

India: emerging economic giant?

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The caste hierarchy

- Three upper castes – the **Priest**, the **Warrior**, the **Merchant** (may or may not own land) - **UCH**
- One lower caste – **Tillers of land** – (may or may not own the land they till) – **OBC**
- Outcaste – **the Dirty jobs** – the **Cobbler**, the **Scavenger** – **SC** – **Dalits**. And work on other people's land
- **Adivasis** – the **ST**

Table 2: Population Distribution according to Social Groups Including UCH*, 1999-2000

	ST	SC	OBC	UCH	Other Religions
Rural (72 per cent)	10.5	20.4	37.5	23.7	17.7
Urban (28 per cent)	3.4	14.3	30.4	27.3	24.4

Notes: * UCH stands for upper caste hindus. Figures in parentheses refers to shares in total population.

GDP growth

	GDP growth	SD
1951/52-1964/65	4.1	2.6
1965/66-1979-80	2.9	3.9
1980/81-1990/91	5.6	2.2
1992/93-2002/03	5.8	1.3
1980/81-2002/03	5.5	
2003/04-2007/08	8.5	1.2

Per capita income growth

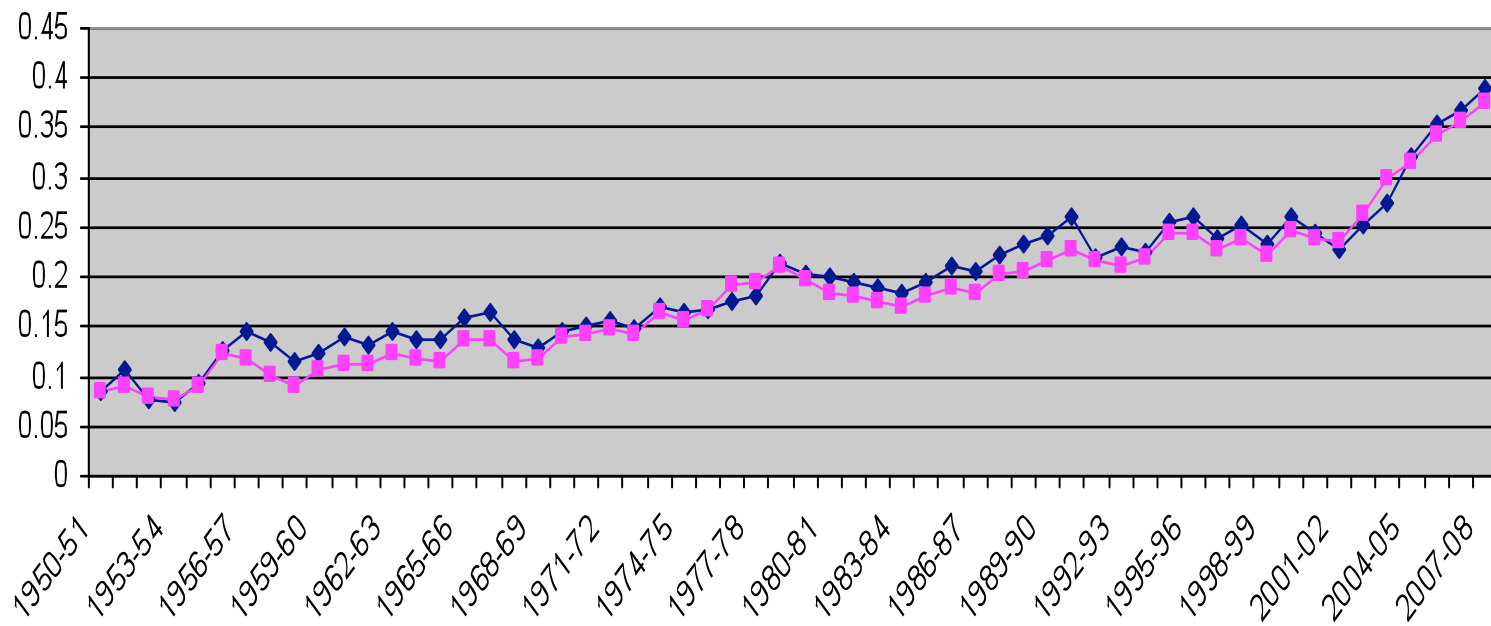
	PCY growth	SD
1951/52-1964/65	2.0	2.5
1965/66-1979-80	0.7	4.1
1980/81-1990/91	3.2	2.2
1992/93-2002/03	3.9	1.2
1980/81-2002/03	3.4	1.9
2003/04-2007/08	7.3	0.9

Consumption and Investment ROG

	C	I
1951/52-1964/65	3.9	9
1965/66-1979-80	3.0	5
1980/81-1990/91	4.9	7
1992/93-2002/03	5.0	8
1980/81-2002/03	4.8	6.5
2003/04-2007/08	6.4	17.4

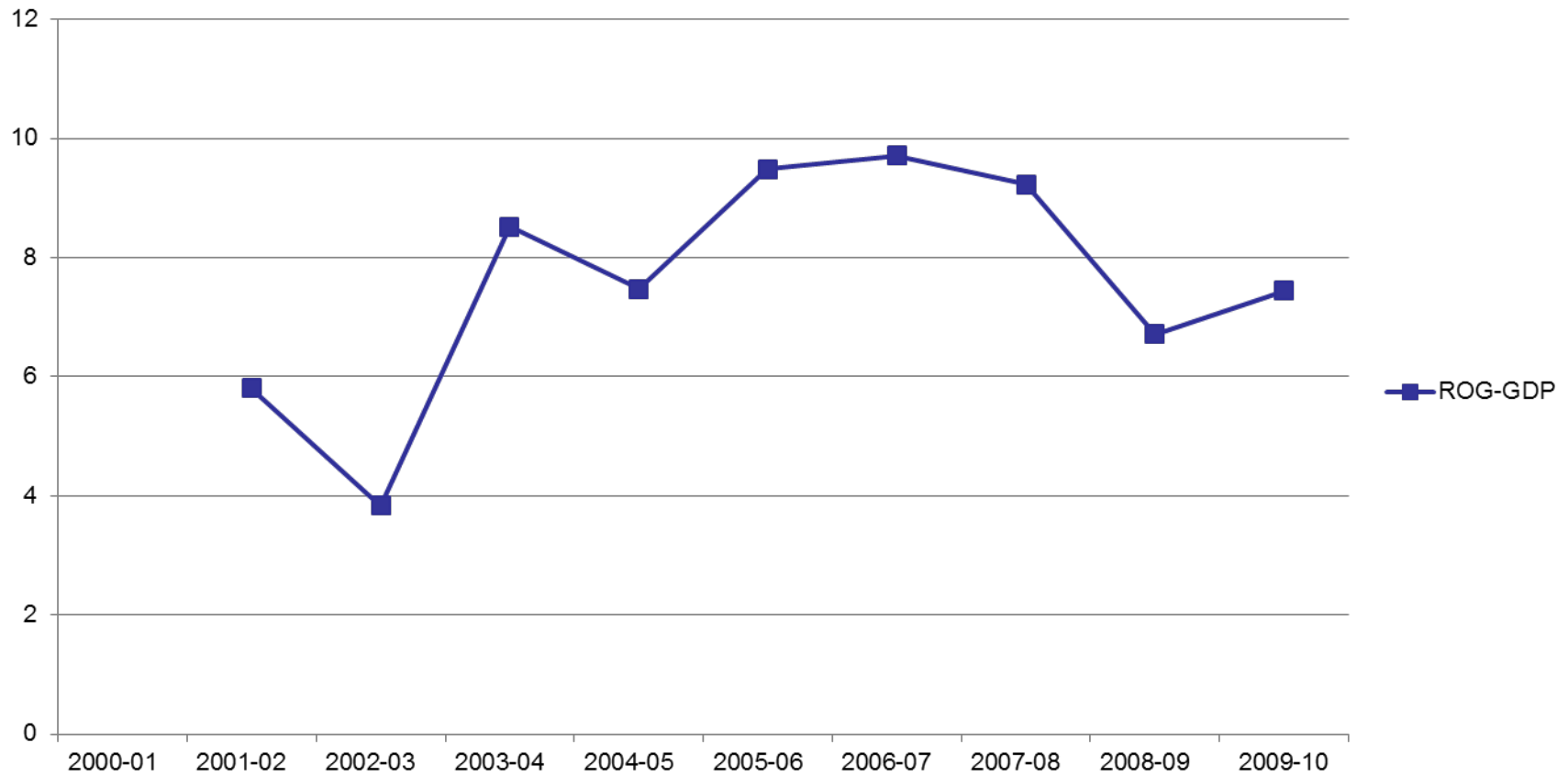
Savings and Investment shares

I/Y S/Y

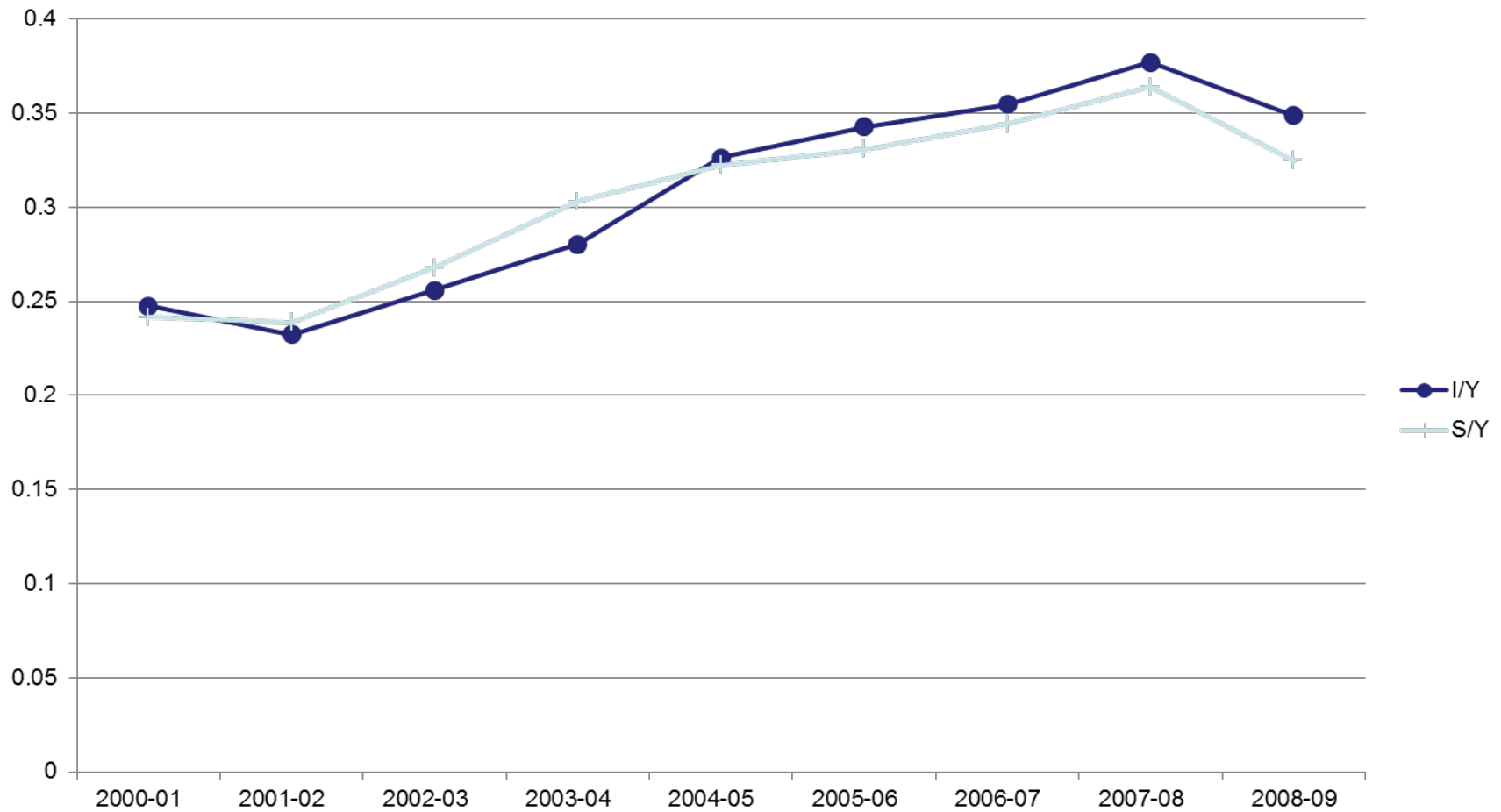


GDP growth rates

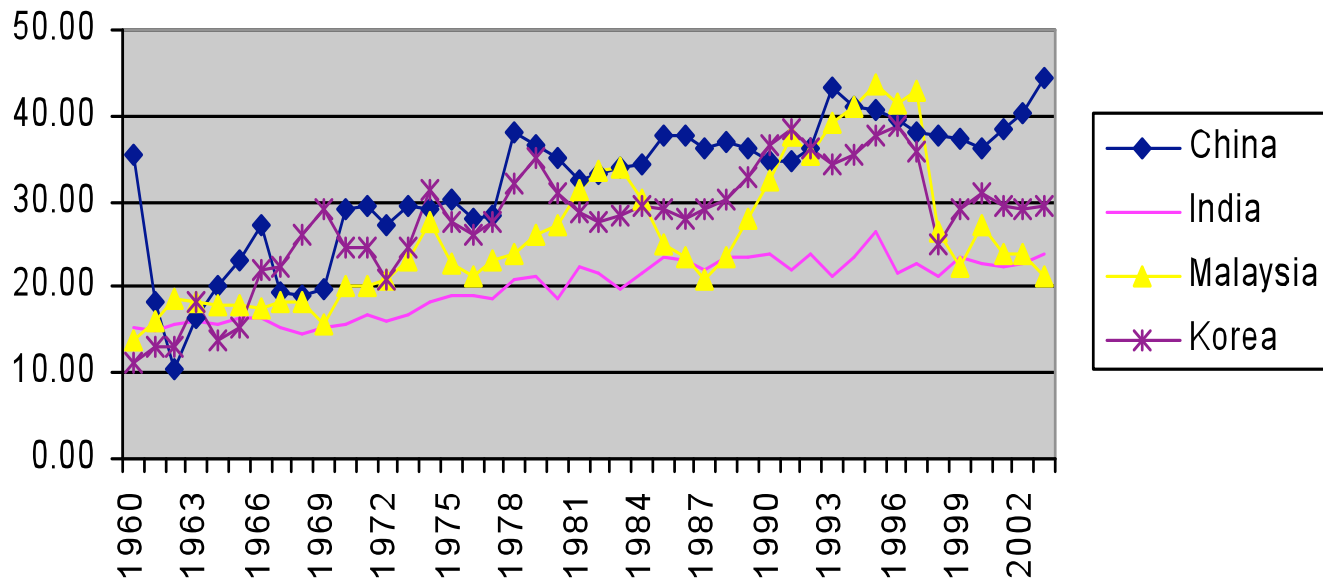
ROG-GDP



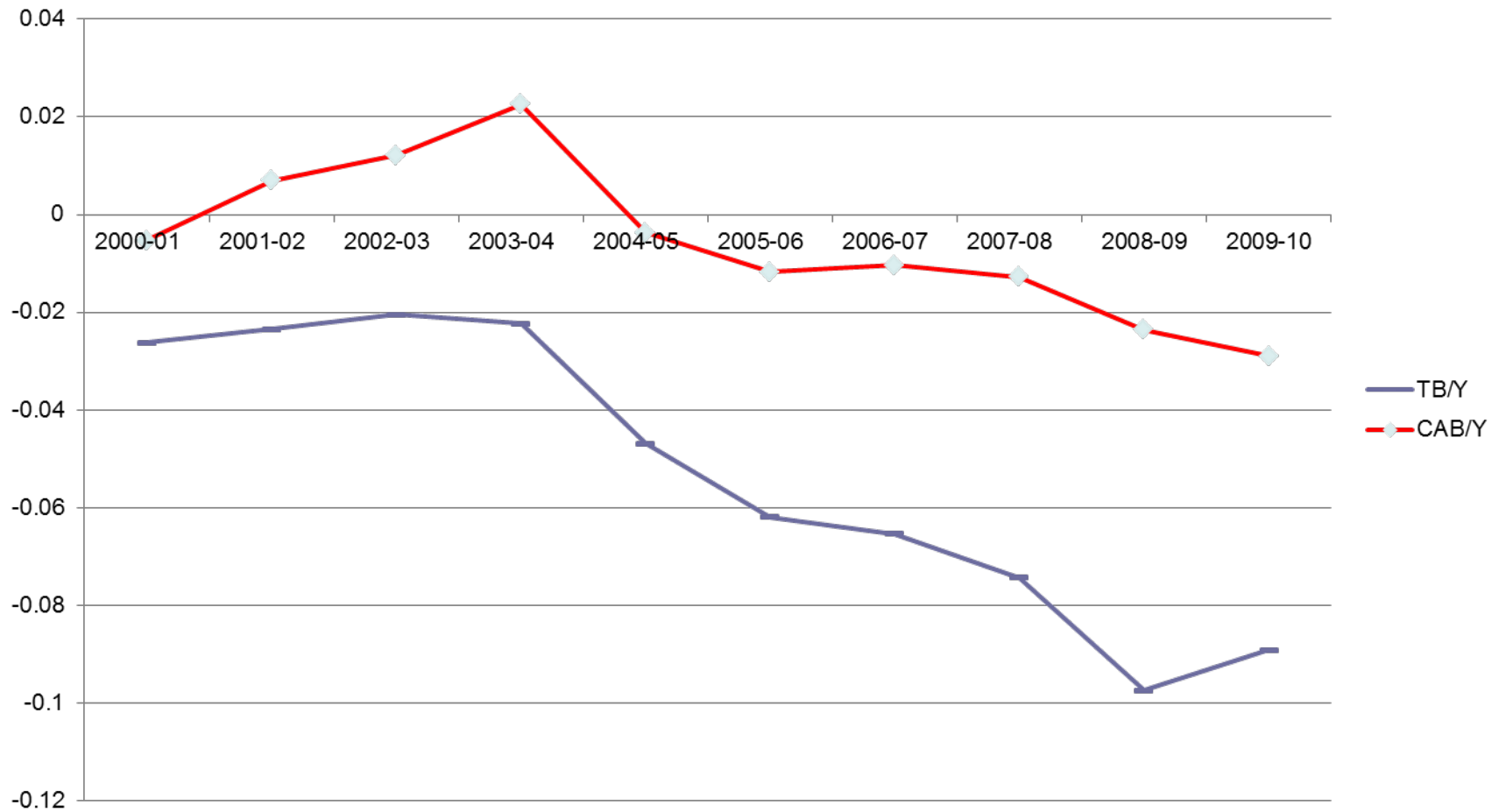
Investment and Savings Ratios



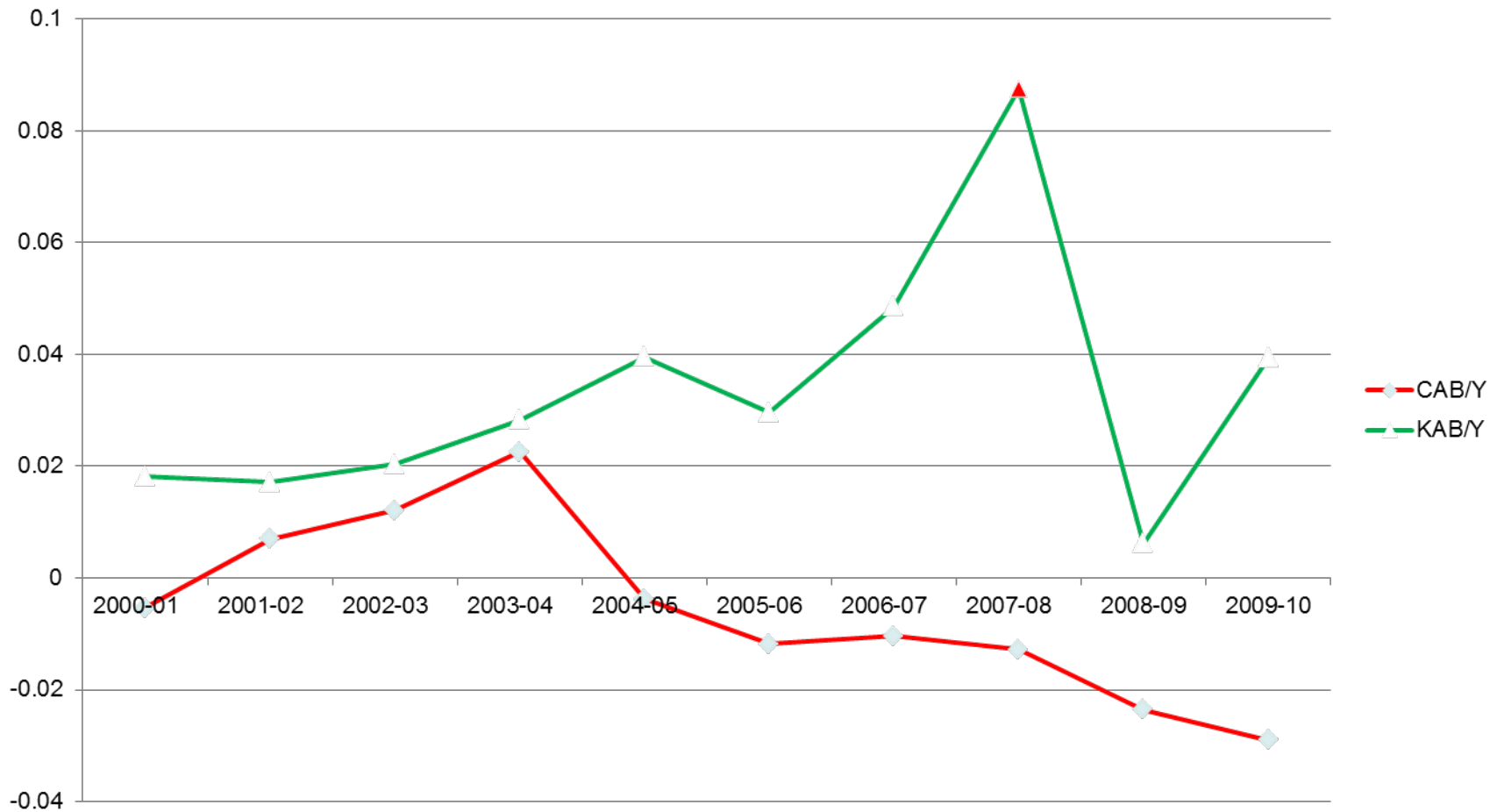
Gross Capital Formation (%GDP)



CAB and TB



CAB and Capital Balance



Sectoral Shares in GDP

◆ AA ■ Indy ▲ Services

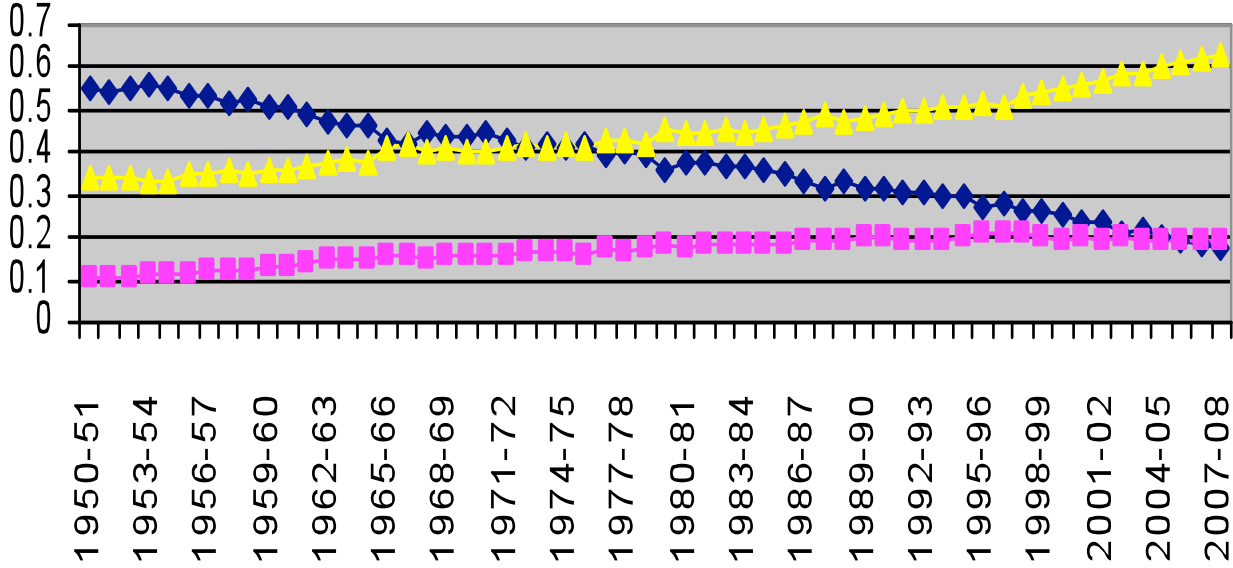


Table 3: Sectoral distribution of employment (%age)				
	1983	1993/94	1999/2000	2004/05
agriculture	68.5	64.0	60.3	56.6
mining	0.6	0.7	0.6	0.5
manufacturing	11.2	10.6	11.0	12.2
electricity, water	0.3	0.4	0.3	0.3
construction	2.3	3.3	4.4	5.7
trade, hotel	6.4	7.6	10.3	10.8
transport, storage	2.5	2.9	3.6	4.1
other services	8.4	10.6	9.6	9.9
Source: Computed on the basis of Table 5.9 (p.90) in NSSO (2006), Tables 12 and 21 in Himanshu (2007) and Table 2.5 (p.22) in Planning Commission (2001)				

The upside

- Economy growing at 8.5% from 2003/4 to 2007/8
- PCY growth has more doubled
- Over that period, at 7.3%, as compared with 3.4% experienced during the 1980s and 1990s
- Has coped well with the global economic crisis with a GDP growth slowdown (5%) and seems to have recovered on to the high growth path
- Domestically financed, CAD in the range of 2%
- Investment and savings ratios in the low 30s, which would seem the requirement for modern take-off
- For Indian capitalism, a confident bourgeoisie, with power and resources, an increasingly important player in the global m&a market

The downside

- An unprecedented agrarian crisis of livelihoods, income, employment and profitability has beset rural India for more than a decade
- 86% of India's workforce is employed in the unorganised sector, the bulk of whom have gained little from the rapidly growing economy.
- 88% of Dalits and Adivasis population, 80% of Other Backward Castes (OBCs) and 84% of Muslims belong to the “category of the poor and vulnerable”
- victims of the Gujarat pogrom still live in refugee camps and have not been able to return home and there has been no calling to account

Unsustainable Inequality

- the gini coefficient has gone up from 32.9 to 36.2 between 1993-2004
- Over the same period, the bottom 20% per capita expenditure has grown at 0.85% p.a. while the top 20% has grown at 2.03% p.a.
- In China the comparable statistics are 3.4 and 7.1%
- That is China's bottom 20% expenditures rise 4 times faster than India's.
- It is this lack of growth at the bottom which makes increasing inequality potentially unsustainable

Table 6: India: Ratio of Output share to employment share (R-O/E)

	1983	1993/94	1999/2000	2004/05
Agriculture	0.52	0.46	0.41	0.33
Industry	1.76	1.75	1.59	1.47
Services	2.26	2.08	2.11	2.16

Source: On the basis of Tables 4 and 5

Global Hunger Index

Sri Lanka	21.1	14.5	
Pakistan	29.5	18.8	1017
Nepal	27.5	20.0	452
Cambodia	31.5	20.9	775
India	31.7	24.1	1031
Bangladesh	35.8	24.2	574
Timor-Leste	-	25.6	
Yemen	30.1	27.3	1060

Underweight Children under age 5

South Asia ranking for 2010

Bhutan	34.0	12.0
Sri Lanka	33.4	21.1
Pakistan	39.0	25.3
Nepal	47.2	38.8
Bangladesh	56.5	41.3
India	59.5	43.5

The return of land hunger

- Kalinganagar (Orissa), Nandigram (West Bengal), Mudigonda (Andhra Pradesh) – all instances of people and farmers having been killed resisting the acquisition of land
- Why resistance to selling land?
- A Maoist insurgency and Adivasi resistance to acquisition of indigenous land rich in mining resources
- Caste related violence
- Not just social but political as well
- In November 2006, a poor Dalit agricultural worker who had been elected the president of village panchayat in Tamil Nadu, was killed because he refused to oblige his deputy, an “upper-caste” vice-president, and become a rubber-stamp president.

UPA – I (2004-09) legislation

- National Rural Employment Guarantee Act 2005
- Right to Information Act in 2005
- The Central Educational Institutions (Reservation in Admission) Act 2006 expanded affirmative action in admissions to institutions of higher learning to include middle castes (OBCs)
- National Minorities Development and Finance Corporation
- Unorganised Workers' Social Security Act 2008 provide some health care, old-age pension and disability benefits to unorganised sector workers
- Scheduled Tribes and Traditional Forest Dwellers (Recognition of Forest Rights) Act, 2006, that seeks to protect livelihoods and land-rights of tribals and forest dwellers, was notified in January 2008

The Indian Constitution – radical and conservative

- The major contribution of the Subaltern school of Indian historiography how widespread and democratic the movement for independence was
- Explains the radical core: constitutionally mandated land-reforms and affirmative action for Dalits and Adivasis to fight caste discrimination
- The federal government was constitutionally denied powers to tax agricultural incomes and agriculture was to remain a purely provincial subject in terms of legislative domain
- Provincial autonomy and local self-government circumscribed by the small but influential urban bourgeoisie pushing for and getting a strong federal government
- Affirmative action for OBCs successfully resisted

Passive resistance and elite pushback

- intermediary rights and absentee landlordism was successfully abolished
- No distribution of surplus land
- Land transfer got caught up in litigation, bureaucratic obfuscation and lack of political will
- control over bureaucratic apparatus and judicial system to ensure that Dalit and Adivasi quotas did not get filled, particularly in the higher echelons of the bureaucracy, judiciary and the public sector and universities
- Roll-back of affirmative action for OBCs
- Therefore by the late 1960s, UCH elites, used combination of cooption and blocking strategies to block radical agenda
- Very little political mobilisation around radical agenda

Elite responses, resource mobilisation, growth and poverty alleviation

- 1960s droughts, wage goods crisis,
- Agricultural productivity and Green revolution
- Naxalbari – peasant movement – crushed
- Indian state also responded by investing in agriculture in particular (irrigation) and rural areas in general (rural electrification etc) on the back of which, driven by both public and private investment, green revolution technology spread
- Bank nationalisation of 1969 important part of that strategy
- Allowing for a revival of agricultural growth and profitability from around the mid-1970s
- 1980s growth breaks with ‘hindu rate of growth’ of alongside poverty alleviation and declining inequality
- Resource mobilisation, debt and BOP crisis of late 1980s

Reforms and growth: the rise of the urban bourgeoisie, the agrarian crisis and land hunger

- Early 1990s reforms nonetheless epochal because they marked the rise to dominance of the urban bourgeoisie
- Collaboration with global financial capital
- Industrial de-regulation, financial liberalisation, trade
- 1990s growth urban
- Starving of agriculture for resources and privatising of intermediation
- The decline of agriculture and easing of resource mobilisation constraint
- De-linking of agriculture
- Urban growth more self-contained
- Financial liberalisation and agrarian crisis
- Need for land and land hunger
- Reforms introduced by minority Congress govt and continued by BJP-coalition govt

- The 2004 defeat of the BJP-led coalition
- The coming of the UPA
- NREGA
- Doha
- Power of the urban bourgeoisie
- Continuing agrarian crisis

Democracy and lower caste political mobilisation

- Affirmative action in politics
- ensured that there were seats for Dalits and Adivasis in all publicly contested elected bodies, from the parliament downwards to now the panchayat.
- First, an unintended consequence of the Green Revolution was that, in the 1970s and 1980s, among others, it also economically benefited land-owning middle castes
- Politics of affirmative action – lower caste mobilisation around quotas
- UCH response – politics of religious identity
- It is this political mobilisation and the consequent access to political power that probably explains one of the most truly remarkable aspects of India's democracy – that in India it is the poor and not the rich who are more likely to vote

The caste hierarchy

- *Three upper caste – the Priest, the Warrior, the Merchant (may or may not own land) - UCH*
- *One lower caste – Tillers of land – (may or may not own the land they till) – OBC*
- *Outcaste – the Dirty jobs – the Cobbler, the Scavenger – SC – Dalits*
- *Adivasis – the ST*

The return of the radical agenda, changing elites and the choices we make

- Political mobilisation from below and the return of the radical agenda
- India's first Dalit chief minister at the head of Dalit majority government
- Changing elites – the rise of the urban bourgeoisie and the middle class
- Eclipse of the rural bourgeoisie
- Deepening agrarian crisis and caste conflict
- Maoist insurgency and adivasi rights to land
- Elite engagement
- Tradeoffs - land reforms will not be supported by rural bourgeoisie
- Tradeoffs - non-agricultural employment for reducing poverty – rural biased growth strategy will not be supported by urban bourgeoisie
- The choices we make – increasing inequality and marginalisation or inclusive growth and social mobility

Theorising transition

- Primitive accumulation, capitalist transformation, the dispossession of land and the vanishing peasantry
- Partha Chatterjee, democracy the lack of a transition narrative
- Passive resistance and accommodation
- Popular mobilisation and implementation
- Non-dispossession and alternative growth paths