastri was under pressure from State leaders to abandon the agrarian reform programme that could damage their interests³⁴.

From the mid-1960s onwards, India experienced what was perceived to be a 'crisis in planning', most evident in its stagnating industrial growth rates. Most significantly, the two consecutive bad monsoons, in the years 1965-7, were to mark a significant re-evaluation of the overall thrust of India's development strategy, resulting in a significant shift in agricultural strategy and the 'plan holiday' instituted from 1966-1969³⁵. The untimely death of Shastri, in January 1966, meant that Indira Gandhi acceded to power after skilful factional politics by Kamaraj again led to the defeat of the right wing candidate Moraji Desai³⁶. The early regime of Indira Gandhi faced great difficulties in maintaining support for its economic and political programmes, both within the party and more broadly, leading to noteworthy shifts in policy direction and emphasis. This was most evident when the Indian government, on the advice of the World Bank, began to

³³ For a review see A. Gupta (1999), 'The Political Economy of Post-Independence India-A Review' K.S. Challam (ed) *Readings in Political Economy* (Orient Longman, Hyderabad), pp. 113-114.

³⁴ A Gupta 'The Political Economy of Post-Independence India', p. 113.

³⁵ The agricultural sector had been growing steadily up until this point, although mainly because of an expansion in cropped area, through land clearing and wasteland reclamation, rather than redistributive or other measures that could lead to higher productivity. There is little doubt that, in the short term at least, this strategy led to an increase in India's food grain production, which reached 100 million tonnes in 1968-9. Its implications in the longer term have spurred considerable debate, which continues until this day. For a good overview see A. Vaidyanathan (1994) 'Performance of India Agriculture since independence' in K. Basu (ed.) *Agrarian Questions* (New Delhi, Oxford University Press); J. Mohan Rao and S. Storm (1998) 'Distribution and growth in Indian agriculture', in Byres (ed.), pp.193-248. For a strong indictment of the Green Revolution see V. Shiva (1991) *The violence of the green revolution: Third World agriculture, ecology, and politics* (London; Atlantic Highlands, N.J., USA: Zed Books; Penang, Malaysia: Third World Network).

³⁶ Mrs Gandhi's rise was initially at the behest of 'the Syndicate', who thought that she would be easily manipulated for their political purposes. However, she was to subsequently develop into a formidable leader who was to have a dramatic influence on the Indian polity and ultimately out-manoeuvre her Syndicate patrons from the right of the Congress.

undertake limited liberalisation of the economy and the devaluation of its currency, thus reversing its previous policy of trade deficits under coercion from the United States³⁷.

The 1967 Elections were to mark a watershed in Indian politics. The swing against the Congress at the State level was pronounced, resulting in non-Congress regimes gaining power in West Bengal, Bihar, Madras, Orissa, Kerala, and the Punjab³⁸. In response to attempts by the senior Congress figures to re-establish control, Mrs Gandhi shifted the political rhetoric leftwards, as well as undertaking significant measures meant to gain support of the poor³⁹. Thereafter, the tensions between central control and increasing regionalisation accelerated, particularly after 1969, when Mrs Gandhi was expelled from the Congress and formed her own party (Congress (I)) which governed by appealing more directly to targeted groups⁴⁰.

One of the most significant actions taken during this period was the introduction of the 'License Raj' in 1969 (Monopolies and Restrictive Trade Practices Act), which controlled the location and scale of industrial activity. While the subsequent arguments about the license raj leading to economic inefficiencies and coordination failures have some merit, it is less recognised that this process was important for the politics of regionalisation. The introduction of the license raj meant that the central government distorted investment patterns to favour certain States, which had politically significant

³⁷ Patnaik 'Imperialism and the growth of Indian capitalism', p. 224. India had been running trade deficits since Independence and under the threat of aid being cut off from the United States was forced to devalue the Rupee by more than thirty seven per cent.

³⁸ Wolpert 'A New History of India', p. 380. With the Congress winning only forty per cent of the popular vote and reducing its Lok Sabha majority to just twenty.

³⁹ Perhaps the most notable was the nationalisation of the Central Bank and the Bank of India, which was enacted after Desai was removed from his position as Finance Minister. These measures were to have a substantial effect on the growth of the banking sector within India. By laying down strict rules, that emphasised priority sector lending and the necessity to open two rural branches for every one new urban branch, there was an increase in the reach of commercial banking and the intensity of banking. The number of rural bank offices grew from 5194 in 1975 to 34 184 in 1990. P. Chavan (2002) 'Some Indicators of Development and Distribution of Commercial Banking in Rural India Before and After Financial Liberalisation' *Workshop on Financial Reforms and the Agrarian Economy* Organised as Part of the Agrarian Reforms Seminar Series, Sociological Research Unit, Indian Statistical Institute, Kolkata, March, p. 7.

⁴⁰ This ruled as a minority government with the assistance of leftist parties as well as the regionally based DMK and Akali Dal. Those who remained behind in the party under the leadership of Moraji's party became allied with the right wing Jana Sangh and Swatantra parties.

consequences for patterns of uneven industrial growth. This was to prove especially problematic for those State regimes that did not have close connections with the Centre⁴¹.

These increased attempts to centralise control of India's economy and polity cannot be separated from the severe political crisis that faced the Congress regime at this time. Again, the Maoist uprising in Naxalabari in West Bengal was the most emblematic of a more general period of unrest. The Fourth Five Year Plan (1969-74) proposed much heavier spending on agriculture, in an attempt to extend the gains in yields already made by the earliest usage of 'Green Revolution' technology. Again, the constituency of the Congress (I) meant there were political constraints to any genuine change in the structure of land distribution, in that local apparatchiks were still predominantly large landholders. With land reform again dismissed out of hand as politically impossible, greater emphasis was thus placed on technocratic solutions, with stress given to the utilisation of High Yielding Variety (HYV) crops and inputs such as fertiliser and water. This resulted in the widespread introduction of the 'New Agricultural Strategy' or 'Green Revolution', particularly in the water abundant regions⁴².

In order to fend off her political rivals from both within and outside the Congress, Indira Gandhi's strategy in the election called on December 27th, 1970 was an increased recourse to populism, via the slogan of abolishing poverty (*Garibi Hatao*). The election, which began March 1971, was an enormous boost for Congress (I), with the party winning 350 of the 515 Lok Sabha seats. The period saw India move closer to the Soviet Union and away from the Nixon Administration, which had cut food aid and credit to India while simultaneously moving closer to Pakistan⁴³. Widespread admiration for Indira Gandhi's government within India following from the successful intervention in the

⁴¹For a discussion see A.K. Bagchi (1998) 'Studies of West Bengal Economy Since Independence' *Economic and Political Weekly*; D. McLean (2001), 'Tension between State and Capital in West Bengal' *South Asia XXIV*, No. 1 pp. 93-116.

⁴² Although bodies such as the Planning Commission stressed to the national leadership the importance of land reform. Thus the Green Revolution was predominantly introduced into the north-west (Punjab, Haryana) and coastal Andhra Pradesh

⁴³ Varshney 'Democracy, development and the countryside', ??

Bangladesh War resulted in a considerable political boost, although this was to be short lived as high inflation in 1972-3 signalled widespread protests through northern India.

With the polity in crisis, Indira Gandhi's government moved towards employing increasingly authoritarian measures. Most notable in 1974 was the brutal repression that closed down the all-India Strike of Railway workers. In June 1975, the High Court in Allahabad found Mrs Gandhi guilty of illegal electoral practices. Gandhi's response was to impose an Emergency, which saw strict censorship, the imprisonment of adversaries and the suspension of constitutional rights.

Although the Emergency was premised on an increasing resort to greater degrees of centralisation and authoritarianism, Kohli considers that it made the Gandhi regime increasingly ineffectual in reaching the poor⁴⁴. Political power within the Congress became more personalised and Indira Gandhi became obsessed with warding off challenges from within the party, especially from the 'Syndicate' members, who had hoped to rule through Indira. Nearly all the major political posts were filled on the basis of loyalty or usefulness to Indira Gandhi, while the strong 'chain of command' from Centre to village, which had been the hallmark of the Congress, broke down. The intermediate rungs in this chain became increasingly outside the control of Congress centralised leadership. Instead, through resorting to populism and direct poverty alleviation plans, Gandhi was able to extend her support base directly to the masses⁴⁵. Although these strategies yielded widespread electoral success, they also resulted in regimes of 'centralisation and powerlessness'. The Congress now had "an organizational [sic] vacuum at the core of India's political space", ⁴⁶ changes which accelerated the era of coalition politics, by bringing together all the non-Congress actors.

1977-1991

⁴⁴ A. Kohli (1994) 'Centralization and Powerlessness: India's Democracy in a Comparative Perspective', in J. S. Migdal, A. Kohli and V. Shue (eds), *State Power and Social Forces: Domination and Transformation in the Third World*, pp. 89-107.

⁴⁵ This is traced to a greater degree in Chapter Seven on poverty alleviation plans.

⁴⁶ A. Kohli (1990) *Democracy and Discontent: India's Growing Crisis of Governability* (Cambridge: Cambridge University Press) p. 6. CHECK??

The Emergency was extended to 1977 when fresh elections were called. Politically, the unexpected election of the Janata coalition in 1978 in some ways ushered in a new era. The Janata government was a de-facto entry into coalition politics, as the 'Congress system' was no longer the dominant way of organising support and channelling resources. The Janata Government took significant steps toward decentralising resources to the State level. This change was not necessarily progressive, since the members of this coalition were really a heterogeneous collection of anti-Indira parties. Part of the increased politicisation of this period was concerned with capturing resources distributed through the state, which had become politically very important since the populist policies of the Indira's *Garibi Hatao* era.

Perhaps the most noticeable changes politically were in the rural areas. If the 1960s has been an era dominated by technocratic visions of agricultural development, the 1970s, especially the late 1970s onwards, became dominated by political battles. The Janata government gave more emphasis to agriculture and accordingly the farmer's agenda became more important at the national level. The so-called 'New Farmers Movement' represents one of the most important developments during this period⁴⁷. This movement was mainly concerned with agriculture, including subsidies to prices of inputs or procurement prices, or the accessing of government poverty alleviation programmes⁴⁸.

There is considerable debate over the extent to which the movement is a mobilisation concerned with overturning the imbalances of urban bias, or whether the interests that are being served are primarily those of upwardly mobile farmers⁴⁹. Although ostensibly mobilising all agricultural classes around issues such as subsidies for agriculture, the

⁴⁷ Although this movement is particularly associated with Charan Singh and the BKU in Uttar Pradesh, it became important in most regions of the Northern, Western and the Upper Southern States. D. Gupta (1995) *Political Sociology in India: Contemporary Trends* (Hyderabad, Orient Longman), p. 68. The rise of these assertions took on an increased significance in the 1990s, when parties such as the Akali Dal began to be associated with Hindu Nationalism, thus suggesting further implications in the changing configurations of politics within India.

⁴⁸ From 1978 there were agitations over agricultural prices all over India. Corbridge and Harriss 'Reinventing India', p. 104.

⁴⁹ ('Bharat versus India'), S.S. Gill and J. Banerji in *Journal of Peasant Studies*

movement seems to have coincided with the rise to prominence of the 'bullock capitalists', a class that is economically stable but not removed from village structures⁵⁰.

Even though the Congress party regained power in 1980 after the implosion of Janata and continued in government for most of the 1980s and 1990s, its support base had been fundamentally reconfigured and/or eroded. New kinds of actors began to assert their interests for themselves through non-Congress parties, rather than through intermediaries, as had been the case in the 'Congress System' of the past⁵¹. Both Congress and Non-Congress regimes now sustain their political constituency through an increased recourse to specially targeted poverty alleviation programmes.

Most significant non-Congress parties are regional parties, which have a base only in a single State. The rise of these regional parties is inescapably linked to the growth of a regional bourgeoisie. Unlike older monopoly houses that dominated the private sector in earlier periods, this class has developed due to the surplus generated from the commercialisation of agriculture (*pace* the blocked dialectic approach). Diversifying from food processing and small-scale industries, these classes have invested the surplus in urban areas facilitating new rural-urban linkages and subsequently become influential in many different sectors, including the media⁵².

There is significant regional variation in the importance of this regional bourgeoisie. The large regional variation in this process reflects the historically uneven patterns of development in India, despite the state assistance in the creation of the conditions for accumulation. Thus, surplus generation has been more extensive in those regions that historically had better developed infrastructure, access to irrigation, a more extensive internal market and earlier absorption of Green Revolution technology. The western and southern States (Punjab, Haryana, Gujarat, Maharashtra, Karnataka, Tamil Nadu and

⁵⁰ The term 'bullock capitalists' was originally developed by the Rudolphs. For a review see Gupta 'Political Sociology in India', pp. 67-68.

⁵¹ A. Kohli (1994) 'Centralization and Powerlessness: India's Democracy in a Comparative Perspective' in J. Migdal, A. Kohli and V. Shue (eds), *State Power and Social Forces*, (Cambridge: Cambridge University Press), pp. 89-107.

⁵² S. Baru.

Andhra Pradesh) have seen by far the most significant development of these new classes, drawing from previously established locally based elite⁵³. Significantly, it is precisely in these areas where regional parties have arisen. In contrast many of the Eastern States did not have this local elite.

The political consequence of regionalisation was that the Indian political system began to be characterised by a growing instance of parties ruling states where they only exist in that state. Dominant castes and classes in each state began to gather support based on an appeal to local chauvinism. This process was much more advanced early on in the southern states than in the Hindi belt of the north⁵⁴. In contrast, communal tensions between Hindus and Muslims were more developed in the north and it is here that the Hindu Nationalists have traditionally had their greatest strength.

The recourse to regional chauvinism or populist politics amongst these political parties was caused by the fact that it was not only the prosperous classes and castes that began to become active in agitating for more access to the largesse of the state. The formerly 'depressed' castes began by the 1980s to have a greater political presence, which was perhaps mobilised around an increased economic differentiation amongst the rural classes. In addition, there was an increased assertiveness evident in dalit (the erstwhile 'untouchable') groups⁵⁵ and environmental activism⁵⁶.

⁵³ This excludes Kerala. The inability of Kerala to industrialise is significant.

⁵⁴ One effect of the increasing importance of regional parties was This was clear from the appointment of the Sarkaria Commission in 1983, which was convened in large part by opposition parties The Sakaria Commission's report was released in 1987. Many State leaders, including West Bengal's Jyoti Basu, praised the recommendations, although in the long run it achieved very little. For a discussion see Saez 'Federalism without a Centre' pp. 72-75. The State governments of Andhra Pradesh, Karnataka, Tamil Nadu, Punjab and West Bengal were all critical of what they perceived to be overcentralisation⁵⁴.

⁵⁵ most militantly in the cases of those such as the Dalit Panthers in Maharashtra and People's War Group in Andhra Pradesh and Bihar O. Mendelsohn and M. Vicziany (1998) *The Untouchables: subordination, poverty, and the state in modern India* (Cambridge, U.K.; New York, NY, USA: Cambridge University Press) especially pp. 203-237.

⁵⁶ The *Chipko Andolan* was most emblematic. The legislation and institutional arrangements pertaining to forest resources had been slow to acknowledge the growing political presence of a diversified polity. By 1952, legislation was little different to the colonial regime, which while seemingly sympathetic to broadening the control of forest resources was still dominated by considerations of the perceived national interest. By 1976, the emphasis was still on industrial forestry controlled by the bureaucracy. The introduction of Social Forestry programme as an attempt to involve local communities was a step away from centralised control and adversarial relations. However, Social Forestry has subsequently been

Importantly, many of these changes demonstrated the continued relevance of caste identity to political mobilisation and voting patterns, and this is an element of Indian political culture that has defied comparison with western experiences of parliamentary democracy. Thus, in many cases, mobilisations were taking place utilising pre-existing social identities, although this also included drawing upon newly constituted group solidarities, or collective identities⁵⁷. Again, one mechanism through which this transformism has been achieved is the dispersal of poverty alleviation schemes to targeted constituencies⁵⁸.

The mid 1980s witnessed further attempts to deregulate elements of the economy⁵⁹. Certainly, some of the impetus for this change stemmed from the inability of the state to continue to marshal sufficient resources to meet its expenditure requirements, a situation exacerbated by an inability to extract tax from the upper and middle classes⁶⁰. A solution to the increased fiscal burdens that this entailed had been sought through an increased recourse to commercial borrowing overseas and there were pressures to replicate the experience of the East Asian economies. However, to a large extent the liberalisation measures of Rajiv Gandhi's administration were stalled and ultimately abandoned.

severely criticised for its greater emphasis on timber harvest and subsequent decades have seen further accommodation of interests advocating a changing in the use and distribution of forests.

⁵⁷ For an analysis of how many castes have reconfigured to become the basis of political identity, rather than being subsumed under more modern social identities see S. Kaviraj (2000) 'Modernity and Politics in India' *Daedalus*, Vol. 129 No. 1, pp. 137-62.

⁵⁸ While this approach has clear limitations in describing the complex and at times shifting allegiances within each State-level political configuration, it is useful in providing a conceptual focus- in that it indicates the class structure of various political parties within the States and from where they have derived their rural power.

⁵⁹ There have been various explanations attributed to why this step was taken by Rajiv Gandhi's administration. Some, such as Baldev Raj Nayar, argue that the policy change had begun during the economic crises that occurred during the last few years of the reign of Indira Gandhi. B.R. Nayar (1992) 'The Politics of Economic Restructuring: The Paradox of State Strength and Policy Weakness' *Journal of Commonwealth and Comparative Politics*, Vol. 30, No. 2, pp. 145-171. See also E. Sridharan (1993) 'Economic Liberalisation and India's Political Economy: Towards a Paradigm Synthesis' *Journal of Commonwealth and Comparative Politics*, Vol. 31, No. 3, pp. 1-31.

⁶⁰ The inability of the Indian state to gather sufficient tax revenue from the well-off classes via a proportional system has been a consistent theme throughout the post Independence period. For an analysis of moves to introduce various kinds of taxes see R. Roy (1995) 'Riches amidst Sterility: Debates on Fiscal Policy' in Byres (ed.) *The Indian Economy: Major Debates since Independence* (New Delhi, Oxford University Press) pp. 335-382.

According to Chandrasekhar and Ghosh, much of the growth during the 1980s was predominantly the result of the activities of the state. This was attributable to three factors:

- i) Fiscal stimulus via govt spending.
- ii) Substantial liberalisation of imports especially capital goods and components for manufacturing- geared towards increases in luxury sector (based on the argument that the benefits would trickle down), rather than about producing more for export.
- iii) Increased shift to commercial external borrowing to finance increased fiscal spending and Current Account Deficit. By 1990 one third of export value was debt service payments⁶¹.

1991-2005

By the end of the 1990s India was more closely integrated into the global economic system, although there remains a majority of the population which are only loosely integrated. The Indian process of liberalisation followed much of the progression seen in other nation-states. However, in India, liberalisation has been a gradual transformation and in the process it has gained considerable support from politically and economically influential sectors of Indian society⁶². The process was premised on an initial process of stabilisation in response to the currency crisis that occurred after the Gulf War. While the stabilisation phase was seen as temporary and was replaced by a more generalised structural adjustment process, as the preceding sections have made clear, the pressures from influential sections of society had been agitating for structural changes to the economy for a considerable time.

However, while there may be a begrudging consensus among most major political parties of the need to proceed with reform, this responsibility has to an extent been given to the

⁶¹ C.P. Chandrasekhar and J. Ghosh (2002) *The Market that Failed: A Decade of Neoliberal Reforms in India* (New Delhi, Leftword Books), pp. 9-11. As was discussed in Chapter Two, this later element is connected to broader changes that occurred during the early 1970s, associated with a greater availability of money.

⁶² In contrast to the shock therapy that occurred in many of the nation-states of the former Soviet Union for example. For an explanation see R. Jenkins (1999) *Democratic Politics and Economic Reform in India* (Cambridge: Cambridge University Press); Corbridge and Harriss 'Reinventing India'.

States. The regional bourgeoisie are therefore locked into a battle with each other in a new investment environment, since they have more latitude to gain finance outside of the Central government. States such as Andhra Pradesh have been the most enthusiastic in engaging loans from multilateral organizations and assiduously cultivate foreign investors. Some States are less successful than others, which mean that there is a growing difference between the States in crucial areas as the Central Government retreats from its role in allocating resources. The Southern and Western States have been far more successful than the Central, Northern and Eastern States in attracting investment. The proportion of poor in these latter States able to access institutional credit has also been successively reduced as priority sector lending and branch licensing rules were liberalised.

There has also been increased differentiation within each State. The forested and mountain regions and more geographically marginal parts have a far greater proportion of the poor and many remain outside of these changes. In these places, there is an increase in maoist activities among extreme Left parties, those who rejected the electoral position. For example, the recently merged People's War group and MCC exist and operate in forested regions covering the inland Telegana region of Andhra Pradesh together with the more remote parts of the Eastern States and are most successful in getting support where there are more *Adivasis*.

Sustaining support for continuation of liberalisation has been difficult. The fact that different interest groups now compete with each other for the benefits of liberalisation and support from the state has contributed to an increasingly unstable polity based on shifting alliances and minority governments. For example, there were five Lok Sabha elections in the 1990s, and in none of these was a single party able to garner a parliamentary majority. V.P. Singh's National Front coalition government was replaced by a brief Congress backed regime headed by Chandrasekhar. Although Congress managed to last its full five-year term under stalwart P.V. Narashima Rao, internal division racked the party.

This was exacerbated by the political uncertainty of the economic deregulation being attempted, which continued to accelerate throughout the decade. Two United Front Governments were elected between 1996 and 1998, under H.D. Deve Gowda and I.K.Gujral, as ‘Third Front’ forces that would moderate the pace of reform. These governments proved unable to accomplish this to any significant extent and both these coalitions disintegrated internally.

The BJP-led National Democratic Alliance that came to power in 1998 managed to survive re-election in 1999 before finally falling in spectacular fashion in 2004. The BJP’s electoral partners were regional parties, who had support from the regional bourgeoisie and maintained populist campaigns or communalism in order to continue support from lower class constituencies. This period saw a growing embrace of both liberalisation and Hindu nationalism and greater assertion of upper and middle class.

However, the reduction in livelihood opportunities for the lower classes as liberalisation proceeds has led to increasing political problems. Reservations for underprivileged classes (mandalisation) and the continuing subsidy of weaker sections of the population through special category poverty alleviation programmes are a contested strategy to incorporate these classes into the evolving political and economic strategies of the bourgeoisie. Instead, much of the BJP’s strategies of gaining support has been due to a judicious mix of economic populism and assertive cultural politics⁶³. As such, while the BJP is now the most significant national party, its influence outside the upper classes remains tenuous and its economic liberalisation programme constrains the potential for broader support⁶⁴.

⁶³ E. Mason (2002), 'The Water Controversy and the Politics of Hindu Nationalism', in J. McGuire (ed.), 'The BJP and Governance in India', pp. 253-264.

⁶⁴ The description of the BJP as essentially an upper and middle class party retains a continuing salience according to recent electoral analysis. The findings of the CSDS study for the 1999 election found that “the line separating those who vote BJP in greater numbers than average and those who do not is also roughly the line separating the socially and economically privileged from the underprivileged”⁶⁴. Within the BJP, the most powerful positions continue to be occupied by members of these sections of the population, although the demands of attempting to extend their influence nationwide has meant the promotion of highly visible individuals from outside this traditional constituency. This tactic of ‘social engineering’ has been most visible in Maharashtra, Madhya Pradesh and UP. For further discussion see Corbridge and Harriss ‘Reinventing India’, p. 126.

The 14th Lok Sabha election of 2004 produced arguably the most surprising result since at least 1977. There has subsequently been a mountain of commentary on what issues were driving the dramatic rejection of the BJP-led NDA and the implications that this may have for the future shape of the polity. Among the contending issues, anti-incumbency, secularism, the role of Sonia Gandhi and the progress of the evolving economic consensus have all received attention. While no one factor completely explains the result, any analysis is inadequate unless it considers how different regions and social groups have been affected by the changing contours of India's development policies. Further, the continuing regionalisation of the Indian polity means that while several general trends are notable, each State has particular characteristics.

The 2004 victory is likely to prove politically difficult for Congress to sustain. Electoral analysis by class and region shows that it was the socially underprivileged who voted for Congress and parties with which it has regional alliances. However, many within the Congress would like to see it as a party of the upper and middle classes. As one of India's foremost political commentators has noted:

In that sense, it is not the Congress party that has chosen the socially marginalised and excluded groups as the centrepiece of its core political strategy, rather these groups have chosen the Congress and the emerging coalition as its political vehicle. The loose preelectoral alliance formed by the Congress worked well for it happened to coincide with and express the popular mood within the political system, the need to create an alternative to BJP's middle class driven social bloc. This is where the deeper meaning and significance of the verdict of 2004 lies⁶⁵.

Perhaps the greatest achievements of the Congress Party, then, both prior to Independence and in the post Independence period, has stemmed from its ability to push through incremental change while maintaining a unity amongst competing interests. In many respects, this pattern also represents the party's greatest shortcomings and explains why there has been an increasing disaffection from the party as other parties have

⁶⁵ Zoya Hussain

emerged⁶⁶. With the growth of a regional bourgeoisie that has both urban and rural links, the fracturing of the polity is only likely to increase as their capacity to satisfy their constituency through targeted programmes diminishes. The real motivation behind the Congress Party promising to push through measures to assist the struggling State governments and to institute a more politically sustainable programme of ‘reform with a human face’.

Concluding paragraph retheorising on the basis of historical experience of India.

⁶⁶ S. Das (1994) ‘The Indian National Congress and the Dynamics of Nation-Building: Aspects of Continuity and Change’ in T.V. Sathyamurthy (ed.) *State and Nation in the Context of Social Change* (New Delhi, Oxford University Press), pp. 274-297.