

Two-day International Conference

on

Instruments of Intervention: Capitalist Development and the Remolding of the Indian State

Organised by

**Australia India Institute and School of Social and Political Science, University
of Melbourne and Institute of Development Studies Kolkata**

on

10-11 December 2015

A two-day international conference on *Contemporary India on Instruments of Intervention: Capitalist Development and the Remolding of the Indian State* held on 10 and 11 December 2015 was organized by Australia India Institute and School of Social and Political Science, University of Melbourne, Australia and Institute of Development Studies Kolkata. The second-interdisciplinary conference sought to understand the Indian government's various policies, strategies, and legal measures, when seen as instruments of intervention, raise a number of questions about the continuing role of the Indian state in development and transformation even at a juncture when it is ideologically unacceptable and instrumentally difficult, although it is financially practical. The following three threads are directed toward empirically-informed theoretical papers that document and shed light on the changing/unchanging character of the Indian state, its effectiveness in economic and social transformation today, and the evolution of instruments themselves in tackling India's massive and myriad developmental challenges and opportunities, such as employment of youth or its role as the R&D back office of the world.

- The first thread deals with the changing nature of the relationship between state and capital and the mediating role of society in influencing developmental outcomes. However, given the internal heterogeneity of the Indian state, the variation in regional political forces, and the rise of Indian businesses in specific sectors, disaggregating this changing relationship demands deeper scrutiny. It also remains to be seen whether industrial, employment, and other interventionist policies work in the context of deregulation and international integration.
- The second thread calls for the assessments of major state-sponsored programs in terms of their internal logic, consistency across a set of related programs, and external referents vis-à-vis actual outcomes, acknowledging that the MII is very recent and the land act remains a work-in-progress. Relatedly, how regional variation in program outcomes relates to the

working of the local state, making the interaction between government, business, and local communities another line of inquiry.

- The third thread poses the question of democracy and its relationship to the Indian variety of capitalism as seen through the lens of the various state-sponsored interventions that take, give, and avoid. At first blush, most instruments have a democratic sentiment attached to them, such as employment through manufacturing and rural development and protection of farmers from arbitrary dispossession and displacement. Yet the very same MII appropriates land and the land act dispossesses workers, peasants, and other marginalized communities. The de facto privatization through informalization and cutbacks also generate insecure employment. How to theoretically negotiate this ambiguous role of the Indian state calls for revisiting the on-going role of the Indian state in economic governance.

The speakers in the conference included P. Arun, Department of Political Science, University of Delhi, Niloshree Bhattacharya, Indian Institute of Management, Calcutta, Priya Chacko, University of Adelaide, Australia, Achin Chakraborty, Institute of Development Studies Kolkata, Anjan Chakrabarti, Department of Economics, University of Calcutta, Elizabeth Chatterjee, University of Chicago, USA, Anthony P. D'Costa, Australia India Institute and School of Social and Political Sciences, University of Melbourne, Sushil Khanna, HHL Graduate School of Management, Leipzig, Germany, Salim Lakha, University of Melbourne, Australia, Matthew McCartney, University of Oxford, UK, Aditya Nigam, Centre for the Studies of Developing Societies, New Delhi, Babu P Remesh, School of Interdisciplinary and Trans-disciplinary Studies, Indira Gandhi National Open University, New Delhi, Siddharth Sareen, University of Copenhagen, Denmark and Tannen Neil Lincoln, Institute for Social and Economic Change, Bangalore. The sessions were chaired by Manabi Majumdar of Centre for Studies in Social Sciences, Calcutta, Samir Kumar Das of Department of Political Science, University of Calcutta, Prasanta Ray and Subhanil Chowdhury of Institute of Development Studies Kolkata, Ratan Khasnabis of formerly Department of Management, University of Calcutta, Sushil Khanna of HHL Graduate School of Management, Leipzig, Germany, Matthew McCartney, University of Oxford, UK and Rajesh Bhattacharya of Indian Institute of Management, Calcutta.

The abstracts of the conference are given below.

ABSTRACTS

Retreaded Indian State: Symbiotic Relationship of Surveillance and Capitalist Development in 21st Century

P. Arun

Department of Political Science,
University of Delhi
hw.arya.18@gmail.com

Modern technological advancement brings about changes in the nature and functions of the modern state, which makes it essential for us to reconsider the relationship between the Indian state and the Indian democracy. Nowadays, data collection has begun to be treated as storable material in order to retread the state and, to rejuvenate governance, democracy and development. From the lens of surveillance studies, this paper shall explore the nature of Indian state which is being retreaded in the twenty-first century. Currently, surveillance needs to be regarded not just as a technological entity but as a grand narrative which has accreted as a cultural entity to reduce fear, insecurity, mis-governance, corruption and access to speedy public service delivery and welfare. However, in the production of such a cultural discourse, the utilization of surveilling technologies by the state for its ideological and developmental discourse is something quite apparent in Modi's era. It is deployed to observe, monitor, influence, support and restrain those who are the 'five-star activists' and 'five-star investors' of national development. This paper will focus on recent actions taken by the Indian state against two individuals - Priya Pillai (Greenpeace) and Christine Mehta (Amnesty International). The main focus here is to disentangle the nature of the retreaded state by exploring the symbiotic relationship of surveillance and capitalism in India. In such a context the surveilling mechanisms are deployed to stitch the counter dissenting voices. Finally, this paper will inspect the counter effects of deploying sovereign power in arbitrary manner on freedom of expression, human rights, democracy and citizenship.

Globalization, the State and Social Movements: A Study of Karnataka Rajya Raitha Sangha

Niloshree Bhattacharya

Indian Institute of Management, Calcutta

niloshreeb@gmail.com

In the era of globalization two interlinked changes can be observed – growing power of supranational institutions and the changing nature of the state. Globalization characterized by processes of economic integration and greater flow of people, ideas and capital, has transformed both, the nature of the state and social movements. Several scholars have looked at the transformed role of the nation-state and the nature of social movements during globalization. The mutual relationship between social movements and the State has also been studied in social movement literature, using the political process model. Given that social movements and the state have been transformed somewhat, the purpose of this paper is to understand, the reflections of these transformations on the state-social movement relationship. This paper is based on my doctoral research with a farmer’s movement, Karnataka Rajya Raitha Sangha (KRRS) and a transnational agrarian movement, La Via Campesina (LVC). By looking at two cases, land acquisition and genetically modified food, this paper will attempt to understand how a farmer’s movement perceives and engages with the state. It has been seen that, with the changing nature of the State, social movements, besides addressing the State, consider it more crucial to engage with transnational networks, advocacy organizations and address supranational institutions.

Emerging Regimes of Market Citizenship: The Politics of Social Policy in Contemporary India

Priya Chacko

University of Adelaide, Australia

priya.chacko@adelaide.edu.au

Contrary to expectations, many countries that have embarked on neoliberal market reform are also increasing spending on welfare programs. This paper argues that processes of neoliberalisation produce new forms of political contention around the terms of inclusion and exclusion in society which is reflected in the creation of contending citizenship regimes. This is not just the outcome of the negative effects of ‘roll-back’ neoliberal policies, but the result of civil society appropriations of the notions of accountability, localisation and participation that often accompany neoliberal projects. The paper examines new forms of political contention as they have taken form in campaigns for social and economic rights in India. It argues that civil society campaigns have sought to appropriate notions of accountability, localisation and participation to further a regime of social citizenship in India. Successive governments, headed by two different political parties, however, have reappropriated these ideas to push varied regimes of market citizenship which seek to reconcile social policy with market reform. These

variegated regimes of market citizenship reflect distinctive political and ideological commitments as well as pre-existing electoral, institutional and political landscapes.

From Passive Beneficiary to 'Rights Claimant': What Difference Does it Make in Regimes of Intervention

Achin Chakraborty

Institute of Development Studies Kolkata
achinchak@gmail.com

In the past decade there was an apparent shift in the Indian State's approach to welfarist interventions – from the earlier approach focusing on 'targets' and 'beneficiaries' to the so-called right-based one. Several Acts were passed during this time, ostensibly to allow citizens to make moral claims on the behaviour of the State and individuals, as well as on social arrangements in general. How important is this shift? In this paper, we develop an analytical perspective to interpret this shift, starting from a brief account of the series of events that culminated in such important legislations as the Right to Information Act, 2005, Mahatma Gandhi National Rural Employment Guarantee Act, 2005, Right of Children to Free and Compulsory Education Act, 2009, and the much contested Food Security Bill. While the normative discourse on rights and capabilities highlights the importance of the 'discursive practice' in shaping public policies, it throws very little light on how it influences and is influenced by the 'political practice'. The subsequent emaciation of the rights language in policy discourse with the change of regime in India vindicates the view that, in modern Indian politics, democratic struggle for positive rights does not turn out to be the dominant mode. The perception of disadvantage continues to be expressed in terms of social identity based collectivities rather than interest-based ones.

State, Capital and Need: The Case of Food Security

Anjan Chakrabarti

Soumik Sarkar

Department of Economics,
University of Calcutta
chakanjan@yahoo.co.in

There are two objectives of this paper. First, we intend to present a framework to argue that the aspects of social needs and class process of surplus labor are intrinsically linked in a mutual relationship. Resultantly, the state must contend with and indeed be situated within this mutually constitutive relations as also the struggles over these. Secondly, we want to exemplify my point by intervening in the debate on food security from a Political Economy angle to highlight (i) that class matters for social need of food security and (ii) the Indian state remains

caught within the contradictory pulls and pushes of class/capital and social need of food security as also struggles over them. Thus, we contend that the present transition of Indian economy must be understood in a framework that sees its structure as embedded within the state-class-capital-need complex.

Distinctively Dysfunctional: 'State Capitalism 2.0' and the Indian Power Sector

Elizabeth Chatterjee
University of Chicago, USA
liz.chatterjee@gmail.com

In India, state intervention has persisted but has proved far from immune to critiques of traditional dirigisme. Since 1991, waves of reforms have partially reshaped India's crucial power sector to create a hybrid and regionally differentiated state-market system. Blurring the public-private boundary, this reinvented 'state capitalism 2.0' displays both refurbished modes of intervention and new governance arrangements with private players.

Nonetheless, as the power sector's continually dismal condition suggests state capitalism 2.0 has not (yet) provided a coherent alternative to older dirigisme or the Anglo-American mode of 'deregulatory' liberalization. The paper argues that the ad hoc emergence of this state-capitalist hybrid has generated dysfunction. Coupled with competitive politics, its ever-increasing institutional complexity has rendered it internally incoherent. State intervention in India has therefore remained simultaneously indispensable and dogged by persistent administrative difficulties. This helps to explain the apparently contradictory nature of the contemporary Indian state: simultaneously business-friendly, populist, and often underperforming.

Compressed Capitalism, Employment, and the Structural Limits of the State

Anthony P. D'Costa
Australia India Institute and School of Social and Political Sciences,
University of Melbourne, Australia
promothedscosta@gmail.com

This paper examines the nature of changing labor markets in India and identifies the severe structural limits of the state in creating plenty of meaningful jobs. The argument is follows: the instruments of intervention available at the state's disposal are highly constrained due to a variety of structural endogenous and exogenous factors, whose cumulative and combined effect has been to generate a form of late capitalism that does not follow the classical capitalist transition pattern. Instead the uneven development resultant from this type of capitalism is unable to create neither desirable type nor high volume of jobs. This late form of capitalism is

compressed due to both pre-mature stagnation and leapfrogging in specific sectors and industries and by which the classical or agrarian transition is either incomplete or stalled and thus unable to play its historic role of raising agricultural productivity to motor capitalist industrialization. Relatedly, the limited industrialization, albeit with some globally visible sectors, is suggestive of uneven development that comprises both capitalist maturity and a relatively structurally undifferentiated informal sector, where routine features of capitalism such as the spread of wage labor, job security, and formal contracts are missing. If empirically it is shown that the significance of Indian agriculture in terms of its economic contribution has substantially decreased but workforce participation remains high with limited off-farm work, while industrial contribution has stagnated then employment remains a serious challenge. India's favorable position in tradable services is no panacea since services employment is largely in the informal or unorganized sector. All of these go to suggest that the very nature of Indian capitalism is something we have not witnessed before and it is in this context that state intervention for employment creation needs to be assessed. This paper examines changing labor markets in India by theorizing the structural nature of really existing capitalism and indicates the difficulties the state faces in inducing a transition on capitalist lines in which employment generation (or wage work) is an important milestone.

Emerging Capitalist Class and the Making of a "new" Political Economy

Sushil Khanna

HHL Graduate School of Management

Leipzig, Germany

sushilkhanna@gmail.com

The received wisdom for students of Indian political economy has been that the Indian bourgeoisie, being weak and tainted by aligning with the colonial masters and dubious business practices, had failed to establish its hegemony on the Indian state. Which classes then seized power in the emergent state? The answer, initially more obvious to astute external observers than to Indian scholars, lay in discerning a class coalition of properties classes, themselves in contestation, with the amorphous 'middle class' playing the role of mediator and gaining hegemonic position that made it possible to appropriate and deploy surplus under its control in name of modernisation and development.

With the sway of economic regime to the right since the last decade of twentieth century and the ease with which the so called hegemonic middle class, or bureaucratic capital yielded control of the policy regime to the new neo-liberal leaders beholden to large capital – both national and international –calls for a rigorous analysis.

It is obvious that there were some fundamental changes in the political economy. Was the middle class then just pussy footed that it gave up its control over economic levers of state? Or did we overestimate the role of the middle class in the earlier era, when many like Nambudripad rubbished the theory of 'intermediate regimes'.

Our analysis shows a rapidly expanding middle class undergoing a differentiation, where one section of technocratic / managerial groups , (with scarce skills and education) now come into their own, first internationally (USA) and then on returning to India, give birth to a new breed of entrepreneurs and young capitalist. Growth of new knowledge based industries like pharma, software, managerial consulting, financial services, media and arts, further help this group consolidate its position as new entrepreneur. Their interests are more closely aligned to large capital, domestic big bourgeoisie and international capital. Not only are they untainted by historical and current primitive accumulation practices of several regional emerging business groups (real estate), giving them greater say in the policy and ideological justification of the market friendly policies.

On the other hand, the lower sections of middle class, like bank clerks, office staff, and all lower category personnel in government (C & D category government employees) have seen their jobs disappear or made contractual and tenuous.

The paper explores shift in the power balance in the political economy, as the big bourgeoisie is strengthened by the influx of new entrepreneurs, while the agrarian crisis undermines the power of the rich peasantry and kulak class. This lays the ground for ideological and public policy shift to neo-liberalism in the country.

We also explore new structures that these rising entrepreneurial class creates and uses to shape policy, and lay better conditions for its accumulation strategies. These include new industry / business associations, and more open and aggressive lobbying and direct entry onto state legislatures and parliament.

Social Protection and the State in India: The Challenge of Extracting Accountability

Salim Lakha

University of Melbourne, Australia
salim@unimelb.edu.au

In the aftermath of the Asian Financial Crisis (AFC) some observers pronounced the demise of the developmental state. This view has recently been challenged by scholars who argue that rather than the demise of the developmental state, the role of the state has been reconfigured in the post-AFC period to meet new economic challenges and social demands. The provision of more inclusive social protection by the state is now a significant consideration. This presentation will examine the role of the state in social protection in India with reference to the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) of 2005. There are two distinguishing features of MGNREGA: it guarantees employment as a legal right and through the provision for mandatory social audits by the beneficiaries of the scheme, it promises accountability from below. However, it is arguable whether the state has demonstrated a capacity to deliver effectively on its rights-based program. This paper raises the central question: What does the implementation of MGNREGA reveal about the capacity of the state to

provide social protection and accountability in contemporary India? The paper cautions against viewing the state as a homogenous entity.

Including the Excluded in India? An End to Growth without Development after c2005?

Matthew McCartney
University of Oxford
Matthew.McCartney@area.ox.ac.uk

McCartney and Roy (2015) examined a long standing and well justified consensus about India that proved to be wrong. This view was that India would be unable to promote a regime of rules-based welfare and rather, schemes providing targeted patronage open to political clientelism and bureaucratic manipulation would remain the norm. Rules-based welfare targets people according to broad objective criteria such as poverty or illiteracy and welfare based on patronage or clientelism sees recipients trade their support for individualised benefits such as loan write-offs for small farmers and eligibility is associated with the discretionary decision of a politician or bureaucrat. The National Rural Employment Guarantee Scheme (NREGA) launched in 2006 defied this consensus. NREGA was a large, rules-based welfare scheme based on self-selection among beneficiaries and clear economic criteria and provided broad based benefits, largely to those in poverty. The 2015 paper justified that the NREGA was indeed a paradox and constructed a number of hypotheses to explain it. These hypotheses related to information, political mobilisation and the changing nature of Indian politics after the 1990s. This paper will build upon the hypotheses suggested in this earlier paper and examine their implication for welfare more generally in India. Whether this transformation in the ability/willingness of the state to provide rules based welfare has important implications for the link between economic growth and human development that has recently been debated between scholars such as Sen, Bhagwati, Panagariya and Dreze.

The 'Capital' Question: Beyond the Frontiers of (Western) Theory

Aditya Nigam
Centre for the Studies of Developing Societies,
New Delhi
aditya@csds.in

The argument in this paper is a continuation of an argument that I have been making for some time, which questions the universal history of capital, crucial to which are assumptions regarding its historical necessity. Capital is not only understood to be a historically unavoidable

condition but one that has already colonized the world such that there is no outside to it. In developing my argument regarding the 'outside' to capital, where I find Kalyan Sanyal's work very useful and significant, I claim that much of the problem with theorizing capital today has to do not with the beast itself but with the inherited paraphernalia of western theory and philosophy. After a survey of the passive revolution debate in India, which I read as a sign of the actual impossibility of 'capitalist' development across different parts of the world, I move on to argue that both 'capital/ism' and the 'logic of capital' (accumulation) are misleading concepts concealing an essential 'emptiness' which I work out through the idea of 'dependent arising' taken from Buddhist philosophy.

Rereading the 'Auto Revolution' in India with a Labour Lens: Shifting Roles and Positions of State, Industry and Workers

Babu P. Remesh

School of Interdisciplinary and Transdisciplinary Studies
Indira Gandhi National Open University, New Delhi
babu@ignou.ac.in

The paper critically examines the evolution of automotive industry in India and explains as to how the various industrial policies and specific policies concerning the sector have shaped the current state of labour affairs in the sector. It explains the 'tierisation' process in the automotive sector; traces the temporal transformations in the value chains and discusses the labour implications of these changes. It is shown that with the expansion and evolution of buyer driven value chains, the precariousness of work in the industry has also been on the rise.

The changing roles and positions of the state, capital and workers are critically examined by analysing the implications of various policy interventions. Alongside capturing the growth and pattern of evolution of industry, due attention is also given on establishing connections and linkages between a number of related aspects such as land acquisition policies of the state, growth of landlessness, distress migration and crowding in of migrant workers near industrial clusters, insecurity of transit labour in alien workplaces and so on. Eventually, the paper concludes that 'auto revolution' in India has been blooming at the cost of worsening labour standards, with growing job insecurities and dismal working conditions.

Debt, Crisis, and State Restructuring: Post-Colonial Lessons from Greece

Ranabir Samaddar
Calcutta Research Group
ranabir@mcrg.ac.in

This paper reflects on the post-colonial nature of the Greek financial crisis and shows how this reflection is important for the much of the world including India. On this basis, the paper analyses the deal imposed by Brussels on Greece over fresh loan and debt repayment and suggests that the deal shows how the state is to be restructured in the neo-liberal age. The main purpose here is to examine in the light of twenty first century capitalism few notions such as debt, crisis, rupture, mobilization, neo-liberalism, war, and migration. The paper examines the nature of the debt crisis and the extent to which the issue of debt can work as a mobilizing focal point in social struggles, more importantly as a template for transformation of social consciousness towards political rupture. In this context the paper examines the hard nature of the debt obligations of a state and the consequent change in the nature of the state towards becoming a neo-liberal machine, paralleled by the illusions of the traditional Left regarding the possibility of a return to the old welfare model of a state. The paper also argues that in this age almost no country can be free from currency crisis in as much as no country can be free from migration from outside and live as a sanitized territory free from the impact of war and devastation. The lessons from debt, crisis, and the restructuration of the state are valuable for India.

Interventions and Aspirations: Constructing Local Governance through Resource Access and Authority

Siddharth Sareen
University of Copenhagen
sid@ifro.ku.dk

This paper interprets how capitalist development is remoulding the Indian state in its rural forestland, by contextualising multiple instruments of intervention within Jharkhand's village life. It deconstructs three empirical instances of access to and authority over resources, positing that despite poorly-functioning local governance, a grassroots 'capacity to aspire' engages with governmental interventions. The first instance concerns villagers' attempts to acquire title deeds over traditionally claimed land, the second addresses a traditional village-cluster's protest against regulation of wood access by one village, and the third handles extortion by a Maoist insurgent group from a corrupt local contractor under an anti-insurgency scheme. Interpretations are empirically informed by six months of ethnographic fieldwork conducted between December 2012 and January 2015 in Ho Scheduled Tribe communities in West Singhbhum district. Arguments theorise the state through the interplay of local governance, democracy, access to resources, and inclusive development. They show how marginalised groups' local engagement with the state, rather than being supported by democratic

decentralisation, takes place sporadically and constitutes a frustrating relationship. This paper makes sense of the conundrum of villagers' involvement in state functions despite little working at present, arguing that enabling interventions' positive outcomes for such populations can build inclusive local governance.

Political Regimes and Distributive Politics: A Study of the Bharatiya Janata Party (BJP) in Contemporary Gujarat, India

Tannen Neil Lincoln

Institute for Social and Economic Change, Bangalore
neil.tannen@gmail.com

How do political regimes create patron-client relations at the micro level and what is the rationale behind the establishing of these patronage networks? Surveying the literature on patronage, clientelism and distributive politics the dominant argument that emerges is '*the logic of contingent exchange of benefits for votes during elections*'. In this context, the central question around which this project is developed is, *what are the modalities through which the BJP regime has established a patron-client relationship with its expanding political base in the state of Gujarat, India?* Drawing inferences from a primary level field survey at the micro (ward) level in two districts of the state of Gujarat, the study finds that the 'architecture of clientelism' is largely defined by the political gain of the regime rather than on constructs of ethnic and religious identity. This argument largely challenges the assertion that the BJP in its method of political control resorts to measures of ethno-nationalism, especially in Gujarat. In lieu of the confined approach to distributive politics, my research provides for an alternate line of reasoning that is largely rooted in understanding the micro aspects that define the larger context in which patron-client networks are established. Further, the methodological approach of 'political ethnography' adopted for the study has factored in administrative and political units such as taluks, wards and polling booths to analyze aspects of distributive politics at the micro level. This approach has largely been a 'hybridized' one that has not only contributed significantly to the entire endeavour, but in turn has provided a space for re-theorization of clientelism in general, and, in specific the contemporary nature of the BJP as a political party and a regime in Gujarat. Further, the study highlights the changing contours of the 'state' in lieu of the dynamism exhibited by the brand of politics and economic model of development that is popularized in Gujarat.
