Economic processes are everywhere political in that in order to operate they require political conditions, both at local level and from the state. These processes are also political in that their inegalitarian and exploitative character leads to political struggles over the ways that the economic processes work and over their distributive outcomes. Similarly, the political conditions require, and are influenced by, economic conditions. For example, economic processes influence the extent to which the state can be involved in redistributive projects and the conditions under which the lower classes can struggle for better living standards. In this essay, I examine five recent books on India’s political economy and discuss how they investigate the interrelationship between the economic and the political processes. Where possible, I also try to relate these works to the existing literature on political economy.

The essay has five sections. In the first section, I present a brief summary of these books. The next three sections discuss in detail and critically a selected set of issues in India’s political economy. I emphasise not just what the authors say but also what they do not say. In the final part, I draw my conclusions.

Issues in India’s political economy

The edited collection by Sathyamurthy analyses the agricultural, industrial and technological policies of the Indian state. The overall outcome of these policies has been a development process which is skewed in favour of certain regions and classes at the expense of other regions and classes. In the process, contradictions of a vertical nature (for example, between dominant and dominated classes, upper-middle castes and lower castes) have come to coexist with horizontal (for example, intra-ruling class) contradictions. In sum, the Indian political process has been characterised by two significant trends. These are a growing regionalisation of the polity and the emergence of new social groups as significant actors on the political scene.

One of these actors is the ‘class’ of farmers. Their political action and their relation to the state are the thrust of Varshney’s work. He argues that a democratic system introduced before an industrial revolution has led to a rise in farmers’ political power. All political parties, including the left parties, support their demands for higher farm prices and subsidies. Farmers have therefore succeeded in preventing the worst-case scenario from taking place, this being the
fall in producer prices that normally accompanies an accumulating grain surplus. But the best-case scenario, that is, continual increases in farm returns irrespective of the rhythms of technical change, remains unrealised. That is because rural power is subject to serious constraints. On the one hand, the farmers’ organisation, which aimed at putting pressure on the state for more resources, is impeded by crosscutting cleavages within the farming community (for example, caste, ethnicity and religion). On the other hand, millions of poor Indians cannot afford costly food. Besides, there is also a limit to the extent to which the state can subsidise the rural sector, which is very large compared to that in more developed countries. State subsidy is especially a problem because farmers are only one group among many competing for the state’s resources.

Drèze and Sen point to a different type of state failure in India, namely, its failure to remove poverty, illiteracy, disease and inequality of opportunity. Nevertheless, they argue that the state, or more generally public action, can contribute to a people-centred economic development aimed at the expansion of human capabilities. They suggest that economic development requires the mutually supportive interaction of public action, including state policies, and market stimulation.

The pro-market (or neoliberal) reform policy of the Indian state is the theme of Kurien’s book. Since the introduction of these reforms in 1991, the Indian economy has been increasingly connected to global capitalism. Kurien discusses the nature and the implication of that connection. Reforms have been sponsored by a tiny minority to promote its specific interests, although neoliberalism has been promoted politically as being in the national interest. India’s balance of payment situation has improved, but its debt situation has worsened. Industrial exports have not significantly increased. This is partly because of quota restrictions imposed by western countries, and because exports have remained concentrated in traditional areas such as textiles.

Finally, the way that neoliberal reforms have impacted on the poor is the theme of the Rao and Linnemann collection. It draws our attention to the significant rise in absolute poverty in villages in the immediate post-reform period, reversing the earlier trend of a decline in poverty. The claim is that the reduction in public investment and social expenditures as part of neoliberal policy has contributed to poverty.

In the remainder of the essay, I will critically consider a few selected issues. These are: the class character of Indian society; the nature and actions of the state and its ‘democratic’ form; and concepts and explanations of poverty and development. I have chosen these issues because they are all important political-economic issues and because they are common themes in more than one book under review.

Class character of the Indian society

The class character of either Indian society as a whole or only the countryside is considered in almost all the works. But their approach to the issue varies. For Varshney, India is a predominantly peasant land. He uses the terms ‘peasantry’ and ‘farmers’ interchangeably because both peasants and farmers produce for the
I think that Varshney’s discussion of class relations has several problems. First, his work suffers from an under-conceptualisation of class relations. His discussion of rural India and, in particular, his characterisation of India as a peasant land, which is consistent with the view of the Rudolphs, completely ignores the celebrated mode of production debate that looked at the class character of India’s agriculture. Indeed, he rarely refers to the vast literature on the radical political economy of agrarian India that deals with the capitalist nature of Indian agriculture. This neglect is partly a reflection of his overall theory of India’s social change as industrial–technological change, rather than a change in class relations effected by the socially and spatially uneven development of capitalism. Second, to the extent that he does discuss class, his discussion has three flaws which I will itemise briefly. Partly, it is that his view of class is sectoral. He talks about class relations as if industrial classes do not exist. He points to the linkage between agriculture and industry, but rarely talks about their capitalist character. This neglect leads to his inadequate analysis of the Indian state, as I will show later. Partly too, it is that his view of agrarian class relations is primarily based on the exchange view of class as opposed to the production/property relations view. 

Exploitation of labour is not a part of Varshney’s class mapping. Production for market is. Finally, he has a static view of class, for he ignores class differentiation processes, including the unevenly occurring agrarian immiserisation and proletarianisation to which Harriss, among others, has drawn our attention.

In the other works under review, there is a good discussion of India’s class map in several chapters of the Sathyamurthy collection and also in Kurien. During the last four decades, says Sathyamurthy, the Indian capitalist class has vastly expanded. In addition to the national industrial large bourgeoisie, the capitalist class also includes the agricultural bourgeoisie, the provincial industrial bourgeoisie and the non-resident Indians. The non-capitalist class includes the poor peasantry, the landless, agricultural workers, the urban petty bourgeoisie and the industrial working class, including its semi-skilled and unskilled segments and the casual and contractual labourers. However, the regionally important feudal, semi-feudal and the feudally exploited people (for example, bonded labourers) are not discussed. Given that feudal elements tend to impede the exercise of bourgeois state power, this is an important omission.

Several writers stress the significance of the political actions of classes. Thus classes are seen as both classes in and for themselves. This is to the good. The political action of farmers, in particular, has received considerable attention. But there is also some discussion of the urban working class to which I will turn first. Indian labour, according to Basu in the Rao and Linnemann collection, is one of the most expensive in the world. This is not because wages are high but because of high indirect costs of labour (for example, strikes). Clearly, Basu wants a quiescent labour, waiting to receive adequate wages by virtue of the sweet will of employers. This is, of course, somewhat different from Drèze and Sen’s general acceptance of the role of public action, which, significantly, includes working class organisation, in economic development, although they do say that too much adversarial public action can hurt economic growth, as in Kerala. Turning now to farmers’ political action, for Varshney the claim that the new
farmer agitations are class-driven is weak. Rather than having a narrow class base in the surplus-producing rich peasantry, the new farmers’ movement has the support of all sections of the landed peasantry. For example, there is widespread support by small farmers for higher prices for cash crops as well as for food crops and lower input prices. Marginal farmers (that is, the food deficit farmers) can also be expected to support higher prices for cash crops and lower input prices, but they do not unless strong political reasons (for example, organisation as a check on the bureaucratic abuse of input delivery) and visible employment effects are simultaneously present. Labourers tend not to support these agitations, but, where they do, it could be mainly due to their dependence upon the rich farmers for wages and loans.18

I believe that Varshney’s claim, that price agitations cannot be considered class-driven and are thus multi-class, can be challenged by the use of the concept of hegemony. As defined by Jessop:

[H]egemony involves the development of a specific ‘hegemonic project’ which … involves the mobilization of support behind a concrete, national-popular program of action which asserts the general interests in the pursuit of objectives that, explicitly or implicitly, advance the long-term interest of the hegemonic class (fraction)…. Normally hegemony also involves the … flow of material concessions to other social forces mobilized behind the project.19

I would argue that capitalist farmers are trying to build a hegemonic project which includes some concessions to non-hegemonic fractions of the landed (for example, poor peasantry) and perhaps even labourers (the view that ‘higher prices will increase wages’, which he himself refers to). A movement does not have to be exclusively about the interests of the capitalist farmers to be (called) a capitalist farmers’ movement. Indeed, and in contrast to Varshney’s stance, Patnaik and Hasan in Sathyamurthy say that the farmers’ movements represent the interests of the new rural capitalist producers clearly and consistently.20 They explicitly argue that those poor peasants and labourers who are substantial net purchasers of food grains are the classes who stand to lose from farmers’ agitations and are therefore entirely outside their support base. Varshney, however, asserts that marginal farmers can support the price agitations on non-economic grounds (see above). But he never problematises the so-called non-economic benefits of new agrarianism, such as making the bureaucracy more accountable. Its bureaucratic character is an inherent aspect of the capitalist state, partly, at least, aimed at keeping the masses away from state institutions.21 It is true that the state is an arena of struggle, which means that it can be made more democratic, within limits, through political action. But lack of recognition of the obstacles to making this possible can lead to politicism, that is, the explanation of things solely in terms of political variables and especially in abstraction from economic processes.22 On the other hand, Patnaik and Hasan never even entertain such a possibility and thus smack of mild economism (the opposite of politicism).
For his part, Varshney suggests that, while the normative order of patron–client relationships has been gradually disintegrating, class conflict has not always replaced it. Labourers are increasingly conscious about their rights, induced by continuing social deprivations and indignities. But this increasing political awareness has not generally been translated into organised collective action. This is because, unlike the landlords or rich farmers, those who mobilise labourers are unable to provide credit, insurance or employment. Further, over time, even the organisers, including the communist parties, have been trying to mobilise on multiclass lines, not concentrating exclusively on labourers’ interests. Varshney’s discussion of labourers’ organisational issues gives a semblance of balance to the treatment of rural class politics in his book. On the other hand, there is relatively little in the Marxist works, for example, the Sathyamurthy collection and Kurien, on the topic. To generalise, while Varshney tries to combine structural and agency-oriented analyses (although his view of structure and agency is far removed from class approaches to these matters), the Marxist works are more structuralist and unfortunately pay only lip service to agency. However, Varshney’s analysis of class politics, like his analysis of class relations as discussed above, has several problems. First, he says that both mainstream parties/movements, as well as the communist parties, organise on a multiclass basis. But he does not ask why the leadership of these multiclass organisations is usually in the hands of capitalist farmers or rich peasants. Can there not be a multiclass mobilisation led by labourers and poor peasants, who constitute 70 per cent of the rural population? To the extent that the communist organisations are based on the support of multiple classes, including both exploiting and exploited classes, what is the contribution of state repression to this form of organisation? Second, Varshney says that there are obstacles to labourers’ organisation and that farmers’ power is also self-limiting. But, if both farmers and labourers are constrained in their political organisation, why then do the state policies benefit farmers, the rich farmers especially, while there is little attempt at (for example) implementing minimum wage legislation? More specifically, if farmers have a surplus commodity, the state ensures its sale at a profitable price, but, if labourers have a surplus of the only commodity they have (that is, labour power), why does not the state guarantee its sale and at an adequate price? What does this differential treatment of farmers and labourers say about the nature of the Indian state? Asking the sorts of questions I have raised is beyond Varshney’s centrist world view and, for that matter, is beyond the theoretical horizons of even the more radical works under review, with but few exceptions. Varshney (and others) seem to suggest that what farmers and labourers get depends on their political organisation, but they neglect the prior issue of the structural source of the power of these classes: their class power and its relation to the state.

The nature of the Indian state and its interventions

Several types of state interventions have been discussed in the works under review. These include policies aimed at processes of socioeconomic change such as land reforms, poverty alleviation, the Green Revolution, industrial develop-
ment and economic liberalisation. The discussion of the policies aimed at these changes is important in its own right, but it also sheds light on the ways the authors look at the nature of the Indian state and I will focus on this aspect. In particular, I want to discuss the class character of the state and the determinants of the state’s actions and their effectiveness.

Class character of the state

The class character of the state points to the classes that are the primary beneficiaries of state actions (or in-actions). Chaudhuri says in the Sathyamurthy collection that ‘Indian planning was meant to benefit the industrial capitalists and the rich farmers’. This is a premise that is indicative of the class character of the state and which is supported by Byres, among others. Exercise of power over the state is facilitated by, although it does not necessarily require, the instrumental control by the dominant classes over the state apparatus. Instrumental control occurs both in terms of these classes actually occupying positions within the state apparatus and also in terms of their capacity to influence ideologically the actions of state actors. There is considerable discussion of instrumental control in the works under review. In India, the state apparatus, says Bandyopadhya in Sathyamurthy, is controlled by the propertied classes. For example, as Varshney rightly observes, the local level state apparatuses (e.g. the local police and village-level bureaucracy) are dominated by upper caste landowners and share their biases. This fact, he says, was responsible for the failure of the attempt to nationalise the grain trade and also to promote land reforms.

However, Varshney’s discussion of the nature of the state is inadequate on several grounds. In the main, his sectoral view of the class character of society, referred to earlier, leads to his sectoral view of the class character of the state. He suggests that only some parts of the state, such as local level apparatus and the CACP, the agency that recommends farm prices, are influenced by the landed class or their politicians, but these institutions are less powerful than institutions such as the finance and defence ministries. The state in Delhi therefore might not have been a preserve of landlord power, but Varshney does not say which dominant class has the primary influence over the finance, defence and other ministries. He is also often quite uncritical of state actors and institutions. This is evident in his treatment of (for example) Nehru and the Planning Commission. But readers get quite a different view from Sathyamurthy’s contribution to his own collection. Let me quote in detail. One learns, for example, that ‘Nehru entrusted all the economics (i.e. finance, trade and commerce, and industry) portfolios to non-Congress “experts”—[who] would have won the enthusiastic approval and unqualified trust of a latter-day World Bank or International Monetary Fund! From 1957 onwards, the Prime Minister appointed [Congress] “experts” to these ministries.... These largely consisted of men who were themselves industrialists or traders, or who enjoyed the confidence of the Indian national bourgeoisie.’ The post-Nehru period was no different. ‘In all the central ministries that have been in power since 1977, economic portfolios have been held by ministers openly committed to free
market, capitalist, pro-liberalization, and denationalization policies.’ The Planning Commission has the same story. ‘[W]ith the partial exception of ... Mahalanobis and Gadgil ... none of the executive heads of the Planning Commission ... had a vision of India’s economic development that could be deemed to be a genuine alternative to that projected by the successive ministers of the central government in charge of economic portfolios.’

Not surprisingly, the policies of the Indian state have been basically in favour of the propertied classes, especially the capitalist class, as seen in its current neoliberal policy. Baru in Sathyamurthy says that the post-independence industrial policy sought to create the basis for an independent capitalist economy in India (even though, in practice, it was forced to yield considerable space to foreign capital). The state has also promoted capitalism in rural areas in several ways. Consider land reforms. The thrust of these reforms was the attempt to push and cajole rentiers to turn themselves into capitalists. Land reform measures simply created a suitable institutional framework for the growth of capitalist production, which in the last resort required the stimulus of profitability. This was provided in several ways. First, with the state-promoted Green Revolution, richer landowners could reap a profit of 50 per cent or more, which was more attractive than merely renting out land and usury business. Second, the implementation of a strategy of planned investment and other expenditures by the Indian state on a large scale from the mid 1950s onwards created an expanding domestic market for necessities, particularly food grains. This, in turn, substantially raised the profitability of food grain production. The ratio of prices of food grains relative to manufactured goods rose (an issue Varshney also documents well). The problem with Varshney is that his exchange view of class and his sectoral view of the state ignore the land reforms’ (limited) success in creating conditions for the emergence of a class which would pressure the state for (the continuation of) a favourable price policy, the issue on which he focuses.

Determinants of state actions and their performance

A general question is: why does the Indian state do what it does? The works under review give different answers to this. Drèze and Sen, for example, say that what the government does can be influenced by public pressures. But much depends on what issues are politicised and what is, or is not, politicised depends on the visions and pre-occupations of opposition parties. This is, in my view, very politicist for (non-communist) opposition parties do not oppose ruling parties on crucial issues such as payment of compensation to landlords in the land reform laws. In other words, on class-related issues that do matter to the lower classes, opposition parties do not matter. This happens, in part at least, because both ruling and opposition parties work within the framework of a state that supports the fundamental interests of the propertied classes and share an anti-lower class ideology which, in turn, contributes to the de-politicisation of the crucial issues. Drèze and Sen ignore the fact that the ideology of the propertied classes and the coercive character of the state, among other things, influence what enters into political debates and what does not.
Varshney’s explanation of Indian state interventions is marred by statism, another form of politicism. He assigns the state more causal power than it can possibly possess. The state, he says, introduced a price- and technology-oriented strategy (the Green Revolution) in the 1960s when the countryside was actually less powerful in the polity than it has been in the period since then. He notes that this ‘change in agricultural policy in the mid-1960s had been primarily a state initiative’, which indicates that Varshney has an under-conceptualised view of the class character of the Indian state. His approach is sectoral in that he ignores the national class context of the state. He does not consider the fact that there is an imperative on the state to reproduce class relations in the country (not just countryside). The capitalist state has generally to create conditions for capitalist accumulation and for the reproduction of capitalist property relations. Here cheap food is crucial. One major reason for the pro-farmer policy is to help richer farmers produce food cheaply, since this is important for industrialisation, private capitalist profits and industrial peace. Indeed, the surplus production from the developed regions of north India has been used by government in purchasing urban peace. If cheap food is not provided, urban discontent and unrest on a mass scale may be confidently anticipated as Patnaik and Hasan point out happened in the early 1970s. Thus what is, for Varshney, an autonomous state action to a large extent emanates from the overall capitalist context of the state. No matter how autonomous it appears to be, ‘the state power does not hover in mid-air’, as Marx correctly recognised. The state, in short, must be seen in its class context.

There is much discussion too of causes of failure in the implementation of state policies. Varshney, for example, provides two explanations of the failure of the land reforms policy: factional struggle at the top levels of the Congress party and the absence of political mobilisation of the intended beneficiaries. Local governments (panchayats) were supposed to help in the political mobilisation of the poor. Instead, the local ‘notables’ captured them. How this happened is explained by the imperatives of ‘party building in a new nation’. The lower wings of the Congress party—the district and taluka (sub-district) levels—came under the control of landlords and substantial landowners. These groups saw the advantages of entering the party in power. For me, this is again statism. More specifically, Varshney tries to explain the failure of state actions entirely in terms of the failure of state structure (local level of apparatus; political parties). Varshney’s modernisation theory of Indian politics fails to ask: is party building a class-neutral project? Is not party building in a class society such as India’s largely about creating the political institutional framework within which the masses can be controlled so that inegalitarian property relations can be safely reproduced? Varshney’s politicist/statist discourse is a part of a more ‘general statist paradigm’ in (India’s) political economy literature to which Bagchi (again in Sathyamurthy) draws attention. This paradigm is the widespread assumption that the Indian state is an autonomous active agent which impinges on a passive society, galvanising it into appropriate responses as desired by the planners and policy makers. In sum, Varshney, like Drèze and Sen (and most authors in the Rao collection as well), does not look at the necessary class character of the state, especially the fact that large landowners are a part of the class base of the
They all ignore the fact that the state seeks to ensure that property relations are not attacked.

In contrast to Varshney’s approach, there is a class approach to the failure of state policies. Bagchi argues that the failure of such policies as land reform and cheap loans for poor farmers is generally seen by planners and others as merely a defect of implementation. It is not seen as the integral, constitutional birthmark of a society in which landlords, usurious moneylenders, privileged bureaucrats and policemen thriving on criminality remain in control of change. Varshney, as well as Drèze and Sen, all share this premise which Bagchi criticises. Commentaries on land reforms by these authors fail to observe that ‘policies towards land reform were never part of any Plan strategy, in spite of the pages devoted to it’. Indeed, as the constitution stood, land reform was not a sphere of activity for the central government, although, according to Chaudhuri, it is difficult to believe that a government that took the matter seriously could not have made a better show of progress. Indeed, he complains, the Five Year Plans never provided for an alternative set of policies that would be contingent upon a failure to implement land reforms.

Consider too in the same light the state’s unsuccessful attempt to promote balanced industrial development. This also shows the importance of the class context of state actions. The state has intervened more effectively in favour of industrialisation where the regional capitalist class has been strong (as in the north-west, western and southern parts of the country) and where it has traditionally played a more important political role along with the rich peasantry. Obversely, support given to industrialisation has been less in areas (such as the eastern states) with a weak indigenous capitalist class.

**Nature of the democratic state-form in India**

Drèze and Sen, Stuijvenberg (in Rao and Linnemann) and Varshney, among others, all characterise the state and the political system as democratic. Varshney discusses the ways in which India’s democracy facilitates what he calls ‘democratic peasant mobilization’ against state policies. He argues that, if the state can repress farmers without any electoral or political sanctions, rural mobilisation can be easily stilled at its birth. However, a democratic system places serious constraints on the state’s repressive capacity vis-à-vis farmers, particularly as they themselves are well represented in the upper tiers of the polity. Additionally, opposition parties have a vested interest in embarrassing the government and a free press puts further constraints on the government. Very similar points were made by Drèze and Sen. Readers will also know that Sen is a long time admirer of India’s democracy. A government that has to face criticism from opposition parties and free newspapers, and that has to seek re-election, cannot afford to neglect such problems as famines, Drèze and Sen note. Similarly, Stuijvenberg asserts that mature democratic institutions and the freedom of press (along with numerous eminent economists) are safeguards against too reckless an implementation of neoliberal economic reform. It is only in the SathyaMurthy collection that one (occasionally) hears about ‘the authoritarian practices of a quasi-democratic state apparatus’ and their implications, such as the fact that

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women are among the worse victims of predatory capital and the repressive state apparatus.\textsuperscript{48}

In short, in the conventional literature the democratic character of the state-form is not problematised and, in particular, the \textit{class} character of its particular democratic form is not treated critically. Varshney says that, in a democratic system, it is unlikely that ‘drastic measures’, such as repression, could be taken against protesting farmers.\textsuperscript{49} But how did the state repress the famous Telengana peasant resistance? How does the state repress the day-to-day struggles of the masses for better living conditions?\textsuperscript{50} He ignores the fact that the power of farmers is mainly due to their control over property. Their power does \textit{not} stem from democracy, although they may have received some concessions from the state through mobilisations that are facilitated by democracy. In my view, democracy in India has been mainly reduced to the resolution of conflicts, through elections and otherwise, between dominant classes/class-factions and their electoral representatives.\textsuperscript{51} At the risk of generalising, I would say that Indian society and the Indian state are more \textit{undemocratic} than democratic from the standpoint of the underprivileged \textit{majority}. Go to urban neighbourhoods and rural areas and you will see that lawlessness is ubiquitous; laws are up for sale and/or in musclemen’s pockets nearly everywhere. If \textit{democracy} could empower people irrespective of their \textit{class} background, one must wonder why the majority of Indians are below or very close to the line of absolute poverty.

\textbf{Poverty and development: concepts and explanations}

Drèze and Sen argue that poverty lies not merely in the impoverished state in which the person actually lives, but also in the lack of real opportunity to choose other types of living. Poverty is thus, ultimately, a matter of ‘capability deprivation’. The ‘expansion of human capability [such as ability to read, live a long life and so on] can be, broadly, seen as the central feature of the process of development’.\textsuperscript{52} Development is also seen as a \textit{gendered} concept. Economic progress on its own does not necessarily reduce the gender gap significantly. Indeed, India has an exceptionally low female–male ratio. Adult men have disproportionately benefitted from improvements in living conditions and medical care. The fact that professional attendance at birth remains so rare in several Indian states, while modern medical treatment is very often used to cure diseases that are not specific to women, is a good illustration of this point. As Drèze and Sen again rightly argue, the emancipation of women is an integral part of social progress, not just a ‘women’s issue’.\textsuperscript{53} Nor is, in their view, the growth rate of GNP to be regarded as the ultimate test of developmental success, although at the same time one must not reject the importance of economic growth itself. There has to be growth for it to be participatory or redistributive. In sum, Dreze and Sen offer a people-centred concept of development, which may be appropriate for India and other less developed countries, given their multiple aspects of deprivations, including income deprivation.\textsuperscript{54}

While poverty and economic development have been appropriately conceptualised in Drèze and Sen, the causes of poverty and the causes of slow economic growth in India have been discussed in the other books as well. Let me look at
economic growth first. Varshney notes that agriculture may not have contributed a significant amount of savings to the industrial sector, which may partly explain India’s slow industrial growth rate until the late 1970s. More important, though, it seems, have been the actions/inactions of the state. As Drèze and Sen argue, the state has neglected primary education. This is important because inequality in basic education translates into inefficiency, as well as further inequality, in the use of new economic opportunities. This *distributive* failure supplements the effect of educational backwardness in restricting the *overall* scale of expansion of skill-related modern production. The Indian state has also presided over a decline in public investment. There are many reasons for this. First, the allocation of resources by the state has led to a proliferation of subsidies and grants to placate different competing groups. This reduces the surplus available for public capital formation, an issue Bardhan has also pointed to. Second, the state has been unable to raise adequate resources from the affluent. The decline of investment for all these reasons, in turn, has led to disincentives for private investment, given the existence of a direct relationship between public investment and private corporate investment.

However, for Drèze and Sen, the cage that most effectively keeps the Indian economy tamed is that of bureaucracy and governmental overactivity. Bureaucratic control, says Basu, emanates from the particular nature of India’s democracy. This is based on a system of overlapping rights: every one has the right to decide on every matter in contrast to a system of partitioned rights where everyone has a domain over which he or she has the full right to decide. Indian-type democracy thus allows many to exercise veto power and presents individuals from effective decision making because they need clearance from others at every stage. This system impairs flexibility and stifles economic development. In my view, this latter argument is but a softer version of the neoliberal explanation of state failure to promote development, which is ‘based on … the assumption that an all-powerful state has been the root of all economic evil and the progenitor and promoter of all unproductive (“rent-seeking”) activities’. According to Sathyamurthy, this presupposition ignores the numerous devices at the disposal of dominant elements in the ruling classes (including the bureaucratic apparatus of the state itself) to manipulate the state apparatus.

A final point in relation to economic growth which emerges for the books under review is the skewed distribution of demand. The fact of unequal distribution of land and assets in agriculture has meant that demand originating from within agriculture for domestically produced industrial goods only grows slowly. The limited demand base for these goods is evident from the fact that the poorest 50 per cent in rural and urban areas account for only about 20 per cent of industrial consumption.

Let me now turn to the suggested causes of poverty. The state is again seen to be central, with neoliberal policy contributing in several ways. In order to limit the quantum of food subsidy at existing levels so as to contain the fiscal deficit, issue prices of food grains have been revised upwards consequent upon the upward revision of minimum support prices fixed by the government. Of course, the higher price of food adversely affects the poor who are net buyers of food. There has also been a further compression of demand following reduction in
government spending and restrictions on the import of raw materials and capital goods. This slows down the general rate of growth which means slow employment growth. The poor are especially dependent on public expenditure for employment and so cuts in public expenditure have hurt them. In general too, high inflation, caused partly by devaluation and the rising revenue deficit which are parts of the neoliberal reform package, has eroded the real incomes of the poor. \(^{64}\) Indeed, the vocabulary of poverty alleviation is absent from the rhetoric of liberalisation. \(^{65}\)

But even historically according to Chandhuri, it seems ‘unlikely that government policy has from the beginning been consciously designed to benefit large sections of the rural population’. \(^{66}\) ‘No influential person in government has suggested that the anti-poverty programmes should be given priority in the same way as power generation.’ \(^{67}\) Programmes that directly benefit the poorest communities in India tend to have been sacrificed at the altar of growth. Dreze and Sen and Gupta (in the Rao and Linnemann volume) point out that growth is necessary for poverty and that growth does trickle down. \(^{68}\) But Gupta notes that percolation to the poor from growth only becomes effective when growth accelerates to at least 7–8 per cent per annum. To the extent that growth is slow for the reasons just discussed, it contributes to poverty. Until growth reaches the level identified, positive poverty alleviation policies are needed. Yet these policies also have had only limited success, in part because they have largely been administered ‘from above’ without any proper assessment of needs and resources at the local level and partly because of leakages (major benefits from these programmes have gone to the non-poor). \(^{69}\)

Several writers in the Sathyamurthy volume suggest that the state has promoted capitalism (for example Baru, Patnaik and Hasan). But, as Kurien rightly suggests, the vast majority of the people have very little resource power to take advantage of the ‘prosperity’ that capitalism has brought about; they can, at best, be passive participants in it. \(^{70}\) They frequently find that the only commodity they have for sale—their labour power—is not saleable. As is usually the case, the benefits of growth have accrued to those who control land and capital at the expense of the poor. \(^{71}\)

Finally, the lack of pressure from the masses is considered to be a cause of poverty. Drèze and Sen comment that ‘successive governments in India have had reason enough to rely on the unending patience of the neglected and deprived millions in India, who have not risen in fury’ about their socioeconomic problems. \(^{72}\) In a similar vein, Varshney says that the rural poor are not organised enough to pressure the government to allocate more resources to rural development. \(^{73}\) This last argument does seem rather to smack of a ‘blame-the-poor’ approach since little consideration is given to the way absolute poverty itself can impede organisation.

**Conclusion**

Taken together, these books shed considerable light on many aspects of India’s political economy. Clearly, Varshney’s is one of the best recent commentaries on rural political economy in India from a centrist standpoint. Its merits include the
fact that it exploits quite well the complementarity between theorisation and empirical investigation and between interviews and textual documentation. It sheds much light on how the state institutions work and impact on the society. However, apart from its positivist/statist assumptions, the major problem is its underconceptualisation of class and, in particular, its assumption that one can look at class relations in rural areas without looking at the class context at the national level. The other two centrist works—the Rao and Linnemann and the Drèze and Sen volumes—are also important, the former for shedding light on the link between neoliberal policy and poverty and the latter for highlighting the state’s neglect of social development. The Sathyamurthy volume and Kurien’s work are major contributions from the left in drawing attention to the class character of state policies, but they are weak on the political response to the state’s class biases. It is to be hoped that these works encourage further empirical and theoretical research on India’s political economy which both avoids their major lacunae and makes use of their positive contributions.

Notes

9. Ibid., p. 2.
12. Mitra and a footnote reference to Byres are exceptions. The Rudras, the Patnaiks, the Brasses, the Harrisses, all are missing.
14. In the exchange view of class, classes are defined in terms of surplus production for sale in the market (landowners are defined as a class because they produce marketable surplus). In the production/property relations view, classes are defined in relation to ownership/control over means of production and the resultant processes of exploitation (in this view, landowners are a class primarily because they get their land cultivated through hired labour and/or tenants).
Raju Das


22. As I will show later, the work of Drèze and Sen is also politicist. Of course, politicism is a problem not confined to these works. It is, in fact, a problem in state theory as such; on this, see Raju Das, ‘Politics and Idealism in State Theory’, *Science and Society*, Vol. 63, No. 1 (1999), pp. 97–104.


25. See, for example, Amiya Kumar Bagchi, ‘Dialectics of Indian planning: from compromise to democratic decentralization and threat of disarray’, in: Sathyamurthy, *Industry and Agriculture in India since Independence*, pp. 46–95; also Kurien, *Global Capitalism and the Indian Economy*.


38. Das, ‘State Theories’.


44. Chaudhuri, ‘Economic planning in India’, p. 106.


46. Varshney, *Democracy, Development and the Countryside*, pp. 98, 114, 199.


51. I am saying ‘mainly’, because I do not want to ignore the intrinsic value of democracy nor certain real political-economic benefits from democracy for the population at large and for its less privileged sections, although the benefits the latter have received, especially economic benefits, are certainly minimal. On positive and negative aspects of democracy in India, see Das, ‘The Social and Spatial Character of the Indian State’, p. 793.
53. Ibid., pp. 142, 154, 159.
54. Ibid., pp. 184–5.
64. Ibid., pp. 172–3.
65. Roy, ‘“Liberalization” and the Indian economy’, p. 146.
69. Nayyar, ‘New initiatives for poverty alleviation in rural India’, p. 188; and Gupta, ‘Recent economic reforms in India’, p. 146.